

REPORT  
OF THE  
ROYAL COMMISSION  
ON  
FEDERATION,

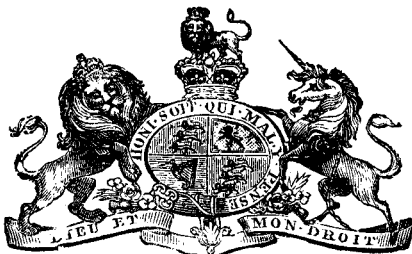
TOGETHER WITH

MINUTES OF PROCEEDINGS AND EVIDENCE, AND APPENDICES.

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*Presented to both Houses of the General Assembly by Command of His Excellency.*

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NEW ZEALAND.  
BY AUTHORITY: JOHN MACKAY, GOVERNMENT PRINTER.

1901.





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## ERRATA.

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ON account of the absence of the Commissioners in Australia the questions in the earlier part of the evidence were not revised by them, but in all cases the evidence given by each witness was sent to him for correction. The following errors occur :—

- Page 8, question 142: For "to the Bluff," read "from the Bluff."
- Page 11, question 199: For "shipping countries," read "shipping companies."
- Page 11, question 201: For "factory," read "Victoria."
- Page 11, question 203: For "steamers," read "consumers."
- Page 43, question 324: For "same way," read "same weight."
- Page 44, question 344: For "particularly dangerous," read "particularly advantageous."
- Page 44, question 356: For "section 84," read "section 74."
- Page 61, question 716, line 12: For "to compete successively," read "to compete successfully."
- Page 108, question 1866: For "that would be the attempt," read "that would be the tendency."
- Page 169, question 370: For "State Commission," read "inter-State Commission."
- Page 178, question 494: For "from the atom of the organism," read "from the atom to the organism."
- Page 180, question 546: For "able to produce," read "unable to produce."
- Page 182, question 580: For "only contention," read "natural intention."
- Page 200, question 1053: For "imported," read "exported."
- Page 210, question 1285: For "railway communication," read "reliable communication."
- Page 216, question 1377: For "a deferential tariff," read "a preferential tariff."
- Page 294, question 722: After the words "a coterminous," add the word "boundary."
- Page 557, question 237: For "an 8½-per-cent. tariff," read "an £8,500,000 tariff."
- Page 601, question 721: For "Federal Parliament," read "Federal Commonwealth."
- For "inter-free-trade," wherever occurring, read "inter-State free-trade."

1901.  
NEW ZEALAND.

# FEDERATION COMMISSION

(REPORT OF THE), TOGETHER WITH MINUTES OF PROCEEDINGS, EVIDENCE, AND APPENDICES.

*Presented to both Houses of the General Assembly by Command of His Excellency.*

## COMMISSION.

VICTORIA, BY THE GRACE OF GOD, OF THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND QUEEN, DEFENDER OF THE FAITH.

To our trusty and loving subjects, Harold Beauchamp, Esquire, the Honourable Charles Christopher Bowen, Thomson Wilson Leys, Esquire, Charles Manley Luke, Esquire, John Andrew Millar, Esquire, William Russell Russell, Esquire, John Roberts, Esquire, Walter Scott Reid, Esquire, the Honourable Colonel Albert Pitt, and the Honourable Major William Jukes Steward, all of our Colony of New Zealand: Greeting.

WHEREAS the Governor of our said Colony hath, by and with the advice and consent of the Executive Council thereof, and on the request of the House of Representatives thereof, as testified by a resolution of the said House dated the eighteenth day of October, one thousand nine hundred, deemed it expedient that a Commission should be forthwith issued for the purposes and in the manner hereinafter set forth:

Now, therefore, know ye that we, reposing great trust and confidence in your zeal, knowledge, and ability, do by these presents constitute and appoint you, the said

HAROLD BEAUCHAMP,  
CHARLES CHRISTOPHER BOWEN,  
THOMSON WILSON LEYS,  
CHARLES MANLEY LUKE,  
JOHN ANDREW MILLAR,  
WILLIAM RUSSELL RUSSELL,  
JOHN ROBERTS,  
WALKER SCOTT REID,  
ALBERT PITT, and  
WILLIAM JUKES STEWARD,

to be our Commissioners, and you, the said Albert Pitt, to be Chairman of our said Commission, for the purpose of inquiring as to the desirability or otherwise of our said colony federating with the Commonwealth of Australia, and becoming a State under the Imperial Act known as "The Commonwealth of Australia Constitution Act," special regard being had in such inquiry to the agricultural, commercial, and industrial interests of our said colony; to the question of the defence thereof; to matters of a judicatory nature; to matters affecting the Customs, railways, and postal arrangements of our said colony; to matters affecting the public indebtedness of our said colony, the public indebtedness of the colonies under the Commonwealth; and in respect to the social and political

bearing of the question; and generally to all matters which in your opinion may be of assistance in enabling Parliament to arrive at a proper conclusion in respect of the subjects of this inquiry.

And if you are of opinion that for the present the federation of our said colony with the Commonwealth of Australia is premature or inadvisable, you are to inquire and report as to the establishment of a reciprocal treaty or agreement between the said Commonwealth and our said colony; and if in your opinion the latter course is the more desirable, you will inquire and indicate in your report the lines upon which such reciprocal treaty or agreement should be based.

And for the better enabling you to carry these presents into effect, we do authorise and empower you to make and conduct any inquiry under these presents at such place or places within the Commonwealth of Australia or of our said colony as you may deem expedient, and to call before you such persons as you may judge necessary, by whom you may be better informed of the matters herein submitted for your consideration, and also to call for and examine all such records, books, documents, and papers as you consider likely to afford you the fullest information on the subject of this our Commission, and to inquire of and concerning the premises by all other lawful ways and means.

And our further will and pleasure is that you, or any five or more of you, do report to us under your hands and seals, with as little delay as is consistent with a due discharge of the duties hereby imposed on you, your opinion on the several matters herein submitted for your consideration, with power to certify to us from time to time your several proceedings in respect of any of the matters aforesaid if it seems expedient for you so to do.

And we further do declare that this our Commission shall continue in full force and virtue until the thirty-first day of May, one thousand nine hundred and one, and that you, our said Commissioners, or any five or more of you, shall and may from time to time proceed in the execution thereof, although the same be not continued from time to time by adjournment.

In testimony whereof we have caused these our letters to be made patent, and the Seal of the said Colony to be hereunto affixed.

(L.S.)      Witness our Right Trusty and Well-beloved Cousin Uchter John Mark, Earl of Ranfurly, Knight Commander of our Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over our Colony of New Zealand and its Dependencies; and issued under the Seal of our said Colony, at Wellington, this twenty-sixth day of December, in the year of Our Lord one thousand nine hundred, and in the sixty-fourth year of our reign.

RANFURLY,  
Governor.

Approved in Council—

J. F. ANDREWS,  
Acting-Clerk of the Executive Council.

## REPORT.

---

To His Excellency the Right Honourable the Earl of Ranfurly,  
Governor of the Colony of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY,—

We, the Commissioners appointed by the Commission of the 26th day of December, 1900, under the hand of your Excellency and the Seal of the Colony, for the purpose of inquiring as to the desirability or otherwise of the Colony of New Zealand federating with the Commonwealth of Australia, and becoming a State under the Imperial Act known as "The Commonwealth of Australia Constitution Act"—special regard being had in such inquiry to the agricultural, commercial, and industrial interests of the said colony; to the question of the defence thereof; to matters of a judicatory nature; to matters affecting the Customs, railways, and postal arrangements of the said colony; to matters affecting the public indebtedness of the said colony; the public indebtedness of the States of the Commonwealth; and in respect to the social and political bearing of the question, and generally to all matters which, in the opinion of the Commissioners, might be of assistance in enabling Parliament to arrive at a proper conclusion in respect of the subjects of the inquiry—have now the honour to report to your Excellency as follows:—

### SUMMARY OF "THE COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT."

Before dealing with the particular subjects mentioned in the Commission, it will be convenient to indicate in general terms the scope of the Act constituting the Commonwealth of Australia. This Act was passed by the Imperial Parliament on the 9th July, 1900, and is cited as "The Commonwealth of Australia Constitution Act." In accordance with its provisions the Act was proclaimed to take effect on the 1st January, 1901, and on that day the people of New South Wales, Victoria, South Australia, Queensland, Western Australia, and Tasmania became united in a Federal Commonwealth under the name of "The Commonwealth of Australia." The States abovenamed are spoken of throughout the Act as "original States," but under section 121 there is power to admit or establish new States upon such terms as the Parliament of the Commonwealth thinks fit. It is under this enactment that New Zealand would have to seek admission into the Commonwealth.

The legislative power of the Commonwealth is vested in a Federal Parliament consisting of the King, a Senate, and a House of Representatives. The representative of the King is the Governor-General, who is appointed by the Crown, and whose powers and duties are defined by the statute. A yearly session of Parliament is to be held, "so that twelve months shall not intervene between the last sitting of the Parliament in one session and its first sitting in the next session" (section 6).

The Senate is chosen by the people of the State, voting at present as one electorate, with a certain exception as regards Queensland; and, until Parliament otherwise provides, six Senators are elected for each original State for a period of six years. Parliament may increase or diminish the

number of Senators for each State, but so that equal representation of the several original States shall be maintained, and that no original State shall have less than six Senators. The qualification of electors of Senators is that prescribed by the Act, or by Parliament, as the qualification of electors for the House of Representatives, and each elector can only vote once.

The House of Representatives consists of members chosen by the people of the Commonwealth, the number of such members being, as nearly as practicable, twice the number of the Senators. The number of members chosen in the several States is in proportion to the respective numbers of their people, and, until Parliament otherwise provides, are to be chosen in the mode prescribed in section 24. Section 25 is to the effect that, in ascertaining the proportion of members, if by the law of the State all persons of any race are disqualified from voting at elections of the more numerous House of Parliament of the State, then, in reckoning the number of the people, persons of that race resident in that State shall not be counted; and a subsequent section also enacts that in reckoning the number of the people aboriginal natives shall not be counted. For the first Parliament, however, the number of members is fixed at seventy-five, as stated in section 26. Every House of Representatives is to continue for three years from its first meeting, subject to a power of dissolution by the Governor-General. The qualification of electors of members is that prescribed in each State as the qualification of the more numerous House of Parliament of the State, but in the choosing of members each elector has only one vote.

Part IV. contains general provisions applicable to both Houses of Parliament; and in this Part, and in Parts II. and III., are enactments as to the procedure and government of each House, respecting disqualification, disputed elections, and other matters affecting the powers and control of these bodies.

The legislative powers of the Parliament are chiefly contained in sections 51 and 52. It will be seen that, while some of these are exclusive as regards the Commonwealth, others are concurrent, and may be exercised either by the Commonwealth Parliament or by the State Legislatures; subject, however, to the qualification (section 109) that where the law of a State is inconsistent with the law of the Commonwealth the latter shall prevail. Attention may be called to the terms of section 57, providing for cases of disagreement between the Houses of Parliament, and conferring upon the Governor-General a power to dissolve the Senate and the House of Representatives simultaneously in case of continued disagreement.

The executive power of the Commonwealth is vested in the Crown, and is exercisable by the Governor-General as its representative, and extends to the execution and maintenance of the Constitution and the laws of the Commonwealth. Provision is made respecting the Federal Executive Council, Ministers and their salaries, the civil and military services, and for the transfer to the Commonwealth of the Departments of Customs and Excise, Posts and Telegraphs, Defence, Lighthouses, Quarantine, &c.

The judicial power is vested in a Federal Supreme Court, called the High Court of Australia, to consist of a Chief Justice and other Justices (not less than two), as Parliament prescribes. Provision is made as to the appointment of Judges, their tenure of office, and remuneration; as to the jurisdiction, both original and appellate, of the Court; and generally to give effect to the enactments.

Important provisions are to be found in sections 81 to 105, relating to finance and trade. Section 86 vests the collection and control of duties of Customs and excise in the Commonwealth; section 87 is to the effect that during a period of ten years after the establishment of the Commonwealth, and thereafter till Parliament otherwise provides, of the net revenue from Customs and excise not more than one-fourth shall be applied annually by the Commonwealth towards its expenditure, and the balance shall be paid to the several States, or applied towards the payment of interest on debts of the several States taken over by the Commonwealth; section 88 requires that uniform duties of Customs shall be imposed within two years after the establishment of the Commonwealth;

and section 89 enacts that until the imposition of such duties the Commonwealth shall make the payments to the States mentioned in that section. Section 92 provides that, on the imposition of uniform duties of Customs, trade, commerce, and intercourse among the States shall be absolutely free. Section 96 enables Parliament to grant financial assistance to any State during a period of ten years after the establishment of the Commonwealth, and thereafter till Parliament otherwise provides; and section 105 allows Parliament to take over the public debts of the States as existing at the establishment of the Commonwealth, or a proportion thereof, with powers to convert, renew, or consolidate such debts; the States in turn being required to indemnify the Commonwealth in respect of the debts taken over. The enactments mentioned are some of the most important; but all the sections from 81 to 105 should be carefully studied to understand the relative rights and duties of the Commonwealth and the States as regards financial matters.

In sections 106 to 124 there are various enactments relating to the States and the admission of new States; the powers of the State Legislatures; prohibiting the States from raising naval or military forces, or coining money; providing for the recognition of the laws of the States throughout the Commonwealth; and making it the duty of the latter to protect any State against invasion, and in certain events against domestic violence. There are also powers as to the admission and formation of new States, and altering the limits of States.

Section 125 provides that the seat of government is to be determined by Parliament, and is to be in the State of New South Wales, and not less than one hundred miles from Sydney. Meantime Parliament is to meet at Melbourne until it meets at the seat of government.

The last section of the Act provides a mode of altering the Constitution by a process of referendum to the electors, with certain limitations and qualifications.

As your Commissioners make frequent reference in the succeeding part of this report to particular provisions of the Constitution Act, it has been printed in full in the Appendix hereto.

#### SCOPE OF INQUIRIES.

Your Commissioners, having held a preliminary meeting in Wellington on the 17th and 18th days of January last, and considering that the District of Southland was perhaps the largest exporting district of New Zealand produce to Australia, decided to hold a sitting at Invercargill, and accordingly they commenced to take evidence there on the 5th day of February following.

With the exception of Invercargill, they deemed it unnecessary to hold sittings in the colony outside of the four centres, and therefore they have sat and taken evidence at Invercargill, Dunedin, Christchurch, Wellington, and Auckland.

The matters in respect of which their Commission commanded inquiry were of such magnitude, and of such importance to the future welfare of the colony, that your Commissioners determined to make the fullest investigation, both in New Zealand and Australia, into all facts and figures which had any important bearing upon the subjects committed to their consideration. Accordingly, in New Zealand they required the attendance before them of all persons who appeared capable of giving useful evidence. Notice was given by public advertisement of intended sittings, requesting all persons who desired to give evidence to communicate with the Secretary. In each place the Mayor of the city or borough, the chairman of the Chamber of Commerce, the president of the local Agricultural and Pastoral Association, merchants, manufacturers, tradesmen, farmers, and the heads of the various labour organizations were subpoenaed.

Your Commissioners proceeded to Australia, and visited the States of New South Wales, Tasmania, Victoria, South Australia, and Queensland. In these States they were favoured with the evidence of members of the Federal and

State Governments, leading public men, Government officials, merchants, traders, agriculturists, representatives of labour organizations, and others.

They endeavoured to get the evidence of persons favourable to the federation of New Zealand with the Commonwealth of Australia, as well as of those opposed to such federation, so that the views and arguments held on both sides of the question might be laid before Parliament.

They found that the question had been but little considered by the people of New Zealand. The Commonwealth Constitution Act had not even been read by many of those who attended before your Commissioners, and its provisions, generally speaking, were imperfectly understood by many of those who professed to have considered the subject of federation somewhat attentively.

Federation with the Commonwealth of Australia has been considered by your Commissioners from the standpoints of how it would affect,—

- I. Legislative independence ;
- II. Public finance ;
- III. Defence ;
- IV. Postal and telegraphic services ;
- V. Administration of justice ;
- VI. Imperial relations ;
- VII. Federal departmental administration ;
- VIII. Agricultural, commercial, and industrial interests ;
- IX. The social condition of the working-classes ; and
- X. The question of coloured labour.

#### I. LEGISLATIVE INDEPENDENCE.

Having regard to the thirty-nine important subjects upon which the Federal Parliament has express power to legislate, under section 51 of the Commonwealth Act, and to the fact that one of those thirty-nine subjects—viz., the thirty-sixth—gives authority to legislate upon matters in respect of which “the Constitution makes provision until the Parliament otherwise provides,” and also that the powers of Parliament under the said section 51 are expressed in bare and general terms, it is difficult to say exactly what are the limits of legislation by the Federal Parliament under the Constitution. For instance, the Parliament has power to legislate, so far as the Commonwealth is concerned, with respect to “trade and commerce with other countries and among the States.” “Trade” and “commerce” are very comprehensive terms, and this power would probably be held to authorise the Parliament to pass laws relating to shipping and seamen, having general operation throughout the Commonwealth.

Again, the legislative powers of the Parliament upon another subject are expressed in section 51, (2), by the single word “Taxation,” the only limit being that any such legislation shall not discriminate between States or parts of States. A law passed by the Federal Parliament dealing with “Taxation” might seriously interfere with the power of a State Parliament to pass a law imposing taxation within the limits of the State.

It is also to be noticed that the general power given by section 51, (27), to Parliament to legislate for the Commonwealth under the words “Immigration and emigration” would enable it to pass laws which might seriously interfere with the powers of a State Parliament in respect of such matters.

The Federal Parliament has exclusive power to legislate in respect of,—

- (1.) The imposition of duties of Customs and excise ;
- (2.) Postal, telegraphic, telephonic, and other like services ;
- (3.) Defence ; -
- (4.) Lighthouses, lightships, beacons, and buoys ;

and, according to the evidence before your Commissioners, it seems probable that the Parliament will, before long, and with the consent of the States, assume the control of railways.



The Federal control of these important services must seriously abridge the legislative powers of the State Parliaments; and, remembering that "When a law of a State is inconsistent with a law of the Commonwealth the latter shall prevail, and the former shall, to the extent of the inconsistency, be invalid" (section 109), the conclusion is inevitable that the legislative independence of any colony as existing prior to Federation must be seriously impaired when such colony becomes a State of the Commonwealth.

The extent of the legislative powers of the Federal Parliament has yet to be tested by experience, and your Commissioners are of opinion that when that test is applied it will be difficult to define or determine the limits of such powers.

An argument strongly urged by certain witnesses who favoured the federation of New Zealand was that thereby harmonious legislation would be secured. Your Commissioners are of opinion that federation *per se* would not secure such harmony, except in matters of Federal concern; whereas, without federating, New Zealand would be able to legislate upon any subject allowed by her Constitution, upon similar lines to any law existing in the Commonwealth.

Your Commissioners have given attention to the question whether there is any probability that the legislative powers of the States Parliaments will be hereafter abridged, or the States abolished. From the evidence adduced on this point it will be seen that while there are prominent public men who favour the unification of Australia under one Federal Parliament, there is an almost unanimous conviction that the States Governments are in no danger of extinction. Many advocates of State rights, however, believe that the railways must ultimately come under Federal control, and that the functions of the Federal Government will gradually be enlarged in other directions. There can be no doubt that the political power which will accrue to the Federal Government from the fiscal control it exercises over the States, through the possession and administration of large Customs and other revenues, and from the management and construction of railways, will cause the people of the Commonwealth to regard the Federal rather than the State Government as the more important and useful political body. The States Governments must therefore decline in power, dignity, and importance, and there is already an active agitation in a majority of the States in favour of a reduction in the numerical strength of the States Parliaments and Executives.

## II. PUBLIC FINANCE.

Your Commissioners have considered the question, how the public finances of New Zealand would be affected by the colony becoming a State of the Commonwealth of Australia, as one of the most serious they have had to review in connection with the inquiries committed to them. Great attention has therefore been paid to the financial provisions of the Commonwealth Act, and they have had the advantage of evidence in Australia given by many members of the Federal and State Governments, and of men eminent as financial authorities.

It will be seen from the evidence of these witnesses that there are great differences of opinion not only as to what results Federation will have upon the public finances of the several States, but also as to what is the proper interpretation of the financial provisions of the Act. It appeared to your Commissioners that the majority of the electors in the several States in Australia had accepted Federation without having fully understood how the public finances of those States would be affected by the provisions of the Federal Constitution.

Whether the Constitution is founded upon desirable lines, or whether a better Constitution could have been devised, are matters upon which your Commissioners are not required to express any opinion. Their duty is to consider and report as to whether the Constitution of the Commonwealth is one which it is prudent or desirable that the Colony of New Zealand should accept, even upon the basis of an original State.

The first and most important matter in connection with finance is the fact that, under Federation, uniform duties of Customs must be imposed within two years after the establishment of the Commonwealth, and that on the imposition of such uniform duties the power of the Federal Parliament to impose duties of Customs and excise, and to grant bounties on the production or export of goods, becomes exclusive.

The Federal Government, almost immediately after its formation, took over the collection of Customs and excise duties throughout the Commonwealth, subject to "the book-keeping" provisions of the Commonwealth Act (sections 89 and 93).

In the several Federal States the proportion of Customs and excise to total revenue varies considerably; but in some of the States the amount of annual Customs and excise to total revenue approximates closely to the interest payable in respect of the public debt of the State—

|                                                                                                           |                 |
|-----------------------------------------------------------------------------------------------------------|-----------------|
| On the 31st March, 1900, the public debt of New Zealand was ...                                           | £<br>47,874,452 |
| The amount of Customs and excise duties received for the year 1899-1900 was ... ..                        | 2,187,859       |
| The interest payable in respect of the public debt for the same year was (including sinking funds) ... .. | 1,749,394       |
| Absorbing the whole of the Customs and excise duties for the year, less ... ..                            | £438,465        |

Provision is made by section 87 (commonly called "the Braddon clause") of the Commonwealth Act that during a period of ten years after the establishment of the Commonwealth, and thereafter until Parliament otherwise provides, of the net revenue of the Commonwealth from duties of Customs and of excise not more than one-fourth shall be applied annually by the Commonwealth towards Federal expenditure, and that the balance shall, in accordance with the Constitution, be paid to the several States, or applied towards the payment of interest on the debts of the several States taken over by the Commonwealth. Until the Federal Tariff Act is passed no reliable estimate of the fiscal results of Federation can be made. The opinions of financial experts examined by your Commissioners on this subject have varied considerably. After a careful review of their evidence your Commissioners are of opinion that, in consequence of the smaller amount that would probably be yielded to New Zealand from Customs and excise duties under a Federal tariff than she now obtains, together with her contributions to the expenses of the Federal Government and new services, estimated at £110,000 annually, the revenue of the colony would be diminished by at least £450,000. This estimate is based upon the assumption that the book-keeping system will be maintained. But if that system be found unworkable in practice, as some prominent financiers predict, the loss to New Zealand under Federation may be much greater. The imports of merchandise of British and foreign origin into New Zealand through the agency of Australian mercantile firms in 1900 amounted approximately to £820,000. If the duties collected on these goods at the ports of first arrival were not credited to the State in which they were consumed, New Zealand, under a tariff averaging 15 per cent., would pay in taxation, on the basis of the imports in the year cited, the sum of £123,000 to the advantage of other States, unless some other method of distribution in proportion to contribution be devised. It has been suggested that the Federal Government should redistribute the surplus Customs and excise revenue *pro rata* to population; but the unequal consumption of dutiable goods in the several States, a difficulty which especially presents itself in the case of Western Australia, where there is an abnormally large adult male population, creates objections to the general adoption of this basis.

The intention of the framers of the Commonwealth Constitution, as evidenced by the provisions of section 93, was that, subject to the provision for crediting the State where dutiable goods are consumed with the duties or excise payable thereon, the Commonwealth should, during the first five years after the imposition of uniform duties of Customs, and thereafter until the Par-

liament otherwise provides, credit revenue, debit expenditure, and pay balances to the several States—according to the book-keeping system as prescribed for the period preceding the imposition of uniform duties of Customs. The Braddon clause, however, for a period of ten years, limits the amount of Customs and excise revenue of the States which the Commonwealth may appropriate for its own purposes to one-fourth of the net revenue. At the expiration of that period there is apparently no express provision in the Constitution prohibiting the Federal Government from applying the whole of the revenues collected from Customs and excise in the several States to Federal purposes, without being under any obligation to return any part of such revenue to any of the States. It is true that section 94 of the Commonwealth Act enacts that after five years from the imposition of uniform duties of Customs the Parliament may provide, on such basis as it deems fair, for the monthly payment to the several States of all surplus revenue of the Commonwealth, and the provisions of that section would seem to imply that the Federal Government must not retain any revenue beyond what is sufficient for Federal expenditure; but to that expenditure no limit is set, and whether any surplus available for the several States is to be paid in proportion to the contribution of each State to the Federal revenue, or upon the basis of the population in each State, is apparently left absolutely to the discretion of the Federal Parliament. In the event of Federal requirements absorbing the whole of the Customs and excise revenue contributed by the States, no doubt the Federal Government would be morally bound to take over the full responsibility for the public debts of the States.

Whether or not the provisions of the Braddon clause continue in operation for a longer period than ten years, the serious question remains, How would New Zealand, if a State of the Commonwealth, make up the loss of revenue consequent on her surrender of control over Customs and excise, and her contributions to the financial requirements of the Commonwealth? Plainly, there are only two ways, viz.: (a) Additional direct taxation, or (b) retrenchment in public expenditure. If the latter method became necessary, another serious consideration would be as to how funds for the prosecution of public works, and for developing the natural resources of the State, could be raised, seeing that the principal source of payment of interest on loans (Customs and excise duties) would have passed beyond the control of the State.

The evidence of the State Treasurer of Tasmania shows the difficulties in connection with the public finances of that State which are anticipated under Federation.

Two very serious objections appear to your Commissioners to exist as to the financial provisions of the Commonwealth Act. One is that both the Commonwealth and the States dip into the same purse, and the Federal Government, having supreme control, will dominate the fiscal policy of every State. There is no limit whatever to expenditure by the Federal Government, or to the contributions to the Federal revenue which may be required from the States. It is true that so long as the provisions of the Braddon clause continue in operation only one-fourth of the net revenue of the Commonwealth from duties of Customs and excise can be applied annually by the Commonwealth towards its expenditure; yet it is equally true that the Federal Government has the power of imposing direct taxation throughout the Commonwealth. The other objection is that, owing to the Braddon clause, whenever in any financial year the Federal Government require an additional appropriation from Customs and excise for some specific object, as, for example, the payment of old-age pensions, it must necessarily raise from such duties a revenue equal to four times the amount required, notwithstanding the fact that the States Governments may not require for State revenue the whole of the three-fourths returnable under the Braddon clause.

*Conversion of Loans.*—It has been strongly urged by those who advocate New Zealand joining the Commonwealth that there would be a great annual saving of interest to the several States if the Parliament of the Commonwealth, under the powers conferred by section 105 of the Constitution Act, takes over from the States their public debts as existing at the establishment of the Com-

monwealth, and converts, renews, or consolidates such debts. The Federal Parliament in so doing would only act as agent for the States, the latter being bound to indemnify the Commonwealth in respect of the debts taken over. The interest payable in respect of the debts is to be deducted and retained from the portion of the surplus revenue of the Commonwealth payable to the several States; or if the surplus be insufficient, or if there be no surplus, then the deficiency or the whole amount must be paid by the several States. The States, therefore, do not diminish their liability in respect of their debts. It is further alleged that the Commonwealth would be able to save money to the States by converting the loans at a lower rate of interest. Most financiers, however, agree that there is no real saving in conversion, and that the holders of State securities will not part with them except upon getting some other security in lieu thereof of at least equal value. Moreover, in the case of New Zealand, the bulk of the public bonds do not mature for many years to come; she would, consequently, be unable to participate in any general scheme of conversion.

*Financial Assistance to States.*—The framers of the Commonwealth Constitution Act seem to have anticipated that the federation of the Australian States must result in financial embarrassment to some of the federating States, and no doubt that was the reason for the provision in section 96 of the Act that during a period of ten years after the establishment of the Commonwealth, and thereafter until Parliament otherwise provides, the Parliament may grant financial assistance to any State upon such terms and conditions as the Parliament thinks fit. Your Commissioners were unable to ascertain definitely what was intended by that clause, notwithstanding that they sought information from several public men who were concerned as members of the Federal Convention in the preparation of the Commonwealth Constitution Act. Whether such "financial assistance" was intended to be by way of loan or gratuity was a matter upon which opinions differed very materially in the evidence given upon the point.

Your Commissioners are of opinion that the public finances of New Zealand would be seriously prejudiced in the event of this colony becoming a State of the Commonwealth of Australia, and that her State Government would be hampered and embarrassed in respect of finance, and in the prosecution of any policy for developing her resources.

A statement showing the public indebtedness of the several States of the Australian Commonwealth and of the Colony of New Zealand, with the due dates of the several loans, is appended to this report.

### III. DEFENCE.

Upon this matter your Commissioners have had the evidence of the Officers Commanding the Forces in the States of New South Wales, Victoria, South Australia, and Queensland, and of Major Madocks, staff officer to the Commander of the Forces in New Zealand. Having carefully considered the opinions of these officers, the Commissioners agree that, so long as Great Britain holds command of the sea, New Zealand is quite able to undertake her own land defence. In the event of Great Britain losing command of the sea, Australia and New Zealand could not rely upon being able to render material assistance to each other in defence against a foreign Power. Your Commissioners are further of opinion that as a separate colony New Zealand would render to Australia all possible assistance in war-time; and similar assistance would be given by Australia to New Zealand. No doubt great advantages may accrue to the Commonwealth of Australia from being now able to unite the local forces of the several States in one Federal force, with a uniform system and under one command; but the distance of New Zealand from Australia would render it necessary, even were she a State of the Commonwealth, for some arrangement whereby independent power would be vested in the Officer Commanding in this colony; besides which a small-arms ammunition factory and separate military stores and munitions of war would be essential in any case here. Some witnesses were of opinion that an Australian navy of considerable power would be created before

long, and prove a great source of protection to all the federated States; but your Commissioners feel sure that many years must elapse before the Commonwealth can afford to man and maintain a squadron in any degree adequate to the purposes for which it would be required. Your Commissioners believe that the best protection this colony can have against foreign aggression is the Imperial fleet, and that the Commonwealth and New Zealand should increase the annual subsidy paid to the Imperial Government in respect of the Australasian Squadron, upon condition that the number of warships composing the squadron be increased and ships of a higher class employed in Australasian waters.

The enrolment and annual training of an Imperial Naval Reserve for service on board His Majesty's ships in these seas is worthy of serious consideration.

Your Commissioners were informed of the probability of the early establishment of a military college in the Commonwealth. In such an event there should not be any difficulty in arranging for officers of the defence forces of New Zealand pursuing their military studies at such college, whether New Zealand federates with Australia or not.

Your Commissioners are unable to see any advantage as regards mutual defence which would arise from federation.

#### IV. POSTAL AND TELEGRAPHIC.

It is problematical whether the Federal Parliament will follow the example set by this colony in the establishment of universal penny-postage and cheap telegrams, or whether, in the event of New Zealand becoming a State of the Commonwealth, she would be permitted to continue those systems; and it is doubtful if, in the matter of mail contracts and subsidies, the Commonwealth Government would be prepared to recognise and adequately provide for the requirements of New Zealand, especially as regards oversea services.

Should New Zealand join the Federation serious disadvantages in the matter of postal and telegraphic administration would probably be experienced, owing to the distance of these islands from Australia, and it would be necessary to vest such large powers in officials in New Zealand that the department would have to a great extent to work independently of the central authority in Australia. It appears to your Commissioners that, so far as postal and telegraphic matters are concerned, the result of federation would be almost certain loss to New Zealand.

#### V. ADMINISTRATION OF JUSTICE.

It has been urged that one reason for federation is that thereby uniformity of the law upon certain matters would be obtained, to the great advantage of New Zealand.

From the evidence before your Commissioners, it appears that no serious difficulty has hitherto been experienced owing to any want of such uniformity, either as regards commercial or any other branch of the law; nor has there been any difficulty, so far as procedure is concerned, in enforcing in New Zealand judgments obtained in Australia, or *vice versa*. Your Commissioners are of opinion that whatever differences there may be between the law of Australia and New Zealand can be satisfactorily adjusted even if the latter remain a separate colony.

The criminal law would, in any event, remain under the exclusive jurisdiction of the State Legislatures, each of which would be able to pass such criminal laws as the Constitution of the State allowed, without interference by the Federal Parliament: that Parliament not having power to pass laws relating to crimes, beyond providing remedies and punishments for breaches of statutes passed by it.

The Constitution Act creates the High Court of Australia, with jurisdiction, subject to regulation by Parliament, to hear and determine appeals from the Courts mentioned in section 73. The jurisdiction of the Court of Appeal is not

exclusive as regards cases decided by the Supreme Court of a State, and an unsuccessful litigant in a State forming part of the Commonwealth has the option of appealing to the King in Council or to the High Court. It was pointed out to your Commissioners in evidence at Sydney that if cross-appeals by both plaintiff and defendant were made from a decision of a State Supreme Court, and the plaintiff appealed to the King in Council, and the defendant to the High Court, the judgments of the two Courts of Appeal might be directly contrary to each other, whilst each would be a final and conclusive judgment. Probably no practical inconvenience would arise in such a case, as the prerogative right of the Crown to grant special leave of appeal to the Privy Council could be invoked by the parties concerned.

Under section 74 no appeal is permitted to the King in Council from a decision of the High Court without the certificate of such High Court upon any question as to the limits *inter se* of the constitutional powers of the Commonwealth and those of any State or States, or as to the limit *inter se* of the constitutional powers of any two or more States. Except as provided in this section, the right of the Crown to grant special leave of appeal is not impaired. Parliament may make laws limiting the matters in which such leave may be asked, but proposed laws containing any such limitation must be reserved for the King's pleasure.

The Commissioners are of opinion that litigants in New Zealand may well be content with the right of appeal which exists from the Court of Appeal in New Zealand to the King in Council. A conference of eminent legal authorities will shortly be held in London, the result of which will probably be a scheme enlarging the powers and usefulness of the Privy Council as a Colonial Court of Appeal.

#### VI. IMPERIAL RELATIONS.

It has been alleged as a reason for joining the Australian Commonwealth that federation would consolidate British interests, and thus tend to promote the unity of the Empire. But it is possible that, in the future, Imperial unity may be better promoted by the existence of two British Powers in these seas rather than one. All British colonies now recognise the necessity of adherence to the Mother-country and to each other, and have lately given splendid proofs of their loyalty to the Empire. But history teaches us how a community may be hurried by a gust of popular passion or prejudice into some irrevocable deed, where there is no check upon the action of its Government and Legislature. Neither Australia nor New Zealand would be likely in future years under any circumstances to break away from the Empire without inquiry as to the attitude of the other; time would be gained, and a catastrophe probably averted.

#### VII. FEDERAL DEPARTMENTAL ADMINISTRATION.

Your Commissioners are of opinion that the stretch of some twelve hundred miles of sea between Australia and New Zealand is a weighty argument against New Zealand joining the Commonwealth, and they believe that, should New Zealand federate, great inconvenience must at all times be experienced in the administration of the several departments controlled by the Federal Government—an inconvenience which must operate most prejudicially against good administration. It has also to be seriously considered whether, owing to the distance between New Zealand and the Federal capital, the wants of New Zealand would not be in danger of being overlooked, and, indeed, disregarded, by the Federal Parliament and Executive Government, or, if not so overlooked and disregarded, of being imperfectly understood or improperly appreciated.

#### VIII. AGRICULTURAL, COMMERCIAL, AND INDUSTRIAL INTERESTS.

Those who are favourable to federation urge the great importance of inter-State free-trade, which, it is alleged, would benefit New Zealand. It is therefore necessary to consider carefully the statistics of the trade and commerce of New Zealand, the potentialities as regards production of the several States of

the Commonwealth, and the effect which federation might have upon the trade between New Zealand and Australia :—

| YEAR 1899.                                                                                                                               |        | £          |
|------------------------------------------------------------------------------------------------------------------------------------------|--------|------------|
| The total exports from New Zealand in the year 1899 amounted to                                                                          |        | 11,938,335 |
| The total imports to New Zealand in the year 1899, excluding specie, amounted to                                                         | ... .. | 8,613,656  |
| The total exports from New Zealand to the Commonwealth in the year 1899 amounted to                                                      | ... .. | 1,708,036  |
| The total imports from the Commonwealth to New Zealand in the year 1899 (excluding specie) amounted to                                   | ... .. | 1,211,568  |
| The exports from New Zealand to the Commonwealth during 1899, and which were the produce of the colony, amounted to                      | ... .. | 1,646,169  |
| In this amount was included gold (of universal value) to the amount of                                                                   | ... .. | 645,850    |
|                                                                                                                                          |        | 1,000,319  |
| The imports* from the Commonwealth to New Zealand, and which represented the produce of the Commonwealth (excluding specie), amounted to | ... .. | 500,699    |
|                                                                                                                                          |        | 499,620    |

\* The values given here are f.o.b. values in Australia, not c.i.f. in New Zealand.

| YEAR 1900.                                                                                    |        | £         |
|-----------------------------------------------------------------------------------------------|--------|-----------|
| In 1900 the total exports from New Zealand to the Commonwealth amounted to                    | ... .. | 1,858,582 |
| Deduct gold                                                                                   | ... .. | 764,590   |
|                                                                                               |        | 1,093,992 |
| In 1900 the total imports to New Zealand from the Commonwealth (excluding specie) amounted to | ... .. | 1,389,008 |

NOTE.—The full particulars for 1900 are not yet available.

The above table shows that, excluding gold, the exports of New Zealand produce to the Commonwealth in 1899 amounted to only 8·4 per cent. of the total exports, and that the imports of produce of the Commonwealth to New Zealand amounted to only 5·8 per cent. of the total imports.

Details of the interchange of trade between New Zealand and the Commonwealth accompany this report.

*Agriculture.*—It has been contended that if New Zealand joined the Commonwealth the effect of inter-State free-trade would be to increase the markets in Australia for the productions of this colony, and so induce an extension of agricultural industry in New Zealand. It is said that a large and profitable market for agricultural produce, especially oats, from New Zealand existed in Victoria prior to the imposition of protective duties, and that in consequence of those duties that market has been practically closed. Whether or not the imposition of protective duties was the inducement which led Victorian farmers to extend the area under crop, certain it is that for some years past Victoria has been, and is now, able to grow all the oats and other agricultural produce required for home consumption, and to have a large surplus available for export.

All the expert witnesses examined by your Commission in Australia agreed that, even under free-trade, New Zealand could not look to the States of the Commonwealth for a large permanent market for agricultural and pastoral products. But in seasons of drought a valuable market will, no doubt, always be found there.

New South Wales has during the last ten years brought under crop for wheat an additional area of over 1,000,000 acres of land, and last season had a surplus of upwards of 6,000,000 bushels for export. Barley fit for malting, and hops, are also successfully grown.

In Victoria the production of wheat is carried on upon a large scale; and, as to oats, although it is admitted that for some purposes the New Zealand oats are of a superior quality, and that the average yield in New Zealand

is larger and more certain, yet Victoria, except in time of drought, can supply all her own demands for oats, and have a large quantity available for export. The Victorian returns for 1900–1 show that the area under crop for oats was 362,427 acres, and the yield 9,575,472 bushels, an average of 26·42 bushels per acre. It is claimed that the oaten hay of Victoria is superior to that of New Zealand.

South Australia grows wheat largely and cheaply, and in Queensland barley fit for malting, and hops, are successfully grown. The evidence also proves that there are still large areas of land in New South Wales, Victoria, and Queensland suitable for extending agricultural operations, and that such operations can be conducted with remunerative results.

Your Commissioners were informed that in New South Wales the whole cost per acre for producing wheat is on an average 15s.; in Victoria about 16s. This includes all charges, from preparing the land to completely harvesting the grain, which is stripped from the standing straw. The wages of agricultural labourers in Australia are much the same as in New Zealand, taking the average; but it must be remembered that the system of cultivation in New Zealand is much more elaborate than in Australia, and is necessarily more expensive: the yield per acre, however, is much larger.

The evidence shows that maize can be profitably grown in the States of New South Wales, Victoria, and Queensland. In Queensland maize is generally used for horse-feed in lieu of oats.

Potatoes can be grown successfully in several of the States of the Commonwealth, notably in Tasmania, Victoria, and New South Wales. The potatoes produced in Tasmania and New Zealand are preferred, being of superior quality and keeping better than those grown in New South Wales and Victoria.

Onions are grown in large quantities in most if not in all the States of the Commonwealth.

The dairy industry is well developed and annually expanding in Victoria, New South Wales, Queensland, and South Australia, each of these States having a considerable surplus of dairy produce for export. During 1899 the value of the butter export from Victoria reached the large total of £1,404,830; and a Queensland witness before your Commission mentioned that during the past year 50,000 cows were milked in one district close to the border of that State, where a few years ago there were only a few milking cows, and that a similar extension is taking place nearer Brisbane.

Fruit of all the kinds grown in New Zealand can be profitably grown in the several States of the Commonwealth, as appears by the evidence attached to this report. The fruit grown in Australia is on the whole as good, and cheaper, than that grown in New Zealand.

In considering the extent to which our trade with Australia may be affected by the imposition of a protective Federal tariff, it must be borne in mind that £470,084 worth of our exports in 1900 went to heavily protected colonies, and of the £623,908 worth sent to New South Wales under free-trade conditions a considerable quantity represented goods for transshipment, while many of the items exported are not likely to be seriously affected by any probable change in the fiscal system. The tables appended to this report, showing the character of New Zealand exports to Australia, and summarising the agricultural statistics of the Commonwealth, furnish detailed information on this subject.

In the course of your Commissioners' inquiries some evidence was elicited with regard to the opening-up of new outlets for the trade of this colony. It was shown that full advantage has not been taken of the South African markets, and attention was drawn to a significant fact in connection with the shipments of New Zealand oats to Victoria—namely, that of the total amount of oats exported in 1900 to that colony, only 320 centals were taken for consumption in Victoria, the balance being transhipped to other markets. There were also large transhipments of New Zealand potatoes to Manila *via* Sydney.

*Manufactures.*—The question as to how far the manufacturers of this colony would be affected by federation is subject to various considerations. Very much depends on the Customs tariff which the Federal Parliament of Australia may decide to impose. If New Zealand joined the Commonwealth, although such tariff would not affect her as regards inter-State trade—which would be free



—yet she might be exposed to severe competition with countries outside the Commonwealth should the Federal tariff be less protective than the present Customs tariff of New Zealand. It appears to your Commissioners, from the inquiries made by them in Australia, that the Federal tariff will probably be much less protective than any of the tariffs now in force in the States of Victoria, Tasmania, or Western Australia.

In Australia there are iron-foundries and engineering-works larger and better equipped than any in New Zealand, but our workshops are increasing fast in extent and appliances, and in many cases employ as many hands as those in Australia.

In some trades, however—notably in the boot-and-shoe, furniture, soap and candles, and ready-made-clothing factories, owing to the employment of special machinery and the specialisation of certain lines of work, and in the case of furniture owing to the employment of Chinese labour—Australia would be able to compete successfully with similar manufactures in New Zealand in the event of intercolonial free-trade existing.

After fully considering the evidence your Commissioners have come to the conclusion that, apart from the labour conditions hereafter referred to, neither the manufacturers nor the working-classes of New Zealand (except in the boot-and-shoe, furniture, soap and candle, and ready-made-clothing trades) have anything to fear from free-trade being established between New Zealand and Australia. Your Commissioners desire it to be clearly understood that they are not expressing any opinion upon the fiscal question of Free-trade or Protection, but merely stating what they believe would be the result if free-trade existed between New Zealand and Australia. Should, however, free-trade be established, your Commissioners do not consider that New Zealand would find any considerable new markets for her manufactures in Australia, as that country could supply her own requirements.

Should New Zealand favour a policy of free-trade with the rest of the world, probably she would be better able to initiate and carry out such a policy as a separate colony.

#### IX. THE SOCIAL CONDITION OF THE WORKING-CLASSES.

Your Commissioners made inquiries in Australia as to the rates of wages, hours of labour, holidays, conditions of working, and cost of living of artisans and labourers in Australia. It was proved that, so far as rates of wages (except for overtime), hours of labour, holidays, and conditions of working are concerned, there is generally little difference between skilled artisans in Victoria and New South Wales and those in New Zealand, but in the other States there seems to be little or no uniformity either as to wages or hours of labour; but the proportion of boys and girls employed to adult labour engaged in manufacturing industries in all the States is much larger than in New Zealand. In regard to unskilled labour, an attempt is being made in some of the States by the Government to establish a minimum wage of 7s. per day on public works, a rate which seems to be the rule with all contractors doing Government work, and also with large contractors on private work. In several industries not properly coming under the heading of “skilled,” but still involving greater skill than that required of a labourer, the wages paid are lower than the minimum mentioned above, whilst the hours of labour are longer than those worked in New Zealand.

The cost of living, food, and clothing is in the main lower in Australia than in New Zealand, whilst house-rent is higher. Tables showing the respective rates of wages and hours of labour in various trades, in Australia and in New Zealand, accompany this report.

There is no compulsory Industrial Conciliation and Arbitration Act in force in any of the States of the Commonwealth. In Victoria and South Australia Wages Boards have been established under the Factories Act, which practically do the same work when set up; but no such Board can be set up in Victoria except by resolution of one or other of the Houses of Parliament, and in South Australia a resolution of both Houses is necessary. Under the Victorian Act Wages Boards for twenty-six trades have been set up; and in South Australia only four trades have been brought under the operation of the statute. No

Workers' Compensation for Accidents statute has been passed in any of the States, the workman's remedy being under the old Employers' Liability Acts or at common law. Early Closing Acts, and Acts referring to the attachment of wages, are in force in certain of the States. The labour legislation is not so "advanced" as in New Zealand. The Factories Acts of the several States do not apply over the whole State, but only to cities and boroughs; country districts may be brought under the Act by a *Gazette* notice, but so far in no instance has this been done. Neither are the Factories Acts so comprehensive as in New Zealand, as no factory is required to be registered unless four hands are employed, except in South Australia, where one employé constitutes a factory for the purposes of the Act. A large number of small factories are not subject to the law in States where the minimum of four is adopted, leaving the door open for what is commonly known as "sweating." In other words, notwithstanding the existence of the Wages Boards, any wages may be paid or any number of hours may be worked in such workrooms, as the law takes no cognisance of them.

The Federal Parliament apparently has power only to make laws with respect to "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State," (section 51, subsection 35,) so that the Federal Parliament could not under the present Constitution legislate in respect of the prevention or settlement of industrial disputes in New Zealand alone if that colony were a State of the Commonwealth.

As a State of the Commonwealth New Zealand would still have legislative power to maintain and amend her existing code of labour-laws. Nevertheless, it cannot be assumed that whatever benefits the employers and workers enjoy under those laws would remain assured to them. It is already recognised in Victoria, which is more advanced in its labour legislation than any other State of the Commonwealth, that there will be great difficulty in maintaining its laws, especially those regulating the rates of wages, unless similar statutes are passed by States whose manufactures enter into competition with the products of Victorian factories. This matter now forms the subject of a vigorous public discussion in Australia, and has been brought under the notice of the Federal Premier. Mr. Barton, while pointing out that the Federal Parliament cannot now assume exclusive jurisdiction over the labour-laws of the Commonwealth without an amendment to the Constitution, has suggested that, under the 37th subsection of the 51st section, a State may refer the question of framing a Factories Act to the Commonwealth Parliament; but such legislation would apply only to the State which makes the reference, although any other State might subsequently adopt it. In the opinion of your Commissioners, however, there is not sufficient unanimity in the several States of the Commonwealth on this question to render it at all probable that uniform Federal labour-laws will be secured at any early date through the medium of such a voluntary surrender of legislative powers as the course suggested by Mr. Barton would involve. The inclusion of New Zealand in the Commonwealth would therefore entail free competition with States where no attempt is now made to regulate the rates of wages or the excessive employment of boy-labour. According to the almost unanimous opinion of the employers and artisans engaged in manufacturing industries in New Zealand examined by your Commissioners, such competition would render the maintenance of the New Zealand code of labour-laws extremely difficult, and might result in reduced wages, longer hours, and a considerable displacement of labour.

#### X. COLOURED LABOUR.

The large powers of legislation possessed by the Federal Parliament in respect of immigration would, in the opinion of your Commissioners, enable that Parliament to pass laws authorising the employment of coloured labour within the boundaries of the Commonwealth, and such laws would prevail against any to the contrary passed by a State.

The question of coloured labour in Australia is a large and important one, and your Commissioners gave much attention to the subject, and examined many witnesses.

Coloured labour—including Chinese, Cingalese, Japanese, Javanese, and Kanaka—is employed in the State of Queensland in connection with the sugar industry; and, indeed, after considering the evidence before them, your Commissioners are of opinion that in the tropical parts of Queensland, unless coloured labour be by law permitted, the sugar industry will suffer severely, if not die out altogether. The conditions of labour in the cultivation of sugarcane, and the climate in certain parts of Queensland, are such as to be quite unfit for the continuous employment of white men. It was urged before your Commissioners that any work a black man can do a white man can likewise do. That may be true for a time, but your Commissioners believe that in a tropical climate it would be impossible to continue to employ white people in the cane-fields, generation after generation, without serious deterioration taking place in their physical condition. None of the witnesses examined before your Commissioners upon this branch of their inquiry were able to give any instance of the cultivation of sugar in the tropics without the employment of coloured labour. They believe that in this matter the law of Nature will be stronger than that of man, and that coloured labour will have to be employed, if a large part of tropical Australia is not to be left either wholly or largely undeveloped.

Nevertheless, your Commissioners recognise that there is such a strong feeling throughout Australia—a sentiment shared by all political parties—in favour of preserving the purity of the British race, and protecting white labour against the unrestricted competition of a coloured population, that no serious danger from that cause need be apprehended under federation. If the employment of coloured labour be ultimately found indispensable to the prosecution of any tropical industry, your Commissioners have no doubt that it will only be permitted under proper safeguards. An influx of Asiatics into the northern territories of Australia would be attended with grave evils to the whole of the States, and these can only be averted by laws practically prohibiting immigration of this character. The same danger does not attend the introduction of Kanakas under severe legal restrictions, limiting their employment to field-work on plantations, and providing for their return home at the expiration of their indentures.

#### INTER-STATE COMMISSION.

The Constitution Act provides for an inter-State Commission, with such powers as Parliament deems necessary, “for the execution and maintenance, within the Commonwealth, of the provisions of this Constitution relating to trade and commerce, and all laws made thereunder.” (Section 101.) The members of the Commission are appointed by the Governor-General in Council, and hold office for seven years. They are subject to removal within that term by the Governor-General in Council on an address from both Houses of Parliament in the same session on the ground of proved misbehaviour or incapacity. Their remuneration is to be fixed by Parliament, and cannot be reduced during their continuance in office. The Commission will be a judicial body, and may have administrative functions, but the extent of the powers Parliament may see fit to confer is yet to be determined. Reference to sections 102 and 104, however, indicate some of the duties which will devolve on the Commission. With the purely internal traffic of a State the Commission is not concerned; but as regards inter-State traffic in the coterminous States, it will interfere to prevent undue competition by means of discriminating rates on State railways for the traffic of particular localities. As regards inter-State maritime traffic, the Commission will probably perform duties analogous to those of the Board of Trade in England; and, if New Zealand became a State, its interference might prejudicially affect the shipping laws of this colony.

Men of large legal and commercial experience will be required to exercise such comprehensive powers, and the aid of an efficient staff will be necessary. It may fairly be anticipated that the annual expense of such a Commission will be considerable, its powers being capable of great expansion under the provisions of the Constitution Act.

## RECIPROCAL TREATY.

One of the matters of inquiry was as to the probability of a reciprocal treaty between the Commonwealth and New Zealand in respect of certain natural productions. Whilst your Commissioners believe that there are articles of commerce which are produced in Australia, and which might be admitted free of duty or at lower duty in consideration of similar privileges being afforded by Australia to certain of New Zealand's natural productions, and that such reciprocity would be of mutual benefit to Australia and New Zealand, your Commissioners are not hopeful at the present time of any such reciprocal treaty being arranged. They, however, trust that this matter will engage the attention of the Government of New Zealand, and that efforts will from time to time be made to bring about such a reciprocal treaty.

## GENERAL REMARKS.

There are several important matters bearing upon the political interests of New Zealand which your Commissioners think should be seriously borne in mind in considering whether or not this colony should become a State of the Commonwealth.

One of such matters is the provision of the Commonwealth Bill (section 127) that in reckoning the number of the people of the Commonwealth, or of a State or other part of the Commonwealth, aboriginal natives shall not be counted. The result would be that New Zealand, if a State of the Commonwealth, would have one member in the House of Representatives less than she would be entitled to if the Maoris were counted in the number of the people of the State. Though your Commissioners believe that the framers of the Commonwealth Constitution had not at the time our Maori fellow-subjects in their mind, and that the provision in reference to aboriginal natives was not intended to refer to the Maoris, yet they are clearly included therein; and as the voting-power of New Zealand in the House of Representatives would be correspondingly diminished, and as the exclusion of the Maoris would be a great injustice to them, your Commissioners consider that the people of New Zealand should hesitate before federating with Australia—if otherwise prepared so to do—unless some amendment of the Commonwealth Constitution be made which would enable the Maoris to be counted in the population of New Zealand. It should be said here that every responsible statesman who gave evidence admitted at once that such an amendment would be necessary, and would be willingly accepted in Australia.

Your Commissioners are of opinion that the power contained in clause 128 of the Commonwealth Act, enabling the veto of the Senate upon proposed amendments to the Constitution to be over-ridden by a popular vote, weakens the safeguard provided for the integrity of the States under equal Senate representation. They apprehend that amendments of a centralising character may be made hereafter, which would be injurious to the States most distant from the Federal capital, and that New Zealand, under federation, would be especially liable to suffer from this cause owing to her isolation.

Attention is called to sections 111 and 122 of the Commonwealth Act, the former providing that the Parliament of a State may surrender any part of the State to the Commonwealth, and that upon such surrender, and the acceptance thereof by the Commonwealth, such part of the State shall become subject to the exclusive jurisdiction of the Commonwealth; whilst section 122 provides that the Parliament may make laws for the government of any territory surrendered by any State to and accepted by the Commonwealth, or of any territory placed by the King under the authority of and accepted by the Commonwealth, or otherwise acquired by it, and may allow the representation of such territory in either House of Parliament to the extent and on the terms which it thinks fit.

There can be no doubt that these sections are applicable to the Northern Territory of South Australia, which the Premier of that State has been recently urging the Federal Government to take over. It has been stated in the South Australian Press that section 122 "was inserted in the Commonwealth Act with distinct reference to the possible acquisition by the Commonwealth of the

Northern Territory of South Australia," which was ceded in 1863 to South Australia under Royal Letters Patent, and which are liable to revocation.

The administration of the tropical territories of South Australia at present entails upon the Government of that State a loss of from £70,000 to £80,000 a year. It was recently indicated by Mr. Holder, late Premier of the State, that this price was really paid for the preservation of a "white Australia," by the exclusion of coloured labour. This argument has been urged by him as a reason why the Federal Government should take over the administration of the territory. It may be pointed out that more than one-third of the Australian Continent lies north of the Tropic of Capricorn, and all the southern colonies are directly interested in the profitable occupation and development of these territories. It appears probable therefore that such applications as the one which has already been officially made to the Federal Government by South Australia will receive favourable consideration. Your Commissioners look upon the acquisition of these territories by the Commonwealth as a certain cause of increased Federal expenditure.

The evidence of the Right Hon. Sir John Forrest, a member of the Federal Government, given before your Commissioners, plainly shows that the construction of a railway connecting the railways of the States of Western Australia and South Australia, at a cost of £3,000,000, is contemplated by the Federal Government; and, indeed, the question of the construction of that railway was one of the matters referred to in the speech of His Excellency the Governor-General upon the occasion of his declaring his reasons for summoning the Federal Parliament to the present session.

Your Commissioners think it a matter for serious consideration whether the probability of the construction of such a costly work, and of other similar undertakings, will not hasten the time when the whole work of railway construction and management will be taken over by the Federal Government; and, while such a policy might prove advantageous to the various continental States, it could only result in serious injury and loss to an isolated State like New Zealand.

A majority of the leading Australian statesmen who gave evidence before your Commission admitted that New Zealand, owing to its distance and separation by sea, might reasonably claim special conditions before joining the Commonwealth. It is clear, however, that the terms of the Act would not allow a differential Customs tariff similar to that granted for a period of five years to Western Australia. Any condition exempting the Maoris from the operation of the clause disqualifying aborigines would also require an Imperial declaratory Act, if not an amendment of the Commonwealth Constitution. Conditions exempting New Zealand from liability to contribute towards matters of a purely Australian character, such as the transcontinental railway and the administration of tropical Australia, and giving her a more complete autonomy with respect to the administration of Federal services, might be embodied in the statute establishing the union; but it is difficult to see how such provision could be made permanently with respect to all the contingencies that may lie ahead under an indissoluble partnership between two communities having no definite natural bond uniting them together on the basis of common interests.

It should be always borne in mind that federation in Australia was hastened by the constant friction and irritation which existed in several of the colonies through border duties of Customs, questions concerning the control of rivers which were the boundaries of States, by conflicting railway tariffs in different States, the need for a system of defence applicable to the entire continent, and other causes. The same reasons for federation do not exist in this colony.

Thus far your Commissioners have indicated certain matters in which federation might be prejudicial to the best interests of New Zealand. They, however, in the course of their inquiries endeavoured to ascertain what advantages were claimed by those advocating New Zealand joining the Commonwealth. The principal arguments advanced in New Zealand were the benefits alleged to be derivable from intercolonial free-trade, and from the broader education of the inhabitants of this colony by association with the larger community of Australia. Your Commissioners have already dealt with the question

of intercolonial free-trade, and they confess that they are unable to understand how the broader education of the inhabitants of this colony is to be brought about by such association. The Commissioners are not impressed by these alleged advantages, and do not believe that federation or non-federation will affect the rapidly increasing intercourse between the Commonwealth and New Zealand.

In Australia another argument was used by some of the leading public men. It was urged that by the federation of New Zealand with Australia friction in reference to the trade with or control of the islands of the Pacific would be avoided. Reference was made to the supposed intention of New Zealand to federate with or annex certain of these islands, and it was contended that sooner or later disputes and differences were bound to arise between the Commonwealth and New Zealand concerning trade with the islands. This argument was chiefly urged in the State of New South Wales. In some of the other States such an argument was either deprecated or it was admitted that many of the islands of the Pacific afforded natural opportunities for administration from New Zealand.

#### CONCLUSION.

Your Commissioners, after giving the fullest consideration to the evidence before them, and with their knowledge of the soil, climate, and productiveness of New Zealand, of the adaptability of the lands of the colony for close settlement, of her vast natural resources, her immense wealth in forest, in mine, and natural scenery, of the energy of her people, of the abundant rainfall and vast water-power she possesses, of her insularity and geographical position; remembering, too, that New Zealand as a colony can herself supply all that can be required to support and maintain within her boundaries a population which might at no distant date be worthily styled a nation, have unanimously arrived at the conclusion that merely for the doubtful prospect of further trade with the Commonwealth of Australia, or for any advantage which might reasonably be expected to be derived by this colony from becoming a State in such Commonwealth, New Zealand should not sacrifice her independence as a separate colony, but that she should maintain it under the political Constitution she at present enjoys.

Your Commissioners therefore most respectfully beg to report to your Excellency that, in their unanimous opinion, it is not desirable that New Zealand should federate with and become a State of the Commonwealth of Australia.

Your Commissioners desire to add that in Australia they found the most friendly feeling towards New Zealand, not only among members of the Federal and States Governments and public men, but among all classes with whom they came in contact; and, whilst the opinion was expressed that whether or not New Zealand should enter the Federation was a question principally for her to decide, it is certain that, should this colony decide in the affirmative, she would be warmly welcomed into the Commonwealth on terms at least as advantageous as if she had been an original State.

Your Commissioners desire to inform your Excellency that they received the utmost kindness, courtesy, information, and assistance from the members of the Federal and States Governments in prosecuting their inquiries in Australia. The Federal and States officials were enjoined to afford all requisite information; ready access was given to all statistics and public records, and, generally, everything was done to facilitate the work of the Commission.

All which is, with great respect, submitted to your Excellency.

As witness our hands and seals, at Wellington, this thirtieth day of May, 1901.

|        |                        |                        |
|--------|------------------------|------------------------|
| (L.S.) | ALBERT PITT, Chairman. | J. A. MILLAR.          |
|        | HAROLD BEAUCHAMP.      | W. S. REID.            |
|        | CHAS. C. BOWEN.        | JOHN ROBERTS.          |
|        | THOMSON W. LEYS.       | W. R. RUSSELL.         |
|        | CHARLES M. LUKE.       | WILLIAM JUKES STEWARD. |

## MINUTES OF PROCEEDINGS.

### WELLINGTON.

THURSDAY, 17TH JANUARY, 1901.

The first meeting of the Commission took place at the Parliamentary Buildings, Wellington, on Thursday, 17th January, 1901, at 3 o'clock p.m.

*Present*: Hon. Colonel Pitt, M.L.C. (Chairman), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Captain Russell, M.H.R.

The Secretary (Mr. Morris Fox) and the Reporter (Mr. W. H. Russell) were also in attendance. The Secretary read the Commission.

A telegram was read from Hon. Major Steward, M.H.R., saying that he would arrive in Wellington from Sydney the next day.

After some discussion as to whether the Press should be admitted,

Mr. Leys moved, That the Press be admitted to the ordinary meetings of the Commission.

A division was called for, and the names were taken down as follows:—

*Ayes*.—Mr. Bowen, Mr. Leys, Colonel Pitt.

*Noes*.—Mr. Beauchamp, Mr. Luke, Mr. Millar, Mr. Reid, Mr. Roberts, Captain Russell.

The motion was therefore lost; and it was resolved, on the motion of Mr. Millar, that a summary of each day's proceedings should be prepared by the Secretary and handed to the Press.

The Chairman addressed the Commission in reference to the methods of procedure to be adopted.

After some discussion it was decided to meet for the purpose of taking evidence at Invercargill at 4 o'clock p.m. on Tuesday, 5th February.

Messrs. Millar and Roberts were requested to supply the Chairman, before the next meeting of the Commission, with a list of the witnesses they considered should be called upon to give evidence at Invercargill.

The Chairman stated that he would authorise the necessary advertisements to appear in the Invercargill papers in due course.

A discussion took place as to what statistical and other information was desirable before proceeding to take evidence, after which it was

*Resolved*, That the Chairman write to the Colonial Secretary asking to be supplied with the financial (Railway, Postal, and Customs) statistics for the financial year as early as possible after the 31st March.

Various members of the Commission handed in lists of desirable statistics, and it was decided that the Chairman should write to the Government for such statistics and other documentary evidence as he might consider advisable.

The Commission then adjourned until Friday, 18th January, at 2 p.m.

FRIDAY, 18TH JANUARY, 1901

The Commission met at 2 p.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

Messrs. Millar and Roberts supplied the Chairman with a list of Southland firms whose evidence it would be desirable to take, and the Chairman agreed to ask the chairman of the Invercargill Chamber of Commerce to forward names of persons representing those firms who would be able to appear before the Commission.

It was decided to leave the selection of witnesses in other towns until the Commission met in Invercargill.

The Secretary was instructed to proceed to Invercargill two days before the Commissioners in order to make any necessary arrangements.

The Commission then adjourned at 3 p.m. until Tuesday, 5th February, at Invercargill.

### INVERCARGILL.

TUESDAY, 5TH FEBRUARY, 1901.

The Commission met at 4 p.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed,

A letter was received from the secretary of the Bootmakers' Union, expressing a desire for their representatives, Messrs. W. A. Morris and J. P. Joyce, to be allowed to give evidence.

The Secretary was instructed to inform them that the Commissioners would hear them to-morrow.

The Chairman read a letter which he had received from Messrs. Henry Feldwick and Mark Cohen, respectfully asking that the Commissioners should reconsider their decision to exclude the Press from their proceedings.

The Chairman spoke at length on the matter, and requested members to give their views.

After a lengthy discussion,

Mr. Luke moved, That, in view of the difficulties of giving a satisfactory *précis* of the evidence brought before the Commission, the previous resolution with reference to admitting the Press be rescinded, and that the Press be admitted to the proceedings of the Commission.

A division was called for, and the names were taken down as follows :—

*Ayes.*—Mr. Beauchamp, Mr. Bowen, Mr. Leys, Mr. Luke, Colonel Pitt, Major Steward.

*Noes.*—Mr. Millar, Mr. Reid, Mr. Roberts, Captain Russell.

The motion was therefore carried.

*Resolved*, on the motion of Mr. Beauchamp, That the Chairman should have a deliberative and a casting vote.

*Resolved*, on the motion of Captain Russell, That five members of the Commission form a quorum.

It was decided that the hours of the Commission should be from 10 a.m. to 1 p.m. and from 2.30 p.m. to 5.30 p.m.

Mr. Millar suggested that the Commission should pay a visit to the Orepuki Shale-works before leaving Southland.

*Resolved*, on the motion of Mr. Beauchamp, That the Commission visit Orepuki on Thursday, provided business will permit.

The Chairman read the following telegram from the Hon. J. G. Ward: "I have received following telegram from H. B. Kirk, Timaru: 'Will Federation Commission sit in Timaru? If so, about when?' I have replied that the telegram has been referred to you to answer."

*Resolved*, on the motion of Mr. Millar, That a reply be sent that the Commission will only be able to sit in the large centres, but that it will be prepared to receive his evidence in Christchurch or Dunedin, whichever place will suit him best.

The Commission adjourned at 6 p.m. until next day at 10 a.m.

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#### WEDNESDAY, 6TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

H. A. Massey, who had been asked to give evidence, wrote to say he was neither an exporter to, nor an importer from, Australia, and had no evidence to give which would justify taking up the time of the Commission.

The Secretary was instructed to acknowledge the receipt of the letter, and to intimate that Mr. Massey's attendance would not be required.

J. E. Watson (Tohill, Watson, and Co., grain merchants, and chairman of the Invercargill Chamber of Commerce) attended and gave evidence.

J. E. Callender (New Zealand Loan and Mercantile) attended, and, after explaining that local officers were not free to give their opinions, and begging to refer the Commission to his manager in Wellington, was relieved from further attendance.

W. D. Hunt (Wright, Stephenson, and Co., stock and station agents and grain-buyers) attended and gave evidence.

W. A. Morris (bootmaker), who claimed to be the representative of unions of bootmakers, butchers, and railway servants, numbering upwards of four hundred, attended and gave evidence.

P. L. Gilkison (Fleming, Gilkison, and Co., grain-millers), C. J. Broad (Broad, Small, and Co., ironmongers and timber merchants), R. A. Anderson (J. G. Ward and Co., grain merchants), J. Johnston (Johnston and Co., engineers and dredge-builders), and W. Ross (Ross and Co., woollen-manufacturers) attended and gave evidence.

It was decided to proceed to Dunedin on Friday next, sitting there for the purpose of taking evidence on Saturday, 9th February.

A list of witnesses whose evidence it would be desirable to obtain in Dunedin was handed to the Chairman by Mr. Millar, and the Secretary was instructed to have subpoenas forwarded.

The Commission adjourned at 4.30 p.m. until 10 a.m. to-morrow.

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#### THURSDAY, 7TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed



G. W. Nicol (Nicol Brothers, grain merchants) attended and gave evidence.  
 J. M. Jones (manager for W. Guthrie, agricultural-implement manufacturer and timber merchant) attended and gave evidence.  
*Resolved*, on the motion of Captain Russell, That a sub-committee be formed, composed of Mr. Beauchamp, Mr. Millar, Mr. Roberts, and the Chairman, to go into the matter of statistics.  
 At 12.10 p.m. the Commission adjourned until 8 p.m.  
 The Commission reassembled at 8 p.m.  
 J. C. Mackley, settler and butcher, attended, made a statement, and gave evidence.  
 I. W. Raymond, stock and station agent, attended and gave evidence.  
 The Commission adjourned at 9.50 p.m. until 10 a.m. on Saturday, 9th February, at Dunedin.

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### DUNEDIN.

SATURDAY, 9TH FEBRUARY, 1901.

The Commission met at 10 a.m.  
*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.  
 The minutes of the previous meeting were read and confirmed.  
 Letters were received from H. Rodda and S. C. Brown (representatives of the Dunedin Bootmakers' Union), W. Carr, and F. Mallard, requesting to be permitted to give evidence before the Commission.  
 The Secretary was instructed to arrange for their attendance, the two former on Monday, as requested.  
 A letter was received from P. Barr, secretary of the Dunedin Chamber of Commerce, stating that Mr. Theomin, the president, was absent from the colony, and consequently unable to obey the summons of the Commission.  
 A. S. Paterson (grain agent) and W. A. W. Wathen (president of the Trades and Labour Council, Dunedin) attended and gave evidence.  
 The Commission adjourned at 12.15 p.m. until 10 a.m. on Monday.

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MONDAY, 11TH FEBRUARY, 1901.

The Commission met at 10 a.m.  
*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.  
 The minutes of the previous meeting were read and confirmed.  
 F. R. Chapman, barrister and solicitor, gave evidence, and handed to the Chairman a copy of an address on Australasian federation delivered by himself to the Otago Institute in November, 1899.  
 S. C. Brown, representative of the Dunedin Bootmakers' Union, attended and gave evidence. He also handed in a statement of wages and conditions prevailing in the Otago boot trade.  
 H. Rodda (another representative of the Bootmakers' Union), W. Hood (president of the Workers' Political Committee), Donald Reid (of D. Reid and Co., stock and station agents), Peter Barr (secretary of the Industrial Association), and R. Slater (presser, secretary of the Trades and Labour Council) attended and gave evidence.  
 The Commission adjourned at 4.30 p.m. until 10 a.m. next day.

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TUESDAY, 12TH FEBRUARY, 1901.

The Commission met at 10 a.m.  
*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.  
 The minutes of the previous meeting were read and confirmed.  
 The following gentlemen attended and gave evidence : A. Burt (of A. and T. Burt, Limited, machinery and engineering works), R. Glendining (of Ross and Glendining, warehousemen and woollen-manufacturers), G. P. Farquhar (of Michaelis, Hallenstein, and Farquhar, leather merchants), A. H. Bridger (manager of Sargood, Son, and Ewen's boot-factory and boot department), J. H. Morrison (manager of the Mosgiel Woollen-factory), J. C. Ross (manager and director of the Denton Hat-mills), P. R. Sargood (of Sargood, Son, and Ewen, warehousemen), A. L. Isaacs (manager of the New Zealand Clothing-factory), and R. McKinlay (boot-manufacturer).  
 The Commission adjourned at 3.45 p.m. until 10 a.m. next day.

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WEDNESDAY, 13TH FEBRUARY, 1901.

The Commission met at 10 a.m.  
*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: W. Carr (upholsterer), J. C. Thomson (president of the Industrial Association of Otago), J. W. Faulkner (wire-worker), J. B. Shacklock (ironfounder), J. Sparrow (ironfounder and general engineer), F. Mallard (insurance expert), Mark Cohen (journalist), and M. J. Scobie Mackenzie.

The Commission adjourned at 5.30 p.m. until 10 a.m. next day.

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THURSDAY, 14TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: Rev. W. Curzon-Siggers, M.A. (vicar of St. Matthew's, Dunedin), J. W. Milnes (manager of the Phoenix Company, Limited, jam- and biscuit-manufacturers), J. L. Passmore (managing director of Donaghy's Rope and Twine Company), T. W. Kempthorne (managing director of Kempthorne-Prosser's Drug Company), W. Stevenson (of Irvine and Stevenson, provision merchants and starch-manufacturers), F. Oakden (manager of the Millburn Lime and Cement Company), R. Hudson (of R. Hudson and Co., biscuit-manufacturers), W. E. Reynolds (grain, seed, and produce merchant), J. R. Scott (manager of the National Dairying Association of New Zealand), J. Lethbridge (Dunedin manager for Dalgety and Co.), J. M. Ritchie (merchant, manager of the National Mortgage and Agency Company), and E. B. Cargill.

The Commission adjourned at 5.30 p.m. until 10 a.m. on Monday, 18th February, at Christchurch.

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CHRISTCHURCH.

MONDAY, 18TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: G. G. Stead (grain merchant), W. Reece (Mayor of Christchurch), H. Friedlander (grain, wool, and produce merchant, Ashburton), D. Thomas (grain, wool, and produce merchant, Ashburton), E. W. Roper (merchant), and G. T. Booth (implement-manufacturer).

The Commission adjourned at 6 p.m. until 10 a.m. next day.

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TUESDAY, 19TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: R. Allan (of Skelton, Frostick, and Co., boot-manufacturers, and president of the Industrial Association), W. Chrystall (grain merchant), G. H. Blackwell (managing director of the Kaiapoi Woollen-factory), R. E. McDougall (vice-president of the Industrial Association), W. Wood (tanner and produce exporter, and president of the Chamber of Commerce), H. Wood (flour-miller), H. F. Wigram (maltster), J. Gould (merchant), G. Humphries (merchant), and G. S. Jakins (produce exporter).

The Commission adjourned at 5.30 p.m. until 10 a.m. the next day.

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WEDNESDAY, 20TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

G. S. Jakins attended and gave further evidence.

The following gentlemen attended and gave evidence: Hon. Sir J. Hall, K.C.M.G., A. W. Beaven (of Andrews and Beaven, implement-manufacturers), J. S. Myers (farmer), J. A. McCullough (tinsmith, and president of the Trades and Labour Council), J. Young (bootmaker), A. E. G. Rhodes (barrister and solicitor), W. Newton (upholsterer), and J. L. Scott (engineer).

The Commission adjourned at 5.45 p.m. until 10 a.m. next day.

THURSDAY, 21ST FEBRUARY, 1901.

The Commission sat at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: G. H. Whitcombe (manufacturing stationer), J. A. Frostick (boot-manufacturer, and president of Bootmakers' Union), H. Overton (farmer), C. A. Lees (grain merchant), G. Bowron (tanner and leather merchant), W. Williams (Operative Bootmakers' Union), W. Darlow (clicker), A. Anderson (ironfounder), J. Fisher (boot-maker), F. Beverley (soap- and candle-manufacturer), and A. Kaye (grain merchant).

The Commission adjourned at 3.45 p.m. until 10 a.m. on Monday, 25th February, at Wellington.

## WELLINGTON.

MONDAY, 25TH FEBRUARY, 1901.

The Commission met at 10 a.m. in the Legislative Council Chamber, Wellington.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A telegram was received from the Hon. W. Rolleston, offering a written statement of his views on federation in the event of his inability to appear before the Commission.

*Resolved*, That the Hon. Mr. Rolleston be informed that the Commission will be pleased to accept a written statement of his views, and will also be pleased for him to attend personally in Auckland if convenient.

Mr. James Izett wrote, enclosing a statement of his views in writing, which he asked permission to hand in.

The Secretary was instructed to arrange a convenient time for Mr. Izett to attend.

Mr. R. E. Vaney (secretary of the Trades and Labour Council) wrote, stating that Messrs. A. H. Cooper (president), A. Collins, and T. Lynch had been appointed to give evidence before the Commission on behalf of the Trades and Labour Council.

The Secretary was instructed to arrange for their attendance on Wednesday, 27th instant.

Messrs. Cable and Co. wrote, submitting the names of Messrs. D. Robertson, J. Luke, and W. Crabtree as delegates on behalf of the Engineers' Association.

The Secretary was instructed to arrange for their attendance on Wednesday, 27th instant.

The following gentlemen attended and gave evidence: N. Reid (general merchant and chairman of the Wellington Chamber of Commerce), S. Brown (wood and coal merchant, president of the Industrial Association of Wellington), M. Kennedy (merchant), and T. G. Macarthy (brewer).

The Commission adjourned at 1 p.m. until 10 a.m. the next day.

TUESDAY, 26TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received from S. Brown, asking to be allowed to modify the reply given to the last question put to him.

*Resolved*, That the letter be attached to his evidence.

A telegram was read from A. H. Bisley, Nelson, asking for his evidence to be taken on Saturday, as it would be impossible for him to be in Wellington earlier.

The Chairman intimated that he had replied, asking Mr. Bisley to state his views in writing.

A telegram was read from A. Hatrick, Mayor of Wanganui, saying it would be inconvenient for him to attend, and suggesting that the Commission should sit in Wanganui, as a centre of various interests.

*Resolved*, That Mr. Hatrick be informed that the Commission would probably take his evidence on returning from Australia.

S. Kirkpatrick, Nelson, wrote, saying it was inconvenient for him to attend, but, if necessary, would like to give his evidence on Thursday.

The Secretary was instructed to inform Mr. Kirkpatrick that the Commission would take his evidence on Thursday.

A letter was read from J. W. Kays, Wellington, asking to be allowed to give evidence.

The Chairman stated that he had asked Mr. Kays to attend on Tuesday afternoon.

A letter was received from J. Ross, Wellington, enclosing a written statement of his views on federation, and asking that this should be accepted instead of personal attendance before the Commission, which would be highly inconvenient.

*Resolved*, That the Commission accept Mr. Ross's statement, which was then read by the Secretary.

J. Mackay (Chief Clerk in the Labour Department and Inspector of Factories) attended, gave evidence, and handed in a statement and comparative return of wages paid in various trades in the Australasian Colonies.

J. L. Kelly (journalist), M. Chapman (barrister and solicitor), and D. J. Nathan (merchant) attended and gave evidence.

J. H. Collier (New Zealand Cycle-works) wrote, asking permission to give evidence, and the Secretary was instructed to arrange a time.

A letter was received from W. H. Millward, asking to be relieved from attendance on the ground of urgent business arrangements.

It was decided to excuse Mr. Millward from attendance.

A further letter was received from Gresley Lukin, again requesting that, on account of private and personal reasons, the Commission would not insist upon his attendance as a witness.

*Resolved*, That the Secretary write to Mr. Lukin and say that he would be absolved from attendance.

A letter was received from J. R. Blair, stating that, as he did not consider the question of federation a live one, and had therefore given it only the most cursory attention, he begged to be excused from giving evidence. He was, however, absolutely opposed to federation.

The Secretary was instructed to write excusing Mr. Blair from attendance.

E. S. Baldwin (patent agent and consulting engineer) and M. Macpherson (general manager of the New Zealand Loan and Mercantile Agency Company) attended and gave evidence.

J. Izett (journalist, now being temporarily employed by the Government) attended, and asked permission to hand in a written statement embodying his opinions upon federation.

After considerable discussion as to the propriety of allowing persons in Government employment to give evidence embodying opinions, it was resolved to allow such evidence from persons who, being only temporarily employed, are not Civil servants.

The Secretary then read Mr. Izett's paper.

H. Hurrell (Rouse and Hurrell, coachbuilders), P. R. Russell (saddler), and J. Kays (wholesale chemist) attended and gave evidence.

J. Duthie (merchant) attended and gave evidence, and also handed in a return of exports from New Zealand to Australia.

The Commission adjourned at 5.30 p.m. till 8 p.m.

The Commission reassembled at 8 p.m.

W. T. Glasgow (Secretary of Customs and Marine) attended and gave evidence.

The Commission adjourned at 10 p.m. until 10 a.m. next day.

#### WEDNESDAY, 27TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received from S. Brown (president of the Industrial Association), submitting the names of gentlemen whose evidence might be taken, of whom it was decided to ask Messrs. Prouse and Corrigan to attend.

A telegram was read from N. Kettle, Hawke's Bay, asking to be excused on account of important business.

The Secretary was instructed to intimate that Mr. Kettle would be excused from attendance.

The following gentlemen attended and gave evidence: T. Lynch (wharf-labourer, representing the Trades and Labour Council), Major Madocks (staff officer to the Commandant), W. Cable (master of Engineers' Association, and ironfounder), J. P. Luke (ironfounder and engineer), W. Crabtree (ironfounder and engineer), D. Robertson (ironfounder and engineer), Rev. W. A. Evans (Congregational minister), W. Booth (of Carterton, timber merchant, and director of Wellington Meat Export Company), R. K. Simpson (of Rangitikei, farmer), A. E. Russell (of Palmerston North, farmer), M. Caselberg (of Masterton, managing director of the Wairarapa Farmers' Co-operative Association), A. Collins (representing the Trades and Labour Council), and P. J. O'Regan (journalist).

Letters were received from the Hon. W. Rolleston and Mr. E. Melland, covering statements of their views on federation, in accordance with the request of the Commission.

The Commission adjourned at 5.30 p.m. until 10 a.m. next day.

#### THURSDAY, 28TH FEBRUARY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

Letters were read from W. Ferguson and R. Hannah, desiring to be excused from attendance, and the Secretary was instructed to intimate that they would be excused accordingly.

C. Pharazyn (of Longwood, Featherston) wrote, expressing his views on federation, and it was decided to accept the letter as evidence.

J. Izett wrote, requesting that an additional paragraph might be included in his evidence. It was decided to append the last sentence—namely, "It is in the character of an old Australian that I desire to appear before your Commission and give evidence now"—if that would be satisfactory to Mr. Izett.

W. Gray (Secretary of the Post and Telegraph Department) attended and gave evidence.

A letter was read from J. Duncan (of Wellington), embodying his views on federation, and it was decided to accept the same as evidence.

The following gentlemen attended and gave evidence: P. C. Freeth (journalist), A. A. Corrigan (manager, D.I.C., Wellington), Hon. T. W. Hislop (barrister and solicitor), M. G. Heeles (manager, Wellington Woollen-factory), S. Kirkpatrick (of Nelson, jam-manufacturer), A. H. Cooper (bootmaker, and president of the Trades and Labour Council), J. T. Dalrymple (of Rangitikei, farmer), and H. Fielder (cabinetmaker).

The Commission adjourned at 3.30 p.m. until 10 a.m. on Monday, 4th March, at Auckland.

#### AUCKLAND.

MONDAY, 4TH MARCH, 1901.

The Commission met at 10.30 a.m. in the Municipal Council Chamber, Auckland.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, and Mr. J. Roberts, C.M.G.

The minutes of the previous meeting were read and confirmed.

Letters were received from J. Harker, P. E. Cheal, and Rev. G. MacMurray, expressing their desire to give evidence, and the Secretary was instructed to issue subpoenas accordingly.

The Hon. W. Rolleston (of Rangitata) attended, formally handed in a statement embodying his views, and also gave evidence.

The following gentlemen attended and gave evidence: Dr. R. Laishley (barrister and solicitor), P. Virtue (manager, Northern Roller Milling Company), J. Park (Onehunga Woollen-mills), A. C. Whitney (manager, Colonial Ammunition Company), Rev. J. C. Andrew (of Te Nui, landowner), W. McLaughlin (farmer), T. Hadfield (bootmaker), S. Vaile (land agent), M. A. Clark (warehouseman), A. Sanford (farmer and fish merchant, representative Tailoresses' Union), and T. Peacock (optician).

G. Fraser and G. Tarbutt were excused from attendance on account of illness, and W. Philson, L. Nathan, and G. C. Garlick on account of absence from Auckland.

The Commission adjourned at 5.40 p.m. until 10 a.m. next day.

TUESDAY, 5TH MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, and Mr. J. Roberts, C.M.G.

The minutes of the previous meeting were read and confirmed.

A letter was received from H. Jones, of Birkenhead, offering to give evidence in reference to the fruit trade if his expenses were allowed.

It was resolved to inform Mr. Jones that if he attended his evidence would be heard, but that the Commission had already arranged for several representatives of the fruit trade to give evidence.

A letter was received from S. Vaile, asking permission to add to his evidence in writing, as he had, through haste, omitted some matters of importance.

It was resolved that Mr. Vaile be informed that the Commission would allow him to attend again and give further evidence, but that he could not be permitted to materially alter the evidence already given.

A letter was received from J. Johnson on the subject of federation, which was read.

The following gentlemen attended and gave evidence: A. B. Donald (ship-owner and island trader), T. T. Masefield (engineer and ironfounder), W. Spragg (general manager, Dairy Association), A. Sturges (fruit-grower), Rev. G. Macmurray (vicar of St. Mary's, Auckland), J. M. Mennie (biscuit- and jam-manufacturer), J. Wiseman (manufacturer and importer), G. Low (fruit-grower), H. Dearsley (president, Bootmakers' Association), and P. E. Cheal (mining engineer and surveyor).

The Commission adjourned at 5.30 p.m. until 10 a.m. next day.

WEDNESDAY, 6TH MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, and Mr. J. Roberts, C.M.G.

The minutes of the previous meeting were read and confirmed.

A letter was read from the secretary of the Waikato Farmers' Club, announcing that Mr. W. F. Buckland had been appointed to represent the club; and it was arranged that Mr. Buckland should be asked to attend before the Commission on Thursday.

Letters were received from G. E. Alderton and C. Phillips, stating their views on federation; and it was decided to accept them as evidence.

Letters were received from J. Fisher and Hon. E. Mitchelson, asking to be excused from attendance; and they were excused accordingly.

A letter was received from P. E. Cheal, drawing attention to some items which he had overlooked in giving evidence the day before.

It was resolved to inform Mr. Cheal that the Commission would be pleased to hear further evidence if he would again attend before them.

W. Booth, of Carterton, wrote, stating his willingness to give further information before the Commission on their return from Wellington; and the Secretary was instructed to thank Mr. Booth.

The following gentlemen attended and gave evidence: J. H. Upton (stationer), J. H. Mackie (public accountant and auditor, and secretary of the Fruit-growers' Union), J. Aggers (secretary of the Bootmakers' Union), G. A. Coles (boot-manufacturer, and president of the Auckland Bootmakers' Association), T. Hodgson (manager of the Northern Boot-factory), M. Flurscheim (retired), W. J. Harker (retired merchant), A. Dewar (mining engineer), J. Chambers (importer of mining machinery), and J. King (commercial agent and accountant).

The Commission adjourned at 5.20 p.m. until 10 a.m. next day.

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#### THURSDAY, 7TH MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A memorandum from J. O'Brien, embodying his views, was received and admitted as evidence.

Letters were received asking that the attendance of E. Ranson and L. J. Bagnall might be dispensed with on account of business arrangements, and both requests were acceded to.

A letter was received from W. J. Harker, naming E. Turner, fruit-grower, as one able to give valuable evidence, and expressing dissatisfaction at his treatment by the Commission.

The Secretary was instructed to acknowledge receipt of the letter.

A letter was received from A. H. Bisley, of Nelson, submitting his views on federation, as requested; and it was decided to accept the same as evidence.

The following gentlemen attended and gave evidence: J. King (in continuation of evidence given on the previous day), R. Hall (farmer, of One-tree Hill), J. Brown (managing director of the Direct Supply Company), A. G. Purchas (medical practitioner and clerk in holy orders), G. H. Powley (clothing-manufacturer), W. E. Lippiatt (fruit-grower and nurseryman, representative of the Fruit-growers' Association), W. F. Buckland (solicitor, of Cambridge), and J. Fawcus (mechanical engineer, representative of the Trades and Labour Council).

The Commission adjourned at 4.30 p.m. until 10 a.m. next day.

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#### FRIDAY, 8TH MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

D. Goldie (Mayor of Auckland), D. R. Caldwell (of Macky, Logan, Steen, and Co.), T. Bell (of Henderson), and H. Johnston (of the Kauri Timber Company) desired to be excused from attendance, the request in each case being acceded to.

The following gentlemen attended and gave evidence: J. Hume (manager, Bycroft Milling Company), J. C. Macky (merchant and warehouseman), R. Dick (of Otahuhu, chemical-works manager, president of the Auckland Agricultural and Pastoral Association), M. M. Kirkbride (farmer, of Mangere), E. Hall (of Onehunga, secretary to the Auckland Agricultural and Pastoral Association), and J. G. Rutherford (farmer, of Bombay, representing the Franklin Agricultural and Pastoral Society).

The Commission adjourned at 12.50 p.m. until 10 a.m. next day.

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#### SATURDAY, 9TH MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: J. M. Morran (clothing-manufacturer), A. J. Entrican (merchant), W. Atkin (coachbuilder), F. M. King (manager, clothing-factory), T. M. Quinn (grain and produce agent), T. B. Dineen (electrical engineer), E. W. Burton (solicitor), and J. M. McLachlan (retired business-man).

The Commission then adjourned at 12.55 p.m. to a date to be fixed in Sydney.

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SYDNEY.

SATURDAY, 16TH MARCH, 1901.

The Commission met at 10.15 a.m. in a room in the Chief Secretary's department, Sydney.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was read from G. L. Peacocke, of Auckland, accompanying a short statement of his opinions on the subject of federation, which it was decided to admit as evidence.

An interview was held with the Hon. J. See, M.L.A., Chief Secretary, and Acting-Premier of New South Wales in the absence of the Hon. Sir W. Lyne. Mr. See kindly placed a room in his department at the service of the Commission, and expressed his desire to render them every assistance in his power.

An interview was then held with the Hon. R. E. O'Connor, Vice-President of the Federal Council, who, in the absence of the Right Hon. E. Barton, Premier of the Commonwealth, offered the Commissioners a cordial welcome to Australia. An interview was arranged with Messrs. Barton and O'Connor for 3 p.m. on Tuesday.

A letter was despatched to the Hon. J. See, asking him to arrange for the attendance before the Commission on Tuesday morning of Mr. T. A. Coghlan (Government Statist) and Major-General French.

The Commission adjourned at 12 o'clock until 10 a.m. on Tuesday, Monday being a public holiday.

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TUESDAY, 19TH MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following witnesses appeared and gave evidence: T. A. Coghlan (Government Statistician) and Major-General French.

A letter was received from G. J. Bruce (of the Goold Bicycle Company), offering to give evidence, and the Secretary was instructed to arrange for his attendance.

At 3.15 p.m. the Commission interviewed the Right Hon. E. Barton, Prime Minister of the Commonwealth, the interview lasting two hours and a quarter.

The Commission adjourned at 5.30 p.m. until 10 a.m. next day.

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WEDNESDAY, 20TH MARCH, 1901.

The Commission met at 10.30 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following witnesses attended and gave evidence: G. J. Bruce (of the Goold Bicycle Company), T. B. Clegg (of the Labour Department), A. Davidson (grain merchant), and Sir W. McMillan, K.C.M.G.

The Commission adjourned at 4.30 p.m. until 10 a.m. next day.

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THURSDAY, 21ST MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received from W. T. Lawry, manager of the New Zealand Loan and Mercantile Agency Company in Sydney, asking to be excused from attending before the Commission, as he had practically no evidence to give; and he was excused accordingly.

R. L. Nash (financial editor of the *Sydney Daily Telegraph*), W. F. Schey (Labour Commissioner), and Hon. Dr. H. N. Maclaurin (doctor of medicine, and member of the Legislative Council of New South Wales) attended and gave evidence.

A letter was forwarded to the Premier of Tasmania, informing him that the Commission would arrive at Hobart on the 29th instant, leaving again on the 30th instant.

The Commission adjourned 3.45 p.m. until 10.30 a.m. next day.

FRIDAY, 22ND MARCH, 1901.

The Commission met at 10.30 a.m.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The Hon. J. M. Creed, M.L.C., G. Rutter (stonemason, and secretary of the Trades Hall, Sydney), and R. Little (grain merchant) attended and gave evidence.

A letter was read from the Hon. J. M. Creed, enclosing an extract from the political column of Melbourne *Punch*, and was received.

A letter was received from G. C. Craig, 70, Hunter Street, accompanying a copy of a work by himself on the subject of Federal defence, and offering to give evidence on the subject.

The Secretary was instructed to thank Mr. Craig, and to inform him that, as the Commission had already obtained the necessary expert evidence on the subject, his attendance would not be required.

A letter was received from the Hon. A. W. Meeks, saying that pressure of business would prevent his attendance before the Commission this week, but he would be pleased to appear next week.

The Secretary was instructed to arrange a time for Monday next.

The Secretary was also instructed to endeavour to arrange on Monday for the attendance of the Hon. G. H. Reid, the Hon. Sir George Dibbs, and an officer from the Agricultural Department.

The Commission adjourned at 3.45 p.m. until 10.30 a.m. on Monday.

MONDAY, 25TH MARCH, 1901.

The Commission met at 10.30 a.m.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

E. Dowling, J.P. (secretary of the Australasian Federation League of New South Wales), and W. Preedy (clerk in the Agricultural Department of New South Wales) attended and gave evidence.

A letter was received from R. J. Black, regretting his inability to give evidence, owing to his having to leave Sydney for several days.

Letters were forwarded to the Hon. the Premier of Victoria, informing him that the Commission would be in Melbourne from about the 1st April to the 8th.

A letter was received from R. L. Nash, enclosing the financial information promised by him to the Commission; and the Secretary was instructed to thank him for the same.

A letter was received from W. F. Schey, Labour Commissioner, enclosing information regarding the classification and registration of the unemployed; and the Secretary was instructed to acknowledge the same with thanks.

The Hon. A. W. Meeks, M.L.C. (of Gibbs, Bright, and Co.), attended and gave evidence.

Sir George Dibbs, K.C.M.G. (managing trustee of the Government Savings-bank of New South Wales), attended and gave evidence.

The Commission accepted an invitation from the Agricultural Department of New South Wales to visit the Agricultural College at Richmond, in the Hawkesbury district, to-morrow, Tuesday, 26th March.

The Secretary reported that he had seen the Hon. G. H. Reid, who was still extremely busy, but thought he would possibly be able to attend when the Commission returned to Sydney in about three weeks' time.

Letters were forwarded to the Right Hon. E. Barton, P.C. (Federal Premier), and the Hon. J. See, M.P. (Chief Secretary), thanking them for the consideration shown to the Commission during their stay in Sydney.

The Commission accepted an invitation from Mr. Mort for the afternoon of Wednesday, 17th April, to inspect his works.

The Commission adjourned at 4.45 p.m. until Friday, 29th March, at an hour to be fixed, at Hobart.

RICHMOND.

On 26th March the Commission met at the Agricultural College, Richmond, at 11.15 a.m.

G. Valder, Principal of the Agricultural College, attended and gave evidence.

The Commission inspected the college and farm, and adjourned at 4.30 p.m.

HOBART.

FRIDAY, 29TH MARCH, 1901.

The Commission met at 2.30 p.m. in a room in the Chief Secretary's department, Hobart.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.



The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: A. I. Clark (puisne Judge of the Supreme Court of Tasmania, formerly Cabinet Minister and member of the Federal Council of Australasia), R. M. Johnston (Registrar-General and Government Statistician of Tasmania), the Hon. W. H. Burgess (merchant, formerly a member of the Tasmanian Government), the Hon. W. Crosby, M.L.C. (merchant), and the Hon. Sir E. Braddon, K.C.M.G. (formerly Premier of Tasmania).

A letter was read from the Hon. J. Want, K.C., expressing his desire to give evidence before the Commission on Monday, 15th April.

As the movements of the Commission were not yet quite settled, consideration of the letter was deferred until the sittings in Melbourne.

The Commission adjourned at 6.35 p.m. until 10 a.m. next day.

#### SATURDAY, 30TH MARCH, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

R. M. Johnston, Government Statistician, was recalled, and gave further evidence.

The following gentlemen attended and gave evidence: The Hon. N. E. Lewis, M.E.C. (Premier and Attorney-General of Tasmania), the Hon. B. S. Bird, M.E.C. (State Treasurer), and the Hon. H. Dobson (barrister, formerly Premier of Tasmania).

A letter was forwarded to the Hon. the Premier of Tasmania, thanking the Government for the assistance afforded to the Commission during their brief stay in Tasmania.

The Commission adjourned at 1.15 p.m. until Monday, 1st April, at an hour to be fixed, at Melbourne.

#### MELBOURNE.

#### TUESDAY, 2ND APRIL, 1901.

The Commission met at 10 a.m. in a room at the Parliament House, Melbourne.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Captain Russell, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was read from J. Burns (of Burns, Philp, and Co.), begging to be excused from giving evidence, not having studied the subject.

A letter was read from H. Jaggars, offering to give evidence before the Commission, consideration of which was deferred.

D. Martin (Secretary for Agriculture, Victoria) and H. Ord (Chief Inspector of Factories, Victoria) attended and gave evidence.

The Commission adjourned at 12.45 p.m. until 10.15 a.m. next day.

#### WEDNESDAY, 3RD APRIL, 1901.

The Commission met at 10.15 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The Hon. A. J. Peacock, M.L.A. (Premier of Victoria, State Treasurer, and Minister of Labour), attended and gave evidence.

Captain Collins, R.N. (captain of the naval forces and Secretary of Defence for Victoria), J. J. Fenton (Assistant Government Statist), Major-General Downes (Commander of the Victorian military forces), and T. Kennedy, M.L.A., attended and gave evidence.

The Right Hon. Sir G. Turner, K.C.M.G. (Federal Treasurer), attended and gave evidence.

The Commission adjourned at 5 p.m. until 10.30 a.m. next day.

#### THURSDAY, 4TH APRIL, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: Brigadier-General J. M. Gordon (Commandant of Forces, South Australia), J. R. Johnston (of Johnston and Co., engineers and ironfounders, South Melbourne), the Hon. A. McLean, M.H.R., J. Danks (merchant and brass-founder), the Hon. F. T. Derham (president of the Victorian Chamber of Manufactures), and C. Van de Velde (civil engineer).

The Commission adjourned at 4.50 p.m. until Tuesday, 9th April, at an hour to be fixed, in Adelaide.

## ADELAIDE.

TUESDAY, 9TH APRIL, 1901.

The Commission met at 3 p.m., at the Parliament House, Adelaide.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received from R. Caldwell, M.P., offering to give evidence, which it was decided to take on Thursday next.

A letter was received from Dr. Van de Velde, of Melbourne, asking to be allowed to give his views on the establishment of the beetroot-sugar industry in New Zealand on the return of the Commission to Melbourne.

The Secretary was instructed to ask Dr. Van de Velde to put his views in writing.

The Hon. F. Holder, M.L.A. (Premier of South Australia), attended and gave evidence.

The Commission, having arranged to visit the Gawler district next day, for the purpose of inspecting iron manufactories and vineyards, adjourned until Thursday morning at 10 a.m.

## GAWLER.

On Wednesday, 10th April, the Commission met at Gawler at 10 a.m.

The Commission inspected the Chateau Tanunda wineries, and those of Messrs. Seppelsfelt.

The Commission also inspected the foundries of Messrs. J. Martin and Co. and Mr. A. May, and the latter gentleman gave evidence.

The Commission adjourned at 4 o'clock.

## ADELAIDE.

THURSDAY, 11TH APRIL, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received stating that Mr. E. H. Lascelles, of Geelong, was unable to attend during the Melbourne sittings, but that he would be able to do so on the return of the Commission.

It was decided that Mr. John Roberts should write to Mr. Lascelles, stating what information was desired, and asking him to supply it in writing.

A telegram was despatched to the Right Hon. Sir John Forrest, Melbourne, asking if he would grant an interview at 11.30 a.m. next Saturday at Menzies's Hotel.

The following gentlemen attended and gave evidence: F. S. Wallis (secretary to the Trades and Labour Council, Adelaide), J. Duncan (of Duncan and Frazer, carriage-builders), H. J. Holden (of Holden and Frost, saddlery-manufacturers), J. F. Martin (chairman of directors of J. Martin and Co., Gawler), W. Burford (president of the Chamber of Manufactures), W. Lowrie (professor of agriculture and head of the Department of Agriculture for South Australia), H. Davis (manager of G. and R. Wills and Co., boot-manufacturers), R. Caldwell, M.P., A. A. Simpson (manager of Simpson and Son, hardware-manufacturers), and J. M. Reid (of J. Reid and Sons, tanners).

The Commission adjourned at 4.45 p.m. until 10 a.m. next day.

FRIDAY, 12TH APRIL, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Mr. T. W. Leys, Mr. C. M. Luke, Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: R. W. Skervington (manager of the Produce and Export Department of South Australia) and Rev. J. Berry (minister of the Methodist Church).

The Commission adjourned at 11 a.m. until next day at 11.30 a.m. at Menzies's Hotel, Melbourne.

## MELBOURNE.

SATURDAY, 13TH APRIL, 1901.

The Commission met at 11.30 a.m. at Menzies's Hotel, Melbourne.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Mr. T. W. Leys, Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The Commission, having met for the purpose of taking the evidence of the Right Hon. Sir J. Forrest, G.C.M.G., and the right hon. gentleman being otherwise engaged, adjourned at 12 noon until 2.30 p.m. on Tuesday, 16th April, at Sydney.

## SYDNEY.

TUESDAY, 16TH APRIL, 1901.

The Commission met at 2.30 p.m. in the Chief Secretary's office, Sydney.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, and Captain Russell, M.H.R.

The minutes of the meetings of the 12th and 13th instant were read and confirmed.

The Chairman reported that, after the adjournment of the regular meeting on Saturday last, he had an opportunity of obtaining the evidence of the Right Hon. Sir J. Forrest, and interviewed him, together with the following members of the Commission—Messrs. Beauchamp, Leys, and Roberts—as there was no opportunity for obtaining a quorum. Sir J. Forrest's evidence was taken down by the official reporter.

*Resolved*, That the action of the Chairman be confirmed, and that Sir J. Forrest's evidence be accepted.

Mr. R. Teece, F.I.A., general manager and actuary of the Australian Mutual Provident Society, attended and gave evidence.

It was decided to leave Sydney for Brisbane by next Friday's express, and on the conclusion of the sittings at Brisbane to adjourn to Wellington, at the Parliament Buildings, on Wednesday, 8th May, at 2.30 p.m.

The Commission adjourned at 4.15 p.m.

WEDNESDAY, 17TH APRIL, 1901.

The Commission met at 10.30 a.m.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. W. S. Reid, and Captain Russell, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received from W. E. Mort, stating that he would be unable, owing to important business, to attend the sitting of the Commission as promised.

A letter was received from M. G. Denham, guard, Petersburg, South Australia, offering certain information in reference to federation, and his services, should a practical railway-man be required.

The Secretary was instructed to acknowledge the receipt of the letter.

The Commission adjourned at 11 a.m. till 12 noon.

The Commission reassembled at 12 noon.

The Hon. J. H. Want, K.C., attended and gave evidence.

The Commission adjourned at 1 p.m. until 2.30 p.m. next day.

THURSDAY, 18TH APRIL, 1901.

The Commission met at 2.30 p.m.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received from E. H. Lascelles, of Geelong, containing the information asked for in reference to the mallee country.

It was decided to accept the letter as evidence, and to thank Mr. Lascelles for the information.

The Commission adjourned at 3.30 p.m. until Monday, the 22nd instant, at Brisbane, the time and place to be fixed afterwards.

## BRISBANE.

MONDAY, 22ND APRIL, 1901.

The Commission met at 11 a.m. in the Parliament House, Brisbane.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence : J. Hughes (Government Statist), A. C. Grant (manager, Moreshead and Co.), W. J. Scott (Public Lands Department), and P. R. Gordon (Chief Inspector of Stock).

The Commission adjourned at 4 p.m. until 10.15 a.m. next day.

TUESDAY, 23RD APRIL, 1901.

The Commission met at 10.15 a.m.

*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: Captain A. W. Pearce (editor of the *Pastoralists' Review*), P. McLean (agricultural expert), the Hon. A. S. Cowley, the Hon. A. Rutledge (Acting-Premier), F. Kenna (editor of the *Worker*), and R. W. Scholefield (of Toowoomba).

The Commission adjourned at 5.50 p.m. until 10 a.m. next day.

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WEDNESDAY, 24TH APRIL, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The following gentlemen attended and gave evidence: Right Hon. Sir H. Nelson (President of the Legislative Council), A. W. White (grazier), T. Glassey (Senator), A. Dawson (Senator and ex-Premier), and Colonel Finn (Commandant of the Queensland forces).

The Commission adjourned at 3.30 p.m. to the Metropole, Sydney, on Friday next, at 2.30 p.m., if the Rt. Hon. G. H. Reid be available; if not, until Wednesday, the 8th ultimo, at 2.30 p.m., at the Parliamentary Buildings, Wellington.

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WELLINGTON.

WEDNESDAY, 8TH MAY, 1901.

The Commission met at 2.30 p.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Hon. C. C. Bowen, M.L.C., Mr. C. M. Luke, Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Captain Russell, M.H.R.

A letter was received from W. T. Glasgow, forwarding returns of estimated loss of revenue in New Zealand, which it was decided to print with Mr. Glasgow's evidence. Mr. Glasgow also brought under the notice of the Commission the claims of certain officers of his department to bonuses for work done for the Commission.

It was decided to give the matter consideration before the close of the Commission.

A letter was received from J. Kays, Wellington, forwarding further information, and asking that it should be included in his evidence.

It was decided to thank Mr. Kays, and to inform him that, as his evidence was already printed, the additional matter could not be inserted.

Letters were received from J. McConchie and J. S. Myers, of Marshland, Christchurch, concerning a petition alleged to have been forwarded from that district to the Commission in favour of federation.

The Secretary was instructed to inform the writers that no such petition had reached the Commission.

A letter was received from the secretary of the Otago Trades and Labour Council, stating that at a recent meeting a motion was passed, with only one dissentient, asking the electors to vote against federation.

The Secretary was instructed to send a reply thanking the writer for the information.

A letter was received from the secretary of the Otago Knights of Labour, enclosing copy of resolutions against federation recently carried unanimously by their body.

Decided to acknowledge and print with proceedings.

The Chairman read to the meeting a draft report.

It was decided to print the same, and resubmit to an early meeting of the Commission for further discussion.

The Commission adjourned at 4.45 p.m. until next day at 2.30 p.m.

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THURSDAY, 9TH MAY, 1901.

The Commission met at 2.30 p.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the two previous meetings were read and confirmed.

A letter was received from the secretary of the Workers' Political Committee, Trades Hall, Dunedin, stating that a resolution against federation had been carried unanimously by that body.

It was decided to print the letter.

A request from Dr. Laishley, of Auckland, asking for witnesses' fees for giving evidence, was considered, and the Secretary was instructed to inform him that such fees were not paid to witnesses who resided in the town where they gave evidence.

The Chairman informed the Commission that the draft report was in the hands of the printer, and it was expected that it would be ready for the Commission by Saturday.

A lengthy discussion took place as to the statistics which should be published with the report, and the Secretary was instructed to arrange the matter selected for printing as quickly as possible.

The Commission adjourned at 3.45 p.m. until 10.30 a.m. on Saturday.

SATURDAY, 11TH MAY, 1901.

The Commission met at 10.30 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

A letter was received from R. Matterson, G. Cox, J. Hannan, and others, of Marshland, Canterbury, stating objections to the evidence given before the Commission by J. S. Myers, of Marshland, complaining that various statements in his evidence were misleading.

The letter was received, and the Secretary instructed to inform the writers that the matter would receive the attention of the Commission.

A letter was received from J. J. Fenton, Assistant Statist of Victoria, forwarding the latest Victorian statistics referring to population and the growth of oats.

It was decided to print the oats statistics at the end of Mr. Fenton's evidence.

The Chairman submitted to the members of the Commission printed copies of the draft report for their consideration.

*Resolved*, That it is not desirable that New Zealand should federate with the Commonwealth and become a State under the Commonwealth of Australia Constitution Act.

*Resolved*, That, so far as the Commission can ascertain, the prospects of establishing a reciprocal treaty with the Commonwealth are at present remote; and that, until the fiscal policy of the Federal Government has been finally determined, the Commission is unable to indicate the lines upon which such a treaty should be based.

*Resolved*, That a sub-committee, consisting of Messrs. Bowen, Roberts, Leys, Reid, Millar, and the Chairman, be appointed to revise the draft report submitted by the Chairman, and to report to the Commission at the next meeting.

*Resolved*, That a sub-committee, consisting of Captain Russell, Major Steward, and Messrs. Beauchamp and Luke, be appointed to select and revise the statistics to be printed in the report of the Commission.

The Commission adjourned at 12.45 p.m. until 2.30 p.m. on Tuesday next.

TUESDAY, 14TH MAY, 1901.

The Commission met at 2.30 p.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. T. W. Leys, Mr. W. S. Reid, Mr. J. Roberts, C.M.G., and Captain Russell, M.H.R.

The minutes of the previous meeting were read and confirmed.

The letter from R. Matterson and others, of Marshland, was again considered, and the Secretary was instructed to inform the writers that, as they had not attended the duly advertised sittings of the Commission, no further action could be taken in the matter.

A letter was received from W. T. Glasgow, Secretary of Customs, giving the amount of Customs revenue received during the year 1900-1, which the Secretary was instructed to include in the appendix.

The Chairman informed the Commission that the revise of the draft report, as amended by the sub-committee appointed for that purpose, would be in the hands of the Commissioners to-night.

The Commission adjourned at 3.15 p.m. until 10 a.m. next day.

WEDNESDAY, 15TH MAY, 1901.

The Commission met at 10 a.m.

*Present*: Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Mr. J. Roberts, C.M.G., Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.

The minutes of the previous meeting were read and confirmed.

The Chairman read a memorandum received from the Hon. Sir Robert Stout, K.C.M.G., Chief Justice of the Colony of New Zealand, containing observations on appeals from the Court of Appeal in New Zealand, forwarded in response to the request of the Chairman.

It was decided to convey the thanks of the Commission to Sir Robert Stout, and to print the memorandum in the appendix.

Mr. Leys moved, That the report be signed by the Commissioners before their dispersal, and that it be left in the hands of the Chairman to hand in at his discretion, on or before the 31st instant.

Mr. Millar moved, as an amendment, That the report be not signed until such time as the tables and statistics are attached thereto.

A division being called for, the names were taken down as follows:—

*For the amendment*: Mr. Millar, Captain Russell.

*Against the amendment*: Mr. Beauchamp, Mr. Leys, Mr. Luke, Colonel Pitt, Mr. Reid, Mr. Roberts, Major Steward.

Amendment negatived.

The Commission then divided on the question, "That the original resolution be agreed to."

*For the resolution*: Mr. Beauchamp, Mr. Leys, Mr. Luke, Colonel Pitt, Mr. Reid, Mr. Roberts, Major Steward.

*Against the resolution* : Mr. Millar, Captain Russell.  
 Resolution agreed to.  
 The revise of the draft report was then considered.  
 The Commission adjourned at 5 p.m. until 10 a.m. next day.

## THURSDAY, 16TH MAY, 1901.

The Commission met at 10 a.m.  
*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.  
 The minutes of the previous meeting were read and confirmed.  
 The revise of the draft report was further considered.  
 The Commission adjourned at 4.45 p.m. until 10 a.m. next day.

## FRIDAY, 17TH MAY, 1901.

The Commission met at 10 a.m.  
*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, Captain Russell, M.H.R., and Hon. Major Steward, M.H.R.  
 The minutes of the previous meeting were read and confirmed.  
 The letter of the 3rd instant from the Secretary of Customs, bringing under notice claims of officers for night-work, was again considered.  
*Resolved*, That the letter be forwarded to the Government, with a recommendation that the request be favourably considered, and that Mr. Glasgow be informed accordingly.  
 A letter was received from the Government Printer, asking that the whole report, evidence, and exhibits should be in his hands at least three weeks before the meeting of the House; and also that the evidence should be sent in consecutive order, as received, and not kept back to send altogether.  
*Resolved*, That Mr. Mackay be informed that his representations should be attended to.  
 The revise of the draft report was further considered.  
 A letter was received from R. M. Johnston, Government Statistician of Tasmania, forwarding his evidence revised, and stating that the tables promised to the Commission would be forwarded by an early mail.  
 It was decided that the tables, if received before the 31st instant, should be printed in the appendix.  
 The Commission adjourned at 5 p.m. until 10.15 a.m. next day.

## SATURDAY, 18TH MAY, 1901.

The Commission met at 10.15 a.m.  
*Present* : Hon. Colonel Pitt, M.L.C. (in the chair), Mr. H. Beauchamp, Hon. C. C. Bowen, M.L.C., Mr. T. W. Leys, Mr. C. M. Luke, Mr. J. A. Millar, M.H.R., Mr. W. S. Reid, and Hon. Major Steward, M.H.R.  
 The minutes of the previous meeting were read and confirmed.  
 The final revise of the draft report was considered and approved, subject to slight alterations.  
 Mr. Bowen moved a vote of thanks to the Chairman for the able manner and courtesy with which he had conducted the proceedings of the Commission.  
 Mr. Beauchamp seconded the motion, desiring to record his appreciation of the tact, ability, and uniform courtesy shown by the Chairman throughout.  
 Mr. Luke indorsed the remarks of the previous speakers.  
 Mr. Leys, in concurring with what had been said, stated that the work of the Commission had been very greatly facilitated by the experience and tact of the Chairman.  
 The motion was put and agreed to.  
*Resolved*, on the motion of Mr. Millar, That a vote of thanks be accorded to the Secretary (Mr. Morris Fox) and the Official Reporter (Mr. W. H. Russell) for the services they had rendered to the Commission, and that it be recorded on the minutes.  
 At 11.30 a.m. the Commission adjourned *sine die*.

## WITNESSES EXAMINED.

## INVERCARGILL.

WEDNESDAY, 6TH FEBRUARY, 1901.

1. J. E. Watson (Tothill, Watson, and Co., grain merchants).
2. W. D. Hunt (Wright, Stephenson, and Co., grain-buyers, stock and station agents, and manure agents).
3. W. A. Morris, bootmaker (representing the Bootmakers' Union, Butchers' Union, and Amalgamated Society of Railway Servants).
4. P. L. Gikison (Fleming and Gikison, flour-millers).
5. C. J. Broad (Broad, Small, and Co., ironmongers).
6. R. A. Anderson (J. G. Ward and Co., grain merchants).
7. J. Johnston (J. Johnston and Sons, mechanical engineers).
8. W. Ross (Ross and Co., woollen-manufacturers).

THURSDAY, 7TH FEBRUARY.

9. G. W. Nicol (Nicol Brothers, grain merchants).
10. J. M. Jones (manager, W. Guthrie, engineers and saw-millers).
11. J. C. Mackley, settler and butcher.
12. I. W. Raymond, stock and station agent.

## DUNEDIN.

SATURDAY, 9TH FEBRUARY.

13. A. S. Paterson (A. S. Paterson and Co., grain-exporters).
14. W. A. W. Wathen (president, Trades and Labour Council).

MONDAY, 11TH FEBRUARY.

15. F. R. Chapman, barrister and solicitor.
16. S. C. Brown, bootmaker (representing the Bootmakers' Union).
17. H. Rodda, bootmaker (representing the Bootmakers' Union).
18. W. Hood, upholsterer (president, Workers' Political Committee).
19. D. Reid (D. Reid and Co., wool and grain merchants).
20. P. Barr, secretary Dunedin Chamber Commerce, and secretary Industrial Association (Barr, Leary, and Co., accountants).
21. R. Slater, presser (secretary, Otago Trades and Labour Council).

TUESDAY, 12TH FEBRUARY.

22. A. Burt (managing director, A. and T. Burt, metal merchants and machinery-manufacturers).
23. R. Glendining (Ross and Glendining, woollen-manufacturers).
24. G. P. Farquhar (Michaelis, Hallenstein, and Farquhar, leather merchants).
25. A. H. Bridger (manager, Sargood's Boot-factory and Department).
26. J. H. Morrison (manager, Mosgiel Woollen Factory).
27. J. C. Ross (managing director, Denton Hat-mills).
28. P. R. Sargood (Sargood, Son, and Ewen).
29. A. L. Isaacs (manager, New Zealand Clothing Factory).
30. R. McKinlay, boot-manufacturer.

WEDNESDAY, 13TH FEBRUARY.

31. W. Carr, upholsterer and furniture salesman.
32. J. C. Thomson, hardware and timber merchant.
33. J. W. Faulkner, wire-worker and galvaniser.
34. J. B. Shacklock, ironfounder.
35. J. Sparrow, general engineer and ironfounder.
36. F. Mallard, insurance expert.
37. M. Cohen, journalist.
38. M. J. Scobie Mackenzie, runholder.

THURSDAY, 14TH FEBRUARY.

39. Rev. W. Curzon-Siggers, vicar of St. Matthew's, Dunedin.
40. J. W. Milnes (manager, Phoenix Manufacturing Company).
41. J. L. Passmore (managing director, Donaghy's Rope and Twine Company).
42. T. W. Kempthorne (managing director, Kempthorne and Prosser's Drug Company).
43. W. Stevenson (Irvine and Stevenson, provision merchants and starch-manufacturers).
44. F. Oakden (manager, Millburn Lime and Cement Company).
45. R. Hudson (R. Hudson and Co., biscuit-manufacturers).
46. W. E. Reynolds, grain, seed, and produce merchant.

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47. J. R. Scott, produce merchant (representing the National Dairying Association of New Zealand).
48. J. Lethbridge (Dunedin manager, Dalgety and Co.).
49. J. M. Ritchie (manager, National Mortgage and Agency Company).
50. E. B. Cargill, gentleman.

## CHRISTCHURCH.

MONDAY, 18TH FEBRUARY.

51. G. G. Stead, merchant.
52. W. Reece, ironmonger (Mayor of Christchurch).
53. H. Friedlander, grain and wool merchant.
54. D. Thomas, grain merchant and auctioneer.
55. E. W. Roper, merchant.
56. G. T. Booth, implement-manufacturer.

TUESDAY, 19TH FEBRUARY.

57. R. Allan, president, Industrial Association (Skelton, Frostick, and Co., boot-manufacturers).
58. W. Chrystall, grain merchant.
59. G. H. Blackwell (managing director, Kaiapoi Woollen Company).
60. R. E. McDougall (vice-president, Industrial Association).
61. W. Wood, tanner and exporter of produce (president, Chamber of Commerce).
62. H. Wood, flour-miller.
63. H. F. Wigram, maltster.
64. J. Gould, merchant.
65. G. Humphreys, merchant.
66. G. S. Jakins (Jakins and Bower, produce-exporters). (Mr. Jakins's evidence continued on the 20th instant.)

WEDNESDAY, 20TH FEBRUARY.

67. Hon. Sir J. Hall, K.C.M.G.
68. A. W. Beaven (Andrews and Beaven, implement-manufacturers).
69. J. S. Myers, farmer.
70. J. A. McCullough, tinsmith (president, Trades and Labour Council).
71. J. Young, bootmaker.
72. A. E. G. Rhodes, barrister and solicitor.
73. W. Newton, upholsterer.
74. J. L. Scott, engineer.

THURSDAY, 21ST FEBRUARY.

75. G. H. Whitcombe (managing director, Whitcombe and Tombs, manufacturing stationers).
76. J. A. Frostick, president, Bootmakers' Union (Skelton, Frostick, and Co., boot-manufacturers).
77. H. Overton, farmer.
78. C. A. Lees, grain merchant.
79. G. Bowron, tanner and leather merchant.
80. W. Williams (representing the Operative Bootmakers' Union).
81. W. Darlow, clicker.
82. A. Anderson (John Anderson, ironfounder).
83. J. Fisher, bootmaker.
84. F. Beverley, soap- and candle-manufacturer.
85. A. Kaye, grain merchant.

## WELLINGTON.

MONDAY, 25TH FEBRUARY.

86. N. Reid, merchant (chairman of Chamber of Commerce).
87. S. Brown, wood and coal merchant (president, Industrial Association).
88. M. Kennedy, merchant.
89. T. G. Macarthy, brewer.

TUESDAY, 26TH FEBRUARY.

90. J. Mackay, Inspector of Factories and Chief Clerk in Labour Department.
91. J. L. Kelly, journalist.
92. M. Chapman, barrister and solicitor.
93. D. J. Nathan, merchant.
94. E. S. Baldwin, patent agent and consulting engineer.
95. M. Macpherson (general manager, New Zealand Loan and Mercantile Agency Company).
96. J. Izett, journalist.
97. H. Hurrell (Rouse and Hurrell, coachbuilders).
98. P. R. Russell, saddler.
99. J. Duthie, merchant.
100. J. Kays, wholesale chemist.
101. (*Vide 127A.*)

## WEDNESDAY, 27TH FEBRUARY.

102. T. Lynch (representing Trades and Labour Council).
103. Major W. Madocks, Staff Officer to Commandant of Forces.
104. W. Cable, ironfounder (master of Engineers' Association).
105. J. P. Luke (S. P. Luke and Sons, ironfounders and engineers).
106. W. Crabtree, ironfounders and engineers.
107. D. Robertson, ironfounders and engineers.
108. Rev. W. A. Evans, Congregational minister.
109. W. Booth, timber merchant (director of Wellington Meat Export Company).
110. R. K. Simpson, farmer.
111. A. E. Russell, farmer.
112. M. Caselberg (managing director, Wairarapa Farmers' Co-operative Association).
113. A. Collins (representing Trades and Labour Council).
114. P. J. O'Regan, journalist.

## THURSDAY, 28TH FEBRUARY.

115. W. Gray, Secretary, Post and Telegraph Department.
116. P. C. Freeth, journalist.
117. A. A. Corrigan (manager, Direct Importing Company, Wellington).
118. Hon. T. W. Hislop, barrister and solicitor.
119. M. G. Heeles (manager, Wellington Woollen Company).
120. S. Kirkpatrick, jam-manufacturer.
121. A. H. Cooper, bootmaker (president, Trades and Labour Council).
122. J. T. Dalrymple, farmer.
123. H. Fielder, cabinetmaker.
124. E. Melland, gentleman.
125. J. Ross (Sargood, Son, and Ewen, warehousemen).
126. C. Pharazyn, runholder.
127. J. Duncan (Levin and Co., merchants).
- 127A. W. T. Glasgow, Secretary and Inspector of Customs, and Secretary for the Marine Department.

## AUCKLAND.

## MONDAY, 4TH MARCH.

128. Hon. W. Rolleston, settler.
129. Dr. R. Laishley, barrister and solicitor.
130. P. Virtue (manager, Northern Roller Milling Company).
131. J. Park (manager, Onehunga Woollen-mills).
132. A. C. Whitney (manager, Colonial Ammunition Company).
133. Rev. J. C. Andrew, clergyman and landowner.
134. W. McLaughlin, farmer.
135. T. Hadfield, bootmaker.
136. S. Vaile, land agent.
137. M. A. Clark, warehouseman.
138. A. Sanford, farmer and fish merchant (representing Tailoresses' Union).
139. T. Peacock, optician.

## TUESDAY, 5TH MARCH.

140. A. B. Donald, shipowner and island trader.
141. T. T. Masefield, engineer and ironfounder.
142. W. Spragg (general manager, Dairy Association).
143. A. Sturges, fruit-grower.
144. Rev. G. Macmurray, vicar of St. Mary's Cathedral, Parnell.
145. J. M. Mennie, biscuit- and jam-manufacturer.
146. J. Wiseman, manufacturer and importer.
147. G. Low, fruit-grower (president of Birkenhead Fruit-growers' Association).
148. H. Dearsley (president, Bootmakers' Association).
149. P. E. Cheal, mining engineer and surveyor.

## WEDNESDAY, 6TH MARCH.

150. J. H. Upton, stationer.
151. J. H. Mackie, public accountant and auditor (secretary, Fruit-growers' Union).
152. J. Aggers (secretary, Bootmakers' Union).
153. G. A. Coles, boot-manufacturer (president, Auckland Bootmakers' Association).
154. T. Hodgson (manager, Northern Boot-factory).
155. M. Flurschheim, retired.
156. W. J. Harker, retired merchant.
157. A. Dewar, mining engineer.
158. J. Chambers, importer of mining machinery.
159. J. King, commercial agent and accountant. (Mr. King's evidence continued on 7th inst.)

## THURSDAY, 7TH MARCH.

160. R. Hall, farmer.
161. J. Brown (director of Northern Roller Milling Company, and others).
162. Dr. A. G. Purobas, medical practitioner and clerk in holy orders.

163. G. H. Powley, clothing-manufacturer.
164. W. E. Lippiatt, nurseryman and fruit-grower (representing Fruit-growers' Association).
165. W. F. Buckland, solicitor.
166. J. Fawcous, mechanical engineer (representing Trades and Labour Council).

## FRIDAY, 8TH MARCH.

167. J. Hume (manager, Bycroft Milling Company).
168. J. C. Macky, merchant and warehouseman.
169. R. Dick, manager, Chemical Works (representing Auckland Agricultural and Pastoral Association).
170. M. M. Kirkbride, farmer.
171. E. Hall (secretary, Agricultural and Pastoral Association).
172. J. G. Rutherford, farmer (representing Franklin Agricultural and Pastoral Society).

## SATURDAY, 9TH MARCH.

173. J. M. Morran, clothing-manufacturer.
174. A. J. Entrican, merchant.
175. W. Atkin, coachbuilder.
176. F. M. King (manager, Clothing Factory).
177. T. M. Quinn, grain and produce agent.
178. T. B. Dineen, electrical engineer (member of Council of Australasian Federation League).
179. E. W. Burton, solicitor.
180. J. M. McLachlan, retired business-man.
181. C. Phillips, settler.
182. J. O'Brien, timber merchant.
183. A. H. Bisley, fruit-grower.
184. G. E. Alderton, editor *Northern Advocate*.
185. F. G. Ewington, land agent.
186. G. L. Peacocke, editor.

## SYDNEY.

## SATURDAY, 16TH MARCH.

187. Hon. J. See, Chief Secretary, New South Wales.
188. Hon. R. E. O'Connor, Vice-President of the Federal Council.

## TUESDAY, 19TH MARCH.

189. T. A. Coghlan, New South Wales Government Statistician.
190. Major G. A. French, Commandant, New South Wales Forces.
191. Right Hon. E. Barton, P.C., K.C., Prime Minister of the Commonwealth.

## WEDNESDAY, 20TH MARCH.

192. G. J. Bruce (manager, Goold Bicycle Company).
193. T. B. Clegg (Labour Department).
194. A. David-on, grain merchant.
195. Sir W. McMillan, K.C.M.G., merchant.

## THURSDAY, 21ST MARCH.

196. R. L. Nash, financial editor *Sydney Daily Telegraph*.
197. W. F. Schoey, Labour Commissioner.
198. Hon. Dr. H. N. MacLaurin, M.D., and M.L.C. of New South Wales.

## FRIDAY, 22ND MARCH.

199. Hon. J. M. Creed, M.L.C.
200. G. Rutter, stonemason.
201. R. Little, grain merchant.

## MONDAY, 25TH MARCH.

202. E. Dowling (honorary secretary of Australasian Federation League, New South Wales).
203. W. Preedy (clerk in Agricultural Department, New South Wales).
204. Hon. A. W. Meeks, M.L.C. (Gibbs, Bright, and Co., merchants).
205. Sir G. R. Dibbs, K.C.M.G. (managing trustee, Savings-bank, New South Wales).

## RICHMOND, N.S.W.

## TUESDAY, 26TH MARCH.

206. G. Valder (Principal of Agricultural College, Richmond, New South Wales).

## HOBART.

## FRIDAY, 29TH MARCH.

207. A. I. Clark, Puisne Judge of Supreme Court.
208. R. M. Johnston, Registrar-General and Government Statistician.
209. Hon. W. H. Burgess, merchant.
210. Hon. W. Crosby, M.L.C., merchant.
211. Hon. Sir E. Braddon, K.C.M.G., ex-Premier.



## SATURDAY, 30TH MARCH.

- 211A. R. M. Johnston (recalled).  
 212. Hon. N. E. Lewis, M.E.C., Premier and Attorney-General of Tasmania.  
 213. Hon. B. S. Bird, M.E.C., State Treasurer.  
 214. Hon. H. Dobson, barrister.

## MELBOURNE.

## TUESDAY, 2ND APRIL.

215. D. Martin, Secretary for Agriculture, Victoria.  
 216. H. Ord, Chief Inspector of Factories, Victoria.

## WEDNESDAY, 3RD APRIL.

217. Hon. A. J. Peacock, Premier of Victoria, State Treasurer, and Minister of Labour.  
 218. Captain R. M. Collins, Captain of the Naval Forces and Secretary of Defence for Victoria.  
 219. J. J. Fenton, Assistant Government Statist.  
 220. Major-General F. Downes, Commanding Military Forces in Victoria.  
 221. T. Kennedy, M.L.A., farmer.  
 222. Rt. Hon. Sir G. Turner, K.C.M.G., Federal Treasurer.

## THURSDAY, 4TH APRIL.

223. Brigadier-General J. M. Gordon, Commandant of Forces, South Australia.  
 224. J. R. Johnston, engineer and ironfounder.  
 225. Hon. A. McLean, M.P., Federal Parliament.  
 226. J. Danks, merchant and brassfounder.  
 227. Hon. F. T. Derham, biscuit-manufacturer and flour-miller (president, Victorian Chamber Manufacture-).  
 228. C. Van de Velde, civil engineer.

## ADELAIDE.

## TUESDAY, 9TH APRIL.

229. Hon. F. W. Holder, M.L.A., Premier of South Australia.

## GAWLER, S.A.

## WEDNESDAY, 10TH APRIL.

230. A. May, engineer and ironfounder.

## ADELAIDE.

## THURSDAY, 11TH APRIL.

231. F. S. Wallis (secretary, Trades and Labour Council, Adelaide).  
 232. J. Duncan (Duncan and Frazer, carriage-builders).  
 233. H. J. Holden (Holden and Frost, saddlery-manufacturers).  
 234. J. F. Martin (chairman of directors, J. Martin and Co., ironfounders, Gawler).  
 235. W. Burford (president of Chamber of Manufactures).

236. W. Lowrie, professor of agriculture and head of Department of Agriculture, South Australia.  
 237. H. Davis (manager of G. and R. Wills and Co., boot-manufacturers).  
 238. R. Caldwell, M.P., settler.  
 239. A. A. Simpson (manager of Simpson and Son, hardware-manufacturers).  
 240. J. M. Reid (J. Reid and Sons, tanners).

## FRIDAY, 12TH APRIL.

241. R. W. Skervington (manager of the Produce and Export Department).  
 242. Rev. J. Berry, minister of the Methodist Church.

## MELBOURNE.

## SATURDAY, 13TH APRIL.

243. Rt. Hon. Sir J. Forrest, P.C., G.C.M.G., Federal Defence Minister.

## SYDNEY.

## TUESDAY, 16TH APRIL.

244. R. Teece, F.I.A., manager and actuary of the Australian Mutual Provident Society.

## WEDNESDAY, 17TH APRIL.

245. Hon. J. H. Want, K.C., barrister.  
 246. E. H. Lascelles, merchant.

## BRISBANE.

## MONDAY, 22ND APRIL.

247. J. Hughes, Government Statist and Registrar-General.  
 248. A. C. Grant (manager, Moreshead and Co., cattle and station agents).  
 249. W. J. Scott, Under-Secretary Public Lands Department.  
 250. P. R. Gordon, Chief Inspector of Stock.

## TUESDAY, 23RD APRIL.

251. A. W. Pearce, editor, *Pastoralists' Review*.  
 252. P. McLean, agricultural expert.  
 253. Hon. A. S. Cowley, M.L.A., Queensland.  
 254. Hon. A. Rutledge, Acting-Premier and Attorney-General.  
 255. F. Kenna, editor, the *Worker*.  
 256. R. W. Scholefield, commission agent and grazier.

## WEDNESDAY, 24TH APRIL.

257. Rt. Hon. Sir H. M. Nelson, K.C.M.G., President of the Legislative Council.  
 258. A. W. D. White, grazier.  
 259. T. Glassey, senator.  
 260. A. Dawson, senator and ex-Premier.  
 261. Colonel H. Finn, Commandant Queensland Forces.

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## MINUTES OF EVIDENCE.

### INVERCARGILL.

WEDNESDAY, 6TH FEBRUARY, 1901.

JAMES ERSKINE WATSON examined. (No. 1.)

1. *Hon. the Chairman.*] What are you, Mr. Watson?—A merchant in Invercargill, a member of the firm of Tothill, Watson, and Co., and Chairman of the Chamber of Commerce.

2. Have you given much thought to the question of the desirableness or otherwise of the federation of New Zealand with the Australian Commonwealth?—Yes, I have given the matter some attention, and it has been brought before the Chamber of Commerce on more than one occasion, but we felt that it was bordering on the domain of politics, and that perhaps it hardly came within our scope to make a pronouncement.

3. Will you give the Commission the benefit of your views as to the advantages or disadvantages of New Zealand federating with Australia?—The principal advantages are distinctly of a commercial nature as far as this district is concerned. There is a considerable trade done at present between this part of the colony and the Australian Colonies, which, I imagine, would probably be interfered with if New South Wales put a heavy tariff on our products. Going back a number of years, there used to be a considerable trade done between the Bluff and Victoria in oats, but Victoria put a duty of, first, I think, 10½d. a bushel, and subsequently they increased that by 50 per cent., and since then the trade has died out so far as actual trade with Victoria for home consumption is concerned. A considerable trade is done in oats with Victoria from here, but it is entirely by way of transshipments to Western Australia and South Africa. In the same way, a considerable trade was done in South Australia until they put on a heavy duty, and that trade has practically died out since that duty was put on. The principal item of export from Bluff to Australian Colonies is in oats. There is also a trade done in dairy produce and cheese with New South Wales—in cheese especially in the winter months.

4. You think if a protective tariff was in vogue in Australia it would act prejudicially on the export trade in this part of the colony?—I do.

5. Has the export trade from Southland with Australia been very considerable?—It has been considerable with New South Wales; but, as far as Victoria and South Australia is concerned, the export trade for home consumption has practically died out. In the case of oats and dairy produce there has been a considerable trade with Victoria, but that is because the Victorian merchants control the West Australian trade, and hitherto they have had a very large say in the South African trade. War-orders for oats have been placed in Victoria, and Victorian merchants have bought large quantities here to fulfil these orders. Quite recently our own Government secured some of these orders, which are being filled direct now.

6. Does that apply to the 25,000-tons order?—I think of that order 10,000 tons came to Invercargill, and the rest was placed in Canterbury, as far as I know.

7. Is the produce of New Zealand exported to any market besides Australia and London?—Not to many. The South African market has developed recently, but, as far as Southland is concerned, if the Australian market is closed to our oats and dairy produce we should have to fall back on London.

8. Assuming that the Government of New Zealand could make satisfactory arrangements with the lines of steamers whose terminal port is in Australia to make their terminal port here, what effect would that have on the export trade of New Zealand?—It would undoubtedly facilitate trade with other ports besides Australia and London.

9. Are you aware of any reason why that should not be done?—Not beyond the one of cost.

10. You have mentioned some disadvantages; can you mention any others that would arise through our not being federated?—I think the commercial disadvantages are the most serious. Of course, there might be other advantages in connection with postal matters. Supposing we federate with Australia, it would open to us a market with the entire Australian Commonwealth in regard to produce which I think this colony is much more fitted to grow than any of the other colonies.

11. With free-trade?—I take it for granted that if we federated there would be free-trade with Australia. I suppose there would also be considerable advantage through having the commercial laws of the various colonies assimilated, through having a uniform postal system, and probably there would be a considerable reduction in the cable rates.

12. Would there be any considerable loss of revenue to this colony if free-trade were established through New Zealand joining the Commonwealth?—I have no doubt there would be a considerable loss of revenue by way of Custom revenues on the goods we at present import from Australia; but that would be more than counterbalanced by the advantages this colony would derive through having such an enormous market thrown open to it at its very doors, and a market which, although it is a large one now, is bound to increase at a fast pace.

13. That loss of revenue would have to be recouped by increasing the taxation on the people?—Yes, I suppose it would; if it did not come out of the people's pockets in one shape it would have to in another.

14. Are you prepared to give any evidence on the political aspect of the question?—No, I am not sufficiently conversant with it to venture an opinion; but, speaking for myself, while I recognise what I consider would be the very great advantages that would accrue to this colony by having free-trade with the other colonies, I share the feeling of reluctance shown by most people to sacrificing any of our present political independence. It is simply a question of whether the commercial advantages do not warrant us in making a sacrifice in the other respect.

15. *Hon. Captain Russell.*] Do you know the relative price of oats in Australia?—Yes; and, of course, it varies in different parts of Australia. In Victoria oats have been very cheap the last few years, and they have exported a large quantity of their own oats to South Africa.

16. Then, is it not possible, if the growth of oats in Victoria is increasing, that that has really been the cause of a diminution in our trade, rather than the tariff question?—I do not think the farmers in Victoria would have grown the oats if it had not been for the protection they got by the heavy duty against New Zealand. Before the heavy duty was put on there was a large trade done with that colony in oats, but after the duty the Victorian farmers grew oats in increasing quantities, and now I do not believe a bushel of New Zealand oats goes into Victoria for home consumption. The quality of their oats is not as good as ours.

17. Does Tasmania export oats to Victoria?—I do not think they do much trade with Victoria, for the same reason, that the duty keeps them out, but they do a considerable trade with New South Wales.

18. Is the cultivation of oats of vital importance to Southland?—It is of very considerable importance to Southland, because a large area of our land is not well suited for growing wheat, neither is our climate well adapted to growing wheat, and, as farmers have to break their pastures up at regular intervals to renew them, oats is the favourite crop.

19. Have you any idea up to what period of time in the future the cultivation of oats will be a matter of importance to Southland?—I think as long as they can grow them profitably they will continue to grow them in large quantities here.

20. Are oats a very profitable crop?—Taking one year with another, it has been fairly profitable of late years to the farmer; but, as I said, they are bound to grow some crop in order to break up their pastures, and they find they can grow oats better than wheat or barley.

21. Is it essential to Southland farming that oats should be grown, and through not fattening the lambs and stock, or cultivating their ground, they take a crop off of it? Is the cultivation of oats the only profitable way of farming?—Not by any means, but it is an essential part of the system of rotation the farmers go in for here. At one time fattening stock was not as profitable as it is now, and if it is a bad year in oats they sometimes make it up in stock, or if it is a bad year for fattening stock they make it up in grain.

22. *Mr. Roberts.*] In reply to a question of Captain Russell's you said that to a large extent the export of oats from the Bluff to Victoria during the last few years had ceased, and that had been entirely owing to the additional production going on in Victoria?—I said it had ceased altogether with Victoria.

23. And that cessation of trade had come about through the production of extra quantities of oats in Victoria during the past few years?—That is so.

24. Have you noticed the relative proportion of the shipments from this colony and the production in Australia—that is to say, in lean years in Australia the export from here is greater?—I do not suppose it is so, because there is a large surplus of oats in the colony which has all to go away whether there is a fat year or a lean year. It is simply a question of price; if they have a fat year in Australia our farmers get less for their oats in consequence. All would have to go away from here.

25. I have a conviction that to a large extent the export of oats from this colony to Victoria is entirely regulated by the crop on the other side—that is to say, the deficiency that has arisen there through a shortage in the crop must be supplied from here, no matter what duty is put on. Do you think that is so?—So far as Victoria is concerned, I think I am safe in saying that for the last seven or eight years they have not used a bushel of our oats in Victoria.

26. Is that to a large extent owing to the better seasons they have had there and the larger quantities of oats grown?—It is entirely owing to the large quantities of oats grown in Victoria, though my contention is that if it had not been for the extremely heavy duty in Victoria the farmers there would not have attempted to compete with our farmers in the growing of oats.

27. What is the price of oats there?—Something about 1s. 9d. to 1s. 10d., and the cost of shipping the oats from Bluff, excluding the duty, is, roughly speaking, 3d. a bushel, while the duty in Victoria is 1s. 2½d. per bushel.

28. So that any export of oats that could have been made from here could have no effect at all on the local market, because it was impossible for you to sell them here at anything like the price they sell them at there?—Yes.

29. *Mr. Millar.*] Can you give us any idea as to the percentage of your trade from the Bluff to New South Wales? What proportion of your total export of grain and oats goes to New South Wales?—I could not say, but I am quite satisfied that New South Wales takes far more than all the other colonies put together of Southland produce.

30. If there were free-trade to-morrow the Victorian market would have no say with us in regard to butter? They have taken butter from us before?—That is so. They would not be large customers for butter.

31. But we see from the latest statistics that they have been exporting butter largely for some years. In 1898 the value of the oats exported from the colony was £87,924?—I think

there must be some mistake. They have not been importing oats to Victoria for their own consumption. I think 1898 was the year of the severe drought in Canterbury, when Canterbury did not export any oats themselves, but took about 200,000 bags from Southland. It was quite an abnormal year in Canterbury, which had to draw on Southland. They were out of the market themselves.

32. With regard to the increased taxation likely to be required, you admit that it would mean a loss of revenue to us from a Customs point of view if we federated, because we should lose the duty on Southland imports from Australia. Would not it have a much wider effect than that, because it is understood, if there is a uniform tariff in Australia, there will be a uniform tariff against the outside world? As far as we understand, it is going to be what they term a moderate tariff, but on many items we should lose the whole of our revenue on the imports. Is that not so?—If the people have not to pay the Customs tariff they will have the money in their pockets to pay in another form.

33. So that in making up the deficiency by imposing direct taxation you cannot take as a guide the loss of revenue from the imports from Australia alone, but will have to spread it over a wider area?—Certainly; if the Federation tariff was lower than our tariff the deficiency would have to be made up somewhere.

34. But from a purely agricultural point of view you think federation would suit us?—No doubt. The opening of that enormous market for our produce would have a most beneficial effect on this part of the colony; but in considering that aspect of the question one should not only consider the existing trade, but what that trade would grow to under favourable conditions. One should consider the natural advantages we possess, and our proximity to the Australian Colonies. I feel that under the present unfavourable conditions our trade is prevented from expanding—it is practically a flea-bite to what it would be if we had these new markets thrown open to us.

35. But is it not possible that by means of close settlement over there the people there would increase their production to meet the increased demand?—I think we have got such enormous advantages over them, even with the expense of carriage—because the expenses are not such a serious matter after all—that our trade would be a rapidly increasing one.

36. *Mr. Beauchamp.*] In respect to these shipments of oats and cheese which have been made to Victoria, have they assumed very large proportions from Southland?—There has been a considerable quantity of oats sent there for transshipment to South Africa, but that was really because the Victorian merchants managed to secure the Government orders. Since then our own Government has secured fairly extensive orders, which have been executed direct from here.

37. Like Mr. Roberts, I think our trade with Victoria was very largely due to the adverse climatic conditions which prevailed there. Did you say that year in and year out we had a very large trade there, and that it was merely a question of one year giving a high price and of another year a lower price to satisfy our merchants?—The trade we used to enjoy with Victoria and South Australia in these particular lines has practically disappeared.

38. Therefore it is necessary to get rid of our large surpluses, and so we have been dumping them down in New South Wales?—Yes; when they could not take the surplus we had to send it to London.

39. I suppose Invercargill does very little export trade with the East?—Very little. I should imagine what is done is probably done through Australia.

40. Have you considered the effect upon local industries of federation?—I do not consider myself qualified to venture a definite opinion on that point. There are people connected with those industries who are better able to speak on that point than I am. I have always considered that, as New Zealand is essentially a producing colony, the interests of the producers taken as a whole would bulk more largely than the interest of the manufacturers. I really cannot see why the New Zealand manufacturers should not be able to hold their own against Australian manufacturers, because I do not believe for a single moment that this is the only colony that cares for the industrial classes. No doubt the industrial classes in the other colonies will see that the scale of wages is kept up to approximately what prevails in other parts, and if the hours of labour in other colonies is approximately the same as ours I cannot see why our manufacturers cannot hold their own with outsiders.

41. Do you think, in the event of our not federating, Victoria could grow sufficient oats to supply New South Wales?—I think New South Wales would grow a good deal of oats, and that Victoria and Tasmania would supply all they want if a new tariff is put on.

42. In which case we should be shut out by the duties?—Yes; but in the case of a severe drought I imagine they would have to fall back on us.

43. *Mr. Leys.*] I notice you say that we have been shut out from South Australia by the duty. In the statistics for 1899 the total acreage of oats in South Australia is given as only 25,000 acres. That cannot supply anything like all the wants of South Australia if it consumed anything like the same amount that the other colonies do. In the same year the acreage of New Zealand was 417,000—in fact, the acreage of oats under crop in New Zealand is larger than that of Australia taken together. Do you not think some other cause must have been working in South Australia to shut out our export?—I do not know whether that is so or not. All I know is that the trade has been killed by the duty.

44. Do you think Victoria is supplying them?—Possibly.

45. *Hon. Mr. Bowen.*] Do they use Indian corn?—Possibly they do.

46. *Mr. Leys.*] Have you considered the effect of throwing open the market to the Australian wheat-producers?—I do not think there would be any danger of the Australians shipping wheat to New Zealand, because we always produce a surplus of wheat in this colony, and the value of the wheat is regulated by the value in London.

47. There is always a large export of wheat from Australia, is there not?—Yes, excepting in a very bad year.

48. In New Zealand the total production of wheat was, in 1898, 50,000 bushels less than the local consumption. Do you recollect that year?—But you must remember that 1898 was a year of severe drought in Canterbury. Last year there was a large surplus.

49. If the duty were repealed would not the northern districts of the colony, which are not wheat-producing, have to get their wheat from Australia?—That would be the case if they could buy it cheaper than from Canterbury or Otago.

50. Is not the Australian wheat a drier wheat?—Yes; I believe it is better for milling.

51. Would not the effect of repealing the duty on flour result in large imports from Australia?—It would depend on the question of price. If they could import cheaper from Australia than from the South Island it would be bought for preference; but I should imagine that the producers here would simply have to meet the market, as they would not allow the Australians to corner the North Island trade to the exclusion of their own wheat.

52. Then, the effect would be to reduce the price, in all probability?—No; because I think the price of wheat all round, taking one year with another, is regulated by the value in London.

53. Is not the freight from Sydney about the same as from Invercargill to Auckland?—There is not much difference.

54. Then, the local grower would have no advantage in sending supplies to Auckland?—Not much.

55. Is it not a fact that before the duty was imposed the greater part of the Auckland wheat-supply came from Sydney?—I could not tell. I always thought the bulk of the Auckland supply was drawn from the South Island.

56. A short time ago there was a short importation of American wheat into Auckland: did not that result in a very great outcry from the Canterbury farmers?—I do not remember the circumstances.

57. It was imported for the Auckland Roller Mills, which were in the hands of the Assets Board?—I think such an act would probably lead to an outcry for protection; but, taking one year with another, there would be very little risk of any trade of consequence being done with outsiders.

58. Is it not a fact that the wheat-production of New Zealand is reduced to the actual consumption of the colony, and that wheat does not pay to export?—I believe there is a considerable exportable surplus this year.

59. Has it not been the experience of the past that losses have been incurred on wheat, and there has been a tendency to reduce the export?—I cannot speak with any precise knowledge, because this is really not a wheat-producing district, but I believe that the Canterbury farmers, taking one year with another, have done pretty well with wheat.

60. You do not think they would object to the repeal of the duty?—I do not know what they would do; but, personally, I do not think that intercolonial free-trade would seriously affect the wheat-growers of this colony, nor the flourmillers, as I think our own flourmillers can hold their own with those on the other side.

61. Perhaps you have given some attention to the financial aspect of federation?—I have thought a good deal about the whole question. I said I had not considered the political aspect: I mean I had not been able to arrive at any definite conclusion, and naturally I would not like to say anything on the subject.

62. Perhaps, as a commercial man, you have considered the question of borrowing on the part of the States of the Commonwealth. If the Customs duties were taken over by the Commonwealth, could the States borrow any funds for the construction of railways and roads?—I have always considered that federation would be a great assistance to the colonies in the matter of borrowing, for they would have the guarantee of the Commonwealth, and could get their money at perhaps a lower rate of interest.

63. Do you think the Commonwealth would borrow money to devote to the purpose of purchasing land for settlement?—I really could not answer that question.

64. Would the Commonwealth be likely to borrow money for the construction of roads in New Zealand?—I certainly think that unless the colony had some power to raise money to carry on public works it would be a very serious question as to whether they should join the Commonwealth at all. I imagine that provision is made for borrowing.

65. Do you think they could borrow profitably?—I think their credit would not be adversely affected by being members of the Commonwealth, but otherwise.

66. If they have no control over Customs duties, which is the chief security?—If you do not take the money out of the people in one form they have got it in their pockets, and it will be taken out in some other form.

67. Would we not be very much in the position of the old Provincial Governments in regard to borrowing? Would our credit abroad not be very much discounted by the fact that we have no control over Customs revenue, which is the chief source of our security?—I have not considered that aspect of the matter.

68. Are we likely to get loans on good terms?—My opinion is New Zealand would be able to borrow money then on just as favourable terms as now. As to the risks of the Federal Government putting on direct taxation, I take it that our representatives in the Commonwealth Parliament would have some say in moulding the policy, and would not agree to any injustice being imposed on us.

69. But Mr. Barton has already indicated the possibility of direct taxation being imposed?—I recognise that there are considerable risks to be faced in joining the Commonwealth, but we have to sink our individuality to some extent. But that is an aspect of the case I have not formed a definite opinion on. While believing that there would be an immense advantage to this colony from a commercial point of view, I admit that there might be drawbacks from a political point of

view and from a financial point of view. Personally, it would be with a feeling of regret that I would see our political independence sacrificed to any extent; it is purely a question of whether in the interests of the colony at large the commercial advantage to be derived would not warrant us in making the sacrifice, in the same way as other colonies have had to sacrifice a portion of their independence.

70. You have mentioned oats and dairy produce as likely to show a great expansion if we join the Commonwealth. Are there any other items that would be likely to expand our trade with Australia?—There will probably be other items, such as linseed, barley, and other things.

71. But does not the English market regulate the price of produce exported from the colonies?—It does in some items, but not in others.

72. Is it not the case that in the dairy industry, for instance, the price is regulated now by the English market?—Nearly all our dairy produce goes home to the Old Country in the winter time. Take cheese, of which a considerable quantity is produced in this district: The English buyer would only take cheese up to a certain month. They all want their shipments to leave the seaboard by the end of March, or April, because later on the Canadian and Home cheese is coming on the market, and they do not want our cheese then. In the past a very satisfactory trade with New South Wales has been done in the winter months, and what I feel is, if all restrictions were removed that trade would expand very considerably.

73. Do you conclude that Australia will immediately set up hostile tariffs? Our trade imports from Australia to New Zealand amount to over a million and a quarter, while our exports are only about a million and a half, including specie. Is it likely that Australia is going to throw away all that trade?—I understand that they cannot differentiate, but will have to extend to us, if we federate, the same treatment as to the other colonies. There will be the same tariff against us as against the rest of the world if we do not federate. I think those figures do not represent the *bond fide* trade, but include the transshipment from United Kingdom, which are not really imports from Australia at all.

74. If we federated, would not the large Australian merchants dominate the New Zealand trade?—I do not see why they should. While we have direct steamers to come to this colony we should be able to import direct to New Zealand. The bulk of our imports are direct now. A merchant here might import from Calcutta a thousand bales of cornsacks. Perhaps he would require two hundred bales more. He has not time to order them direct from Calcutta, and the chances are he buys that quantity from Australia; but the bulk of the import trade would have been done direct with the producing country.

75. I will take your opinion, which I believe to be correct, that a large portion of these goods are reshipped foreign goods or Home goods. That reshipment has been made subject to a second duty in New Zealand, and yet these merchants have been able to compete for this large trade?—I think the goods would have been put under bond in Australia, and would not pay the duty there. There would be only one duty to pay, and even in case they had paid duty in Australia they would get a drawback.

76. Still, their facilities would be greater in any case if there were no other duties payable on reshipment to New Zealand?—Yes.

77. Would not that have the effect of increasing the amount of reshipments of Australian importations to New Zealand? Would not the Australian merchants make this a clearing market?—Yes. New Zealand is used for that purpose to some extent, and I do not think we shall ever get away from that. If the Australian merchant overimports any line of goods, and wants to clear it out, he will take advantage of the market in New Zealand as long as he can get his stuff in at a price that would pay him better than sacrificing in his own market.

78. In the first place, they have a very great advantage in freights?—They have, and that is a thing I think our Government will have to take into consideration. They have done so, as a matter of fact, and are endeavouring to see that we are put on more level terms with the Australian Colonies in regard to freights.

79. They have an advantage in freights. Will not they increase this clearing trade, as well as take a more dominating part in New Zealand trade, by means of travellers and other facilities of that kind?—I suppose it would facilitate their operations in that way; but I am quite satisfied that the bulk of the New Zealand import trade will continue to be done practically by New Zealand merchants, who will buy their goods in the first market and import here what they think they will require. And it is not always a disadvantage to us to thus take any surplus from Australia.

80. Then, with regard to manufactures, do you not think the manufacturers of Australia, having a large local market, will be able to manufacture more cheaply than we can in this isolated market, and will ship their surplus in the same way to New Zealand?—I do not see why they should be able to manufacture more cheaply if the cost of labour there is the same as it is here. I think the handicap of the cost of transport would be a very fair protection for the manufacturers here in respect to some lines; but look at our development in woollen industries, in regard to which we would do a very extensive trade. I am told that there are considerable quantities of woollen goods going to Australia because they are of much better quality than can be turned out on the other side.

81. It has been stated in Australian newspapers that British manufacturers are expected to establish branches of their manufactures in the vicinity of Newcastle, close to the coal, for the purpose of supplying the trade requirements of Australia generally. Do you not think that with such advantages our local manufacturers would be overwhelmed?—I think they probably might be; but I am a Free-trader, and I believe in things taking their course as far as manufactures are concerned.

82. Then, in that case our manufactures would be detrimentally affected?—I imagine some of them would, but I do not know to what extent, or if, on the whole, the damage would be very

serious. Of course, I am speaking now about a thing I do not consider I am qualified to give a pronounced opinion on: I am only speaking generally. I am not directly interested in any local industries, and I have not got the information by me to enable me to speak definitely; but, speaking generally, I think there would be a risk of some of the local industries suffering to some extent through the competition from the other side.

83. *Hon. Major Steward.*] I think you said that amongst the advantages you thought would follow the inclusion of New Zealand in the Federation would be an improvement in the value of our securities—that is to say, we would be able to borrow on better terms than we can borrow now in London?—Yes.

84. Are you aware that prior to federation the 4-per-cents of New South Wales stood at 117, and that to-day they stand at 113, and that New Zealand 4-per-cents stand to-day at 113 firm? If that is so, would it not appear that there has been no very great advantage as far as the money-market is concerned to New South Wales?—That might not be the result of it joining the Federation. There might be other conditions—the continuation of the war in Africa.

85. That is quite so; but would not these contingencies equally affect our securities?—I believe consols have gone back very seriously, partly owing to the continuation of the war and partly to the death of the Queen, and I do not think New South Wales is suffering exceptionally in that respect. If New Zealand securities are exceptional in maintaining their price, it might be due to other circumstances than through her not being included in the Federation.

86. Can you tell us what proportion of your exports from Southland have been sent to London direct?—No; but, speaking generally, oats not shipped to London unless you cannot get a market anywhere else.

87. What has been the result?—Not satisfactory, on the whole, in the case of shipments to London, but there have been occasions when they have paid better than selling them locally.

88. Supposing Victoria produced more oats than it required for its own consumption, is it at all likely that under these circumstances she would import oats from New Zealand?—I think, if there were no duty, our oats could be landed there at a price that would induce the consumers to take them in preference to Victorian oats, and that farmers there would then give up growing oats.

89. You seem to think that, provided there was absolute free-trade between Australia and New Zealand, the cultivation of oats, which is the principal item in this district, would largely cease in Victoria and New South Wales, and they would have to depend upon us for their supplies?—I do not know that it would cease altogether, but I say it would diminish.

90. That is very strongly on the assumption of absolute free-trade; but supposing the Commonwealth impose a duty for revenue purposes, would that duty still have the effect of shutting out Southland oats?—Such a duty could not apply to New Zealand if we were in the Federation.

91. *Mr. Luke.*] To what extent do New Zealand oats find their way to South Africa through Australia?—Last year a very considerable quantity went.

92. And there is no great difficulty in supplying them excepting the want of bottoms for carrying them?—We could have got the freight had we got the orders.

93. As a Free-trader, do you think the question of manufacturing in the colony is very much subordinate to that of producing from the soil? Is it not an element deserving of some consideration as to the effect of federation on industries here?—Undoubtedly. These industries have been started under certain conditions, and it would be very wrong if they were not considered now.

94. Supposing, under the Federation, each State had the right of domestic legislation as regards labour-laws, and some of the labour-laws which we have here at present were not introduced in the States of Australia, do you not think that that would have a very detrimental effect upon our manufacturers in this colony?—I do not know that the labour-laws of New Zealand have increased the cost of production seriously. I cannot compare them with the labour-laws of the other colonies, because I am not conversant with the conditions of other colonies.

95. We are led to believe that there is a material difference in the hours of labour, more particularly in the rate of wages prevailing in Australia as compared with those here. If that is so, do you not think it would prove a very serious bar to our industries, and would be in favour of some of the industries on the other side?—If the scale of wages here is materially different from the scale of wages on the other side it would prejudicially affect the industries perhaps, but the throwing-open of the markets would, I contend, more than counterbalance any such loss.

96. *Hon. the Chairman.*] You mentioned that a considerable quantity of oats is exported to Australia for transhipment to other places; would not the latter markets be open to us for direct shipments?—The principal market for the transshipments from Victoria has been Western Australia, and the probability is that that market would still remain open to us, because I suppose the climatic conditions in that colony are entirely against the growth of oats. I do not know where the rest of the oats go. Some have gone to South Africa and, I think, to China, but, as far as Western Australia is concerned, I think that colony is the probable ultimate port that our oats go to when they go through Victoria.

97. Can you give us any information upon the question of barley or hops?—Hops are not grown here, but barley is to a considerable extent in the country north of Lumsden—that is, at Garston, Athol, and Lake Wakitupu. The climate of Southland is not very favourable to growing barley suitable for malting. The barley from the districts I have named finds its market in Dunedin and Invercargill, and I think there is a considerable trade done by the maltsters of New Zealand with the Australian Colonies. That trade would be prejudicially affected if the New South Wales markets were closed by heavy duty.

98. *Mr. Roberts.*] The answer Mr. Watson gave in reference to the question of freights might be misinterpreted if a further answer were not given. Mr. Watson made a remark generally that freights in New Zealand were higher than in Australia. I suppose you know, Mr. Watson, that



freights fluctuate very much in Australia—that sometimes you have seen wool charged 1d. a pound in Sydney when the freight here is only ½d. ?—I believe that did occur on one occasion.

99. And I think you recognise that freights here have a right to be higher on account of the difficulty of loading, through the ports being so much scattered about, involving necessarily high freights?—Undoubtedly.

100. So that you could not expect the same freights here as are enjoyed in Australia?—No ; but the reference I made was that the question was one the Government might consider, having regard to the difficulties steamship-owners have to contend with in this colony in loading at so many different ports, with port charges at each port, and with the time taken in travelling between one port and the other. For instance, the German and French steamship lines are doing a large trade with Australia, but that is only made possible by the large subsidies given by their Governments. I thought in the interests of the producers of this colony the Government should take into consideration the question of granting subsidies, so as to bring the freights to something of the same level prevailing in Australia. I am quite satisfied, for instance, that a direct trade with South Africa could not be opened up unless some assistance of that sort is given.

101. *Hon. Major Steward.*] Supposing New Zealand remained outside the Federation, and the Commonwealth tariff on oats were reduced to one-half the present Victorian tariff, would that reduction be sufficient to open the market for us?—That would mean about 7d. per bushel, and I think that would still be a sufficient handicap to keep New Zealand out.

102. So that you think the only thing that would enable us to have the benefit of a full market in Australia would be that oats should be admitted absolutely free of duty?—Of course, a nominal duty of 2d. or 3d. only would help the difficulty to be overcome.

103. *Mr. Leys.*] Our yield per acre of oats as compared with the yield of South Australia is so very high that do you not think, notwithstanding a substantial duty against us, we could still maintain a very large trade there?—I am simply going by the evidence of fact that the imposition of the duty in South Australia has killed the trade.

104. But they must be getting their oats from somewhere else than growing them, because the statistics show that there has been a decrease in the quantity of oats grown for last year as compared with the previous year. Does that not prove that South Australia is not an oat-growing colony?—Precisely ; that is what I contend—that they cannot grow oats as compared with Southland, which is more suited for growing oats. We could grow oats here for the whole of the Australian Colonies.

105. Do you think if the farmers in Australia found they could not grow oats profitably they would turn to something else, or do you think they would rather adopt the policy of doing without oats altogether than of taking oats from New Zealand?—Well, of course, they can grow them if they keep on these high duties, but it pays the farmers to keep us out.

*Mr. Leys :* But they do not seem to have done so in South Australia.

106. *Hon. Mr. Bowen.*] I asked whether Indian corn did not take the place, at a certain price, of oats in Australia?—Yes.

WILLIAM DUFFUS HUNT examined. (No. 2.)

107. *Hon. the Chairman.*] What are you?—I am a member of the firm of Wright, Stephenson, and Co., stock and station agents, grain-buyers, and manure-merchants. We deal with the farmers, and sell them pretty well everything they require.

108. Have you considered the question of New Zealand federating or not federating with the Australian Commonwealth?—No, I have not given it any consideration, excepting in so far as will affect our own business. I do not know anything about the political aspect of the question.

109. State what you think are the advantages and disadvantages?—I presume, if we do not federate, there will be a tariff wall raised against us, and that would certainly do harm to our commercial trade. My idea is that we should get free-trade with Australia somehow or another. If we cannot get it without federation we ought to federate. Australia is practically our only market outside London that we can depend on, and if they put a protected tariff on it will kill our trade there, the principal item of which is oats. Australia is our best market for oats, and if that was locked against us it would be unprofitable to grow them. This year South Africa is taking a lot of the Bluff oats, but that is a market we cannot depend on.

110. Have you considered any advantages that will accrue to the Colony of New Zealand through not federating?—If we do not federate I suppose we shall have a bigger say in our own affairs ; but I repeat it would seriously interfere with our trade.

111. Do you think you could find other markets outside Australia for your surplus produce?—Well, in getting markets we have first to get the people who want our stuff ; and, secondly, we have to get them to take it in large enough quantities to enable us to get regular communication established.

112. Do I understand that the whole of the produce shipped to Australia is consumed there, or is a great deal of it re-exported?—A great deal is re-exported.

113. Why should not New Zealand export direct to those places?—Before we could do that we should have to be able to export in sufficient quantities to make the trade pay and to warrant a direct line of communication.

114. *Hon. Mr. Bowen.*] Then, I gather that the chief item you are alluding to is the export of oats?—We trade generally with Australia. My idea is that we want to get free-trade with Australia.

115. But as far as your business is concerned it is a question of oats?—Yes ; in Southland oats is the principal thing.

116. *Hon. Captain Russell.*] Looking to the interests of the day, what effect do you think federation will have on the trade of Southland twenty years hence?—I think if we had free-trade

with Australia it would mean that we shall have a large trade between here and there. We have a different climate, and we can produce well here what they cannot produce there, and it means that they will want a lot of our products.

117. And you think the conditions will be practically the same twenty years hence as they are now?—I do not see anything to change them.

118. Why do you lay such stress upon the Australian market? Is there no other market that might naturally rise for your Southland produce?—Before we can attack any market successfully we must have regular communication. Well, we have got a regular communication with Australia, and I do not know if we can send a sufficient quantity of stuff to any outside market to make it worth while to put on a regular line of steamers.

119. Then, in the way you regard the question of federation, it is simply a matter of a day or two, and not a matter for all time?—Simply as a matter of trade, and that trade I consider will last for all time.

120. Yes; but I mean are you regarding the question of federation as one that will affect the trade of to-day or affect trade for a definite period?—The trade for all time. I maintain that it would benefit us for all time. Then, we might go so far as to say that it is essential to federate with Australia on account of the production of Southland, and on account of the production of New Zealand.

121. But the greater part of the produce of New Zealand goes where?—To Great Britain; but one-sixth goes to Australia, I suppose, at present, and the bulk of that goes to New South Wales, where there is free-trade.

122. What articles of produce go from Otago to Australia?—Grain is the principal thing, and there might be a certain amount of dairy produce.

123. Do you think the duty prevents us sending away into Australia?—Yes.

124. What becomes of your grain?—We have been sending most of our grain to New South Wales. Years ago a great deal went to Victoria, but when the duty was put on that trade died away. For the last two years a lot of our grain has gone to South Africa, and if it had not been for the South African trade it would not have paid to grow oats.

125. Could you not export to England?—No; it would not pay, because the price is not sufficient.

126. Is the price of our oats lower in England than in Australia?—At present we get freight for oats to England for about £1 17s. 6d. a ton, as against 10s. to Australia.

127. Is not the average price £1 17s. 6d.?—We have often got it for very much less, but only because the boats were particularly anxious to fill up, and they would take a smaller quantity at a lower rate. They would not take a very large quantity for very much less.

128. If there should be the same tariff for the whole of Australia as there is in Victoria, would the growth of oats in Southland cease?—Unless we can get some outside market it would cease. I do not see any prospect of a permanent market outside Australia.

129. You now send oats to England?—Yes; we sent them there when we could not do anything better; but to ship there simply means a heavy loss.

130. Do you think, if there was the same tariff throughout Australia as prevails down in Victoria, that Australia would take our oats?—No.

131. Do you think, if there were a complete failure owing to drought, that that would not have a good effect on the oats on the market here?—If there was a disastrous drought that affected the crops in Australia they might have to come here for oats, but that would only be in an odd season.

132. But there are conditions under which they would be obliged to take your oats?—Yes, in a season of drought; but unless we had a steady market we would not grow them.

133. What, is the average crop in Australia bigger?—I cannot tell exactly. The year before last we grew more oats than they did in the whole of Australia.

134. Do you know what the average yield in Australia is for oats?—I do not; but they would not grow as good a crop as we do in New Zealand.

135. Do you know what the average yield in New Zealand is?—Last year, 37 bushels per acre.

136. And if the average yield in Australia is about one-third or one-fourth of that, do you not think we could produce our oats and land them in Australia cheaper than they can grow them under their conditions?—I think we can.

137. Then, to put it shortly, you think the duty they have in Victoria, if imposed throughout the Commonwealth, would ruin the oat trade?—Yes.

138. *Mr. Roberts.*] If there had been no duty on oats this year, could you have exported them to Victoria with profit?—Oats were very cheap last year in Victoria, and I do not think we could have competed with them if there had been no duty; but we could have got a trade in other parts of Australia.

139. You mentioned, in reference to the export of oats to England, that you were not aware of any but disastrous losses on such shipments: do you desire to qualify that statement?—Occasionally one might do very well by shipping to London.

140. I suppose you know that people have done quite as well by shipping to London as to Victoria?—It has happened, but not in recent years. We want a steady general market.

141. The price per bushel in London is about what?—It has run about £1 2s. to £1 4s. a quarter, or about 2s. 7d. or 2s. 8d. a bushel, and the expense of shipping to London, on an average, is about 1s. 3d.

142. *Mr. Millar.*] What proportion of the total shipments to the Bluff go to Australia?—Last year the great bulk of them went to South Africa, but now most go to Australia.

143. Therefore South Africa was the better market, and the same thing will continue?—If we had this market, and it was steady, we would not ship to Australia at all.

144. Then, it is not a question of the permanent trade, but where the highest market is?—Yes; but Australia is the only permanent market we have.

145. Looking at the future, is there a prospect of the South African markets being open to New Zealand?—I could not speak on what the prospect would be. Because they have a large country and a small population, I do not think it would be a permanent market.

146. Then, it is useless to subsidise steamers to open up trade there. Or are they likely to grow themselves oats to such an extent as to interfere with our shipments?—I think they will; but I am only speaking from hearsay.

147. *Mr. Beauchamp.*] There is no duty on oats in New South Wales, and that is the chief reason why you used that colony as a dumping-ground for your surplus oats?—They have taken them nearly all. If it had not been for the South African market it would not have paid to have grown oats the last two years, because New South Wales would not have taken enough. Australia has been able to supply a sufficient quantity for her domestic use.

148. Therefore it is not likely to be a permanent market?—No. To make it pay to grow oats in Australia they would have to have a duty against us always.

149. Is it not due to the adverse climatic conditions existing in Australia?—Partly.

150. *Mr. Leys.*] Do I understand you to say that the export to Australia is one-sixth the production of this district?—One-sixth of the total trade of New Zealand is done with Australia.

151. Is there not a very large market for oats in other parts of New Zealand?—Yes; but it does not absorb the whole of our surplus. The North Island is every year growing a larger quantity of oats itself. If Australia were closed to us we would have to reduce the quantity we are growing.

152. I suppose other crops could be found equally profitable?—No. Otago and Southland are better suited for growing oats than other grain-crops. We do no business in wheat and flour.

153. How would free-trade in New Zealand affect the wheat-growers and the flour-millers?—I have not thought the matter over.

154. *Hon. Major Steward.*] Was not a considerable portion of the oats shipped last year to Sydney sent on to South Africa?—No; those oats went through Melbourne.

155. Then, practically the whole export through New South Wales was for her own consumption?—Yes.

156. *Mr. Luke.*] Supposing Australia imposed a duty of 6d. per bushel on our oats, would it not pay to send them to London were we to obtain a permanent market?—We cannot get a price in the London market that makes it pay for producing.

157. *Hon. the Chairman.*] You think it would not pay to export to other countries unless the trade could support a line of direct steamers?—We would want direct communication to make a permanent trade.

158. Do you not think it would pay the Government to proceed in that direction—in the interests of farmers, to subsidise a line of steamers to come to New Zealand—rather than for New Zealand to join the Federation?—Before it would pay to subsidise the steamers you would first want a permanent market that would take a sufficient quantity to fill the steamers, and I do not think South Africa would do that.

159. Why should not New Zealand export to the same markets as Australia does, if these lines of steamers were subsidised to come on to New Zealand?—To make it pay the steamers would have to get a very large quantity, and would have to go to nearly every port of New Zealand to make up a cargo. I do not think they would get sufficient inducement to warrant them coming here.

160. *Mr. Beauchamp.*] But supposing there are two or three lines of steamers trading from Australia to South Africa, and it is by these steamers that a large quantity of our produce has been re-exported to South Africa—in the same way, why should not a line of steamers run from here to South Africa, and land our produce there direct?—It might be made to pay.

WILLIAM ARTHUR MORRIS examined. (No. 3.)

161. *Hon. the Chairman.*] What are you?—A bootmaker. I represent not only the bootmakers, but the Amalgamated Society of Railway Servants and the butchers, nearly four hundred men.

162. Have you considered how federation might affect the local industries of New Zealand?—Yes. My objection to federation is twofold—from the political and industrial standpoints. We have here a Government that possesses the confidence of the people, and if there were occasions to consider any matter from a wide colonial standpoint the Government could do it just as well as if they were federated. If we were federated the questions would have to be looked at from the broad Commonwealth standpoint, and in such a case the individuality of this colony would be lost. From the political standpoint, I think we have everything to lose and nothing to gain by federation. I believe if we federated our local industries would be ruined, because the larger concerns on the other side will overwhelm our industries, and consequently our men will have to run after the factories where the work is, because the factories do not run after the men. I believe that the Australian manufacturers will be able to manufacture cheaper than we can here. I question very much whether the working-men would reap any benefit from the removal of the tariffs. We had an object-lesson on that last session. £165,000 was knocked off the duties then with the idea that it would benefit the working-man, but I have never met one that had benefited to the extent of one halfpenny by that remission. I contend a protective duty is necessary against the Australians to assist our manufacturers, who had to build and equip their factories.

163. How do you think federation would affect the rate of wages in New Zealand?—I believe it would be the same as in 1883 or 1885, when men had to go away to seek for work.

164. Then, both on industrial and political grounds you think it would be a bad thing for New Zealand to federate?—I do. Some people seem to think that if we had federation there would be

a greater outlet for our produce. I fail to see it. I have lived in Australia and know what its requirements are. It requires nothing from us excepting oats and soft woods. Now they are federated Victoria can supply all the oats and dairy produce they want.

165. Do you think they are likely to keep on the duty against oats and timber?—They have done so, but the people have to pay it themselves. I know the prevalent idea is that if we were federated the workers would reap the benefits of the increased production; but some years ago, when Mr. Webb was Minister for Agriculture in Victoria, he had to go to America for the Government. Now, at that time reapers-and-binders were admitted to Victoria duty-free, and yet they were sold there at £56 each. It was felt there was something wrong in that respect, and when Mr. Webb went to Frisco he went into one of the large reaper-and-binder factories and asked them the price of the machines. They told him £28. He said he would take two hundred; but when he told the manufacturer he wanted them for Victoria, the latter replied, "We cannot do that, because we have our agents there, and you must get them through them." This showed that rings and monopolies did exactly as they do now, and that the people got no benefit from the low price of the goods or from the removal of the duties. The same remark applies to the manufacturer of gum-boots, which are manufactured by the North British Company. There is only one firm that has the agency, and when Gavin Gibson, of Melbourne, sent a cheque for £3,000 Home for boots the cheque was returned, and they were told to get them through Neil and Co. If a loaf is only 3d. and I have not got that 3d., it might as well be 3s. as far as I am concerned. Give the working-man the opportunity of fair wages and he will never ask to be governed by any other people outside his own colony, he will never want to go anywhere else to work, and he will never grumble at the taxation you impose.

166. *Hon. Captain Russell.*] Are wages better in New Zealand than they are in Victoria?—Taking them all round, they are. In my trade a man under certain circumstances might earn more there than here, but there are different surroundings.

167. You think the wages are better here than in Victoria, notwithstanding their protective duty?—Taking it all round, I believe we are better off in many respects; but you must not always reckon according to the wage standpoint. I might earn 3s. or 4s. more a week here, but perhaps I would have to pay 6s. or 8s. more for rent.

168. With our climate, would artisans be able to do better work than they can in the hotter climate in Australia?—I do not know. I have seen some pretty tough "rags" in Australia—men who would work with our men, and not shirk their work. They get accustomed to the climate. Physically, I believe our men are better men; but when it comes to the physical question it is wonderful what the Australians go through.

169. You fear that free-trade would mean that the larger concerns of Australia would swamp our concerns here?—Yes; and it might possibly mean that the German and Japanese manufacturers would come in also. Those people work under indifferent conditions, and I did not leave the Old Country to work under the same conditions here. I am not afraid to meet any man under fair conditions, but not under the conditions the German and Chinese work under.

170. What do you refer to when you speak of Chinese labour?—I believe it would open the door to other classes of goods. Possibly it might not directly affect the bootmakers, but it might be possible that the German boats and Japanese lines would bring their goods through.

171. How does federation affect our trade with China and Japan?—I do not think it would increase it in any shape or form, excepting that some of the goods I mentioned would come in.

172. Are you afraid of Chinese and Japanese labour getting into Australia?—Yes, unless great care is taken to keep them out.

173. You think in Queensland there will be a question of coloured *versus* white labour?—It must ultimately rise, and it will have to be settled.

174. Do you think the industries of Northern Queensland can be carried on in the tropics with white labour?—My conviction is that they might be; I have met men who came from Bowen who weighed 15 st.

175. Did they do outdoor work?—Yes; in the sugar-fields. I believe the Anglo-Saxon can do or go anywhere.

176. Can you show me a tropical country where the Anglo-Saxon does do hard outdoor work continuously?—He is not employed, simply because the class of manufacture involved is not profitable enough to employ him.

177. Can you give an illustration where a white man can stand such work in the tropics for one or two generations?—In Queensland they do that now; but I would qualify that statement by saying that there would need to be a constant accession of fresh blood. That is necessary, otherwise I think the race would die out.

178. *Mr. Roberts.*] I think your remarks as to the effect federation would have on the labour-market pointed to the conclusion that you are distinctly of opinion that federation would have the effect of reducing the rate of wages in this colony?—Yes; and, although I am a workman at the present time, I have been an employer of labour, and I claim to speak both for the employer and employé.

179. I suppose you have noticed that other colonies in Australia are moving in the direction of obtaining Conciliation and Arbitration Courts?—Yes.

180. If that comes about, I presume the only effect would be that one of two things must happen: either wages must increase in Australia or decrease here. Do you not think it is more likely that the result of conciliation and arbitration would be to bring the Australian wages up to the level of the New Zealand standard wages?—That is a very difficult matter to decide offhand. I am perfectly satisfied to hold to what we have got.

181. In reference to the question of Kanaka labour and Chinese labour, have you any idea what these men are paid in the sugar-fields?—No, I could not say myself; but I understand they get about 10s. a week.

182. I might tell you that the cost of Kanaka labour in Queensland is 18s. per head per week, and of Chinese labour £1 per week?—Yes.

183. That does not include the cost of bringing them from the islands and of taking them back. The skilled wages are very much higher than we think?—I am surprised.

184. *Mr. Millar.*] You have been speaking purely from a worker's point of view on the question of federation. In Victoria are not the workers in your trade more highly paid than they are in New South Wales?—I would rather work in Victoria than in Sydney, because the Victorians manufacture a different article.

185. Can you give me any idea which is the largest factory in Victoria?—Bedgegood is about the largest, employing six years ago about four hundred hands. With the other factories, there were quite four or five thousand hands employed.

186. In your opinion, if the Victorian bootmakers worked full time this year to their full capacity their output would be sufficient for the whole of Australia?—Yes.

187. And the inevitable result would be, under free-trade here, the whole of these factories in Australia would have to find some other outlet for their surplus?—After providing for their local requirements we would be the scapegoat for them.

188. In respect to the boot trade, wages are remarkably low for a skilled trade, are they not, which I understand is largely due to competition from America?—A great deal of it.

189. Do you not think, if there is going to be a Federal tariff, the probability is that the tariff will be lower than the existing one? Now, Victoria has a high protected tariff, and if that is to be reduced there will be great competition from other countries?—Yes, that would be the inevitable result.

190. Therefore our only chance of keeping our manufacturers going is to bring the hours of labour down to the same level as theirs, and to make the other conditions also equal?—That is so.

191. Have you met anything in the shape of Chinese cabinetmaking?—Any amount. In Little Bourke Street, Melbourne, there is hardly a European cabinetmaker.

192. Under federation our market is to be thrown open to these Chinese cabinetmakers: would our men be able to compete with them?—No; they could not do it and pay the same wages and work the same hours.

193. *Mr. Beauchamp.*] You have told us that New Zealand would be the dumping-ground for surplus manufactures of Australia, and if federation were accomplished there would be rings formed amongst manufacturers in Australia by which prices would be maintained: is there not a conflict of opinion there?—I mean the rings that would be formed there would operate here. If I were in the Old Country I would be a Free-trader; but I am not there, and the circumstances are different here. Protection is a monopoly, I admit, but it is a monopoly that allows every manufacturer to go into it freely.

194. *Mr. Leys.*] The franchise under the Commonwealth is manhood suffrage: do you not think the federation of the States will result in federation of labour in the long-run, and therefore in a uniform wage?—I do not dispute it; but it will be guided to a very great extent by the climatic conditions and natural productions of the country.

195. Do you not think the tendency in Australia amongst the working-classes will be to establish a similar system to our own, under which a uniform wage will be paid?—Theoretically, but not in practice. Here we have the practical control; but, supposing New Zealand wishes to take a step further, and the people there are against us, we cannot carry out what we like. Here we can say to our legislators, "We want so-and-so, and if you do not do it in three years we will put some one else in your place."

196. That is to say, you feel more secure without federation?—I reckon this is the best country in the world, and that we ought to be able to carry out our own destiny in our own way.

197. What do the Victorian bootmakers do with their surplus? They do not send it here?—No; but they could do so if there were no tariff against them.

198. Do the Victorians export largely to New South Wales, where there is no duty?—In manufactured articles.

199. And should we be in a worse position in regard to Victoria than New South Wales is at present with regard to manufactures?—That is where a great many people make the big mistake, because New South Wales is the terminus of the great shipping countries, and that gives employment to the people in that colony. It is not the factories. If you remove that terminus to Melbourne, Sydney could shut up.

200. Is the manufacture of boots in New South Wales a considerable one?—In certain lines, yes, but nothing like it is in Victoria.

201. You state, with regard to agricultural produce, that you do not think New Zealand could benefit in any way by federation, because Victoria will be able to supply all the adjacent markets: if we federated, should we not be in as good a position as now? Why does not the factory supply those markets now?—Because New South Wales, for instance, could not depend upon the supply from Victoria.

202. And that non-reliance would always continue?—Yes; there will be exactly the same market as now.

203. Excepting if New South Wales put on a duty against us, then would it not pay the Victorians to send their produce there, because they would be in a very much better position than us?—If they like to put on a duty the steamers would have to pay it. Supposing they supplied themselves in Southland from Victoria, then, of course, we could send our produce Home. They only give you in Sydney the same price as at Home.

204. I see that Sir Robert Stout, in an article on federation, says that "factory-workers can do from 5 to 10 per cent. more work in New Zealand than during the summer months in Australia": is that a fact?—I have worked under both conditions, and I very much question that.

I have seen bricklayers working on a building at 104 in the shade, and I have seen men working in the factories under the same conditions. I have worked at 104 in the shade behind a screen with the gas alight.

205. Would you do less work under those conditions than you do in Southland?—You have to do it or go to sleep. You have to work as hard as you can.

206. I was told by the manager of the Kauri Timber Manufactory in Sydney, who employs a large amount of labour, that he can get one-fourth more work out of New-Zealanders when they arrive in Sydney than he can get from New-Zealanders who have been there a few months or a year, because they come down to about the same level after a time as the Australians—that their working-power was greater at the start than later on: is that so?—It would be just the same if you got an Australian workman over here. They naturally try to do as much as they possibly can when they start work. They come down to the same conditions as prevail in the country they work in, which is not the climate altogether.

207. *Hon. the Chairman.*] You said you represented four hundred men: can you say how far you represent the opinions of the majority of those men in the views you have expressed on this occasion?—I take a great interest in this matter, and I believe the opinions I express to-day represent not only my own opinions, but those of 90 per cent. of organized labour here. Nearly every man I have met is opposed to federation. The question has been placed before them, and they appointed me to come here as their delegate and express their views.

PETER LINDSAY GILKISON examined. (No. 4.)

208. *Hon. the Chairman.*] What are you?—I am a flour-miller and grain-miller generally.

209. If you have considered the question of New Zealand federating with Australia, will you kindly give the Commission your views upon it?—Well, I have not considered the matter very much, excepting from a business point of view. I think, if we do not federate, that our trade will be hurt. I think we ought to federate if we do not have to pay too much for it. It will certainly hurt our trade if we do not, and Australia goes against us. We export a large quantity of oatmeal, principally to Australia, the larger portion of which goes to Sydney. Our individual export this year has been from 1,500 to 2,000 tons of oatmeal, valued at £9 a ton. We are the only oatmeal exporters of any consequence in Southland, and we have sent more this year than formerly. We export principally to Brisbane, Sydney, Melbourne, Adelaide, and a little to Western Australia. The greater portion of it goes to Sydney. I think we have everything to gain and little to lose by federating, seeing that in this country we produce three times more than they produce on the other side. I have not considered the political aspect of the question. With regard to the flour question, some people think that if the present duty was taken off the flour it would bring about competition with the other side. I do not agree with that, because our wheat is quite as good as their wheat. We cannot turn quite so much flour out of a bushel of wheat as they can, but we can turn it out quite as good in regard to quality.

210. *Hon. Captain Russell.*] Supposing you were not in the oat trade, would your views be affected at all?—They might.

211. As a matter of fact, you view the question—possibly, properly—from the point of view which would affect your firm in your town?—Decidedly. I have not considered it from the colonial standpoint, but I am quite satisfied that nine-tenths of our Southland farmers would vote in favour of federation.

212. Supposing you had to devote yourself to growing wheat, barley, mutton, or beef instead of oats in Southland, would that seriously affect Southland?—If we were not to get an outlet for oats in Australia at all it would never pay to send them to England.

213. What is the average price per bushel of oats, year in and year out, in Southland?—This year the farmer has been getting, on an average, about 1s. 5d. to 1s. 6d., and last year scarcely so much. The average price would be about 1s. 4d.

214. Do you know at what price it would pay to convert oats into mutton?—It depends upon the price of sheep. At the price sheep are now it would pay to make them into mutton.

215. Then, if the average price to the farmer is not over 1s. 4d., is there not an outlet for oats in the freezing-chamber?—I could not say. A great many people here growing oats will not do that. They simply grow oats because the crop suits the climate.

216. You say it is impossible to send to England?—Unless the price there is high.

217. What is the average price there?—About £1 4s. to £1 5s. a quarter. In London, 2s. 9d. to 3s. a bushel. The freights are very high: you cannot get the boats under from £2 to £2 5s. a ton: £2 is a very fair average.

218. What is the freight to Australia?—Roughly, 3d. a bushel, or 10s. a ton.

219. Then, with regard to wharfage and exchange to London?—The exchange is much higher, and London is an extremely expensive port to send to.

220. *Mr. Roberts.*] You know that during the past year the price of oats in Victoria has been very much lower than for previous years?—Yes.

221. Has the lower price of oats decreased the price of oatmeal in Victoria?—Not very much. It has affected the quantity imported, but not the price, because the New Zealand oatmeal always commands a higher price than oatmeal made out of Victorian oats.

222. Is your export during this year about the average?—It has been higher than it has been formerly.

223. *Mr. Millar.*] You said just now that nine-tenths of the farmers would be in favour of federation?—Yes; because from a commercial point of view the bulk of them look to Australia for a market.

224. Do you think it would be advisable for the colony to hand itself over absolutely to Australia by means of federation for the sake of saving to this colony an export trade of £3,000?—

I do not think we are going to hand ourselves over to Australia at all; we shall surely be represented there. Arguing on those lines, Tasmania would be wiped out of existence.

225. You said that nine-tenths of the farmers approved of it?—I speak of Southland.

226. *Mr. Beauchamp.*] Is your trade in oatmeal steadily increasing?—Yes. The largest quantity is sent to Sydney, where there is no duty.

227. Then, if there was a duty against oats, you think the higher quality of our oats would still enable you to keep a large portion of your trade?—Yes; but you know very well that if produce is increased in price it restricts the consumption. With the duty the trade would be restricted. If Melbourne were as free as Sydney we would send 3,000 or 4,000 tons of oatmeal to Australia every year.

228. *Mr. Leys.*] Do you not think that if the duty on flour were repealed the northern mills would get the greater portion of their wheat from Australia for milling purposes?—Auckland might.

229. And that would be a serious loss to the farmers?—They could, at the price obtaining at the present time, compete with Australia.

230. Could not the Australian wheat be landed as cheaply in Auckland from Sydney as in Canterbury?—Not at the prices quoted in Australia for this season. Wheat there is quoted at 2s. 6d. to 2s. 8d., and in Oamaru you can buy wheat at the present time at 2s. 3d. to 2s. 4d. of equally as good quality.

231. With regard to flour, do you not think the North Island would import large quantities of Sydney flour if the duty were removed?—I do not think so.

232. What would prevent it?—They could get it cheaper down South.

233. Could they get it much cheaper?—Flour is quoted in Australia at £6 5s. to £6 10s. a ton, and you can buy it in Oamaru at £5 15s. to £6 in any quantity.

234. But, looking at the fact that wheat is exported from Australia, and the wheat is a rather better quality for milling than South Island wheat, is it not probable that the northern mills would supply themselves from Australia?—If you judge by this year, and assuming the English market rules the price, the price in Oamaru is about 2d. or 3d. a bushel less than in Australia, and I do not see how it would pay our people to get it from the other side. Our wheat makes quite as good a quality of flour as theirs, but we have not got sufficient sun to make it as thin in the skin.

235. It would bring a very great element of competition into the New Zealand flour-market?—It might.

236. And so tend to lower the price?—Yes; although I hardly think it would when we can produce 3 bushels of wheat to their 1. We should not have sufficient cause to fear them.

237. *Hon. Major Steward.*] In the event of the New South Wales market being wholly or partially closed through the imposition of a protective duty, is there any other market to which you could export your oatmeal?—No; we have tried the Old Country, but it did not pay.

238. Is there likely to be a market in South Africa, supposing there was a direct line of steamers?—We have tried it by sending 10 tons, and there was a fair return. It would have to be tinned and sent under different conditions to the conditions we ship under to Australia. Under different conditions it might be possible to get a trade there.

239. *Mr. Luke.*] Is there not a certain portion of Adelaide wheat imported into New Zealand now for flour-making purposes?—I do not think so. Some Manitoba wheat and flour has been imported into the colony, but I did not know of any Australian being so imported.

240. Do you not think, if the Commonwealth imposed a duty on our oats, and our yield is quite double that of Victoria, it would exclude our oats from going there?—It would not exclude them—it would restrict their consumption.

241. Do you not think we could export oats to Great Britain?—That is out of my line. We do not send oats to London.

CHARLES JOHN BROAD examined. (No. 5.)

242. *Hon. the Chairman.*] What are you?—An ironmonger, and a member of the firm of Broad, Small, and Co. We have been in business eleven years.

243. Will you be good enough to give the Commission the benefit of your views upon the question of New Zealand federating or not federating with the Commonwealth?—I do not think it will make much difference from an ironmonger's point of view whether we federate or not.

244. What is your opinion as to the effect it would have on trade generally?—I am not prepared to say. It might affect the boot trade. Victoria manufactures boots largely, and I could not say whether our local manufacturers would be able to compete with them. With regard to ironmongery, very little is manufactured in New Zealand, and not much more in Australia.

245. *Mr. Leys.*] Do you think the wholesale houses of Melbourne and Sydney would do a bigger trade than they do now by means of travellers if we were federated?—Not to any great extent, because we can import as cheaply as Melbourne and Sydney, and we can "buy" as cheaply from the wholesale houses in New Zealand as we can in Sydney.

246. Is there much trade done with Victorian or Sydney houses?—Not here. We can do almost as well in Wellington as in Sydney.

247. *Mr. Luke.*] Are you at all identified with the timber trade?—Yes; I have a considerable knowledge of it.

248. What effect do you think federation will have upon that trade?—The only timber we import is blue-gum.

249. What about the kauri timber which is largely exported to Sydney and Melbourne?—I do not think they will ever keep that out.

250. As an ironmonger, are there not some lines such as plates and bars which you can buy cheaper in Sydney than in Wellington?—We have never tried Sydney. We import the bulk of our goods from the United Kingdom, a fair portion from America, but very little from Australia.



## ROBERT ALBERT ANDERSON examined. (No. 6.)

251. *Hon. the Chairman.*] What are you?—A member of the firm of J. G. Ward and Co., grain merchants, Invercargill. I have been connected with the grain trade for about twenty years.

252. Have you considered the question of New Zealand federating with Australia in reference to the grain trade?—Simply as it concerns oats. If a duty is imposed against our oats it will have the effect, in my opinion, of curtailing shipments, and so of losing the trade. At present New South Wales is the only free port for oats, and to New South Wales the bulk of our shipments go, excepting last year, when Melbourne took a large quantity of oats for transshipment to the Cape. Victoria having a duty of 1s. 3d. per bushel, our trade is limited to one in which the oats are transhipped again to other ports. They are wanted probably for milling and exporting again under bond.

253. *Hon. Captain Russell.*] Do you think it is possible that the reason why oats are shipped to Sydney is partially because the climate there is unsuitable for growing, or do you think that the climate has nothing to do with the cultivation of oats?—I think the climate is not altogether suited, and in the districts suitable for oat-growing I believe it pays them better to grow lucerne. I understand they can get up to seven or eight crops of lucerne a year, and that pays them very much better than any yield of oats would pay them.

254. Supposing the Australian Commonwealth were to impose a tax of one-half that which is now imposed on oats in Victoria, could you still ship oats there?—It would probably depend to a large extent on what the season was like over there, because with a good season Victoria could supply a very large quantity of oats. Last year they had an exceptional season and a very large quantity available for export. They are now our principal competitors in the South African market.

255. Has your firm ever shipped oats to England?—Yes.

256. With fair success?—The prices have been pretty low.

257. But there has been the market?—A very small margin would be left to the grower, unless we got exceptionally cheap freights. It is all a matter of freights; but even with a fair freight we would have to accept a low price, unless there was a very much better price than has been ruling at Home for some years.

258. *Mr. Roberts.*] Irrespective of any duty which has been imposed in Victoria on oats, has not the export from here of that commodity been to a large extent guided by the question of good crops or bad crops in Victoria? This last year your export has virtually ceased to Victoria?—For home consumption I think it has, but there has been a large quantity shipped.

259. The export to Victoria has virtually ceased, owing to the exceptional production due to the fine season?—Yes; and owing to the high duty farmers have been induced to grow them.

260. And I think you will find that almost every year the same thing has happened—that is to say, the requirements of Victoria are almost entirely regulated by the quantity of their own production?—If their duty was 10d. a bushel, as it used to be, I believe, a very large quantity of oats would go in from the Bluff.

261. But was not that when the crops were somewhat defective there?—No; they did not then produce the quantity required for their own consumption.

262. The volume of business is entirely dependent on the season there?—It is so now.

263. *Mr. Beauchamp.*] Is not the quality of New Zealand oats superior to the Victorian oats?—Yes.

264. But even with the duty we could still look to getting a fair share of trade in consequence of the superior quality of our oats?—They have introduced during the last few years special machinery for milling these poorer qualities of oats, so that they do not take our oats. They used to take a tremendous lot of ours, even when the duty was on for milling and exporting under bond—for making oatmeal and for shipping round the Australian coasts.

265. Are our oats used over there for seed purposes?—I do not think so.

266. Provided the prices were equal, and the market in Sydney was still open, which colony do you think would be the more favoured in shipping to Sydney—Victoria or New Zealand?—All things being equal, New Zealand would get the preference on account of our better quality.

267. *Mr. Leys.*] Do you ship oats to South Australia?—Only in very small quantities.

268. Has there ever been a large trade with South Australia?—Not for the last ten years. We have not done any ourselves. We used to ship five thousand and ten thousand bags there at a time, but the trade was only an occasional one—an odd one. I do not think the duty there has affected the shipment of oats. One difficulty we have got in regard to Adelaide is the question of freight. We have got no direct freights from Bluff to Adelaide. It means transshipping at Melbourne.

## JOHN JOHNSTON examined. (No. 7.)

269. *Hon. the Chairman.*] What are you?—A mechanical engineer. I have been in Invercargill since 1873.

270. Will you be good enough to give the Commission the benefit of your views upon the question of New Zealand federating or not federating with the Australian Commonwealth?—It is a question I have not considered, our business being purely a local one, chiefly repairing.

271. Have you considered whether it would affect your particular line of business?—Not carefully. I cannot think that it would affect us, having regard to the distance we are from Australia, and to the rich natural resources of this country.

272. Do you mean that if New Zealand did not federate we should not be prejudicially affected?—Yes; that is what I mean.

273. *Mr. Millar.*] You are a mechanical engineer?—Yes.



274. Have you been doing any dredge-building?—We have carried out several dredge contracts.

275. Is it not a fact that you are now meeting with very severe competition from Victoria?—That is so.

276. Despite the fact that you have the assistance of a small tariff?—Yes.

277. If that tariff is reduced or removed altogether, will your interest be prejudicially affected?—The removal of the duty must affect us.

278. If we federate with Australia it means intercolonial free-trade, and the removal of the duty on outside manufactures: how would it affect your trade?—It would prejudicially affect both us and our employes, because, though on relatively the same terms as outside manufacturers, we should be under worse conditions as regards wages and hours of labour.

279. *Mr. Leys.*] Do you not think you could manufacture dredges here and send them to Australia if there were no duties there against you?—I cannot think so.

280. Is that because they have superior appliances or skill?—Wages are higher in this country than in Melbourne, and it would be difficult for us to compete against the Australians in that branch of industry.

281. If the wages there were on the same level as ours, could you hold your own against them?—We could not in this part of New Zealand.

282. Not with the advantage of the handicap of freight?—We have a great deal to contend with in the shape of wanting more modern tools and a better system of putting the work through. They are ahead of us in that respect in Melbourne.

283. You think their manufacturing industry is very much better developed?—That is so.

284. But this dredge-building is almost a specialty in Otago?—Yes.

285. And still you think you could not compete?—No.

286. *Hon. Major Steward.*] With regard to dredge-building, is it not a fact that our men are so fully employed that we have to send to Sydney for dredges?—I believe so.

287. And the hours of labour is longer in Australia than here?—I believe so.

288. So that you have the handicap of having to pay higher wages, and the men here work a less number of hours, and, under the circumstances, you cannot compete against the Australian manufacturers unless you have the duty?—Yes.

289. *Mr. Luke.*] Is it not a fact that orders for a large number of dredges have been placed both in New South Wales and Victoria?—A great number.

290. And are you aware that those orders were first placed there without ascertaining whether the New Zealand shops could take them up?—In many instances, I believe so.

291. Are you aware that a firm of consulting engineers in Dunedin have set up a sort of connection with a firm in Melbourne, to whom they post their orders direct without first ascertaining prices in, or getting tenders in, New Zealand?—I was not aware of that.

292. Is it not your opinion that if we federated, and there were the same tariff over all Australia, with their superior tools, larger shops, and larger output, the Australians would handicap New Zealand in the manufacture of dredges?—I think that would be the result.

293. Have you made any complete dredges?—No.

294. What parts have you made?—We have turned out the machinery, the shafting, carrying-blocks, ladders, and buckets. We have practically turned out the lot, and what would make a complete dredge, only it has been in different contracts.

WILLIAM ROSS examined. (No. 8.)

295. *Hon. the Chairman.*] What are you?—A woollen-manufacturer. I have been in the business two years here, and employ about seventy hands.

296. Where are your goods disposed of?—All over New Zealand. We have no export trade. Bing, Harris, and Co. bought our output, and we have been trying to get a connection in Sydney.

297. Supposing New Zealand were to federate with Australia, would that affect the woollen trade in this colony?—I could not say, because I have not been very long in the business, and I think that any evidence I could give would be of little value on that account.

298. *Hon. Mr. Bowen.*] Could you say how federation would affect any other manufactures?—Yes, in regard to the engineering and implement trade. I have been in that for the last sixteen years. As far as New South Wales is concerned, we could always send machines there and compete in that market very well, because they were admitted duty-free; but we could not send them into Victoria because the duty was against us.

299. How do you think federation would affect the engineering trade?—Under the present labour laws, even if our machinery were admitted duty-free into Australia, we could not compete, because we are paying higher wages and working shorter hours than their men. The trade with New South Wales is falling off even now. Sydney is not such a good field for us as it was seven or eight years ago.

300. But is it still a field for us for certain goods?—For certain classes of machines which they do not make to any large extent in Sydney, but the trade is limited.

301. What are the implements?—Principally chaff-cutters, windmills, and ploughs.

302. *Hon. Captain Russell.*] Have you viewed the question apart from the trade aspect—as to the political aspect?—I am not able to pass an opinion on that point.

303. Do you know Australia?—Yes.

304. Do you think our artisans are as capable as the men in Australia?—I think they are more so. A man will do more work here than in Australia on account of the climate.

305. With shorter hours here, should not we be able to compete with Australia?—We also pay higher wages than they do.

306. Is the freight to Australia much of a handicap?—Not so much; it is more a question of labour.

307. But, if there were federation, would not there be a vastly increased output, and would not that compensate for the shorter hours and higher wages?—Well, the question of labour comes in, because labour now is fully employed in almost every trade, especially in the engineering trade.

308. Then, you could not produce much more even if you got larger orders?—Not in the present state of trade.

309. Has your trade been injured by the shortening of hours and the increasing of the wages?—I think almost every trade has been handicapped in that way.

310. It has diminished the output?—Yes.

311. But still you say all the men are employed?—Yes, fully employed.

312. *Mr. Roberts.*] Have you employed labour in Australia yourself?—No.

313. You have no practical experience to guide you in coming to the conclusion that a working-man can do a better day's work here than in Australia?—I have had a good many men from Australia working for me here at the same class of work, and they could turn out more work here than there.

314. Therefore your experience in that direction has been only acquired from information you have obtained from men who have gone from here to there?—Yes, and from the amount of work they did in my employ.

315. *Mr. Millar.*] You said just now that you considered our manufacturers were handicapped by the higher wages and lower hours: in what way are they handicapped?—We are working shorter hours for one thing, and we are restricted—

316. You work forty-eight hours?—Yes. In Australia they work nine hours a day.

317. They work eight and three-quarters here, do they not?—Yes; that is only forty-eight hours a week. We give the half-holiday, which comes to the same thing.

318. You are working the forty-eight hours a week?—Yes, against their fifty-four.

319. And yet every man you can employ is fully employed now?—I am only speaking generally of the engineering trade.

320. You have had to send over to the other side for men?—That has been entirely on account of the progress of the dredging industry during the last two years.

321. Coming down to the agricultural-implement makers, their wages are smaller than in any other branch of the engineering trade: is that not so?—Blacksmiths are paid the same rate of wages in the implement trade as they are in the engineering trade. Of course, engineers in the implement trade are not required to be of the same class of skilled men that they are in the engineering trade; therefore there is generally about 1s. a day difference between those men working in the implement-shops and those working in the engineering shops.

322. You have a number of lads in the agricultural trade?—That has been so in the past.

323. Who has curtailed it?—The present legislation.

324. What legislation?—The unions only allow one boy to three men, and whenever you bring the matter before the Arbitration Court, of course the union is upheld.

325. Your agricultural-implement makers are not bound by any agreement in force in the colony?—Reid and Gray are one.

326. How?—They were before the Court.

327. They were never attached; there was never an award given against Reid and Gray?—I understood there was.

328. There has never been an award given against Reid and Gray; therefore, so far as the law is concerned, they have not been hampered in any way by legislation?—Of course, it applies to every trade in the colony.

329. Well, trade has been very brisk in the colony. Our export of manufactured articles greatly increased last year?—I am not prepared to refute that.

330. That looks as if all trade is in a very healthy condition?—But it is quite possible that the increased output on the other side has been materially increased also; but, at any rate, I think the present legislation is hampering manufactures of all kinds.

331. And yet, although they are hampered, they have never been so fully employed?—That is on account of the dredging, and things are very busy all over the world.

332. Going away from the engineering trade, in every other trade the same conditions pretty well apply—the trouble is to get both men, boys, and girls, on account of their being fully employed?—I admit that.

333. Then, the hampering has not done them any injury?—It has simply stopped trade. There is not the same amount of export to New South Wales in connection with the manufacturing trade as there was eight years ago.

334. Well, the total value of manufactured goods exported from this colony last year was £80,000, as against £63,000 the year before, or an increase of £17,000 for the year?—I am only speaking of the implement trade.

335. *Mr. Leys.*] Mention was made by a previous witness of the importation of dredges into the colony. As I understand your evidence, that importation is not because you could not have made them here, but because your shops were so fully employed that there was not the labour to make them: it was not because you could not compete with Australia, but because you could not get through the work in time?—Up to two years ago our labour was not so fully employed as it has been during the past two years, especially in the engineering trade, which I think has been entirely owing to the number of dredges wanted for the colony.

336. It has been stated by a previous witness that New Zealand could not compete with Victoria in the construction of dredges—that dredging appliances were being manufactured in Australia and sent here. I understand from your evidence that the reason for that is because you

cannot here get through the work in the time the dredging companies wish?—I think that is the reason. Dredges are being made in Victoria at the present time; but, of course, our engineering shops are so fully employed that they could not take more work.

337. *Mr. Luke.*] You stated just now that the shorter hours lately have affected the implement trade. As a matter of fact, we have always worked the same number of hours in New Zealand that we are now working—viz., eight hours a day?—Yes.

338. And it must be the question of wage which has affected the implement trade?—Of course, the increase of wage has affected it, but in Australia they work nine hours a day.

339. Oh, well, we had always those conditions existing, so that the hours have not affected the trade, but the wages?—Certainly.

340. And do you not think that the dredging business has created a demand for the men who were engaged in the agricultural-implement trade, and that that fact might account for the falling-off in the implement-manufacture?—I think the falling-off took place before the dredging started.

THURSDAY, 7TH FEBRUARY, 1901.

GEORGE WILLIS NICHOL examined. (No. 9.)

341. *Hon. the Chairman.*] What are you, Mr. Nichol?—I am a merchant connected principally with the grain trade. I have been in business in Southland for twenty-five years. The firm I am connected with has been established thirty-five years.

342. Have you considered the question of this colony federating or not with the Australian Commonwealth?—In common with most people, I have thought the question out, and my opinion so far has been in favour of federation. I see nothing to indicate that we should be worse off than we are now if we federated, but I think there is a great deal to show that we would be better off in many ways. I consider that, having regard to the surrounding conditions of this colony and Australia, our interests are largely identified with theirs. We are bound to be brought into very close contact with the Commonwealth, and in the future we are bound to be always rubbing up against it. We belong to the same race, we are part of the same Empire, our aspirations socially and our interests commercially and politically are the same, and I cannot help thinking that if we federated we would not be placed at any disadvantage.

343. Those are reasons apparently which tend more to an Imperial federation. Will you give us your reasons why you think we should federate with the Australian Commonwealth?—I think we are already sufficiently federated Imperially. If we federated with Australia we should naturally have free-trade, and thereby a market for our produce and a field for our manufactures. I hold that New Zealand will interchange largely with Australia in regard to manufactures and not only in regard to produce, and that our people are quite able to hold their own with any other part of the Empire in connection with certain manufactures. Take our woollen goods as an example: Not many years ago our woollen-mills protested strongly against the imposition of a further protective duty on woollen goods, because, they said, they could hold their own against anybody.

344. If they can hold their own with free-trade, what is the object of federating?—I am not in a position to say what is the exact position of the woollen trade between Australia and New Zealand, but I have been given to understand that our woollen goods are largely used in Australia, and that with a protective duty against us.

345. Have you any other reasons in favour of federating?—There is the question of defence. Most decidedly we would be far better off united than disunited.

346. Have you studied the political aspect of the question?—I understand we shall have the management of our own affairs to a reasonable extent, and that only subjects of a general bearing are relegated to the Commonwealth.

347. Are you aware that if the Commonwealth passed a law which is antagonistic to our State law the Federal law would prevail?—It would be a jolly good thing if it did, so far as some of our laws are concerned.

348. *Hon. Mr. Bowen.*] Have you considered the question of the cost of government if we united with Australia?—I have read a good deal on that point, but I have not studied the actual facts, nor do I know what the actual figures would be. The cost of any arrangement bringing about a united condition between the two countries strikes me as being merely a matter of "pin-money." I do not think it would weigh very much in connection with the question.

349. That is, as to affecting the financial position?—Yes.

350. *Hon. Captain Russell.*] In regard to the question of defence, in what way do you think we should benefit by federating?—In the event of a danger of attack it would be most suicidal if we were to take independent action without any reference to what the other colonies were doing. In the disposition of a fleet round our coasts it would be well for the squadrons to have some concerted scheme in regard to watching and guarding certain portions of the coast-line.

351. But would that be effected by the federation of Australia?—I think it would be largely promoted.

352. But surely the fleet is an Imperial fleet, not an Australian fleet?—I think that as time goes on the colonies will have to take a very much larger share in the outlay connected with Imperial defence; we have hardly done anything so far, and the growth of this Commonwealth will necessitate that question being very much more seriously entertained in the future; and if we contribute to the maintenance of the navy, I suppose we shall have something to say in its management locally.

353. I do not suppose you mean we should separate ourselves from the Imperial connection?—No; and I think that accentuates the necessity for our getting into closer contact with the Commonwealth.

354. Have you considered the subject having regard to its more remote possibilities—the advantages to generations a hundred years hence?—That is the position I have been looking at the question from all through. The whole history of everything connected with our national life for the last fifty years has been in the direction of aggregation as against isolation. We even see the United States going away from the Munro doctrine; and the growth of our own Empire shows that we do not want to stand still, and even the action of our own Government—which I highly approve of—within the last few months, in annexing these islands in the Pacific, is all in support of the contention I hold.

355. *Mr. Millar.*] You said the woollen-mills protested some years ago against the imposition of a further duty?—They said they could stand alone.

356. Was not the primary reason the fact that there were so many woollen-mills being developed under the protective duty, and that the competition was becoming so keen that new mills were not desired?—I did not hear that reason given.

357. But it is quite possible that was the reason?—It might have been.

358. Looking into the future in regard to this question of federation, can you conceive it possible in the course of years that the whole of the States would be abolished?—No; not any more than we have seen that the United States have been abolished.

359. Did we not abolish all the provinces in New Zealand?—That is certainly true; but I do not think that is a case which affects the main question. It may be the exception which proves the rule. There was a General Government in New Zealand then, and we were part of it. The provinces were a necessity in the very early history of the colony on account of the want of communication and sparse population; but their time, of course, went by, and they were abolished. I do not think the same condition applies now. I think the trend of opinion is in the direction of firming down local government.

360. Following out your own line of argument—namely, that the tendency was to aggregation—is it not probable that these artificial boundaries will be absolutely wiped out, and there will be one General Government for the whole of Australia?—If in the future it is found that we can be better governed by one centre, no doubt that will be the result; but there is nothing in recent history to show that there is any likelihood of such a position arising.

361. *Mr. Beauchamp.*] Do I understand you are of opinion that, in the event of our federating, our industries would not be adversely affected, notwithstanding any difference there may be in the hours of labour and rates of pay?—I think, if there is a Commonwealth Government for the whole of the colonies, the trades-unions will see it to their interests; in fact, the federation of labour is one of their main planks. In all probability there would be similar labour legislation throughout the colonies; it would be very much better both for employers and employés.

362. *Mr. Luke.*] What industries do you think would be benefited under federation?—I am not in a position to say. I think we should have to leave that to the test of experience.

363. Are you not aware that the gigantic concerns of Australia would overshadow ours?—I do not think it would be likely. We are more likely to overshadow Australia, and in the race we would win. All our conditions are favourable. We are close to the sea, and have water-power to a large extent. Our facilities are of such a character that we cannot possibly be behind in any competition with Australia.

JOHN MAITLAND JONES examined. (No. 10.)

364. *Hon. the Chairman.*] What are you, Mr. Jones?—Manager for Mr. Walter Guthrie, proprietor of the Southland Implement and Engineering Company and Southland Sawmilling Company.

365. How long have you been here?—Five years in Invercargill; thirty-six years in New Zealand.

366. Have you considered the question of New Zealand federating or not with the Australian Commonwealth?—Yes. It is a very large question, and I cannot say I have come to any decision upon it; but if you wish to know what effect it might have upon the trade which is done here in ironwork I can tell you. The freight on the raw material—manufactured iron and pig-iron—is so much less from Home to Australia than it is to New Zealand, and labour is so much less in Australia than here, that if the Australian products were allowed to come in here free the effect would be that we could not compete. Dredges can be quoted cheaper in Australia and landed here cheaper than they can be manufactured in New Zealand. The Government invited tenders for some railway-trucks a short time ago, and I understand the price quoted in Australia for them to be landed in New Zealand was less than the New Zealand tenders. My opinion is that if Australia can increase her production so as to reduce the cost she could afford to undersell us here, provided she made little or no profit. She would be recouped on such sales by the enhanced value of the profits she might obtain in her own sphere through the lessened cost of production obtained by a greater output caused by selling her surplus to us at cost, or slightly over cost. Then, I think federation would affect other industries, such as the candle industry, and probably the confectionery and jam-making. You can make jam much cheaper where the fruit is easily and cheaply obtained, and where wages are low. Although I was always in favour of free-trade, this question of the results of federation puzzles me. We have to look as much to the industrial as to the agricultural aspect. Avenues of labour must be provided for the rising generation. One important industry in the colonies is gold-mining, and we are only beginning that in what you might call a proper spirit. New Zealand manufactures dredges for the former and agricultural implements for the latter.

367. How do you think federation would affect the timber trade in New Zealand?—Not much, one way or another. We export the white-pine to Australia, principally from the North Island, not very much from here. The timber trade is protected here.

368. Have you considered the facilities for fruit-growing in Central Otago, Nelson, and Auckland?—I know the districts you allude to. They are good districts for fruit-growing, but I have never considered to what extent the cultivation of fruit would be affected. I still think the jam and fruit industry would be prejudicially affected. I do not think, taking into consideration all we can produce here, we should ever become exporters. We require all our fruit for home consumption.

369. *Hon. Captain Russell.*] Why do you think it is impossible to grow fruit profitably in New Zealand?—I do not wish to be understood as saying that. I say we should not be able to export it, because we can consume all we can grow.

370. Is our climate not as good for fruit-growing as that of Australia?—In some districts only. Take the Waihemo district, where you can grow grapes in the open, but ten or twelve miles from there—at Pigroot—the land would not grow a potato. Speaking generally in New Zealand, I scarcely think we shall be able to grow more than we can consume ourselves within the next few years as population increases.

371. Are you certain that labour is higher in New Zealand than in Australia?—Yes; by probably from 10 to 20 per cent.

372. Have you formed any conception as to why labour is higher than in Australia?—I think there is more competition in the larger countries, and the cost of living is not so great as it is here.

373. Is labour more efficient in New Zealand than in Australia?—I would not like to say that. I believe we have got very efficient labour in New Zealand.

374. Do you think that, owing to our climate, a man can do more work here than in Australia?—I know I can do more work here than in Auckland; but we have got so many climates in such a small area as compared with a big country—

375. But we have to look at it from a New Zealand standpoint, and not from a local one?—I think you might say that one-half the colony, on account of climatic conditions, might work a little better than the other half.

376. But do you think that, taking New Zealand as a whole, labour is more vigorous here than in New South Wales?—I should think so.

377. Then, is the actual cost of labour greater here than in Australia?—I believe so.

378. You think the relative power of a man to do the work does not compensate for the increased wage he gets here?—I do not think so. The Australians seem to become acclimatised there. We should feel the work in their climate when they do not.

379. I gather that you are suffering competition from Australia in the matter of the construction of railway-trucks, which can be built cheaper there than here?—That is so.

380. Have you considered the question in its broader aspect—of the probability of the importation of our ironwork from America?—Yes; and I think it is a very likely thing.

381. How would that affect us? Do you imagine that the manufacturers of Australia will be able to pour their goods into New Zealand? Would it not be better for us to remain outside the Federation, manufacture for ourselves, or get cheaper goods from America?—The question is so large that I would not like to give an answer. As you go on further you will be able to get the experience of other witnesses. I have free-trade instincts, but when I look at this large question I thought the best thing for me to do would be to give you an idea of how I thought it would affect the particular industries I am connected with.

382. Have you heard, for instance, that America is laying down steel rails in England alongside steel-works in England?—I believe so.

383. Do you know that America was able to build a bridge for England in Egypt more rapidly and cheaply than English manufacturers could?—Possibly that would be the case.

384. Do you know that they are making electrical plant for England in America?—Yes.

385. Assuming this to be correct, how would that affect our industries here in the event of federation?—It would most assuredly affect us if they were allowed to place their products on the market here without any protection. At any rate, they are doing us no good. I hoped a few years ago we might have been able to send some of our productions to America, such as woollens, but now we are so severely handicapped—even our very shipping is being handicapped—that we are shut completely out of the market, as far as I can see.

386. Supposing we federate with Australia, do you think we shall be able to exclude these manufactures from America and elsewhere?—Do you mean by virtue of the Commonwealth taking a united stand in regard to imposing protective tariffs?

387. Yes—that is to say, that the United Commonwealth would then be able to impose such a duty as would enable its manufacturers to compete and manufacture as against the huge output of America?—I think that might be so, but I do not think they would be able to export for years to come—away from the colonies.

388. You said freights were dearer here than in Australia: do you think federation would affect that question?—I do not think much. It might in some small degree. New South Wales and Victoria have two main ports, for instance, while New Zealand has many. It would not pay the shipowner to charge the same freight.

389. *Mr. Millar.*] How would you suggest that the agricultural interests are to be looked after as well as the manufacturing: by a reciprocal treaty such as would allow some of our products to go to Australia at a reduced rate in exchange for some of theirs?—I would like to see that very much.

390. Do you think that would suit the colony better than federation?—Reciprocity is very desirable, but the question of federation is so large that I do not feel that I can make up my mind with regard to it. With regard to the agricultural interests, I have felt for a long time that we should do what we are commencing to do in regard to South Africa—namely, open up fresh markets for our grain and meats.

391. You say the iron-manufacturers are handicapped by reason of the freights?—Very much so.

392. You are feeling that competition from Australia now?—Yes; and I illustrated the railway-trucks as an instance. The Australian tenders, I understand, were cheaper, and they had to pay the freight. Dredges are the same. We have received orders for dredges at a higher price than they can be built at in Australia, because supervision is easier and there is a certainty of there being no delay. If there were intercolonial free-trade the competition would be still keener, and we would get flooded unless we were under the same conditions as regards wages and hours of labour. The wages paid here for ironworkers have within the last few months risen from 9s. a day to probably 12s. and even 14s. a day. We are now paying for—Journeymen boilermakers, 14s., 11s., and 10s. (according to ability); blacksmiths, 12s. down to 9s. (according to ability); fitters, 12s. and 11s. (according to ability); turners, 11s. and 10s. (according to ability).

393. *Mr. Beauchamp.*] Do you import largely from Australia, England, and America?—From England and America; not largely from Australia.

394. You said freights were much lower from England to Australia than from England to New Zealand. I judge from that that you would be able to buy at much better advantage many lines in Australia than to import them from England?—It would not pay, because of the extra freight from Australia to New Zealand. Freight is very much the same from Australia to New Zealand as it is from Home to New Zealand—on heavy goods.

395. Do you import large quantities from Australia?—During the mining boom large quantities of iron were imported from Australia, because the people could not wait nine or ten months for their orders to be executed. It is more advantageous to import direct from England or America than from Australia.

396. *Mr. Leys.*] Do you export agricultural implements to New South Wales?—No. We did at one time, but of late years it has gone off.

397. You think there is no chance of New Zealand manufacturers exporting to Australia if we were federated?—The difference in freight is a great handicap to us.

398. Taking all things into consideration, you do not think that the larger market we should get under federation would be of any practical value to New Zealand manufacturers?—I cannot see it, because the Australians are able to manufacture agricultural implements as well as we can.

399. Do you think English manufacturers will establish large factories in some central position in Australia, in order to supply all the Federal States?—It is very likely. They have done so in Wellington for match-manufacture, and saved the duty. Of course, the colonials will go ahead as far as they can, because they do not like to leave any ground unturned, especially if they have the capital to carry on the industry. As against that, the Home people would have capital, energy, and experience.

400. Are you quite sure that wages are higher here than in Victoria?—I do not know what they may be to-day, but I have always found it so in the past.

401. Is there not a minimum-wage Act in force in Victoria?—I am not aware of it. I have seen children working in biscuit-factories in Australia, and from their appearance I do not suppose they were getting sufficient to clothe themselves with. I never found such a thing here.

402. How do you suppose the candle industry would suffer through federation?—It might not press so heavily on that industry as on the other. Candles are protected now; I think the duty was reduced recently; but you can get more evidence on that point in Dunedin. If there were no duty, and we were federated, we would have to reduce the price of candles in order to compete with the Australians.

403. Regarding fruit, do you know that fruit has been exported from Auckland?—Yes, experimentally.

404. But there is a surplus for export now, if a profitable market could be found for it?—Apples might be exported, I think; but I spoke of jam principally, and I did not allude to any place in particular.

405. You have stated rather emphatically that New Zealand would not produce more fruit than it could consume itself?—If you remember, I said I was not very well able to give an answer to that question as to the fruit. I gave my opinion based on the question of the manufacture of fruit as it obtained in the South.

406. I judge from your evidence that you think, on the whole, it would be injurious to New Zealand to federate?—That is as far as I have got; but at the same time I must say that I am a Free-trader to the backbone, though I feel there are exceptions to that principle, and we must proceed according to the conditions of the colony. I should like very much to see some way out of the difficulty, but these are the difficulties that must be faced. I would like very much to see federation and free-trade between the colonies, but the matters I have mentioned make it seem to me inadvisable in the meantime.

407. *Hon. Major Steward.*] Regarding the candle industry, are you aware that there was a reduction of duty made four years ago, and the Australian candle-manufacturers do not come into very keen competition with us?—I believe that is so.

408. Although theoretically a Free-trader, you are of opinion that it is necessary under certain circumstances that protective duties should be imposed for a time?—I do.

409. And you think, if New Zealand were to join the Federation, therefore all her manufactures would be admitted duty-free to every part of the Commonwealth, and that that would have a disastrous effect on our industries?—I do.

410. You are aware that there is an agricultural interest in this matter to be considered—there is a very considerable export of oats from Southland to Australia?—Yes.

411. There is also the export of oatmeal. Supposing all those articles were admitted free to all parts of the Commonwealth, do you think they would reap an advantage sufficient to counter-

vail the disadvantages urged as likely to occur under federation to the manufacturing industries?—First of all, I think Western Australia would be responsible for a lot of oats, and no doubt there will be a market in South Africa. When war was impending there some years ago (in South Africa) there was a big spurt in both flour and oats, and we sent a lot away from Canterbury and Otago. The same has been repeated recently.

412. In your opinion, with general free-trade through our entering the Federation, we should not expand our export trade to the extent that some people suppose?—In oats I think we might.

413. Do you think there would be a large increase in the export from New Zealand of oatmeal?—I do not know. They used to grist oats in bond in Victoria, and export to free-trade colonies.

414. Do you think there would be any effect in regard to the export of fish?—I think a lot of our fish in recent years, if not the bulk of it, has been exported to Western Australia. Free-trade might help us in that respect.

415. *Mr. Luke.*] Are you aware that Christchurch firms do export a large number of agricultural implements to Australia?—No. If they do I do not know how it pays.

416. Do you think a reciprocal tariff would better suit the conditions of New Zealand than joining the Federation?—It might suit better.

417. Are you sure that the reason why these orders for dredges have gone to Australia has been due to the shops in New Zealand being full of orders?—Some orders may have gone there, but I am speaking rather the other way about. Orders have been placed in New Zealand that could have been done cheaper in Australia.

418. Do you say that the orders were placed in Australia because there was not time to make them here?—I said dredge orders could be executed more cheaply in Australia than here, and that a higher price had been paid in New Zealand than they could have been obtained for in Australia.

419. Is that not due largely to the fact that the contracts in New Zealand provided for the erection of dredges complete on the site, as against the delivery of them f.o.b. by the Australian firm?—That might be the case; but I know that contract prices were less in Australia than contract prices taken in New Zealand.

420. Have not all the contracts in New Zealand provided for erection on the site?—No, none of our contracts have been for delivery on the site.

421. As to the difference in freight between Australia and New Zealand and London and New Zealand, is it not a fact that pig-iron and bar-iron have often been bought and shipped from Australia to New Zealand as low as it could be got from London?—Sometimes the shipowner carries pig-iron for dead-weight for nothing. I have known pig-iron carried from Glasgow to London *via* New York for much less than it could be carried direct from Glasgow to London.

422. Do you think they have superior machinery for the manufacture of dredges in Australia to what we have in New Zealand?—I do not think so. We have got the most up-to-date machinery here, and there is more coming to hand. Our works are probably only second to the works in Addington.

423. Do you know what number of firms in New Zealand tendered for the railway-trucks?—Several.

424. Would it surprise you to find that there were only two?—I know of three that tendered, and we tendered for the lot.

425. In view of the fact that we have very large deposits of iron in New Zealand at Parapara, containing over 80 per cent. of pure iron, do you think, if we federated, that as manufacturers in New Zealand we could then compete against the manufacturers in Australia?—Thirty-five years ago I sent a bag of ironsand Home to a firm I knew, but from that day to this, with the exception of what has been done by, and what we have heard from, Mr. E. M. Smith, nothing seems to have come out of it.

426. Do you think, in view of the fact that those deposits at Parapara contain 80 per cent. of pure iron, and that there is limestone and coal in abundance in the vicinity, that the iron-manufacturers here could compete against those in Australia?—It might be possible in years to come; but then comes in the question of competing against the cheap labour at Home, and if they can get iron out here at 15s. a ton by dead-weight our men would be seriously handicapped. The question is whether they could afford to pay the higher wages here, and make the manufacture profitable.

427. In view of the general elevation of wages, do you think we might develop an industry of that sort?—There is something in it for the future.

428. *Hon. the Chairman.*] How do you think the timber trade from this colony to Australia would be affected by New Zealand federating with the Commonwealth?—I do not think it would be affected much.

429. You say you would like to see free-trade with Australia: do you think that obtaining free-trade with Australia would be sufficient compensation to New Zealand for parting with its political independence in order to obtain it?—As far as I have got now, I do not think it would. I have not digested it. I cannot see my way out of that difficulty.

430. Have you considered the question of the extension of the New Zealand trade with the South Sea Islands forming part of this colony?—I have thought a great deal about it.

431. Which do you think would be more preferable—for New Zealand to retain her present independence and to federate with the South Sea Islands, thereby bringing about an expansion in trade, or to become federated with the Australian Commonwealth?—I think the former would be the better course.

JOHN CHARLES MACKLEY examined. (No. 11.)

432. *Hon. the Chairman.*] What are you?—A settler at Wallacetown Crossing. I am a butcher, and have been connected with the meat trade for the last thirty years.



433. Have you given any consideration to the question of New Zealand federating with the Commonwealth of Australia?—I made one of four others who debated the question in the theatre here from an anti-federation point of view last September twelve months.

434. What are your views upon the matter?—Taking the commercial aspect of federation, I might say that in commercial circles it was represented that by New Zealand standing out of the Australian Commonwealth we shall be losing a large and profitable market, to substantiate which Victoria, with its protective tariff, was pointed to as an illustration. This, however, could not be supported by investigation, for upon looking up Victoria's Customs statistics for the year 1898 I find conclusive proof that, in place of Victoria requiring New Zealand's produce, she was a large exporter, and was competing with New Zealand for their neighbouring necessities. In that year Victoria imported from and exported to New Zealand produce to the following values, viz. :—

|                                                | Imports. | Exports.   |
|------------------------------------------------|----------|------------|
|                                                | £        | £          |
| Butter                                         | 10,517   | 733,674    |
| Cheese                                         | 4,550    | 7,377      |
| Oats                                           | 638      | 57,860     |
| Oatmeal                                        | ...      | 34,000     |
| Beans and peas                                 | 512      | 2,032      |
| Potatoes (being exceptionally scarce and dear) | 15,099   | 34,554     |
| Wheat                                          | ...      | 324,000    |
| Flour                                          | ...      | 138,000    |
| Pollard                                        | ...      | 3,181      |
| Bran                                           | ...      | 8,750      |
| Maize                                          | ...      | 27,860     |
| Totals                                         | £31,316  | £1,368,280 |

In the face of these figures, can any person, however much they may be interested in the export of produce, conscientiously ask us to believe that by rejecting federation we will lose a great market in Victoria. Under the powers of the Commonwealth Parliament the Commonwealth takes control of all postal, telegraph, telephone, and like services. I consider it will be a great calamity to New Zealand's progression to hand these departments over to the Australian Commonwealth. It would necessitate much departmental red-tape before establishing telegraphic, telephonic, or postal connection with new and rising districts in this colony. One of the great privileges enjoyed by New-Zealanders is the convenience bestowed upon them by the possession of an excellent service in this respect; and, speaking from an experience of fifteen months' residence in New South Wales, I have not the slightest hesitation in saying that New Zealand is far ahead of that colony in this respect, as the wide area over which the population of the Commonwealth is scattered necessitates a very large expenditure both for the carriage of inland mails and the erection of telegraph-wires. Therefore, I should say, hesitate before deciding to hand these important departments of national life over to the Australians to manage. Regarding railways, subsections (32), (33), and (34) of section 51 of Part V. of the Commonwealth Constitution Act state that the Parliament shall have power to make laws with respect to "the control of railways with respect to transport for the naval and military purposes of the Commonwealth; (33) the acquisition, with the consent of the State, of any railways of the State on terms arranged between the Commonwealth and the State; (34) railway construction and extension with the consent of that State." This I take to mean that the Commonwealth Parliament have the same power over State legislation that our General Government had over our late provincial Ordinances, repealing them, directly or by inference, when and how it pleased. My impression is that under these powers New Zealand railways would be doomed to fall under the complete control of the Commonwealth Government, which by the Constitution are given such supreme powers as would eventually reduce the New Zealand Government to the level of the old Provincial Council, without giving them any corresponding benefits in return. As an illustration, I will give a comparison between the railways of Australia and those of New Zealand (the length of railways in Australia is 11,145 miles, and in New Zealand 2,168 miles) :—

|                               | Australia.       | New Zealand.     |
|-------------------------------|------------------|------------------|
| Cost of construction          | £109,482,927     | £15,577,392      |
| Cost of construction per mile | £9,820           | £7,185           |
| Population per mile of line   | 260              | 316              |
| Area per mile of line         | 552 square miles | 48 square miles. |

To my mind, all these comparisons show strongly in favour of New Zealand. As to defence, at the present time, jointly with the Commonwealth, New Zealand contributes her share of an annual subsidy of £91,000 for the maintenance of an Australian auxiliary squadron, and I fail to see in what other way we can expect to receive defence assistance from Australia in times of national trouble. In such times it appears to me a moral impossibility for the Commonwealth of Australia to assist us with land forces. Then, of necessity, New Zealand must depend upon her own resources, her share of the auxiliary squadron, and the Imperial Government. Before leaving this subject I might mention that New South Wales spent on defence for ten years—1885 to 1894—no less a sum than £3,188,854, while for the same period New Zealand expended £1,132,565. If the other States of the Commonwealth's expenditure on defence in any way approach that of New South Wales, it appears to me that New Zealand should decide against joining the Commonwealth. As to the question of inter-State free-trade, by the Constitution the Commonwealth is pledged to adopt within two years inter-State free-trade. It seems to me, should New Zealand federate with the Australian Commonwealth, that our manufacturing industries would receive a very severe blow from the competition that would commence between the more firmly established



industries of New South Wales and Victoria and those of New Zealand, which, of itself, would be a very serious matter both to our artisans and revenue; and there is every possibility of this aspect of the question becoming greatly intensified should the fight that has already started between Mr. Reid and the Federal Premier, Mr. Barton, eventuate in Mr. Reid gaining the victory, and an international free-trade policy become the result. It appears to me that it would be more disastrous still if New Zealand, by becoming a State of the Australian Commonwealth, be compelled to adopt a free-trade policy, which no doubt would result in our being forced to initiate a system of direct taxation in order to make up the loss we should suffer by our present revenue-producing import trade being diverted into Commonwealth free-trade channels.

435. *Mr. Leys.*] Do I understand that you believe the Commonwealth could take over the railways under the present Constitution without the consent of the State?—I do not say that at present they could do so, but I think it will eventuate in the course of time.

436. But they have not that power under the existing Constitution?—But do you not think that that will eventuate as time progresses?

*Mr. Leys:* To do so they would have to amend the Constitution Act, as they have not the power over the State legislation that our General Assembly had over the Provincial Council. Under this Constitution the powers of the Commonwealth and the powers of the State are fixed, and the Commonwealth have not the power that the General Assembly had over the Provincial Councils, because by a simple Act of the General Assembly they abolished the Provincial Councils, but by a simple Act of the Federal Parliament they could not abolish the States.

437. *Hon. the Chairman.*] Apparently, Mr. Mackley, you are against federation?—I am an anti-federationist. I fail to see any advantages in our federating with Australia. It seems to me that the inter-State interest of the Australian Colonies far outweigh any consideration they might have for the interests of New Zealand, and any matters of what might be of vital importance to New Zealand are quite likely to be ignored, because the voting-power of the Australian Colonies is greatly in excess of that of New Zealand.

438. *Hon. Captain Russell.*] Do you think by any chance that the population of New Zealand will increase as rapidly as that of New South Wales and Victoria, or that their population will increase more rapidly than that of New Zealand?—From my experience as a resident there, I think our population will increase far more rapidly than that of Australia.

439. Under those circumstances, might not New Zealand gradually become a State having as much voting-power as either Victoria or New South Wales?—It is quite possible; but we have got a lot of lee-way to make up, because at the present time our representation is only fourteen to New South Wales' twenty-five and Victoria's twenty-three. It seems to me that time is very far distant.

440. Are you apprehensive that the larger colonies will join together to oppress the smaller ones?—Not ostensibly, but their close connection and identical interests are such that they could not fail to legislate for their own individual States.

441. What part of Australia were you in?—In Dubbo, New South Wales, in 1895.

442. Did you hear the question of New Zealand joining the Commonwealth spoken of at all?—Not while I was there.

443. Do you apprehend that there will be any difficulty about the question of coloured labour?—I do not think there is anything to fear in that connection with respect to New South Wales or Victoria, but the introduction of coloured labour on the sugar-plantations in Queensland is a different matter, because coloured labour is preferred there.

444. What is your opinion of the relative efficiency of labour in Australia and New Zealand?—New-Zealanders are looked upon with jealousy by the labourers of New South Wales because they are physically much stronger, and have a greater amount of endurance.

445. Are the people of Australia conscious of that difference?—I think they are. I believe the contrast arises from the enervating climate of Australia.

446. If the New-Zealander has more power than the Australian, ought we to be afraid of competition with Australia?—The competition does not arise so much from manual labour as from the machinery point of view.

447. But, then, although we have not the machinery at the present time, there is no reason to suppose that we shall not have the same push and energy in New Zealand as they have in Australia?—So far as push and energy goes, we have more of that, but they have a larger amount of capital invested in their industries, the output of which is so much larger than anything we have in New Zealand. That is where we may fear the competition arising from those industries.

448. Fifty years hence, when our population shall have increased, when our capital shall have increased, and our people have not deteriorated, should not we then be able to compete with Australia?—Of course, we see what the Americans have done in the way of pushing their industries, and we might say it was quite possible for New Zealand to follow in their footsteps; but, even with all the energy that has been displayed by the Americans, it is still conceded that Great Britain holds the markets of the world in consequence of the superior workmanship and cheaper labour.

449. Did you read in to-day's paper that America is sending over, I think, 9,000 tons of steel rails to England?—I saw a short time ago that America had secured a large number of contracts through the saving of time—that is to say, that she could execute the orders much more rapidly than the firms in Great Britain.

450. Then, do you not think that in any case America will dominate the markets of Australia and New Zealand whether we federate or not?—That would be regulated a great deal by the kind of tariff we have in force. If it is a free-trade tariff, certainly she will; if a protective tariff, competition will be put a stop to.

451. You think that any taxation which can be imposed upon the large manufacturing industries of America will prohibit their exporting to countries where the output is small and the wages

high?—No, I do not think that, because it would all depend on the nature of the industry. There are some industries which are natural to the country, and those will not be affected; but if it is in the shape of ironwork I would certainly think America will win.

452. *Hon. Major Steward.*] Have you given any consideration to the question of federation as it affects the trade of this colony with Australia in cereals?—If we went into the Federation I do not think it would affect that trade at all. New South Wales is not a colony suitable for the growing of oats, and therefore her requirements in that respect will always be regulated by climatic influences. There are markets in Australia for our produce if we could reach them, but we have not facilities.

453. It has been represented to us that it is desirable for us to go into the Federation because we should get a market in Victoria for oats, which we have not now: what is your opinion?—That we should not.

454. Then, from the point of view of the farmers of Southland, do you say that it would be expedient that New Zealand should become an integral part of the Commonwealth of Australia?—No.

455. *Mr. Luke.*] Having regard to the future value of our iron-deposits at Parapara, do you think there would be any advantage in our federating with Australia in view of future markets there?—Granted that New Zealand might possess these deposits, we must not forget that New South Wales also possesses the same, and at the present time is carrying on a large industry in corrugated iron alone.

456. That is out of scrap-iron: it is not made from the ore?—I have been wrongly informed if this is so.

457. There is also coal and limestone at Parapara—natural fluxes that could be used in the manufacture of iron?—Under these conditions, I should not say federation was going to give us any lever, but certainly it is an element that should be considered.

458. *Mr. Leys.*] The Southland exporters say that Victoria would not have developed its oat-production excepting by means of a heavy duty of 1s. 3d. per bushel against our oats, and that under that duty they can produce oats not only to supply themselves, but also to export; and if a similar duty were imposed all over the Commonwealth—and we stayed out of the Commonwealth—that Victoria and Tasmania could grow enough oats to supply all the Commonwealth, and we could not compete: what is your opinion of that?—I think there would have to be a very great development in the production of oats in Victoria from what there is at the present time if there were no outlet for our oats in some parts of Australia.

459. Then, if there were a tax of 1s. a bushel now in New South Wales that we had to pay, and which Victoria had not to pay, would not New South Wales take their oats from Victoria?—I do not think it will interfere with New Zealand, unless Victoria's capabilities are such as to overtake the demands of the Commonwealth.

460. *Mr. Beauchamp.*] To what places did you refer when you said there were many markets in Australia in which we could find satisfactory outlets for our produce if we could get it carried on better terms?—To Western Australia and to Brisbane.

461. *Hon. the Chairman.*] Is there anything you wish to add?—I think the social condition of the labourer in New Zealand is far superior to the labourer in the Commonwealth.

IRVEN WILLIS RAYMOND examined. (No. 12.)

462. *Hon. the Chairman.*] What are you, Mr. Raymond?—A stock and station agent in Invercargill. I have resided in this district for thirty-nine years.

463. Have you paid much attention to the question of New Zealand federating with Australia?—Yes; I have taken a good deal of interest in the question from the time that the late Sir Henry Parkes brought it prominently before the colonies. I view the question of this colony federating with Australia not from the standpoint as to whether it means an increase to the producer in the price of oats, or whether it means an advantage to the consumer in other respects, but on the broad principle of the greatest benefit to the greatest number of our colonists. Most advocates of federation in this district seem to favour it because of the commercial aspect, or from the aspect of that of the producer. I think the question of commerce is entirely a transitory one—what is to our advantage to-day may be to our disadvantage to-morrow; and therefore we want to go deeper down than that. Taking a case in point in regard to matters which have been brought before this Commission, a friend of mine has stated that 90 per cent. of the farmers are in favour of federation. I am convinced that there are fully 25 per cent. of the farmers in Southland who are perfectly indifferent as to whether they get 1s. or 2s. 6d. a bushel for their oats, because they do not grow them. I am satisfied that not 25 per cent. of the farmers have studied the question of federation. They, as a class, are very slow to move, and before they do they would certainly want to know what were its advantages. I know the feelings of the farmers very well on this question, and I am satisfied that fully 75 per cent. of those interested in cereal-growing would not express an opinion for or against. In this district most of the gentlemen who have appeared before the Commission are men who have been speaking from the exporters' point of view—agents who are representing the farmers, and whose interests they assume are identical with that of the exporters. I question this very much; but I think the question should be looked at from a colonial rather than from a provincial point of view, and if those gentlemen would look at it from the colonial standpoint, instead of from the standpoint of the interests they consider they are serving, they would hold different views from those they have expressed; but the average business-man is rather loth to give up his time to the study of public affairs and political problems, and is therefore prone to look at a question such as federation merely from a business standpoint, and I think that remark will apply generally to the witnesses who are produce exporters that this Commission will meet during its sittings through New Zealand. As to the question of the expense of government

should we federate, we have now a good idea of what the cost of governing the colony from year to year will be; we are allowed a voice in the selection of our rulers and in the administration of our public affairs, and in the event of dissatisfaction the electors can say whether there should be an alteration or not. But if we were simply a State of the Commonwealth it would be entirely different; we would be governed from Australia, and our representation there would be a mere trifle compared to the voting-strength of the other States. On that ground alone I think we are justified in pausing before joining the Commonwealth. Many who advocate federation seem to forget that if we join we have to pay the initiatory cost *pro rata* of the establishment of the Commonwealth. We have to pay for the setting-up of a capital somewhere a hundred miles from Sydney; we have to pay for the maintenance of the Federal Government; and we have no idea what that cost is going to be—the wisest men in Australia cannot yet estimate what that cost will be. And remember that for all time we part with our independence. As far as I can ascertain, the two States of New South Wales and Victoria combined can outvote the minor States, even if all the minor States were agreed upon an issue. That, in my opinion, is another very serious obstacle to our joining. Take the case of Tasmania, which has been a loyal colony in regard to the federation movement: She has just met with a slap in the face, having been denied a representative in the Federal Cabinet. Then, there is the question of our separation from Australia by twelve hundred miles of water. Had I been a resident of and an elector in Australia I would have been a federationist; but I think these twelve hundred miles of water is an effectual barrier to our federating. Most recognised thinkers and writers maintain that climate has a great influence in moulding the character of the individual; with this I thoroughly concur. I am convinced that many of the gentlemen comprising the Commission realise that the residents of Australia and New Zealand have their separate and distinct characteristics; and that distinction has grown up within the last half-century. As time goes on these distinctions will become greater and correspondingly wider, and our opinions and aspirations are almost sure to widen. Therefore I am satisfied that, if we have some community of interest with Australia now, as time goes on we shall have less. As to defence, we are infinitely safer in our present position than if we federated. We contribute £20,000 a year to the Imperial fleet, and we can demand anything in reason in the way of protection. If we federated we should have to look to the Federal Council for a certain amount of protection, which would be obtained from the fleet assigned to Commonwealth waters. In the event of a scare, and we required their assistance, is it likely that a body of men sitting in New South Wales, designated the "Federal Council," composed to the extent of nine-tenths of Australians, are going to lend aid to New Zealand when there are the large towns of Melbourne, Adelaide, and Sydney to protect? There is another aspect: For some time it has been very evident—and I think the feeling is growing every day—that the time is approaching when there will be at Home an Executive controlling colonial affairs in conjunction with the Imperial authorities. When that time comes I hope to see New Zealand have a direct representation there; but if we joined the Commonwealth New Zealand would not be represented separately on such a Council; we should be absolutely blotted out so far as Imperial representation is concerned. To sum the matter up, I am a strong advocate of this colony preserving its entity.

464. *Hon. Mr. Bowen.*] Do I understand you to mean that it would be impossible for Australia to give any assistance to New Zealand in the event of war?—I do not mean to convey the impression that it would be impossible; I said it was highly improbable that she would, because her own interests are paramount.

465. Of course, you understand that the defence of all the colonies is an Imperial matter, and whether we joined or not they would be bound to assist each other to the utmost: is that not so?—The general impression is that we would be absolutely dependent upon the Commonwealth. If it is otherwise, why do Federal advocates use it as an argument that we should join the Commonwealth?

466. *Mr. Millar.*] Did I understand you correctly when you stated that 75 per cent. of the farmers here did not care about this question at all?—I said 25 per cent.; but I am thoroughly satisfied that if you took a hundred farmers and asked seventy-five of them what their views were they could not give them to you. I meet them often. I have tried to discuss it with them, but they do not seem to trouble their heads about the question. It is like bimetallism to the average business-man.

467. *Mr. Beauchamp.*] The exportation of oats seems to be a burning question here: as an exporter, are you of opinion that we would lose the Australian market entirely in the event of our not federating, or do you think we would still have an outlet for our oats on account of their superior quality?—I am thoroughly convinced that when Australia requires our oats she will have them. Take Sydney and Melbourne: Sydney has been a free port practically, but Melbourne is otherwise, and I believe, on the whole, Sydney has been a better customer than Melbourne has; but there have been oats shipped to both ports, and I think, under any circumstances, if Australia wanted our oats she would buy them, irrespective of whether we were members of or independent of the Commonwealth.

468. Do you regard New South Wales as a permanent market for our oats, or only a spasmodic one?—It is entirely spasmodic, and controlled by climatic conditions. Something like 20 per cent. of our oats have been shipped to Australia during recent years; the balance has gone to other countries.

469. Have you considered what would be the result to our industries by federating?—I am thoroughly satisfied that our industries would suffer. I sympathize with and am in favour of fostering industries by giving them judicious protection, and thus finding employment for our own colonists. Our manufactures would have to compete against the cheap labour and Chinese and coloured labour of Australia if we joined the Commonwealth, and under such circumstances they

could not hope to stand. Population is wanted, and to assist this object we must keep our manufactures going.

470. *Hon. Captain Russell.*] Can you give us any idea of what proportion of the farmers of this district are dependent materially upon their farming and the growing of oats?—If the farmers of Southland were dependent on the growing of oats they would soon be through the Bankruptcy Court. It is a recognised fact that it does not pay to grow oats year in and year out. The majority grow oats for feed, and under a certain system of rotation of crops, that is all; but it never pays to grow oats at prices that have been ruling of late years.

471. Could they substitute any other grain or crop for the oats?—Not very well.

472. *Mr. Leys.*] Then, it is a necessity to some extent?—It is the only grain that is satisfactorily grown in Southland.

473. *Hon. Captain Russell.*] Will rye-corn grow here?—No; but barley grows in the Lake district.

474. Take a farm of 200 acres: how much would they put in oats annually?—Possibly not more than 20 to 25 acres. I have been surprised to hear so much made of oats before this Commission.

475. *Hon. the Chairman.*] Supposing the Australian market were closed for Southland oats, would there be any chance of other markets being available?—Yes.

476. Where?—I believe in the action of the Government in subsidising a line of steamers to South Africa, seeing that private enterprise has not come to the rescue. From a recent visit to that country I am satisfied there is an unlimited market there.

477. Do you think it would beneficially affect New Zealand if the steamers trading to Australia whose terminal ports are there were subsidised to make New Zealand a terminal port?—Yes.

478. Do you consider the present Constitution of the Commonwealth, that involves adding to the cost of the State Government the additional cost of two Houses of Parliament, is one which we ought to join?—I am opposed to New Zealand joining under any circumstances. The question of expense of government, although a factor from my point of view, is infinitesimal compared with the sacrifice of our independence for all time.

479. You spoke of the climate affecting the character of the people: how would that question affect us if we federated, because the people with the stronger characteristics would still belong to the State of New Zealand?—As time goes on the interests between Australia and New Zealand will sure to widen; therefore I cannot see that from our point of view "good work" will be done by an Executive so constituted.

480. According to your argument, the representatives from New Zealand would be more vigorous than the representatives from Australia, and ought to exhibit a more national spirit?—They might be more national, but numerically they would be too weak to make their presence felt against the extra numbers they would have to contend against. We are more progressive and energetic than the Australian Colonies are, and require the services of our best men to be devoted to the successful government of our own country.

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## DUNEDIN.

SATURDAY, 9TH FEBRUARY, 1901.

ALEXANDER STRONACH PATERSON examined. (No. 13.)

1. *Hon. the Chairman.*] What is your occupation, Mr. Paterson?—I am an importer and exporter merchant.

2. How long have you been in business in New Zealand?—For thirteen years.

3. Have you given consideration to the question of New Zealand federating or not with the Commonwealth of Australia?—Just the ordinary consideration which a business-man requires to give it.

4. But you have given pretty close attention to it, have you not?—Fairly close attention.

5. Will you be good enough to favour the Commission with your views on the matter?—Well, I hardly know what you expect of me.

6. I mean, if you think there are any advantages to be gained from New Zealand federating you may tell us what they are; if, on the other hand, you think there are disadvantages, we should like to hear of them. First of all, as regards the commercial aspect of the question, you may tell us how far it would affect the commerce of New Zealand?—Well, I presume that in doing so I shall state a good many truisms. I think the advantage of federation would be that it would give New Zealand another four millions of people to trade with upon the best possible basis—viz., that of a home market.

7. I want you not merely to confine yourself to the question, but to give your views?—I think I have put my views into one sentence.

8. How do you think it would affect the commercial industries of New Zealand?—Not injuriously in the long-run, because I do not see that New Zealand has less advantages for the carrying-on of industrial occupations than the other colonies.

9. Do you think New Zealand would be able to compete successfully with the industries of the Commonwealth of Australia?—In the long-run, yes.

10. How would it affect the commerce of New Zealand as regards markets for New Zealand produce beyond the markets in Australia?—It would give a nearer market and freer market than other markets give for the purchase of New Zealand produce.

11. Are you assuming that the policy of Australia would be one of free-trade or protection?—I am assuming that New Zealand would be part of the Commonwealth, and therefore would have free access to the markets of the Commonwealth.

12. But how would it be affected by the fact of the tariff of the Commonwealth being a protective or a free-trade one?—New Zealand would certainly be commercially just as well off if she had a free-trade tariff, or if she had a free-trade market in Australia, as she would be under federation. In what I said before I was making the common assumption that there will be more or less of a protective tariff in the Commonwealth.

13. Supposing the tariff of the Commonwealth were a free-trade one, how would the trade of New Zealand be affected as to being dominated by America, for instance?—I think the nearness of New Zealand would give it a great advantage over America, and I do not think it is yet to be assumed that it costs more to produce in New Zealand than it does in America.

14. Supposing New Zealand did not join the Commonwealth of Australia, and there was a protective tariff there against New Zealand, could New Zealand look for markets outside the Commonwealth of Australia for her produce?—Certainly. It would have the London markets and the world's markets for what they were worth.

15. What would there be in addition to the London market?—I think there must necessarily be a large opening in the future in other countries that have not yet come into trade relations with New Zealand. She would have those markets—markets of the future, if I may use the expression—before her; but for the present she would be practically confined to London if a protective tariff were initiated against her in the Commonwealth.

16. In your opinion, what should be done to open those other markets you speak of?—I think it should be made a national question in New Zealand—that a Government department for the expansion of trade should be initiated, and should take in hand not only the diffusing of information in those countries, but also the active opening-up of markets.

17. Supposing it was ascertained that markets were available, what would be a practicable way of opening them up?—The most practicable way that is in sight at present, in my opinion, is the assistance of steam freight—the establishment of steamship communication with other markets.

18. Have you considered how the public finances of New Zealand would be affected if New Zealand joined the Australian Commonwealth?—I cannot say I have seriously considered that question, beyond noticing the outstanding fact that New Zealand would have to part with her Customs revenue to the Commonwealth.

19. In your opinion, would there be any possible advantage in the conversion of the public debt of New Zealand?—I cannot think that is a serious matter—that the Commonwealth will be able to finance the colony's public debt very much better than the colony herself.

20. *Mr. Leys.*] Speaking of this question of the public debt, do you think, Mr. Paterson, if the Commonwealth took over the Customs, as it will do, and left New Zealand to carry on its settlement operations—its railways, its land-settlement, and so on—New Zealand could borrow so favourably for those purposes without the Customs duty as security?—I have already said I do not think the difference would be a serious one between the borrowing rates for New Zealand and the Commonwealth.

21. I understood your reply to that question meant that the Commonwealth could not borrow cheaper than New Zealand?—Not seriously cheaper.

22. But if New Zealand were borrowing as a State, without having control of the Customs revenue, could it borrow as well as it does now?—Again I would say I do not see that the difference ought to be a serious one.

23. Do you remember anything of provincial borrowing?—I cannot say I do.

24. Do you know anything of the borrowing of the American States?—No, I do not.

25. You think, then, that the fact of the Customs revenue being taken over by the Commonwealth would not affect the power of the States to go into the London market for necessary loans?—I think we have good security. We should still borrow reasonably.

26. *Mr. Reid.*] In your experience as a mercantile man, have you considered this question of federation with regard, say, to commercial legislation, either particularly or generally—as to whether there would be advantages to New Zealand in obtaining a general law, supposing she joined the Federation?—There would undoubtedly be advantages in having uniformity of law in the various colonies.

27. Would there be any advantages beyond uniformity? Would it facilitate the conflict of law that sometimes happens?—I cannot say I can specify any advantages beyond uniformity.

28. *Mr. Luke.*] You said you thought the effect of federation would be to enlarge our market and give us four million more people to deal with, and you said the ultimate effect of federation on industries would be beneficial: in what way do you think it would be beneficial?—I think I said I did not see that the ultimate effect on the industries would be injurious. I am not prepared to say it would actually be beneficial. What I meant is that I think our own market would still be practically intact to our own industries, and could not be seriously or permanently interfered with by manufactures from Australia.

29. You used the word "ultimately," I think?—Yes.

30. Within what range of time would that come, do you think, having regard to the enormous capabilities of Australia as compared with New Zealand?—I am not sure that I could define what "ultimately" means. What I meant to say was that there was bound to be a dislocation more or less to begin with, but that ultimately the resources of New Zealand will not be less than the resources of Australia, and that it ought to be able to hold its own in the matter of manufactures. I stated that in a broad and general way, as an opinion.

31. Do you think that within the next fifty years we would not be at a disadvantage as compared with Australia in, say, manufacturing boots, or in anything associated with the metal or

furniture trades?—I do not see why we should be seriously at a disadvantage in connection with boots now. We have the raw material here as advantageously as in Australia, and I presume we have the same machinery and the same or better workmen for making them; and therefore I say in a broad way we should not be at a disadvantage in the making of boots at all.

32. How do you think it would affect the wage question in New Zealand?—It certainly would tend to the levelling of wages as between New Zealand and Australia.

33. Would that levelling be in the direction of levelling down or levelling up in New Zealand?—I do not see why eventually wages should be higher in Australia than in New Zealand, or *vice versa*.

34. *Mr. Beauchamp.*] In answer to Mr. Luke, you said you considered the effect of federation would probably be the levelling of wages: have you considered the effect on wages of the different climatic conditions? I take it that a man in Australia can live cheaper in many parts through the warmth of the climate than in New Zealand, and therefore in New Zealand he must earn higher wages?—I do not think, as a matter of fact, that living is cheaper in the Australian towns than in the New Zealand towns, as far as my observation of them goes, and I have been in them all.

35. As regards competition with America, I understand you to say you think in course of time we would ourselves be able to compete against the manufactures of America?—Yes; I think we would be able to do so as much in connection with the Commonwealth as out of connection with it.

36. And you think that inter-free-trade would not prejudicially affect our industries here in the event of our federating?—In the broad view, I do not think it would. There might be dislocations to begin with; but, our natural conditions being as good, and our ability to manipulate the raw material into the manufactured material being quite as good, and our having the raw material to manipulate, it does not appear to me why, in the long-run, we should not produce manufactured goods equal to those of Australia.

37. I have a return showing the wool imports from Australia to Dunedin. In 1897 Dunedin imported from Australia wool to the value of £385; in 1898 the value was £1,429; and in 1899 it was £3,921. Do you know whether those wools are the product of Australian woollen-mills?—I should presume they are not. It altogether depends on where the figures have been got from. The ordinary statistical blue-books discriminate, I think, between exports which are the product of Victoria or which are the product of New South Wales, as the case may be, and exports which are re-exports. Your question, I think, depends altogether on the compilation.

38. Of your own knowledge, do you know whether in Dunedin there are considerable quantities of woollen goods used that are manufactured either in New South Wales or Victoria?—I do not know from actual knowledge.

39. Then, I gather it is your opinion that the trade of this colony would be distinctly affected by our not federating?—Very largely affected, I think. I may amplify that answer by saying that at the present time I think we export rather more than a million and a half—I think it is about a million and three-quarters—to the Australian Colonies.

40. That included specie?—Probably it does. If any one can tell me the amount of specie I would be obliged.

41. About £200,000?—Then, it comes down to a million and a half. [The Secretary intimated that last year the value of the specie exported from New Zealand was £53,000.] Yes; the exports from the colony to Australia stand at £1,700,000—specie does not seriously affect that figure—and under federation I think the bulk of that trade will disappear.

42. *Hon. Captain Russell.*] The bulk of which trade?—Our export of £1,700,000 per annum to Australia.

43. *Hon. the Chairman.*] You think it would disappear?—Yes. I do not mean it would immediately disappear, but I think it will be eventually worked out, and I will give my reasons for that opinion.

44. *Mr. Leys.*] Is that if New Zealand does not join?—Yes. My reason is this: At the present time we do an exceedingly small trade with Australia, except New South Wales. New South Wales is answerable for the bulk of our present business with Australia. The reason for that is very largely that New South Wales is a free port, while at the present time all the other colonies have protective duties against us. These protective duties have worn down our trade with Victoria to an exceedingly small one, and have prevented us having anything of a trade with the other colonies, except always New South Wales. It is reasonable, therefore, to assume that if New South Wales sets up a tariff against us, or if the Commonwealth as a whole sets up a tariff against us, we will see the same thing happen in New South Wales as happened in the other colonies—viz., that they will be able to do without the imports from New Zealand. I would also like to put it this way: that these exports from New Zealand to Australia, which total £1,700,000, are exports of New Zealand produce consisting of certain items with which we are all familiar. All these articles can be produced in Victoria, and produced there approximately as well as and as cheaply as they are produced in New Zealand. Therefore, after the federation, Victoria will have her production stimulated, and she will have the advantage of being inside the tariff, while we will be outside of it. Therefore she will gradually attach to herself this trade which we have been doing with the other colonies, and it will leave us. At any rate, I feel certain that, of the £1,700,000, a million will be lost to New Zealand.

45. *Hon. the Chairman.*] At least a million of it?—Yes, I think so.

46. *Mr. Beauchamp.*] I go back to the one point of specie. From the Port of Dunedin during 1899 specie was exported to the value of £343,346, out of a total exports from Dunedin of £526,291, so if you deduct the specie from the total the exports from Dunedin appear to be rather small?—The exports from Dunedin are rather small. I admit that. I should say it amounts to £300,000 to all Australia.

47. What are the principal items exported from Dunedin to Australia—to New South Wales particularly?—Oats, wheat, oatmeal, malt, seeds, potatoes, cheese, and butter are the principal items.

48. All of which, in your opinion, could be produced in the various States in the Commonwealth?—In Victoria, under the impulse the production will have there from the enlargement of her free market, and the absence of the competition of New Zealand on an equal footing.

49. *Mr. Millar.*] Mr. Paterson says he is principally in favour of federation because it will give us a large market with an additional four millions of people, and that that market is a home market?—Yes.

50. Is Dunedin a manufacturing centre? Are the manufactures developed to any extent in New Zealand?—Yes, to a fair extent.

51. Have you any idea of the value of the manufactures in Dunedin?—No, I cannot say I have an idea of the value. It is large, certainly.

52. I think you will admit that, so far as the four centres of population are concerned, the bulk of the people in them are dependent on the manufactures, more or less?—There are a very large number of them.

53. In view of the fact that from figures shown to us the Australian market is worth only between £200,000 and £300,000 of exports, do you consider, from a colonial point of view, or even from a provincial point of view, that it would be to the interests of the colony that we should federate if it would be detrimental to those manufactures?—I think that, in order to weigh the manufactures against the export trade, the total value of the manufactures as an industry to the colony must be ascertained, and must be set forth. I have mentioned that the knowledge I have of the export trade comes to me in the ordinary way of business. As I have not the same knowledge of the manufacturing trade and its value to the colony, I am not prepared to make an absolute comparison at the present moment, although I would be quite willing, after reflection and study, to give an opinion if it were wished for.

54. You admit that is a matter that ought to receive careful consideration?—Most serious consideration.

55. You said a home market is the best, which is always admitted, and therefore anything that would prejudice the home market—our own home market in New Zealand—must be detrimental, even to the producers, because it throws a larger amount of their produce over for export?—Yes. It is a question, however, of what the gain is against that.

56. Exactly. I suppose you know that at the present time we have a fairly good tariff on some articles of manufacture in this colony?—Yes.

57. They are protected to a large extent?—Yes.

58. Would you be surprised to learn that under those conditions the exports of manufactured articles from Australia to Dunedin amounted to £4,526 in one year?—It does not seem to me to be an out-of-the-way figure. I should not be in the least surprised at it.

59. That is under the present tariff. Now, assuming we wiped out the tariff, would that increase or not?—I think it would be bound to increase; but I would point out that it probably consists of articles that are non-competitive to a large extent.

60. It includes slop-made apparel and boots?—What naturally takes place—and it affects all the import trade—is this: In New Zealand we have small towns and small populations, and in Australia they have one or two large depots, and all we want of special sizes of special articles which are not in our small places has to be got from Australia, and the imports from Australia are, to a considerable extent, things we are temporarily short of here, or things that our market is not large enough to keep in stock. That is what I mean by saying they are not actually competitive manufactures with our own to any extent.

61. Well, what about machinery?—I should think that remark applied exactly to machinery.

62. Printed books?—I think it is a non-competitive line to a large extent.

63. Agricultural implements and boots? I suppose you are aware, as far as boots are concerned, that our keenest competitor is America?—Yes, I am aware of that.

64. Now, suppose that the Commonwealth tariff will be a moderate tariff, that moderate tariff might possibly, and probably will on many lines, reduce the tariff we have existing at the present time against foreign markets. If that is the case, and if our competition is keen with America, Britain, and Germany now, and you further reduce the tariff, it is bound to accentuate it?—Yes.

65. And therefore the larger the importation the less the manufacture within ourselves?—Yes.

66. That means a corresponding reduction of what you might call the purchasing-power of the people?—So far, yes.

67. If one views it from that standpoint, and admitting that one portion of the population are depending more or less on the manufactures of the colony—I believe the factories just now employ forty-seven thousand people directly, without those dependent on them—it is a matter that should receive great consideration. In fact, it must be shown, to my mind—and I think you will agree with me—that, unless commerce can show it is to be of great advantage to the colony as a whole, we should not go in for federation if it is to affect us in the manner you have yourself admitted?—I am sorry I have not quite caught the question.

68. The question is simply this: Unless the commercial advantages to this colony are to be so great that the injury done to the manufacturing interests will not be felt, we should not federate?—It is a question of balancing one against the other. There must be an advantage.

69. So far as Australia is concerned, you know that the rate of wages paid there is considerably lower in most industries than is paid here?—I am not aware that that is so. At any rate, I do not see, as I said before, why it should be permanently so. The question of federation is one



for the future, and, in the broad view, I do not see that we are going to have one community here and another twelve hundred miles across the water with a substantial difference of wages between the two.

70. *Mr. Roberts.*] With reference to your remark about the four million people in Australia that we would have to trade with in the event of federation, you will admit, I suppose, we would also have the competition of four million people?—Yes.

71. And do you think this younger colony could stand up against the older and more populous colonies?—Yes, I think so.

72. You also said the cost of production in New Zealand was much the same as in America?—I said I did not think it was more.

73. How do you ascertain that: it is a big question?—I have not professed to ascertain it. I have said I am not aware the cost of production is more in New Zealand than in America.

74. You said the cost of production was the same in New Zealand as in America?—No; I said I was not aware the cost of production in America was less. I was asked how we could compete with America in the Australian markets, and I said we were nearer, and I was not aware produce could be produced at less cost in America, and therefore we had the advantage of nearness intact.

75. You handle quantities of oats, do you not?—Yes.

76. Do they go chiefly to Melbourne or Sydney?—Chiefly to Sydney.

77. Do you ship to Melbourne at all?—Only for transhipment.

78. We had it in evidence in Invercargill that for seven or eight years the export of oats to Melbourne had ceased?—That is so. There is practically no New Zealand produce of any serious value goes into Victoria.

79. *Hon. Mr. Bowen.*] Of course, if federation came about there would be comparatively free-trade between the colonies: do you think the trade would largely increase if there was federation and no Customs duties? Is there a large interchangeable commerce to be looked forward to between Australia and New Zealand?—Yes, I think there is.

80. Much larger than under present conditions?—Yes, I think so.

81. In what particularly?—Simply in a development of the present trade.

82. That is, in cereals?—Chiefly in the lines I have already named. I think that under a free tariff New Zealand must become the producer for the Commonwealth of a very considerable number of those lines.

83. Such as oats, for instance?—Such as those I have named—oats, and other lines.

84. Would not foodstuffs, such as Indian corn, come into the north of New Zealand a good deal?—At the present time the north of New Zealand exports Indian corn to Australia.

85. A small quantity?—It does not import from them, and if we had more Indian corn we would have more to send to Australia.

86. Supposing there was free-trade, would it make any difference in the export of oats to Australia?—Yes; I think it would make a large difference in the future export of oats to have a free market there, instead of a market with perhaps 6d. or 9d. a bushel of duty against us.

87. You do not think Victoria would find the oats?—I think Victoria would find the oats with the tariff in her favour, but if we had an equal footing to Victoria within the Federation I think we could find the oats against Victoria.

88. *Hon. Captain Russell.*] Have you pictured to yourself the social conditions of a federated New Zealand and Australia a hundred years hence?—I cannot say I have.

89. Do you not think that is an important question?—A very important question.

90. You have not considered it at all?—I cannot say I have.

91. Have you viewed it from possible trade conditions a hundred years hence?—I have tried to view it from what I call the outlook of the future, and if you would not tie me to a hundred years I would say Yes.

92. Well, say at some fairly remote period?—Yes.

93. And what do you imagine will be the prevailing conditions? What shall we export to Australia fifty years hence?—I think we must still retain our advantage as a producer for Australia.

94. Of what articles?—Of all the articles we export now, and possibly other minor products that have not yet reached the exporting-point with us.

95. Cannot Victoria and Tasmania grow practically the same articles as we export?—Yes; I have said they can behind a tariff wall, but on a level with New Zealand I do not think they can.

96. The freights and wharfages and handlings and commissions are not in themselves protective?—I do not think those charges are serious ones as compared with the tariff wall to get over.

97. Have you noticed that about two-thirds of the Australian Continent is either tropical or semi-tropical?—Yes.

98. Is that liable to affect the condition of their population in the course of two or three generations?—Undoubtedly it must, but to what extent or in what particular way I am not qualified to say.

99. Do you think it will affect the powers of production of the working-classes?—Yes, I would say it will.

100. To the advantage or the disadvantage of New Zealand?—To the disadvantage of Australia and to the advantage of New Zealand.

101. Therefore, so far as the climatic conditions go, New Zealand ought to be able within two or three generations to produce more cheaply than, or as cheaply as, Australia?—Yes.

102. That concerns European labour?—Yes.



103. Do you imagine that tropical or semi-tropical Australia will be permanently cultivated by white people?—I am inclined to think it will be. I think the tendency is strong in that direction at present. I have been frequently in tropical Australia—in Queensland—and know the surroundings of the sugar industry there, and I know that the leading men in connection with the industry look forward to its ultimate cultivation by white labour, not that they prefer it or choose it, but they see that it will be required by the social conditions in Australia, and they accept it, and do not despair of their industry on account of it.

104. Have they expressed themselves to you that the law of man will be stronger than the law of nature?—I have heard the men whom I consider the leading men in connection with the sugar industry express the opinion that the industry will survive on the white-labour basis. They say that if they can only get kindly handling from the Commonwealth, and are allowed to temporise with the black labour so as not to have a crisis brought about, the industry will survive.

105. Do you know any tropical country in the world where white labour is employed?—No, I do not.

106. Can you mention any source of information where we could learn that such has been the case?—No; I understand it is quite admitted by these same men who hope it will be done in Australia that the thing has never been done before.

107. They believe the power of an active Commonwealth will override the laws of nature?—Well, I should hardly put it that way.

108. Assuming, as I shall choose to assume, that coloured labour will prevail in all tropical Australia, will that affect the social conditions of Australia?—Undoubtedly.

109. And do you think that might react prejudicially on New Zealand if she joined the Federation?—Yes, that contingency certainly is present.

110. *Hon. the Chairman.*] Do you think the differences that exist in the commercial law between New Zealand and the Commonwealth could not be adjusted without federation?—Yes, I should think they are capable of adjustment.

111. You have said that Victoria has ceased to import oats from New Zealand for a number of years?—Yes.

112. On account of the tariff, or on account of Victoria being able to supply her own demands and also to export oats?—We thought a few years ago it was on account of the tariff, but it has been made manifest within the last few years that it has not been on account of the tariff, because Victoria is now producing a surplus of oats and exporting them.

113. Speaking of manufactures, do you think, if New Zealand federated with Australia, that in the production of agricultural implements New Zealand would be able to hold her own?—I see no reason why she should not.

114. Are not the manufacturing-works in Australia on a much larger scale than they are in New Zealand?—Yes. We will always have the drawbacks of the small place alongside the big one. That will affect many things, and would, no doubt, affect agricultural implements in some degree.

115. We have been told of instances in which railway-trucks have been supplied to the New Zealand Government from Victoria as against New Zealand?—I am not aware of that.

116. Do you think that in the manufacture of railway-trucks and dredges New Zealand could successfully compete against Victoria?—I certainly do. It would require a great many instances to the contrary to make me think otherwise.

117. Do you think the furniture trade in New Zealand could compete successfully against Victoria, especially with coloured labour, if we federate?—I do not grasp the meaning of your words "with coloured labour."

118. I understand that in Victoria, for instance, there are a great many Chinese employed in manufacturing furniture?—That is more an accident of the present time, I take it; I do not think it is permanent. I do not mean to say that New Zealand could compete with Chinese labour, but I think New Zealand furniture could compete with Australian furniture, and that in the production of furniture New Zealand ought to be the better country of the two, and ought to be the furniture-supplier eventually, apart from any question of Chinese labour or black labour.

119. *Mr. Leys.*] Did I understand you to say that at the present time our exports are almost confined to New South Wales?—No; I said the great bulk of the produce we export to Australia goes to New South Wales, the figures being, I think, £1,200,000 out of £1,700,000, which leaves only half a million to be scattered over the other colonies.

120. The figures last year were £1,118,699 to New South Wales, and £591,697 to the other colonies?—That is precisely what I have said.

121. In view of those figures, do you adhere to your statement that the whole of our Australian export trade would be killed if we federate?—I do. I said that to the extent of a million I thought it would go. That is two-thirds of it, and not the whole of it. I was dealing with a total of £1,700,000, and I said a million of it would go.

122. If we lost one-half of our exports to New South Wales we would still have an export to Australia of £1,150,000?—No, not if we lost half of the New South Wales trade.

123. Do you assume that we would export less to all these protective colonies—Victoria, Queensland, South Australia, and Western Australia—than we do now?—Yes, I certainly do.

124. Why?—Because Victoria will be able to supply them without paying any duty, and we will have duty to pay.

125. You assume we would export less to them?—A great deal less.

126. *Hon. the Chairman.*] Do you not think that other markets would be found for that produce which would fail to reach the Australian Colonies?—It is an exceedingly difficult thing for an isolated and small community like this to find markets—new markets. That has been made abundantly plain by the course of trade in New South Wales and Victoria recently. These two

colonies, which are inferior in producing-power to ours, have established during the last few years a very large export trade with the world at large, the reason being that they are near to the great highways of trade. They are big enough in area and population, and otherwise, to attract these lines of steamships, and so they get roads to different countries. New Zealand by its isolation is cut off from that, and it is exceedingly difficult, and indeed a serious problem, for New Zealand to find new markets. We have always London to fall back on.

127. Supposing those lines of steamships were induced to come to New Zealand?—That is exactly what we want; and, given them, we would be able to make up for something of what we would lose by the federation of the Australian Colonies.

128. *Mr. Leys.*] Looking back at these figures, I see that goods valued at £412,000 actually go into Victoria itself. Now, surely we cannot lose any of that trade under its high protective tariff?—If the Victorian blue-book is in the room I think I would be able to explain that figure. I think the Victorian blue-book will show that our exports to Victoria are only about a quarter of a million. The explanation I take to be that a great many of the goods sent from New Zealand to Melbourne for transshipment to other countries—to South Africa for example, to Western Australia for example, particularly Western Australia—get entered up as exports to Victoria. Therefore we are never safe to take the statistics of trade between one colony and another from the books of the one colony. You have to get it checked by the books of another colony before you get the right figures, and if you follow that process I think you would reduce that £400,000 down to one-half. I think I am right in saying that.

129. In concluding that we should lose this trade, you assume the Federal tariff on such an item as oats, for instance, would be maintained at the exorbitant protective duty now charged by Victoria: do you assume that?—No.

130. Have you considered that our average in oats is something like 40 bushels to the acre, while the Victorian average is only 20, and the New South Wales average 13? Now, unless the Commonwealth adopts a tariff as prohibitive as the Victorian tariff, should we not be able to put our oats into the greater part of Australia?—I think not, because at present Victoria is able to supply oats to New South Wales. What she can do for New South Wales at present, in some degree I say she can do for the whole Commonwealth once she gets a free door to all the Commonwealth markets, and has no competitor on an equal footing. If Victoria is equal to do oat business with New South Wales and with Queensland and Western Australia at present in the face of their tariffs, what will she do when she has a free entry?

131. But does she do that to any large extent?—It is only beginning. There is a surplus of oats in Victoria beyond their requirements, and certainly one cannot argue much from it; but there is no evidence at present that she cannot compete in the world's markets.

132. Looking at the actual average yields, would it not require a very prohibitive protective tariff to keep our oats out of New South Wales and the other colonies?—Not such a very great protective tariff as one would think at first sight. I may say this: Suppose that in Victoria a man grows oats on land worth £1 an acre, and in New Zealand a man grows oats on land worth £10 an acre, the grower of the Victorian oats has only 1s. an acre to pay for rent, and the grower of the New Zealand oats has 10s. an acre to pay. The difference between the two is 9s., or, roughly, equal to 4 bushels. If you take the harvest expenses, which are greater in New Zealand than in Victoria, and other items, you will find you can reduce this disproportion of bushels to the acre very greatly, and it will be seen it is not just as it appears on the surface. Then, Victorian wheat is very much better than New Zealand wheat, which gives you, again, an equivalent of a good many bushels to the acre, and so the thing comes much nearer a level than you would suppose when you start off by saying we get 40 bushels to the acre and Victoria only 20.

133. We were told in Southland that our oats were very much inferior to Victorian oats?—I am not mentioning Victorian oats, because that is a disputable point.

134. *Mr. Beauchamp.*] As to the rates of wages paid to agricultural labourers, you admit that they are higher here than in Australasia?—Yes, I believe that is so.

135. *Mr. Roberts.*] In some places the cost per acre is lighter with a light crop than with a heavy crop. In cutting it has got to be gone over in the same way; the only thing is that the heavier crop costs more for binding-twine, for one thing?—I think in some places they strip the crop when it is heavy, and the cost of stripping wheat is a good deal cheaper in Australia than it is here.

136. *Hon. Major Steward.*] What does it at present cost the exporter in New Zealand to deliver his oats in Sydney?—About 4d. per bushel.

137. Supposing that Victoria extends her oat-production, in view of the fact that she will have the other markets of Australia open to her, will not the handicap of that 4d. per bushel against New Zealand prevent our getting an extended trade?—I do not think so, because it must cost Victoria the greater part of 4d. to put the oats into Sydney.

138. So that, in point of fact, your calculation will not be interfered with when there is that 4d. to pay in any case?—No, not seriously.

139. *Hon. the Chairman.*] Is there anything you wish to add to your evidence, Mr. Paterson?—I do not think there is, except this, which occurred to my mind when answering a question. It is in the same line as I have pointed out in respect to figures—it is necessary to take those on both sides of the water in order to get their correct significance. It has been remarked that New Zealand imports as much from Australia as she at present exports to Australia. That is true, but it is exceedingly misleading, because the great bulk—quite 75 per. cent.—of these imports from Australia are not of Australian production, but are goods that are re-exported from Australia, as being the largest depot, to New Zealand, as being the smaller depot, and that really the imports from Australia of Australian production are very small—I should say, not more than half a million, as against an export of £1,700,000.

140. *Mr. Leys.*] Would not that weigh with Australians in fixing tariffs that specially affect New Zealand goods?—This trade would not be affected by an Australian tariff; it would only be affected by a New Zealand tariff.

140A. But in fixing tariffs would they not desire to keep up trade with New Zealand?—Yes.

W. A. W. WATHEN examined. (No. 14.)

141. *Hon. the Chairman.*] What is your name?—William Alexander Waddle Wathen.

142. What are you?—I am a printer by profession, but have been a journalist here for over twenty years. I am now president of the Otago Trades and Labour Council.

143. How long have you been in the Colony of New Zealand?—Since 1871, I think.

144. Have you resided in Australia at all?—Yes.

145. For how long?—I was living in Launceston for about twenty years, and I have been to Melbourne and Sydney on several occasions.

146. Have you directed your attention to the question of the federation of New Zealand with the Commonwealth of Australia?—To a slight extent. I happened to be in Sydney during the sitting of the Federal Convention in 1891, I think.

147. If you have formed any opinion on the question of federation with Australia—as to whether it would be beneficial to New Zealand or not—we would be glad to hear it?—My own private opinion is that eventually it would not pay New Zealand to federate with the Australian Commonwealth. New Zealand is practically self-contained, and all the advantages of joining the Commonwealth would be counterbalanced by certain things which would, I think, affect trade in New Zealand to a very large extent. From a social point of view the working-classes here have great advantages now, and with the class of labour in various parts of Australia the probability is that the tendency, after joining the Australian Federation, would be to reduce the living-wage here—a thing we have been working for in New Zealand for a considerable time. The work of the Trades and Labour Council latterly has been to raise the standard to a fair living-wage. Under the legislation of New Zealand great advantages have come about to the people here, and these advantages would, I think, be very largely affected if New Zealand were to federate with Australia. When I was in Sydney in 1891, and heard the evidence given there, I thought that New Zealand ought to join the Australian Commonwealth, but, having regard to my recent studies, I think it would not eventually pay New Zealand to federate with the Australian Commonwealth.

148. That is, looking at it from the point of view of the rate of wages to the labouring-classes?—Yes.

149. Have you any opinion as to what the effect would be upon local manufactures of New Zealand if New Zealand federated?—Well, judging by the evidence I have had, I would be inclined to think that the lower rate of wages in Australia, and the aliens—Chinese and other coloured labour—in parts of Australia, would tend to reduce the wages here very much. If New Zealand were to have the same labour laws as Australia the rate of wages here would necessarily come down. The standard of living would be lowered to that of the alien races—like the Japanese, for instance.

150. Do you think that the manufactures in New Zealand could compete successfully with the larger manufactures of Australia?—I think so.

151. *Hon. Captain Russell.*] Have you considered the question from the remoter period—not merely that of the effect of federation to-day, but its possible effect upon our national character a hundred years hence?—Yes; my idea is this: that if we joined the Australian Commonwealth we should eventually be brought to a very low level. Allowing the coloured labour as they do in the northern parts of Australia, and allowing the Japanese and Chinese to come in in Victoria and other parts, the tendency must be downward; and if New Zealand is placed on the same level as the Australian Commonwealth the tendency here must be in the same direction—downward—so far as the social life is concerned, looking to the future.

152. Do you imagine Australia will allow coloured labour to come in?—Yes; they must necessarily do so, for the sugar-cultivations in Queensland.

153. You believe that sugar and such other tropical cultivations cannot be carried on by white labour?—So far as I have read, it is a fact that white labour cannot stand the heat of Queensland.

154. Then, do you think there is danger of the coloured labour, in the course of a century or two centuries, becoming a great political factor in the Commonwealth?—I think so; and the heat of Australia will tend to reduce the constitution of the white people there.

155. Have you pictured to yourself what the social and political condition of the people of Australia may be if the coloured races come in in large numbers?—I have said already that I think the tendency will be downwards; and unless the Commonwealth carries out the declaration that has been made—that white labour only shall be used—and a large part of the Continent lie waste in consequence, they must make that sacrifice in order to attain a good state of society among the population generally.

156. Have you read at all on the subject of coloured labour in the Southern States of America?—Only to a small extent.

157. You could not tell us whether the black population is increasing there at a greater ratio than the white?—I have evidence that the negro population of America is increasing to an extraordinary extent, and is a real menace to the government of the States—that the increase of the blacks is astonishingly rapid, and unless some steps are taken to prevent their increase they will overrun the country.

158. And you think that such may prevail in Australia?—Yes. The northern part of Australia, if the present legislation is allowed, will practically be governed by blacks eventually.

159. Do you think that could be stopped by legislation?—Yes, I think so.

160. *Hon. Mr. Bowen.*] Do you not think the coloured labour will be confined to the tropics?—That may be for a time.

161. It is not likely that coloured labour will be admitted in the colonies fit for European labour, but the alternative, you say, would be to leave the tropics unused if coloured labour was not admitted?—That could only be produced by wise legislation. But if they are allowed free progress from one part to another, then the blacks must go where they please, and they will go wherever the employment suits them best.

162. *Hon. Captain Russell.*] Tell us what you mean by blacks?—All coloured labour that may come in. Japanese, for instance, may come in, and they increase at an extraordinary rate.

163. *Mr. Roberts.*] I understand your principal objection to federation is the fact that, wages being somewhat lower in Australia than here, it will necessarily tend to reduce wages here?—Yes, I think that will be so.

164. Can you give us any statement of the wages there, so as to make a comparison?—I have not any statement here.

165. Could you furnish us with one?—I may be able to after consulting with Mr. Slater. He has a lot of details that I have not.

166. *Mr. Millar.*] You are aware that we have considerable competition from America and Germany now in different manufactures?—Yes.

167. If the Commonwealth tariff were lower than our existing tariff, that would mean still more competition?—That is so.

168. It would open the door to more imports?—Yes.

169. That must necessarily tend to either reduce the wages of the workers here or reduce the amount of employment?—It must act both ways.

170. And would it not also have this tendency: that the large factories of Victoria and New South Wales would be able to send their surplus down here if there was an open market?—Yes; they do so now.

171. Take boots, for instance: If the 22½-per-cent. duty was wiped off, do you think our boot-manufacturers would be able to compete with Victoria?—They would not be able to live at all.

172. And pay anything like fair wages?—They could not do it.

173. Their enormous output cheapens the cost of production?—Yes.

174. Federation would affect us in many ways?—Yes; from all points of view, I think.

175. I presume that you talk with a fair knowledge of the opinion of the majority of the workers in this particular district?—Yes; I can fully voice the opinions of the bootmakers in that respect, at all events.

176. You say that the Trades and Labour Council have passed a resolution that they will not consent to federation until a Conciliation and Arbitration Act has been passed; but even with that Act do you not think that climatic conditions would regulate the question of wages?—Yes, to a considerable extent.

177. Even with a uniform wage it would cost more to live in this colony than in some of the other colonies?—Yes; living is far cheaper in Auckland than here.

178. From every point of view that you have looked at it from—socially and industrially—you do not approve of federation?—No, I am entirely against it. I am very fond of quoting a remark of the late Hon. John Bathgate: "New Zealand should always be isolated, because she could produce nearly everything she wanted."

179. *Mr. Beauchamp.*] You have a large number of important industries down this way?—Yes.

180. Is the output of these industries generally increasing?—I should say so, generally.

181. Generally speaking, are the workmen in a flourishing condition?—Generally, they are well paid about Dunedin.

182. Are there very few unemployed?—Very few indeed.

183. Are the goods manufactured here for export to Australia, or are the goods manufactured chiefly for domestic use?—Chiefly for domestic use, but woollens go largely to Australia now.

184. I see here in the imports for 1899 the item "Woollens, £3,921": do you know whether they were manufactured in Australia or out of it?—I cannot say.

185. *Mr. Luke.*] Your principal objection, I understand, is that federation will affect the wages paid in this country?—That is one of the objections.

186. How do you harmonize that with your statement just now that you thought New Zealand manufactures could compete against the manufactures of Australia and maintain our high level of wages?—The class of work here and the labour employed are said to be better than that in Australia. The workmen are said to be superior to those of Australia in the iron industry, for instance.

187. Do you mean that under equal conditions New Zealand could compete against Australian manufactures?—Yes, I think so. That is the position.

188. That would be the position under federation?—There are certain advantages in Otago, for instance, with regard to raw material which I do not think they have in New South Wales and other places.

189. What are those advantages?—I understand that these materials are more readily got at in New Zealand than in New South Wales.

190. Coal is a great item, and coal is cheaper in New South Wales than it is in New Zealand?—That is so.

191. Is there not now a large quantity of dredging material imported into New Zealand?—Orders have been given out to other parts because the ironmasters here have not been able to fulfil orders by reason of so many orders being put on the market at one time.

192. Is it due to that, or that they are procurable at a lower rate in Australia than they are here?—I think the question of expediency came in. The dredging companies thought they ought to have the material to hand as soon as possible, so they sent the orders to Victoria and America. It was done merely because the foundries could not turn out the work in time.

193. The cost of raw material is considerably cheaper in Australia than it is in New Zealand; freights are something like 10s. per ton—in some cases 15s.—less between England and Australia than between England and New Zealand; so that with other advantages, such as cheap coal, and so on, do you not think that under federation our industries in this colony will be seriously menaced?—I think that is a question for statesmen more than for myself. I have not had much opportunity of considering the question in that aspect.

194. You have mainly looked at this question from the wage standpoint?—Yes, and from the social point of view.

195. Ultimately, you think that this coloured labour will find its way into industries other than the sugar industry and cabinetmaking—that it will find its way into the bootmaking and metal-working industries?—Yes, undoubtedly; and I think it will also come to New Zealand if we join the Commonwealth.

196. *Mr. Leys.*] Do you not think that the democracy in the Commonwealth will be able to keep this coloured labour in check?—I am inclined to doubt it.

197. We had evidence from Mr. Paterson just now that the sugar-planters of Queensland had already accepted it as a doctrine that they will have to work their plantations with white labour?—That may be because of the intimidation by Mr. Barton that they are going to have a white-labour Australia, but the evidence so far is that Queensland cannot do without black labour if she wants to keep her sugar industry.

198. The Pacific-islanders will not become permanent population. They are mostly under conditions, are they not, and returned to their homes?—I understand so.

199. Do you think the Chinese will become a permanent population?—Yes, I think so; and the probability is that they and the Japanese will largely increase unless legislation is directed against them.

200. Do you think that if we federated a large number of these Chinese would come over to New Zealand?—I think a large number would come to New Zealand, and remain here permanently if allowed so to do.

201. With regard to the rates of labour in Australia and New Zealand, do you not think that a federation of labour would solve the difficulty that you apprehend? There was a remarkable attempt here at the time of the maritime strike to attain an Australasian federation of labour, was there not?—Yes, I think there was an effort made in that direction in one line of industry.

202. But did it not affect all lines of industry? Was it not a real federation of labour at the same time?—It seemed to me to be merely confined to one industry.

203. But did not all kinds of industries go out on strike—bootmakers, carters, and others not connected with the maritime industry at all?—Oh, yes, a large number.

204. That was an effort to produce a federation of labour, was it not?—I think it was more with a view that the men engaging in the maritime strike should be successful.

205. By inaugurating a general strike?—Yes.

206. Is that not a federation of labour?—I suppose we may regard it from that point of view. It was a federation for the time being to work on certain lines for the good of the whole community.

207. Do you not think, if New Zealand federated with the Commonwealth, that such labour laws would be established as would secure an equal rate of wages, and that Australia would not be working at a lower rate than New Zealand for the same work?—That might be brought about in time, if the Commonwealth Government were sufficiently favourable to the carrying-out of the idea.

208. With manhood suffrage, would not that view be forced upon the Government?—Yes, manhood suffrage ought to be able to force that view upon them.

209. You said that Australians would probably not be able to do as much work as New-Zealanders, but that they could live cheaper: is that what I understood you to say?—They can live cheaper in a warmer climate than here, for instance. I believe the Australian workmen have not the same stamina as the New Zealand workmen. They show that already; and in the course of time, according to some thinkers, they will not have the same strength as the young men of New Zealand.

210. Would not the cheapness of living counterbalance the fact that they were able to do less work?—That is a problem that will have to be determined by the future; I could not give an answer to it just now.

211. If New-Zealanders got a higher rate of pay than the Australians, would not the extra work they did for the money counterbalance the lower rate of pay the Australians received?—It might do so, but I could not say so positively.

212. You have not formed any opinion on that?—Not a conclusive opinion.

213. With regard to the swamping of the New Zealand industries under federation, is that because you think the industries of Australia are better developed?—Yes; they have a cheaper way of producing things over there, and they have a large surplus stock to get rid of. They send large surplus stocks to New Zealand.

214. Do you know anything of the Victorian labour legislation?—Very little.

215. You do not know whether they have a Minimum Rate of Wages Act?—I do not know. They may have.

216. *Hon. Major Steward.*] In your position as president of the Trades and Labour Council, I suppose you are aware that the manufacture of furniture is a very considerable industry in this district?—It is pretty large.

217. Is it or is it not a fact that the greater part of the furniture used in ordinary houses is manufactured in the colony itself?—I believe that is so.

218. Are you or are you not aware that in Melbourne and Sydney in that particular branch of industry Chinese are very largely employed?—That is so.

219. Is it not a fact that the Chinese work for a very much lower rate of wages than white people do?—Yes.

220. If New Zealand became part of the Federation it would of course follow that anything manufactured in Melbourne or Sydney would come into New Zealand free?—Yes, that is so.

221. Whereas now there is a considerable protective duty on furniture?—Yes.

222. Supposing we joined the Federation and that protective duty were released, do you think our manufactures would hold their own against the low price of Chinese labour in Victoria?—No, I think not.

223. Cannot our white labour compete against their Chinese labour?—Not unless we got the extra value in our native woods, which they have not in Australia.

224. Do you think the difference in the quality of our woods would turn the scale as regards the price in the market generally? If a cheaper article were put in the market with Chinese labour, would that not displace the article here—that is, supposing they were brought into competition with our locally made articles?—Yes, to a large extent.

225. The same would apply to boots, &c., too?—Yes.

226. Then, if we were to go into the Federation, by which act we would have to admit manufactured articles from all parts of the Commonwealth free, you think that would have a prejudicial effect in regard to certain of our industries?—Yes, it would seriously affect them.

227. *Hon. the Chairman.*] Could you tell us the greatest number of hands employed in any industry in Dunedin?—The iron industry is the one that gives employment to the largest number just now.

228. What is the largest number in any particular establishment?—I heard the other day that there were five hundred men employed at A. and T. Burt's.

229. That is one of the largest iron firms in Dunedin?—Yes. Sparrow's and Reid and Gray's are other large ones.

MONDAY, 11TH FEBRUARY, 1901.

FREDERICK REVANS CHAPMAN examined. (No. 15.)

230. *Hon. the Chairman.*] You are a barrister and solicitor of the Supreme Court of New Zealand?—Yes. I am also a member of the English Bar.

231. You have been resident in New Zealand—how long?—I have resided in Dunedin for twenty-eight years. I was born in New Zealand.

232. Have you resided for any length of time in Australia?—Yes; all my school-days were in Australia. I have not resided there since, though I have visited it several times.

233. You are familiar with the political Constitution of Australia and the various colonies?—So far as familiarity with it can be acquired from a close study of the present Act and of the proceedings which led up to it, I am familiar with the Constitution. I have made a comparison between that Constitution and the Constitution of the Dominion of Canada.

234. Have you given consideration to the question of the advantages or disadvantages of the Colony of New Zealand federating with the Commonwealth of Australia?—I have given consideration to that question. I may mention that in 1899—the period ending November, 1899—I was president of the Otago Institute, and in my presidential address, with which it is customary for the president to wind up his year of office, I delivered in November a somewhat elaborate address on that subject. I propose to hand in a copy of that address if it is likely to be of any value to this Commission.

235. The Commission will be much obliged?—In that address I analyse the Constitution and compare it to some extent with that of Canada and that of the United States, and endeavour to point out to what extent the legislative functions of the colony are affected or reduced by ceding legislative authority to the Commonwealth.

236. Perhaps you would favour the Commission shortly with the views you hold?—Well, it is a little difficult to express the opinions, but shortly they may be put in this way: that, speaking generally, and as an ideal to be attained, I am in favour of federating with Australia, but I can see practical difficulties under the present Australian Constitution which seem to me to debar New Zealand from entering the Commonwealth. I have always had the impression that if New Zealand had stood in at the time, strongly advocating federation and putting herself forward as one of the colonies of the group strongly in favour of federation, that that would have tended to retard rather than to bring about the result that has been attained in Australia. I do not know whether that is well founded, but from the history of the movement, as I make it out, I should think that if New Zealand had shown extreme anxiety to come in with the rest of the colonies it would not have advanced the scheme.

237. Why not?—My impression is that, although federation between the Australian Colonies was due at some date, and would certainly have come about, it was immediately brought about by the activity of Victorian politicians and Victorian interests in seeking to broaden their market—what I might call their protected area. They had found their system required a larger area than they had at their disposal. Victoria has in a considerable measure excluded New Zealand produce—I am speaking now not of manufactures, but of actual produce—while New South Wales has admitted it. If New Zealand had been very much in evidence at the time as an advocate of federation, it is quite possible that the strong protective instincts that prevail in Victoria would have seen in New Zealand an undesirable competitor. The matter has, however, proceeded without New Zealand being a party to the discussion, except, I think, in the earlier stages, and there

are difficulties which I can see which seem to prevent New Zealand from joining at present, at any rate. One of those difficulties is a large question of public finance. Western Australia was admitted on special terms. It would be difficult, I think, for New Zealand to enter at present except on special terms, giving her time to readjust her finance. There are other questions to which I refer in the paper I have mentioned. They are remediable. For instance, there is one which is a matter of sentiment—and, I think, very proper sentiment—we cannot overlook, and that is that, according to the existing Act, in the computation of the population of the colony Natives are not included. There is nothing to prevent them being represented, or even to prevent the sending of Native members to the Federal Parliament, but they are not computed in the population. That would put New Zealand at a certain amount of disadvantage in representation, and it seems to me something more than that: it would cast a slur upon the Native race here, which would feel it. We have treated them here on an exact equality with the colonial population, and I do not think this colony could very well accept a scheme of that kind. That is remediable. The Commonwealth Parliament has power under certain conditions to amend the Constitution, and, if New Zealand were negotiating a union with Australia, that is a matter that could be remedied.

238. You have spoken of several objections: are there any others?—I cannot recall them at present.

239. I should like you to finish any voluntary remarks you may have to make?—I do not know that I can say anything more. I should prefer that the expressions which I, as it were, matured in the address I referred to should be taken as my views on the subject. It is some time since I wrote that. It is in print, and a copy can be furnished to the Commission.

240. You are aware that under the Act establishing the Commonwealth the representation of original States in the Senate was equal—that is, six members for each State?—Yes.

241. Of course, New Zealand would not now be an original State, supposing she joined?—No, she would not.

242. You are aware that under the 7th section of the statute the Parliament may make laws increasing or diminishing the number of Senators for each State?—Yes, that is so.

243. So that it would be within the power of the Federal Parliament to increase or decrease the number of representatives of the Senate for New Zealand, not being an original State?—That might be so; but I should hardly think that New Zealand would in any circumstances come in unless it were understood she came in on the same footing as the other States.

244. But after she came in the Parliament might still exercise that power and increase or diminish the number of representatives in the Senate, she not being an original State?—That appears so. I have not given particular attention to that, but that appears to be a defect. That is a matter that would have to be remedied if it came to be a question of negotiation upon what terms New Zealand came in. If the Constitution could be amended, that is one of the matters in respect to which it might be amended. There is power to amend the Constitution.

245. Yes; but what I want to know is this: Could there be any assurance there would be any finality of legislation in that respect?—It is hardly likely a body of people of British origin would deliberately legislate to the disadvantage of one member as compared with the others. It is improbable.

246. Are you aware that the representatives of the States of Victoria and New South Wales outnumber the whole of the representatives of the other States of the Commonwealth and New Zealand if she joined?—That is so in the Assembly, but not in the Senate. The counterpoise to that is supposed to be derived from the fact that if the small States grouped together they could outbalance the great States. It is the same as in the United States. The Senate is supposed to supply the balance for any inequality. One State with less than forty thousand inhabitants has the same representation as the great State of New York, with at least six million inhabitants.

247. Have you considered the provisions of the Act in reference to the alteration of the Constitution?—Yes; I see there is a power to alter the Constitution. I cannot at this moment recall the exact terms. There are checks upon it as in the United States.

248. Yes, there are checks on it; but the ultimate authority apparently is a referendum to the electors?—Yes.

249. Do you consider the provisions there are satisfactory, or such as New Zealand should consider it advisable to come under?—They seem to me as fair for one colony as for another. The same question has always been in evidence in the Constitution of the United States. In point of fact, it has been found so difficult to amend the Constitution of the United States that it has seldom been done. There the States are far more numerous, and the referendum a much more cumbersome matter than it would be under this Constitution.

250. As a lawyer, are you aware that there are differences in the commercial law of the Australian Colonies and New Zealand?—That is so.

251. Can you give the Commission any instances in which any inconvenience has arisen from those differences?—I cannot give examples. Occasionally inconvenience may arise, but I may say in a general way how singularly small are the inconveniences that arise from marked differences in the laws of different colonies or provinces. In New Zealand, where we had diversity of laws throughout the provinces, there was seldom any conflict or difficulty arising out of them, and that question, such as it is, will not be much altered under federation. Differences exist now. They lead occasionally to a little friction; but, on the whole, I think the matter is unimportant compared with the vast volumes of transactions that take place between the several colonies. That would not be much affected by federation, because those differences would go on. Very serious questions may crop up from differences in marriage laws. There are differences, and apparently growing difficulties, in the laws relating to marriage and divorce. Very serious questions occasionally crop up, but, though they are serious when they arise—serious to the parties—compared with



the total number of cases in all the colonies the bulk is a very minute proportion. That is a question generally of the conflict of laws. That kind of difficulty arises just as much in the forty-five or forty-eight States in the Union in the United States as it does, or ever will, in these colonies. They have to put up with difficulties of that sort. As a matter of fact, there are even greater differences in relation to marriage and divorce between the three kingdoms forming the Kingdom of Great Britain now.

252. Are you aware whether in Australia there is any Legitimation Act in force similar to ours?—I am not aware. It is a matter that would be within the legislative dominion of each provincial Parliament. It is so now, and would be so under the Constitution.

253. *Hon. Captain Russell.*] Under the Commonwealth?—I think that is so.

254. *Hon. the Chairman.*] Have you considered the question of the establishment of a Federal Court of Appeal?—Yes. I should have referred to that when you first asked me to state what I considered to be the difficulties. Personally, I altogether disagree with the course adopted by Australia. I think it is a most unfortunate course. It has had the effect of practically abolishing the appeal to the Privy Council. It may be that that is satisfactory to the Australian Colonies. They may know their own affairs, and that may be satisfactory; but when that comes to touch New Zealand it must be looked at from our point of view. In Australia the appeal would be from the Supreme Court to a Court locally situated on the Continent somewhere—in the capital. From New Zealand it would be an appeal from New Zealand to Australia, and there is no particular advantage, if an appeal has to go out of the colony, in going to Australia as compared with England. On the contrary, I think the advantage is all in favour of retaining the appeal to England.

255. Have you considered the question of the appointment of colonial Judges in the event of New Zealand federating with Australia?—I do not think that would be affected. The Judges of the Courts of the other colonies would be appointed as they are now. I do not think the Supreme Court of each colony would be affected at all by the change.

256. Do you consider the powers of legislation of the Federal Parliament conferred by section 51 of the Act to be limited and restricted to the several matters therein mentioned, or is there anything in the Act to prevent them legislating on any matters affecting the States?—There are other matters scattered through the Act, but practically they are limited to those subjects and others specially mentioned in the Act. They have not general legislative authority.

257. You think not?—I think not. The wording is: "The Parliament shall, subject to the Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to"—and then are enumerated the different matters. If I remember aright, the Canadian Constitution goes further, and gives more general power to legislate concerning the peace, order, and good government of the Dominion.

258. *Hon. Captain Russell.*] You told us when you commenced that from an ideal standpoint you were rather in favour of federation?—Yes, most decidedly. If I could see that we entered upon terms compatible with the dignity and interests of the colony I should style myself a Federalist. The question of defence alone is one which renders that desirable. It is impossible to look aside from that now. The whole aspect of the Pacific, and of the States in the Pacific generally, has altered in the last few years. We now have neighbours in the Pacific. We had not a few years ago. There are naval Powers in the Pacific now. Up till recently there was only one besides the British, and that was the French. Now there are several. The whole aspect of affairs has changed, and I am quite satisfied these colonies must put themselves in a position to satisfy the outside world they are thoroughly defensible. No doubt, this colony can, in a great measure, look after itself if it sets to work thoroughly; but federation gives great advantages when the Constitution imposes on the Commonwealth the duty of defending each State. It may be to the advantage of New Zealand or to the advantage of another colony—whichever may require the aid.

259. Is it not the case that for the next hundred years, at any rate, the defence of Australasia must be Imperial rather than colonial?—So far as naval defence is concerned, that is so. That is necessarily so; but as to land forces these colonies will have to rely on themselves.

260. Can you conceive of any attack on Australasia which has not first to reckon with the Imperial defence?—No, certainly not. It must first of all reckon with the Imperial navy, excepting a casual and isolated attack upon a point. I agree with you, it must first of all reckon with the Imperial navy. We do not know, however, what would happen if the British Empire were pitted against two or three naval Powers. They might be put under pressure, and have to defend some portions of the Empire to the neglect of others. In that case all these colonies might be thrown back on land defences.

261. Then, on the assumption that the Imperial naval power is destroyed or injured, would it be possible for Australia to help New Zealand, or for New Zealand to send troops to Australia?—I think it would remain possible, unless you assume some dominant Power in full possession of the seas.

262. Even if it was possible to send troops, do you think it would be expedient that either Australia or New Zealand should, in the face of the loss of sea-power by England, denude herself of her own troops?—I think there might be circumstances—it is difficult to imagine any particular condition—in which that could easily be done. It is a question of which portion of the Empire is most easily defended. For instance, Australia is a very difficult country to attack, even if there were no navy there, and it might have men to spare for New Zealand. No doubt the duty would arise to protect New Zealand, even without federation, as a part of the British Empire, but the exercise of the duty in that sense would be rather optional, whereas in this sense it would be obligatory.

263. What other point, do you think, would be specially advantageous, looking at it from the more or less sordid point of how New Zealand is to gain by joining?—There is a question



beginning to loom up now which seems to me to begin to acquire growing importance, and that is this question of the interests of the several colonies in the Pacific islands. Very little has been said or done about that up to this point, but there has been some discussion with reference to some kind of union with Fiji. I do not know exactly what the proposal is, but it is in the direction of acquiring some form of sovereignty over Fiji and other islands. It is to be noticed that the moment that was mentioned, Australia, through Mr. Lyne, made a kind of protest against New Zealand acquiring any special interests in the Pacific. I do not know whether Mr. Lyne noticed that the very protest he made against New Zealand acquiring any special interests in the Pacific islands in effect debarred Australia from acquiring any of those islands as Federal territories. I thought it would have been a natural aspiration on the part of the Australian Colonies to have sought to acquire Federal territories in the tropical portions of the Pacific—such islands as New Guinea, the Solomon Islands, and so on. But if the Federal Executive is entitled to claim that the Imperial Government shall deny to New Zealand the right to federate with the islands without consulting Australia, its denial involves the debarring of Australia from similarly acquiring territories on her side of the Pacific. That brings about this position: that when this question becomes more acute of federating with the islands, or of acquiring the islands, or of acquiring special interests, it will become necessary either to partition the British portion of the Pacific between New Zealand and Australia, or to have some common understanding between Australia and New Zealand as to community of interests throughout. That community of interest would come about at once under federation. Apart from federation, it will undoubtedly be necessary at some future date to arrive at a common understanding on the subject through the medium of the British Government.

264. Is there any power in the Commonwealth Act to deal with the question of the islands of the Pacific?—There is power to acquire Federal territories, but the power to acquire Federal territories must mean, of course, with the consent of the British Government.

265. Would that be adverse to New Zealand's claims and interests?—We should not like to see those islands absorbed into Australia. When it becomes a question of trade—at present New Zealand has large commercial relations with the Pacific islands—we should not like to see them put under a protective tariff in favour of Australia and adversely to the interests of New Zealand.

266. The meaning of my question was, Does that give the Commonwealth any legal advantage in annexation over New Zealand?—Not that I can see. That is intended, I think, to give the Commonwealth the power to expand by taking in new territories; but, in so far as those are British territories, they must be taken in with the consent of the British Government.

267. But it would not debar our federation with Fiji or any other of the islands?—No; but it must mean that at present the British Government must hold an even hand between the two if they are competitors. They would cease to be competitors if they formed one State.

268. What do you imagine will be the social conditions of the Continent of Australia and the Islands of New Zealand in the next century? Whether we federate or not, shall we be similar or dissimilar, and will there be a tendency to increasing social and racial differences, or is that only a dream?—It is purely speculative; but one cannot help saying this: that northern Australia will necessarily follow the tendency to import the class of labour that is suitable for tropical lands, and that may not be white labour.

269. Do you think there is likely to be any physical, mental, or moral degeneration of the European people who live north of the 30th parallel of latitude?—I do not know why we should expect to find any greater difference than we find between Massachusetts and Louisiana.

270. I have heard it said of Scotsmen that they have an advantage over the rest of the United Kingdom on account of the severity of their climate and the circumstances of their lives?—We all have to admit that in Otago.

271. Is it not possible that a similar condition of things may be boasted here, in the colder climate, against the people who live in the hotter climate?—Well, we may take the examples we have. The States of North and South Carolina have been in existence nearly as long as the States of New England. When they came to a rupture from 1861 to 1865, involving calling on both people for the severest exercise of energy and the greatest sacrifice which a people could be called upon to make, it is difficult to say which of those two was the more ready. They both fought out to the bitter end—absolutely fought out to a finish. If that is a test—and, I take it, it is a test—of human energy, it was pretty well answered there.

272. Taking the map of Australia, we find that, roughly, two-thirds is north of the 30th parallel of latitude?—Yes.

273. Do you imagine that in tropical and semi-tropical Australia it will be possible to carry on the ordinary cultivation and manufactures with white labour?—That is a question on which I cannot speak with any actual knowledge or experience. I have never been into that part of Australia, and any ideas I have on the subject are necessarily second-hand.

274. Probably your reading has been wide, and you will know of countries under similar circumstances: can you illustrate the position by telling us of any country in the tropics where white labour has been able to work from generation to generation either in manufactures or agriculture, or in any way, even as administrators?—No; I cannot refer to any extensive area of actual tropical country. Southern Europe does not extend into the tropics. I cannot refer to any country in which white labour is extensively employed either in manufactures or agriculture.

275. We may assume, then, that from 10 degrees north of Sydney it will not be possible in the hereafter—one or two hundred years hence—for the European to live and labour: I do not mean the imported European with centuries of cold blood in him, but the descendant of resident Europeans?—I do not know that you are necessarily driven to that conclusion, because a considerable portion of it is high land—more than 2,000 ft. above the sea—and I understand that in the high land of Queensland white men retain their activity.

276. Is it not the case that the tea-planters in the higher portions of India and Ceylon are obliged to send their families Home?—Yes; that is so all over India. The reason for it I do not know.

277. Is it not a fact that the negro population of the Southern States of America is increasing at a far greater ratio than the white population?—I think, Captain Russell, that the latest data on that subject looks rather the other way. Recently I was reading some singular articles by men who are evidently well informed on the subject, and the general result is that in the towns the negroes are thriving and doing well, while in the country they are steadily going to the wall, and are being replaced not by white labour, but by white settlers buying the subdivided estates of the former planters. That is observable in several of the States, and it is quite a marked feature that the negroes are actually being starved out by white settlers taking up and working the land as their own.

278. Well, the last book I read on the subject, called "Black America," gave a very different view of the question?—The articles I have read are articles that have appeared within the last two years.

279. Then, the wakefulness of Japan, and the probable awakening of China, are they likely to affect settlement in northern Australia?—That is a great question. One knows perfectly well that if the Chinese show the same tendency towards civilisation as has been shown by the Japanese the possibilities of the future in their case are enormous. It is quite possible that they might undertake the enterprise of in some way colonising the extreme north of Australia, but those are problems on which we have practically no data at present.

280. But are they not questions that ought to be considered before a temperate State allies itself indissolubly with a State that is not temperate, or is it a matter that is out of the region of consideration?—Questions of that sort cannot be left out of consideration; but if the considerations are likely to apply in the future it is quite possible they apply now. New Zealand is not a country that is likely, from its geographical position, to be swamped by aliens. The white people here will hold their own, at any rate.

281. But, if they should pour in in large numbers into northern Australia, will they not filter to southern Australia, and perhaps come over to us if we were a State of the Commonwealth?—I do not know that they have any more chance of coming over to New Zealand as a State of the Commonwealth than they have under present conditions.

282. We could not exclude them if we were citizens of the Commonwealth?—No, I suppose not; but I do not know that there would be any great difficulty in excluding them if, from force of circumstances, they were gradually passing south, either as citizens of the Commonwealth or otherwise.

283. Would not our power of exclusion be far greater as a separate State than as a State of the Commonwealth?—Yes.

284. And will not the law of nature be stronger than the law of the Commonwealth in insisting possibly that the tropical countries shall be occupied by coloured people?—I should term that a distant problem.

285. But we have to consider all time, have we not, and not only next year?—My idea is that the advance of races is hardly stopped by legislation in the end. It comes to a stop from natural causes, just as in America. There you have the negro population with liberty to penetrate into any State they like. They pass to a certain length, and draw the line there. Beyond that line only a comparatively small number are scattered.

286. Climate principally accounts for that?—No doubt it is the natural conditions that have drawn the line.

287. And the natural conditions of northern Australia would be more favourable to the settlement of coloured races than New Zealand?—Yes, unquestionably. In the United States the mixture between races has practically stopped now. Intermarriage between them has practically stopped.

288. There are laws against it, are there not?—I am not aware of it. There may be. I do not know that people give much attention to these laws. If they cannot make legal marriages they make unlawful ones, but even that is not going on in the United States.

289. We have the illustration, have we not, in South America in the infusion of the Latin races with the indigenous races?—Yes; the Spanish section of the Latin races, and in other regions of the Portuguese section of the Latin race.

290. You think we need not concern ourselves on such a subject in considering the question of federation?—I do not think it is a matter which need have very great weight. I think the tendency will be for New Zealand to protect itself under all circumstances.

291. *Hon. Mr. Bowen.*] Have you considered the question of distance? For all practical purposes, the distance, I suppose, will be as great as between England and Canada?—It comes to this: that there is no instance in the world of two countries federating. I see that. Even in the case of Canada the slight distance that divides Newfoundland from Canada has in some way proved a bar to federation, but the distance between Ireland and Great Britain did not prove an obstacle to a union.

292. England and Ireland are within three hours of each other?—Yes. Canada and Newfoundland are more than that, but not a great distance.

293. I presume New Zealand will be far more populated than Australia in proportion to acreage in the future?—Yes; taking Australia as a whole, I think there is every probability of that.

294. Then, with regard to defence, Captain Russell asked you one or two questions as to your views upon the naval and land defence. As long as any colony is a member of the British Empire, would it not be the duty of every colony in self-defence to defend another colony that is hard pressed,

as far as its ability goes?—No doubt the colonies have fully recognised that duty recently, but still there is a little difference between that duty which a colony imposes on itself and one which it enters into as a constitutional obligation.

295. With regard to coloured labour in Australia, is it not probable that in the future, in order to make use of the northern part of Australia, it will be necessary to create tropical States to be governed in a different way from constitutional colonies?—I should assume that before long the Northern Territory, which is now part of South Australia, will be created a Federal territory. I do not see very well how large tropical areas are to be governed quite as constitutional colonies. Under former conditions, if that territory had become separated from South Australia it would have become a Crown colony. In the future I have no doubt it will be created a Federal territory, and a portion of Queensland will also become a Federal territory.

296. All that government, which would be under the Commonwealth, would be very alien to New Zealand: New Zealand would not be very much interested or have very much knowledge of the matter?—No; that is so. Of course, it would be governed by the Commonwealth as a whole. It is always necessary in a tropical country, especially where there is a large native population or a large alien population, to give exceptional powers either to the Governor or to some other functionary.

297. Looking at the question as an Imperial one, do you not think it would be to the advantage of the Empire that there should be two Powers in these seas instead of one? Democracies are historically subject to a certain excitement—a tendency to quarrel with the Mother-country—and in such a case would not the one be checked by the presence of the other, and be less inclined to do anything rash while there was another Power in the same seas?—I cannot see it would have any such tendency. I should have thought it was rather the other way: that if there was any tendency to quarrel with the central Power it would be better to have the province which is disposed to quarrel surrounded with provinces of a different disposition, which would be in a position to influence it.

298. To influence, but not to control?—I do not know about that. If the whole body had a cause of quarrel, and a disposition to quarrel with the Empire, nothing could stop it.

299. Do you not think the effect of there being two Powers there—the one inclined to be aggressive, and the other not so inclined—would be that, under those circumstances, the one would be a check on the other?—It had no effect in North America in the eighteenth century. The older States separated from the Empire, and the newly acquired States remained loyal to the Empire. At any rate, I do not think the contingency of a quarrel with the Empire ought to be considered at all. I think it ought to be assumed there will be no such quarrel, because if you start speculating on a matter of that kind you find yourself purely in the region of speculation.

300. I think, myself, it is more than a speculation. I understand, then, Mr. Chapman, you think that the balance of advantages would be in favour of federation?—I think so; but I do not think we could federate under the existing Constitution.

301. You have, I suppose, considered the tariff question and the apportionment of funds as between the States and the Commonwealth?—I have not had the means of going into that in detail. I have not seen sufficiently well marshalled figures to see the effect of it. I have assumed there were considerable financial difficulties. Major Atkinson found considerable financial difficulties when he considered the question twelve years ago. There has been no tendency to reduce those difficulties since. It has been rather the other way.

302. What do you think of the provision by which the two Governments—the Commonwealth Government and the State Government—both dip into the same purse?—I am afraid I have not adequately considered that.

303. Do you think the creation of the Commonwealth would tend to weaken or to increase our attachment to the Empire as a whole?—I can see no reason for supposing it would have any weakening tendency. I see that the French have been pluming themselves on the fact that Australia has made itself into a nation. They seem to think that is a step towards moving off. I do not see that myself at all. I think it is rather the reverse. There is certainly no ground for suggesting that it has made any difference in the case of Canada.

304. You think, then, Mr. Chapman, that there is nothing in the idea that two British Powers in these seas might be a safer system than the whole of the Pacific being under one Power?—I do not think there is any reason to suppose it is a safer system. The British Parliament has evidently failed to see any danger in that. They have taken the risk of federation, and I was unable to discover any expression of opinion in England in the way of dreading or mistrusting the result of federation in its effect on the Empire.

305. *Mr. Roberts.*] Do you think the manufacturing interests of this colony would suffer through federation?—As a whole, I do not think they will. Going beyond the manufacturing into the agricultural—grouping them as a whole—I think the advantages will be very greatly in favour of federation. I think it quite possible that some manufactures would be adversely affected—I cannot say which; but you cannot bring about great changes of the kind without detrimentally affecting some manufactures. Take any case: There is Mr. Cobden's commercial treaty with France. It led to enormous advantages to English manufacturers, but it put some of them out completely. One I can recall is the silk-manufacturers of Coventry. I think they disappeared under it. They could not compete with Lyons. I have no doubt there would be some disturbance detrimental to some classes of manufacture in New Zealand, but it is better to consider that while the manufactures are in their infancy than at a later date, when the disturbance would be greater. It is a difficulty that tends to increase with time.

306. We have had it in evidence by witnesses that, so far as they can see, the lower rate of wages in Australia and the larger scale on which the industries are carried on there would have the effect of seriously disturbing the industries here?—That might be so.

307. But you think that ultimately it would have no detrimental effect?—I think, taking the interests of this country as a whole—agricultural and manufacturing—they would be advanced rather than detrimentally affected. For instance, we have had the advantage of an open port with Sydney. We have been in a large measure excluded from Melbourne. The whole area would be opened to New Zealand products, and I see no reason to doubt that that would be advantageous to the agricultural interests. It might even in some few instances detrimentally affect them, though I cannot see in what. I must admit the probability that some manufactures would be adversely affected. I do not see how it is possible to bring about a great measure without it.

308. *Mr. Millar.*] Under the Constitution it is arranged that there shall be several States: do you think it probable that in the course of a few years' time those States will be abolished?—I do not think so. I do not think there has been any tendency in that direction in the case of Canada, and I feel perfectly satisfied there would be no such tendency in Australia: the area is too great.

309. Provided it so happened, do you think this country would be as well developed or looked after from a Central Government as it would be by a Government of its own?—I do not think it would be practicable to absorb New Zealand to that extent. I go further, and say I do not think it is possible. Taking the measure of legislative and executive interference stated in that Constitution, I do not think you can carry it further in the case of New Zealand.

310. That Constitution can be altered?—Yes; but I do not think it would be practicable to alter it so as to make any great difference to New Zealand.

311. You do not think the community of interest on the other side might do exactly as we did in this colony in the abolition of the provinces?—I do not think so. I do not think that community of interest is so marked as all that. Each province will have an interest in maintaining its own stability.

312. Although year by year they may be shorn of their powers?—They may to some extent. Originally the United States were grouped together as a group of sovereign States, and a small power was given to the central authority. There was a tendency to give further powers, but it went so far and no further. It is possible the railways of Australia might become Federal, but that would not affect New Zealand.

313. Under the Constitution it would be done with the sanction of the State?—Yes.

314. Now, as a financial matter, taking the English market from the point of view of our securities, do you think we will derive any benefit from federation in regard to future State loans?—I do not think it would make much difference.

315. I suppose you have noticed that the New South Wales 4-per-cents have gone back since federation?—I had not noticed that. I have noticed that all stocks have gone back, but nothing has gone back so far as British Consols.

316. Four months ago New South Wales Consols were quoted at from £116 to £117, and New Zealand Consols at from £111 to £112. New Zealand Consols are now £113, and New South Wales Consols have gone back to £113. Do you not think it is likely that by federation there will be a tendency to equalise the whole of the colonial securities?—I cannot see any reason for it. There might be with colonial securities—that is to say, State securities—that are not dependent on the credit of the Federal bodies. Morally speaking, there may be a reliance on the credit of the Federal body, but legally they are not dependent. A State might get into difficulties without involving the Federal body.

317. The Commonwealth will in time take over all the debts of the Federal bodies, will it not? I understand that is the principal argument in taking over the whole of the Customs duties?—That may ultimately be of advantage; but it would almost prevent a State from borrowing for the future.

318. Assuming they did take over the whole of the duties and negotiated all future loans, would the Commonwealth be able to negotiate loans on better terms than New Zealand if she were a separate State?—Yes, I think so. A larger State usually negotiates loans on better terms than a small one.

319. We could not assume that we could borrow money under the Commonwealth at lower than 2½ per cent., could we?—You would have to look forward a long time to expect it.

320. From a financial point of view in regard to future loans, you do not see any great advantage to be gained by joining the Federation?—I do not think there is very much in it, one way or the other. I have often seen that opinion expressed, but I have not seen much in it myself. I think this: If the State were relying on the credit of the Commonwealth it would borrow rather cheaper. I do not think the difference is a great thing.

321. You are aware that the conditions of labour in this colony are superior to those of the other colonies so far as hours of labour and wages are concerned?—Yes; I have every reason to suppose that is so.

322. Do you not think there would be a levelling-down process if we were a portion of the Federation—that is to say, those colonies being larger than we are and their industries much better developed than ours, the tendency would be that they would increase their trade here, and our people would have to come down to worse conditions than they now have to compete with them?—So far as I can see, I think the tendency at present is to endeavour to follow New Zealand.

323. They have been ten years trying to follow it, and they have not got far yet?—They are trying to follow that legislation yet. The whole tendency is to follow that legislation; and, I take it, they are trying to follow with the other conditions too. You must remember that in this country, so far as the matter is controlled by the labour organizations, the whole system is ahead of that of Australia. I take it that is so. It is not entirely controlled by such considera-

tions. There are other things affecting it, but it seems to me Australia has been trying to follow New Zealand.

324. As a matter of fact, labour organizations on the other side are better; they are larger than in this colony, but they have not the same influence, owing to the amount of territory?—I take your statement for it. I have no doubt you know about it; but it is certain they have not had the same way—I do not know whether they have claimed the same way—as in this country.

325. If we lost the trade the people would have to follow the trade, would they not; and we would lose our population as well?—Some of the people might resort to other occupations, but not all of them. The people attached to any manufactory would, of course, follow it.

326. Taking the question broadly, do you think the advantages to be gained would equalise the loss that might arise through that?—The disadvantages rather affect the present generation. The advantages are not necessarily a question for the present generation. You cannot do these things without a wrench; I admit that.

327. *Mr. Beauchamp.*] In the address to which you refer, did you go into the financial aspect of the question at all?—To some extent. I was obliged to get my figures where I could get them—from computations made by other speakers.

328. I suppose you have carefully considered the effect on New Zealand finances of our surrendering to the Federal Parliament such departments as those mentioned in the Bill entitled "Customs and Excise"?—I gave it some consideration. I had not the data from which I could deal with it exhaustively.

329. What conclusion did you come to on that point?—That a very large sum had to be made up in some way. I did not see how New Zealand was to enter the Australian Commonwealth for that reason unless under some such conditions as were granted to Western Australia. Time was given for Western Australia to adjust its finances. Take, for instance, the general effect of that. We give up a large amount of revenue. We have to make it up. We give up a large amount of revenue, of course, by making our tariff conform to that of Australia, but that is giving up to our own people. We have to make it up by some other form of taxation.

330. Roughly speaking, I understand we would lose £200,000 a year?—I should have thought it would have been very much more than that. Even twelve years ago, when Sir Harry Atkinson made a calculation, he brought it up to something like £400,000 if New Zealand were to adopt what was then suggested—the Victorian tariff. We have always heard a great deal about the enormous protective duties of Victoria, but the whole run of duties in Victoria was lower than in New Zealand.

331. You recognise that under the present Constitution it would not be desirable for New Zealand to federate?—I do not think it could be done under the present Constitution. If New Zealand is to federate with Australia, a basis of negotiation would have to be suggested, and special legislation would be required to admit New Zealand.

332. The chief advantage you expect would be that of defence?—Yes, and of a large market for agricultural produce, timber, and such things.

333. In speaking of a possible invasion of New Zealand, you seriously considered the great difficulties of transporting a large force to this colony by any foreign Power?—Yes; I assume that, so far as landing an army is concerned, it is impossible until the question of naval supremacy is entirely altered.

334. In the light of the experience we have gained in South Africa, it would be difficult, would it not, to conquer a country like this, which is in a better position probably than South Africa?—I assume that neither New Zealand nor Australia could be in any sense conquered by any force sent against them. To suppose such a thing as the conquest of one of these Australian Colonies would not only involve a disposal of the British fleet, but it would involve a leisurely concentration of military forces in these colonies to a degree that cannot be even thought of.

335. Therefore the question of federation, in so far as defence is concerned, is not of importance?—There is something more to be taken into consideration. Conquest is an ultimate result. That is not to be thought of. But a serious invasion, a serious embarrassment, might ensue upon great naval reverses.

336. As to industries, you do not think they would suffer materially by New Zealand being what might be called the dumping-ground for the surplus manufactures of Australia?—I cannot say in what particular direction, but I admit there would be a probability of a certain amount of dislocation.

337. In the case of a protected country like America we find that, after supplying their domestic requirements, there is a tendency to export to different parts of the world and sell their surplus?—Yes. I have been told of an instance in which an American piano can be bought in Dunedin at the same rate at which it could be bought in the town in which it is manufactured. That is due to some great combination.

338. *Mr. Luke.*] Do you not think that the preponderance of influence in the Federal Parliament would place New Zealand at a great disadvantage in the expenditure of funds at the disposal of the Federal Parliament?—I cannot say that I have gone into that.

339. Generally, you think that trade, commerce, and industries would ultimately benefit by federation?—I think so.

340. That greater development would take place in what is known as products from the soil as against manufactures?—Yes; I think the great advantage would be having a constant market for the products. That to some extent is manufacture—such things as cheese, and so on, even frozen meat.

341. That is why I drew the line between products of the soil and products otherwise?—Yes; at present we send to Australia something more than products of the soil. There is an export to New South Wales and Queensland of ready-made clothing from New Zealand.

342. We also get a good deal of slops and clothing of that description in from Australia?—I do not know how it is, but we are actually exporting the same things to the Australian Colonies.

343. In the matter of defence you do not think we will be materially affected by federation?—I think that, on the whole, it would be an advantage in the matter of defence.

344. *Mr. Reid.*] Having regard to the legislative powers as set out in clause 51, you will notice that some are concurrent and some exclusive. Of those that are exclusive, are there any that strike you as being particularly dangerous to New Zealand in the case of her joining the Commonwealth—take, for instance, subsections (20) and (24)?—Well, they can be described as clauses which illustrate the conditions generally of federation. I do not regard them as very large matters.

345. You do not?—No.

346. As regards section 24, referring to legislation for the enforcement of judgments of the Supreme Court, are you aware whether the law now in force is largely taken advantage of?—The process of enforcing Supreme Court judgments between one colony and another now is simple and works fairly well. It is remarkable to how small degree it is used, or has to be used, in this country. We occasionally have to enforce an Australian judgment, but it is a comparatively rare thing.

347. Is there any present difficulty in enforcing judgments?—The present law is satisfactory.

348. In bankruptcy and insolvency, does any conflict occur in the administration of these laws?—It is very seldom that any question arises. There is power under the English Bankruptcy Act for the Courts of one colony to aid those of another, and it is very seldom that any question arises. There are not many bankruptcies going on; but formerly, when bankruptcies were more frequent than they are to-day, we had more to do with England than Australia over them.

349. Would you say, with regard to commercial legislation generally—weights and measures, bills of exchange, copyrights—that any special condition was required with regard to federation?—I do not see that there is need for any. Take, for instance, bills of exchange: Practically speaking, there is identically the same law in all the colonies and in England; and a law that has been arrived at by centuries of mercantile experience is not likely to be altered materially for centuries to come.

350. Practically they have all adopted the Imperial legislation?—I think they all have. We have adopted it line for line.

351. There is provision in subsection (20) for trading financial corporations formed within the limits of the Commonwealth: in the winding-up of the companies do any difficulties occur?—No great difficulties; no more than in the case of bankruptcies.

352. With regard to the administration of real estate, what is the law in the colonies generally?—I think it is very much the same as our law. I think, for instance, all real estate now is divisible amongst the family, and does not pass to the heir-at-law as in former times.

353. We might say that the law in the present States is practically uniform now?—Yes, I think so. The law of wills is uniform now, or practically so. The marked difference is in the law of divorce, and that is tending to uniformity; but we have in this country some special laws, such as the adoption of children and legitimation. However, very few instances arise between colony and colony on subjects of that sort.

354. With regard to the powers of the Appeal Court which is created under this statute, I suppose you are aware it does not take away the right of appeal to the Privy Council even from the State Court?—Not wholly.

355. In what degree does it take away at all?—My impression is that it leaves the power to abolish it practically. I was under the impression that there was some legislative authority with power to give an exclusive appeal to the colonial Court of Appeal.

356. There is section 84, but that is only with regard to certain matters?—There is exclusive appeal in constitutional matters. Appeal to the Privy Council, however, does not seem to be affected. I understood it was affected.

357. *Hon. the Chairman.*] Was it not pointed out by somebody that clause 74 only interfered as set out here, with the exception that it affected the constitutional powers of the Commonwealth?—They only limit in section 74.

358. *Mr. Leys.*] You expressed the opinion that the chief influence in bringing about federation was the necessity Victoria felt for additional markets for her manufactures?—I thought that was the ultimate impulse that brought it about.

359. Does not that imply that Victoria has a very large surplus of manufactured goods that would come into New Zealand and other colonies to the detriment of our own manufactures?—It implies that Victoria has appliances for manufacturing to a greater extent than her markets could consume.

360. Is the export of that surplus not likely to interfere with our own manufactures?—I admit that. It is extremely likely that there will be some dislocation.

361. Do you not think that the border difficulties, the differentiation of railway rates, the overlapping of one colony with another, and such difficulties as that, had a great deal to do with bringing about federation?—No doubt that had something to do with it. They were desirous of getting rid of those obstacles.

362. These conditions do not apply in New Zealand to the same extent?—No.

363. There were conditions in Australia that worked for federation that do not work for it in New Zealand?—No doubt. They felt embarrassments every day and every hour, whereas we may not feel them keenly here.

364. That implies a community of interest in Australia that there is not in Australia with New Zealand?—The community of interest is much closer there than between Australia and New Zealand.

365. And does it not also follow that there will be community of opinion in Australia?—That



may be so ; but I would think that on many subjects there would be as great divergence of opinion as between Queensland and Victoria as between New Zealand and Australia.

366. But on certain main questions. For example, take railways : It is not improbable that there will be a feeling in Australia in favour of taking over the railways : do you not think that very likely ?—Yes, for securing a uniform gauge and taking over the railways. I think that is very likely.

367. Well, do you not think in other directions the tendency would be to enlarge the borders of the Commonwealth and reduce the borders of the States ?—To some extent. There is a general tendency to some extent to absorption with Federal bodies, but in time a limit is reached, and it goes no further. In every Federal body there is a contest on some topics between the Federal States and the Federal body, with a tendency to absorption ; but I think it reaches a limit, as it has done in the United States and Canada. It finds its level at last, and then the tendency stops. At the beginning, the Federal Government will be a comparatively feeble body. Even the functions it is to take over it can only take over in part at first.

368. But is it possible that a Government of that large character will be content with limited powers ? Will not the tendency continually be to abrogate more and more the functions of the States ?—No, I think not. The States will not willingly part with their powers.

369. The power of the Federal Government to absorb the State powers really depends upon the power of the Federal Government to amend the Constitution, very largely ?—Yes ; but it cannot amend the Constitution without the concurrence of the States ; and, after all, the Federal Government represents the States, and their individual aspirations have pretty free-play.

370. Is it not because it is very much easier under the Commonwealth Act—the power to amend the Constitution is very much easier than it is to amend the Constitution of the United States of America ?—Yes, I take it, it is easier, for the referendum in the case of Australia is not so cumbersome.

371. But under the American Constitution does it not require a two-thirds majority of both branches of the Legislature ?—It requires a majority of the States.

372. Does it not require a two-thirds majority of both Houses of the Legislature ?—I do not remember at this moment what it requires, but my impression is that it requires a big majority of the States.

373. More than a bare majority ?—Yes.

374. You say that the Senate would see to the protection of the individuality of the States ?—Yes, that was always so regarded in the United States.

375. But under the Commonwealth Constitution is it not possible to amend the Constitution without the consent of the States at all, with a referendum ?—An amendment of the Constitution requires the consent of the States, and it is hardly likely that the States outside of the two large ones—New South Wales and Victoria—will give up the advantage that they have in the shape of equal representation in the Senate. It is extremely unlikely. Of course, one may imagine all kinds of amendments.

376. When you say “consent of the States” you do not mean State Parliaments ?—No, I mean the States themselves.

377. By popular vote ?—Yes.

378. That being so, do you not think the communion of interest of Australia may result in a popular vote in favour of amendments that may be damaging to New Zealand ?—I do not see it myself. I am unable to see that there is any fear of that. The Chairman pointed out to me the possibility of legislating against New Zealand, but if we have to go in under negotiations we should stipulate that we go in as an original State. That would be a cardinal point insisted upon by any Commission appointed to study that matter.

379. Then, with regard to the Pacific islands : Do you not think we are more likely to retain our present advantages in the Pacific islands by standing alone and insisting upon our own policy than by allowing the policy with reference to the Pacific islands to be governed from Australia ?—Yes ; I do not assume that the Pacific islands can be governed from Australia adversely to New Zealand. I do not think the British Government would consent to that. At present, apparently, New Zealand desires some form of federation with Fiji and some other of the Pacific islands. I do not know that the colony is in favour of it, but I assume that it is, as the Government has expressed a desire of that kind, and personally I have been in favour of that ; but there is a difficulty in the way of bringing it about owing to the protest of Australia. The whole question would be settled if it was desirable to bring in the Pacific islands under the general Federation. The whole question then between this colony and Australia would disappear if we federated.

380. But would it disappear to our advantage ?—I take it, it would disappear on such terms as would enable us to compete equally in those islands. That is what we do now.

381. From our geographical position we hold a unique position to the islands on this side of the Pacific ?—Yes, we do.

382. As far as the islands are concerned, do you not think we are more likely to benefit by retaining our independence than by allowing the question to disappear, as you suggest, in the Commonwealth interests ?—I do not know that there is any such tendency.

383. *Hon. Major Steward.*] I think you were unable to give us an instance in which two countries so widely separated as New Zealand and Australia have been successfully administered under a federal form of government ?—In which they have voluntarily federated. I spoke, of course, of distance separated by sea. The United States and Canada are both instances of Federal bodies the borders of which are very widely separated from one another.

384. The difficulty seems to arise in countries separated by sea ?—Apparently that is so.

385. One reason for that may be that you cannot travel so quickly by sea as by land, and that there would not be such rapid communication between the centres and the outlying population ?—Yes.

386. Does it not appear to you that, if New Zealand joined the federation, it would be at a disadvantage compared with the other States by reason of the difficulty of communication between New Zealand and the centre of administration?—I do not see that New Zealand should be at a disadvantage.

387. Let me put it to you in this way: Supposing the Federal capital is at Orange, Bomballa, or Yass, would not the population of Melbourne, Adelaide, and Sydney be within a few hours of the centre?—Undoubtedly.

388. Well, in the event of a difficulty arising, would it not be an advantage to be able to proceed to the centre and argue out the point instead of having to do it by letter?—Well, up to the last thirty years California was in that position. Up to 1869, when the railway was made across the Continent, it was a sea-voyage to reach California, for the road was dangerous. California existed as a flourishing State of the Union for several decades under those conditions.

389. Do you not think the fact of our distance, and the greater time involved in communication, would be disadvantageous to New Zealand?—It would result in this State remaining largely self-governed. We would not get into the habit of running to the capital for everything. There would be some means of resorting locally to the Federal authorities.

390. It makes all the stronger reason for New Zealand having some special terms, if she goes into the Federation, to provide against that?—If New Zealand goes into the Federation these details will have to be carefully thought and worked out. In many ways New Zealand would have to enter on special terms.

391. Supposing there was a grievance, the people of the three principal States could go and argue out that grievance in forty-eight hours at the outside, or much less, whereas not a single soul in New Zealand could go to the centre and back again under nine days. That circumstance has to be taken into account in any arrangement that will be made?—No doubt that will have to be taken into account. That depends a good deal on what the Federal functions are—what kind of questions are likely to arise, and in what degree questions are likely to arise between distant States and the Central Government or authority.

392. The fact that grievances could not be redressed or inquired into without the lapse of a considerable amount of time would tend to develop friction?—Yes. We know that in Queensland there was a Separatist movement some years ago. They found that Brisbane was too distant from northern and even central Queensland, but we have not heard much about it for some time. They even sent delegates to England.

393. No other State occupies a position of so great disadvantage as regards communication as New Zealand?—No doubt. The Constitution is not in all its particulars suited to New Zealand, and if we federate with Australia it will have to be a matter of negotiation and of special terms.

394. To meet our special circumstances?—Yes; and I am quite sure the people of this country will not unduly hurry for that reason. We should lose our independence in a measure by simply taking *in globo* the present Constitution, and we cannot afford to lose our independence. We may concede our powers of legislative administration to the central body, but New Zealand must see that its independence and freedom of action are adequately guaranteed.

395. *Hon. the Chairman.*] Do you not think if New Zealand entered the Australian Commonwealth her legislative independence would be impaired?—On this Constitution, to some extent it would be.

396. I understood you to say, in answer to Mr. Leys, that you thought the legislative powers of the Federal Parliament would not be increased, and that the legislative powers of the State would not be curtailed?—I think, of course, that the legislative powers of the Commonwealth would be increased with reference to such subjects as railways, but beyond that I do not see there is much fear of their encroaching on the States.

397. You gave as a reason in support of that that the States were represented in the Federal Parliament?—And the States will always retain a tendency to stand up for themselves.

398. But we had an instance in New Zealand, where the provinces were represented in the General Assembly, and yet within twenty-five years of the granting of the Constitution the provinces were actually abolished?—The provinces, as such, were not represented in the General Assembly.

399. They sent representatives according to the number of the population?—The people of the provinces, quite independently to the residents of the provinces. There was no federation. It was not a federal union at all. The provincial system was an absolute necessity in the early days of the colony, when you had to send communication by sailing-ships to Auckland. It was supposed we grew out of it, but I am not quite sure there has not been a considerable amount of repentance over abolition.

400. What I was trying to put was that the General Assembly had practically dominated?—The General Assembly at that time had full power to supersede any provincial Act or Ordinance. The provincial Parliaments had certain powers, but the General Assembly had power to override any of them. That is not the system that exists in any Federal Constitution.

401. That depends on whether the opinion you have expressed as to the powers of the Federal Parliament being limited to what is set out in clause 51?—I am quite satisfied as to my interpretation of clause 51. To my mind, the Canadian Dominion Government has much greater power. It has the power of absorbing the powers from the provinces, except certain powers given exclusively to provincial Legislatures. It has not encroached upon them very much, but it has to some extent.

402. Do you think that if any foreign Power made an organized attack on New Zealand it would have a chance of success under the present circumstances?—I do not think so. A Power might make a successful attack on an isolated town, but I doubt if it would be worth the while of any foreign Power to send warships down here and empty them into our towns without getting any further.



403. You spoke of the federation of New Zealand with the Pacific islands; but, supposing the boundaries of the colony were extended under the Colonial Boundaries Act of 1895, would that affect your opinion with regard to the federation of New Zealand?—I do not think so.

404. Which do you think would be preferable—for New Zealand to federate, or for a reciprocal treaty in regard to trade and commerce to be established with Australia?—If we could establish a reciprocal treaty with Australia, and make it a fixture, it would do away with a portion of my argument in favour of federation; but I do not think that Australia would enter into such a treaty.

405. *Hon. Captain Russell.*] You said just now that you were inclined to believe that people had reconsidered their decision with regard to the abolition of the provinces?—I am quite sure that some of those who favoured the abolition of the provinces have repented of it since. Of course, it is a long time ago, and the new generation are beginning to forget about the provinces; but inconveniences arising out of the abolition of the provinces are felt. I can say that, certainly.

406. Do you not think it possible, were we to federate now, we would regret it hereafter if we abolished this province?—The whole point is that we do not abolish this province. If it is to result in the abolition of this State, then it would be better not to federate. That is why I say special conditions will have to be established, and carefully guarded, and guaranteed by the Imperial Legislature.

407. Can you give us an illustration of any federation where there is not great friction? Take the case of Sweden and Norway, Austria and Hungary, the States of Germany, or the States of America: Is there not great friction in all of these cases?—There is friction; but take the case of the United States, or the German Empire, the people never admit that the friction is sufficient ground for rescinding the Federal Constitution. I lived in Germany at the time the question of union between the States was a burning question. I lived in Germany in the period intermediate between the two great wars, and I had a pretty good idea of the popular opinion in that country, and I have no reason to suppose it has changed since. I know they dislike the dominance of one Power, of one military State, but, with all their dislike for certain of the conditions appertaining to the Federal Empire, they are practically unanimously in favour of it.

408. Do you imagine that the Federations of Germany and of Austria and Hungary would survive for a quarter of a century were it not for the strong military force on their boundary?—In Germany it would. I do not know whether it would in Austria, where there are different races.

409. At any rate, your answer will be that in every federated State in the civilised world there is considerable friction?—There is, and they survive that friction. The friction in the United States reached its climax in 1861. I can say that, despite the existence of the friction, arising in some instances from unfair treatment of individual States, the people appear to remain unanimous in favour of retaining the Union with all its disadvantages.

410. *Mr. Luke.*] Did I understand you to say that under federation we would be better able to enforce judgments in Courts of law?—I do not think it would make much difference. Take, for instance, the enforcement here of a judgment obtained in Victoria, it is a simple process now.

411. And that process will exist under federation?—It will be quite as simple. It may be made more simple.

412. But if we do not federate?—It will be as simple.

413. *Mr. Beauchamp.*] With regard to the Native population, I take it that any member of the Native population is eligible for election to the Senate or the House?—I have assumed that to be so.

414. *Mr. Roberts.*] You say that friction is general in Federations, but it is not so in the Federation of Switzerland?—They had religious friction in the Swiss Federation in the past, but it has died out. There, however, it is almost parochial federation. Switzerland is an instance not of the encroachment of Federal power upon the States power, but of the voluntary cession of the power of individual States in order to increase the power of the Federal body. That cession was made in modern times.

SYDNEY CHARLES BROWN examined. (No. 16.)

415. *Hon. the Chairman.*] What is your name?—Sydney Charles Brown.

416. What are you?—Bootmaker.

417. Do you hold any representative position here?—I appear here as the representative of the Bootmakers' Union.

418. Do you hold an official position in that union?—No.

419. Have you considered the question of the federation of New Zealand with the Commonwealth of Australia?—From a trade standpoint I have.

420. Will you be good enough to give the Commission the benefit of your opinion?—The first question is that of wages, and the next is the condition under which the factories are worked. The majority of the trade in New Zealand is worked under the piecework system, and that system also prevails to a large extent throughout the whole of the Australian Colonies. Through the Arbitration Act, and with the assistance of the Arbitration Court, piecework prices are pretty well uniform in New Zealand.

421. In your opinion, would it be advantageous for New Zealand to federate?—I am of opinion it would be against the boot-trade interest to federate.

422. What are you afraid of in the event of federation?—I am afraid that, owing to the larger centres, manufacturers would be able to concentrate their manufacturing and to more largely utilise machinery, and specialise the class of work they turn out, and this would be to the detriment of New Zealand. Each factory can reduce the number of classes of work to three or four. In New Zealand we cannot do that, because each centre, to a great extent, is dependent for trade on the provincial district in which it is situated. The Sydney and Melbourne manufacturers manufacture for the whole of those colonies, and that gives them a great advantage.

423. We are told that America sends a considerable quantity of boots into this colony?—Yes, that is so.

424. If New Zealand federated with Australia, and the tariff of Australia were free-trade, would New Zealand be able to compete with America in the boot trade?—No, we could not possibly do it on any large scale. At the present time we are very hard pushed through American competition.

425. Have you regarded the question from any other standpoint than that of the boot trade?—Generally speaking, I do not think it would be wise for us to federate.

426. What are your other reasons?—I think the disadvantage of being so far away from Australia would be against our interest.

427. Are the opinions you are expressing those of the majority of the Bootmakers' Union of which you are a delegate?—Yes, that is so. A motion was carried at one of our meetings that, in the opinion of our union, it was not desirable that New Zealand should federate with the Australian Commonwealth.

428. *Mr. Leys.*] You think the existence of small towns in New Zealand is against the creation of very large industries?—Yes.

429. And that the centralisation in Australia, because of the big towns, gives them an enormous advantage over us?—Yes.

430. That, of course, would be a permanent advantage to all time?—It would.

431. And you think that, under those circumstances, we could never hope to create such large establishments as they have in Australia?—No, I do not think we could, on account of the much larger population they would naturally have.

432. You conclude that the effect of federation would be to destroy New Zealand as a manufacturing country ultimately, and to concentrate the manufactures in those large establishments which specialise, and that all the colonies will be supplied from these large centres?—Yes; and that is the effect in America. America can compete with the colonies because their trade is more specialised than in any other part of the world.

433. Even by the adoption of the Arbitration and Conciliation Act by the Commonwealth, and something like uniformity of wages established, that would not overcome the difficulty you speak of?—Not altogether.

434. Equality of wages is not so much the factor as the concentrating of the manufacturers in the large establishments and specialising?—That is the principal objection. Even with the Arbitration Act we had difficulties in New Zealand. Dunedin, Wellington, Christchurch, and Invercargill had an award governing them, but Auckland was not federated, and we could not get Auckland to come in under the same conditions and prices. But two years ago, through an alteration in the rules of the union, we got Auckland federated, and got an award governing the whole of the colony. Previous to that, Auckland had been paying lower rates than the other towns. If there was an Arbitration Court in Australia the conditions in Australia would prevail, and the tendency would be to pay less wages than in New Zealand.

435. And to force them on New Zealand by reason of that Arbitration Court?—Yes.

436. You think, then, that the Australian workman would not look for such high wages as we have here, and that a low average rate of wages would be established here?—Yes.

437. *Mr. Luke.*] You think that even if the Arbitration Court raise the wages of the Australians you would still be at a disadvantage in competing with them here in your line of business?—If they took the Australian standard, and then raised it slightly on that, I think we would.

438. It has been stated that New Zealand workmen can do a larger amount of work in a given time than they do in Australia?—I do not believe that. I am a native of Australia myself, and worked some eight or nine years in the trade, and it is not so.

439. What are the hours in the trade?—Fifty hours. In Victoria forty-eight at the present time.

440. What are they here?—Forty-eight hours.

441. Has the importation of American goods very much depressed your trade?—There are not a great many out of work, but we have lost a great many members. They have left the trade and gone into other avenues of industry.

442. Does New Zealand produce better leather than Australia through climatic conditions?—No, I do not think so.

443. You generally fear that, as a result of federation, through the large factories and the large amount of machinery, New Zealand will be placed at a disadvantage in competing with the Commonwealth?—Yes.

444. That is the principal objection?—That and the wage question.

445. Assuming that the wages were brought up to the same level as New Zealand?—Australians would still have the advantage.

446. *Mr. Beauchamp.*] Do you know how many men are employed in this colony in the manufacture of boots?—No. It is a hard thing to get at the total, because of the shops that have one man and a boy.

447. It is one of the most important industries in the colony?—It stands third.

448. Assuming the rates are uniform throughout Australia and New Zealand, do you think we could hold our own against Australia in the manufacture of boots?—No.

449. You think that through the larger factories and the concentration of trade in Australia they could still best us?—Yes, especially on light work. In heavy work New Zealand could hold her own.

450. *Mr. Millar.*] As far as your trade have looked into this matter, they are very much afraid that New Zealand is not going to be a manufacturing centre at all?—Yes.

451. You have had some discussions, I presume?—Yes.

452. Have you ever looked at it from this point of view: You have competition from America; there is a duty of 22½ per cent.; assuming that the Commonwealth tariff were reduced to 15 per cent., there would be a large influx of German and American manufacturers?—I presume there would.

453. That would still further be against the industry here?—Yes.

454. It would be practically impossible to specialise in New Zealand?—Yes.

455. There is not sufficient demand for special work?—No.

456. *Mr. Roberts.*] You emphasized the competition which the New Zealand trade was receiving from Australia, and I think you also mentioned America: do you not find the competition much more serious on the part of English manufacturers?—In regard to quantity, certainly.

457. Have you any idea of the proportion that Victorian and New South Wales imports bear to the whole?—In 1897, Victoria imported 7,940 pairs of boots; in 1899, 12,940 pairs were imported.

458. Roughly speaking, Victoria and New South Wales in 1899 exported to this colony ten thousand pounds' worth of goods, as against a total import into the colony of £144,000, so that New South Wales and Victoria only sent into this colony 14 per cent. of the entire importation?—Yes.

459. America, on the other hand, sent £18,200 of the total, so that New Zealand gets from the United Kingdom £113,000 out of a total of £144,000; so that the competition from England is of a much more serious nature than from all the other colonies?—That is so.

460. Do you not think the 22½-per-cent. duty which the exporter from Victoria and New South Wales pays on shipments to this colony more than counterbalances the advantages which he has in the way of cheaper labour?—Well, to a certain extent it does; but still he is able to compete under those conditions.

461. Do you not think the comparatively small amount of business that is done, and their having to pay 22½ per cent. duty, points to the fact that this must be a dumping-ground for getting rid of lines of which an excessive quantity has been made?—Yes, to some extent. But that would be made worse if there was free-trade with this colony.

462. Unless you had an assimilation of the price of labour?—Yes.

463. *Hon. the Chairman.*] These boots imported from Victoria and New South Wales may be boots manufactured in the United Kingdom and transhipped to New Zealand?—They may be.

464. Is there anything else you wish to say?—When the Commission is in Australia they will find that the only colony that has any conditions imposed on trade is Victoria.

465. Do you fear the conditions prevailing in New Zealand may be taken from you under federation?—Yes. Wages are only part of the question; it is the conditions under which we work that have greater influences. In Victoria they have a Factories Act which allows one boy to three men, and also one improver to three men. The excessive number of boys reduces the average cost of the article over and above what it would show in the statement of wages.

HENRY RODDA examined. (No. 17.)

466. *Hon. the Chairman.*] What is your name?—Henry Rodda.

467. What are you?—A bootmaker.

468. Are you a delegate here from any union?—I am authorised by the Bootmakers' Union of Dunedin to appear here with Mr. Brown.

469. Will you be good enough to state your views in reference to New Zealand federating?—Mr. Brown was to deal with the trade part of the question, and I was to deal with it in its general aspect.

470. You agree with the views Mr. Brown has expressed?—Yes.

471. Well, then, what are your views on the other grounds?—Our union carried a motion against federation, and, in keeping with that, we, as delegates, have come here to support that resolution. First of all, we believe that the sacrificing of our independence for the imaginary gains would not warrant us in joining the Federation, believing that our wants and wishes and aspirations would be best met by full, immediate, and effective local control. Secondly, that, owing to the small representation that we should obtain, our interests would be overshadowed by the larger and more cohesive interests of Australia. Supposing, for instance, that any Government were to hand over the railways and post and telegraphs to the Commonwealth, and that we should be sorely in need of a railway—say, an Otago Central or Midland Railway—and we only had a handful of members in the House of Representatives, and only one Minister in the Cabinet, he would have to be a champion intriguer to get any modicum of justice at all. Another reason is that this colony is self-contained, and has the elements and resources which go to make a country great, and is well able, with its superiority in every way, to hew out its own destiny. As regards defence, we think that is the great point. We think we must, for at least a century, be protected by naval defence, for which we must look to the Mother-country. Considering the large interests the people of the Mother-country have at stake here, we know by history and observation that she will do that. As regards inland defence, we are quite capable of looking after that ourselves. In conclusion, we think that on this question of federation there are larger principles at stake than oats and potatoes. Whoever heard of a country being great because of these? Let us copy England and America, who are great because of their manufacturing industries.

472. Your opinion, then, is decidedly adverse to federation?—Very adverse.

473. *Hon. Captain Russell.*] Mr. Brown thought the Australians were fully equal to the New-Zealander in capacity for work: what are your views?—I believe that is so.

474. Do you think that labouring in a hot climate for a number of centuries is likely to affect the producing-capacity of the workers in Australia?—That just depends upon the number of hours that are worked.

475. You think climate will not affect the matter?—No; I have worked in Victoria and enjoyed good health, and worked hard.

476. There seems to be an opinion that work must centre in Australia. A hundred years hence, shall we not have a sufficiently large population to hold our own?—That may be so; but in the meanwhile our trade might have to go to the dogs.

477. Yes; but try and look at it from the standpoint of a nation, and not of an individual trade: would we not be able to hold our own as a people against the Australians a hundred years hence?—I think we might be able to hold our own even now were there equal conditions.

478. What is likely to be the great motive-power for driving machinery a hundred years hence?—I do not know about that.

479. You think electricity need not be considered?—I do not think that would alter the cost of production much so far as our trade is concerned.

480. Do you think we have unrivalled facilities for creating electric power?—Yes; our water.

481. And is that not to be the great power of the future?—I think so; but I do not think that would tend to alter the cost of production of boots very much.

482. *Mr. Roberts.*] Have you any idea what the proportion of the imported article is to the manufactured article?—No; Mr. Brown has dealt with that part of the question.

483. Is there no reason why you cannot produce cheaper here? Is your machinery antiquated, or the factories too small? Surely 22½ per cent. is sufficient protection?—We have to import some of the fine leathers. The machinery we have here is not so far advanced as that of other countries; it is now coming in, but is not here yet. The higher rate of wages is one thing against us.

484. Do you think the higher rate of wages is sufficient to prevent you producing profitably with a 22½-per-cent. duty?—Manufacturers can produce profitably. There is no doubt about that; they never had a period of prosperity like that for twenty years past.

485. How do you account for the large importation in 1899?—Various causes led up to importation. Sometimes it is done for ulterior purposes.

486. *Mr. Millar.*] In the importation of boots, 0's to 3's come in free of duty?—Yes, I think.

487. Gum-boots are included in that line?—Yes, I think.

488. You are not aware whether New Zealand has exported a large quantity of boots?—I believe they have exported a small quantity.

489. You quite agree with what Mr. Brown said with regard to the trade?—Yes.

490. This matter has been pretty well discussed throughout your trade?—Yes.

491. There is a unanimous opinion that intercolonial free-trade would be ruinous to the New Zealand boot trade?—Yes; that it would jeopardize our trade to a great extent.

492. From a social point of view, can you see any advantage to be gained by federation?—None at all. I think our social standing is far better than in Australia.

493. From any point of view you can only see disadvantages in federation?—Yes.

494. *Mr. Beauchamp.*] I have been informed by bootmakers in the North Island that through competition from America they have ceased the manufacture of certain boots: have you a similar experience in Dunedin?—I do not know of any. I do not think it could be to any great extent with the protective tariff of 22½ per cent.

495. *Mr. Luke.*] Do you think it possible to produce these higher grades of leather in time?—I do not know.

496. Supposing they raise the scale of wage in Australia under federation, with our superior advantages which we are told we have in this colony for manufacturing, do you then think we could compete against the Australian manufacturers in boots and shoes?—I do not think we could with the large centres.

497. Supposing we could build up a big business?—Then I think we could compete if on equal terms.

498. Do you think the advance in popularity of American boots is due to prejudice against the locally made article?—No; I believe it is due in some measure to the superior finish that is given to them. They are light in texture, but I do not think they are nearly as serviceable.

499. What do you think would be the effect of federation generally on manufacturing trades?—I believe the same thing would apply.

500. Have you looked into the question from the political standpoint? Would we be at any disadvantage?—I think we would be. We would not have our wishes met in the manner that we have now.

501. *Hon. Major Steward.*] If your contention is correct—that under federation we should be at a disadvantage to compete with Victoria, which would result in your business going to the Victorians no matter what conditions were subsequently imposed on Australian trade—there would be great difficulty in bringing it back to New Zealand again?—Yes, that is so.

WILLIAM HOOD examined. (No. 18.)

502. *Hon. the Chairman.*] You are the president of the Workers' Political Committee in Dunedin?—Yes.

503. How long have you resided in New Zealand?—I came to New Zealand twenty-six years ago. I left again in 1884, and went to Melbourne, where I stayed eight years. I then come back here, where I have been ever since.

504. What is your occupation?—I am an upholsterer.

505. Have you considered the question of New Zealand federating or not with the Australian Commonwealth?—Yes; principally as far as it relates to trades and industries. I also considered the matter when it was under consideration there.

506. Kindly state the conclusions you have arrived at, and your reasons therefor?—From the national point of view, I believe almost everything is in favour of New Zealand federating with

Australia; from an industrial point of view, I believe that is also the case to a very large extent, but I would modify my remark on that point by saying that an immediate federation with Australia would, to a certain extent, unhinge our present industrial arrangements, inasmuch as any shock to the tariff always does so; and should we enter into the Federation, and our present tariff were removed, our industrial arrangements would certainly be unhinged. I would be in favour of federating with Australia provided we could have some such provision made as was made with Western Australia—viz., leave the present tariff in existence for five years, or whatever time might be deemed necessary, to enable the industries here to recover themselves and to get a little more firmly established. Then I think we could maintain our own against any manufacturing industries in Australia. I also think New Zealand should be admitted to the Federation as an original State. Certainly the gain would be considerable to New Zealand from a political standpoint; but, taking it all round, perhaps that gain would cost too much unless we were admitted as an original State. Federation would give us free-trade between the colonies, and would open up a large market for our produce. As to the political aspect, I believe a large confederation such as the Commonwealth would necessarily overshadow a smaller country like New Zealand, which might prove detrimental to New Zealand, and I think on that ground it would be better for New Zealand to become a part of the Federation than to remain outside as an independent State.

507. Where would the larger market for our produce be?—In Western Australia; and I believe there would be a demand for it in New South Wales, where there always has been a demand for it, and to a certain extent Queensland. Then, if there were free-trade, we should have Victoria open to us.

508. Are there any other advantages you think would accrue if we federated?—There are advantages in the matter of defence which would arise if we were federated with the Commonwealth, because New Zealand, from its geographical situation and island trade, would require more marine defence than a land defence, and by federating with Australia we would in all probability be strong enough to provide a navy able to cope with anything a foreign Power might send here to make a sudden attack on us.

509. Do you not think that New Zealand of itself would be sufficiently strong to resist any such attack?—Not by means of a navy, on account of the tremendous expense, which we cannot afford.

510. I mean with our present defences?—No.

511. Have you considered as to how the colonial finance of New Zealand would be affected by federation?—I would not like to give an opinion as an expert. I wish to state that I am not expressing the opinions of the Workers' Political Committee, because this question has not been considered by them up to now, owing to the holidays. I am merely expressing my own views on this matter.

512. *Hon. Captain Russell.*] When you say you think that the Commonwealth will overshadow us, and so be detrimental to New Zealand, what do you especially refer to?—I am considering the prestige of the colony with regard to its relationship with foreign Powers, and its trade. The whole tendency of great countries would be, if they wished to open up a connection with the South Pacific, to turn their attention immediately to the Commonwealth as the dominating Power, and therefore we, if we were an independent State, would be overshadowed.

513. I do not quite understand you when you said that from a national, and also from an industrial, standpoint we had everything to gain: what have we to gain nationally?—I think nationally we would gain the stability that a great Power like the Commonwealth must ultimately become would give us in excess of what we can possibly achieve of ourselves.

514. And you imagine that New Zealand will not in the course of years have a large population in itself?—It will be a great many years before she will if we take the natural increase, unless we can by promoting immigration increase our population.

515. That, no doubt, is true; but, looking at the future of the colony, what is your opinion on the subject of our having a population strong enough for all purposes of production and defence?—For the production requirements of the colony, and probably for land defence too?

516. I am speaking of two hundred years hence?—Two hundred years hence, in all probability, this will be another England.

517. If this is likely to be another England in the course of a couple of hundred years, is it wise, from a national standpoint, that we should associate ourselves with the Commonwealth?—Yes. I think we should be greatly benefited if we associated with it.

518. You think there would not be a danger in the very remote future of our being in the position of a subordinate Power perpetually struggling against a stronger one?—I think it would be more likely to occur without federation.

519. You think there would be more likely to be a conflict of interest if we were separate than if we were joined together?—I think so.

520. What would you imagine would be the social conditions of the two peoples a hundred years hence? Do you think they will materially differ?—I do not think so. They are so closely allied and related that their instincts and tendencies will be to move in the same direction, and even now they take what is progressive in our legislation, and I think we are trying to ape what is progressive in theirs. I think we should all progress in the same lines, as we have a common origin.

521. Do you think, in the course of one or two centuries, that the difference of climate will not alter the race characteristics?—I believe it will. It is noticeable now.

522. Will not the descendants of the present Australians differentiate to a greater extent from the descendants of New-Zealanders than the parents of the two countries do now?—I believe they will largely differentiate in that respect, but whether it will affect them particularly I would not like to say.

523. Is there not likely to be a diversity of instincts and tastes?—Yes, to a large extent. I believe that even now the moral tone in Australia is lower than among the New-Zealanders.

524. To what do you attribute that?—It is due largely to the origin of the people, and to the climatic influences.

525. If it is in any degree traceable to climatic influences, will not that operate in a constantly increasing power as the children are more removed from the original parents' stock?—I think it will go on until they develop a distinct race of people from the New-Zealanders.

526. Then, under these circumstances, shall we not be, according to your argument, a more potent race physically and morally, but allied to a race stronger than ours numerically?—In all probability, yes.

527. Why do you lay stress on the necessity of our being admitted as an original State?—Because otherwise we should be at a great disadvantage.

528. In what way?—I believe that we shall be asked to pay a proportion of the expense of establishing the Commonwealth. If we go in later on we shall be asked to bear our share of the burden, which will be a considerable amount. If we were to enter as a State now, the revenue that would be controlled by the Commonwealth would be gradually taxed to accomplish that. Therefore we shall not go in on easy terms.

529. In other words, you think Australia would drive a hard bargain with us?—I am inclined to think so if we do not go in as an original State.

530. Is that not sufficient cause for us to hesitate before embarking on the Federation?—To some extent it is true, but the same argument would hold good for every State. You cannot expect to have a dominating influence in the Commonwealth as an individual State worked on a democratic basis.

531. You think the fact that all Australia is homogeneous would not make it dangerous for us outsiders to join the Commonwealth?—No; though on the whole they would like to get New Zealand in. I believe their object is to endeavour to get a complete federation of the Pacific.

532. Would not New Zealand then be somewhat in the same position that the second cousin is to a united family?—As an original State, New Zealand should be able to maintain her position in the Confederation.

533. You think the fact of Queensland, New South Wales, and Victoria being coterminous would not give them united interest which cannot exist for ourselves and for Tasmania?—They have not showed that tendency hitherto, but have rather been antagonistic to each other all through. I do not see why it should develop now as against New Zealand.

534. *Hon. Mr. Bowen.*] Do you know of any other case in the world of a federation of States separated by such an expanse of ocean?—No.

535. Do you not think that is a factor to be considered?—It is certainly a drawback.

536. Do you think it would be advisable at this moment to enter into a federation, supposing we could do so, without special conditions or some alteration in the Act?—That is a very serious question to answer, and I would not like to go as far as that, because I believe that federation would to some extent upset our existing affairs from an industrial point of view.

537. You think Australia would be willing to amend their Constitution Act in order to admit us?—Yes; I think they would in some sense do what they did for Western Australia.

538. *Mr. Roberts.*] You said that federation would bring about a large increase to the trade in New Zealand?—I think so.

539. Then, I suppose you know that, generally speaking, the wages of Australian workers are lower than they are here?—I dare say they are, though not as much as it is made out.

540. If you expect, under federation, a large increase of business you must be looking forward to the time when wages in Australia must rise materially, or decrease materially here: is that so?—The whole tendency of wages in Australia has been to rise. During the tremendous depression that country underwent for five or six years wages went down. They were originally as high as they were in New Zealand; then they went down during the depression, and now they are on the increase again.

541. If you expect a largely increased trade as the result of federation, would not New Zealand then be in a better position to cope with the Australian Colonies than she is now?—I am never afraid of New Zealand not being able to compete with Australia under any circumstances.

542. You think that ultimately New Zealand will be able to produce as cheaply as Australia?—I would go as far as to say that it would be able to produce equally as cheap.

543. Because you expect a large accession of business, which naturally means that you can produce cheaper?—I think there are a great many things we can produce cheaper than Australia.

544. *Mr. Millar.*] What lines do you think we should increase our production in if we had the right of free entry into the Australian markets?—The bulk of our manufactured agricultural products, and manufactured products generally.

545. I suppose you are aware that Victoria has a very large export in butter and cheese?—Yes.

546. And that it was fostered by bonuses to bring about that result? And Adelaide is a very large exporter of wheat?—It grows excellent wheat, but I do not think it ranks very high as an exporter.

547. Victoria has been able to produce sufficient oats for her own consumption, and do you not think that, if that is so now, the gradual cutting-up of the land for closer settlement will enable her to so increase her output that she will be independent of New Zealand?—I do not consider that Australia is an agricultural country. It is only a strip of country on the seaboard that is suitable.

548. Is not the Riverina supposed to be some of the finest country in the world?—That is a mere patch.

549. What about the Darling Downs—there is a very large extent of agricultural country there, is there not?—Pastoral principally.

550. In your opinion, that cannot be cut up?—Not in the sense that New Zealand land can be.

551. What manufactures do you think we should be able to export largely to Sydney?—Leather, sawn timber, kauri timber from Auckland, woollen goods, manufactured goods, and also paper.

552. Do you not think it likely that the whole of the industries would be concentrated in the large centres of Australia, to which population would naturally be attracted?—No; because I think they would tend to concentrate in districts that were more suitable for the carrying-on of those industries. That is the case in England, and it would become so in Australia.

553. Following out your argument, our leather trade would not benefit much by federation, because it is an industry more natural to Australia than to New Zealand?—Yes, it is; but we have just as good a leather industry here. We breed cattle here, and we export sealskins to make leather.

554. What about flax?—I think we export binder-twine and rope, and the flax-tow, to New South Wales now.

555. Do you not think it would be a very serious matter for the workers of this country if the manufactures were diverted from here to Australia?—Undoubtedly it would be.

556. And do you not think there is a possibility of that under the conditions which I have mentioned—viz., that there are factories so thoroughly developed in Melbourne and Sydney that they can supply all the requirements of Australia without even now working to their utmost capacity?—I do not think so. New South Wales admits the raw materials for manufacture duty-free, and in Victoria they have methods of getting the materials for manufacture into port free of duty, and they now send their goods to this colony. The goods that come here are manufactured practically under no tariff conditions, and yet they do not supplant our industries to any extent. We here, who are manufacturing against them, have to pay the tariff on our imported raw materials; so that I do not think our industries would be taken away.

557. Taking the cabinetmaking trade, are you aware that there is a large number of Chinese cabinetmakers in Melbourne?—Yes; it is a great evil there, and they would ultimately destroy any industry they were allowed to come into in any country.

558. That would be the inevitable result if our market were open to them, would it not?—Yes.

559. You have looked at the question from every point of view: do you think that, as far as the social and industrial development of the people are concerned, we would be likely, under the Commonwealth Government, to make equal progress to that which we have made during the last twenty years in New Zealand?—That is very doubtful. The machinery of government will be necessarily more cumbersome under the Federation than it would be under a State Government. Our progress would be slower owing to that fact.

560. Will it not take some time to educate the Australian nation up to viewing large questions from the economic standpoint we view them from?—I am not so sure that they require educating on these questions so much as facilities for carrying out their ideas. They are hampered with barriers to progress in the shape of an Upper House—in Victoria particularly.

561. That would still remain the same—you do not alter the State franchise under the Commonwealth. A State has the power to legislate still?—Their progress economically does not seem to me to be from any lack of education on the part of the people themselves, but from lack of opportunity to carry out their ideas.

562. In view of all these facts, do you still think it would be to the advantage of this colony to federate?—Yes; and it would be better for New Zealand to do so now, because when the Commonwealth is completely established we shall feel the pressure somewhat severely; and I should think it would be better to federate, provided we can get in on terms that would be at least reasonable to us as a State, and not cause too great a shock to the colony.

563. *Mr. Beauchamp.*] Your chief reasons for advocating federation are that it would open up a better market for our products in manufactured goods?—Yes.

564. You do not anticipate that our markets here would be likely to be swamped by the surplus manufactures from the inferior factories on the other side?—I do not dread that.

565. Notwithstanding the fact that the labour conditions are more liberal to the manufacturers there than here?—Wages are not so very much different, and the hours of labour are no more.

566. Supposing that there was the same provision for New Zealand being included in the Commonwealth as has been made with regard to Western Australia, would you consider that a sufficiently liberal provision to warrant our federating?—I would.

567. But, supposing the Commonwealth would not agree to extend that same provision to us, would you still advocate our federating?—No; I would stand off for a little while, unless you could get some special advantage by going in now.

568. I think you will admit that we have made some progress with regard to labour laws during the last few years?—Yes.

569. I understand the Australians have been attempting to get similar laws passed for something like ten years, without result?—Yes; I fought for them in Australia when I was there at the Trades Hall Council in Melbourne.

570. In view of what we have accomplished here, is it not likely that there will be a considerable amount of friction if we could not carry on the same progressive legislation under the Federal Parliament to what we are carrying on in our own Parliament here?—Yes, undoubtedly. I believe I am justified in saying that the workers of New Zealand would not support federation of any kind unless the Commonwealth would uphold our social legislation, such as the Old-age Pensions, the Workers' Compensation, and the Conciliation Act.



571. On the basis of representation, which I understand to be about six in the Senate and fifteen in the Lower House, do you think we would be able to pass these liberal measures to the same good purpose we have for New Zealand?—I do, because the sympathies of the people, with perhaps the exception of Queensland and Western Australia, are almost entirely with our legislation; and it has been their aim to pass similar legislation, and but for the obstructiveness of other interests they would get it. I think New Zealand's influence would go a long way towards accomplishing their desire in the Federal Assembly.

572. From your knowledge of Australia and New Zealand, do you think there is really no community of interest between the two?—There is very great sympathy between the two.

573. *Mr. Luke.*] Do you think our aspirations and objects and aims are not of rather a different character from that of Australia in the main?—There are very large sections of their people that hold very little in common with the masses of the people here, but the masses of the people there are certainly developing along the same lines politically and socially as we are. We advocated similar reforms there ten years ago that we here have accomplished since.

574. That brings us to a very important point. It has taken us ten years to reach the point of advantage we have already gained. Legislation goes more rapidly here than there. Would not that be an element rather against federation than in favour of it?—Yes, it is, from our point of view.

575. You do not think that the preponderating influence of Australia in the Federal Parliament, as compared with that of New Zealand, would have a prejudicial effect?—No, I do not fear that, because I think it would react on themselves in time.

576. Supposing we joined with all the advantages of an original State, but with a special clause delaying the removal of the tariff for, say, five years, so as to avoid a great shock to our manufactures, and the labour organizations of Australia made an endeavour to better their condition, do you think they would anything like accomplish in five years what we have taken ten years to do?—Yes. They are getting legislation on the same lines as ours; there has been a great deal accomplished within the last ten years, both there and here.

577. You have some knowledge of the furniture trade?—Yes.

578. Well, I saw a suite of furniture in one of the Wellington auction-rooms which the auctioneer told me was landed here for less than £6—in the auction-rooms. I was simply astonished; and I ask you, as a practical man, is it possible that our furniture trade can compete with a condition of things that could produce such an article?—We do not produce that class of goods in New Zealand. It comes in from Sydney. I made that class of goods in Sydney, but we have no market for it here. If we made it and sold it to a customer we should have to sell it in our own name; but if it is consigned from Australia, and put in the auction-room here, it is, as a consignment, sold in nobody's name. New Zealand could do the same thing if our conditions were the same as they are in Australia with regard to the importation of parts duty-free.

579. But not at that price?—Yes, we could do it at that price, under the same conditions, and we could do it now in regard to certain things.

580. Then, you think federation would not act detrimentally in the long-run as against labour?—No; I believe it would do no harm to New Zealand to federate.

581. You do not think it would affect the manufactures themselves?—No.

582. Not in view of the large factories in Australia, and the larger output and capital involved in comparison with ours?—There is always the barrier of freight against them; but, of course, that is against us also for exporting.

583. *Mr. Reid.*] Have you reason to believe that the views you have expressed before the Commission are held by the majority of the workers you represent?—These views do not represent those of the majority of the workers here.

584. Is there reason to believe that the majority hold contrary views?—Yes, I believe the majority does.

585. *Mr. Leys.*] I gather from your evidence that you think we have nothing to gain from a governmental point of view by federating with Australia—that our present political system and administration are rather in advance of theirs, and of what the Commonwealth Government is likely to be for some time?—I believe that the machinery of government here is more rapidly put in motion than there.

586. And that our legislation under those conditions has put us in advance of Australia?—I believe so. I think we should gain, in that we should be part of a great community, instead of being a little one in ourselves, and outside. We might be overshadowed by the big one.

587. But I mean as far as administration goes?—As far as that goes, I think we are as well off as we should be under the Commonwealth.

588. May we not lose something in the shape of administration in having our postal arrangements, telegraphs, and probably railways in the future administered from somewhere in New South Wales?—No, I really do not think we would. I believe it would be managed similarly to what it is now.

589. With regard to our being overshadowed, should we not lose our identity and individuality as a State as compared with a self-governing nation?—No more than any other State would in the Commonwealth.

590. Regarding our exports in produce, are you aware that even now Victoria exports butter to Queensland and South Australia, and New South Wales is also a large exporter?—Yes; all the Australian Colonies do excepting Western Australia.

591. Are you aware that Victoria and South Australia export wheat, and that New South Wales is practically self-supporting in that respect?—I think, taking it on the whole, if we joined the Federation, there would be a tendency on the part of the Australian States to deal more liberally with New Zealand than there is now, considering that their interests are in common with ours, and I think in that way it would tend to extend our trade.



592. Is not the price of these great staple exports fixed by the rates ruling in England, and those rates rule in these local markets?—That is so.

593. Is not the English market practically inexhaustible so far as our exports go?—So far as we can produce, I believe it is.

594. Are we likely to suffer so seriously as you seem to anticipate, even if the Australian market were closed against us?—Australia is nearer to the Home market than we are, for one thing, and the tendency would be to trade with the Commonwealth in preference to outsiders for home consumption.

595. Although they produce very much the same class of goods that we produce, and export them to England and other places?—But I believe New Zealand can produce better goods than any of those countries in the class referred to.

596. In regard to manufactures, do you not think that the sea barrier would prevent our manufactures being profitably sent into Australia?—Yes, to a very large extent; but I think that, on account of the increased output bringing about cheaper production, the tendency will be to send these goods into the other States of the Commonwealth, instead of to New Zealand only. If federated we would all have the same chances to carry on the trade.

597. Do I understand you to say that it would be beneficial to our manufacturers as well as producers to federate?—Yes.

598. Do you think it possible to supply Australia with manufactured goods?—Yes, with the surplus we manufacture.

599. Have you considered the re-export trade of Australia at all?—I have seen the figures.

600. The re-export trade between the colonies is £18,600,000, while the New Zealand re-exports only amounted to £138,595, of which £134,000 went to the South Sea Islands; so that practically we have no re-export trade excepting the South Sea Islands: is that not because the contiguity of the Australian Colonies enables them to exchange between themselves?—The agents are liable to concentrate themselves in the large centres of population, and that may account for it.

601. Would not that continue, apart from federation?—To some extent it would, as the tendency would be to draw towards the Federal centre.

601A. Then, the Australian merchants reshipped a large amount of these re-exports—£1,300,000—to New Zealand: would they not be likely to reship larger amounts under the Federation?—I expect that the whole of the trade of the South Pacific will expand through the establishment of the Commonwealth, and the impetus would extend here.

602. But I mean the trade between Australia and New Zealand: do you think the merchants of Australia will dominate our trade to a large extent?—I do not think it will be to their interests to do it more than now.

602A. Are they not deterred by the tariff to some extent?—Of course, if you remove the tariff we will have the same advantages here as there.

603. But still they export largely here in spite of the tariff?—Probably because they have representatives here.

603A. Have not they advantages in freight?—I do not know that they have, because inter-colonial freights have always been pretty high; and they might be doing a larger trade—I believe they are—with the people there than we can do because having lower freights from Home.

604. Have they not advantages in their branches?—Yes.

605. Would that not give their merchants the advantage over us?—They have that advantage now, and have always had it; it would not be altered by the Commonwealth.

606. And making the ports free would not make any difference, do you think?—They get drawbacks there now on the Customs duties.

607. Do you think Melbourne would not supply such places as the West Coast?—No, there would still be the same State rivalry, and they are not likely to take the trade away from New Zealand; and the tendency would be to develop trade more largely if we were a part of the Commonwealth than if we were not.

608. *Hon. Major Steward.*] Regarding your views on defence, do you mean that you think the Commonwealth could establish a navy sufficiently strong not only to protect its own immense seaboard, but also to spare vessels to assist in the defence of New Zealand?—That is putting the question in a very different way. My idea was that they could provide a small colonial navy able to concentrate itself at any given point to repel any attack of vessels sent by a foreign Power. In that way there would be more protection than could be afforded by any land defence.

609. The assumption is that New Zealand becomes a part of the Commonwealth; if so, and a quarrel arises with another European Power which results in that Power attacking the Commonwealth, does it not follow that the latter would have to look out for the protection of its own shores as well as New Zealand?—Undoubtedly.

610. Then, is it not probable that the Commonwealth would look first to the protection of such ports as Sydney and Melbourne rather than to the protection of Dunedin and Lyttelton?—But I think all the States would have some permanent protection.

611. If it were going to defend, it would only defend the points nearest itself, and only those which there was the most necessity to defend?—Yes.

612. Then, it would be only the surplus naval strength it had available that it would be able to send to New Zealand?—That is so.

613. Then, do you think it probable, if we entered the Federation, that the Commonwealth would be able to establish a navy sufficiently strong to protect the ports on the mainland and spare anything for the protection of our ports?—No; there is such an extensive seaboard to protect that it would be practically impossible; but I thought four or five cruisers could be maintained in addition to whatever gunboats were necessary for port defence, to be concentrated wherever it was deemed necessary.

614. *Hon. the Chairman.*] Do you mean first-class, second-class, or third-class cruisers?—I think we would require two or three first-class cruisers.

615. Have you any idea what three first-class cruisers would cost?—I suppose, nine or ten millions.

616. What do you think their annual upkeep would be?—I suppose, £500,000 a year.

DONALD REID examined. (No. 19.)

617. *Hon. the Chairman.*] How long have you resided in New Zealand, Mr. Reid?—A little over fifty-one years.

618. You have been a member of the Colonial Legislature, and also a Minister of the Crown in New Zealand?—Yes.

619. Will you be good enough to favour the Commission with your views as to the advisability of New Zealand joining the Commonwealth of Australia or otherwise?—In the first place, I really am doubtful whether the views I hold on the subject are sufficiently matured to be of any use to your Commission. The impression I have formed in respect to New Zealand joining the Commonwealth is decidedly against such a course. My opinion is based mainly on the political aspect of the question. I have not gone very largely into the commercial view of it. In respect to the political aspect of the question, I look at it in this way: We have here a country peopled by a grand race of settlers for developing a young country—a people having a common history, identity of interest, and united by national sympathies, occupying a great country, with the freest institutions and the most liberal Constitution that I know of; in fact, we have the power to mould the future of this country as we think fit. It is not a puny, small country, and does not require to be joined to any other. The extent of this country—larger than Great Britain—should be sufficient to engross the attention and satisfy the ambition of any rulers we may have, and whose desire should be to see it properly governed and keep our political privileges intact. In my opinion, the ultimate result of such a union as now proposed would be to dwarf the minds of our people in respect to political matters, because the power they would be able to wield in the affairs of the Commonwealth would be so trifling, and the centre of political action would be so remote, that they would not take the same active interest they now do in political affairs. It is only very few men who will give their minds to much study over political questions with the knowledge that they will have little or no power in the ultimate decision, or that the power they can exercise is so infinitesimal as not likely to materially affect the result. People thus deprived of the power to act for their country so as to give potential effect to their views soon cease to care for the privilege, and this, I think, would be one of the evil effects of making New Zealand a State of the Commonwealth. These remarks may not apply to the same extent to our present people; but gradually the position I have indicated would be brought about, and the belief I have formed is that already our political activity is not so active as I would like to see it. Again, in respect to representation, assuming that we were to become a State of the Commonwealth, I would like to know who are the men whom we could get to go from their business here to attend the meetings of Parliament. The difficulty even at present is to get many of those who are engaged in business, and who I think ought to be largely representing us in Parliament, to spare the time to attend to the duties. Even in the colony we have great difficulty in getting suitable men to attend our local Parliament to deal with the comparatively limited amount of business which it has to undertake, but if we had to look for members to represent us in the Commonwealth Parliament in Sydney, with the enormous amount of work and time occupied, they would have to be either men of large capital—who I am not quite sure make the best or most desirable representatives—or it would have to be men who are devoting their attention to nothing else but representation. And, again, they are not the class of representatives whom we would like to see, because, unfortunately, there is a tendency with many of them to manufacture opinions to suit the crowd, instead of being free representatives studying what is best in the public interest, and putting well-matured sensible opinions before the people, and inducing them to adopt them and go with the representative. These are some reasons that would weigh with me in expressing an opinion against New Zealand casting away the glorious inheritance she has in her free Constitution—the right to manage our own affairs, control our own revenues, and make our laws to suit ourselves. If we wish to develop any industry we have the power to do it at any time without anybody overriding us. If we wish to raise more revenue to carry out any great undertaking we have the power within ourselves, having also the control of the whole of our revenues, which we would not have as a State of the Commonwealth. If we wish for immediate protection from any common danger or attack we have the power within ourselves to obtain it, and it seems to me that federation with the Empire is all the federation that would be necessary for New Zealand. On the other hand, what advantages are we to gain by giving up all these great privileges? I have been told in some quarters that we shall get a market for our oats. Well, really, gentlemen, that is a transitory and fleeting argument. These matters of trade and commerce will regulate themselves; but, in regard to the political matters, if once we part with the power we now have we can never restore it, as far as my belief goes; but, as for regulating commercial matters, they regulate themselves pretty well. I cannot believe that the people in the Commonwealth will be so blind as to refuse to receive our oats, because we have not joined, when it suits them to take them, and it is only when it suits them that they take them now.

620. You hold the opinion, Mr. Reid, that the legislative independence of New Zealand would be prejudicially affected by federation?—Yes, I do, decidedly.

621. And how do you think local administration would be affected?—Oh, well, that certainly would not be affected materially, as far as I can see. There would be this difference, however: The local administration—boroughs and counties—when they require any assistance from the Colo-

nial Parliament can get it; they can get measures passed to facilitate operations without much trouble or delay; but if they had to obtain such authority from the Commonwealth Parliament there would be great delay and difficulty in getting it.

622. Have you formed any opinion as to whether the industries or the commerce of the country would be affected prejudicially by federation, or benefited?—I cannot see how they would be seriously prejudicially affected; and, as to benefit, the only case that has been brought up has been in respect to agricultural produce.

623. Assuming that it would be prejudicially affected in that respect, do you think that would be a sufficient ground to set against the disadvantages which you have enumerated?—No, certainly not; but I am doubtful if it would be prejudicially affected.

624. And you think the main effect upon the colony would be an unwise political step?—Yes, I am sure it would.

625. Are you aware that the referendum is the ultimate tribunal in regard to altering the Constitution?—Yes.

626. Do you think it would be advisable for New Zealand to throw its lot into such a Confederation?—Certainly not.

627. *Hon. Major Steward.*] Do you not think, Mr. Reid, that our separation from Australia by several hundred miles of sea, involving a journey of three or four days, would be a serious handicap to our representatives, seeing that in the case of the Australian representatives it would only be a matter of a few hours for them to communicate with the seat of government?—Certainly, it would be a great disadvantage.

628. *Mr. Leys.*] With regard to what you have said about the difficulty of getting representatives, have you noticed that seven out of nine members of the Federal Executive are lawyers?—I did not notice that.

629. Is not that very much the same as in the United States, where the government falls mainly into the hands of lawyers?—That might not be the disadvantage it appears, because there are lawyers and lawyers.

630. You think that on the whole it would be an advantage?—No; I certainly would rather have a mixture of the different interests and classes of the community as representatives.

631. *Mr. Luke.*] We have been told that federation would open up to us a trade very much larger than anything we have in this country, not only with regard to agricultural produce, but we might develop our manufactures and find a market in Australia: what do you think?—It might be possible in some lines; but we need not, I think, consider it, as we have more outlet for our manufactures now than we have people to produce them. We have to import largely because we cannot produce all we require, and I am not sure that the course we are pursuing in respect to labour legislation will tend to have a fostering effect on our manufactures.

632. *Mr. Beauchamp.*] Have you considered the financial effect of federation on this country: I dare say you are aware that the Federation would take over our revenues from Customs and excise?—I have no doubt they will ultimately take over everything worth legislating about. I presume it would disarrange our finance for a time, and our local governing bodies would have to revert to further direct taxation.

633. Do you think the same friction and trouble would arise as arose in this colony with regard to the provinces under the Provincial Governments?—I think very probably it would be so, only the referendum would have to settle it. By-and-by the Commonwealth Parliament would wish to take over further revenues and duties from us, assuming that they were matters which could be dealt with by the Federal Government so as to get popularity, but anything in the way of throwing burdens on the people they would leave to the State Parliaments. That is the general way Governments work.

634. And, as the basis of New Zealand's representation—both the Senate and Lower House—would be lower than that of Australia, do you think we would be likely to be outvoted on questions affecting this country?—I think we would be simply ignored.

635. As to a market for our produce in Australia, are you of opinion that that market is created chiefly by climatic conditions?—Yes. In times of drought they would be very glad to get our produce, and I cannot conceive that a manufacturing and town population would ever submit to a tariff that would in times of scarcity exclude our produce or make it ruinously dear to them. All the world over the agriculturist has to provide the food, because people must be fed, and he has to grow the food and get the best living he can out of it; but protection does not last long for the agriculturist, as far as I can see, the world over. The consumer would not submit to very heavy taxation being levied on his food.

636. *Mr. Millar.*] Do you think this colony would develop as rapidly under a Central Government in Australia as it has done under our present system?—I think it would not.

637. There would not be the same community of interests as there is in being governed by our own people?—No. I am quite sure there would not be the same disposition on the part of the people to accept what was passed there as heartily as when it was passed by their own representatives.

638. *Mr. Roberts.*] I presume, while not favouring federation, you would be in favour of establishing a reciprocal treaty with the Commonwealth?—Certainly. On as free and full lines as possible.

639. *Hon. Mr. Bowen.*] I would like to have your opinion on the provision in the Commonwealth Act which provides for both the Commonwealth Government and the States Government dipping out of one purse—that is to say, instead of having different means of taxation, the Customs revenue will provide for both payments to the Commonwealth and the States?—That would soon mean the beginning of a battle royal, and I am sure the Commonwealth will gain at the finish in that battle.

640. Of course, they get one-fourth, or not more than one-fourth, of what they want for the present?—We have had those promises in New Zealand put in the shape of enactments; when passed they were to last for many years, and the next session they would be altered again, but always to the gain of the Central Government.

641. Do you not think that provision is a danger in the Act?—Yes, certainly.

642. Under the Canadian Act they have separate financial arrangements, have they not?—Yes, I believe so.

PETER BARR examined. (No. 20.)

643. *Hon. the Chairman.*] What are you, Mr. Barr?—A member of the firm of Barr, Leary, and Co., public accountants, Dunedin. I have been thirty-seven years in New Zealand.

644. Have you lived in Australia?—I have visited Australia several times, but have not lived there for any length of time.

645. Will you kindly favour the Commission with your views on the question of New Zealand federating or not federating with the Commonwealth of Australia?—I understand I have been summoned as secretary to the Industrial Association of Otago, and this morning I also received a letter asking me to attend as secretary to the Chamber of Commerce. Any opinion I might express in reply to your question would only be a personal one, as I think I might say that the question has not been considered by either of those bodies.

646. Have you any individual opinion upon the matter?—I have not come to any very definite opinion on it. I am an accountant, and have consequently no practical necessity to go into it, not being either an exporter or an importer. So far as I have been able to form an opinion, it is, on the whole, favourable to federation with Australia, as it would open up a larger market to us. Of course, that would depend upon the attitude of the Commonwealth towards New Zealand, and probably it would be better for us to wait until we see more clearly what that attitude will be, and also until we see what the effect of the working of federation will be in Australia.

647. *Mr. Millar.*] Do you think that federation will not affect the industries of this colony?—It might to some extent; but I am inclined to think that any injury that may be done to those industries would be counterbalanced by the benefit accruing to our increased markets, always assuming we were not shut out by the Federation.

648. I suppose you will admit that, as far as the centres of population are concerned, they are practically dependent upon the manufacturers?—To a great extent we are.

649. These four centres of population represent nearly one-third of the population of the colony, so that if the manufacturers are injured there must be one-third of the population of this colony going to be considerably injured by federating?—Yes; but if the whole colony is benefited through having our export trade increased it might be counterbalanced.

650. But is not the best market for a producer the home market?—Yes.

651. And if you reduce the population of the colony you are reducing the home market?—But I do not see that it follows that you would reduce the population of the colony.

652. Population must follow the trade, and if industries are injured in this way, and are gradually withdrawn to Sydney and Melbourne, the men must follow the work: is that not so?—Yes.

653. The value of the Australian trade to us is £1,700,000, and, unless it can be shown that that can be materially increased to such an extent as to benefit the whole colony, federation would not be for the benefit of the colony?—I am inclined to think that that would be so.

654. Despite the fact that the bulk of the colonies are exporting now the same things that we produce?—Yes, because we are in a particularly favourable situation for producing on account of our agricultural capabilities.

655. But we could not touch Victoria in the production of butter, could we?—Probably not.

656. We cannot touch South Australia in regard to the production of wheat?—That I could not say.

657. So that, when it is narrowed down, the only market that we really have for agricultural produce is the market for oatmeal and oats?—They are very considerable items.

658. We want to keep our commerce as much before us as we can, but the question is what price are we going to pay for it. I understand your opinion is that, unless it can be shown that federation is going to benefit the whole colony, you do not think we should federate?—Certainly.

659. *Mr. Beauchamp.*] Has not this question been discussed by either association to which you refer—the Industrial Association or the Chamber of Commerce?—No; the annual meeting of the former will be held immediately, when a new committee is to be appointed, and it was thought better to leave the matter over for the new committee, and also to wait for the result of this Commission. Had the Commission commenced its sittings in Auckland instead of Invercargill, it is possible that the matter might have been considered before the Commission arrived here.

ROBERT SLATER examined. (No. 21.)

660. *Hon. the Chairman.*] What are you, Mr. Slater?—By occupation I am a presser, but I am the secretary of the Dunedin Trades and Labour Council.

661. Have you considered the question of New Zealand federating with Australia?—Personally, I have not given a great deal of attention to the question, but I have been appointed, along with our president, to come here and give evidence with regard to the effect of federation on our labour laws, especially with regard to the Arbitration Act. The view of the Trades and Labour Council is that, under present circumstances, if New Zealand were in the Commonwealth, and Mr. Barton's promise given lately were carried out—viz., that there would be an Arbitration Act for the Commonwealth—of course it would be naturally carried out on the lines laid down in the New South Wales Bill at the present time, and that would be detrimental to our workers by taking us backward instead of forward.

662. You think the labour laws would be retrogressive instead of progressive?—Yes.

663. Is the association you represent—or, rather, the majority of the association—in favour of or against federation with Australia?—As far as I am aware, the majority are against it, although a little while ago a member of our council appeared before you and spoke in favour of it—I refer to Mr. Hood.

664. *Hon. Captain Russell.*] Has the question of federation in its general aspect been discussed by your council?—No; it is set down for discussion at an early date, but we did not expect the Commission so soon.

665. Then, it is only as federation may affect New Zealand for the next ten years that you give evidence?—I give evidence on behalf of our council, but I am quite willing to answer any other questions that may be put to me. It is the effect of federation on the labour laws that we have considered. Personally, my opinion is that it would put New Zealand back ten years.

666. How?—Because, if the labour laws were to be administered as Commonwealth labour laws, then it would take that time for the other colonies to get the distance that New Zealand has got in regard to social and economic legislation.

667. Do I understand you to mean that you are afraid the Commonwealth would repeal our labour legislation?—I do not know that they would repeal it; but, supposing an Industrial Arbitration Act was passed by the Commonwealth, I do not think it would provide as good machinery as we have at present in New Zealand for settling disputes, and that would be practically repealing our Act.

668. You are afraid they would practically repeal our legislation, and enact something that would not be as good?—Yes.

669. What is your impression as to the relative efficiency of the New Zealand and the Australian worker?—I have not had much experience of Australian labour, having only been in Australia three weeks when attending the Commonwealth celebrations, so I could not form a sound opinion as to the efficiency of labour there.

670. You have formed no opinion from what you have read or heard?—From what I have read the efficiency of New Zealand workers is higher than that of the Australians.

671. If the relative efficiency of the New-Zealander is higher than that of the Australian have we cause to be afraid of their competition?—Yes; because, although we hear it said that the Australian Colonies are working the same hours as us, we find, after inquiring closely, that they work very much longer hours, and that their wages are lower.

672. You do not think that in the course of a few years the labour laws and the hours of labour would be assimilated in all the States of the Commonwealth?—Very possibly they would be; but I do not think New Zealand would gain any advantage. It will take them a good many years to get as far ahead as we are in New Zealand at the present time as regards hours of labour and rates of wages.

673. Do you think we could compete, all things being equal, in the labour-market with Australia?—Certainly.

674. Need we be apprehensive of their labour at all?—Only as regards the interchange of products as between this colony and the Australian Colonies.

675. *Mr. Millar.*] Did you have an opportunity in Sydney of ascertaining the conditions under which the different trades work?—I inquired into the conditions of labour, but the factories were not in full operation owing to the holidays, and that fact was against me.

676. You have had a big experience of the industries of this colony?—Yes.

677. So far as you were able to ascertain, how does the condition of the workers in New South Wales compare with the condition of the workers here as regards wages and hours of labour?—They are very much worse in New South Wales than here—very much to the detriment of the worker there.

678. Then, with federation and free-trade between the two countries, our workers would either have to come down to the same level or the work would have to go over there?—That is the only way we could compete with them.

679. I understand from you that what would be looked upon as progressive legislation in New South Wales now would leave us worse off than we are at the present time if it were enacted here?—That is the point I wish to make.

680. How did labour in Victoria compare with ours?—Similar to New South Wales.

681. To go away from the purely pounds shillings and pence point of view, how do you think the workers of this colony would care about giving up the political power they have now in regard to legislation?—I do not think they would care for it at all.

682. Are you aware of any opinion having been expressed with regard to it so far as Dunedin is concerned?—Not by any united association; but, of course, I mix considerably with the workers, and I think the majority of them are against it.

683. You have heard privately what would probably be the final decision when it is given?—Yes; and my opinion is strengthened from certain facts I gathered on the other side. I took an opportunity of discussing the question of our federating with some members of Parliament, both in Victoria, New South Wales, and South Australia, and, of course, every one said they would like to see New Zealand come in, but I put the question, "Supposing you were New-Zealanders, and I was an Australian, what would be your view then—supposing you were living in New Zealand?" They said they would do all they could against it.

684. They want New Zealand in to try to get a little leaven for the lot?—That is the impression I formed from the discussion I had with several members over there.

685. So far as you know, the workers affiliated with your own organization do not view with favour the idea of our federating?—Not as far as I know, though some of them do.

686. *Mr. Beauchamp.*] With regard to the Arbitration and Conciliation Act, if it were passed in Australia, and we federated, do you not think that you would be sufficiently protected here?—It all depends whether they passed their present Bill or our present Act.

687. That is to say, that they would have to adhere to our Act as a whole to effectually protect the workers here?—Certainly.

688. With respect to what you have designated as progressive legislation, do you consider that in Australia they are at least ten years behind us?—Yes.

689. As to the Factories Act, do you think it is not operative, or, in other words, like a man-of-war without guns?—I expect it is, for they cannot enforce it.

690. With inter-free-trade, with no barriers in the shape of tariffs, is it not likely that the Australian manufacturers could successfully compete against our manufacturers?—Yes, I dare say they could, on account of their larger output.

691. Even with the handicap of freight?—I have not considered it from that standpoint, but merely from the labour standpoint.

692. *Mr. Luke.*] Do you think there are any advantages to be gained by federation?—I have not seen any.

693. Do you think it would be possible to develop our public conveniences under federation, such as railways and posts and telegraphs, as well as we can under the State now?—I do not think they would receive as much attention.

694. You think generally that federation would prove detrimental to the interests of trade?—Yes, especially to the manufacturing classes.

695. *Mr. Leys.*] Are not the Victorian labour laws pretty efficient?—No, they are very cumbersome.

696. Is not our factory law framed on the basis of the Victorian statute?—No; quite different. Under the Victorian Factory Act they have a Wages Board which can be set up, with so many men from each side.

697. Is not there a classification of the hours of labour under the Factory Act?—I have not read the Victorian Act, but I have looked at the New South Wales Act, which, I understand, is something similar to the Victorian one; and certainly the New South Wales law is very inferior to ours.

698. I understand that the Wages Board in Victoria fixes a minimum wage: is that so?—Yes, sometimes.

699. It has that power?—Yes; and I think they got exceptional powers during the last session of Parliament.

700. Is not the Act working pretty well?—It did not work very well before—that is, taking the experience of the workers. I went to the Trades Hall, and inquired from the officials there as to the working of the Act.

701. Assuming the Commonwealth Parliament passes a Conciliation and Industrial Act on exactly the same lines as ours, do you think the decisions under that Act will bring the wages up to as high a level as they are now in New Zealand?—No, I do not think so.

702. You think they would take a lower level?—Yes.

703. And that that lower level would affect us here?—Yes.

704. *Hon. Major Steward.*] I understand you to say that the conditions of labour are more satisfactory in New Zealand than in Australia, and that our legislation in that respect is ahead of Victoria and New South Wales?—Yes.

705. If that is so, and New Zealand became a part of the Commonwealth, and the Commonwealth Legislature passed an Arbitration Act such as we have here, is it your opinion that the Courts set up under that Act would bring about an equality of wages by bringing down the New Zealand rate, or would it fix a rate which would be lower than that of the New Zealand rate?—I do not think they would care to start by lowering our rate to that of the other side; it is more likely that New Zealand would have to stand still until the others climbed up to her.

706. Do you think it would be a levelling-up or a levelling-down?—I should be afraid that it would be a levelling-down.

707. *Hon. the Chairman.*] Is there anything you wish to add?—Simply that in New South Wales there are only 431 Europeans—men, women, and boys—engaged in the furniture trade, as against 457 Chinese.

TUESDAY, 12TH FEBRUARY, 1901.

ALEXANDER BURT examined. (No. 22.)

708. *Hon. the Chairman.*] What is your position, Mr. Burt?—I am managing director of Messrs. A. and T. Burt (Limited), merchants and manufacturers, of Dunedin.

709. How long have you been resident in Dunedin?—Since 1861, continuously.

710. Have you resided in Australia at all?—I was for two years in Australia previous to that.

711. What is the line of manufactures in which your company are engaged?—Metals and machinery.

712. What number of hands do you employ?—Somewhere about five hundred in the different departments—all in Dunedin.

713. Have you considered the question of New Zealand federating with the Commonwealth of Australia?—Just so far as our manufactures are concerned.

713A. How do you view the matter so far as it affects the manufactures and industries of New Zealand?—In the metal industry it would affect us greatly. I do not think we could compete in any sense with an equal tariff.

714. If the terms were equal you could not compete—you could not come into competition with them at all?—Not as New Zealand stands at the present time.

715. If the terms were equal it would make a difference?—Yes. I mean that we could not compete with them equally. There would need to be a slight tariff on some things—more on some things than on others.

716. You could not compete on equal terms?—No. My reason for stating so is this: First of all, in Australia they have a larger population to work on as manufacturers. Then, a most important point in our trade is the raw material. They have copper and tin locally, which, of course, we have to import from New South Wales or Victoria. That is a matter that handicaps us. Then, there is fuel. They get fuel for about half of what we have to pay for it. They get bituminous coal for about 15s.: we have to pay £1 10s. here. We have to work with lignite a good deal. Coke, which is largely used by foundries, is also half the price in Australia that we have to pay for it. These are big items in the manufacture of iron goods—machinery, and so on. Then, freights to Melbourne and Sydney are from 25 to 50 per cent. less than to New Zealand, which, of course, puts the raw material into the shops in Australia much cheaper than we get it. Taking all these together, it would be impossible for engineers, ironfounders, brass-workers, or copper-workers to compete successively against the Australian manufactures. There is another point you will all agree with: the larger the manufactures the cheaper the output. Now, in Melbourne, where they are far in advance of New Zealand with their machinery, and so on, they could afford to make in excess of their own consumption, and the surplus they could send anywhere, even at a loss. It would still pay them, of course, because they would make their profit out of the enlarged output. Even if they only sold 25 per cent. of the surplus at cost or under in brass and copper goods they would really lose nothing. That was proved in America years ago. You could not buy the same class of goods in the market at the price at which they were exporting them, because it was a surplus they were exporting. If federation took place, I am sure that, under existing arrangements, a good many of the manufactories now going on in Dunedin would be stopped. Then, there is the labour trouble over here. I do not know if we can call it a trouble, but the unions have taken action through the Conciliation Board and the Arbitration Court, the result of which is that their wages have been advanced considerably. That Court does not exist on the other side. Wages are now 25 per cent. higher in New Zealand than they are in Australia. Of course, these are matters that might be remedied if federation took place. I have not studied the effects of federation years hence, but I can say that the effect in the immediate future would be that a great many of the rising industries of the colony would be annihilated. Then, there is another point—one the Government should take advantage of whether we federate or not. For a number of years past, in both Melbourne and Sydney, a large amount of money has been spent on technical education, much to the advantage of the different manufactories. No doubt it has enabled them to succeed in many things they would not otherwise have succeeded in. But any assistance we have got from the Government for our school in Dunedin we have almost had to drag out of them. I have had a good deal to do with the institution, and I know what it has been. You would be astonished to learn all the difficulties we have had in carrying it on; and now, after giving us many promises of help, they have practically refused to give further help, so that I do not think we will be able to carry on the school in the coming session. What we require is building accommodation for plant we have already got and paid for; plant that has been shut up for two years will be a third year if we do not get the necessary buildings.

717. Will not the Manual and Technical Instruction Act of last year help you?—To some extent, but not in regard to buildings. If the Education Board take the whole matter up they will provide the buildings, but if private associations take the work in hand—and it is a private association in Dunedin—the Government give only £1 for £1. We have canvassed the public for the last ten or eleven years for subscriptions, and have met with great success. If it had not been for help from that source we could not have carried on at all, but I distinctly refuse to go to the public any further for help for the building or anything else. It would be a Government building. Of course, we hold it now, but we have agreed that if they extend the building we will hand it all over to them. That, then, is an advantage they have in Victoria and New South Wales over New Zealand. Up to the present we have done a little good with our school, but we would do a great deal more good if they would only give us the building accommodation. The cost to the Government, so far as the local school is concerned, has been only a few hundred pounds.

718. That is a matter you think should be urged on the consideration of the New Zealand Government?—If the Government in the end desire to go in for federation that is one point they would have to go into at once. If New Zealand is to cope with the larger-populated colonies our Government would have to meet that question. It is a fact all over the world that without proper instruction manufactories cannot progress—at least, you cannot compete with those who are better instructed.

719. Is there anything further you wish to say, Mr. Burt?—I may say I have read some of the evidence about the borrowing-powers of the colony. My own opinion is that as we stand at present we can borrow money as cheaply as we could if we were federated. We can borrow as cheaply as an independent colony as if we were a federated colony. The time may come when we shall federate with Australia, but I feel that it will be throwing away our independence.

720. Our political independence?—Yes. Another thing is this: A certain amount of the Customs duties would require to go from the colony—I think it is a third—and you would have to fight to get it back again. I may say I have studied the technicalities of my own industry, which would be affected with other industries in Dunedin. With certain industries we are further advanced in Dunedin than they are anywhere else in New Zealand; we have had more experience in them.

721. I understand your remarks apply to other industries as well as your own?—Yes.

722. Supposing New Zealand federated, do you think that protection for any limited time, if it were possible, would remedy the risks or minimise the risks to which you refer?—To a certain extent it would, because it would allow us to pull up some industries which are now behind. I regard New Zealand as a self-contained colony. If we were a colony that could not produce everything we require, then I should say it would be a good thing for New Zealand to federate; but, as



a matter of fact, there is nothing I know of under the sun that we cannot produce. I could quite understand the federation of New Zealand and some of the other islands of the Pacific, but I cannot see what advantage it will be for New Zealand to federate with Australia.

723. Where are the principal deposits of copper in Australia?—There are three or four. Burra Burra is the principal one. There are also the tin-mines at Broken Hill, and we get tin from Tasmania as well.

724. Do you despair of copper being worked profitably in New Zealand?—No. I hope to see it worked in New Zealand. It is only a matter of development.

725. What about coal?—There is plenty of it here; but the Westport coal that comes to Dunedin costs more than the Newcastle coal. I do not know the reason, but I suppose it is the transit that causes it. We have plenty of bituminous coal in New Zealand. We are well supplied with lignite for steam purposes, but for furnace purposes you must have hard coal and coke. A large quantity of coke is used in foundries.

726. I take it, then, you are of the opinion it would be better for New Zealand not to federate at the present time?—Certainly, that is my opinion.

727. *Mr. Luke.*] Is the coal you use in your manufactures imported from Australia, or is it New Zealand coal?—We use both. We get the one that is cheapest. We use Westport, Grey, or Newcastle, so long as it is a hard bituminous coal.

728. You fear that under federation the large companies in Australia will manufacture more cheaply by increasing their volume, and ship their surplus to this colony?—Yes.

729. That has been demonstrated, has it not, in America and elsewhere?—Yes, repeatedly.

730. You have said the wages paid in New Zealand are higher than the wages in Australia?—Taking the thing all round, I should say there is from 20 to 25 per cent. difference.

731. Do you think the freights from Great Britain to Australia will be lowered to any extent in the future?—Not unless our imports increase. What causes the cheap freight for heavy goods to Melbourne and Sydney is the large amount of light goods imported there. The vessels are glad to get pig-iron at 7s. 6d. a ton, whereas we have to pay £1 2s. or £1 5s. a ton. We have not got these light goods coming here.

732. I presume the gathering of our return freights from the different ports increases the cost of shipping to New Zealand?—Yes, manufacturers are handicapped in that way. They have to ship their manufactures to the different centres. Victoria has one large centre. If we start a factory to supply New Zealand we have to calculate in our cost the freight to take these manufactures to each of the large centres. That is a matter we add to our cost. Of course, we do distribute our manufactures all over New Zealand.

733. We were told in Invercargill that if we federated the dredging industry would be more or less destroyed?—Under the present tariff it would be entirely destroyed if the Victorian people could turn out the quantity. There has been a large demand lately, and companies have not been looking so much to price as to time. If the trade got consolidated, and time was not necessary, I should say that with the present 5-per-cent. tariff we would be thrown out of the market. Five per cent. is all we have on mining machinery, and up to the present we have got as much work as we require; but if keen competition was taking place, and the manufacturers in Australia wanted work, they could take it. At least, I could if I was there.

734. You think the dredge-building will be a diminishing quantity?—Yes, I think so. I look forward to only a few years of it. As for the dredging industry itself, I see a large future before it, but there will not always be such a rush for new plant as there is now. There will no doubt be some work in the way of repairing and renewing.

734A. You think the distance we are from Australia is one reason why we should not federate?—Yes.

735. Would not that also be an element in favour of federation—that is to say, the Australians would not be able to so readily compete for the trade here because of their distance any more than we would compete with them?—Once you get the things on board, a few thousand miles make little difference in the freight. In fact, you pay as much to bring goods from Australia to New Zealand as you do from Home to New Zealand.

736. For heavy lines?—Yes.

737. Looking into the future, it has been thought by some that, being a self-contained colony, and a colony that has all the materials for manufacturing, we may in time be able, under federation, not only to supply our own needs, but to compete with them for their local market?—Yes, there is a possibility of that in the future. I feel there is a large field for development in New Zealand. There is no end to it. It is a matter of money and the proper men, and, as I said before, education. You cannot develop these new resources without having properly trained men to do it. Unless we encourage our technical schools so that artisans may attend them—let them be a means of education for practical mechanics—we will not succeed. If these men get the chance they can grasp the subject better than the professional man, unless the latter takes up the practical part. It is the practical men who attend these classes in Melbourne and Sydney, and also the Tradesmen's College in Glasgow, where an immense good has been done by the tradesmen attending these institutions.

738. Have you seen the Technical Association's buildings in Melbourne and Sydney?—No; I have not been there for twenty years.

739. You think this technical training is a big feature in the future of New Zealand?—Yes. It must be gone on with in a thorough manner. Up to the present it has only been played with: I do not hesitate to say that.

740. You think we ought to retain our political independence, do you not?—Yes; I am inclined to think we are better as we are, and, for myself, I would be sorry to give up the independence I have in New Zealand for any benefits that might be derived from federation.



741. *Mr. Beauchamp.*] Assuming the rates of wages and the hours of labour were uniform throughout Australia and New Zealand, are you of opinion that the industries of New Zealand could not exist, although the Australian people would be handicapped to the extent of the freight from Australia to New Zealand?—It would lessen the difficulty a little, but not put us on a good footing.

742. You say that, owing to the raw material being cheaper, and the fact that they have a larger home population to tap, they can throw off their surplus here at such a price as would render it impossible for you to compete against them?—Certainly. We could not compete against the surplus of such large firms as there are in Melbourne. You would have to compete against their cost price.

743. That is the chief difficulty that many people here have in respect to American goods—that the Americans, after supplying their domestic trade, export the surplus?—Yes. I have bought American manufactures at less than I know they cost them, just because it was a surplus.

744. What is the rate of freight you would pay on ordinary manufactures from, say, Sydney to Dunedin?—Case goods are from 12s. 6d. to 15s. Sometimes we get pig-iron or plates for 7s. 6d. a ton, but it is generally 10s. When it has suited them we have had freight as low as 7s. 6d.

745. That was probably when the competition existed between the Union Steamship Company and Huddart, Parker, and Co.?—No. It is a matter of convenience for the Union Company to take a few hundred tons of heavy goods at a small rate.

746. Have you any market in Australia for your goods?—Only for specialities. There are some specialities in brewers' plant that we send to some parts of Australia.

747. With a moderately protected tariff, do you suffer any competition from Australia?—Not now. Of course, specialities may come over, but the general run of brass and metal goods we do not hear of coming to the colony. When the Australian manufactures do come it is not a matter of price, but a matter of getting the article.

748. In respect to the technical schools in New South Wales and Victoria, do you find that the higher wages and the shorter hours in New Zealand attract any of these men to this colony who have been educated there?—Yes. We have several men employed who were trained over there. I have observed the better knowledge of theory they have than the New Zealand men, though they are not such good workers. They seem to have grasped the theory, which, of course, our technical schools would teach if thoroughly equipped.

749. At what rates does the New Zealand coal sell?—Nuts for steam purposes cost, I think, £1 8s.; but we do not use that class. Lump coal, which we use for our furnaces, is £1 12s. We never pay under £1 9s.

750. *Mr. Millar.*] You are aware this question of federation is bringing about a conflict of opinion between the interests of manufacturers and the interests of agricultural producers: could you give us any idea of the manufactures of the colony?—I think the Government have the statistics. I did not look them up, because I thought you would be able to get the information from the Government. At any rate, the value of the manufactures must be considerable. It has increased very much during the last few years.

751. You could not give any idea of the value of the manufactures in Dunedin alone?—No. We fill up printed forms for the Government giving all that information. Of course, it is supposed to be private. No one giving evidence would state the extent of his own output. I would not do it; but I say it must have increased considerably during the last four or five years.

752. We have evidence that the total value of the export of produce to Australia is worth to this colony about £1,750,000?—Yes.

753. Dunedin pays in Customs duties about £400,000 per annum?—Yes.

754. The bulk of that, I suppose, is paid by the workers?—Yes.

755. Well, I suppose I am correct in saying that the four centres of the colony are more or less dependent on the manufactures?—For actual manufacturing wages they are.

756. Shopkeepers, again, are dependent on the workers?—Yes; and no doubt the working-man in Dunedin forms the multitude.

757. So that the four centres of the colony are really dependent on the manufactures?—Well, even if federation did not take place they would be bound to take some of these goods. The total of £1,750,000 might be reduced, but not wiped out.

758. If £400,000 is the amount paid as duty per annum in Dunedin, that, at 20 per cent., represents a total value of two millions?—Yes.

759. And, of course, the bulk of the expenditure of the colony does not pay duty?—No, of course not.

760. There is house-rent, fuel, flour, oatmeal, and so on?—Yes, and many of the goods that are imported do not pay duty either.

761. A large part of their expenditure is not dutiable?—That is so.

762. If it is shown that the workers consume a large portion of the two millions' worth of goods upon which duty is paid, and if you take, in addition, all the amount paid for rent and other items upon which no duty is paid, would it be fair to assume that the total value of the manufactures to Dunedin is worth three millions per annum?—You could assume it, but I would not like to give it without working it up. It is not a matter I have studied. It is a matter that could easily be brought out mathematically.

763. If it can be shown that the manufactures of the colony are worth to the colony at the present time between eight and ten millions, as against £1,750,000 which the Australian market is worth in export, there can be no quibble as to which is of the greater value to the colony?—I quite agree that the manufactures have the best of it. That is quite evident without calculation. I think you might lose a portion of the £1,750,000, but not all of it. Of course, we would have the London market to fall back upon.

764. I think you have stated that under intercolonial free-trade some of our industries would be almost annihilated?—Yes.

765. The result would be that the workers at present employed, and who pay their share of the taxation of the colony, would have to leave the colony?—Yes.

766. So that from a population point of view the colony would be handicapped?—Yes.

766A. Do you think that under a Federal Government the natural resources of this colony would be developed as rapidly as under a Government of our own?—No, decidedly not.

767. That is another objection to federation?—Yes. I am sure some of our own provinces would have progressed better under provincial government than they have under the central form of government.

768. Have you given sufficient study to the question of federation to form an opinion as to whether it is probable that in the course of a few years the States will be abolished and there will be one Central Government in Australia?—I have concluded that, and that is one reason why I answered as I did.

769. You think the same disabilities that applied in the abolition of the provinces would apply likewise to the States?—That is my opinion.

770. Altogether, from your personal study of the question, you favour New Zealand keeping out of the Federation?—Yes, at the present time.

771. *Mr. Roberts.*] Will you kindly tell the Commission what position you occupy in the Technical Classes Association?—I have been the president since the inception, eleven years ago.

772. So that in what you have been saying you have been speaking from practical experience?—Yes; and I feel very grieved at the way the Government have treated us. Mr. G. M. Thomson and myself have pretty well managed the association all along, with the assistance of an able committee. We have a meeting on Friday afternoon to go into the whole question, and the chances are that we will have to throw the whole thing up for want of help.

773. *Hon. Captain Russell.*] Do you attach importance to the subject of technical education for public-school children, or is it a subject for young people after they have left school?—After they go to work they should get it. In the public school they should find out what the children have a desire for, and what they would be inclined to go to. In the school it gives them, at any rate, an idea of working with tools, whether they follow it up or not.

774. I suppose technical schools for children could only be of avail in the large centres?—Yes, that is so. In the public school it is more recreation than anything else, because they have not the sense to know what they are driving at; but, when it is a case of a man or a young woman at the technical classes, they wish to learn the theory of the practical trade they are working at. Nowadays a practical trade without theory is not worth much.

775. You say that coal from Westport costs you about the same laid down in Dunedin as coal from Australia?—Yes.

776. How do you account for that?—I do not know. All I know is the price charged here.

777. You seem to take rather a despondent view of the possibilities of manufactures in New Zealand for the future: would a protective tariff affect the matter at all?—I would not agree to a protective tariff further than we have at present. I think that to increase the protective tariff would help to ruin industry, because it would increase competition to such an extent.

778. You think a further protection of manufactures would tend to injure the industries?—Yes.

779. We may assume then that, for practical purposes, it would be impossible to improve the position of the trade by any alteration of the tariff?—Yes. I think it would not improve it.

780. What is the average freight of iron, such as you use, from England?—We can get it cheaper from England than from Australia. Sometimes we have to get small lots from Australia to keep us supplied when consignments due do not arrive to time. At the present time the cost from England or Scotland of pig-iron is £1 2s. 6d., and sometimes £1 5s. At times we have had lots at 15s. I know for a fact that both in Melbourne and Sydney they are charged 7s. 6d. regularly.

781. Why is that?—The only way I can explain it is this: Many vessels come out pretty well loaded with light goods, and they must have ballast. In some cases they take pig-iron, and take it out for nothing. As a matter of fact, I have known cases where the ships have had to buy pig-iron, and run the risk of selling it in Australia.

782. Ships come here with light freights, do they not?—We never get that chance here. We have to get the bulk of our pig-iron from Home, mostly from the Clyde.

783. Does the question of freight on the raw material materially affect the iron-manufacture?—Yes, a few shillings a ton in cost affects you in heavy work.

784. Would it be possible to manufacture pig-iron, say, at Parapara and bring it to Dunedin at as cheap a price as you can get it from London?—If the Parapara was developed it would be a likely material, and there would, no doubt, be ways and means of getting the material down. You could get sailing-crafts to compete against the steamers. At any rate, if the pig-iron was smelted at Parapara, I think means would be got to take it to any part of New Zealand for not more than 5s. a ton.

785. Could it be handled and put out cheaper than you import from England?—Yes, but you would require to have the quantity to work with.

786. As to the difference of profits between large establishments and small establishments, what would you say it is?—Well, the larger the output the cheaper the cost. As an illustration, I may say that in certain articles you may make a dozen which might be sufficient for some requirements, but if you make a gross of the same article you could reduce the cost by 25 per cent.

787. Then, on that basis, is it possible without an enormous protective tariff to keep the steel rails and the steel manufactures of America out of this country?—No; it would require to be pro-

tected, because these steel rails they are sending out are being sent out, I think, at cost. No doubt the large contracts the Americans have been taking are undertaken because of a surplus.

788. Taking the thing practically, will it affect our market?—Not in steel rails. In other things it will affect our market. I have actually bought American brass manufactures cheaper than the American cost.

789. Does not that materially affect the question of federation: have we not to look to a wider market than Australia whether we federate or not?—Yes, that would be right enough if things were equal, but I do not see why we should throw away our independence if things are not equal. If everything were equal, and we had copper, and tin, and other things, I should say open every port in the colony.

790. Should we not fear American production rather than Australian, whether we federate or not?—No, because we have a 20-per-cent. tariff against the American.

791. On iron goods?—On all the iron and brass manufactures, with the exception of those confounded exemptions. The tariff is burdened with exemptions, of which mining machinery is one. If I wanted a new boiler, or a new engine, and did not feel inclined to make it, I would have to pay 20 per cent. duty, while if I sent it up to a mine I would have to pay only 5 per cent. Our tariff is killed with exemptions. I do not know how they are put in, but they are there.

792. You spoke, too, of the cost of production being affected because of the price of coal: is it not possible that very soon New Zealand may be at an advantage as compared with Australia in motive-power through electricity?—Yes; I have a feeling myself that we will progress, and that in time we may be in a position to federate anywhere, but at present I do not think it, because we have not got the facilities.

793. Your objection to federation applies to to-day and not to fifty years hence?—To a certain extent.

794. Have you considered it from the position of a vigorous country in a cool climate competing with a country no doubt vigorous, but where the climate is hot?—That is a point in New Zealand's favour, but it is only a small point. I will tell you why: Working in buildings in a hot climate, such as Melbourne or Sydney, the workmen are cooler inside than outside. I know that in building factories over there they build them with brick and ventilate them thoroughly, so that men are more comfortable in the shop than outside of it. I admit, however, that our workmen are more robust and more able to stand fatigue.

795. Is it a calculable item?—It should be taken into account, no doubt.

796. Do you consider our labour legislation here has been materially beneficial to the industries or not?—Up to the present it has hurt us to some extent; but we will get over that. In some places where the price of labour has gone up we have had to study it, and have machines to make up for it in some way or other. But so far in our industry—the metal industry—it has not injured us much. In any cases we have had the decisions have not made the men better off. We had a decision the other day by the Conciliation Board for the boilermakers. It is no disadvantage to us. The men were as well off before as they are now. There were some alterations made, but technically there are but little differences.

797. There is a tendency to avoid strikes, is there not?—Yes; and that is one thing I admire in the Act. There is no necessity for strikes now. We all know that strikes mean a loss not only to the men, but to the community at large.

798. Do you think, on the whole, the position of the trades, both for the employer and the men, has been improved, or has it been the reverse?—I think the Conciliation Board and the Arbitration Court have been an advantage to the trade, and that their decisions will do good, so long as they are carried out properly. Sometimes they make mistakes, of course; and sometimes, too, the men make mistakes in going to the Conciliation Board without reason; but that rectifies itself. The ironmoulders who went to the Board the other day were well enough off before, and the Board proved it, because the men are not better off now. There were some trivial differences, but it was not worth while troubling the Board with them.

799. Why will Australia be able to defeat us in the manufacture of dredges in a year or two—an industry that was created in this country?—At the present time they have larger appliances, they get iron cheaper, their coal is cheaper, and their labour is cheaper; and all we have against those points is 5 per cent. duty and the freight, which is not enough. In some cases our tenders have been lower than theirs when we have come into competition, and now we are pretty well on a level. Sometimes they come in and sometimes they are out, just as we are among ourselves.

800. All these objections seem to me to deal with the question of to-day only?—Yes.

801. What do you imagine the manufacturing industry will be worth fifty years hence?—Well, a bird in the hand is worth two in the bush. We see the paradise coming; but, for myself, I do not want to hand away our birthright until I see something better.

802. *Mr. Luke.*] In looking at the question of federation, is it not advisable to consider the two interests—viz.; the produce of the soil as well as the manufactures of our factories?—Yes, I think so.

803. Are you aware that we export over a million a year in cereals to Australia?—I do not know exactly what is exported.

804. In considering this question, then, you put as a set-off the great interests of the manufacturing classes?—Yes.

805. Do you know the extent of these interests?—No. I have not seen the figures for some time. I know they have been on the increase, but to what extent I cannot say.

806. Then, you would not be surprised to find from Government returns that in 1895 we employed in our factories about twenty-eight thousand persons; that the wages paid were about £1,907,592; that the value of the work turned out was £9,549,360; and that the value of the machinery and property involved in manufacturing was £5,796,017. Now, allowing for the great

expansion that we all know has taken place in the last five years, we get an output of about twelve or thirteen millions, and we find, in addition, that last year forty-nine thousand persons were employed in our factories. In considering the question of federation you admit that we should consider these great interests as against a little over a million we export from New Zealand to Australia?—Yes, that is so. As far as increase of population is concerned, we cannot expect it without industries.

807. *Mr. Leys.*] Do you say that Australia does not compete with the New Zealand engineering shops now?—Yes, they compete.

808. Is it not a fact that when the Government called for tenders for railway-wagons the lowest tender came from Australia?—I do not know. I understand that in that matter some firms did not tender at all, as it was understood the Government were going to make them themselves. We had a feeling in our company that they were only calling for approximate prices. Besides, we were busy at the time. I think they settled it at last by allowing any one to take so many trucks at a price.

809. There were several tenders sent in?—Yes, I believe so.

810. We have evidence that the lowest tender was an Australian tender: could you explain why that should be so?—With the facilities they have as against ours, I could quite imagine it would be the lowest if they went into it properly.

811. You think that is an evidence of what you have already said about the superior capacity of the Melbourne shops?—Yes.

812. *Hon. Captain Russell.*] Do you happen to know whether the large increase in the number of hands employed in factories and in the number of factories subsequent to 1895 was not more apparent than real, being consequent on the alteration of the definition of the word "factory"?—I could not answer the question.

813. *Hon. the Chairman.*] Is it not correct that the information respecting manufactures and works is only collected every five years when the census is taken?—I think it is collected every year. At any rate, certain forms are filled up every year. We filled up some the other day.

ROBERT GLENDINING examined. (No. 23.)

814. *Hon. the Chairman.*] You are a member of the firm of Ross and Glendining?—Yes.

815. What are they?—Warehousemen and woollen-manufacturers.

816. How long have you been resident in New Zealand?—Forty years.

817. Have you resided in Australia?—No.

818. Has your house any branch in Australia?—No.

819. You have only a New Zealand house?—New Zealand and London.

820. Are the operations of your firm extensive?—Fairly extensive.

821. Will you favour the Commission with your views on the question of New Zealand federating with the Commonwealth of Australia?—I have given it very little study. I am a busy man, and have not had time to study it much.

822. Just state, please, what your views are?—As warehousemen, I think it would not suit us at all to federate. There are larger houses there, and they have better facilities and cheaper freights, and we could not compete with them. That is from a warehouseman's point of view. As for woollen-manufactures, we could not compete with them in that line either. They have cheaper labour and a larger market than we have.

823. Would those remarks apply to a house in the same line as yours that had an establishment in Australia as well as New Zealand?—Yes.

824. Why do you think it would not suit those in your line of trade to federate with Australia?—In the woollen-manufacture we pay higher wages than they do in Australia, and we have shorter hours.

825. Have you any opinion as to how it would affect the manufactures of New Zealand?—No, I have formed no definite opinion on the matter; but in the meantime I think it would be disastrous to the lot of us.

826. It has been represented to us that from the producer's point of view it would be advantageous to New Zealand to federate?—Not in the way of manufactures.

827. But as to agricultural products?—It might be a benefit to them; but if the Australian people want our oats they will take them whether there is a tariff or not.

828. Which do you consider the more important—the manufacturing industry or the agricultural interest?—The manufacturing is more important than the agricultural.

829. At the present time?—Yes.

830. Is it likely to continue to be so?—Yes, under our present régime it is likely to be so.

831. Your opinion is against federation?—Yes.

832. *Hon. Captain Russell.*] How do you arrive at the opinion that the manufacturing industry is more important than the agricultural?—There is a larger number of people employed in it, to begin with.

833. How many people are employed in it?—I could not say how many.

834. How many in the agricultural?—I could not say the number, but it is much less.

835. How is it the New Zealand woollen industry is unable to compete with the Australian?—The New Zealand woollen industry at present makes better goods than in Australia. Our New Zealand woollens are superior to any of Australia.

836. Supposing that to be the case, if the Australians want an inferior article, is there any reason why you should not manufacture it in New Zealand?—Our labour is against us. We pay higher wages than they do in Australia.

837. But you get better work?—Yes, certainly.

838. But does not the better work compensate for the increased wage?—It does in the market here.

839. Do the New Zealand mills supply an appreciable part of the soft goods used in New Zealand?—Yes, a very appreciable part.

840. Can you give us any idea of the proportion?—No.

841. Is it 10 per cent.?—I could not say exactly.

842. You think the woollen industry of New Zealand is a material item in rejecting or accepting federation?—Yes, I think it is.

843. I am surprised to hear all the manufacturers tell the same story—that we cannot compete with any other place: do you think we cannot send our produce anywhere?—We cannot send our woollen goods into Australia on account of the tariffs, except into New South Wales.

844. Is our tariff higher or lower than their tariff?—Their tariff is higher than ours.

845. Speaking generally of Australia?—Of woollen goods it is.

846. New South Wales, for instance?—New South Wales is lower.

847. And Queensland?—Queensland is about the same as New Zealand.

848. And the other States?—They are almost the same. Victoria is the only colony in which the tariff is higher than in New Zealand.

849. Yet you think we cannot compete with them in the industry?—No, not at present.

850. Would you suggest a higher tariff to prevent the importation of goods?—No; I think our tariff is high enough.

851. A higher tariff would induce more competition in New Zealand?—Yes.

852. Would that lead to larger production?—Yes.

853. And a large production of manufactures would be injurious to the industries of the country?—Yes. We would not have a market for it.

854. *Mr. Roberts.*] Did not the woollen industry exist for many years under a 5-per-cent. tariff?—I think it was 15 per cent.; I do not think it was ever 5 per cent.

855. What is it now?—25 per cent. *ad valorem* on all woollen goods.

856. Can you say what the difference of hours is in Australia as compared with New Zealand?—I am told they work ten hours in Australia.

857. You are not certain?—No.

858. You are satisfied the wages are lower than in New Zealand?—Yes, very much.

859. *Mr. Millar.*] Your trade for the last few years has been expanding?—Yes.

860. And you now employ about four hundred hands?—Nearly a thousand, all told, in one way and another.

861. How many in the mill?—Over four hundred.

862. Under present conditions your manufactures are gradually extending?—Yes.

863. They are becoming more important to the colony all the time?—Yes.

864. I suppose you anticipate that under normal conditions it will continue to do so?—Yes.

865. You cannot see there will be any advantage to New Zealand from the opening of the Australian markets to New Zealand manufactures?—No, I cannot see it at all. I think it would be a disadvantage.

866. You think it would be better to keep our own population and to keep our home market?—Yes.

867. I find that altogether there are in the factories, coal-mines, and gold-mines 64,000 hands employed?—Yes, I suppose so.

868. And, of course, there are numbers of casual labourers employed; they are engaged off and on, and no statistics are kept respecting them?—That is so.

869. So that we may say there are 100,000 persons employed in connection with the various industries?—Yes; more.

870. Altogether, from a colonial point of view, you think it is more to the advantage of New Zealand to keep as she is?—Yes, that is my view.

*Hon. Captain Russell:* The census returns of 1896 give these figures: Persons engaged in commercial pursuits, 50,880; persons engaged in industrial pursuits, 81,814; and persons engaged in agricultural, pastoral, mineral, and other primary productions, 106,130.

872. *Mr. Beauchamp.*] I judge from the number of hands you employ you must be one of the largest producers of soft goods in New Zealand?—Yes.

873. Do you find you have considerable competition with the Australian towns carrying on similar lines of business?—Yes.

874. Is it increasing or diminishing?—I do not think it is increasing much.

875. To what do you attribute their ability to compete against you satisfactorily?—They come here selling their surplus stuff.

876. And under federation that trade would increase?—Yes; we would simply be flooded with surplus stock from Australia.

877. In former days the Melbourne people held the trade of the west coast of the South Island, did they not?—Yes; but it is almost gone.

878. As regards woollens, do you find the English goods competing keenly against you?—Yes, they compete very keenly against us, owing to the cheap class of goods they send out.

879. By a return I have I see that in 1899 Dunedin imported woollens to the value of £3,921 from Australia: would those be re-exports or the product of Australia?—Re-exports.

880. Are the woollens manufactured here exported to any extent?—No.

881. You have no market in Australia?—No; the tariff shuts us out.

882. That applies equally to New South Wales?—We get certain lines into New South Wales, but we are shut out of Victoria.

883. Is it owing to the superior quality of the goods that we find a market in New South Wales?—Yes.

884. Is it not a fact that in New Zealand at the present time there are more woollen-mills than we require?—Yes.

885. Is the industry therefore profitable or unprofitable?—There is great competition, and it depends on the quality of the goods made.

886. If, therefore, you are subjected to further competition through federation, it will annihilate the woollen industry in New Zealand?—It would at the present rate of wages.

887. That is to say, if they had longer hours of labour and lower wages?—Yes.

888. You do not advocate any increase in the present tariff?—No.

889. You are content?—Yes.

890. Have you considered the financial aspect of federation to the colony?—No.

891. You have not thought of the effect it would have on the raising of loans?—I believe New Zealand could borrow money without federation as cheaply as under federation.

892. *Mr. Luke.*] Did you say the hours of labour in Australia are ten?—I have been told it is ten hours.

893. That must be peculiar to the woollen industry?—And to other industries.

894. I have been told the hours are nine?—My information is that they are ten.

895. You have also been engaged in pastoral pursuits?—Yes.

896. And you can speak with a fair degree of knowledge of both the manufacturing and the pastoral industries?—Yes.

897. Taking the two interests into consideration, you think we are better without federation?—Most decidedly.

898. You are of opinion that with the higher wages we pay and the shorter hours we could not expect, under federation, to export into Australia any of our woollen goods?—That is so.

899. Have you thought of the matter at all from a political standpoint?—No.

900. *Mr. Leys.*] I presume that in saying the manufacturing industry was of more importance than the agricultural you took into account the fact that only a very small portion of our agricultural industry could be affected by federation—that is to say, that the greater part of our agricultural products go to England?—Yes.

901. In 1899 the total exports to England were £9,400,000, while, if we deduct the gold, our exports to Australia were only one million?—Yes.

902. So that in view of those figures the agricultural industry scarcely compares with the manufacturing industry?—That is so.

903. As far as this particular question is concerned?—Yes, so far as this question of federation goes.

904. Then, with regard to the effect of federation on warehouses, already we have no chance of competing with Australia in our exports?—No, not the slightest.

905. Under federation our markets would be open to the Australian importers to a greater extent than they are now?—Under federation, if we have to compete with Australia, we would have to go to Sydney and fight them on their own ground.

906. While the Australian Colonies re-export goods to the extent of 18,000,000 tons, New Zealand only re-exports goods to the extent of 138,000 tons, of which 134,000 tons go to the South Pacific, so that practically we have no re-exports?—That is so.

907. This 18,000,000 tons of re-exports from the Australian Colonies would be aggravated under federation?—Yes.

908. *Hon. Major Steward.*] Did you say that a certain quantity of our woollen manufactured goods found their way to New South Wales?—A small portion.

909. And the reason that New South Wales imports that small quantity is that it is in special lines?—Yes, and on account of the low tariff.

910. Supposing we joined the Federation, and there was no duty between the States, should we be able to find a market, say, in Victoria for our woollen goods?—Not unless we reduced the price of labour.

911. You think the difference in the price of labour and the hours would handicap us so much that we could not compete?—Most decidedly.

912. We are not able to make a better article and command a market?—We make a better article, but the demand is not in proportion to the demand for cheap goods.

GRANT PRESTON FARQUHAR examined. (No. 24.)

913. *Hon. the Chairman.*] You are a leather merchant, Mr. Farquhar?—Yes; and we have also a tannery. I belong to the firm of Michaelis, Hallenstein, and Farquhar.

914. How long have you been resident in New Zealand?—Forty years.

915. Have you resided in Australia?—I was for ten years in Victoria prior to coming to New Zealand.

916. Have you visited Australia much since that time?—I have made a visit every three or four years.

917. You are tolerably familiar with the conditions obtaining in Australia?—I would hardly like to say that.

918. Will you give the Commission your views as to the probable result of New Zealand federating with the Commonwealth of Australia?—As far as those branches I am particularly acquainted with are concerned, I believe the result would be extremely injurious to the trade—not directly, but indirectly. I believe the boot trade would be simply swept away.

919. Will you state why?—That is a question more for boot-manufacturers to answer; but, generally speaking, it is this: If a boot-factory is run to the best advantage it keeps its machines running constantly on special lines of goods, as in America. One firm takes up one particular line. For instance, if you go to a large boot-manufacturer in America and ask him about his line

he will show you four or five samples; and if you were to talk to him about altering them he would say, "These are the lines we manufacture; if they do not suit you we are sorry"; and there is an end of it. It is the same largely in Australia, and must be in the large centres to a greater extent than is possible in New Zealand. In one city in the colony there is now enough machinery to make all the work required for New Zealand, but it is running only half its time. The work is cut up into many branches, and it is necessary, when working on trade lines, to have all these lines working together.

920. How do you think the tanneries would be affected?—I am speaking of that industry.

921. I thought you spoke more of the boot trade?—I do not know that it would affect us very materially. In some lines the leather is as cheap here as in Victoria.

922. Have you considered the question in connection with other industries besides your own?—Only generally. I suppose where large quantities of goods can be manufactured they can be made very much cheaper than they can in a small way, particularly with protection, which, I suppose, will be continued on the other side. It is well known that Victoria, when she had a heavy protective duty, was selling goods in New South Wales at 20 or 25 per cent. cheaper than in Victoria. It is a common thing in America to buy American goods 40 per cent. cheaper if they are for outside of America.

923. Supposing there were free-trade in the Australian Commonwealth, and New Zealand is one of the federated States, would the Americans be able to influence your market here in boots?—I think so.

924. In what way?—The American goods, as far as I can hear, are sold so cheaply they would be able to do it. The price is very low.

925. Would the boot industry here be able to stand against America?—I do not think it is standing against it now.

926. And they would be even more prejudicially affected with free-trade?—Yes.

927. *Mr. Millar.*] Your trade has been steadily increasing during the last few years?—Not very largely.

928. Still, it has been increasing?—Slightly.

929. From local consumption or export?—We have had a large export to the Old Country.

930. I see there was leather to the value of £13,000 exported from New Zealand to Australia in 1899?—I do not know about that. It is news to me, unless it refers to a certain quality of sheepskins.

931. Under federation would you fear any competition from the tanneries in Australia?—Yes. I believe the tendency would be for one of the lines we deal in to go to the wall.

932. It would be a serious question for New Zealand if she was to lose not only her manufactures, but her population?—Yes.

933. And on those grounds you are opposed to New Zealand joining the Federation?—Yes, partly on those grounds, and on others as well.

934. Do you think the social conditions of the people would be improved by federation?—I cannot see where it would come in.

935. Do you anticipate that there would be any probability of the States being abolished?—Arguing from what took place at the abolition of the provinces in this colony, I think that time might come.

936. In that case we would be governed by a body sitting in Australia?—Yes.

937. And simply have Government officials in New Zealand to carry out what laws there were?—Yes.

938. You do not think that would be beneficial to New Zealand?—No.

939. *Mr. Roberts.*] Did you say the machinery in the tanneries here was underworked?—I was speaking of the boot trade.

940. It does not apply to the tanneries?—No.

941. During 1899 there was an export of 41,000 hides from New Zealand?—That may be so. I think there has been an exceptionally large number of cattle killed during the last few years for freezing.

942. Seventeen thousand were exported to New South Wales and seven thousand to Victoria?—Yes, there was keen competition in hides.

943. There must have been a shortage in hides on the other side?—Yes, the tick affected the trade.

944. Are the New Zealand hides better than the Australian hides for certain purposes?—Some of them are better, but there are some fine hides in Australia; they are generally lighter there.

945. They may be taken over to supply a want in an extra heavy leather?—Yes.

946. *Mr. Beauchamp.*] Do you know if there is any duty on leather in Victoria?—Yes, there is.

947. In 1899 we exported to Victoria leather to the value of £4,484, and hides to the value of £7,680?—There is no duty on hides.

948. The hides would be free, but on the leather there would be a duty: would that be a special kind of leather?—Yes. It would be largely composed of skivers and basils, and there is a factory here that turns out perhaps the best chrome sheep-leather in the whole of the colonies.

949. It is owing, perhaps, to the fact that it is a specialty?—Yes.

950. As regards social legislation, you know the Federal Parliament will deal with several matters of a social character, such as the old-age pensions, marriage and divorce, immigration, arbitration and conciliation, and so on?—My feeling with regard to that is that it is a leap in the dark. If we once go into it there is no returning; however desirous we might be of returning to the former state of things, it could not be.

951. You prefer to maintain our present independence?—Yes.



ALFRED HENRY BRIDGER examined. (No. 25.)

952. *Hon. the Chairman.*] What are you, Mr. Bridger?—Manager of Sargood, Son, and Ewen's boot-factory and department.

953. How long have you been in New Zealand?—About thirty-eight years.

954. Were you in Australia before that?—No; but I have been there on visits.

955. Recently?—Yes, within the last few years.

956. Do Sargood, Son, and Ewen carry on business in Australia as well as in New Zealand?—Yes, in a large way, but not from a boot-manufacturing point; they are more in the soft-goods line—in fact, all soft goods. They have a boot department, but do not do anything in manufacturing.

957. Are their boots obtained from New Zealand?—No; they are all obtained on the other side. We do not send anything to them.

958. Will you state to the Commission your views on the question of New Zealand joining the Commonwealth of Australia or standing out?—I should be against it from a trade point of view, certainly, because there the wages are lower and the hours longer than in New Zealand. Besides, our conditions here are so varied and our population is smaller, and we have to treat with the thing from a very different standpoint. I may put it that as Australia is to America so are we to Australia; and, of course, the larger the cities and the larger the manufactures, the more they can, as it were, get on to special lines in large quantities, and by that means reduce the cost considerably.

959. Any other reason?—I do not know any other particular reason beyond this: that our trade at the present time is in a languishing state.

960. *Hon. Captain Russell.*] Which branch?—The boot-manufacturing. I do not think it could possibly stand against any further addition to the competition.

961. *Hon. the Chairman.*] Is your business affected from America in any way?—Very largely indeed.

962. What is that owing to?—Owing to the principle on which they work their factories. They run them on such lines and in such quantities that they reduce the cost considerably, and in that way handicap us very heavily. One of their large manufactories will run ten thousand pairs a day on four or five samples; but we have to run such a large variety that we are really not able to compete against their prices.

963. If your trade is a languishing one now, and free-trade was established in the Commonwealth of Australia, and New Zealand were a State, the condition of the boot trade would be worse?—It would simply annihilate it.

964. Have you considered the question of federation as affecting other industries in New Zealand besides the boot trade?—I have only heard from other witnesses the large interests of the workers here as against the agricultural interests. One would imagine that the manufacturing interest was of considerably more importance, as the amount involved is, I am told, thirteen millions as against exports of a million. Beyond that I have not studied the question deeply, but I would not like to give an opinion as against the opinions of those who have gone into the matter more thoroughly.

965. Do you think there is any chance in the future of the workers in New Zealand competing successfully against the workers in Australia with free-trade?—Our population will have to increase to the size of theirs before it can be done.

966. *Hon. Captain Russell.*] You say that America is a dangerous competitor in the boot trade?—Yes.

967. Increasingly so?—Yes, certainly.

968. Supposing we had federation with Australia, would the free-trade between Australia and New Zealand wipe the American boots out of the market?—It would all depend on the duty.

969. Assuming the duty stands as it is?—No; at present America can beat the world.

970. Therefore the question of federation on account of the boot industry need not be considered?—Only so far as a certain class of work is concerned. They make a certain class of work now, and America will make another class that they do not compete with; so that on the one hand we have to meet them, and we would have to meet the Australian markets on a still further ground.

971. You think the huge output from America and the good machinery there is such a counterpoise to the free-trade of Australia that in certain lines they could compete notwithstanding the 22½-per-cent. duty?—Certainly.

972. If Australia were to develop a particular line, would not America imitate it and produce it more cheaply?—It would depend on whether America took that class of work up.

973. Would it be possible?—Yes; but there are certain classes of work that do not come into the machinery so much as other lines; so that, while America can supersede us in certain classes, Australia, with its large population, and making to a very large extent, as it does, the classes of work we do, paying lower wages, could compete with us in lines in which America does not compete with us.

974. Where do you get the best boots from—America, England, or Australia?—As far as Australia is concerned, there are no imports at present. In America you can get all classes, from the best to the worst.

975. Does New Zealand or Australia produce leather of equal quality to the leather in the American goods?—There are certain classes they supply that the colony can compete in, but taking it in the aggregate I say No. They supply a class of leather from Germany and France and America of a much superior quality to what is produced in the colony.

976. Do we turn out good leathers in the colony?—That is largely a question of price. It is a matter of treatment.



977. Are there facilities for tanning in New Zealand?—Yes.

978. What bark do they use?—All kinds. They import bark from Adelaide, and they get extracts from England and America; in fact, they have all the facilities for tanning in New Zealand that they have in the older countries.

979. Have we any special barks that enable us to tan without difficulty?—Yes; there is the acacia (the wattle-bark), which is the best, that comes from Adelaide.

980. *Hon. the Chairman.*] And birch-bark?—It is not largely used. It is hardly strong enough.

981. *Hon. Captain Russell.*] Do we supply ourselves with tanning material?—The colonies do.

982. Does New Zealand?—As far as New Zealand is concerned, she has no tanning material of her own to any large extent.

983. And therefore the industry is not likely to be a big one?—No.

984. Have you considered the question from any further standpoint?—I have looked at it only from the trade standpoint. If federation came about, and the trade further languished, we could not keep it up, and then, of course, our population would have to leave us for the places where the trade was being carried on.

985. Then, you think that, under the existing condition of things, New Zealand is in the unfortunate position of being unable to compete with any one?—It is the miscellaneous population on the other side that is the trouble. It is not that they are not willing to compete, but it is the amalgamation of so many branches, instead of subdividing, that causes the trouble.

986. And you think that federation would make us still less able to compete with any part of the world?—Decidedly so. While other trades for some time past have gone ahead, ours has practically gone back. The number of workers in other trades has increased considerably, but ours has been at a standstill.

987. *Hon. Mr. Bowen.*] Is it not the case that American boots are introduced a great deal owing to the Americans consulting the tastes of all classes more than other manufacturers?—There may be something in that; but at the same time it is more because the general public have taken an idea that America is turning out a better-class article. The word "America" is quite sufficient, whether it is a good article or not, and it will not be until later on that they will find the distinction.

988. I dare say they are consulting the tastes of the masses of the people. For instance, one thing I heard was that the fact of their making what they call half-sizes in boots has led to a great deal of extra trade: is that so?—Not the half-sizes. They exercise a very great deal of taste, but the price has much more to do with it than the quality of the material they give to you.

989. *Mr. Roberts.*] Do you not find that the competition from England in boots is much more severe than it is from America?—Decidedly not.

990. Would you be surprised to know that the imports in 1899 show that there were only 4,600 dozen pairs imported from America, while there were 63,000 dozen pairs imported from England?—I cannot understand that. As far as that goes, it is just a question of our imports from England and the Continent hitherto; but America has come into our market very rapidly within the last year or two, most rapidly within the last twelve months. Of course, I might say that Germany and England and other parts of the world have felt the pressure of the American competition before we have, and now the wave has reached us.

991. In 1899 the imports of boots were equal to one pair for every man, woman, and child in the colony: is that so?—Yes; there were 86,177 pairs imported in excess of the increase of the population, or equal to sufficient to give employment for a period of three years to 170 men.

992. Are not the wages much lower in Victoria, and the hours of labour much longer?—The hours are not so much longer as that the wages are very much less.

993. Can you give us any information as to what the proportion would be?—I have not studied it, but I understand the hours of labour are about nine hours a day.

994. And here you have only got eight hours?—Yes.

995. *Mr. Millar.*] With reference to the imports from England, there are a considerable quantity of boots that come out that are not included in the imports at all: is not that so?—You are speaking of the smaller sizes?

996. Yes. Gum-boots are not included in these imports?—Yes; but the proportion of gum-boots was only 620 dozen in 1897, and 523 dozen in 1900, as against 72,000 dozen new boots; so that in 1897 the imports from England of ordinary boots were 62,000 dozen, as against, in 1900, 72,000, an advance of 10,000 dozen within three years. The smaller sizes imported were only 2,472 dozen, as against 62,173 dozen.

997. Regarding America, I understand that it is hardly what you call a legitimate competition—that is to say, New Zealand is being made the dumping-ground for their surplus?—Not in the boot trade. In respect to gum-boots it may be so, but not in the case of ordinary boots, because they have to be made cheap to sell. I hardly think that that idea can possibly apply; they can hardly stock up the quantity in the lines they have.

998. With an increased population in New Zealand, will it not be possible for the factories in this colony to come to some arrangement about specialising their work so as to meet this competition?—It depends on the size of the population.

999. And if the market were thrown open, and there were free-trade, you could not do it then?—We could not look at it at all.

1000. I want to know whether it is a question of wages alone which debar the boot trade from progressing?—No; as I said before, it is because we are not able to subdivide our work.

1001. It costs you more to produce?—Yes, because of the variety.

1002. But, still, what the men here earn is not an excessive wage?—Not under the present conditions.

1003. And you cannot see that benefit could accrue to us by federating?—I cannot see any at the present time.

1004. From a national point of view, getting away from the purely trade point of view, can you see any benefit?—I cannot say that I can.

1005. Do you believe it would have an injurious effect upon the industries of this colony if we federated?—I certainly think that.

1006. *Mr. Beauchamp.*] Comparing the importation of English and American boots, is there not a very much larger proportion of children's sizes in the English boots imported as compared with the American?—The Americans do not produce the children's boots at all, you might say; in fact, there is hardly a pair of children's boots imported from America.

1007. Is not the popularity of American boots very largely due to the craze for what you might call the peg-top boots, instead of the round and square toes?—It is more a question for us of price. We use the American lasts, and everything American, just as much as they do. We follow the American fashion closely, but it is purely a question of price.

1008. How many hands do you employ?—Something like 230 to 240.

1009. Is that a larger number or a smaller number than hitherto?—A smaller number.

1010. Is your industry decreasing owing to the competition from America?—Yes.

1011. In order to assist your industry, would you suggest a higher tariff on boots?—Not altogether, because I think it would cause what you might call internal competition, which would be very keen; but at the same time there is no doubt that, if the American boots are going to come in at the present time as they are doing, our manufacturers will certainly want all the start they can get, and a little more start would certainly steady the trade very much.

1012. But with a higher tariff you fear there would be a danger of increased competition from local manufacturers?—That would right itself.

1013. With regard to the leather produced here, is the inferior quality due to the fact that we tan the hides from beasts killed too young?—That might apply just to one class of leather only; but, as far as other hides go, it is really a question of maturity—of the hides being cured or held in stock long enough. It is kept too long, I think, in the pits. In one hide you might get several qualities, and it all depends on what quality you get—for instance, if you get a piece of what you may call the butt you get a really first-class wearing leather, but if you get it off the offal it is of poor quality.

1014. With regard to bark, do you depend mainly or wholly on South Australia?—We very largely use extracts brought out in barrels from Home, where they use the same material.

1015. Is the absence of speciality in the boot trade owing to there being so many more centres here?—Very largely so. If we were all concentrated in one place the manufacturers would be able to subdivide better.

1016. *Mr. Luke.*] I understand you to say, in reply to Captain Russell, that they produce a better leather in America than here?—No, a certain class of leather that is not produced in the colonies—not a better leather.

1017. Is there not a certain amount imported from France which cannot be produced here?—French calf only.

1018. As regards the imports of boots from England and America showing a large proportion to the advantage of British trade, is not that due to the American goods filtering through the London market to the colonies?—Not at all, but it is *bond fide* English manufacture. As I said before, the American wave has only reached this colony within the last twelve months.

1019. You think our importations come direct from America?—Yes; they would send all of them that way. There are considerable quantities that filter through London, but not to the same extent as come direct.

1020. Would not that materially affect the returns of Great Britain?—It might affect the figures you have before you now, but not those arriving later on, because there are now direct steamers coming here from America, and the goods do not have to go through London.

1021. I have heard manufacturers state that one reason why our leather wears so badly is due to the fact that it is not left sufficiently long in the tanning-pits?—I do not think it has very much to do with it. There are different classes of leather. There are certain classes that come here to me that are harder because of the special treatment they undergo; but the leathers of this colony are, I think, quite as good as Home leathers of the same class—that is, if treated in the same way—but it is merely a question of quality and the part of the hide it is taken from.

1022. What is the largest number of hands you have employed?—Up to about three hundred.

1023. *Mr. Leys.*] Do you not think that the first effect of federation would be to lower wages here?—It would have one effect or another: either it would lower wages here or increase them on the other side, because, as I heard it said, conciliation and arbitration was one question the Commonwealth would deal with as a matter affecting the whole. Then, of course, things would be put on the same level, but at the present time we are decidedly at a disadvantage.

1024. I said "the first effect"—supposing New Zealand went into the Federation, would not the effect be to immediately lower wages in New Zealand?—Not immediately, because, of course, it would take time to extend the trade or take it away, and it is not until after the trade has gone that the workers would find that they would have to take lower wages. Competition would not come in all at once.

1025. Do you think the immediate effect would be to lower wages?—No; I fancy it would very shortly mean increasing the wages on the other side.

1026. In what way?—By means of conciliation and arbitration.

1027. You mean if they got that Act passed?—Yes; if they did not it might lead to a considerable reduction on this side.

1028. If we federated with them, would not that have the effect of bringing our conditions down to their level?—Yes; gradually.

1029. Which would mean lower wages and increased working-hours?—Yes.

1030. Then, as you have already stated to Mr. Millar, the present wages not being excessive as compared to the cost of living in New Zealand, would not that alter the conditions of life to the workers of New Zealand?—Yes.

1031. So that the social effect would be detrimental to the workers?—Certainly.

1032. *Hon. Major Steward.*] Then, following up the remarks of Mr. Leys, it would necessarily follow, if the social condition of the workers was lowered, that they could not purchase or use as much agricultural produce as they are probably using now, and they would very likely have to leave the colony also?—That need not follow, but their purchasing-power would be less.

1033. Therefore the local market for agricultural productions would be a poorer market than it is now, so that agriculture in its turn would suffer with the worker in the factory?—Of course, that is simply a matter of supply and demand. It is a broad question, and I have not really looked into it.

JOHN HARDIE MORRISON examined. (No. 26.)

1034. *Hon. the Chairman.*] I believe you are the managing director of the Mosgiel Woollen-factory?—Not the managing director, but I am the manager here for the company.

1035. How long have you resided in New Zealand?—Thirty-eight years.

1036. Have you resided in Australia at all?—No, only as a visitor, the last time being four years ago.

1037. Will you state to the Commission your opinion as to what would be the probable effect upon this colony if it federated with the Australian Commonwealth?—I can only speak of the effect so far as our own business is specially concerned. I have not studied the question very widely. As woollen-manufacturers, I think, seeing we are able to send in a little of our goods now, we might increase that business by being amalgamated with the Commonwealth. For the last fifteen years our company has been sending into Australia a certain amount of woollen goods, and I think if we had free-trade we might increase it. We have been doing a little every year, mostly with Sydney, on account of its being a free port. Our business with Melbourne lessened after the increase of duty, but I think we would be able to increase our trade with Melbourne if we were put on a free-trade basis there—always as against the world. We could increase our trade with Sydney if we had protection against the world. At present we are competing with the world in Sydney.

1038. Have you considered the question of wages in New Zealand as compared with those in Australia?—Well, I do not think the difference in our business is very great, but I have not studied the question very much. Of course, there is considerable difference in the clothing industry, where it comes to making up the woollen goods.

1039. Have you any opinion as to how our other industries apart from the woollen trade would be affected by federation?—No; I do not wish to express any opinion excepting in regard to our own industries.

1040. Have you considered the political aspect of the question?—Not very much. I consider that by federating with Australia New Zealand would lose a certain amount of nationality. I think New Zealand would be able to work out its own destiny perhaps better than by being associated with Australia, which is too far away. I think it would be better to have a reciprocal arrangement of some kind, they taking our products and we taking what they can give us beneficially.

1041. *Mr. Leys.*] I see by the exports from Dunedin that the value of the woollen goods sent from here to there is not very large?—No.

1042. Have you any duty to pay in New South Wales?—None whatever.

1043. Then, you could not benefit very largely in New South Wales?—Yes, we could, because we would not have the world to fight on a free-trade basis.

1044. So far as sending into New South Wales is concerned, you think the Commonwealth duty would be a protection to you?—Undoubtedly it would.

1045. Assuming that the duty imposed is not of a highly protective character, but only a medium duty, would not you suffer from outside competition?—We would be on just the same footing as other people, and whatever duty was put on would be to our advantage.

1046. But, if the duty was lowered in New Zealand by one-half, would you not suffer from English competition?—Yes, to some extent.

1047. And could you carry on your industry as at present?—I dare say we would be able to live, but perhaps not able to do so much as at present.

1048. Do you not think it is rather a leap in the dark, as far as your industry is concerned?—It all depends. I presume there will always be a certain amount of tariff over there for revenue purposes, and whatever it might be as against the world would benefit us to that extent.

1049. What is the present tariff in New Zealand?—22½ per cent., and 25 per cent. on some things.

1050. Is it not possible that the Commonwealth tariff might only be 10 per cent.?—I could not say.

1051. In that case, would not you suffer?—No; I do not think we should suffer any more than any other person. Ten per cent. would be a protection. At present we are sending a certain amount of stuff into Sydney on a free-trade basis, and competing against Great Britain and Germany. It would mean a 10-per-cent. protection against them.

1052. But the total amount sent to Australia from Dunedin is only £3,952: is that correct?—We export from Ashburton also. We did more than that in 1899 with New South Wales alone. That would be only the Dunedin portion.

1053. I presume, therefore, that the great bulk of your manufactures are taken in New Zealand?—Yes.

1054. Now, if the tariff in New Zealand as a part of the Commonwealth was reduced to 10 per cent., could you hold your own here against outside competition?—I think so. We would have a larger market—a larger population—in Australia, and now we can hold our own against English manufacturers.

1055. *Mr. Roberts.*] When was the last increase of duty on woollen goods in this colony?—I think it was under the Atkinson Ministry, in 1889.

1056. Was the last increase of duty put on at the request of the manufacturers or against their protests?—Against their protests.

1057. Can you say to what extent the hours are longer in Australia than here?—They work nine hours in the mills in Australia, and some of them even longer.

1058. Is that fifty-four hours a week or less?—It is fifty-four hours a week.

1059. You think that under federation the export of the woollen-mills would probably increase?—I think it would with a tariff against the outside world.

1060. What goods do you send to New South Wales?—Tweeds, rugs, blankets, and hosiery.

1061. And your exports to Victoria are almost nil?—It has gone down—rugs chiefly, and tweeds. We do not send flannels or blankets to Victoria.

1062. Roughly speaking, there is something like £300,000 of woollen goods imported into the colony: do you know whether this amount is largely composed of articles that are not made in the colony?—Largely so.

1063. So that the production of the colony supplies the immediate wants of the colony in this respect?—Yes; the ordinary run of woollen cloths are all supplied by the colonial mills.

1064. I see that during the year 1898–99 the importation of hosiery increased by £15,000: do I understand that the woollen-mills here have also increased their output of hosiery?—Yes.

1065. Then, the increased consumption, both of the imported and the local article, points to an increased demand?—No doubt; and there has also been a better price in these goods. The people have been more comfortably off, and are spending more freely.

1066. *Mr. Millar.*] Your business has been steadily expanding, Mr. Morrison, during the last four or five years?—Not expanding, but it has been steady.

1067. Not despite the fact that the purchasing-power of the people has been greater?—It has not been better for us.

1068. How do you account for that? Importations?—No; I think it is due to the competition amongst ourselves, which means others cutting lower than we are doing.

1069. Would not federation reduce your market to a certain extent?—I do not think it would make any reduction.

1070. You anticipate the Australian market would make up the amount you would lose on the home consumption?—Yes.

1071. Have you not found competition somewhat keen for the last three or four years through the inferior class of tweeds imported?—It has always been that, from a lower class of tweed.

1073. You do not make a second-class tweed?—No. We have been making what we call lower grades than we did at the very first, but not what you call second class.

1074. Would not it be possible that under federation, with a lower tariff than we have at present, the competition from that source would become still keener?—I do not think so.

1075. Is it not a fact that when labour is scarce all classes of the community are compelled to go in for the cheapest class of articles they can get?—Yes.

1076. You could not make an article and sell it at as low a price as the imported slop article?—The imported article would not give the same result, as it would not last as long as the good article.

1077. Even from your own point of view, it is problematical whether federation would prove an unmixed blessing?—I am only speaking for my own industry. The whole thing is a big problem.

1078. You have stated your opinion that we would do better to keep aloof, and try and arrange a reciprocal treaty?—That is my private opinion.

1079. *Mr. Beauchamp.*] According to the returns, the export of woollen goods from Dunedin to Australia has been steadily declining for the last three years: has your export to Melbourne and Sydney been declining in sympathy at the same time?—No; it has been very steady. It declined from twelve years ago, but since 1896 it has been fairly steady.

1080. Twelve years ago had you any tariff in Australia?—There was a tariff of 30 per cent. in Melbourne, as against almost a free-trade tariff in Sydney.

1081. With the benefit of free-trade in New South Wales for the last few years your business there has not expanded, so how can you look for greater expansion under federation?—Because there would be a duty against outside goods—against the German and British goods.

1082. Supposing the present tariff was reduced from 20 to 10 per cent., which would be simply a revenue-producing one, do you not think we would suffer more than we should benefit—there would be inter-free-trade between all the States?—I do not think so, because a larger population would be available to us, and, whatever the duty was, it would be a certain amount of protection against the outside world.

1083. In Australia there are several woollen-mills: would not we meet with competition from those mills?—We would; and the competition would probably increase if there were a good market for them.

1084. How does the quality of their manufactured goods compare with ours?—Some good; others are very much lower.

1085. I gather you are not in favour of protection under the present tariff?—Not exactly; but, as far as our industries are concerned, I think we would benefit by having reciprocity with Australia.

## JAMES COLIN ROSS examined. (No. 27.)

1086. *Hon. the Chairman.*] What are you, Mr. Ross?—Managing director of the Denton Hat-mills in Dunedin. I have resided in New Zealand all my life—thirty-six years.

1087. Are the operations of your establishment extensive?—No, sir.

1088. Will you kindly give the Commission the benefit of your opinion as to the advantages or otherwise of this colony federating with Australia—in regard to the effect federation would have upon the manufacturing industries of New Zealand?—I am in the position of most other witnesses—I have not given the subject the least serious consideration. I have been absent eight months in England, and have not given it that consideration other business-men may have; but, speaking for my own industry, it will not be affected at all. We work under similar circumstances to what they do in Australia. We pay the minimum wage of £3 a week to a journeyman hatter, we work the same hours as they do in Australia, and if we federated with them the whole point would be, What would the outside tariff be? Would it be lower than the present tariff? We have now a tariff of 25 per cent. on hats, *ad valorem*, and would they keep the existing tariff, or lower or raise it?

1089. You would have free-trade with Australia?—I would not fear free-trade for one moment with Australia; but if we had only 10 per cent. against the world it would close us up, and also the very large hat-factories in Australia.

1090. Is your establishment connected with the Melbourne one?—It has nothing whatever to do with it.

1091. Can you express any opinion as to the effect of federation upon other industries?—No.

1092. *Mr. Leys.*] Are there any hat industries in New South Wales?—That industry has seen two companies through, and there is something struggling with it now. They cannot do any good with free-trade against the Continent and England.

1093. Do you think it probable the Federation will put on a duty as high as 25 per cent., seeing New South Wales now is free?—I think you will have a very high tariff of about £1 a dozen.

1094. Why do you think so?—Because the members forming the first Cabinet have been returned by the Protectionist paper of Melbourne, where there is already a specific duty on hats of £1 10s. per dozen. When I was there a few weeks ago I understood the duty would be a little lower than £1 10s. specific, and I think it will come down to £1 specific, irrespective of value. That duty would shut out the world.

1095. Has not Mr. Barton already announced that the Federal tariff will be a medium tariff?—I believe so; but, of course, the thing is what he will consider a medium tariff.

1096. How would 15s. a dozen affect you?—That would be better than what we have got now. The majority of the hats invoiced into the Old Country are not very high. I saw a sample invoiced from Italy—felt hats at 6s. 9d. a dozen; and I saw Russian samples invoiced 8s. 9d. a dozen. You can get hard-hitters manufactured in England at 12s. a dozen.

1097. Assuming you would not be injured in your business by federation, can you benefit by federation—can you export elsewhere?—It means that if the Australians were to come here to sell their surplus stock I should retaliate and do the same thing.

1098. Do you not think the twelve thousand miles of sea is a great handicap to us in competing with outsiders?—I look upon it as a very serious obstacle.

1099. You think you have a chance of competing?—I do not say I would have a chance, as I hardly know under what circumstances we should be working. I would not be frightened of facing anything if the outside tariff against the world was no less than at present. If they lowered the present tariff it would close us up.

1100. *Mr. Beauchamp.*] Are there many hands employed in New Zealand and Australia in the hat industry?—We have thirty.

1101. Do you import the raw material?—Yes. On that there is no duty.

1102. *Mr. Millar.*] Has not your trade been increasing of late?—I have been doing my best to develop it.

1103. But you are only enabled to do that with the 25-per-cent. duty now existing?—Quite right.

1104. Do you think, supposing the 25-per-cent. duty were maintained all round, it would enable you to get a market in Australia?—I do not.

1105. Therefore the only thing you have just now is your home market?—Exactly.

1106. Would it not be risky for the colony to federate without knowing what the tariff is to be?—That is what I said in my opening statement.

1107. Can you give me any reason for federating with Australia?—If we federate I am perfectly satisfied the States are bound to become a very big nation, and it would be very nice if New Zealand took a part in bringing that about. We have some very clever politicians here, who, I think, would help to form what is going to be a very big nation. If we do not federate we shall be left out—we shall be a small nation, a small people, away from the world altogether.

1108. Do you not think there is plenty of scope in this colony itself?—With three-quarters of a million of people this colony would not be prominent.

1109. Do you think the colony would be as well developed if it were governed from Australia as it would be if governed internally?—I heard that question argued this morning; it is a very big question, and I would not care about answering it.

1110. *Mr. Roberts.*] Is there very much labour put into hats here?—Yes.

1111. You do not make felt hats?—No.

1112. You import the hats in the shape of pull-overs?—Yes, after that style.

1113. So that really all you have to make is the shaping and trimming?—Yes; but it is different work in New Zealand right through.

1114. *Hon. Captain Russell.*] Can you tell me in what other respects you would benefit? I gather, on the whole, that you are in favour of federation?—So far, I have not seen where it is going to kill New Zealand, as so many people think. I am speaking from my own standpoint.

1115. I think it is very important that we should quote reasons why we should federate: can you give us some specific reason or opinion why we should federate?—Personally, I think that if New Zealand federated with Australia it would strengthen the colony in respect to finance. We could borrow under better conditions than at the present time, and more cheaply.

1116. Do you think we should gain in borrowing—our last loans were supposed to be raised at 3 per cent.?—Apart from what we may borrow in the future, we might get our own loans consolidated under the security of the Commonwealth better than we can at present. Therefore we could save money.

1117. I suppose you know we cannot consolidate for twenty-nine years?—I was not aware of it.

1118. I think we may take it in the abstract that you think you would like to belong to a great nation, and you are afraid we shall not become so if we do not federate?—That is my feeling.

1119. Do you imagine that if we were allied with Australia there might be friction, or do you think we would agree with the Commonwealth?—I am afraid there would be a good deal of friction respecting finance.

1120. Have you thought about other federations?—No.

1121. Have you thought about the coloured-race question, and the influence climate has on the characteristics of a community?—No.

1122. *Hon. Mr. Bowen.*] From what you said just now, I presume you do not anticipate the breaking-off of Australia from England?—Not for a moment.

1123. When you speak of belonging to a great nation, do you not think you belong to a great nation as part of the British Empire?—I do, and I feel very proud of it, no less than of being a colonist.

1124. *Hon. the Chairman.*] You said just now that you did not fear the Australians in competition with your own trade if you were working on equal terms: by that do you mean that you do not fear Australian interference with your trade in New Zealand?—No; I am not afraid if we manufacture on equal terms. With a 25-per-cent. tariff against the world, I do not think there would be very much trade between Australia and New Zealand. Matters would remain very much as they are unless the Australians had a surplus, then they might make this a dumping-ground for the time being.

PERCY ROLFE SARGOOD examined. (No. 28.)

1125. *Hon. the Chairman.*] What are you, Mr. Sargood?—A warehouseman, and a member of the firm of Sargood, Son, and Ewen, established in New Zealand.

1126. And in Australia?—No; it is not the same firm, but a connection.

1127. How long has your business been established in New Zealand?—Since 1861.

1128. Will you be good enough to favour the Commission with your views upon the question of New Zealand federating or otherwise with the Commonwealth of Australia?—That is rather a big order. I do not know that I have any defined opinion on it. I have been seeking information to try and form an opinion, but I have not arrived at one yet.

1129. How would federation affect our industries?—As affecting them, I am not quite sure that we are ripe for federation yet. We have built up our industries on what I might term a false basis—that is, on the basis of too many individual lines. We are not making the best of our ability or machinery by specialising. We have got the world to compete against in specialities where we are trying to do everything. If we federate I fear that the industries here are bound to suffer for the time being. Whether eventually we federate is a bigger matter, and I am inclined to think it will not come about in our day. Our conditions are very different from what they are on the other side. They have had the advantage of a bigger field for their industries, and therefore they have been able to work in specialities where we have not; consequently we are working at a disadvantage at the present time as compared with them.

1129a. Take the warehousemen of this colony: if there were intercolonial free-trade under federation, would they be able to hold their own against the warehousemen of Australia?—I do not see why not. I do not see what advantage one has over the other.

1130. Are there not larger stores on the other side?—I should say that, proportionately to the population, New Zealand is a larger consumer than Australia.

1131. Have you considered the political aspect of the question?—I really have not formed any opinion on it.

1132. *Mr. Millar.*] From a financial point of view, do you think New Zealand would be injured on the London market in the matter of her loans if she remained aloof from the Federation?—That is a question I would hardly like to answer. I am not acquainted with the borrowing facilities of New Zealand on the London market. It is surely a matter of security.

1133. Do you think the security would be lessened by New Zealand remaining aloof?—I am not able to answer that question.

1134. You do not think there would be any great advantage gained financially if we became part of the Federation?—I do not think it would matter one way or another; if you reduce the values of your securities you will be affected, if you keep them up you will not.

1135. *Mr. Beauchamp.*] Have you considered the effect federation is likely to have on manufacturers?—I am inclined to think that if we federated immediately there would be a considerable disruption of our manufactures owing to the conditions under which we work.

1136. Do you think it would "wipe out" some of our present industries?—I do not say "wipe them out," but it would necessitate our reorganizing them. Our labour laws are so

different. We have Acts like the Arbitration Act, which, to my mind, is not advantageous to the industries of the colony. It is forcing up prices of production to such an extent that the outside markets of the world are coming in strongly against us. Australia has not got that Act, and whether they get it or not is a question immediately affecting us.

1137. I suppose you are aware that the Federal Parliament has power to make laws in respect to conciliation and arbitration?—No; I have not studied the Act.

1138. *Mr. Leys.*] I suppose you know that manufactured goods—re-exported goods—of the value of about £1,300,000 come in here from Australia now?—I have not studied the figures, but no doubt they are correct. Re-exported goods come here transhipped from Sydney and Melbourne, probably American and Eastern goods and a considerable quantity of German goods.

1139. Do you not think the Australian business in re-export goods would be largely increased under federation?—No; because I am inclined to think that federation would tend to reduce the New Zealand freights to the level of Australian freights, and increase our shipping facilities.

1140. We had it stated in evidence here to-day that warehousemen would have to remove to Australia under federation, because the larger centres, the larger local markets, and better facilities for clearing surpluses would give them a dominating power under free-trade?—That raises the question, Are our commercial classes going to take a two- or three-weeks trip to buy their goods, or would the cost of sending travellers with samples here be greater or less than the cost of keeping stocks here?

1141. What is your opinion on that subject?—I have not any very definite opinion. I suppose at the present time there might be a disruption. We might have to alter our system of trading to meet such a competition.

1142. We had evidence in Invercargill from one of the tradesmen there in the iron trade that at present he could buy as cheaply from Wellington as from Australia; but do you not think that if there were free-trade with Australia he could supply himself better from Melbourne?—I do not know about the iron trade; I should not think there would be any very great difference. There is the freight and general shipping charges to pay between the two places, which would always be something to be taken into consideration.

1143. Is there any advantage in buying for a large population?—Naturally.

1144. Are not English prices lower?—But then comes in the question whether the goods bought for the Australian market would suit the New Zealand market. If they would, there is nothing in that argument. My conclusion about the whole matter is that I do not see that New Zealand is ripe for federation with the Australian Colonies, and, though my conviction is that sooner or later it will come, for the next fifty years I do not think we shall be ripe for it.

1145. *Hon. Major Steward.*] If New Zealand joined the Federation, and the tariff on ready-made imported clothing, which is now subject to a duty of 25 per cent., were reduced to 12½ per cent., how would that affect our workers here?—I cannot speak with great authority, not being a manufacturer of clothing; but I am inclined to say that in that case, under the present conditions of labour, we might be materially and detrimentally affected.

1146. *Hon. the Chairman.*] Can you tell us what is the relative price for making a pair of trousers, apart from material, in Melbourne and New Zealand?—I cannot say, but I am inclined to think it is greater here than in Australia.

1147. *Mr. Beauchamp.*] Would you be surprised to know that in Australia, either in Sydney or Melbourne, a slop pair of trousers can be made for 9½d., as against 1s. 9d. here?—I do not know that it would surprise me, because I regard the conditions of labour here as against the low cost of production. I do know that the aggregate wages are very much higher here, and that the conditions of labour generally tend to a greater cost of production.

1148. *Hon. the Chairman.*] If it is true that a labourer gets 9½d., can that be considered a fair living-wage?—That entirely depends upon a man's ability to earn a wage. I should want to know if the article at 9½d. had been produced by machinery as against hand-labour in the case of the other before giving an intelligent reply.

1149. I want to ascertain whether there would be a chance of the workers in New Zealand competing with the workers in Australia in such a branch of manufacture?—There, again, comes in the question of the conditions of labour. If a man is going to work forty-eight hours a week here, and you have there men working fifty-four hours a week, the question answers itself. The whole matter depends on the ability of the man who works with the machinery to get the best out of that machinery—no limitation of output, equal hours of labour, and the working of the machinery for all its worth.

ALFRED LEON ISAACS examined. (No. 29.)

1150. *Hon. the Chairman.*] What are you, Mr. Isaacs?—Manager of the New Zealand Clothing-factory in Dunedin. I have been twenty-four years in New Zealand, and have not resided in Australia.

1151. Are the operations of your establishment pretty considerable?—Yes.

1152. What do you think would be the effect upon the manufacturing industries of New Zealand federating with the Australian Commonwealth?—As regards our own industry—namely, clothing-manufacture, shirt- and cap-making—under the present conditions and hours of labour, and the fact of there being a log so much higher than the wages paid on the other side, I should imagine federation would prove detrimental to our industry. Until the hours of labour and rates of pay were adjusted we would certainly be at a considerable disadvantage.

1153. Would that remark apply fairly to any other industries besides clothing?—From what I heard here this morning, it seems to apply pretty generally to the manufacturing industries.

1154. *Mr. Leys.*] Do you think that wages must either come down here or go up in Australia, or you might have to shut up your factory under federation?—I would very much rather prefer to



see wages go up in Australia, because I would prefer to see what I consider a fair living-wage; but, on the other hand, I see a great difficulty in regard to the operations of a Conciliation and Arbitration Act—when they have such a large population to select from—in raising the wages over there.

1155. You think that wages would have to come down, or our industries would have to close?—That is as it strikes me at present. In Victoria, I understand, they work in the factories fifty-four hours a week, while we work only forty-five. They also work for lower wages, and they are making garments at prices quite 50 per cent. less than what we make them for here. We could not do it here at the price under existing log.

1156. Knowing the conditions of life in New Zealand, and coming in contact with the workers themselves, do you think wages are too high here?—I should not like to say that, but I think there is more time wasted in the factories here, by having to cater for smaller lines that you have no need for in a population like that of Sydney and Melbourne. Here there is a small community, and we do not keep large quantities in the one line; consequently, in that case the cost of production is very largely increased.

1157. And these conditions you think will be permanent?—I certainly think so, and would probably increase as our population increases. The manufactories of New Zealand are very much more scattered than they are in Victoria or New South Wales.

1158. And the want of centralisation in New Zealand tends to accentuate that?—No doubt it makes production more costly.

1159. *Mr. Beauchamp.*] How many hands do you employ?—Between two and three hundred.

1160. Are you able to express an opinion as to relative merits of the workmen here and Australia?—Not having been there, I cannot. I might say, in reference to the question Mr. Sargood was asked about the price of the labour for making a pair of trousers, that no one man makes those trousers. The parts are carried on. One man cuts them, another girl machines them, and another girl does the finishing. No man does that for 9d. They are sold retail in Melbourne and Sydney at 4s. 11d., made of colonial tweeds.

1161. If we had inter-free-trade between the States you quite recognise that under present conditions we could not compete against that sort of thing?—I do not see how we could.

1162. Do you find the labour laws harassing or unjust to your trade?—I should not call them harassing, but the tailoresses have been several times before the Conciliation Board. We are now working under a log which is fairly satisfactory.

1163. *Mr. Millar.*] Assuming that you were under the same conditions as regards hours of labour and log as the Australians, do you think you could find a market for your goods on the other side?—I see no reason, working under the same conditions, why New Zealand should not do as well as Australia does. Climatic influence here is perhaps in our favour.

1164. You think that under similar conditions it might be possible for an export trade to be worked up from New Zealand?—That would depend upon the state of the market on the other side. If the local market was fully catered for we should not be able to export from here.

1165. I suppose they have ample plant on the other side to meet a very greatly increased demand?—I could not say.

1166. How do you think New Zealand compares with them so far as plant goes? Have they got more plant at the present time than would enable them to meet the demands of the people of New Zealand?—We may have more plant, but have not the labour. Unfortunately labour is scarce at present.

1167. So far as the clothing-factories are concerned, does it not take them all their time now to meet the local requirements?—That is so. I suppose it is largely due to the increased prosperity in New Zealand. There was a time when we had more hands than we had work for, but now the reverse is the case.

1168. Do you suffer much from the importation from Great Britain of slop-made goods?—Only in the very low lines that we cannot compete in or make here. I am not at all anxious to see them made here. They are too low in price.

1169. What is the tariff on them?—25 per cent. *ad valorem*.

1170. If that tariff were reduced, would the importation of that class of goods be likely to be increased?—I think not. The people of the colony prefer the colonial-made stuff.

1171. Do you know of any reason why New Zealand should federate, or any advantage she would derive from doing so?—She could not possibly federate under the existing labour laws without doing a terrible amount of harm to existing industries.

1172. *Mr. Roberts.*] Did I understand you to say that suits are made up for 5s. 9d.?—Yes, in Melbourne—that is, to the warehousemen; the factories provide everything but the tweed, which is supplied by warehousemen at 1s. 2d. per yard.

1173. And the tweed would come to about 6s. 8d., so you could get a home-made suit for 12s. 9d.?—Yes.

1174. What is the lowest price they are sold for retail in New Zealand?—Sometimes £1 2s. 6d. and 18s. 6d., colonial-made suit—that gives about 10s. for making, as against 5s. 6d. to 6s. on the other side.

1175. Do you think it possible, as you said that the cost of production on the other side was from 30 to 50 per cent. less than here, that they could produce a suit at 50 per cent. less than 18s. 6d.?—I am only speaking about the manufacturing price, not the making-up price. I do not know anything about the finished article. I am told that the trade pay the factory-makers on the other side 5s. 6d. to 6s. for a man's suit, whereas here it would not be produced under 9s. or 10s.

1176. Do you know anything about the hours of work in Victoria?—I understand they are from fifty-four to fifty-six hours per week.

1177. As against forty-five here?—Yes, in Dunedin, Christchurch, and Wellington.



## ROBERT MCKINLAY examined. (No. 30.)

1178. *Hon. the Chairman.*] What is your name?—Robert McKinlay.

1179. What are you?—Boot-manufacturer.

1180. In Dunedin?—Yes.

1181. How long have you resided in New Zealand?—Twenty-eight years.

1182. Have you been in business or resided in Australia?—Never.

1183. Have you formed any opinions as to the advisability or otherwise of New Zealand entering the Commonwealth of Australia?—I cannot say that I have studied the matter, unless from the point of view of our own business.

1184. What are the conclusions to which you have arrived on that point?—I consider it would ruin our trade—from the experience within the last few months that we have had. I have seen Victorian boots imported here which I could not make up at the price.

1185. What is the difference in price?—They might be from 3d. to 1s. in some cases. When you take the tariff of 22½ per cent. into consideration it shows that we are a long way behind America.

1186. You probably heard the evidence of some of the witnesses this morning as to your trade in New Zealand being prejudicially affected by imports from America?—Yes.

1187. What is your opinion on that point?—No doubt American boots are coming freely into the market.

1188. More so within the last twelve months than ever, even with the protective duty?—Yes. I think there is a prejudice to a certain extent in favour of American goods as against colonial goods. I can give you an instance of that. A man in the retail trade told me on Friday last that a customer came in and asked him if he had any American boots. The retailer told him that he had, and showed him a pair, but did not say they were American-made. He assured him that they were of American leather and made on the American last, and in every way equal to the American article. The man tried them on, they fitted him, and he seemed well enough pleased with them. After he had taken them he asked if they were made in America, and the shopkeeper said to me that when he told him they were not made in America he looked as if he would like to take them off and give them back again: simply because they were not made in America.

1189. Did he give them back?—No.

1190. Is there any other point of disadvantage that occurs to you in reference to the effect federation will have on the industries of the colony?—I cannot say there is. I heard Mr. Bridger's evidence this morning. We had a talk over the matter, and I indorse all he said.

1191. Can you think of any advantage that would accrue to New Zealand through federating with Australia?—No, I cannot. I think just now it would be the means, as far as I am able to judge, of wrecking our trade.

1192. You are speaking entirely from a trade point of view?—Yes.

1193. Have you considered the question from the point of view of New Zealand retaining its independence?—I cannot say I have.

1194. *Mr. Leys.*] How do you account for the Victorians producing boots at a price cheaper than you can manufacture them at?—Simply because the larger population enables them to undertake bigger orders.

1195. And they send their surplus over here?—Yes. America is worse in that respect than Victoria. The various classes of boots are specialised in these big places, whereas here one factory does what would be extended over a number of factories there. In America they sit down at the beginning of the half, and consider how many pairs of a line of boots they will make, and what profit they will put on. They run the whole season for all the machines are worth. At the end of the season they have made up a quantity, and they have a surplus, and they send that to the colonies. A Sydney merchant told me that American boots could be bought cheaper in Sydney than in America.

1196. Would it not be to the advantage of the New Zealand manufacturers to reorganize their business on these lines?—I am afraid that would be impracticable in New Zealand.

1197. You think the small centres here prevent it?—Yes.

1198. In that case there is no prospect of improvement until the population increases to a large extent?—That is so. And it seems to me that the workmen have come to that conclusion too, for I find that if a bootmaker can get work elsewhere he will do so.

1199. He will leave the colony?—No; he will leave the trade.

1200. The industry is declining?—Yes, certainly it is declining now. One man went to the Government workshops, another went to the country, and last week one went to another job. In fact, several of the manufacturers have come to the conclusion that the trade is on the decline.

1201. Do you replace these men who leave?—No, we cannot.

1202. Is labour scarce?—Well, I do not know. We cannot get apprentices just now. According to our rules, we could put on from four to six apprentices just now, but they cannot be got. It seems to me that people have the idea that it is a languishing trade.

1203. You could not find a market locally for the output if you could get this labour just now?—No; things are slow just now.

1204. Would the fact of bringing in a further competition be disastrous?—That is my opinion.

1205. For that reason it would not pay New Zealand to go in for federation?—No.

1206. How many hands do you employ just now?—I think we had ninety-five last week. The largest number I have employed at any other time has been 106 to 110.

WEDNESDAY, 13TH FEBRUARY, 1901.

WILLIAM CARR examined. (No. 31.)

1207. *Hon. the Chairman.*] What are you, Mr. Carr?—I am an upholsterer and furniture salesman in Dunedin. For the last few years I have been upholstering myself. I have been twenty-two years in Dunedin, and was formerly at Scoullar and Chisholm's. I have been twenty-five years in Australia—that is, in Victoria and Tasmania—and twenty-two years in Dunedin.

1208. Have you been in Australia lately?—No, sir.

1209. You ask the Commission to hear you upon the question of New Zealand federating with Australia?—Yes.

1210. And I suppose, therefore, you have given the subject some consideration?—I have given the subject some consideration, as far as a workman is able to do.

1211. I suppose you have considered it from the way it would affect the manufactures of the colony?—Principally from that point of view, but I have also thought over it from a national point of view.

1212. Will you be good enough to give the Commission the conclusions at which you have arrived, and the reasons for those conclusions?—I have conferred with a good many in the furniture trade—workmen and manufacturers—and there seems to be a consensus of opinion on their part—and, of course, I thoroughly agree with it—that federation would not suit New Zealand at all—that is, from a manufacturing point of view. At present most of the principal towns in New Zealand supply their own districts. There are four or five different towns, and they do the greater part of the trade that is done in their own provincial districts. The consequence is that the workmen are spread all over New Zealand. In Australia there are Melbourne and Sydney: Melbourne, I suppose, supplies all Victoria; and Sydney, all New South Wales, and the greater portion of the Continent as well. They also supply, to some extent, New Zealand at the present time. They send furniture over here and pay the present duties, and they are able to undersell us even now.

1213. Is that Australian-manufactured furniture?—Yes, Australian-manufactured furniture. Now, in New Zealand, as a rule, there is not so much of the highest class of work done in the furniture trade. At Exhibition time it may be done; but, as a rule, it is good, medium, or lower class furniture that is manufactured here, while in Melbourne there is a great deal of the highest-class work, a large proportion of it showy lower-class work; and that is the work that is exported at the present time. In Australia I do not think the wages vary very much from what they are in New Zealand—that is, to the better-class workmen.

1214. You mean in your particular trade?—In our particular trade, of course. I am speaking from that point of view; but there are a greater number of apprentices and improvers employed in Australia. The work that is exported at the present time—the underwork is mostly done by juniors, and the finishing-work is done by a good hand. I will give you an example, if you do not mind, of that. Now, this is work of a common description that is imported into Dunedin [exhibit produced]; and I will show you some of the different materials in it. In Melbourne the common stuff—such as is imported here—the underwork of it can be put up much cheaper than we can possibly do it here. For instance, they put this seaweed in the bottom work of upholstered goods that come here. This (the dried seaweed) costs from £1 10s. to £2 per ton, while here in Dunedin you will see they put *Phormium tenax* (flax), that costs from £4 to £5 per ton. There is a big difference there. This seaweed is liable to get damp from variations in the temperature, and especially in a place like Dunedin, where the variations are very great. It is liable to get damp, and it rots the canvas over the springs, and in a little time the springs work their way through the stuffing. That [material produced] is from a Melbourne suite, and this [exhibit produced] is what we use in our own underwork. Well, in Melbourne they get English springs of a hard nature, and put a few in the suites that are imported over here—springs something of this description [spring exhibited]—a firm strong spring; but they do not use many of them: they cost about 12s. 6d. a gross. Here we put in a much lighter spring, a much nicer spring. You will observe the difference: this is a much better spring, it costs half as much again, and we put more of them in to make a more luxurious seat.

1215. *Hon. Mr. Bowen.*] What is that made of?—It is a steel wire coppered over. In the very bottom of all they put, over on the other side, what we call “webbing.” In the foundation they put very little indeed—a very small quantity—but here we put a good number. The reason is that when we make a suite here we have to stand by it. You see, if anything goes wrong with it the people send it back and require it to be put right. But the suites that come over here are sold by dealers—people in the drapery trade, and so on, that make furniture a part of their business. Of course, if they sell a suite to a countryman, or to anybody else, they take no responsibility in connection with it. Then, as to the flock which is used, they use a very much lower description of flock over on the other side—that is, for all this class of work. Of course, they have good stuff too. I have samples of Melbourne flock and of our own flock here if you would not mind looking at them [samples produced].

*Hon. the Chairman:* Certainly, not that I know much about them.

*Witness:* But even if you have no experience you will be able to tell the difference. That is Melbourne flock, and this our own; that costs £16 a ton, and this, our own flock, £24 a ton. Well, the difference in that is because the material used here is properly purified, while over on the other side this commoner description is used, and the same trouble is not taken with it. All these materials are put in the bottoms; the “improvers” do that portion of the work, and then a good man takes it in hand with the same class of cover that we use, and he is able to make a very nice finish on the top, and the job looks just as well as our own.

1217. *Hon. the Chairman.*] I do not know that you need proceed much further. The result of this is, I understand, that furniture in Australia is manufactured from inferior materials to what are used in New Zealand?—That is, furniture for export, not that for their own use.

1218. For export to this colony?—Yes, for ordinary export. I do not say if a man sent for first-class stuff he would not get it.

1219. Do you think, then, that under these conditions your trade in New Zealand could not successfully compete with Australia?—We could not compete with them at all under these conditions, because at the present time they are able to send these suites in at about £1 less than we are able to make them up for here.

1220. But, supposing New Zealand federated with Australia, how would that affect the matter, in your opinion?—Well, I suppose freights would be considerably reduced on account of agricultural produce passing between the two countries, and they would be able to put the goods here so cheaply that I believe the manufacturers in New Zealand would not be able to keep going. I think the great majority would have to migrate to Australia, or to take up farms—one of the two.

1221. About the rate of wages: is there much difference?—No, not much difference in the wages of the leading hands; but they have a greater proportion of apprentices and improvers on the other side.

1222. Are the establishments there much larger than you have in New Zealand?—Very much larger indeed.

1223. Would that give them an advantage?—Oh, a very great advantage. If you are making up large quantities of the same kind, of course there is an advantage. In making up these things we make one or two, they three or four, dozen.

1224. Is there any other point connected with the trade aspect you wish to mention?—Yes. Of course, in Melbourne and Sydney in cabinetmaking there are large numbers of Chinese employed. In New Zealand we are not troubled in that way with coloured labour at all. I may say that all the lower-class furniture in both Melbourne and Sydney is made by Chinese—the lower class of furniture. A white cabinetmaker growing up, unless he turns out a very good workman, has not much chance of getting on.

1225. I take it you fear competition from the Chinese in Australia too?—Well, importers would naturally get the furniture made where they could run it cheapest.

1226. You said you had considered the matter from a national standpoint?—Yes.

1227. Will you give us your views upon that matter?—It seems to me rather presumptuous for a working-man to say so, but I have talked it over with a few friends at different times, and I do not see, myself, why there is not room in these seas for two nations—that is, an Australian nation and a New Zealand nation. I think that may be so if we go on along our present lines. We have here the nucleus of a splendid nation. I think so. Whether I am right or wrong I cannot say, but I think so. I think we are far better off as a nation “on our own” than if we were simply a joint in the tail of, I might say, the Australian kangaroo.

1228. *Mr. Roberts.*] You seem to emphasize the competition the trade of this city receives from Victoria and New South Wales: do you not find the competition much more serious from other places—America, for instance, and the United Kingdom?—Well, it is pretty keen; but at the same time my idea is that the people here do not take to the American class of goods; they do not like the shapes.

1229. Well, during 1899 the total imports from Victoria and New South Wales were £4,700; from America, £10,000; and from the United Kingdom, £9,700. You have the fact staring you in the face that the competition with Victoria is much smaller?—Yes, at the present time.

1230. You know that leaves competition with the United States of America?—You are speaking of furniture only?

1231. Yes; imports under the heading of “Furniture and upholstery”?—There is not much finished American stuff comes down here. I cannot speak for Auckland and Wellington. I know, myself, from experience of the furniture trade, that the people here do not like the American shapes—they are not used.

1232. Is the flock used here colonial or imported?—Colonial.

1233. *Mr. Beauchamp.*] During 1898–99, I believe the cut-throat competition existing amongst some of the steamship lines reduced the freight to 10s. a ton: did that stimulate the importation from the States of furniture?—I think it did.

1234. Possibly that would account for the importation during the year 1898–99?—I think it had an effect that way.

1235. Is there any quantity of Australian furniture imported into Dunedin?—There has been in the past a fair amount.

1236. Chiefly of the common description?—Chiefly of the commoner description.

1237. Most of which, do you believe, has been manufactured by Chinese labour?—No; it is manufactured by Europeans. No Chinese work comes in at present. It would not pay; but if there was a very low tariff it would.

1238. Then, you think this colony, if there was inter-free-trade, would be used as a dumping-ground?—Yes; I can speak for several manufacturers, and say they have not the slightest hesitation in the matter.

1239. *Mr. Luke.*] I put the question to some one, I forget whether it was to a cabinetmaker or not, “Is much of the cheap furniture imported into New Zealand made-up furniture”?—Yes, there is a fair amount.

1240. What is the value of a suite imported from Sydney to New Zealand—I mean a cheap suite?—In Sydney the cost price would be about £5 7s. 6d.

1241. Would you be astonished to know that I have seen a Sydney suite—two large chairs and six small chairs, covered with what appeared to me to be a nice material—landed at rather

less than £6? Do you think that possible?—Yes, quite possible. I have endeavoured to explain how it is done.

1242. Do you think that class of furniture would find a ready sale: do not people like something better and more substantial?—You see, a large number of people are not judges, especially country people. They come to town, see a nice pretty suite at a low rate, and buy it. Of course, if they do not use it to any extent it looks nice round a room, but if they do use it to any extent it comes to pieces.

1243. You are afraid that under federation the furniture and cabinetmaking business would be destroyed?—Yes.

1244. Is there much American furniture brought in?—A fair amount, but it does not seem to take so well.

1245. It is of higher quality than comes from Australia?—It is high and low. American furniture is machine-made. They do not want men in America at all; they want machines.

1246. Then, you think federation would very materially affect the wage-earning class in your own line of business?—It must affect them, because if goods are brought in in large quantities at low rates the same number of men cannot get employment. I think at the present time in our trade there is something like 1,294 males and fifty-seven females employed, and probably there might not be work for more than four or five hundred here under federation.

1247. That is, taking the whole colony?—Yes.

1248. Do you think a number of persons would find ready and more profitable employment in other spheres of labour?—Well, if they were very young they might; but if they have grown up, and have been at the trade for twenty or thirty years, it is not a very easy thing for them to start at something else.

1249. Have you considered the question at all from a political point of view?—No, sir.

1250. *Mr. Leys.*] I suppose English furniture is largely superior furniture—you could hardly compete with it here?—Yes; the furniture that comes from Home is of a very good class. It is better wood: they have superior timber, and so on. People who want that, of course, send Home for it. We are not able to compete with that work, because we have not got the timbers.

1251. That does not seem a very large item—£9,000. Now, with regard to what Mr. Luke said about finding other employment, do you regard furniture-making as an industry natural to the country?—Oh, yes. I think it is natural to every country. All countries should be able to make their own furniture. It is one of the articles that is a necessity.

1252. The New Zealand woods: are they not well adapted for furniture-making?—Well, some of them are very good, but unless they are thoroughly seasoned they are liable to warp. Some of them are very handsome woods—red-pine, for instance. In Australia they mostly use cedar, which is much easier to work. Our New Zealand woods are very hard.

1253. Is the wood employed in furniture-making here mostly New Zealand wood?—Nowadays the wood used is nearly all colonial wood.

1254. I notice that New South Wales is the chief exporter from Australia of furniture and upholstery to New Zealand: is that of Chinese manufacture?—No, not to New Zealand. That is not made by Chinamen at all, but probably would be under federation. At present that work is made by white people.

1255. In New South Wales?—Yes; Chinese furniture is not imported at all at present, but I have not the least doubt it will be if we get federation.

1256. Why is it not imported now?—Because Chinese work is bulky work—the lower class of furniture: tables, chiffoniers, chests of drawers. It would not pay to send bulky work over under the present tariff.

1257. If this is a natural industry, and the wages about the same in New Zealand, could you not make this cheaper kind of furniture?—We do make it here now.

1258. Could you not compete with Australia in these cheaper lines?—Not if Chinamen made them.

1259. But you say these are made by the English?—I have been trying to explain that they make up on different lines, and that we cannot make up on those lines, because if we did we should get them back.

1260. Why do not the people who sell the goods get them back?—As a rule, the people who sell them are dealers, not manufacturers.

1261. Is there not a large furniture trade through the auction-marts?—Yes.

1262. Could not that be made up of these materials?—No; the people here have not got down that low yet.

1263. But they seem to be down low enough to buy when the things come from Australia; why not when they are manufactured here?—We could, but we do not. Most of the men in our trade who have been to the other side come back again. They like this cool climate better.

1264. Then, with regard to the better class of stuff, putting this aside, could you hold your own against Australia?—Not if they could bring it in at low rates as far as freight and duty are concerned. A small town cannot compete against a big town.

1265. You mean the larger output gives the advantage?—The larger manufacturing-powers on the other side would simply swamp us.

1266. *Hon. Major Steward.*] It has been explained by other witnesses, and I want to know if it applies to you also, that in making large quantities, with large establishments, vast machinery, and so on, it pays to manufacture more than is required for local consumption, and to dispose of the surplus at cost, or at about cost: does that apply in regard to furniture?—Of course. I do not know for certain, but I almost think that is the cause of furniture being sent over here so cheaply.

1267. In such a case the manufacturer who turns out a small quantity is at a disadvantage compared with the manufacturer who turns out a large quantity?—Oh, yes.

1268. That applies to furniture as to other departments of industry?—The same principle applies.

1269. Then, you think, if New Zealand joined the Commonwealth, and therefore the manufactures of other States were entitled to come to it absolutely free of duty, the local manufacturer in New Zealand would not be able to compete as against the larger manufacturer on the other side?—Not for a great number of years.

JAMES COX THOMSON examined. (No. 32.)

1270. *Hon. the Chairman.*] What are you?—I am a hardware and timber merchant, and have resided in New Zealand for thirty-three years. I have not resided in Australia at all.

1271. Have you considered the question of federating with the Commonwealth of Australia?—Well, to a certain extent. It is too intricate a question to go into and give a decided opinion upon without further information than I have available.

1272. But have you considered it as it affects the industrial and manufacturing interests of this colony?—Well, in a general way. It is rather difficult to say how it will affect them.

1273. What is your opinion?—I think the balance is in favour of federation, in so far that we should have a very large market close at our doors. I think at the present time our market is about as far distant as it can be; and we also have to face the fact that we shall have very serious competition nearer home from South America. I think our prosperity is dependent upon our natural productions, and if we have a market closer to hand than at present that is always an advantage to the colony. It is quite possible that federation might affect manufactures here carried on under our high tariff. Those not dependent upon the tariff I do not think would be affected so much.

1274. Are not the Australian establishments on a much larger scale, and have they not much more capital available?—I believe they are. I do not know the details of Australian business.

1275. If that were so, do you think the New Zealand industries could successfully compete with them?—If the labour conditions were the same. I understand the objection has been raised that labour in Australia can compete against New Zealand because it works for a longer time.

1276. And the wages are cheaper?—If the time was assimilated that difference would disappear. The wages in some cases, I believe, are lower. That I cannot speak of from my own knowledge.

1277. Have you considered the political aspect of the question at all?—Not so much. I recognise, of course, that in place of being an independent colony we should become one of the States of the Commonwealth.

1278. Do you think advantage would be derived from getting a larger market?—I think the balance of advantage is with federation.

1279. Do you think we should be justified in forfeiting our national independence for that?—It depends upon what that is ascertained to be.

1280. Then, you have not formed a definite opinion upon that?—No.

1281. *Mr. Leys.*] When you speak of a larger market for our produce, do you consider the fact that Australia exports very much more in the way of products, and exports butter and wheat?—Yes.

1282. And do you not think England will still be our chief market?—For those products, yes.

1283. For all agricultural products?—Yes; but we have a fair amount of business in our exports already with Australia, though it is to one colony only. If the whole of Australia was open to us I should think we ought to have an increase of that.

1284. *Mr. Beauchamp.*] The chief benefit you think we should derive from federation would be the market we should have for New Zealand produce: is that so?—Yes, I think so.

1285. Have you considered that with inter-free-trade Australia might be a very serious competitor with our New Zealand farmers in grain, for instance; that the six colonies produce 39,998,295 bushels of wheat, as against New Zealand's 8,581,898? Does it not occur to you that under federation our New Zealand farmers might be seriously affected by the export of flour from Australia to this colony?—Well, they might be.

1286. You have not come to a conclusion upon the whole aspect of the case?—No.

1287. *Mr. Millar.*] Which class of manufactures do you think would find a market in the Australian Colonies if there was intercolonial free-trade?—I did not say I had considered the question of our finding a market in Australia for manufactures. I considered the bearing of the question on existing manufactures by competition from Australia.

1288. Then, you did not think there would be a larger market for our manufactures in Australia?—No, not for lines manufactured there.

1289. I suppose you are aware that the total value of the manufactures of the colony is thirteen millions per annum?—I do not know the total value. It must be something very considerable.

1290. It is that approximately?—Yes; but that includes, I presume, the working-up of our natural productions.

1291. Yes, that is the total of the manufactures of every description, and includes meat-preserving and all that sort of thing?—Yes.

1292. Well, in view of the fact that probably a large portion of these manufactures would be menaced, to say the least, do you think it would be advantageous to the colony to federate?—I do not think a large portion would be menaced. My opinion is that those manufactures which exist in New Zealand entirely owing to the high tariff which is here might be affected by federation. It might cause a disjuncting for a time, but that the bulk would be affected I do not believe. I do not think the working-up of our natural products would be affected.

1293. But all those manufactures that have a protective duty would be?—Yes, they might be. I think they would be.

1294. Are there many manufactures upon which there is no protective duty that find a market in Australia now?—Not necessarily find a market in Australia.

1295. Therefore federation would not be any benefit to this colony; it would not put us in any better position than we are now?—It is a very difficult matter to give an opinion upon decidedly. I say my own conclusions are that the balance is in favour of federation. I do not know that they are very much in favour of it. I could not say to what extent; but, generally speaking, I think the balance is in favour of federation.

1296. Do you think the balance is sufficient to make it advisable?—That is a point which has to be determined. I could not make that assertion. You can only determine the question after having taken all the evidence available, and that I have not at my disposal.

1297. Do you fancy that, from a manufacturing point of view, the colony would be developed as actively under a Government in Australia as it would be under what might be strictly called local government?—Yes, I think so, because we should still have our local government.

1298. Yes, under the Constitution now; but you are aware the Constitution can be altered?—Yes.

1299. Do you think it possible or probable that the States will be abolished in the course of a few years?—Well, I do not see any necessity for it. There is a tendency to centralise, I presume.

1300. And in the event of that taking place we certainly would be governed from Australia?—Oh, yes; we should be in a minority, so far as that goes.

1301. Do you not think the distance from the seat of government would tend to neglect on the part of the Government?—I do not think it would seriously affect it; and that distance is being and will be reduced, as time goes on, by the employment of faster services.

1302. You were in the colony at the time of the abolition of the provinces?—Yes.

1303. Do you think the colony has been better developed on the whole under the General Government than under the old Provincial Governments?—Well, I do not know, I am sure. There was very good development under the old provincial system, and the colony has been going on since increasing, prospering, and developing. It has gone on steadily owing to its fertility and the abundance of its natural resources. Those are really the causes of its development, not the form of government.

1304. But one of the principal reasons given at the time of the abolition of the provinces was that government would be cheaper and better under a Central Government than not?—Yes; we were a very small population in those days, and the expense of carrying on was much larger than it would be under a Central Government.

1305. Do you not think the same argument would apply in Australia—in fact, more so than in New Zealand, where there are two separate Islands?—That may be the tendency ultimately.

1306. But, even in the event of that taking place, you still think New Zealand would receive as much attention and be as rapidly developed as we would be if left to ourselves?—I think the development would rest entirely upon the people and the resources of the colony.

1307. Do you think that our policy of acquiring estates for settlement would be carried out by a Government in Australia?—Perhaps not.

1308. That settlement has played a prominent part in the development of the colony during the past few years?—That is so; but I do not know whether in every case it has been successful.

1309. But, taken as a whole, it has worked advantageously?—It has.

1310. Well, if it has worked advantageously, it must be to the disadvantage of the colony if we cease it?—I think the tendency is generally for closer settlement as time goes on.

1311. There has been no attempt made for closer settlement in Australia?—Not to legislate for it—not by Government interference.

1312. *Mr. Roberts.*] Something like 29,000,000 ft. of timber was exported from New Zealand in 1899: was any portion of that from Dunedin or from the South?—I do not think so.

1313. *Hon. Captain Russell.*] You say you think, upon the whole, the balance of argument is in favour of federation?—Yes.

1314. Would you kindly state to us what are the principal causes likely to operate for our benefit?—Well, the principal cause I have stated—a market close at hand, and an increasing market.

1315. Then, you have put it simply from the market as we have it to-day?—And its possible expansion.

1316. Well, in process of time, do you think our trade will increase with Australia or decrease, supposing we federate?—I think that it will increase.

1317. Then, you are not afraid of the competition of the workers in Australia?—Not to those industries which are independent of our tariff.

1318. Yes; but, of course, if there is a Commonwealth there will be no tariff?—Just so.

1319. You are afraid that every industry which is protected would suffer if we federate?—Yes, I think so.

1320. Then, from a manufacturer's standpoint, you think it would be detrimental to federate?—To a certain extent, certainly.

1321. Well, then, taking it from the financial standpoint, should we benefit or suffer by connection with Australia?—Well, I do not see that we should suffer, and I do not know that we should benefit very much from a financial point of view. You mean with reference to raising loans, and so forth?

1322. Generally?—I do not think it would affect us.

1323. Take the question of raising loans?—I do not think it would affect us.

1324. You know, of course, that the Commonwealth would have the power of taxation?—Yes.

1325. Do you think that the Commonwealth, having the power of taxation, would increase or diminish the rate of interest we should have to pay upon local loans?—I do not think it would affect it very much.

1326. Do you think that by being members of the Commonwealth we should borrow cheaper than we are doing now?—That I could not say.

1327. You think it would not affect the rate of local loans. You do not know whether the Commonwealth is borrowing cheaper than we are borrowing now?—I could not say.

1328. You remember the days of provincial loans?—Yes.

1329. Did the provinces pay a higher rate of interest or a lower rate of interest than the General Government?—I could not say that, but I have no doubt it is on record.

1330. Yes; I was wanting to arrive at the conclusions which are favourable to federation?—Yes.

1331. At any rate, if the provincial loans were at a higher rate of interest than the General Government loans, would that be an argument affecting the question of borrowing if we were a State in the Commonwealth?—Well, of course, I do not know that they were.

1332. I am assuming that they were?—Assuming that they were, I do not think so, because the conditions were different then from what they are now.

1333. Then, you do not think the State loans, when the Commonwealth has the power of taxation, would be somewhat in the nature of a second mortgage?—No.

1334. Well, then, viewing it from a defence standpoint, should we benefit or the reverse—from a defence standpoint?—Well, I think we ought to benefit. We could not be worse in the matter of defence than we are at the present moment.

1335. In what way should we benefit?—Well, we should have much greater resources in men; a very much larger number of men available for the purposes of defence all over the Commonwealth.

1336. But what is the first line of defence?—Well, I presume the Commonwealth would see that efficient defence was provided for all the States at all points of attack.

1337. Do you mean with regard to naval defence?—Well, naval defence would be outside the Commonwealth, I think.

1338. That is what I was coming to. Do you think our position in connection with naval defence would be improved by joining the Commonwealth?—No, I do not think that it would.

1339. Have you considered the question from a climatic standpoint at all?—Generally the conditions are better in New Zealand for work than in Australia. The advantage would be in favour of New Zealand in that respect.

1340. Do you think that in the course of five or six generations there will be any material differentiation between the European people of a cold climate and of a warm one?—I do not think there will be any special deterioration in Australia.

1341. We will not use the word "deterioration," but "difference"?—Not a great deal.

1342. And do you think the white people of Australia will be able to work, to cultivate the country, and to carry on manufactures within the tropics?—No.

1343. Do you think that question affects federation at all?—I do not think it need. I am not aware of any tropical country where white labour has been effective.

1344. Do you know what portion of Australia is tropical or semi-tropical?—A very considerable portion. I do not know the area.

1345. About two-thirds—north of the 30th parallel of latitude?—The 20th parallel is within the tropics.

1346. But, in the tropical and semi-tropical portion of Australia, do you think that during the period of several generations the children—the descendants of white people—will be able to work in comparison with the people of a temperate climate like this?—Well, of course, the climate of New Zealand is likely to produce a more robust race; but I think the white labour in Australia will be quite effective.

1347. In the tropical and semi-tropical portions?—Yes.

1348. You think that in the tropical and semi-tropical portions the white labour will be effective?—Yes.

1349. Can you give us an instance in any part of the world where similar conditions prevail where white labour is effective?—No; because no white people, except in Australia, so far as I know, make the country their final home. English people working in the tropics do not go there to reside permanently, as a rule.

1350. Why do they not go there to reside permanently?—They go there for the purpose of making a competency and returning home.

1351. And what becomes of those that do not make a competency?—They remain there, I suppose.

1352. In the tropics?—Yes.

1353. But, still, you do not know that there is any portion of the globe where white labour can work under tropical conditions?—No; we have had no experience of it.

1354. But, still, you think that will not affect the race question in Australia?—Well, as I say, they will not be so robust as they would be in a temperate climate like New Zealand.

1355. *Hon. the Chairman.*] What disadvantages do you anticipate from New Zealand not federating with Australia?—The closing of the Australian markets.

1356. You speak of our defences being about as bad as they could be—I presume you refer to the land defences?—Yes.

1357. Are you aware of the number of enrolled Volunteers in this colony?—Not definitely, but I know that a large number have been enrolled lately.



1358. Are you aware of the condition of the fortifications and mine-fields?—I suppose, generally speaking, that they are considered not up-to-date; and I am aware of this fact: that we are enrolling a very large number of Volunteers at the present time in New Zealand who cannot be armed. They are being armed with old Snider rifles—obsolete weapons.

1359. You are not aware of what arms are under order for the colony?—No; I understand new arms are being brought forward.

1360. Is there any reason why the Defence Force of this colony should not be as well armed and equipped as the Defence Force of the Commonwealth?—No.

1361. Therefore, assuming that they are, the question of defence would not be a very material one?—No.

JAMES WILLIAM FAULKNER examined. (No. 33.)

1362. *Hon. the Chairman.*] What is your business?—We are wire-weavers, galvanisers, and blacksmiths.

1363. How long have you resided in New Zealand?—Twenty-four years.

1364. Have you resided in Australia?—About twelve months.

1365. Have you visited Australia lately?—Eight years ago.

1366. Have you considered the question of the federation of New Zealand with the Australian Commonwealth?—But a very little.

1367. Have you any opinion as to how New Zealand federating with Australia would affect the manufacturing industries of this colony?—I could not say. It all depends upon whether the people here would have protection against outside goods. From my own point of view, it would be a very good thing if we had a market at our doors for my own manufactures. We have no protection on our wire netting, and we are open to the world.

1368. Do you export to Australia?—No.

1369. Do you think there is any chance of New Zealand exporting to Australia?—But very little. In my line I think it would be the other way about. You might possibly get other people's manufactures in there, but I do not think it would benefit me at all if New Zealand federated.

1370. *Mr. Luke.*] In view of the fact that we are exporting to Australia a little over £2,000,000 in cereals, and also in view of the fact that we have industries in this colony involving the employment of about 49,000 persons, and that the manufacturing industries would be affected seriously by federation, do you think that that element is against the probability of our being able to extend the market for our cereals?—I think so.

1371. Do you not think that the larger manufactories in Australia, with their superior machinery, would seriously affect the manufacturing interests of New Zealand under federation?—Most decidedly.

1372. *Mr. Beauchamp.*] Is yours an important industry?—I employ about fifty hands.

1373. And without protection you are able to compete successfully against similar imported goods?—On one of my manufactures—bedsteads—we have a protection, but that is the only line we have protection on.

1374. And can you compete with the Home article with the present duty?—Yes.

1375. Is your trade steadily increasing?—Very slowly; it takes a lot of pushing.

1376. Under free-trade you do not fear competition from Australia?—I am not prepared to say. At present we compete against the English manufacturers, but how federation would affect me on the whole I could not say.

1377. *Mr. Millar.*] The conditions of labour are considerably better here than they are in Australia, are they not?—Here they get better pay, and work shorter hours.

1378. Then, whether there was protection or not on the industry, with the conditions applying in Australia you would still be handicapped to that extent?—Yes.

1379. Do you think the freight-charges would cover the difference?—I do not. Of course, if the stuff could come absolutely free from the other side we should be handicapped.

1380. It would also be unjust to the workers, because to enable you to compete against the Australians they would have to come down to the same level?—Yes.

1381. Is it not a great deal easier to reduce than to raise?—Yes.

1382. So that from the labourers' and the manufacturers' point of view it would be injurious to the colony to federate under present conditions?—It would interfere with them very much.

1383. Of course, the prosperity of Dunedin largely is dependent upon the manufactures of this district?—Yes; they are the largest in the colony.

1384. Then, anything that would tend to injure the industries must react on the whole population of this district?—Yes.

1385. On those grounds you do not believe federation would be advantageous?—It would interfere with us unless we were put on the same footing. With them working the same number of hours, and paying the same wages, I would not be afraid of my opponents.

1386. *Mr. Roberts.*] The protection you receive, I suppose, is practically the cost of getting out the wire netting manufactured from Home—the extra freight?—Yes.

1387. So that your industry is able to exist without any protection at all?—We had to do without.

1388. *Hon. Captain Russell.*] Mr. Millar asked you a question with regard to the present effect of federation: is it not possible that, owing to our superior climate, we might in process of time be able to send men to Australia who would have an effective influence there, and to a greater degree than people nurtured in a warmer climate?—We may be able to. We have got the climate, but they have the population.

1389. I am trying to look ahead to, say, a hundred years hence?—Oh, it is impossible for me to get into that. I can only speak for the time being.



1390. You refuse to consider it from any other standpoint than that of to-day?—I can only speak of the present time, and as to how it would affect me.

1391. *Mr. Leys.*] I suppose you take an interest in public questions in New Zealand?—Very little: I am not much of a politician.

1392. Not in public affairs, even as affecting the colony?—No, I have been too busy to do that.

1393. Are you not aware of the Conventions and referendums on the matter in Australia?—I never thought they would federate with this colony, and therefore I never troubled my head about it.

1394. You are engaged in a manufacturing industry, and yet you say you do not know the condition of the same industry in Australia?—No. I know there is a very large firm there—namely, John Lysaght and Co., Sydney—whom I would have to compete against, but I am the only manufacturer in New Zealand of wire netting.

1395. Do you think we could send our goods there and compete with them?—That is a broad question. We could send a representative over there to make a report.

1396. What is your opinion?—I think it could be worked if we selected the proper person.

1397. And you think we could influence the Federal Parliament to such an extent that they would attend to New Zealand business in the way we desired?—I should not like to pass an opinion on that point.

JOHN BRADLEY SHACKLOCK examined. (No. 34.)

1398. *Hon. the Chairman.*] What business are you engaged in?—General ironfounder.

1399. How long have you resided in New Zealand?—All my life practically—thirty-six years.

1400. Is your establishment a large one?—I think it is the largest in the colony of the kind, employing 105 or 110 hands.

1401. Could you give the Commission your opinion as to how federation would affect the manufacturing industries of this colony?—Of course, provided the conditions were the same in Australia, we could compete with them in our particular trade.

1402. What do you mean by the conditions being the same?—I mean the cost of the raw material, wages, &c.

1403. Are they not the same at present?—No. I think the wages just now are a little higher in New Zealand. A few years ago they were about the same in Dunedin and Victoria.

1404. Can you import the raw material here as cheaply as they can in Australia?—I think in Sydney they have a little the better of us, but, as far as I can see, there is not much difference in the freights on such material as pig-iron.

1405. Can you see any advantages which would arise through New Zealand federating with Australia?—I believe, as far as my own business is concerned, that the market would be enlarged. We have had to refuse a few orders because of the high tariff in Victoria. Personally, I believe in federation. I think it would be for the good of the colony as a whole, although it might seriously affect some industries at the start.

1406. Please tell the Commission why you believe it would be for the good of the colony as a whole?—Because we would be part and parcel of a larger nation, and I think we would be better governed from one centre than from many centres.

1407. You believe in central government?—I do.

1408. Are we not part of a large nation now?—Yes.

1409. Then, what would be the gain in belonging to Australia?—The expenses of management would be lower per head of population.

1410. But there would be still the State Government of this colony: would there not be additional expense incurred by the creation of the Federal Government?—Yes; but that would be one of the preliminary expenses.

1411. But that would be the least expense: why do you think the expenses would be cheaper and the cost of government less?—As far as my experience goes, taking a business view, it seems to me that a business or a country is better managed from one centre than from two or three; and what appertains in business, I take it, will apply to the government of a country.

1412. *Mr. Leys.*] Do you think it probable that the States will be abolished ultimately?—It is a probability that might happen.

1413. Assuming that were so, do you think our fifteen representatives there would be a better body than our New Zealand Parliament for developing the resources of the colony?—I think they would be quite efficient.

1414. Do you think we can get representatives of various industries to go over there and devote their time to parliamentary life, or do you think they would become professional politicians?—I take it that our representatives would be representatives of the people in all industries.

1415. From what class do you think the representatives would be drawn?—I cannot say. The matter is in the hands of the people, and they can elect whatever class they like. I presume, when a man is voting, he does not look at the class.

1416. Then, do you think that a Parliament composed mainly of Australians could arrive at the same knowledge of New Zealand affairs that our Government has?—They would be guided by the representatives of New Zealand.

1417. Are you sure they would?—If I were an Australian I would be.

1418. With regard to your industry, do you not think you might have some opposition, say, in the northern markets from the Australian manufacturer if there were free-trade?—We might have; but still, if we were part of the Commonwealth, things would adjust themselves in time, and it would only be a matter of time when the conditions would be the same in Australia as here, and then we would be put on the same footing.

1419. Do you think, as an ironfounder here, you could compete against ironfounders who are situated so closely to the Newcastle coal?—I think if the conditions were the same we could, because we have coal almost at our doors; and then, as far as the ironfounders in Victoria are concerned, they are as far away from the coal as we are.

1420. But I am speaking of New South Wales: does it not cost as much now to bring coal from Westport to Dunedin as it does from Newcastle?—I could not answer that question. We know we can land Greymouth coke cheaper here, and at a lower rate, than we can land Newcastle.

1421. Much lower?—I should say, 4s. a ton cheaper; and the quality is in favour of the New Zealand article.

1422. Then, with regard to the conditions being equal, will they not always have a much larger population to supply, and therefore the foundries be much larger in Australia than here?—But if we are in the Commonwealth we would have the same population to supply.

1424. You think that our isolation is no handicap in competing with Australia?—No; I do not look on it as a very serious handicap. The waterway is in many respects better than a railway, and it can carry the goods at far less cost than the railway.

1425. You say we would have the same population: do you mean that the fact that Sydney, for instance, has between 400,000 and 500,000 people is no advantage to Sydney manufacturers?—If we were a part of the Commonwealth we would also have the advantages of that population.

1426. And you think that you would be able to compete with Sydney manufacturers for the supply of Sydney?—Yes.

1427. And pay the freight?—Yes.

1428. You do not fear that these largely developed industries in Australia would supply, say, Auckland cheaper than you can supply it from Dunedin?—No.

1429. Neither by reason of the cheaper coal they possess, the cheaper iron, nor the larger factories?—No. Climatically, I think we are better adapted for manufactures than any part of Australia.

1430. With regard to the hours of labour, do they work longer hours in Australia than here in your trade?—I could not say definitely, but I do not think they do. I think eight hours is the recognised day's work in Victoria, and also in Sydney. Of course, here the tendency is to get forty-four hours a week, which is doing away with eight hours a day.

1431. Can you speak definitely on that point, because we have had evidence to the contrary?—No.

1432. Then, with regard to wages, are they lower in Australia than here in your trade?—I think they are in the meantime. A few years ago they were not, but through the iron trade being so busy in New Zealand wages have gone up a bit.

1433. And you think that is not a permanent condition?—No; I do not look upon it as a permanent condition.

1434. *Mr. Reid.*] Have you derived your information on this subject by reading what has appeared in the newspapers, or from a study of the question?—Not from a very close study of the question, just simply from what I have seen in the newspapers, and from conversation with others.

1435. You are aware, of course, that the Commonwealth was established by Act of the Imperial Parliament: have you considered any of the provisions of that Act?—No.

1436. Then, I think you told us that it would be a good thing to be part of a great Empire, governed from one centre, not from many centres: from what centre are we governed now?—I presume from London, by the British Parliament.

1437. In one sense, of course, we are; but what is the capital of this colony?—Wellington.

1438. Then, if we were governed from London, and we are also governed from Wellington, would we not add another centre of government in Australia?—It would be a subordinate centre, of course.

1439. Which would?—The Australian centre would be subordinate to London.

1440. In what sense can you say we are governed from London?—Theoretically, of course.

1441. But, practically, in what sense are we governed from London?—I presume there are some Acts that are passed by the New Zealand Parliament that have to have the Royal assent. I do not know what they are, but I know there are some.

1442. But are you aware, as a matter of fact, that that provision can still remain under the Commonwealth?—I believe it would and should.

1443. And what would be the gain in depriving the States of that right of appeal? State laws might still have to be referred for the Royal assent, and Commonwealth laws also, therefore where would the gain come in?—I am not prepared to go into the matter so exhaustively as that.

1444. Have you considered the question also from a financial point of view? Shall we be able to borrow money better if we are under the Commonwealth?—The only thing I think of in that respect is that I think we could get the money a little bit cheaper.

1445. Who would get the money cheaper—the State, if they borrow, or the Commonwealth, if they borrow?—The Commonwealth. What I mean is that the Commonwealth would be able to borrow money at a little lower rate than the New Zealand Government does now.

1446. But the State Government would still have to borrow, and would do it at a disadvantage, on account of the security being less through the major portion of its revenues being taken over by the Commonwealth?—I did not know of that.

1447. *Mr. Luke.*] I suppose you have considered the question more particularly from a manufacturer's point of view?—Yes.

1448. Following up Mr. Reid's argument, would it surprise you to know that our Consols have remained pretty stationary for a considerable time past, while those of Australia under the Commonwealth have receded considerably—New South Wales, I think, from 117 to 113? That is rather a feature against your argument, is it not?—Yes.

1449. We have been told here—I think by Mr. Burt—that freights have been considerably less to Australia for heavy lines than to New Zealand—that frequently ships loaded with a very light cargo have required pig-iron as stiffening, and have brought it out here for nothing, and very considerable quantities at 5s. a ton: have you been aware of that?—I have not. I might say that, in view of this matter coming on, I have made inquiries from an agent in the hardware trade who has recently come from Victoria, and he informs me that there is very little difference. We compared rates, and, as a matter of fact, there is very little difference.

1450. It is in view of the recurrence of that circumstance that the manufacturers in Australia would be put on a very much better level than in New Zealand: what is your opinion?—Of course, I can only go from my experience here, and I think it is a long while since pig-iron came into Dunedin as ballast.

1451. I speak of Australia?—Of course, I do not know what is done there.

1452. Mr. Burt says that it has frequently come here?—I cannot say that I have heard of it.

1453. You said that the Greymouth coke is as good as the Newcastle coke?—Yes; it is better than any Newcastle coke I have used.

1454. And yet Newcastle costs about 4s. to 5s. a ton more, I think you said: is that so?—If you want the exact figures I can tell you. I think it would be about 4s. more.

1455. Why do so many manufacturers in New Zealand import Newcastle coke, seeing that it costs so much more than the Greymouth coke?—It has yet to be proved to me that they do.

1456. Then, you think the manufacturers who are importing it here are making a decided mistake, and against their own interests?—All I can say is I would not use it.

1457. Are you aware what the hours are in Australia?—Not exactly.

1458. It has been stated here that the hours are nine a day: is that so?—I could not say exactly. I know they make a great feature of their eight-hours celebration. Wages are higher there than here at present.

1459. What is the reason for that, do you think?—Owing to the general prosperity of the trade.

1460. Has the Court of Arbitration anything to do with it?—No; I think it is the general prosperity of the trade.

1461. Do you think that, with the organization we have in New Zealand, wages will recede at all?—You mean were we left out of the Commonwealth?

1462. Yes?—I think they will recede a little.

1463. Do you think there is any possibility of wages increasing on the other side under federation?—That is a very big question; I cannot answer it.

1464. Referring to coke again, would it surprise you to find that we imported from Australia last year 946 tons?—I would not be surprised to hear that.

1465. Well, I think it must be assumed by some manufacturers in the colony that the Newcastle coke is superior to the Greymouth coke, and that in itself would constitute an advantage to the Australians as against our manufacturers?—I can only go by my own experience.

1466. You think that under federation we would all be placed on an equal footing—that is to say, we could compete against Australian manufacturers?—Of course, it would be a matter of time. Some industries might have to go to the wall altogether. That would apply to the Australians too, but time will rectify that sort of thing.

1467. Your principal item of manufacture is cooking-stoves?—Yes.

1468. Do you think you could manufacture cooking-stoves and export them to Australia, and manage to pay the freight, and hold your own against their larger concerns?—Yes; as I said before, if we had the same conditions.

1469. I am not assuming we would have the same conditions: first of all, wages would be higher?—We must have the same conditions, otherwise we could not do it.

1470. You believe in federation if we had equal conditions?—Yes, broadly speaking.

1471. And, if not, you think it would be a mistake?—I am not prepared to say.

1472. And, from a manufacturer's point of view, that our industries would not suffer?—I do not say that our industries would suffer, though some of them might.

1473. *Mr. Beauchamp.*] Are you the sole partner in your business?—No. Mr. Shacklock, sen., is unwell, or he would have been here to-day.

1474. Do his views agree with yours on this subject?—I do not represent him in the views I am giving. They are my own views.

1475. You might not feel disposed to let us know what your father thinks on the subject?—My father is not in good health, and he really has not discussed the subject.

1476. Have you done any business in Australia in your manufactures?—In only about three instances, where people went from here over to the other side. Things were good at the time, and they insisted on having some of our productions no matter what it cost them.

1477. What is the present duty on ranges here?—20 per cent.

1478. I suppose you know that Australian-manufactured ranges have been imported into this colony?—I have not seen any in New Zealand.

1479. The ranges of a firm named Ward in Sydney—I have seen them in several cities. Have you come into competition with Australian-manufactured ranges in Dunedin?—No.

1480. Assuming that what I have said is correct, and these Australian ranges are paying a duty of 20 per cent., does not that seem to indicate the probability that under free-trade we would have some severe competition from kindred associations to yours in Australia?—No, I do not think so. If the conditions were the same I think we could compete.

1481. With respect to the character of the politicians whom we would be likely to get to represent us in the Federal Parliament, do you hold any decided views on that subject?—No. I think we would get equally as good men as we get now. The people would have the same say in regard to the Commonwealth as they have now.

1482. *Mr. Millar.*] Presuming a large number of our industries are injured by federation, where would your population go?—They would have to go to where the industries are carried on.

1483. Is that going to benefit the country producer?—A larger agricultural population might come here, supposing the industrial population left.

1484. But, granted you had the whole place under agriculture, is that going to benefit the agricultural producer?—I should think so.

1485. Is it not generally understood that the greater the surplus in any product the lower the price?—Yes.

1486. Take, for instance, your own trade: if you had ten or a dozen manufacturers here competing against you, would not that tend to reduce the price of ranges?—Yes.

1487. Well, exactly the same thing must apply to the farming community?—I do not look at it in that light.

1488. How are you going to look at it?—I look at it in this way: that if the whole of New Zealand were agricultural, and the colony were filled with an agricultural population, there would be more work to do, and it would benefit everybody. There would be greater production.

1489. Have you any idea what the value of the agricultural production is?—No.

1490. Of course, you know that Australia is a very large exporter, and produces the same produce that we produce?—I understand it does.

1491. Therefore we could not look for a market to any extent in Australia for this increased production you look forward to: is not that so?—I believe we would still export some of our productions to Australia.

1492. Assuming we would increase our production and ship to Australia, do you think it would be likely to give the farmer a better return?—I think, probably it would; but I cannot speak with any degree of accuracy on the subject.

1493. But you admit that, so far as your own trade is concerned, the greater the production the greater the probabilities of less profit?—Yes.

1494. But you do not think that that would apply to agricultural produce?—It applies in a certain degree.

1495. It would apply in the same way as it would apply to you, would it not?—I do not think so.

1496. Your general opinion is that those industries that would receive benefit by federation would more than compensate for the injury done to the other industries?—I do not go that length even; but, as I said before, my own view of it is favourable.

1497. On what grounds? If we are not going to derive any benefit from it, where is the advantage of federation? Is it a mere matter of sentiment?—Not of sentiment, although, I suppose, sentiment counts in everything.

1498. But sentiment, without some practical benefit, I am afraid would not do us much good. You said that, in your opinion, federation would mean a saving to the colony: have you any idea what the expenses of government are now of New Zealand?—No.

1499. Well, the total expense of government—the salaries paid and travelling-expenses, from the Governor downwards—are £56,000. Those are the actual expenses of the Legislature. Under the Federation the State Government still remains, so the expenses would be increased instead of lessened?—Still they might be curtailed.

1500. They cannot be without their own sanction: are you aware of that?—I suppose they could be if the people decided they must be.

1501. Suppose the people decide to wipe away all the State Governments, do you think this colony is likely to be developed so well under a Central Government in Australia as under our own Government?—I see no reason why it should not.

1502. You have direct control over the Government in New Zealand?—Yes.

1503. Would you have the same control over the Government in Australia?—We would have as much control over them as we have now.

1504. How is that?—We would still have the vote.

1505. But would the public opinion of New Zealand be given expression to, or the results of that public opinion be given effect to, as well in an Australian Parliament as they would in a New Zealand Parliament?—I believe they would—in the same way as the expressions of opinion of the people in Otago are given expression to in the New Zealand Parliament.

1506. Generally speaking, you do not think federation would be injurious to New Zealand?—Not in the long-run.

1507. *Hon. Captain Russell.*] You have told us, Mr. Shacklock, that you would like to belong to a large nation: do you think that Imperial Federation is likely to be assisted or retarded by the creation of the Commonwealth?—I think it is likely to be assisted.

1508. Have you read of the state of feeling in regard to Imperial Federation in Canada, which is a very loyal country?—Just merely casually—what I have seen in the newspapers.

1509. Are you aware that there is a very anti-Federal feeling in Canada?—I was not aware of that.

1510. And you think that as the Commonwealth increases in power and strength it will be more likely than at the present time to favour Imperial Federation?—I think so.

1511. Do you or do you not think that the Australian Commonwealth and New Zealand might be more likely to lead to Imperial Federation than if New Zealand united with Australia?—No; I favour the other idea rather. I look upon federation as being a matter of growth.

1512. How do you come to form your opinion that government will be cheaper under the Commonwealth than under the existing condition of things?—It is an idea that I have.

1513. I have here the lately published statistics. They show the public expenditure of New South Wales to be £7 4s. 8d. per head; that of South Australia, £7 11s. 11d.; Queensland,

£9 8s. 3d.; Western Australia, £15 5s. 10d.; New Zealand, £6 16s. 6d.; Victoria, £6 5s. 10d.; and Tasmania, £4 17s. The mean is £7 10s. 11d., against our £6 16s. 6d. To that has to be added the cost of the Commonwealth Government, so that it seems that the public expenditure will be increased rather than diminished?—It looks as if it will for the time being.

1514. You were under the impression that we would get money cheaper as a Commonwealth than as individual States: how much cheaper?—I cannot say.

1515. What is the rate of interest of English Consols?—Even that I cannot say. I do not appear as a financier.

1516. But you state we would get money cheaper: a good many say that, and I want to clear my mind on that point?—It is only an idea.

1517. You know the nominal rate of the last loan raised by New Zealand was 3 per cent.?—Yes.

1518. If Consols at the present moment are at  $2\frac{3}{4}$  per cent., is it likely there will be a very material decrease in the rate of interest the Commonwealth will have to pay?—Well, perhaps not.

1519. Then, under these circumstances, the difference we could borrow at as a separate State and as a State of the Commonwealth would be insignificant?—It would be, approximately.

1520. And it is by no means proved that there would be any difference?—No, it is not proved. As I said, it is just an idea of mine.

1521. Sometimes we have reasons for our ideas?—Sometimes we have, and sometimes we have not.

1522. *Hon. the Chairman.*] Do you mean that we could borrow cheaper in the matter of the local loans of the individual State of New Zealand?—Yes, that was my idea on the subject.

1523. Do you think the Commonwealth would guarantee the loans of each individual State?—Well, the security might be looked upon as being better through our being part of the Commonwealth.

1524. That was not so with the old provincial loans. It was expressly stated that the colony was not responsible for any of those?—Still, the security might be looked upon as being better even supposing there was no guarantee from the Commonwealth.

1525. But do you think in all probability that it would be?—I think so.

JOSEPH SPARROW examined. (No. 35.)

1526. *Hon. the Chairman.*] What is your name?—Joseph Sparrow.

1527. What is your occupation?—General engineer and ironfounder.

1528. How long have you resided in New Zealand?—Thirty-two years.

1529. Have you resided in Australia at all?—No; I have only visited it.

1530. Can you favour the Commission with your opinions as to the advantage or disadvantage of New Zealand federating with Australia?—I must explain, sir, that I have never considered the whole question sufficiently to be able to give an intelligent opinion any further than what the effect would be on myself. Under the more favourable laws that they have in Australia, by which a man can get paid for his work when it is done, I would not be afraid of Australian competition. I would be more afraid of America and Germany. But under the present system we are handicapped with laws which would cause federation to affect us very seriously. It does now. I have done a considerable amount of work for Sydney, being a free port, but I cannot do anything with Victoria on account of the tariff; but Victorians can work for New Zealand; because they can land their goods on the wharf and get paid for them so soon as they send them over. Here we have to give credit for thirty-one days, according to the laws of New Zealand. Consequently, we must look for larger profits, which more than overbalance the 5-per-cent. duty and cost of freight. If that Act were done away with, and we had the same hours of labour and the same wages as other places, I do not know that I would have anything to fear from competition. In slack times here it would be worth one's while to cast an eye over to the other side, and pick up contracts. I have known that done, and people here contract for work in the iron line over in Australia, and make a good thing out of it. I have known steamers built here, and sent over to Sydney. The "Port Jackson" was one. She was a good boat, and the owners are well pleased with her.

1531. You say you are not afraid to compete with Australia: can you tell us of any advantages that would accrue to this colony through federating with Australia?—We would have a larger field, and we would look to Australia for work.

1532. Can you speak of other industries in New Zealand?—No; but there is no doubt that some industries must suffer, and that others would be benefited. I think it would regulate itself; but I have not gone sufficiently into the facts of the case.

1533. What industries do you think might be benefited by federation?—I think that farming would be benefited by having an open market for the produce.

1534. But manufacturing industries?—I do not know outside of my own, but there is no doubt there might be others that would be benefited.

1535. Have you considered the question in any way except as it affects the industries of New Zealand?—No.

1536. *Mr. Millar.*] You said that you believed that under federation we could compete with the other side?—In many cases, not in everything.

1537. Have we not got competition from the other side now?—Yes; but that is because they have better laws than we have, and they get paid for their work when it is done. But for that I do not think they could compete with us.

1538. Under the Workmen's Wages Act you have to lie out of money for thirty-one days or a month?—That is, before we can ask for it. If the article remains in our hands until the money was paid it would be safer, but it has gone out of our hands before we can apply for payment.

1539. The loss of interest on the fourth part of the cost of a dredge benefits them to an extent more than the 5-per-cent. duty?—Yes, considerably more.

1540. Pretty stiff interest on money, is it not?—It is the quick returns, and they get the money right away.

1541. And the conditions of labour are different in New Zealand, so far as your trade is concerned, from what they are in Australia?—So far as I have learned, there is a little but not a great deal of difference—that is, so far as wages and hours of labour are concerned.

1542. Would you be put on any better footing with New South Wales than at the present time with federation?—Well, I do not know that we would be on a much better footing. We are very busy here at present, and have not much time to go beyond New Zealand.

1543. But, assuming you were not, would you be on a better footing as far as regards New South Wales?—Not New South Wales, but if a part of a large Commonwealth we would have the whole of Australia to pick and choose from.

1544. Are your industries developed to such an extent in New Zealand that you could go and compete with the engineering shops of Victoria to manufacture here and export to Victoria?—It has been done in New South Wales and Victoria. You could go over there sometimes and take work, partly manufacture it, and complete it there.

1545. And Victorians could come here and do the same?—They do at present.

1546. They have been competing all the time, and are increasing their plant at a rapid rate?—Since the “boom” things have been very quiet over there as well as here, but since they began to get busy again they have not been competing much.

1547. Take the ship-repairing: do you think New Zealand could possibly compete with the Mort's Dock people?—Not with large machinery.

1548. Nor in Victoria?—Not under the same circumstances. But our manufacturers have developed a great deal in the last few years, and would more so, provided a wider field was opened up. But it is easy to see that in the matter of shipbuilding and that class of work more of it is required in Australia than in a small isolated place like New Zealand. I do not know if anything has been sent out of New Zealand for repairs. There may be some large things that we could not do. I remember one job that was very difficult to do in New Zealand. That was the “Rotomahana,” there being no forge in New Zealand large enough. I think, in the matter of ship-repairing we have got on very well.

1549. Take the outlook for the next five or ten years: do you think it very likely that you will want any market outside of New Zealand?—I think so.

1550. Within ten years?—Yes.

1551. What particular line do you look forward to getting an opening in on the other side?—There may be Government contracts on the other side, and we could go over there and do them.

1552. There are large works in Sydney—Hudson and Co.'s—which do the bulk of the Government works?—Those who have got the machinery for the class of work required will get the work, it does not matter where they come from.

1553. They have turned out so much of the work already, and having the patterns for the bulk of the work, it is not reasonable to suppose that the firms in New Zealand could compete with them?—No.

1554. In the matter of bridge-building, I suppose any man might take that up?—Yes. Competition is very keen in small places, and they will work for smaller profit here than over in Australia. Since I have been here two-thirds of the engineering shops have gone to the wall because they worked too cheaply or paid too high wages and could not compete.

1555. If you look to Australia for a market, where would our population go?—They would follow. We would certainly take some of our best men with us. They would do the same over here in a larger degree. They are doing it now.

1556. You have no personal knowledge of any other industry that would be benefited under federation?—No.

1557. And the benefit that would come to your business is not very much?—I would not look at it from a personal point of view. I think the larger the country the less there is of petty feeling. Such, for instance, as was the case in 1870, when Germany and Prussia amalgamated all the petty States and made one strong nation.

1558. What were the boundaries that divided those German States at that time—a mere pencil-line drawn on paper?—Yes.

1559. The same as exists in Australia at the present time?—Yes.

1560. Do you think this colony would be as well developed and the land opened up for settlement by a Central Government in Australia as by our own Government here?—That I could not say. It might be better, but good land would open up itself. The Australians come here and take the land.

1561. You will admit that the development of the land is one of the principal things required for settlement?—It is one of them.

1562. So far, in Australia they have made no move to do anything of that description?—As far as I understand, Australia is not so highly privileged in land as we are. The climate is more uncertain.

1563. The soil is equally good?—But the climate burns it up.

1564. Do you not think that, under the Commonwealth, the enormous territory in Australia will debar the Government from paying proper attention to the development of New Zealand?—I think there will be representatives there to look after New Zealand interests.

1565. Do you call this a petty colony?—Yes; it is isolated and is only a small corner of the world, and could trade better with the outer world if joined to the Commonwealth.

1566. *Mr. Beauchamp.*] How many hands do you employ?—About two hundred and eighty in Dunedin; about three hundred altogether.

1567. The number is increasing from year to year?—Not now. It did increase until very recently.

1568. Have you been in a position during the last six months, say, to execute all the orders placed with your firm?—We have never got them completed up to time.

1569. Has any quantity of goods similar to what you manufacture been imported from Australia in competition with you?—Yes.

1570. Is that because you have not been able to take orders offered to you?—There is a good deal of that, but they do it cheaper. I dare say freights, &c., make it more.

1571. With a duty of 5 per cent., you say that Australia at the present time can supply cheaper than you can?—I do not think they supply cheaper to the companies.

1572. As cheaply, would you say?—About as cheaply.

1573. Therefore, when under free-trade, they would be benefited to the extent of the 5-per-cent. duty?—Yes; but we would be more favourably benefited by the difference in the way of payment. We could work for considerably lower profit if we got our money when the article was completed.

1574. What rate of interest do you charge the capital in your business?—7 per cent.

1575. Have you figured out the loss of interest on the 25 per cent. retained out of the total cost of a dredge?—No. But take the case of twelve dredges at £8,000 each: That would mean us lying out of £24,000 of our money.

1576. But suppose you did not part with the interest in that dredge until you got the full amount of the contract price?—We have to hand it over thirty-one days before we ask for the last payment.

1577. And you hand it over without any form of security whatever?—Yes. That law is very severe on the manufacturer, and we do not care whether we take any more work or not, because we are losing so much money.

1578. You do not take so much exception to other legislation affecting your business?—No; I believe that in time good will come out of the Conciliation and Arbitration Act if it is judiciously used.

1579. Owing to the size of the colony you think this is a petty colony—the same remark is applicable to Great Britain?—It might be, only Great Britain is a great Commonwealth altogether.

1580. Only created, however, by its age?—Yes; but it is doing trade with the whole of the colonies.

1581. Would not you consider this colony as self-contained as Great Britain?—More so.

1582. That is the reason why I hardly understand why you describe this as a petty colony?—It is, as a colony, great in resources, but you cannot do business outside the colony.

1583. You fear that by our not federating we cannot expand the volume of our manufactures?—Not so well as if federated, I think.

1584. *Mr. Luke.*] I understood you to say that you were handicapped by the inconvenience you were put to through having to stand out of the balance of your contract-money?—That is so.

1585. That minimises the advantage of the 5-per-cent. protecting duty that you have got?—Far more than that.

1586. And the Australian manufacturers draw against their bills of lading, and receive cash for their work?—Yes.

1587. What class of work have you exported to Australia?—Dredging-work—buckets, and such work as that.

1588. Not a complete dredge?—No; only parts. I must admit I have got a bit of a name for manganese pins.

1589. Is not dredge-building practically a development of New Zealand?—Yes.

1590. Is it not a fact that a great number of foundries in the process of development went to the wall?—Yes.

1591. And these orders come to New Zealand because of your better knowledge of what is required for a dredge?—I do not know that that is the reason; they build part of the dredges in Sydney, and part over here.

1592. That is due to a reputation in manganese pins, and buckets?—I think it was cheaper.

1593. You said that we were importing from Australia a great deal of dredging material?—There are two reasons for that: one is that it is done cheaper; but the principal reason is that we could not turn them out quick enough.

1594. About how many dredges have been imported into New Zealand from Australia?—About twenty.

1595. Of an average cost of how much?—£4,000, perhaps.

1596. That represents a big volume of trade?—Yes.

1597. Dredging is being carried on in Australia now?—Yes.

1598. And yet we have only exported to Australia portions of dredges?—Yes.

1599. How many dredges have you exported parts of?—Pins for five or six; but large work for only two, I think.

1600. Nothing to represent the value of those twenty dredges imported into New Zealand?—No.

1601. How is it that we are not exporting complete dredges?—We have been so busy we have not had time to turn our attention to it.

1602. Have you had a chance of tendering?—I could if I had liked.

1603. They have solicited your tender?—I have had chances, but have only done it when pressed on me.

1604. Under the uniform tariff of the Commonwealth you do not think we would be placed at a



disadvantage with Australia, where there is such a much larger population and larger plants for manufacturing?—I cannot say that we would. We have got a bracing climate here, and I would prefer my own men who have served their time here to men from any other part almost.

1605. We have been told by men who have worked in Australia that they can do as much work in a day there as here?—There is more division of labour there. We want here men who are more general all-round hands. There is also a division of machinery there.

1606. Are not wages lower in Australia than here?—I believe they have been lower, but I do not think there is a great difference now. My opinion is that a good workman can get a good wage no matter where he is. Here a poor tradesman wants to get the same pay as the best one, and they think they will be “molly-coddled” by the Conciliation and Arbitration Act.

1607. What do you mean by “molly-coddled”?—They think they have nothing else to do but run to this Act and get whatever they like, but they are beginning to find out their mistake.

1608. You think that is a disadvantage in competing against Australia?—Yes; it frightens us, and causes us to be not so energetic as we would be with something substantial behind us. There was a decision last month which affects contracts I have in hand for the next six months. I ought to be taking fresh contracts, but I cannot, because it is not settled, and I do not know how it will come out.

1609. Is it not true that they get cheaper freights to Australia than here?—I do not think there is much difference.

1610. Mr. Burt says that pig-iron comes out at 5s. per ton as stiffening for big steamers in light freight?—It could come here too; it has come here as stiffening for sailing-ships.

1611. You do not think that being twelve hundred miles away from where the largest population is would place you at a disadvantage in competing with Australia?—I do not think so.

1612. Do you think, looking into the future, that New Zealand will be a large manufacturing community, having regard, of course, to the big deposits of iron at Parapara, and having coal?—I look upon it that people having money will not spend it in New Zealand on labour.

1613. Will not that be a difficulty in the future?—That will keep New Zealand back.

1614. Will we not suffer in consequence if we federate?—We may, but if we alter our laws we will not. I do not believe in federation unless the conditions are the same.

1615. *Mr. Leys.*] Do you mean that we should not federate until the conditions are the same, or that we should go in and take our chance?—I thought that when we federated we would be put on one footing. I do not think it would be advantageous to us unless we went in on the same conditions.

1616. If on present conditions our industries would suffer?—I think so.

1617. With regard to retaining 25 per cent. of the purchase-money, have you lost any money through that?—Yes; I lost £400 about two months ago.

1618. You put that down solely to the retaining of 25 per cent.?—Yes; the dredge did not do well, and when I made a demand on them they went into liquidation, and the secretary of the liquidation cleared off a fortnight ago. Another one went on for a few months, and I gave them a considerable amount of work. After thirty days were up I began to look for my money, and they made excuses and ordered more work. I made this stuff and refused to deliver it. They got it somewhere else, and left the stuff on my hands. Then they tested the claim; and when the thirty days were up, and I threatened proceedings, they came to the conclusion that the claim was no good.

1619. Would you have given them credit apart from this law?—No; unless I had got some security.

1620. But are you compelled to deliver your goods before you get this money?—That is for Mr. Millar to answer; I have tried several lawyers, and they say the law is against us.

1621. Do they say you must deliver the goods?—They say we must deliver the goods thirty-one days before asking for the money.

1622. You do not attach real importance on the interest of the 25 per cent. of the money?—The interest is a mere bagatelle.

1623. The duty on an £8,000 dredge would be about £250?—Yes.

1624. What would the cost of bringing it over be?—We have got to bring our material over to New Zealand in any case.

1625. Would the cost of bringing over the material make the difference?—Yes.

1626. About how much?—£100 of a difference.

1627. That would be a protection of about £350 on an £8,000 dredge?—Yes.

1628. Well, against that there is the interest of £2,000 for one month?—You do not get it in a month; you only begin to look for it then: you may reckon on three months.

1629. Well, three months, the interest on that would be £25 as against £350 protection?—Yes; but the probability is you do not get it all.

1630. But do you mean to say that the law is such now in New Zealand that you cannot make a cash contract?—Yes; it suits those companies which are short of capital to keep it that way. It just suits them, and they take full advantage of it.

1631. *Hon. Major Steward.*] Under what Act of Parliament is that?—The Workmen's Lien Act.

1632. I think you said you would not contemplate New Zealand going into federation unless the conditions were made equal?—Yes.

1633. That implies that it would be necessary for this particular provision of the Workmen's Lien Act to be repealed?—Yes, as far as it affects us.

1634. Do you think it possible to go into federation with Australia and make it a condition that certain clauses of a particular Act should be repealed?—I do not think the Australians would accept the Act at all.



1635. Am I to understand that you contemplate we should make it a condition of the federation that certain portions of statutes in New Zealand should be repealed?—Yes, that is so. One question I heard you ask Mr. Shacklock about coke. Coke was imported because they ran out of New Zealand coke. I myself import it and keep a stock on hand. I do not like it so well as New Zealand coke, but I keep it in case of accidents. At the time of the fire round on the West Coast we used to club together and send Home for a shipment of English coke.

1636. You are aware that the New Zealand State Legislature would be retained under federation?—I was not aware of it.

1637. *Mr. Beauchamp.*] With respect to that 25 per cent. which is held over for thirty-one days or more, could you not insert conditions in your contract that that amount was to be paid into the bank, and held by the bank, and handed over to the manufacturer at the end of that time?—There are consulting engineers between the employers and the manufacturers, and they take full advantage of that Act, and will not take a contract from any one who will not give those conditions.

1638. Could you not, as manufacturers, use your power and accomplish what you wish?—We tried it, but the consulting engineers were against us. The engineers say that the company was liable to a fine of £50 if they alter the conditions, and they refuse to let the companies accept a condition that will make them liable to a fine or imprisonment.

FREDERICK MALLARD examined. (No. 36.)

1639. *Hon. the Chairman.*] What are you?—My present occupation is that of an insurance expert. I have lived permanently in Otago—the last time for thirty-nine years. I have known New Zealand from a boy. I have been in the North Island. I know Australia also; and I know the political history and the constitutional history fairly well of the whole of Australasia.

1640. Have you considered the question of the advisability of New Zealand federating with Australia?—I have, sir.

1641. Do you think it would be a prudent thing for New Zealand to federate with Australia?—Highly objectionable from every point of view.

1642. Well, will you give some reason for that opinion?—I wish to say at the outset that I am an Imperial Federationist. I do not like the word "Commonwealth" at all, and I believe in sticking to the old flag. I am the son of a naval officer, and my ancestors have been naval officers for three or four generations. I was brought up in the navy myself. As I look upon the financial aspect of the question as the most serious of the whole, I would respectfully ask the Commission to look forward to the year 1903. If you will just imagine for one moment that you are in the year 1903, that New Zealand has federated with this "Commonwealth" thing, and that you, sir, are the State Treasurer. I would ask the Commission to refer in the first instance to the published accounts of the Government of New Zealand for the financial year commencing the 1st April, 1899, and ending the 31st March, 1900. On page 12 you will find—of course, I am assuming that we all know the intricacies of the patchwork Bill—you will find the receipts—I have based the figures upon last year's, but, of course, they will increase as we go on—we are now a State; our receipts then, after losing our Customs and excise revenue, will be £2,321,582. Our State expenditure, assuming the figures to be the same as last year—and, of course, they will be increased in three year's time—our expenditure then will be £3,955,469 as a State, after, of course, we lose our Customs and excise revenue. We then find ourselves with a deficiency in our State revenue of £1,623,987, or about the same deficiency that we have for the State of New South Wales. Now, the State Treasurer will find his finances in anything but a pleasant condition. He must either do one of two things: reduce his State expenditure by that amount, or he must increase his taxation. The question then presents itself, From what source is he to increase taxation to the amount of £1,623,987? I fail to see how it is going to be done; because, in addition to that, we have to make provision in 1903 for fresh banking legislation, which will necessitate a further £500,000 at least for deficiency under the Assets Realisation Board. That being so, I do not see from what source the State Treasurer is going to get this money.

1643. Yes; probably we need not consider the source from which it is to come, but you arrive at the conclusion that there will be a deficiency of £1,630,000?—That is so, sir.

1644. Now, apart from the financial aspect, on what other ground do you object to the federation of New Zealand with Australia?—I object to it on every ground.

1645. You have put two—first, loss of national independence; next, the financial aspect of the question. Well, now, how do you think it would affect trade and commerce?—It would be very detrimental to the whole of our trade and commerce. From a manufacturing point of view, the manufacturers must only look, and can only look, for the development of manufactories to the requirements of this colony. It is impossible it should be otherwise. The money invested in manufactures on the other side in Victoria is three times the amount of ours, and in New South Wales twice as much, so that it would be much to the detriment of our manufacturers, because they would naturally be swamped from the other side.

1646. Yes; can you conceive of any gain that there would be to the Colony of New Zealand from federating with Australia?—I can conceive of no gain whatever. From a defence point of view we should absolutely gain nothing. A belligerent would cut our cables at once; and if I were a belligerent I would attack your commerce with two or three raiders, and not attempt to land here at all, because, of course, I know very well that if I should land I would not get away again. I should do the same as Waddell did in the "Shenandoah," and as Semmes did in the "Alabama": I would raid your commerce and destroy your exports.

1647. Then, you think New Zealand could gain nothing in the way of defence from federating with Australia?—Absolutely nothing whatever. Indeed, it would be to the contrary. The Commonwealth of Australia in time will want a Lord High Admiral of its own, and then there would

be a conflict between His Excellency the Commander-in-Chief, under whom we should serve, and the Admiral; and every military man knows that you must have one supreme head. Our separation would, I believe, be beneficial from a defence point of view, because I believe the headquarters of the fleet—the British Commander-in-Chief—would shift his headquarters and come down to Auckland.

1648. How do you think it would affect us in social matters if we federated?—Socially, we should be politically dead, as we are at present in Otago by being governed from Wellington. I am a Provincialist to the backbone; and we should pass through an infinitely worse period than we did when we lost our provincial system of government, and we should be governed by a class of officials appointed under the States. There is a Bill being framed at present to define the duties of these State Commissioners, and the Colony of New Zealand would be absolutely under the control of these State Commissioners. Or, in other words, we should have the same as we had in the provincial days—two systems of officers: the General Government officers, who would represent what were our provincial officers; and the State officials from Melbourne, because that is going to be the seat of government. We should be infinitely worse off by being governed in that way by Government officials.

1649. You anticipate that some inter-State Commissioners would be resident in New Zealand?—Would be permanently resident in New Zealand; that is my opinion, and I have studied the thing, too. I think it is one of the worst-drawn things that I have ever read; in fact, as I wrote on my copy this morning, "It is a patchwork of portentous potentiality." That is what I term the Act, and it is no credit to whoever framed it. If they had framed it the same as this little thing which every one of you have seen—the Act for the Abolition of the Provinces—so that they would have taken over every duty when they took over the different colonies, it would have been right enough; but they take over our revenue and leave us to provide for our expenditure.

1650. Well, you have given us your reasons against federation: is there anything that occurs to you on the other side?—Absolutely nothing, sir—I have approached it with a judicial mind as fairly as I possibly can; absolutely nothing. The whole of our political life and political prosperity, and the development of the colony, would go to the dogs; we should be outvoted right and left over there. In point of fact, the Bill was never framed anticipating that we would have anything to do with it. It is only when they have got into a mess themselves that they want us to get into the mess with them. The trouble is not finished yet. They will have the same trouble there that we had here. There will be the two conflicting elements. You will remember the fight we had down here on one occasion to take charge of some of the Government offices. Mr. Richmond, I remember, came to me—he was Colonial Secretary at the time—and asked me what I was going to do. I said, "I am going to preserve the peace, and I do not care for any of you." The same thing will occur, but infinitely worse.

1651. You have given us a very exhaustive statement of your reasons against federation, and you say you can find none in favour of it. I do not know that there is anything further to ask you?—If it was not taking up the time of the Commission I could go on to this time to-morrow.

1652. I do not think that is necessary. You have stated the thing very succinctly and very fairly—put the matter in a nutshell, as it were?—There is only one thing I would like to add by the way, if the Commission will bear with me, and it is this: There has been a great deal said about reciprocity, and that sort of thing. Well, it is a nice academical word, but, after all, trade is only barter, and not a month ago some potatoes that were grown in Germany were imported into Melbourne, and these German-grown potatoes, imported by a German ship, fetched in overt market, over the Warrnambool potatoes—a district I know very well, as I helped to survey it—they fetched £3 10s. a ton; so that you may expect a flood of German potatoes.

1653. *Hon. Captain Russell.*] I do not know whether Mr. Mallard gave us his views upon the racial question?—The racial question, I look upon it as an international question affected by international law. What have we to do with the interior of Australia? The interior of Australia must be settled by Japanese, or by some people that can work in the tropics. It is simply absurd for these little colonies to override international law. I am going to leave notes with the Chairman, and you will see I have quoted from an international writer—Wheteon, I think, is the name—who distinctly lays it down as an absolute fact that no country can keep its lands unoccupied for its own particular purposes to the detriment of another nation. Japan is a first-class nation now, and we must be careful how we treat the Japanese. We must remember that we are not everybody. Although I am a regular "John Bull," a fighting-man, and think we are bound to rule the roost, we must not forget there are other people to be considered. The racial question can have no effect whatever upon New Zealand. The white man will occupy New Zealand, but the northern part of Australia will be occupied by the Japanese.

1654. Then, if the coloured races get into northern Australia, will they in due course of time—say, three hundred years hence—permeate the whole of the Australian Continent?—I doubt it very much, if you keep the Chinese out. History seems to tell me this: that wherever the Chinese go they will not mix with the Europeans—they are so Conservative. The Japanese will mix. It is Japan I am afraid of.

1655. But coloured people, do you think they will permeate the Australian Continent?—They will certainly permeate the northern part of it.

1656. But you think it will be possible to draw a hard-and-fast line south of which they will not come?—Oh, I should hope they would not try it. I was one of the first to object to the Chinese. When they came here, knowing something of the Chinese, I begged the people to have nothing at all to do with them. There was one gentleman, a very wealthy man, who said he did not care. After the argument was over, he said, "I don't care tuppence"—he did not say "tuppence," but used the adjective—"so long as I can sell my rice." I said, "You will find you will not be able to sell your rice; they will trade with themselves." I do not like the Chinese.

Wherever they go, somehow or other they always outnumber us; they will not mingle with us. It will be Chinese or nothing; it is not so with the Japanese.

1657. Then, you think the Japanese would intermarry with the Europeans?—I should not be at all surprised but what they would. There is no reason why they should not. The Japanese are cultured gentlemen; cultured men equally with ourselves. My reading of history leads me to that opinion. Look at what they have done in twenty-five years. Everybody has been against them, and yet they have come right up into the favoured-nations clause: they have the favoured-nations clause everywhere—even with France. You must remember, too, that we are a progressive colony, and that if we federated our labour laws would be smashed to “smithereens,” because you could not have any law antagonistic to the Federal law. On the question of defence I have figures here. We pay absolutely nothing of the £27,500,000 for insuring our commerce—the British Government do not pay more than £3 11s. 4d. per £100 of Great Britain’s commerce for insuring the commerce, and of that we pay nothing. I want more money spent on the fleet. I will leave these pamphlets and Government statistics of Tasmania if you will have them, and if you like to write to me I shall be only too glad to give any further information.

MARK COHEN examined. (No. 37.)

1658. *Hon. the Chairman.*] Your occupation, Mr. Cohen?—Journalist.

1659. You have resided in New Zealand for how many years?—Very nearly forty. I arrived here in 1863.

1660. Have you lived in Australia?—Yes, as a boy.

1661. Have you visited it often?—Not often. I went back about six years ago, after an absence of thirty years, and again quite recently.

1662. As a journalist, your attention has, no doubt, been much attracted to the question of the Australian Commonwealth: have you considered in that connection the advisability or otherwise of New Zealand entering the Commonwealth as one of the Federal States?—Not to the extent of forming any definite opinion on the matter. I have read a great deal, and been brought into contact with prominent minds in Australia during my two visits. As a matter of fact, I made it my business to meet these men on both occasions with the object of learning, as far as I could, what might be the effect on New Zealand of the formation of a Commonwealth Federation, which at that time—1895—had not reached the region of practical politics. Since then I have diligently pursued the question, but only with the object of pressing on the authorities here the need for inquiry on the part of New Zealand before the door was closed in our face.

1663. And what is the result of your reading and of your discussions with prominent men in Australia?—Unhesitatingly I say that, as a result of my two visits, and after conversing with prominent public men in Australia, and reading, as far as I was able, between the lines of public opinion, which is strongly expressed there—it is not so in New Zealand; in fact, there is no public opinion on this question in New Zealand—the feeling in Australia is that New Zealand should not neglect her present opportunity of considering this question from the broadest standpoint. A great deal has been said and written about the advantages of reciprocity with Australia. Let me say, as one who has taken some considerable pains to ascertain how far that aspiration is likely to be realised, that we are living in a fools’ paradise. Australia will not agree in any sense to enter into a reciprocal treaty with New Zealand. I have no hesitation in saying that as my deliberate opinion, as a result of long and earnest conversations with those men who are likely to shape the destinies of Australia for the next twenty years.

1664. Victoria entered into a reciprocal treaty with Tasmania?—Yes, but it was a failure. At least, there is no such treaty on the statute-book to-day. New Zealand and Canada and New Zealand and South Australia also tried it during Mr. Ward’s visits, with no result. The opposition was as strong in our own Parliament as in the colonies and countries Mr. Ward endeavoured to make the treaty with. Mr. Seddon also tried unsuccessfully to get the Premiers’ Conference at Hobart to entertain the proposal.

1665. South Australia was willing to reciprocate with New Zealand on certain lines, but the New Zealand Parliament declined to ratify the proposal?—There are gentlemen at this table who know about that matter better than I do, and who are familiar with it. I would not like to express an opinion about it.

1666. You do not hold out any hope, then, of a reciprocal treaty between the Commonwealth and New Zealand?—I am only giving you the reflex of the opinions of men with whom I have been brought into contact.

1667. What is your own opinion on the matter?—I should say that their opinion will be borne out by facts. I think they speak by the card.

1668. What is your opinion about New Zealand federating or not federating with the Commonwealth of Australia?—I would not commit myself to a definite opinion at this juncture, for the reason that I am in search of light, so to speak, on the question; but as at present advised, and having regard to all the surroundings—political, commercial, and otherwise—I am rather in favour of federation while the door is still open to us.

1669. Please state to the Commission the grounds on which you found that opinion, so far as commerce is concerned?—Well, you can hardly expect a man in my walk of life to do so. I am only repeating what I have heard in certain quarters. I am told there is a market that might be largely extended under federation. If Australia goes in for a protective tariff, then to that extent our exports will suffer. We have seen the effect of closing the door against us in New South Wales under the Dibbs Ministry, and how our exports increased when the wall was somewhat broken down by Mr. Reid. As to the imports and exports of the colony, a great many people say we import and export so-much from and to Australia, forgetting the fact that our importations comprise very largely transshipments from oversea. It is not a fair comparison—not fair to ourselves as producers, at all events.

1670. What are the principal items that New Zealand can export to New South Wales?—I think the returns speak for themselves. I will leave that to statistics. It is considerably over a million.

1671. Have you considered the political aspect of the question?—I have. I am a student of such questions, and I regard the Constitution of Australia as the most democratic Constitution of its kind known to the world, and to say it is not to be interpreted nor understood is a foul libel on those who conceived it. It is an admirably conceived political instrument, and provides for every reasonable contingency. The States are supreme within their own borders in certain respects, and the Federal Legislature has the oversight of certain matters towards which we were naturally drifting by the constitution of the so-called Federal Council. There were certain large matters annually dealt with there. It is only the transference of authority from one body to the other.

1672. Do you think the present Constitution of the Commonwealth of Australia is an improvement on the Federal Council?—A great improvement—an improvement to an extent that cannot be measured in words.

1673. What political advantages would New Zealand gain by joining the Commonwealth?—Of course, the question of terms arises at once. As the Constitution is framed, we cannot enter as an original State except within a given time. There are several things that will have to be rectified, no doubt, and I think it is to be regretted that New Zealand was not represented at all the Conference Conventions. Our power for good was admitted, and the gentlemen who were sent over in 1891 were recognised authorities on matters political and constitutional, and carried great weight in that Convention, and would have done so in successive Conventions.

1674. New Zealand could not now enter as an original State?—No.

1675. Do you think, then, that New Zealand should enter at all under the circumstances?—I think so. From what I know of the public men of Australia, and of those who will occupy the foremost places in the first Federal Parliament, they will treat New Zealand on exceedingly liberal terms. They have said publicly—and we should not doubt their sincerity—that they will extend the right hand of fellowship to New Zealand, and will take no advantage of her exclusion from the original-State clause of the Constitution. I do not see why we should be distrustful.

1676. Do you think it likely that New Zealand would be admitted on the terms of an original State?—I would go further, and say my deliberate opinion is that she would be admitted on the same terms as though she had entered with the original federating colonies.

1677. Possibly you have read the evidence given before the Commission by persons connected with trade and manufactures?—Yes. It is evidence I expected to be given from a manufacturer's standpoint. Doubtless I should be in sympathy with it if I were a manufacturer, but I refuse to believe that the prosperity of New Zealand is indissolubly bound up with our manufactures. There are other things that make for national prosperity that have not been considered in the matter yet.

1678. To what do you refer?—Largely to our agricultural and our mineral products.

1679. Agriculture was considered to some extent in Invercargill?—To a very limited extent. I heard one witness declare that if the industries suffered the prosperity of the colony would vanish. That is all "buncombe." New Zealand is not made of that material.

1680. What do you think would be the effect on the finance of the colony if we joined the Commonwealth of Australia?—Everything depends on what the tariff of the future is to be.

1681. You know that under the present Constitution the Customs revenue would go to the Federal Government?—Yes; and in return for that the Federal Government undertake certain large duties which have to be paid for.

1682. And the result would be that New Zealand would part with a considerable portion of the revenue which is raised now by indirect taxation?—Yes. To counterbalance that the Commonwealth would, I think, obtain money for reproductive purposes at a much lower cost, and so set off the loss in that way.

1683. Do you think the Commonwealth would borrow money for reproductive works in the different States, apart from works which are essentially works of the Commonwealth?—I do not go that far, but I take it the Commonwealth would go on the London market for borrowing purposes. Much as I think our own Legislature ought to have gone on the market and borrowed for all purposes of a public nature, and so eased the burden on the local authority, I have always contended that it was the duty of the State to raise all moneys required for expenditure within the colony, and lend them to our local bodies, subject to proper supervision, and a check on local expenditure such as obtains in the Old Contry. If that had been done the taxpayers would be greatly benefited, and the public would receive a great advantage.

1684. Have you considered the matters relating to the judiciary and the constitution of the Federal Court of Appeal?—I can only express an opinion from a layman's point of view. I may say I do not know why all these matters should be referred to London for final settlement. Our judiciaries are all sound lawyers and able jurists, and I consider that the Federal Court of Australia could settle questions as well as the Privy Council. I oppose the colony sending everything to the High Court in London.

1685. On the whole, then, you think that federation would be an advantage to New Zealand?—Subject always to the reservation that we know what we are to get in return, and that certain things are rectified before we join. For instance, there is no provision for our aboriginals being represented. Then, I would be averse to any dislocation of our industries. No tariff can come into operation within two years, and I am exceedingly doubtful if it will be brought on the board ready for adoption by the Federal Parliament in that time. We should be given the same time as was accorded to Westralia—say, six years—before our tariff is superseded by the Federal tariff.

1686. *Mr. Luke.*] Do you regard the prosperity of Dunedin as being derived more from the agricultural or from the manufacturing industry?—I am not looking at the matter from a Dunedin

standpoint, but from a New Zealand or national standpoint. Whilst giving proper place to industries in the matters that make for colonial prosperity, I know there are other factors that have made the colony what it is to-day besides manufactures. I do not myself regard New Zealand as a manufacturing country at all, and never have done so in the sense that its prosperity will be built up entirely on manufactures.

1687. Do you not consider the manufactures an important element in the prosperity of the country?—Yes, unquestionably.

1688. Do you think that, in face of the evidence of large manufacturers that the industries of the country would be destroyed, it would be advisable for the colony to go into federation?—I have heard the cry repeated so often when an attempt was made to revise the tariff that I do not pay any attention to it.

1689. You do not believe it?—No; unhesitatingly, no.

1690. With regard to the constitutional question, do you see anything that New Zealand could gain in the government and administration of its own affairs by joining the Commonwealth?—"Government" and "administration" are large terms. If you mean the taking-away of the right to legislate on certain subjects you may be right, but I think the powers of the State Legislature are ample over all other fields. Certain questions are remitted to the Federal Parliament, and those only. Outside those we have as much power to deal with questions as we have now—very large questions too; and I take it that when Sir Robert Stout declares that our last year's legislation comprised 110 Acts, and that only seven of them would fall within Federal legislation, he is speaking of something he knows.

1691. Do you think that under federation our resources would be fully developed?—I think we should not lose anything even if shorn of the power to deal with certain large questions. There is this, too: the power of united Australia would be felt in the councils of the world, whereas little States count for nothing. If we had had federated Australia twenty years ago we would not have lost New Guinea and some of the islands of the Pacific.

1692. You do not see any advantages, then, as far as internal administration goes?—I really think our affairs would be interfered with to a very slight extent.

1693. Is it not a fact that the Federal Constitution can be easily altered?—If there are any material alterations there is a certain procedure to be gone through, and anything affecting a State must be carried only with the consent of that State.

1694. Will not the popular vote of the Commonwealth amend the Constitution without reference to the State?—I think not. I have never read it so. I place very high value on the referendum adopted in the Constitution. It is a valuable safeguard and will prove most useful.

1695. Is it not the tendency of all Central Governments to enlarge their powers? Was not that experienced in the United States?—One can only give an answer to that as the result of one's reading. After speaking with those who have been in the States I have come to the conclusion that neither the power nor the glory of the States has diminished. Certainly, the States do things that in a British community would not be tolerated, and they part with valuable privileges that we would not think of losing for a moment, but that is more the fault of the Constitution under which they work, and is not the fault of the Federal system.

1696. Is it not the case that the powers of the Federal Government in the United States have been increased by liberal interpretations of the Constitution?—Yes, an interpretation derived from the judiciary and not from the people.

1697. Has not that resulted in the powers and importance of the States declining?—I am only telling you what has been told to me. Those who live there deny that assertion. They say the powers of the States are as great to-day as they were a hundred years ago, and I think it looks like it. Look at the conflicts between the Federal Government and the States, but where has the Federal Government triumphed in the matter of State rights? Point to an instance, if you can.

1698. With regard to the powers of the Federal Government as expressed in the Constitution, are not these already somewhat wider than the powers of the Federal Government in the United States?—Yes; I take it, it is a more liberal Constitution in every way than the Constitution of the United States.

1699. That being so, is it not a fact that even with the administration of those more limited powers the Federal Government of the United States has absorbed the whole of the Customs revenue?—The Customs revenue, I take it, would be Federal revenue in any case. If you are going to work a Federal organization effectively that is a decided advantage.

1700. You think that ultimately the whole of the Customs revenue will be absorbed by the Federal Government for Federal purposes?—I should say, from my own knowledge, that we in this colony raise a Customs revenue largely in excess of our actual requirements. That is a policy matter that affects those responsible for it. I think there is no occasion for it. If the Federal Parliament like to pursue the same policy, so long as they have a majority behind those responsible for it they may do it, but it is not good government.

1701. You look forward to the time when the Customs revenue will be the revenue?—No; I look forward to the time when direct taxation will be the revenue. The people will then know where the money they pay as taxation is going to.

1702. Under the present system, as laid down by the Constitution, the Federal Government collect all Customs and excise duties, and retain one-fourth for ten years?—Yes, that is so.

1703. Three-fourths of the revenue was secured to the States under a clause inserted by Mr. Braddon?—It is called the "Braddon blot," but I think it is an effective safeguard.

1704. Do you think that would be a permanent provision of the Constitution?—No. I think it is intended to cover a substantial time till things shape themselves to what is wanted.

1705. You believe that ultimately the States will be thrown on local taxation for State purposes?—For purely State purposes; and rightly so, too, in my judgment.

1706. Looking forward to that time, do you think we are likely to have any better credit in borrowing for State purposes than the States of the United States have?—I would not like to put the United States of America, with their peculiar methods, on a level with any colony governed according to English constitutional methods.

1707. Do you think they are less honest?—I think the British lender is much better disposed to those of his own immediate kin. He is also satisfied with the security offered by the colonies. In this very room twelve or fourteen years ago, when a member of the City Council, I was greatly struck with some remarks made by Mr. Westgarth in a discussion he had with us on the question of colonial loans. We were then considering a matter of finance, and he said that when Australia federated the ease with which she would get money would almost compensate for the step about to be taken. He said, too, that the early part of the century would see Australia getting all the money she required for public purposes at  $2\frac{1}{2}$  per cent. I think he was right. He spoke with a mature judgment. That low rate of interest, then, is likely to be one of the benefits of the Commonwealth. The Federal authorities would go into the money-market on better terms than we could do.

1708. You think the Federal Government would do all the borrowing?—I hope so. Years ago the New Zealand Government should have done it for all New Zealand, instead of allowing the local bodies to go into the market and borrow at prices that were often extreme.

1709. Shall we not have to secure the sanction of the Federal Parliament to every purpose for which we wish to borrow—say, for instance, the purchase of lands for settlement?—At present that is one of the matters reserved to the State Legislature; but I should think, seeing what a large question it is, and that it affects all the States of the group, it will become one of the subjects to be handed over by consent to the Federal Parliament, which will deal better with it.

1710. You contemplate an absorption?—I did not say that. I think it is one of the large powers that should properly go to the Federal Legislature.

1711. Do you think the fact of having to go to a distant Parliament for authority for such measures as that will materially interfere with the development of our own country?—Not in the slightest. I do not pay any attention to the distance argument at all. I am in hopes that in the near future that question will be reduced to a very small one, and we will wonder it was ever raised by sensible men.

1712. You think there is no practical force in the objection?—For my own part, I do not.

1713. Now, we have had a number of leading men from Otago before us, and almost without exception they have stated that they are unfamiliar with the bearings of this question, and that they are unwilling to express an opinion about it: is it not a fact that the question of federation is well known in Australia? Have not popular votes been taken on it?—Yes. For years it has been one of the large questions of the day there. But how has it come about? Associations were formed to discuss and ventilate it, the public men took to the platform upon it, and the Press wrote about it, till, with all these helps, it became one of the burning questions of the hour. You could not go into an hotel or a railway-carriage without hearing some one raise it, and, as a result of all the discussion, every issue became familiar to the people. In New Zealand the class who take an interest in it is limited, and I will guarantee that two-thirds of our people do not know anything about it at all. There is no public opinion, in the proper sense, on the question here at all.

1714. If there is no force in the argument of distance, how comes it that, while all Australia is familiar with the question, New Zealand knows nothing about it?—I do not say that New Zealand knows nothing about it.

1715. Or little about it?—It does not know enough about it.

1716. Is that because of distance?—No, but because we have had other large questions to consider, and because New Zealand did not take her proper share in the deliberations of the Conventions.

1717. Is it not rather because our interests were not in common?—I do not think so. It is a question that will be brought readily home to the people when their pockets are affected. If a tariff of from 15 to 20 per cent. is raised against us in Australia, you will see how quickly it will become a live question in this colony.

1718. Do you not find a difficulty in the colony of getting a national opinion owing to the widely separated divisions of the colony?—No. I think if the Legislature were wise enough to give us the initiative and the referendum, by which people may raise such questions and discuss them freely, you will soon have a live and sound public opinion in New Zealand.

1719. Has that not been so in New Zealand in the past?—No. The amount of knowledge does not obtain in New Zealand that is necessary to promptly accomplish any reforms. One reform in which I was engaged took us fifteen years to accomplish from that cause.

1720. Would not that apply to a much larger extent if we were federated with Australia?—I think not.

1721. With regard to representatives, do you think we should get such a good representation of all industries and interests in the Federal Parliament as we are able to do in our own local Parliament, or do you think that members would become professional politicians?—I would beg to be excused from answering that question. I do not see that any opinion of mine could have any weight.

1722. But the fact of having to go to such a distant Parliament would prevent the men who were engaged in business from entering the Federal Parliament?—I think, on the contrary, the extended sphere of usefulness and chances of promotion in the service of the Empire are factors that will have an influence not only in bringing out desirable State candidates, but in giving to the public service the energies of our best men.

1723. Has it worked out in that way in the United States?—The United States have not got all the best men, but they get some excellent men.



1724. But not mostly of one class?—No, I do not think so. I have met a few of them, and they are men of broad intellect, advanced ideas, and able men in every respect.

1725. You think that would not be the case in connection with our own representatives?—I have got a better opinion of my fellow-colonists than to think they would always vote for the professional politician as against the able man.

1726. When you spoke of increasing our exports to Australia—?—Understand, I did not put forward any opinion of my own; I was just telling you what was told me by men whom I regard as being of considerable weight, both in Melbourne and Sydney, and they were very strong in that opinion, and I am just repeating it.

1727. You have no opinion on that subject?—No, not first hand; but I know a very strong opinion obtains in that direction in Australia.

1728. I understand that if the door was widened and we were admitted as an original State it would be an advantage to us to join?—It would be to our interest.

1729. Do you think it likely to remove these anomalies?—One can only express the opinion of men who to-day are in the front rank of Australian statesmen, and there was a consensus of opinion in that direction—that they would treat New Zealand with deference.

1730. We should be a minority?—We have representation according to our population. It is not fair to assume that Victoria and New South Wales would ride roughshod over us.

1731. You think that the smaller States hold a good deal in common, and could thereby bring about equality in things?—I think so.

1732. We have all the necessary raw materials here for manufactures, and, that being the case, do you not think it likely that we shall develop into a manufacturing community very largely?—I have tried to persuade myself that that was so, but I do not see the evidence of it, except under the influence of “coddle,” which is not good for the State.

1733. We have got rich iron-deposits at Parapara, which give a larger percentage of pure iron-ore than any other in the world, and we have abundance of coal and limestone contiguous; and there is a probability of copper being developed, too, to a very profitable degree, and also tin?—I have considered all that.

1734. Our exportations in the way of cereals to Australia amount to a little over a million a year. We have engaged in the factories of New Zealand about forty-nine thousand persons, and the value of our products out of these factories is estimated to be about twelve to thirteen millions: is that not an element against the million we export to Australia, especially considering that this progress has been made since 1895?—I hope so; but we must not take years of prosperity solely for our guide. I have seen it stated, but I have not seen it proved, that wages in New Zealand were higher all round than in Victoria.

1735. We have got £7,000,000 or £8,000,000 involved in manufactures in New Zealand: do you not think, under federation, that with the larger shops and appliances they have got over there this property would be very materially affected?—If it is proved that labour is much cheaper there, then my argument is largely disproved. I thought also that eight hours a day obtained in Victoria and New South Wales.

1736. You do know there are very large manufactories there as compared with New Zealand?—Yes.

1737. Would New Zealand be prejudicially affected as against these manufactories?—For a time it would, but in time we would get to the forefront, and very quickly. At all events, they say so over there.

1738. You have paid a good deal of attention to technical education?—Yes.

1739. Do you not think, then, that if these industries passed away the necessity for technical education will pass away?—There I go the “whole hog” with you. If you want to capture markets elsewhere you have got to make the colonial workman as efficient as possible, and technical education is a necessity for doing that.

1740. You think we would develop agricultural interests to the detriment of the industries?—No. I would assist industries as far as possible, but I decline to say that if your industries suffer a temporary check the national prosperity of New Zealand could never recover therefrom.

1741. You think the dominating influence is that of agriculture?—I say it is the largest, if not the most important. I should be inclined to say it was the most important.

1742. *Mr. Beauchamp.*] In view of the balance of trade in favour of Australia, do you think it likely that, in the event of our not federating, Australia would assume hostility towards us by putting on big duties and excluding the produce of this country?—I cannot say; but it seems that the opinion of those able to enforce it in the Legislature is that they will.

1743. They do not seem to place very much importance on the trade which they had with New Zealand?—I think that if the figures of our imports from Australia were analysed it would be found that they include a large value for transhipments—a larger amount than many people are prepared to believe at the present time.

1744. It points to the fact that there is a considerable trade between Australia and New Zealand?—If it represented products from Australia, that would be so.

1745. If the exports do not bear a large proportion to the whole you would admit that it is not likely that Australia would put up a large ring-fence against us?—No; I think it will be found to the contrary.

1746. One witness the other day said he was distinctly of opinion that the Commonwealth was hastened by the keeness displayed by Victoria to join the union, but that she would not have shown the same desire if New Zealand had been anxious to join as an original State?—I disagree entirely with that. I think it was due to a different cause entirely. When I went to Australia in 1895, what struck me most, as an old Victorian, was the difference in the state of trade in Melbourne and Sydney. It was the increasing loss of trade that caused Victorians to look this question squarely in the face.



1747. You do not think that Victoria fears competition with New Zealand by inter-free-trade?—No.

1748. With respect to raising money, you notice that money has been cheaper in this colony than in the open market in London?—Yes; but Canada raises money lower than any other colony, and that as a dominion.

1749. Under present circumstances, I take it, you recognise that it is not advisable for us to federate?—No; the conditions want amending considerably.

1750. *Mr. Millar.*] In what respect do you think federation would be of advantage to our commerce?—I say it is going to be of considerable advantage to the agricultural industry, and I think the manufacturing industry will ultimately reap an advantage. They will have intercolonial free-trade, and will be able to command a market there which would be closed to them under other conditions.

1751. Is it not a fact that the only reason for sending to Australia is that it is the best market available?—I would not venture to offer an opinion on that.

1752. You believe that a man ships to the best market?—That is an axiom that none will attempt to dispute.

1753. Therefore, if South Africa was a better market than Australia, Australia would be valueless?—We are not going to get our own way in South Africa. There is going to be a federation, too, there one of these days.

1754. Do you think the social condition of the workers in Australia is equal to the social condition of the workers in this colony?—I think they will improve under federation.

1755. Do you think they are equal to ours now?—No; our legislation is decidedly in advance of theirs, but they are following pretty close in our steps.

1756. If we federated we would have to wait till they came up to us?—I do not think there would be so much standing-still as some seem to think. There will be adult dual suffrage, and that ought to make for progressive legislation in the right direction. You must remember that the legislation in some parts of Australia is defective owing to local circumstances. They have tried often enough, but have been stopped in the march of progress by their Upper Houses.

1757. If we join, our votes will be divided by half, for wherever there is the dual vote the vote is divided by half so as to bring all on an equality?—That is so; but there will be female franchise in Victoria before this year is out, and the double vote will operate in federated Australia before three years are over.

1758. You do not consider that our manufactures would suffer?—I do not say that. I said I thought for a time they would, but that they would quickly recover themselves.

1759. If they suffer, the probability is that our men will drift away to Australia?—No; I think work would continue to be found for them here as now.

1760. Despite the fact that even now Australian manufacturers find a market here despite the tariff?—Yes.

1761. And the only place that New Zealand gets into in Australia is New South Wales?—Victoria, too, with woollens; and it is only because of the high tariff wall that we do not get into Victoria more and supply the market.

1762. You think that, if we were to federate, the social conditions of this colony would develop as rapidly as under our own form of government?—Seeing the large powers retained by the State Legislature, I think, yes. It would be better if Australia were to have some of the powers which are to be left to the States. Divorce, bankruptcy, and other like matters ought to be handed over to the Federal Parliament.

1763. With your experience, do you not think it highly probable, when the Commonwealth Parliament go to take over all the Customs revenue, postal revenue, and other departments of that description, that there will be an outcry from a portion of these States?—Canada has been many years a dominion, and they jealously guarded all the rights belonging to the States. That cry has never been raised there; and they come of British stock, like ourselves.

1764. We did it in this colony, which is nearer home?—We did it, but do not forget that we were much injured in the house of our friends.

1765. Could it be done without the voice of the people?—If the people say it has got to be done it will be done.

1766. If that took place, do you think this colony would be developed as rapidly or looked after so well as now?—Well, if there are plenty of J. A. Millars about in that day it will not take place.

1767. Generally speaking, you cannot see any disadvantage to this colony in federating?—With the safeguards I have mentioned, no.

1768. *Mr. Roberts.*] You remarked on the absence of any sound public opinion on the question of federation: in the absence of that, would you recommend federation?—No; I would prefer to see the people thresh the thing out first.

1769. You consider it is not desirable until public opinion has been formed?—No.

1770. *Hon. Mr. Bowen.*] We have been speaking of the Canadian Dominion and the Commonwealth: these are Federations all on one continent?—That is true.

1771. Do you know of any case of a federated constitutional Government separated by such a large distance of sea as separates New Zealand from Australia?—No.

1772. And you still think that would be no objection?—It is no valid objection, to my mind.

1773. You say that there is a very strong feeling in favour of New Zealand federating in Australia, but that there is none in New Zealand?—No. I said that those Australians who had lived in New Zealand, or were now engaged in business connections with New Zealand, thought the advantages were in our favour if we decided to go in as an original State.

1774. You do not think they had any desire on their own account that we should go in?—

What I say candidly is that the Victorians, speaking as Victorians, would rather see us stop where we are.

1775. And the New South Wales people?—I did not hear that opinion expressed in New South Wales, but I did hear it in the country parts of Victoria. The Victorian farmer thinks he can do everything that is required over there to feed the Victorians.

1776. If we join we give up a great deal of our autonomy?—Yes.

1777. We should require to be able to show strong reasons and advantages for giving that up?—No doubt.

1778. Do you see any strong ones at present?—I would not think of expressing an opinion on the military aspect, but there are strong reasons from a military aspect alone to warrant the matter being considered.

1779. Do you think there will be any very great change from the present state of the markets? We are largely dependent on the Home-country, and, I presume, will be for a long time?—One can only look so far into the future as to see that Australia must grow, and as she grows her markets must extend, and to that extent we should consider it. If there is any good in Imperial federation, surely there must be some good in the genesis of it in Australian federation.

1780. Is that the same?—It is the first step in the right direction.

1781. The Commonwealth would be a part of the Imperial Federation, and so would New Zealand, whether she joined the Commonwealth or not?—It will be a part of it, but not an effective part of it, it strikes me.

1782. What do you think the comparative influence of New Zealand is as compared with other parts of Australia on the Government of the day?—I am inclined to think that they must have an important effect on the future of Australia.

1783. Do you think there is any great community of feeling between them?—In expressing that opinion I do so with some diffidence, because I know the contrary view is largely held. Great numbers of New Zealand colonists to-day are Australian born and bred, and I cannot get it out of my mind that their feeling towards that continent is just as strong to-day as it was the day they left Australia. I am just as strong an Australian now as I was when I was a boy in Ballarat, yet I yield to no man in my love for New Zealand.

1784. *Hon. Captain Russell.*] Why would Australia not agree to reciprocity?—That was the consensus of opinion amongst men in a position to-day in Australia to make the policy of the Federal Parliament in Australia. There was no concealment of their opinion on that point.

1785. Why did they arrive at that decision?—Because they said that to enter into a reciprocal arrangement was one-sided, and therefore would not be entertained by them.

1786. They were jealous of us in the matter of reciprocity?—I would not like it to go forth that that was what was conveyed to my mind by their conversation. They seemed to think that Australia would not, under any conditions whatever, consent to reciprocal duties, and that it was no good buoying ourselves up with false hopes on the matter.

1787. What caused that strong feeling?—I could not tell you what operated in their minds.

1788. Do you not think it possible it was jealousy of us in some way or another?—It would be asking them to state one thing and act differently, because they are expressing an opinion in the contrary direction.

1789. If they are jealous of us in the matter of reciprocity now, what might their attitude be when we are allied with them?—I understand their antipathy with regard to reciprocity was that they had tried it, and it had failed.

1790. Do you think there is any comparison between the agricultural and industrial interests in New Zealand?—I think the relative proportion cannot be represented by bald figures.

1791. If Consols are at  $2\frac{3}{4}$ , and we can nominally borrow at 3 per cent. as an independent State, is it reasonable to suppose that we will borrow very much cheaper if a portion of the Commonwealth?—I say I believe the Commonwealth will succeed in borrowing at  $2\frac{1}{2}$ .

1792. When English Consols remain at  $2\frac{1}{2}$ ?—Yes.

1793. Under the Commonwealth Act the Commonwealth has power to pledge the security of the Customs and other taxation: will that not materially interfere with our power to borrow for State purposes? In other words, will not our lands be in the position of second mortgages?—That will be the position; but I was looking forward to the possibility of the Federal Parliament borrowing for the constituent parts of the dominion, just as we wished this colony had borrowed for the provinces.

1794. Do you think it is within the bounds of possibility that the Commonwealth will alter their Constitution straight away in order to admit New Zealand on the conditions of an original State?—I do.

1795. Then, if she is prepared to alter her Constitution within a few months, is that not rather a dangerous position for New Zealand to place herself in—to take a part in a Commonwealth which will alter its Constitution from year to year?—Does that follow? I think it is rather an act of grace towards a great country which is disposed to make terms with the Commonwealth for a specific advantage gained. That cannot be construed into a desire on the part of the Federal Parliament to make “ducks and drakes” of the Constitution.

1796. May there not be a danger, if all the other States are coterminous, that there will be an Australian influence which might be antagonistic to New Zealand in the Commonwealth?—No. I think the position is rather the other way—that we should be Australasians first and New Zealanders afterwards, and as such help to make the Empire stronger than it now is.

1797. Do you attach any importance to the climatic differences?—Yes.

1798. In the course of four or five generations, do you think there will be any striking contrast between the people of a temperate climate and the peoples of a semi-tropical climate?—There must naturally be a difference between the people inhabiting northern Australia, but in the

southern parts there will be no difference between the average Victorian, the South Australian, or New-Zealander.

1799. You think the difference will not be intensified in the course, say, of two hundred years?—No. I see no difference to-day, and I have been away for thirty years.

1800. Taking the question of the possibility of coloured labour going into northern tropical and semi-tropical Australia, would you express any opinion on that?—I do not think the Australian people, as I understand them, would stand it.

1801. What would become of central and northern Australia?—I think that if sugar cannot be grown without black labour it will have to go.

1802. Do you believe the Anglo-Saxon can toil in that land?—Up to a certain point he can do a lot. Asiatic labour of a kind will be imported for those tropical districts. They will not be a menacing factor.

1803. You think they would never have political rights?—I am satisfied that the trend of thought in Australia is all against it.

1804. You know that the blacks in America were granted political rights after the war of secession?—The people of Australia are going to have no war of secession.

1805. Why not?—You will never see a statute-book of Australia burdened with a statute giving equal rights to the coloured people.

1806. You think the coloured people will not go into northern Australia?—I think the Japanese will find their way there as labourers. There will be locations for industrial purposes, but beyond earning their wages there will be nothing of them.

1807. Are they prolific?—I do not know. I do not think for a moment that they will intermarry with the whites largely.

1808. Do you not think it probable that the coloured races will breed and multiply there?—They will obey the laws of nature.

1809. They will override Mr. Barton in time?—They will not increase so as to be a menace.

1810. Then, the country must lie idle?—If you want to press me down to that, I will say that the northern part of Australia will never be cultivated, if only black labour that must have equal political rights with Europeans must do it.

1811. You think that the law of man will be able to draw an arbitrary line across the continent, and say, "Thus far and no further shall you cultivate"?—If the employment of black labour is the only condition under which it can be cultivated, I say Yes.

1812. Assuming that the coloured people go there, will that affect the remainder of the continent?—No.

1813. You know, of course, that powers were granted to the negroes in the Southern States of America, and that they have taken possession?—Yes; I know the conditions under which the enfranchisement took place. I say they will never be in sufficient numbers in northern Australia to cause them to be a danger to the body politic.

1814. If New Zealand joined the Federation it would have a powerful influence on Australia?—That is my opinion.

1815. Why should New Zealand influence it?—I can only say from observation that I have seen New-Zealanders in various walks of life, and in their immediate environment they had affected their neighbours.

1816. It is quite remarkable wherever New-Zealanders go?—Yes.

1817. Does it not show that the divergence of race has already commenced?—No. I think it goes to show that the climatic conditions here are favourable, and produce stamina of a kind which enables New-Zealanders to stand many things in Australia which Australians cannot.

1818. Will that not be intensified in the next two hundred years?—It may give the New-Zealander a much better show. When he gets the show on equal conditions he usually comes out on top.

1819. Does it not go to show that there will be a difference in type?—Australia will benefit by it considerably, if it be so.

1820. Do you imagine that the creation of a Commonwealth will tend to Imperial federation, or the reverse?—It will strongly assist Imperial federation.

1821. And you think that a powerful State like New Zealand and the Commonwealth—the two together—are not more likely to assist in federation than if we were one people only?—I do not think so, if there is sufficient to make a powerful federation. We are limited to a few islands of the Pacific. As part of united Australasia we will occupy a very different position in the eyes of the world. At the same time New Zealand to-day undoubtedly occupies as strong a position as possible in the eyes of the United Kingdom.

1822. In the 57th clause there is a power, where there is disagreement between the two Houses of the Legislature, to appeal to the combined vote of the two Houses voting together: is that not prejudicial to State interests?—No.

1823. You think that the greater number in the House of Representatives will not outweigh the votes in the Senate?—No. The two Houses sitting together as reasonable men are more likely to come to a conclusion in the best interests of the country than the appeal to passion, in the shape of an election.

1824. You think the Senate will represent the State interests against a combination of two large colonies?—It represents exactly the same people as the other House does.

1825. But when you come to vote jointly the States' interests are subordinated to mere numbers?—It would be as a matter of figures; but I decline to believe that men who represent this colony in the State Legislature are not as capable of reaching a just decision as men in the Lower House. I have got a great belief in the value of free conferences.

1826. In the House of Representatives New South Wales and Victoria, if they add a Queens-

land or South Australia, will dominate the position?—You are taking an extreme case. If these two great countries pull together they can do many things, but I do not think the two most powerful States will always be arrayed against the small ones.

1827. *Mr. Leys.*] On behalf of your paper you interviewed a number of men, did you not, in Australia?—I made my inquiries independently of the paper.

1828. But they were interviewed on behalf of your paper?—Yes.

1829. And among the statesmen interviewed was Sir John Forrest?—Yes, quite recently.

1830. In that interview, as published in the *Dunedin Star*, the following statement occurs: "One was the difficulty with Western Australia. Our colony can bridge that by a railway. New Zealand cannot. I should like to see how Western Australia fares under federation before advising others." There Sir John Forrest lays great stress on the question of isolation: do you think there is anything in that argument?—I have got it in my mind that to the eleventh hour Sir John Forrest was against federation, and was forced into it against his will, and he does not like it now. It will take some time, further, to make that railway, and without it Western Australia is in no worse position in regard to distance than Wellington or Auckland would be to-morrow if we joined the Federation.

1831. Referring to those same Governments, did not Mr. Barton, the Federal Premier, indicate that that railway would be constructed at the expense of the Commonwealth?—Yes; he hinted at the possibility of it. I dare say some day it will be made at the Commonwealth expense. If it can be demonstrated that the railway is necessary for the ends of settlement or defence, then the railway will certainly be built. If the interior of Australia has to remain a waste, no railway will be built.

1832. Can you suppose that the railway will be of any use to New Zealand—we should have to pay our share?—If you enter into partnership you cannot get all the plums and leave the others only the bad fruit.

1833. *Mr. Beauchamp.*] If the sugar industry can only be maintained by black labour you say it must go?—Does it follow it cannot be prosecuted by imported black labour from the islands? Black labour is employed because of its cheapness. I prosecuted that question very diligently. They are determined not to allow Australia to be overrun by black men.

1834. A white Australia?—They have made up their minds in that direction.

1835. *Hon. Major Steward.*] The objection to reciprocal duty arises probably from the impression that we should get the best of the bargain, as we sent more to them than we got from them?—That is their fear. If you can get reciprocal treaties with Australia, then the necessity for our joining the Federation, in my opinion, is very largely gone.

MACKAY JOHN SCOBIE MACKENZIE examined. (No. 38.)

1836. *Hon. the Chairman.*] You have resided in New Zealand for many years?—Thirty years.

1837. And you have taken an active part in the politics of New Zealand?—Yes, tolerably.

1838. You have represented a constituency on several occasions in different Parliaments?—

Yes.

1839. Have you resided in Australia at all?—Yes, for nine years.

1840. As a colonial politician your attention, I suppose, has been directed to the question of the federation of New Zealand with the Australian Commonwealth?—Yes, rather forcibly.

1841. Will you be good enough to give the Commission the conclusions at which you have arrived on the matter?—Certainly. I would like, first of all, to draw the attention of the Commission to the character of the federation proposal, which is, in my opinion—to state it nakedly, but at the same time without any exaggeration—to take the government of New Zealand out of the hands of the New-Zealanders and to transfer it to the Australian Continent. I do not think there is any answer to that proposition at all—anything to refute it. Well, if that is so, one would naturally expect that for so tremendous a sacrifice—the right of self-government is about the last sacrifice of a State—something would be given in the way of compensation, some great advantage received in return. Personally, I do not agree that compensation enters into the question. There are some things in this world that do not admit of compensation; they are priceless. The liberty of the subject, the honour of a man's domestic household, and so on, are instances. I suppose that, if we could conceive any Power offering the Parliament of New Zealand a matter of fifty millions to renounce the right of the colony to the Habeas Corpus Act, no representative body would disgrace itself by considering the proposal at all. That is an illustration. The autonomy of a State accustomed to self-government, I take it, is in much the same case. There is practically no compensation at all for loss of autonomy. That is my personal conviction. But, in deference to what may be the opinions of other people, it may be well to assume that some sort of compensation is possible, and can and will be given; and, that being the case, I should naturally be—and for some time past have been—eager to know what it is. Well, I have read everything that came in my way that has been uttered in Australia, and I have read most that has been written on the subject in New Zealand; I have talked with scores of people, most of whom were in favour of federation; and I have never heard fall from the lips of a single individual, or seen in any newspaper, one solitary reason why New Zealand should join the Federation of Australia—absolutely not one. There is no doubt what may be called the argument of the oats. I have heard it used and called argument by sensible people in New Zealand. They say we export oats to a certain extent to Australia, and therefore we would gain somewhat by joining the Federation—that is to say, we would get a better price for our oats. Well, without desiring to use strong language, I can only say that argument is the most remarkable and—if my premises are correct—the most sordid and contemptible I have ever heard fall from the mouth of man. The imaginations of the members of this Commission may be more vivid than mine, but I am unable to conceive any New-Zealander outside of a lunatic asylum

saying to his neighbour, "We must abandon our right of self-government; we will get a better price for our oats." The thing to me is quite inconceivable. As against what I am saying, it may be argued that if by federation we would lose the right of self-government the other Australian Colonies would equally be sufferers: why, then, should we fear to do that which they are so ready to do? The answer at once is that the two positions are not at all the same, that the Australian Colonies—I am now speaking from local knowledge—are making no sacrifice whatever, they will scarce be aware of any change of government; all the conditions will remain to them practically the same, whereas the oversea distance from New Zealand makes the whole of the difference. I am speaking of oversea distance, not of distance. The answer to this you get from Australia is, "It is just as far or further from Western Australia to Queensland than from New Zealand to Queensland." But the oversea distance is where the whole kernel of difference lies. Wherever you have an intervening sea journey you separate a people in a quite different sense from the continental. If the Commission is ever travelling in Australia—say, in Queensland—and should meet a lot of working-men there, and enter into conversation with any one of them, you will find, as a general rule, he has some knowledge of practically all Australia. They may not have travelled over the whole of it, but they have absorbed the knowledge that comes inevitably from living in a homogeneous country. That is the case with me. I know Victoria and New South Wales, but I have never been in Queensland or in South Australia; but I can tell you all about these places—the character of the country, its general features, the nature of the people, their main occupations, and so forth—without having been there, because I have lived on the continent, and was never separated from them by any real obstruction. It is the same everywhere wherever sea intervenes between countries as against an artificial boundary. It would be generally admitted that the isolated and hostile position of Ireland as against Scotland has at least something to do with the intervening channel, narrow though it be. It is a well-known fact to any one who has travelled on the Continent that the French people know all about the Italians and their country, although they speak a different language, and the Italians the French, and the same with the Germans, but the French and the English people are absolute strangers to each other; the ignorance is crass on both sides. Then, there are marked differences, apart from climate, even between the North and South Islands of New Zealand. It is a well-known fact among members of Parliament that if southern members have to deal with a question affecting Canterbury, Marlborough, or Nelson they will enter into it at once, but when a North Island question comes up, such as the Native-land legislation, the custom is to say—improperly, no doubt—"We do not understand this. This is a North Island question, and we should defer to northern opinion." No doubt the marked difference between the two Islands is largely due to the fact that you do not pass readily from one to the other as to admit the mass of the people readily coming and going. Yet the distance is but forty miles of sea as against the twelve hundred to Australia. I say the mass of the people of New Zealand know absolutely nothing of the mass of the people in Australia, and never can know; and that itself is the strongest possible reason why they should not federate. It also goes to prove what I have said—viz., that the proposal simply means the handing over to Australia of New Zealand's autonomy. I ought to qualify, in one sense, what I have said. From my knowledge of Australia—it was the land of my youth, and I have a warm side for it—I have no doubt if, in a fit of temporary aberration, we should join the Federation, Australia would endeavour to govern New Zealand well and reasonably. It would be government by Australia, because the minority from New Zealand in the Federal Parliament would be absolutely and for ever hopeless. But I have no doubt Australia would endeavour to govern New Zealand reasonably. Under all ordinary circumstances the representatives of the Continent of Australia would say, as we southerners are in the habit of saying with the North, "This is purely a New Zealand question, and I will defer to the views of the New-Zealanders." That would be so under most circumstances, and until some large explosive question came up the government of New Zealand would go on much as usual. But, after all, this would mean that the good government of New Zealand would rest on the easy-going good-natured ignorance of the representatives of Australia. That is what it comes to, and, if so, it is a condition that is not to be entertained for an instant. I can only further say I am utterly at a loss to understand why the Australians want federation with us—if it be the fact that they do—and I can only conclude that in the excitement and enthusiasm of these patriotic times, while the subject is largely surrounded with an atmosphere of sentiment, they have not given very close attention to the circumstances. It seems to me that New Zealand joining would weaken the Commonwealth very much. Australia as it stands now is a magnificent compact continent, but if New Zealand joined the Federation there would be, as it were, a disastrous breach of continuity in an otherwise grand dominion, and might subject it to responsibilities and difficulties that under certain circumstances would be very difficult to meet. I cannot understand why Australia wants the union, and I doubt very much if the people really do want it. I have heard it said the question of mutual defence largely enters the question. For myself, I utterly disbelieve that. Whether we federate or whether we do not, our interests in the way of defence will be vitally identical with those of Australia for all time. If we can conceive some enemy of the future coming down on the Commonwealth and swallowing it, as it were, it would not be long before New Zealand would be gobbled up also; and if New Zealand were attacked Australia would be in a most dangerous position. Our interests in defence, in federation or out of it, remain entirely the same. Then, finally, I think—and I do not see it can be denied—that, while federation is going to add enormously to the power of Australia, in equal proportion it adds to the status of New Zealand. Hitherto New Zealand could scarcely enter into competition with a number of the Colonies of Australia—I mean, in status and in the opinion of the Empire and the world. Victoria and New South Wales are hopelessly ahead, and we would have strong competition with Queensland—in status and general importance, I mean—and with South Australia. But now that Australia has become a Commonwealth New Zealand takes a

great position as the second great Power in these waters—second in population and wealth, I mean, but with an individuality so sharp as to practically place her in the same rank. But we would entirely lose that individuality and derive no benefit at all, but rather suffer a severe loss—the most severe loss a nation can suffer—by joining the Federation. I think these are practically all my opinions.

1842. You think that New Zealand would practically be forfeiting her legislative independence by joining the Commonwealth of Australia?—Absolutely.

1843. What do you think would be the effect in reference to local administration in New Zealand as a State of the Commonwealth, supposing we did become a State of the Commonwealth?—I think the inevitable result would be that the State Government would acquire a vast deal of popularity at the expense of the Federal Government in Australia—that is to say, the people in New Zealand would have a warm side towards their domestic Government, and that a strong anti-Federal and Home Rule party would be the immediate outcome.

1844. How do you think it would affect the public finances of New Zealand if New Zealand joined the Australian Commonwealth?—That is a subject I have not specially gone into, for the simple reason that I want to emphasize the fact that questions of manufacture and production, and so on, have nothing whatever to do with it—not a scrap. It is too big a political question for that—that is to say, the loss of self-government is too big a thing to be weighed in the balance with our small Australian market either for oats, or manufactures, or anything of the kind. If we had to suffer by joining, or otherwise, we would have to suffer and look out for new markets, and therefore I have given no special attention to the aspect; but, I take it, heavy demands would be made upon our existing revenue as our contribution to the cost of Federal government. That, however, I regard as outside the question.

1845. You think the whole matter is centred in the one consideration of our national independence?—Yes, I think so. It is too big to be weighed in the balance with any other considerations that have been so far mentioned.

1846. *Hon. Mr. Bowen.*] You have said your feeling is that there are larger considerations than any physical ones?—Yes.

1847. You have, no doubt, read the Commonwealth Bill?—Yes, casually.

1848. What do you think of the provision which makes the Commonwealth and the States both dependent on one particular branch of the revenue—both of them taking from the Customs, from the one source—both dipping in the same purse?—I think that is an extremely awkward arrangement.

1849. There is no such arrangement in Canada?—No. The result would be to damage very materially the financial powers of the subsidiary Government.

1850. Do you think there is any probability in the future of the Commonwealth Government abolishing the States altogether?—I do not think they would dare do that. I do not think it is conceivable. We have the example of America in that respect. State rights, for their protection, immediately gathered about them a very large and powerful party which is at times dominant in the country.

1851. We did it in New Zealand?—Yes, in the case of the Provincial Governments, no doubt; but we did it with all but the unanimous consent of the people throughout the colony. It was a case of our own Government altering its own Constitution, but without affecting outside States, as the same action in the Commonwealth would.

1852. If such a thing did take place we would be worse off than under State government?—Yes; we would lose our local government, which could deal with the smaller matters affecting the colony.

1853. *Mr. Beauchamp.*] Your opinion is that we have everything to gain by abstaining from federation?—I think we will lose nothing by it. I do not see what we have to lose if we do not federate. We do not depend on Australia for our markets. I suppose our oats would represent about a fiftieth of the exports of the colony. I think that would be the average value of the last ten years—£200,000 per annum, or less—and our total exports now are about thirteen millions.

1854. *Mr. Luke.*] Your objections are mainly on political grounds?—It depends on what you mean by “political.” The word is loosely used to mean parliamentary.

1855. I mean objections having to do with our institutions—our form of government and our identity?—Yes. The objection comes within that form of politics which takes cognisance of the highest rights and liberties of the people.

1856. The industries are not everything?—No. I admit the vast importance of industries, and I have abundance of reason for knowing the necessity for a large manufacturing industry, but trade considerations are not everything. We now export thirteen millions. If we by one stroke could increase that export to fifty millions to-morrow, on condition that we should incorporate ourselves with the Russians or the French or the Germans, I would not insult any British subject by supposing he would do it. Trade is not everything, and my desire to give evidence to-day was for fear the trade idea would take too big a part in the business.

1857. You think we have all the elements of a self-sustaining colony?—Yes, every one of them. I believe also we shall be able to enter into reasonable commercial treaties. I do not believe Australia is going to do anything to injure herself. All the threats of what we shall lose if we do not join is the idle talk of the moment. My belief is that the Australian tariff will be extremely reasonable, and that the Australian people are not foolish enough to shut themselves out of a necessary staple in order to injure New Zealand.

1858. You have studied the provisions of the Act?—Casually. I am not a student of it.

1859. Are you familiar with the provisions relating to the Court of Appeal?—Yes.

1860. Would they be of advantage to New Zealand if we joined the Federation?—No. I think the power to go to the Privy Council, although beyond the power of most of us, and not

often used, is a very valuable bond existing between this and the Mother-country. I would rather see a question settled finally in this country than go to Australia to be settled.

1861. You would prefer to see a case go to the Privy Council rather than to Australia?—Yes, certainly; otherwise we can decide it ourselves.

1862. With regard to the provisions as to legislation generally, would there be any advantage to New Zealand in having uniform legislation on such subjects as bills of exchange, the marriage law, divorce, and so on?—There might be in some way I cannot recognise, but I do not see that uniformity is a very pressing reform. I do not see the special advantage of uniformity. To me it seems that what we want is a marriage law or a divorce law, or whatever it is, that suits ourselves. I do not think it matters a brass farthing whether it is the same in Australia or not. And if we want it the same we can legislate it without federation.

1863. At the present time we have a law that allows marriage with the deceased wife's sister, which is not the law in England?—Yes. It might be an advantage to have uniformity there, but it is not an advantage we should be called on to make a sacrifice for, and especially such a tremendous sacrifice as the loss of autonomy, which is the point that seems to me to be so important. I would put the question of the uniformity of the law on the same footing as that of the trifling export of oats, and things of that sort. It is very desirable to have an open market in Australia, and very desirable to have uniformity of law; but if we cannot have them except at the cost of sacrificing our autonomy, then I say, in God's name, let us go without them.

1864. Taking the commercial law, for example, do you not think it would be an advantage to have a uniform law?—I have no doubt it would.

1865. You think, however, that we might purchase these things at too great a cost?—Certainly, that is my opinion.

1866. *Mr. Leys.*] Do you think that, short of abolishing the States, the tendency of the Central Government would be to aggrandise to itself larger powers in the Government?—I have no doubt that would be the attempt, and a very natural one.

1867. Has not that been the experience of the United States—that the Central Government have taken wider powers, and the States have shrunk up in authority?—To a certain extent, but in the United States the Senate enters the question in a very remarkable way. The Senate has taken to itself all the great powers and assumes all the importance, and the House of Representatives takes a very secondary position.

1868. Do you think in that process the Federal Government will ultimately retain the whole of the Customs revenue for Federal purposes, and throw all the local administration on to direct taxation, as in the United States at present?—I think it is likely enough. The natural tendency of the Federal Government would be to seize all the revenue it can, and establish itself on the firmest and strongest basis. That is only human nature. At the same time I believe the very fact of its doing so would raise up in an isolated State like New Zealand an exaggerated regard for our local Parliaments, shorn of their powers as they would be. There would be a constant conflict of opinion in the colony, and entirely new and virulent parties and questions would be formed.

1869. You think the result would be intense friction almost to the border of revolution?—I would not go quite the length of saying so. As long as things remained in an ordinary way, government might proceed easily enough; but in this world you must expect questions to arise to excite men's minds, and if any question of that sort arose I believe the people of New Zealand, having the Federal Government so very far away, and never knowing intimately any of the men at the head of it, would never cease clamouring to recover supreme power in their own hands. We know nothing about the people over there. We do not know the names of the leading men—our people do not. The Australian States are different. They know in large measure the Governments of all the colonies and what they are doing, and the character of the men. We here would never know them or see them.

1870. You think we should inevitably repent?—I think so, decidedly. I think we never could take to a Government that was constantly, as it were, out of sight and out of touch with us—divided from us by the ocean.

1871. *Hon. Major Steward.*] No doubt when in Australia you noticed the fact that their newspapers make little mention of what is going on in New Zealand?—That is so—naturally enough, possibly.

1872. In conversation with people about New Zealand affairs, do you not find a disposition to treat them as matters of small importance as compared with the affairs of any of the Australian States?—I do not think there is at all a jealous or malicious desire to minimise New Zealand. The general Australian's opinion of New Zealand is that it is a fine country, and that the New-Zealanders are fine fellows, but that the colony is unimportant as compared with an Australian State.

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THURSDAY, 14TH FEBRUARY, 1901.

WILLIAM CURZON-SIGGERS examined. (No. 39.)

1873. *Hon. the Chairman.*] You are a clergyman?—An M.A., and vicar of St. Matthew's, Dunedin.

1874. We understand that you have given some consideration to the question of the federation of this colony with the Commonwealth of Australia?—Yes, ever since the first Convention in Sydney.

1875. Have you been in Australia yourself?—I have lived from the extreme north, in the Gulf of Carpentaria, to the south, in Victoria, for a period of eleven years.

1876. Have you studied the Commonwealth Act?—I have; and I have given the question much consideration.



1877. Will you kindly give the Commission the result of your inquiries into the matter?— I am opposed to federation for every reason. First of all, I will speak from the national point of view. We are, under the destiny of God, an insular nation. Australia is a continental nation. The history of all races shows that continental races and insular races diverge further and further apart. On the ground of history, then, alone I should strongly oppose federation. Then, Australia has its own line of tendency, New Zealand has its. They are different people, themselves fashioned a great deal by the countries they dwell in respectively. There is, in my opinion, plenty of room for two great nations in these southern seas, who will bear the same relation to one another as England does to the Continent of Europe. I should say, too, that the problem of the two people varies, owing to the fact that they have in various points some dissimilarity. As an illustration of that, I should say that in New Zealand we have no great octopi as you have, for instance, in Sydney and Melbourne, and as there is a tendency in Brisbane. Our people are scattered—fortunately so—in smaller towns, spread in smaller settlements. This, of course, affects political questions in more ways than one. Then, looking at the matter from that of defence, it seems to me absurd for any one to suppose that in case of foreign attack New Zealand has any need of help from Australia, or any right to expect such help. To begin with, we have the fact that Australia is so large that you can place the whole of Europe in it and then you can walk round it; and in the defence of Australia every man able to bear arms would be required, owing to its enormous area, to defend it. The conditions of the country are such that it is not so easy of defence as New Zealand; and, while it is quite conceivable that an enemy might enter New Zealand, it is utterly inconceivable that any enemy would ever get out again. Those who, like myself, have been through South Africa, and know intimately the South African country and the conditions of warfare there, would know full well that New Zealand is almost a counterpart of those portions of South African country where our greatest difficulties have been, and thus you, sir, as a military man, would easily see how easy it would be to defend this colony with a very small Force, and how unnecessary it would be to rely upon another Force coming from outside. They would want all the men they could possibly get in Australia to defend themselves. And then, from the naval point of view, the naval defence of Australia would require a squadron to protect its own enormous sea-coast, and when you reflect on the enormous area of sea-coast there as compared with our own smaller one you will see how unreasonable it is to suppose that any squadron could spare a sufficient number of ships over here to help us. Furthermore, we ourselves can by means of torpedoes and other defences safeguard our chief ports, and especially our coalfields; and if, for the sake of argument, an enemy should seize any of our principal towns we have still the power of starving them out, and we have still the power of preventing them seizing the country. Further, I consider that, owing to the geographical position of New Zealand and its climate, there will be a greater tendency towards the formation of a New Zealand naval defence as distinct from a land Force, which would be the dominant feature of Australian defence. With regard to the matter of law, I know some think there may be an advantage in appealing to a higher Court, such as the Supreme Federal Court of Australia will be. On the other hand, I would like to say that I am very fond of reading law decisions, and I have read the most eminent decisions given by the leading Judges in Australia, and I have read the decisions given by our own Judges here, and for lucidity, and for grasp, and for power, I should say there is no man in the whole of Australia equal to our own Mr. Justice Williams; and we have other men also on our bench—Sir Robert Stout, for instance—quite equal to any one over there; and therefore I fail to see that in the matter of appeals to Australia we would be likely to get any legal decisions that would satisfy us more than the legal decisions we can get here; and, if we are to have any appeal, then by all means let us appeal to the greater lights of the Old Country. With regard to the Parliament itself, it seems to me that, owing to distance and the expense, the moneyed class—the leisured class—would be those who would, be of necessity chosen, because others, I think, would not come forward as our representatives in the Federal Parliament. That seems to me, in the view of all history, to be not only a detrimental but a backward step, for the leisured do not seem to understand the needs of those who are continually working, and neither do the moneyed class. Therefore I should say that it would be a retrograde step from the point of view of our representatives if we joined the Federation. It also appears to me that we should lose a great deal of our independence. The Federal Government must be maintained, and it must seize as much revenue as it can. This would mean, of course, a good share of our revenue going to Australia without any compensating advantages, so far as I can see. I might also point out, having had some considerable experience in the matter of poverty on the other side, and having taken part in the relief movement as a public Commissioner, and having had a visit during the last fortnight from a member of one of the Royal Commissions on the other side, during which we had the advantage of comparing notes as to the state of poverty during the five years I have been absent from Australia, and the means used to alleviate such, that there is no poverty in New Zealand practically compared with the poverty in Australia. Our people are better clothed, better fed, they have better wages and work better hours, and there is not that grinding poverty you find in Australia. If there is poverty here it is more a case of misfortune, perhaps in some cases of old age, or there may be some cases of a few men here and there in which they are to blame for it themselves; but, compared with Australia, there is no such thing as poverty in New Zealand. Then, with regard to trade and wages, I would like to point out that, in regard to your furniture trade, if you federate you will have to compete with the great Chinese work in Australia. Of course, in Australia you will find that perhaps one of its manufacturers will notify that all work is European, but, of course, those who are behind the scenes know very well that this European work is all produced by Chinese workers in Melbourne. Then, you have to face the question of the black labour, which is absolutely essential in Northern Queensland. The white man cannot possibly work amongst the

sugar-cane. It is too hot a work altogether to carry on. A few white men can be employed as overseers, and they are so employed, but the work itself amongst the canes is only suitable to black men. There must also be always a large amount of alien labour, such as Japanese and Chinese and Kanaka, imported. It seems to me that you have two sides to this racial question; and you would have in the Commonwealth, supposing New Zealand joined, two sets of alien races. You would have your Australian blacks in large numbers, and perhaps they would increase in numbers as the industries increased; for as Northern Queensland developed you might find black labour a still greater necessity there, and the black labour must increase. Then, you will have the problem of pitting against the coloured races your own noble Maoris, and you will find it impossible to make the ordinary Australian, who is the advocate of black labour in the north, understand the difference between the Maori who has the right to vote and the black without that right, which they will never give him in Australia, and wisely so. In the matter of wages, when I came over to New Zealand first I took the trouble to find out the wages paid in different trades in parts of Australia, and on comparing them with the rates paid here I found that the wages in Australia were considerably lower in various trades than in New Zealand. As an illustration, I might say that only this morning I received a letter from a man I knew on the other side. He is a member of a firm of plasterers, and he told me that he wished to come to Dunedin, owing to the fact that his trade was not paying a sufficiently good wage. I have compared the different rates of wages of carpenters and ironworkers, and I might say that the wages in Australia are very much lower; in the fellmongery trade, knowing the rates paid in Australia, I compared them with the rates paid in Auckland, where they are very much higher, and that fact enabled me to account for the fact that the manufacturers in Australia could produce and make a small article with a greater profit than they can in New Zealand. Here we have everything to our advantage as tending to develop a people essentially progressive and essentially endowed with all the traits of insular people, and whom you might sum up, as I recently summed up a sermon, as a people "to whom you can teach nothing, who know everything"; and that is, perhaps, one of the traits of British character which is certain to become thoroughly one part of the New Zealand character, and which will necessarily develop more and more as time goes on. It seems to me that federation will be a most retrograde step, viewing it from one's study of the history of insular nations or races as compared with continental nations, and the various problems I have set before you. With regard to the matter of a few oats, well, if you are going to federate for that, it is a matter that will regulate itself, and if they shut your oats out you must remember they cannot grow oats of the best quality on the other side, and the best will always rule the market. You will also require their sugar, and you can decline their sugar in favour of Fiji or South-east Africa. Hostile tariffs are valueless against good workmanship and productions, as British commerce proves. As far as I can see, in Otago one has only heard oats used as the argument in favour of federation.

1878. Do you think that the recently expressed declaration of Mr. Barton in favour of a white Australia can be given effect to?—No, I do not, excepting by crushing out the sugar industry, and making it impossible to grow vegetables. The Chinese seem to be almost a necessity in Northern Queensland, especially for vegetables. European labour has been tried, but proved a failure. I was a member of a small party who tried to run a white man's garden, just merely to encourage them, but it failed for the simple reason that the white men worked the garden until a gold-rush arose, and then cleared out after doing a fair amount of progressive work, and left us to pay the expense. The Chinese are not subject to such rushes.

1879. I think you stated, Mr. Curzon-Siggers, that the mental calibre would not be improved by federating with Australia in the same degree as they would be by remaining independent?—Most decidedly not. I should say that if you were to take any of our university students and a number trained under similiar circumstances in Australia, and allow the London University to examine them, the New-Zealander would get a far larger percentage of marks than the Australian.

1880. You think there would be nothing to gain by incorporating ourselves with Australia?—Most decidedly not. The history of races shows that insular races tend to diverge further away from continental races.

1881. *Hon. Captain Russell.*] How long were you in Northern Queensland?—For six years.

1882. Did you take notice of the descendants of the original settlers there?—Well, you see, there are not many descendants of the original settlers in the extreme north, as it had not been settled long enough to speak of what you mean by settlements there.

1883. I mean, say, north of Rockhampton: is there any apparent fading in stamina or physique?—Yes, necessarily so, owing to the climate.

1884. Do you think the mental characteristics have suffered in regard to vigour?—It must undoubtedly be so mentally and physically, just in the same way as the mental characteristics of the people in Otago are bound to be superior to those of the north of New Zealand.

1885. Thank you, I am a North-Islander. As to this question of federation, viewing it not as one of to-day, but for a period of all time, do you conceive that there will be a marked differentiation between the people of New Zealand and the people of tropical and sub-tropical Australia in the course of a few generations?—It must be so, excepting all history is to be proved false in this experiment.

1886. You may have noticed in the morning paper that part of the policy of the Federation will be to open northern Australia: have you any idea what that signifies?—The Northern Territory is to a great extent a mere barren waste, with here and there mining settlements. I had a parish 100,000 square miles in extent, and you only came across a few trees, with a fair amount of grazing here and there. The great trans-continental railway scheme from Port Darwin, which was overthrown some years ago, would have opened that country up.

1887. What will be the form of the opening-up of the industries?—In the high lands a certain amount of agriculture—or, rather, grazing—and in the very outlying portions there is the possibility of finding gold.

1888. Take Australia from the 30th parallel of latitude north: would it be possible for generation after generation of Anglo-Saxons to work there?—No. They would gradually get weak. I had two years' experience in the Gulf of Carpentaria and the Town of Normanton, which is one of the finest settlements in the north. It was not at all an uncommon thing for me to marry a couple and to bury the wife within a short time. The white woman could not stand the extremes of climate. My wife came out to me from England strong and healthy, she contracted fever in the Northern Territory, and has suffered from it ever since. I have seen men who have withstood fever in all parts of the globe struck down there by fever known as the "Gulf fever."

1889. Excuse the personal appearance of this question, but did you lose your own energy there?—To a certain extent I did. It was a case of working with a very big effort.

1890. Then, if there is anything in the statement that the Federal policy is to open up that country, it means bringing into operation coloured labour: could such labour be carried on by a permanent Anglo-Saxon race?—Not by a permanent resident one, permanent in the sense of going on from generation to generation. It could never be done by the Anglo-Saxon without the continual infusion of fresh blood.

1891. If it had to become dependent on itself you think the race would run out?—It must in the extreme north. I think the labour would probably be carried on by an importation of Japanese.

1892. Who in process of time—two hundred years, for instance—will have established a race of their own?—I should say so, by intermarriage. Of course, a few white people have intermarried with aliens in Queensland.

1893. Do the Japanese women migrate with their men?—Not in large numbers.

1894. Do you imagine that northern Australia will be occupied by a coloured people in the future?—I think there will be a possibility of a certain amount of admixture with European blood by intermarriage. You have very much the same conditions in northern Australia as you have in some parts of the Transvaal.

1895. Do you not think the Commonwealth will pass laws to prevent these coloured people coming in?—No. I think that Northern Queensland especially would hardly have come into the federation if they had thought for a moment that there would be any interference with the importation of labour.

1896. What does the phrase "white Australia" mean?—I attach no political significance to it at all. The majority of Australia is white. After living in the north one cannot see how things are to be managed without a certain amount of coloured labour.

1897. Do you know of any country in the world where white labour has been successful in the tropics?—No, not as labour.

1898. Then, I suppose you think that, even if the Commonwealth were to pass a law to exclude coloured races, the law of nature would be stronger than the law of the Commonwealth?—I think so. That is just my point. That is the distinction between New Zealand and Australia.

1899. *Hon. Mr. Bowen.*] You spoke of each Government—New Zealand and Australia—being obliged to depend on themselves in the matter of defence, and you mentioned naval defence in that respect: will not both of them be dependent on Imperial defence by sea, and will they not have to contribute accordingly?—Quite so; but it would be a Pacific squadron, and in that case it seems to me it would be a very costly defence to require that squadron to come here; it would be required in Australia, which is more vulnerable than New Zealand.

1900. Is not the theory of the navy more that they should seek their enemy, not watch the coasts?—That is so; but if your enemy is going over there you would have to go for him. It seems to me the enemy has more to gain by going over there than remaining here. Naval defence would be one defence, but we, as a smaller partner, would have the least share in it.

1901. *Mr. Beauchamp.*] Do you think there could be any community of interests between the two countries, for the reason that in Australia their aspirations and ideas must be entirely different from those of New Zealand?—The community of interests would be simply a sentimental one.

1902. In the course of your work, of course you are brought into contact with rich and poor, high and low: would you say the moral tone of the people of Australia is lower than that of the people of New Zealand?—Decidedly so. The moral tone of the New-Zealander is superior to that of the Australian, especially when you go amongst the poor.

1903. With respect to white women and children living in northern Australia, you say that neither can exist for any length of time without deterioration, therefore it is necessary to send the children away?—Yes; it is the custom for men who can afford to do it to send their wives away for the summer season to recuperate.

1904. As to the class of men likely to be elected to represent us in the Federal Parliament—you referred to the moneyed class and the leisured class—have you any idea of suggesting the creation in this colony of a type of professional politician?—Yes; I thought that was quite a possibility.

1905. And in that case you would consider it just as objectionable a class as the moneyed class or leisured class?—Not quite. The professional politician would study matters more thoroughly, it being a matter of his profession; but I do say that, with regard to the moneyed class, they would not vote themselves £40 at the close of a session. We would not have that moral stigma against us; but, apart from that, I think the professional politician might perhaps suit us best.

1906. *Mr. Reid.*] You spoke of the poverty existing in certain parts of Australia: to what part do you particularly allude?—I refer to the great cities of Sydney and Melbourne.

1907. You are acquainted with the conditions of life both in Melbourne and Sydney?—Yes.

1908. These conditions are still existing and likely to increase?—The opinion of the visitor I alluded to, who was a member of the Royal Commission, was that it would certainly be so; and I might mention here, with regard to the question of the Arbitration Court, that this gentleman was very anxious to know about the working of our Arbitration Act. He was very much impressed by what one could tell him about it, and he thought something similar would be a gain to Australia, although he did not think it was likely at present.

1909. You are aware that Mr. Barton has mentioned that that Act will be passed?—He has said so.

1910. Do you think it will be likely to be carried out there as full as we have it here?—Not so fully.

1911. Are there not already provisions with reference to conciliation existing in Australia?—Yes, in Victoria, but not to the same extent as here.

1912. They are not so far-reaching?—No.

1913. I think you also said that our people were more intellectually developed than they are in Australia?—Yes.

1914. Do you not think that there might be in the future, therefore, a gain to us in that respect if we join the Federation?—Most decidedly not.

1915. Would it not tend to give our men greater preponderance in the councils of the Government?—No.

1916. Would not our men have an opportunity of becoming part of the Government?—Yes, provided they were elected.

1917. By exercising a more intellectual influence on the Government?—It would be to the gain of Australia, without any compensating advantages to us.

1918. Regarding the right of appeal, are you aware that the right of appeal from the State Courts to the Privy Council is not excluded from the Commonwealth Constitution?—It still remains under certain provisions.

1919. Not necessarily under certain provisions, it is an appeal as of right. There are certain provisions under which it is excluded?—Just so.

1920. You think, on the whole, you would prefer our right of appeal to the Privy Council not interfered with?—Most decidedly not.

1921. *Mr. Leys.*] With regard to community of interests, I notice Mr. Barton has announced a trans-continental railway scheme and the opening-up of tropical Australia as a Federal work: could that be of any advantage to New Zealand?—No; excepting that our generosity would be developed by our being required to contribute so-much towards the cost. The only advantage would be to have quicker communication between Port Darwin and Queensland. There would be no gain to New Zealand.

1922. This trans-continental railway is a railway to Western Australia, is it not?—I understand there is eventually to be a railway from Queensland right across to the north.

1923. But is there not also to be a trans-continental railway to Western Australia?—Yes.

1924. Can we gain from the carrying-out of that scheme?—Nothing would be gained by New Zealand.

1925. Would it not result in Commonwealth taxation for purely Australian works?—That is my objection to your joining. Your Customs revenue is taken over by the Commonwealth, and you will have to bear extra taxation for the benefit of Australian schemes.

1926. Another Federal scheme propounded is the creation of artesian wells in various parts of tropical Australia: can we gain anything from that?—No. It is a very fine scheme; it will open up thousands of acres to grazing, and perhaps settlement, but it can be no gain to us.

1927. *Hon. Major Steward.*] You mentioned that in Queensland there was already a notable differentiation of national type arising from climatic conditions?—Yes.

1928. Is it not noticeable also, but even less, in New South Wales?—Yes, to a certain extent in the hotter portions of the country; and, of course, in the same way in the hotter portions of Victoria.

1929. That differentiation is not confined solely to physical characteristics, but more or less reflects itself upon their mental characteristics eventually?—Quite so; and their moral ones, too.

1930. You stated, in your opinion, white labour would not be capable of carrying on certain industries in northern Australia, Queensland particularly?—Yes.

1931. Now, supposing that the idea of a white Australia is attempted to be carried out to the full, involving the exclusion altogether of any coloured labour from Australia, would not that tend to develop great friction as between, say, Queensland and the Commonwealth, which would be a menace to the security of the Commonwealth itself?—Most decidedly it would. But I do not think it probable that even in Queensland any such interference would take place.

1932. Supposing New Zealand joined the Federation, and an attempt was made to equalise matters as regards the rates of wages, what do you think would be the result if the equalisation was brought about: would it be a levelling-down or a levelling-up?—It would be a levelling-down here, because we pay higher wages and we are a smaller part of the Federation than the others.

1933. On the basis of population we should have about fifteen members in the Commonwealth Legislature out of ninety; and, supposing that the best men are selected to represent us there, do you think that under those circumstances we should be able to secure the interest of New Zealand receiving fair attention should they clash with the interests of Australia?—That would entirely depend upon the power individually of the fifteen men representing you there. If they were strong-willed and determined they could do almost anything. A strong-willed, determined man can lead a Parliament or any other assembly of people as he pleases. It is a great deal a matter of will-

force, but one has to remember that these men, after they have had their say, might be blocked by a motion for adjournment, and they might lose a very important question through the adjournment.

1934. Because force of numbers might tell?—Quite so.

1935. *Hon. the Chairman.*] Have you considered what would probably be the functions of any State Commission which is mentioned in section 101?—No.

1936. Do you think New Zealand would suffer from the principal centre of government being at a distance of twelve hundred miles?—I think so.

1937. In what way?—You would suffer in the matter of your representatives being so far away from the centre.

1938. Are there not the same disadvantages with reference to administration?—Yes, most decidedly. That is shown by the fact that in Northern Queensland the Government had to open up a State branch of the Registration of Titles Office at Townsville to facilitate business, there being so much difficulty in getting titles. That argument would apply with equal force to New Zealand if it federated with Australia.

1939. Do you see any advantages which would accrue to New Zealand if it joined the Commonwealth?—I see none at all—I see all disadvantages.

1940. *Mr. Luke.*] What Royal Commission do you refer to, a member of which has been visiting here lately?—The Commission set up by New South Wales to deal with the question of want of employment, and to provide for men out of work.

JOHN WILLIAM MILNES examined. (No. 40.)

1941. *Hon. the Chairman.*] What are you?—Manager of the Phoenix Company's biscuit, confectionery, and jam-making establishment in Dunedin.

1942. How many do you employ?—A hundred and fifty.

1943. How long have you resided in New Zealand?—Twenty-one years. The industry has been established over that time.

1944. Do you do any export trade?—None.

1945. If New Zealand federated with Australia, how would that affect your industry?—It would not open up any new market, and it would affect us prejudicially as far as competition with factories in Australia is concerned; because I think a certain importation of goods would take place from the Australian Colonies. The geographical situation of New Zealand does not favour the establishment of one great centre where one very large and perfectly equipped factory could be established. Only the large populations of Melbourne and Sydney afford opportunities for the establishment of such concerns, and probably by the inauguration of the Commonwealth the shipping facilities would be greater, which would enable factories in Melbourne and Sydney to land goods at our distant ports quite as favourably as we can land them from Dunedin. There is a tendency always in large manufacturing concerns to work to their full capacity, and to export their surplus product, upon which they put none of their permanent expense or cost; and therefore they assume it does not cost them so much, and they would be willing to sell it here for less money than they would be willing to sell it in Australia. Federation would prejudicially affect the development of the fruit industry in New Zealand, because the very favourable conditions under which fruit is grown, especially in Tasmania, and the cheaper labour, would encourage the export to New Zealand of jams to such an extent as to discourage the present activity in the development of our fruit-growing resources.

1946. Have you considered the question of federation apart from the manufacturing industries?—Since receiving the summons to attend this Commission I have turned the subject over in my mind. The only conclusion I have come to in favour of federation—and it is a very crude one—is that from an Imperial point of view—from an international point of view—it might be desirable, but only from that point of view. One strong nation in the Southern Ocean might be an advantage in our dealings with foreign Powers.

1947. *Mr. Leys.*] I judge from your evidence that you think the tendency would be, under federation, to centralise industries nearer the centres of population?—Yes; it would also tend to reduce the status of those engaged in the manufactures of this colony. Our factories would become of less relative importance than they are now—that is, that the larger concerns on the other side would dominate ours, and our small men who now make a good living in the trade would be unable to do so.

1948. And that, you think, would tend to decrease the wages?—Yes; and to lower the number of hands we employ.

1949. *Mr. Beauchamp.*] Is your industry flourishing here?—Comfortably flourishing.

1950. Would you regard Tasmania as a country where you could produce fruit of a better quality than can be produced in Otago and Southland?—The large volume of fruit that can be produced in Tasmania at a very low rate would discourage the industry here. Our population is better off than theirs, and do not turn to fruit-growing unless it pays them well. In Tasmania they are content to take less for their fruit than we can pick it for here.

1951. Have you to import much pulp from Tasmania for jam-manufacture?—Not necessarily so. Economic conditions sometimes compel us to do so.

1952. Generally speaking, can you depend upon the local New Zealand fruit?—It is only now becoming possible to depend upon the local supply.

1953. Do you get a superior class of fruit in the North Island to what you get in the South?—We get a better variety in the South Island.

1954. *Mr. Millar.*] I understand the fruit industry is being well developed, and there is a probability of that continuing?—Yes, if things should remain as at present.

1955. Which means necessarily an advantage to the colony?—A great one.

1956. The more we keep ourselves self-contained the better it is for us?—Yes. The fruit-growing industry is a very desirable one for the colony to cultivate. It does away with the poverty in country townships where it becomes established (such as Mr. Siggers has referred to as existing in Australia)—it provides an income for children.

1957. *Hon. Captain Russell.*] Do you make up much fruit in the course of the year into jam?—A fair quantity.

1958. Where does it come from?—From New Zealand, and a little from Tasmania. A few years ago a larger proportion came from Tasmania, now it nearly all comes from New Zealand. I believe, in the North they import more fruit from Tasmania than we do.

1959. What makes you think Tasmania is more suitable for the growing of fruit than New Zealand?—The climate appears to mature the fruit better. It is dryer over there.

1960. Does that apply to all New Zealand or to only a particular locality?—In the same way as it applies to Tasmania. It is only particular localities in Tasmania that are favourable to it.

1961. Do you not think it a fact that New Zealand ought to be able to produce enough fruit to supply her own wants, and probably to export to Australia?—I do not think we could export to Australia for a long time to come—not from this part of the colony. I do not know what the conditions are in the North.

1962. Take apples: surely you ought to be able to grow them better in Otago than in any part of Australia?—They will not grow so well here as they grow in Tasmania.

1963. Is it not a fact that the harder fruits, which take longer to mature in a cold country, are supposed to mature better on that account?—I have not studied the question.

1964. You say it is essential for profitable manufacture that it should be carried on where there is a large population in a large centre?—I did not say it was desirable, but the fact of its being more profitable introduces what I call a mercantile element into the manufacturing. By running the machinery full speed manufacturers may produce more than they require; the more they make the cheaper they can make it. All that can be produced above a certain quantity is made at a cheaper rate and pushed on to any outside market.

1965. Does that benefit anybody?—I do not think it will benefit this colony to take the cheap surplus manufactured productions of Australia.

1966. Supposing that to be the case, in process of time shall we not have some large centres in New Zealand?—The cost of transport alone is against the establishment of one large centre.

1967. But when we have got a population of forty-five millions in New Zealand shall we not then have large centres?—I think our present four or five centres will keep their relative importance.

1968. And will not that population bear the same relation to the population of the country as it does at the present time?—Excepting that the population of the rural districts may be much larger in proportion to what the towns are to-day.

1969. Do you not think Dunedin may have a population of a hundred thousand in a hundred years?—It is quite possible. It has fifty thousand now. But the population of Melbourne and Sydney will be larger, and relatively they would be in the same position then as they are now to us.

1970. Do I understand that a town population of twenty million would be able to manufacture cheaper than a town of two million?—Possibly so; the growth of the town would tend to keep the industries that were established there developed to their very highest capacity.

1971. My question is whether, when the time has arrived that our large centres of population have grown, we should not be able to compete with part of Australia in certain productions?—I think federation would probably prevent our towns growing to the same extent as theirs have grown. Our manufacturers would tend to centre on the other side, drawing off our best men, and leaving us relatively smaller than at present.

1972. Assuming that in course of time Dunedin becomes as large as Melbourne is to-day, would we not then be able to manufacture on the very best terms?—Possibly better than Melbourne does to-day.

1973. In that case, need we be afraid of federation?—Not if you wish to abolish all the factories until Dunedin is as large as Melbourne is to-day.

1974. Do you wish me to assume that New Zealand, from one cause or another, is unable to compete with any part of the world in any production of any kind?—No.

1975. What are you not afraid of then?—The natural productions of the soil.

1976. I mean in reference to manufactures?—The conditions of labour are different, I suppose, in most other countries than what they are here. The position of labour is much higher here.

1977. Do you think we are unable to compete in any manufactured articles in any country in any part of the world?—With free-trade we could not compete with Europe in the markets of South Africa.

1978. Do you think in any industry in any part of the world we are unable to compete?—I do not say so. I am referring to my own lines of business only.

1979. You object to federation for fear of competition?—Looking at it from the point of view of the industries already established here, and from the point of view of the workers and employers, I think federation is undesirable.

1980. For the future, shall we be absolutely at all times unable to compete?—I could not say that.

1981. You are looking at it from the standpoint of simply to-day?—Yes.

1982. *Mr. Luke.*] Is there much development of small-fruits industry in the Nelson District?—Yes.

1983. Is it not a fact they grow more small fruits there than they are able to dispose of?—I do not know.

1984. Is not the price paid for raspberries this season considerably less than last?—Slightly less.

1985. I was told that in Motueka it did not pay to grow raspberries at present prices: is that so?—This year there has been a very good season in Tasmania, and it has been possible to buy the Tasmanian crop at less than half the money that the Nelson people want for theirs.

1986. You want protection for your business of jam-making, but the fruit-growers here are beaten by the small-fruit growers in Tasmania?—Yes.

1987. In what proportion is this pulp imported from Tasmania used in regard to the whole manufacture?—It is not largely used in this end of the colony. I think it is imported more largely at the northern end of the colony—at Auckland and Wellington.

1988. Therefore the importation is not likely to be one of great importance to the growers of small fruits in New Zealand?—Not under present conditions.

1989. Not if they are obtained so easily by the Tasmanian growers?—They are not obtained easily, but in a favourable season it is possible that they may undersell our growers.

1990. What duty do you pay on pulp?—There are three different classes of duty—on small fresh fruits the duty is  $\frac{1}{2}$ d. a pound, on large fresh fruits it is 1d., on pulp it is from 1d. to 1 $\frac{1}{2}$ d., according to the way the pulp is preserved. We do not import pulp, but fresh fruits.

1991. How many jam-factories are there in the colonies?—There are four on a fairly large scale, and there are others.

1992. Is there any possibility of these concerns agreeing together as to what price they will give the fruit-producers in New Zealand?—There is no movement in that direction, so far as I know, at the present time; it is possible, but I do not think there is any probability.

1993. Do you think there is nothing in this statement, made by several fruit-growers: that it will not pay to produce the smaller fruits unless they get better prices?—I think it would pay them very much better than our friends in Tasmania.

1994. What price has been paid for raspberries in bulk?—From 3d. to 4d. a pound at the factory.

1995. You think that under average circumstances the Tasmanian fruit-growers can compete with the New Zealand fruit-growers?—Yes.

1996. Does that not argue that for jam-making the business is not of very great importance to New Zealand?—No; it is that the Tasmanian people are willing to work for less money than our people.

1997. Is that a desirable state of things?—No; I would rather see the conditions such that our people could earn more money.

1998. If they are beaten already under present conditions, what inducement is there?—They are not beaten under average conditions, and the duty does not require raising.

1999. Has there not been large quantities of pulp imported last year?—No.

2000. You do not think it would be to the interests of New Zealand to join the Federation, seeing we would have as one advantage a cheaper production of fruit and cheaper jam?—I do not think, from any point of view, it is desirable at the present time.

2001. *Mr. Leys.*] How much fruit does it require to produce 1 lb. of pulp?—I do not think it is necessary to go into these details.

2002. But the question has reference to the industry and the necessity for protecting it?—We do not make pulp here; we should buy it as pulp if we required it.

JAMES LISTER PASSMORE examined. (No. 41.)

2003. *Hon. the Chairman.*] What is your occupation, Mr. Passmore?—Managing director of the Donaghy Rope and Twine Company. It has been established about twenty-two or twenty-three years. We employ 110 to 120 hands, and I have been connected with this particular business for seventeen years.

2004. Can you say whether the industry would be affected in the event of New Zealand joining the Australian Federation?—The bulk of our trade is in binder-twine, and if we federated it would be a great advantage to us.

2005. In what way?—For this reason: that the whole of the Australian Colonies, with the exception of one, are very highly protected, whereas in New Zealand we have no protection at all. If we federated we would be able to compete on an equal footing with the markets over there, and in that case we could compete with the manufacturers who have now in some cases a benefit of £8 per ton protection against us—that is, in Victoria. In South Australia, if they go on as they have been for the last few years shipping binder-twine to New Zealand, where it is landed free of duty, we cannot compete at present, because if we wanted to retaliate we have to pay this £8 a ton duty before we can land it.

2006. Are there any other advantages which occur to you as likely to accrue from federation?—No. I simply look at the matter from a business point of view—its effect on the business I am connected with.

2007. *Hon. Major Steward.*] What proportion does that £8 a ton bear to the value of the article?—About one-fourth of the market-value. It is a prohibitive duty.

2008. Do you manufacture your binder-twine from New-Zealand-grown flax?—Not wholly, but partially from imported manila. There is a greater quantity of *Phormium tenax* used than formerly.

2009. Supposing you had a free market over there, do you think you could successfully compete with the local manufacturers of binder-twine?—Yes; we could compete with the world if we had an open market.

2010. Do you think, under those circumstances, you could largely extend your industry here?—We could to a great extent; perhaps doubly.



2011. *Mr. Leys.*] Is there much twine imported here?—There is a fairly decent quantity coming in from Australia this year. Two years ago there was a lot coming in, and there are quantities imported every year from America.

2012. If a small import duty were placed on binder-twine in New Zealand you could extend your business considerably?—Yes; it would keep any surplus stocks from being shipped into the colony; but at the same time we never fear opposition from a country where there is a free port. We ship to New South Wales only, but we are in the unfortunate position at present that we have to stand to be shot at all round, and we are helpless to retaliate.

2013. Then, if the Federal tariff opened the door to New Zealand productions you could retaliate by shipping binder-twine to Australia?—If we federated we would not only be protected from the competition of the Australian Colonies, but also from the world. If we do not federate we have simply to hang it out as best we can.

2014. You would not suggest a protective duty?—No; there was a duty of 20 per cent. at one time here, but it was taken off some years ago.

2015. You think it is not an advantage to have a duty?—It is really no advantage so far as New Zealand is concerned, because we can always compete with any part of the world if the competition is fair.

2016. Of course, you have no reason to assume that the larger agricultural industries in Australia will tolerate a prohibitive duty on a necessity like binder-twine under the Federal tariff?—There is only one colony at the present time where there is any duty, and under the Federation it will, I believe, in any case be an average duty, and under such circumstances we will simply lose the only outlet we have at the present time in New South Wales by a duty of £5 per ton going on.

2017. You could not export under an average duty?—No; I would not like to say that. We do many things that are not profitable at times.

2018. *Mr. Beauchamp.*] Would the cost of manufacturing be very much reduced by the extra quantity put out?—It is a fact all over the world that the larger quantity turned out the cheaper your cost of production is.

2019. You say there is no duty on binder-twine now in New Zealand?—No.

2020. *Mr. Millar.*] How many industries do you think would be able to find a market in Australia if we were to join the Federation?—I am not prepared to say. I have given no further consideration to the matter than in so far as it concerns the particular business with which I am connected.

2021. Do you think, from any point of view, that there is any commercial advantage possibly gained, and that would repay us, by joining the Federation?—Well, that I have not given sufficient consideration to to enable me to express an opinion on.

2022. I presume that Australia would only be a port of shipment for us so long as it remains the best market?—That is so, especially if there are other markets opening up which would pay any one better to ship to. Then they would not trouble about Australia at all.

2023. So that it is quite possible that, if there are other markets opening up, Australia would be practically valueless?—We do not look upon Australia as being so valuable as a market in that way, but we look upon the matter from our own point of view—that if federation is taking place we would be protected against Australia, because we would be on a fair even footing with other manufacturers.

2024. Your business has been steadily increasing, has it not?—Yes.

2025. Do you anticipate that, for many years to come, you will require a market outside New Zealand?—Well, it is possible we will. Year by year we have been looking for foreign markets, and our business has also increased in foreign countries outside Australia.

2026. So that you still have these markets in front of you outside federation?—Yes.

2027. Then, you would not suffer very seriously from your own trade point of view if we did not federate?—No, we shall be no worse off than we are at present; we are certainly at a great disadvantage owing to having a free port here, open to all the manufacturers on the other side to send their surplus stocks here. Their season is ahead of ours, and directly it is finished they dump their stuff into New Zealand, in order to save storage on it in Australia.

2028. Would not that still apply under federation?—No; under federation we would have to be satisfied, because we would be no worse off than our neighbours.

2029. I suppose you have given some study to social matters: do you think that wealth is better distributed in New Zealand than in other parts of Australia?—Decidedly so. In any country like this, where the centres of population are not so great as they are on the other side, the wealth always is much better distributed.

2030. Then, in the general interests of the colony, it would be better for us to continue in the position we are in now?—Well, from that point of view it would, but as regards my own personal business it would not.

2031. From an economic point of view, it would be?—Yes.

2032. Then, if we were to do anything which would reduce our present advantage in that respect, the result must be detrimental to ourselves as a nation?—That is so.

2033. Therefore federation would not be an advantage if it were shown that that would be the result?—As a rule, I do not think federation would be of any use to the colony, unless by federating the manufacturers of this colony would be put on a better footing, and not be placed at the disadvantages they are at the present time as compared with the Australian manufacturers.

2034. *Mr. Roberts.*] In addition to binder-twine, I think your company makes rope?—We do to some extent. Rope is subject to an import duty of 20 per cent.

2035. And the industry could not live without that tariff?—No, we can only live now.

2036. *Mr. Beauchamp.*] Under the present tariff, is your business likely to be progressive or retrogressive?—We can just get along, as it were.

2037. In the event of our not federating, could your business be made profitable if you depended upon the domestic trade of the colony?—Practically so.

THOMAS WHITELOCK KEMPTHORNE examined. (No. 42.)

2038. *Hon. the Chairman.*] What is your firm here, Mr. Kempthorne?—I am the managing director of Kempthorne, Prosser, and Co.'s New Zealand Drug Company.

2039. That firm has very large operations in New Zealand, has it not?—Yes; it has branches in the four chief centres, and employs about 160 hands.

2040. Would federation with Australia be beneficial or prejudicial to your business?—On a uniform tariff it would be very beneficial.

2041. Will you kindly explain why?—Simply because here we have a very small market for some 800,000 people, whereas if other Australian markets were open to us we should have millions to trade with.

2042. You think you would be able to compete with those in a like line of business in Australia?—Certainly.

2043. Have you considered how federation would affect industries in New Zealand other than your own?—Yes; I have considered the question generally. I have noticed, of course, that the chief source of scare, or trouble, here seems to be wages. Under federation the wages might come down. I should be very sorry to see this; but I do not think it would have that effect if we had federation.

2044. How do you think federation would affect other industries?—I have noticed and read, of course, the reports made by such men as Mr. Glendining and Mr. Burt, and that they were against federation, for the reason that they thought they would not be able to compete with the other people in the Commonwealth; but I think that idea is a mere scare, and I believe, if these Australian markets were opened to them, these very men who now seem so very much afraid of competition would soon get to the top.

2045. Have you considered the question from any other point of view than that of trade?—Yes. With regard to the political aspect, of course the distance of Australia from New Zealand seems to impress a number of people, who think we should stay where we are, on the general ground that the people of New Zealand are intellectually more capable than the people of Australia; and yet they say we should stay where we are. Well, it strikes me most forcibly that if we are intellectually superior, and go into the Federation, our influence would tend to elevate the greater mass.

2046. Would that involve the more intellectual people going to reside in Australia?—Possibly. I do not know that the people of New Zealand are more intellectual than the people of Australia.

2047. Would not that imply that if we were to take the commanding influence which was suggested we would elevate New Zealand, and our men would become leading men in Australia?—It is not necessary for them to leave New Zealand. They might go to Australia and open branches there, and they would succeed. Our climate and resources are such, however, that the other people could not compete against us.

2048. Then, I take it that you are in favour of federation with Australia?—I am strongly in favour of it. It seems to me that to isolate New Zealand, and prevent its going into this general Federation, is a very narrow-minded policy.

2049. Have you any other reasons why we should federate?—The general impression is that the federation of the English-speaking communities should be brought about, and if the people of New Zealand, instead of joining that Federation, refuse to have anything to do with it, we shall simply remain as we are at present—a little State within ourselves—without helping to bring about that general federation of the English-speaking people which, in my opinion, is very much to be desired.

2050. Supposing that there was an Imperial Federation of the English-speaking races, what would be the position of New Zealand then as distinguished from what it is now?—We can hold our own at the present time, and if we cannot hold our own in New Zealand with conditions that are so favourable to us we ought to be blotted out.

2051. *Hon. Mr. Bowen.*] Do I understand you to mean that federation with Australia would expedite Imperial federation, in your opinion?—Quite possibly.

2052. How?—Because if we all joined, and expressed a desire to federate Imperially, surely joining with Australia would help forward that movement. My opinion is that it would hasten the general federation.

2053. *Mr. Roberts.*] The products your company manufacture are all duty-free, are they not, Mr. Kempthorne?—The manufactured articles are.

2054. So that the industries which you are carrying on are in no way fostered by protection?—No.

2055. So that you have no hesitation in saying that you would be perfectly open to compete with the world?—We are open now, and hold our own.

2056. *Mr. Millar.*] You said that our industries should be able to compete on the other side: as a business, is it not a fact that capital always gravitates to the large centres?—Oh, yes; you have greater competition in the large centres where there is the population.

2057. With Victoria and New South Wales carrying the population that they do at the present time, is it not highly probable that, with federation, capital will gravitate there to a still greater extent?—I do not think so, but where the numbers are there the facilities for making money are greater.

2058. Do you think that New Zealand, all things being equal, could compete with Australia in regard to manufactures?—Most certainly she could, if she had an open market. The only drawback between this and Australia is the high freights, duties, and the slowness of the vessels. With rapid steamers, low freights, and uniform tariff, New Zealand would have every advantage to successfully compete, in my opinion.

2059. Is not coal a considerable factor in most industries?—Yes, coal is indispensable for most industries. I can get lignite which, with a mixture of other coal, is as cheap and as good as can be got anywhere.

2060. In that respect, so far as New South Wales is concerned, is she not on a better footing than we are?—New South Wales has exceptional advantages, no doubt.

2061. We in Dunedin have lignite coal, but other portions of the colony are not in the same position?—But they are nearer to Westport.

2062. Do you think the cheapening of coal in the large industries would bring about such a reduction in the cost of production that our manufacturers would be able to compete all round?—I think so, decidedly.

2063. You would have to assume that the hours of labour and the laws affecting labour were equal?—Yes. I do not think labour would come down. I should be very sorry to think so.

2064. But unless there is a sort of equalising law in force our manufacturers would be unable to compete—they would be unduly handicapped?—Yes; you must have a uniform tariff all round; if you are handicapped you cannot compete.

2065. All things being equal, you still believe in federation?—New Zealand would simply jump ahead.

2066. Do you think the colony is going to derive any benefit from it financially?—Money is as cheap in New Zealand as it is elsewhere. You cannot look for much cheaper money.

2067. As a State, or as a nation, keeping outside the Commonwealth, we would still be as favourably considered in the London market as we would be if a State of the Commonwealth, would we not?—I do not think that would make much difference to us.

2068. Then, there would be no great advantage from that point of view?—There is every advantage in New Zealand joining the Commonwealth of Australia.

2069. Do you think we ought to sink our autonomy?—I think we should raise ourselves. The thing should be to make New Zealand a centre of attraction for all these islands in the South Seas.

2070. We talk about becoming the Greater Britain of the South: could we possibly do that if we became a part of the Commonwealth?—Yes, I think we should steadily advance. They cannot stop us, but you will stop yourselves if you exclude yourselves entirely from the Commonwealth.

2071. Has not Great Britain's splendid isolation made her the most powerful nation in the world?—That is true; and is it not possible that New Zealand might follow suit?

2072. By her manufactures?—Yes.

2073. I suppose you will admit that we have all the raw material in this colony to make us a large manufacturing nation?—There is no question about it; we have the raw material at our feet.

2074. Do you not think that with all that natural wealth there is a greater probability of our making ourselves a nation by keeping aloof?—Certainly not.

2075. Would federation be any assistance to us to develop our industries?—Yes; it would give us a wider field.

2076. Would this colony be as well developed under a central form of government in Australia as under the New Zealand Government?—I think the term "central form of government" is a bugbear. The distance from Perth to Brisbane, for instance, is more than from New Zealand to Australia. You can have cables every minute in the day. As for sending over our representatives, it has been said our men are of higher calibre, and if they are so they will make their influence felt. I do not say our men are of a higher calibre.

2077. The people you are talking about are portion of a great continent, and there is a community of interest among them which does not exist between that continent and adjacent islands?—They keep their eyes on New Zealand as a centre. I heard it said here in regard to defence that it would require all the troops and ships available to protect Australia, with its great seaboard, but I would say, in reply to that, that an invading army will not go into a desert; it will make its way to the chief centres.

2078. As far as defence is concerned, our first line of defence will be the navy?—Yes.

2079. And if we did become federated with Australia we would have to pay our share for the navy as our first line of defence?—Yes, and it would be our duty to do it.

2080. You consider it would be in the interests of the colony to go in for federation?—Yes; I unhesitatingly say so.

2081. *Mr. Beauchamp.*] Have you branches of your house in Australia?—No.

2082. Do you ship produce to Australia?—No, not the manufactured products. We could not do that on account of the freight. Our export trade with Victoria is small—only in the way of exchange.

2083. In what way are you handicapped—by the duties?—Yes. All manufactured articles we make up are, in Australia, protected up to the extent of £5 a ton, except those sent to New South Wales, which is a free port for such lines.

2084. In the event of federation, you would lay yourselves out for trade with the Australian Continent?—Yes, provided there was an opening.

2085. You have considered the financial aspect of the question, and you cannot see that we would be prejudicially affected by federation?—Not at all. The resources of New Zealand are so great she can borrow anything she wants—in fact, her temptation to borrow at current low rates is too strong even now.

2086. You do not think we would sacrifice our independence by joining the Australian Commonwealth?—I think we would raise it.

2087. It has been said we would become a mere appendage?—Oh, no.

2088. Why do you think that in course of time New Zealand will become even greater than Australia?—Our position is isolated, our climate is good, and our resources are so numerous that we must of necessity become the leading colony.

2089. In that case, would she not be likely to attain such a position as Great Britain has attained to-day?—Great Britain does not stand alone. Every market of the world is open to Great Britain, except America; but we cannot export as she does.

2090. Why should we not export as well as Great Britain?—We may in time, but not in our day.

2091. Have you studied the present conditions of the Commonwealth Bill?—I have read it.

2092. Have you studied it closely?—Not so closely as you may have done, but I have looked through it.

2093. And, notwithstanding the existing conditions which some witnesses consider inimical to New Zealand, you think we should federate?—Yes. I respect the opinions of those witnesses; but I do not agree with them at all.

2094. *Mr. Luke.*] You think that New Zealand will go up by leaps and bounds?—She will steadily rise.

2095. You think it is a superior country and a superior people?—I do not say the people are superior, but the country is.

2096. And under federation would we not be towing behind an inferior country?—I do not know about that. We might tow Australia eventually.

2097. Would we not be at a disadvantage? Would we not be loading ourselves with an encumbrance that would hinder our progress?—I think not; with everything on an equal footing, it would be an immense advantage to New Zealand to join the Commonwealth.

2098. You have heard of the illustration of the tail wagging the body: do you think that New Zealand, as the tail, would influence the great body?—Not immediately.

2099. You think that generally the effect on industry and produce from the soil would be an advantage?—Everything being on an equal footing, it would—that is to say, if there was a uniform tariff, ours would be the better country, and we would have larger resources.

2100. You look on it from a philanthropic point of view?—I look on it from a business point of view, and from a patriotic point of view.

2101. You think that federation will take place sooner or later?—Yes, I think so, certainly.

2102. You believe in the federation of the British people?—Yes, and in our federation with the British people.

2103. *Mr. Leys.*] There is a free-trade market in New South Wales now?—Yes.

2104. Can you mention one manufacturing industry in New Zealand that exports to that market?—They do not want to do it, for the reason that they merely manufacture now for themselves—the small area they control. They have no surplus.

2105. Could they do it better under federation?—Certainly, if the whole market is open to them, and they lay themselves out for a bigger business.

2106. Would there be any advantage if they could find a market in New South Wales?—They do not want it at present. For their limited output they make provision, but if they had a wider field they would adapt themselves to circumstances.

2107. Is not New South Wales a wide field?—Yes.

2108. Does it not consume a large amount of manufactured goods?—Yes.

2109. Why do our manufacturers not take advantage of it, then?—You once get into the Commonwealth and they will do it. At the present time we could send a lot to New South Wales, but we are not attempting it, because we would call forth opposition against ourselves. If we were working under a common head we would know where we were. It is a question of competing one against the other.

2110. If we were under the Commonwealth, would not that competition be called forth?—They have this disadvantage: that the New Zealand market is small, against our having their market, which is very large.

2111. With regard to the federation of the English-speaking races, do you not regard the present political relations of the British Empire as solid relations?—Yes; but I say we want to make them more solid.

2112. Do you think we should be improved if we had government from England instead of as we have now—perfect autonomy?—I do not think we should be governed from England, even if we had Imperial federation.

2113. In what respect do you think our present relations could be improved? What is the something we may reach, in your opinion?—The federation of the British Empire; and at present the federation with the Commonwealth of Australia.

2114. Is not the British Empire federated at present?—There is no Imperial Federation in its literal sense.

2115. I suppose you have noticed that Mr. Barton, as Premier of the new Federal Executive, has announced certain great Australian works to be undertaken out of Federal revenues?—Yes.

2116. There is the construction of the trans-continental railway, the opening-up of the tropical part of Australia, and works of that character: can we benefit in any way from those works?—What injury could they do us?

2117. Can we get any benefit from them?—We might benefit largely in the end through the opening-up of that country.

2118. How would it benefit us?—It would settle a larger population, and call for more of our manufactures.

2119. Those will be costly works, will they not?—Yes, I apprehend so.

2120. I suppose you are aware that under the Commonwealth Bill the Federal Government in the first instance derive revenue from the Customs?—Yes, the main element is the Customs taxation.

2121. Are you aware that our Customs revenue at present amounts to £2,000,000 a year?—Yes.

2122. That revenue would be collected entirely by the Federal Government?—Yes.

2123. Would that revenue in the long-run be largely absorbed by this great Federal undertaking for the benefit of Australia?—Not if you have proper representatives. How could it be?

2124. You do not think the fact that our fourteen men, however intellectually superior they may be, are enormously outnumbered by the representation of Australia with a common interest might lead to these works being undertaken in spite of us, and paid for out of our money?—I do not think so, unless the conscience of the Assembly is affected with injustice.

2125. Mr. Barton regards the trans-continental railway as a benefit to New Zealand from a defence point of view. His conscience, then, is apparently quite prepared to construct that railway at the expense of New Zealand?—*Pro rata*, no doubt, we would have to contribute, but they would contribute to us in the same way; and if it is a matter of *pro* and *con* what need we care?

2126. Does it not mean that a large amount of our revenue will go for the benefit of Australia?—I do not think so.

2127. And that we will have to increase our direct taxation here?—I do not think so.

2128. Is it not the fact that the United States Government, with powers not so large as those of the Australian Commonwealth, absorbs the whole of its Customs taxation for national purposes, and leaves the States to carry on all settlement works, education, and so on, with local taxation?—You must know that the United States protects itself with a protection for its own people. It is a protected nation. They keep everything within to themselves.

2129. But is it not a fact that they use all the Customs revenue raised under the protective tariff for national purposes, and leave the States to carry on all their works of development by local taxation?—Yes; and they do it very well. They are improving the condition of the country by spending the money.

2130. Is that not likely to result in the case of the Australian Commonwealth?—No.

2131. Will not the Customs revenue be altogether taken for Commonwealth purposes?—I do not think so.

WILLIAM STEVENSON examined. (No. 43.)

2132. *Hon. the Chairman.*] Are you a member of the firm of Irvine and Stevenson?—Yes.

2133. What is your business?—Preserved-provision manufacturers and starch-manufacturers.

2134. How many hands do you employ?—About 130 or 150.

2135. Has your business been long established here?—As manufacturers, about fifteen years.

2136. Are the articles manufactured by you, or many of them, protected by Customs duties?—Yes, nearly all are protected. Duties put on in the old times still remain; but they are of no moment to us now.

2137. Do you export much to Australia?—We export a fair amount to Australia.

2138. How do you view the matter of New Zealand federating or not federating with the Commonwealth of Australia? Would it affect your particular line of business?—I consider that what we would lose in one way we would gain in another. We should do a much larger business in some lines in which we now do nothing owing to the tariffs in Australia.

2139. As far as your business is concerned, would it be an advantage to New Zealand to federate?—I think it would, looking to the future. It would make little difference to us at present. The business we are doing now will always be done. They get at present the products of this country which they could not produce themselves. We supply them in spite of their protective duties.

2140. If they cannot supply themselves with those articles, how would federation affect the matter?—As regards the special lines, we would no doubt do an increased business there if their duties were taken off, as the goods would become cheaper to the people.

2141. Are there duties against you there?—Yes.

2142. And with a free market your export trade would increase?—Yes.

2143. Have you considered the question as it affects other industries besides your own?—I am more familiar with food-products than any other line. Federation would be against some of them, but I think that on the whole New Zealand will not come out second in the manufacture of these lines. I think we could hold our own with Australia, and perhaps in years to come it would be a benefit to New Zealand.

2144. Have you considered the political aspect of the question?—I have not. Personally, I cannot see any benefit we shall receive by federating with Australia politically; we may commercially. I have not studied the question from the political aspect. I am not a politician; I am a business-man.

2145. Your evidence is purely on the business aspect?—Yes.

2146. *Mr. Millar.*] What particular lines do you think would be increased by the opening of the Australian markets to you?—In the way of preserved provisions—meat and fish products. We could increase those lines.

2147. Are there any large meat-preserving works in Australia?—I believe there are a number of meat-preserving works there.

2148. As a business-man, you will agree that where there are large centres of population, and larger industries are carried on, the conditions are favourable for manufacture?—Yes.

2149. Up to the present, Victoria has been the manufacturing centre of Australia?—Yes.

2150. She has done that under a system of border tariffs and protective duties?—Yes.

2151. Do you not think that it is likely that in the course of a few years the bulk of the Victorian manufactures will gravitate to Sydney?—They have done so now.

2152. And will do so more when there is no duty against them in New South Wales?—I do not think the factories themselves will gravitate to Sydney. This new state of affairs will stop that gravitation. They will manufacture in Victoria, and send to New South Wales, which they could not do in the past owing to the tariff. They had to open factories in Sydney to enable them to compete.

2153. Will the cost of production in New South Wales be any less than in Victoria?—I do not think so. I think Victoria will maintain the lead in Australia in manufactures.

2154. Is she not handicapped through want of coal?—Yes, but she has the advantage of being the first in the field. The industries are established, and the labour has become used to the methods of manufacture, which is a big pull. I believe Victoria is now getting a lignite coal for her factories.

2155. Under federation Victoria's markets will be widened considerably? Western Australia will be closed for five years yet, but she will have Queensland and South Australia to send to: the probability, therefore, is that Victoria will still further increase her output?—Yes; I think they are looking forward to that. I also know for a fact that several works are now doubled in output in view of federation.

2156. And if Victoria increases her output and increases the size of her factories, is it not likely there will be a tendency to send any surplus products to New Zealand?—Yes; but we will be able to defend ourselves. For my own part, in the manufacture of starch, which is made in Victoria, if I found that the Victorian manufacturer sent his surplus here and sold at a lower price, I should retaliate by opening a factory in Victoria.

2157. Then, it would be a question of who had the longest purse?—The man with the smallest factory, providing he was not depending on the manufacture of a single article, would be a great thorn in the side of his competitor, and would probably bring him to terms in the end. I should not be afraid to take up that position.

2158. If our factories go to the Commonwealth the people would have to follow?—Not necessarily so.

2159. But if a man is brought up to a certain trade, and can get no work at that trade in New Zealand, he will go where he can get it?—The labour will be there already. All we would require to take would be the leading men—the men to manage the departments in the factory. That is the course we would pursue in the event of our exploiting their country.

2160. The best men in your factory would be taken away?—Yes.

2161. That would not be beneficial to the industries of the colony?—We could get more. We can raise skilled labour here as elsewhere.

2162. Have you markets for your products outside of Australia?—Yes. It has been a hobby of my own to find outside markets, and in my own little way I have found some encouragement in exploiting foreign markets where we get a fair field. I have not found much success in the big centres. Of course, our goods are more consumed in mining communities and in communities at a distance from civilisation, such as Western Australia. We have always been able to compete with any of the other colonies of the Australasian group or with Great Britain.

2163. Have you ever tried the South African market?—Yes. We are doing a considerable business with South Africa at the present time.

2164. Is there a prospect of further development in that part?—I think so. I have thought so for many years.

2165. Would it be to the advantage of New Zealand manufacturers to endeavour to open that market?—Certainly. I have strong opinions on that matter, although I have never expressed them in any public way. I have found there is a market almost anywhere when you put your mind to it, and when you have a good article behind you. We have now to compete with the Australians as manufacturers, and we do so favourably.

2166. You think that, with a fair field in South Africa, there is a probability of that place taking our surplus products?—Yes. If Australia was shut to us to-morrow, South Africa would form a market for our food-products for years to come.

2167. From a commercial point of view, then, the outlook is not serious whether we join the Federation or not?—It would not make much difference to me. If I cared to live on the Australian Continent I am satisfied I could do more business there than in New Zealand, because all the markets I cannot exploit from here could be better exploited from there owing to the shipping facilities. It is difficult to export goods from New Zealand, because we have no shipping lines. We are always confined to one line.

2168. And with that drawback removed?—I would not be afraid to tackle any country this side of the line, or in the East, in my line of business.

2169. Many of your manufactures at present find a market in Australia, and will always do so?—Yes. I would also like to say you had some evidence about the manufacture of jam. That is a line in which we compete in export with Australia favourably. We can export it if we have a surplus; but on the other side they seem to be able to manufacture it cheaper and sell it cheaper than we do—not much cheaper.

2170. But sufficient to give them the trade?—That is so. However, the supply of fruit is not so large yet in this colony that we need to worry about an export market for that commodity.

2171. As far as jam is concerned, in Australia there are factories that turn out more than we do?—Yes. In fact, as far as jam is concerned, they can manufacture against the world, both for quality and quantity.

2172. You have given no thought to the question from any other point of view?—No. I have been in the large cities on the other side, but I am not familiar with the country districts. I have seen it stated that there would be a big market for our oats, and I know there is, but I have yet to learn that the salvation of this country depends on oats. It seems to me, the less oats we grow the better for us. There is no use growing a commodity if it does not pay. The farmers are always turning their land to some other use. I agree with Mr. Kempthorne that we have nothing to fear against Australia as a competitor if we go into the market together. What benefit it would be to New Zealand, politically or socially, I see none myself, but I am not familiar with that phase of the question.

2173. Unless from a commercial point of view it is to be a very great advantage to New Zealand, do you think we should federate with Australia?—I do not know what advantage it would be. A century after this circumstances might be very much altered. We might have a population here that would be large enough to necessitate and control a large export business, and we must have markets. Perhaps the time is now to secure those markets. I do not know. I am not competent to solve that problem.

2174. Still, you are of opinion we should derive some great advantage before we federate?—Yes, there should be some advantage. Of course, if the majority of our manufactures are holding their own, there will be the advantage of a big market with protection against the world.

2175. Assuming a thing that is possible—that the Federal tariff is somewhat lower than the existing New Zealand tariff—will that not cause competition to come from outside of Australia altogether, which would be too great for either one side or the other?—I do not know that it would, because nearly all the articles manufactured here under protection are sold cheaper than the same articles imported.

2176. Do you not think that, even with a lower tariff than exists in New Zealand now, our manufactures would be injured by outside competition with America, or Britain, or Germany?—I do not know that. I do know about the general trade. I am speaking more particularly from my own standpoint, and I do not think I am competent to give an opinion on the question you ask me.

2177. *Mr. Roberts.*] Starch is subject to a duty of 2d. per pound: is that protection necessary for the continuance of the industry?—It could exist without it now that it is established. I believe in protection as a means in young countries of establishing industries. After the industry is established it makes little difference whether the duties are taken off the statute-book or not. At any rate, you will find that starch is being sold cheaper to-day than it was before the commodity was manufactured here. The consumer is getting the benefit.

2178. In reply to Mr. Millar, you said your firm exports produce of different sorts to South Africa: does that include starch?—No. In that respect we are at present only overtaking the wants of the colony. I do not mean to say that we could not compete in this article with the English manufacturer. Certainly we have a longer distance to carry the raw material, but, all things being equal, I could make starch against Colman at any time.

2179. *Mr. Beauchamp.*] What are the relative values of colonial and English starches in Dunedin?—Colman's starch is 5½d. wholesale, and ours is 3½d.

2180. In regard to New South Wales, is that your only market at the present time?—We do little trade with New South Wales. We do most with Western Australia. We do considerable business with Melbourne, but not much with Sydney.

2181. In preserved meats, do you come into competition with the American goods?—No, not in the colonies. The colonies pack meats cheaper than the United States.

2182. In Sydney I see Armour's goods exposed for sale?—We do not export heavy lines of meats to Australia, because they manufacture their own.

2183. Are you doing more trade with South Africa now than previously?—Yes.

2184. How long has that market been open to you?—We commenced the exploitation of the South African market twelve months before the war. What it was before that I cannot say, but I believe there was always a market for us. We were not in a position to take it up.

2185. You have been doing business with South Africa for two years?—Yes.

2186. And how long with Australia?—Ten or twelve years.

2187. Is your business with Australia increasing or diminishing?—I think it is stationary.

2188. *Hon. the Chairman.*] You said the manufacturers in Australia have an advantage owing to the shipping facilities?—Yes. There are a number of shipping lines with a terminus in Australia. I went there two or three years ago to find an avenue for Manila, which was then looming up on account of the war, but I found the Australians had already exploited it. Since my visit they have been doing a large business with Manila, but we cannot reach it from here.

2189. Assuming the population of New Zealand increased, do you think it would be possible for this colony to offer sufficient inducements to these same lines to make a terminus in this colony, and so open those markets to the New Zealand manufacturers?—I do not think the commerce of this country could do it. It would require subsidies in some form from the Government to find vessels for these lines, and I believe it would pay the Government to spend a large sum in that direction.

2190. You think it would pay the Government to subsidise some of these lines to come on to New Zealand?—Yes. I am sure New Zealand lost a large sum of money through not being in a position to send goods direct to Western Australia during the last seven years. I have no hesitation in saying that, because I know what I am talking about. If the Government of the day had been in a position to put on a steamer every month even, we would still be controlling the trade of that colony, whereas it has drifted to Melbourne; and if that trade had been established it would now have been a stepping-stone to the Cape.



FRANK OAKDEN examined. (No 44.)

2191. *Hon. the Chairman.*] What is your occupation?—Manager of the Millburn Lime and Cement Company, Dunedin.

2192. Is that a large concern?—Fairly large. We have about £35,000 invested, and employ about 120 hands. We have lime-works in different parts of the colony, and one cement-works here. We are also interested in some works in the North.

2193. How long has the industry been established?—It is twelve years since the company was formed.

2194. Do you export to Australia at all?—No, not at all.

2195. Is there any duty against you there?—New South Wales is the only colony that is free.

2196. Have you considered the question of New Zealand federating with the Commonwealth of Australia?—So far as our own business is concerned, I have. I consider that if we federated to-morrow it would not make any difference to us, because the price per ton is so small, compared with the cost of transporting, it would not pay us to send to Australia, nor would it pay Australia to send here, either lime or cement. Under certain circumstances we might do a large export business with Australia.

2197. That is, in the event of federation?—Yes, when certain circumstances would be altered. In the coal industry, for instance, the principal coal in New Zealand is costly, whereas in New South Wales it is cheap. Other things are the same—labour, for one. I believe the New Zealand labour is better than the Australian labour. The raw materials are in quantity, but not so in Australia. The conditions generally are better in New Zealand for making cement than in Australia, and I have no doubt a large business would be brought about if we could get cheaper coal.

2198. Have you any surplus of your manufactures beyond what you dispose of in New Zealand?—No.

2199. How long would it be, if circumstances were favourable, before you could establish an export trade from New Zealand?—Six or twelve months. It is only a matter of doubling the size of the works.

2200. Have you considered the matter as it affects other industries besides your own?—No, except *bonâ fide* industries—industries almost indigenous to the country, which will undoubtedly hold their own whether we federate or not.

2201. What class of industries do you refer to?—Iron and coal and woollen. So-called local industries that have to import all their raw material I do not place in that category at all. Many of our industries would hold their own with Australia. I have been from Brisbane to Western Australia, and know most of the towns pretty intimately.

2202. Have you considered the question as regards the political aspect?—I do not see that anything we would get from the Commonwealth would compensate us for losing control of the colony.

2203. *Hon. Captain Russell.*] Do we import much cement?—From Germany and England we do—about 10,000 tons a year.

2204. And what is manufactured here?—Not more than 15,000 tons, but it is a growing industry. Our business has grown in the last three years, until now it has practically doubled itself.

2205. Can New Zealand make cement as good as the imported?—We contend it is as good.

2206. In the matter of export, being nearer, could you ship cheaper to Australia than they could export from Germany?—We would practically ship at the same rate.

2207. Is the industry dependent on the protection afforded to it?—Yes. We have to compete with cheap labour at Home and on the Continent, and also with surplus stocks sent here.

2208. But, now that the industry is well established, and we manufacture more than we import, would not the business continue even if it stood entirely on its own foundation?—Undoubtedly it would, provided we get the unfair element removed—that is, that occasionally cement is brought out as ballast. That cement has been made in England or Germany, where wages would be £1 a week for ten hours a day, while here we would pay £2 a week for eight hours a day. Under those conditions we could not compete favourably.

2209. Is it possible they will manufacture cement in Australia?—They are doing it now, but not under the favourable conditions existing in New Zealand.

2210. Generally speaking, I would understand you to say that any industry natural to the country would hold its own?—Yes.

2211. And on that ground we need not be frightened of them?—That is so.

2212. Do you speak with knowledge or is it only your opinion when you say the labour is better in New Zealand than in Australia?—I have employed men in Melbourne and Sydney, and whether I am prejudiced or not I do not know, but I think I get more out of my men here. They work better, and the conditions of life are better. The climate, of course, is quite enough to prevent a man doing a full day's work in, say, Sydney in summer.

2213. *Mr. Roberts.*] Have your company not been able to export to Sydney?—No, not of late years.

2214. Is that inability to export, or is it an arrangement you have with the manufacturers there not to export?—It is owing to the fact that the price of cement has been kept low through the big export of cement from Home.

2215. Although they might be paying as much for production in New South Wales as here, the cost of transit from here to Australia would be a sufficient handicap to keep you out?—Quite so.

2216. *Mr. Millar.*] You had a big struggle to get the industry established?—Yes. We have had the ups and downs incidental to colonial industries.

2217. But your trade is now yearly increasing?—Yes; in the last three years it has about doubled. We have put in special machinery to keep up to date, and our works are now as complete as any works in the world.

2218. Presuming we federated, and the Federal tariff against the outer world were lower on cement than New Zealand at present imposes, how would that affect your trade?—I can only repeat that it would greatly depend on the shipping. If cement is brought out as ballast it puts us in the worst position to compete.

2219. *Mr. Beauchamp.*] Did you say that in the event of federation you thought you could do a much extended trade with Australia?—It is possible. Our manufacturing conditions are more favourable, and would enable us to compete with Australia rather than Australia with us, provided coal be available at a reasonable price.

2220. Even with the handicap of freight between here and Australia?—Yes; we could ship by sailing-vessels.

2221. Do you think the freight between here and Australia would be less than between Germany and Australia?—Yes, by sailing-ship. One company exported hydraulic lime, and under certain circumstances we could all export Portland cement. The New South Wales Government put a duty of 2s. a cask on this hydraulic lime, contending that it was equal to cement, the analysis being identical. If it had not been for that a large industry would have been built up. These works are now being rebuilt at Limestone Island, Whangarei.

2222. Is there much German cement sent out here?—No. I think we are doing 90 per cent. of the trade.

2223. As to the carriage of cement as ballast, is it a fact that within the last two or three years it has been brought out here practically as ballast?—Yes, about three years ago.

2224. As a matter of fact, you have not had the competition in cement for the last two or three years that you had previous to that?—That is so.

2225. And the Government consider your cement sufficiently good that they specify it in their contracts, do they not?—Yes.

2226. What are the relative values of cements—German and your own?—Practically the same. Our wholesale price in Dunedin is 12s., and the German is from 10s. 6d. to 11s. The best English has no wholesale price; it is all retail.

2227. What would the wholesale people sell to the contractors here for?—They would charge probably a shilling a cask more than they get for ours.

2228. What is the duty?—Two shillings a cask.

RICHARD HUDSON examined. (No. 45.)

2229. *Hon. the Chairman.*] What are you?—I am engaged in the manufacturing business with my five sons. It is now R. Hudson and Co. (Limited)—a private company—no outside capital.

2230. How many hands have you employed in the business?—Just now we have a number of carpenters, bricklayers, and engineers employed, so I should say there would be pretty well close upon two hundred altogether.

2231. Some are employed, I suppose, building?—Yes; I am putting up a large factory.

2232. But how many do you employ in the business itself?—About a hundred and seventy. It does not come under my particular notice; my eldest son manages.

2233. Has the business been long established?—Over thirty-two years.

2234. Have you any knowledge of Australia—your own personal knowledge?—I have been there several times, and have been there quite recently, with a view to seeing their manufactories.

2235. Are the concerns there much larger than your own?—Some of them are.

2236. To what extent?—Well, they do things we do not do, and we do things they do not do. Why, in cocoa and chocolate there is no firm in Sydney with so complete a plant as we have got. There is a plant just now being imported by Statman and Co. I saw their works, and gave them information as to what it was necessary to procure to bring their plant more up-to-date. They were very courteous to me, and I told them to come over here and learn anything I could show them; and they have been here to learn our methods.

2237. Is your business protected by tariff?—Yes.

2238. To what extent?—From 15 to 25 per cent.

2239. Do you export to Australia?—No. I have tried that, but not successfully; the tariff shuts us out. We could sell both in Melbourne and Sydney, but the tariff shuts us out.

2240. Supposing New Zealand federated with Australia, how would your business be affected?—Injurious at present. There is no doubt the manufactures over there are beyond their requirements, and they would ship their surplus stuff here.

2241. Would you not be able to retaliate?—I should try.

2242. Do you think you could with any success?—I could not say with what success; I think so. In some things, certainly. In the higher class of goods we could; in the cheaper we could not. With the freight and charges on the lower-class goods we would not be able to, but in the higher-class goods we should be able to do so, especially in chocolate goods. We make a better article, and I believe we could compete successfully in price. Of course, the climate of Australia is against the manufacture of these goods. It is necessary to use refrigerating-chambers in the manufacture of these goods there, and that is not necessary in Dunedin.

2243. Have you considered how manufactures other than your own would be affected in the event of New Zealand federating with Australia?—I think most of them would be injuriously affected. All except probably the woollen-manufacturers; they, I believe, would probably be able to hold their own against Australia. Nearly all the others—furniture, certainly, and nearly everything else that is manufactured here, would be injuriously affected by free-trade between the two

countries—that is, if it took place between the next fifteen and twenty-five years. We have not had time to establish our factories here on such a scale as would enable us to compete, and it is partly owing to the population being split up into so many centres. You must remember that there is a manufacturer of these goods in every centre here. I believe there are more manufacturers for these things in New Zealand than in Australia—more in number, with New Zealand's small population.

2244. Are there any advantages which occur to you as likely to accrue to New Zealand, so far as its manufactures are concerned, if New Zealand federated with Australia?—Advantages that would accrue to New Zealand, no.

2245. Well, now, apart from the manufacturing point of view, have you considered the question of federation?—Not much; but from what I have I do not think it would be wise for New Zealand to join Australia. It would be far better for her to go on as an individual country than to sink herself in a larger country, where she would be always outvoted upon any question—always outvoted by the larger number of members in Australia; and in all questions where self-interest came in with the Australians, of course sentiment would have nothing to do with it. And I think individuality is better for a country like this. I think it is a great deal better for us to learn to go alone. I should like to say, further, that I should not be afraid of free-trade now between the two countries, but I have no desire to see federation.

2246. But, supposing there was a protective tariff in Australia against New Zealand, how then?—Well, if you have a protective tariff here we shall develop and become strong. I do not see why we should have any particular desire to supply Australia with our goods.

2247. If New Zealand becomes able to export it would find markets outside Australia?—Yes; the cost of sending goods further is very little.

2248. Then, supposing there to be an advantage in the way of trade from federating with Australia, you do not think it would be a sufficient compensation for sacrificing our political independence?—Certainly not. If it weakened us as a people or as a country, it would do us much more harm than the money advantage would do us good.

2249. Which do you think better for New Zealand?—To paddle our own canoe.

2250. You anticipated my question. I was going to ask whether it was better that we should stand alone as part of a great nation, or as a State of the Commonwealth?—Stand alone.

WILLIAM ERIC REYNOLDS examined. (No. 46.)

2251. *Hon. the Chairman.*] What are, you Mr. Reynolds?—I am a produce and seed merchant.

2252. Trading on your own account?—Yes.

2253. How long have you been in business in New Zealand?—Well, I have only been in this business for ten years. I was a farmer before that.

2254. Have you lived in Australia at all?—Not lived in it: I have visited it.

2255. Have you considered how your business would be affected by federation with Australia?—Yes, to a certain extent.

2256. And what is the conclusion at which you have arrived?—Well, it depends on what action Australia takes after the States have federated. If they put on a protective tariff, or a tariff of some kind, it will affect us very prejudicially. At present Victoria is very highly protected, and New South Wales is a free port. New South Wales takes a very considerable amount of produce from us regularly; Victoria does, too, but most of it is for transshipment under bond. But if they put duties on, and all colonies except New Zealand are on the one footing, and Victoria has free-trade with New South Wales and New Zealand has not, it will certainly affect the whole of our produce trade, there is no question of that, very prejudicially. It seems to me that perhaps sufficient notice is not taken of the fact that if we do not go in for federation we are bound to lose something. We cannot stand out and not lose.

2257. That is, lose commercially?—Yes; to a great extent, too. I may say it is not a question of gain on the one hand and no loss on the other. We are sure to lose if we do not go in.

2258. Is not there loss if we do go in, the loss of our independence as a colony?—Yes; well, I do not think that signifies. I think whether we go in or not is more a political question, and a matter of finance. I think the manufactures here that require too much bolstering-up are perhaps not worth anything to us, because one must recognise that in bolstering up manufactures the consumer has to pay more for his goods. New Zealand is distinctly an exporting country, and the producer has to pay more for his tea, sugar, and things like that, wearing-apparel, boots, and so on, because everything is protected.

2259. Which is the strongest colony in Australia in the shape of manufactures?—In Australia, Victoria.

2260. How has that been brought about? Has it not been brought about by protective duties?—Yes, I should say it has, very largely so; though one must not forget that Victoria is the furthest developed country, and the most fertile with the raw material. There is no doubt about that.

2261. Very well, you think there will be certain advantages of trade to be gained by New Zealand if she federates?—I do not think it, I am certain of it.

2262. That is what I mean. Are there any other advantages you think will accrue to New Zealand by adopting federation?—Well, it seems to me, listening here this morning, that it is a good deal protection *versus* free-trade. Wages are dearer here, probably, than anywhere else. That means elevating the classes to a greater or lesser degree; but at the same I hold that if other countries are not running even with you dry-rot is bound to set in. New Zealand has not, perhaps, run long enough to feel what the effect of that may be; yet I believe the day will come when she will feel it. Of course, it is such a big question I do not like to diverge too far into it.

2263. I asked you if you could name any other advantages that would accrue to New Zealand beyond expansion of trade?—Well, I think expansion of trade is a very vast one. I am not sure but what joining the Commonwealth would mean very much better shipping facilities. I do not see how New Zealand can get the shipping facilities it ought to have and remain outside the Commonwealth; not only Australian shipping facilities, but possibly to the eastern countries—Africa, and so on.

2264. If New Zealand joined the Commonwealth, how would that secure her greater shipping facilities?—By the far greater volume of trade passing between Australia and New Zealand. I believe it would be greater.

2265. Would not that have to be transhipped?—Yes; but I question whether New Zealand can hold the outside trade without transhipping. I doubt whether we can do that for very many years to come.

2266. You say that if we federate these channels of trade would open to her?—I think so, by the more definite fixing of vessels leaving Australia, and vessels running here to connect with them.

2267. That could be secured under the present system?—I do not think so.

2268. Why not?—Because Australia is heavily protected.

2269. But outside markets: why not send to them?—Because the volume of trade is not sufficient to allow of our shipments going with sufficient regularity.

2270. I do not follow you?—I mean that the New Zealand trade, if we do not federate, will become of less value to the shipping companies, and very greatly increased in value if we do federate, and they would then cater much better for it. Australia's shipping facilities could be made use of by us to all eastern countries, such as Manila, China, Japan, &c., by transhipment.

2271. What have protective duties in Melbourne and Sydney, supposing them to exist, to do with trade with Manila and South Africa?—Because, if we federated, I hold that our carrying trade would be greater, and well worth while being better looked after.

2272. But they would not pay duty in Australia for transhipment to Manila?—No.

2273. Then, how do these duties affect the produce sent from here?—Simply by allowing the trade between Victoria and New Zealand to increase to such an extent that transhippers could catch every vessel. We have now a boat once a week or once in ten days. Probably, with free-trade with Victoria, we should have two, or three, or four boats a week all through, and therefore could hit every transhipment. We should have far better facilities for sending over to those ports. That is what I mean.

2274. *Mr. Leys.*] What lines of exports do you think would increase between New Zealand and Australia under intercolonial free-trade?—Intercolonial free-trade—I think all our lines of produce would.

2275. Do you think you could send wheat into Australia?—It goes in now.

2276. To what extent?—Not to a very great extent. That it would increase I would not like to say, but I think it would.

2277. But is it not the fact Australia, taken in the aggregate, is a much larger exporter than we?—Yes.

2278. If they can compete in the English market with their wheat, is it likely that we can put any wheat into Australia?—There is no accounting for the anomalies of trade. It is absolutely impossible to account for them—at least, in a general sense. Our wheat does go into Australia now.

2279. To what extent?—It depends entirely on the markets. Often enough Australia overshoots Home; shortages take place, and they come to New Zealand to ship to a rising market.

2280. If they do that—if they overshoot, and have not sufficient for their home market—would not they still have to take New Zealand wheat?—If New Zealand is cut out in that way, I do not think they would to the same extent, because the protective duty enhances the value of wheat locally, and prevents shipments Home to the same extent, possibly, as now takes place.

2281. Is not Australian wheat better for milling purposes than New Zealand wheat?—Victorian and South Australian wheat is slightly better. There is as much difference between New Zealand wheat—Otago wheat and Canterbury wheat.

2282. Yes; but on the whole?—Yes, it is rather better on the whole.

2283. Now, is there not a danger, if the duty were removed, that Australian wheat would come in to supply the northern mills instead of the Canterbury wheat?—I do not think so, leaving the freight the same from Canterbury to Auckland and Auckland to Australia. When the market is low it is not influenced by local conditions, it is gauged by the London market; and freights from Australia are usually less than from here, consequently it is a very difficult matter for Sydney to get away to the northern mills as against Lyttelton.

2284. Because of the duty?—Oh, no.

2285. Is there any great difference in the freight between Sydney and Auckland and Lyttelton and Auckland?—Practically the same.

2286. Is there any difference between the wheat quotation in Sydney and the wheat quotation in Lyttelton?—Yes.

2287. How much?—It is considerably higher in Sydney.

2288. How much?—Twopence, anyway.

2289. I see that on the 6th February milling-wheat is quoted in Sydney at 2s. 6½d. to 2s. 7½d. ?—Yes.

2290. Was the quotation very much less in Lyttelton?—Not much less—2s. 4½d. to 2s. 6d. Of course, you have to take the prime wheat. If it was prime wheat it would be worth 2s. 8d. f.o.b., Sydney.

2291. These quotations are from the local papers. If that is a fair quotation, and it is a quotation from the local Press, the wheat is of higher value for flour-making purposes?—No, not New

South Wales. I told you Victorian and South Australian. I do not think New South Wales is better, if it is as good.

2292. The evidence at Invercargill is that it is better?—I do not hold with it.

2293. Have you had anything to do with the milling of Australian wheat?—No, only with handling it. No milling experience further than one picks up in the trade.

2294. Is it not a fact that bakers can make a larger amount of bread from Australian flour than from southern flour?—I said Victorian and Adelaide wheat, which is very dry, does make more bread per ton of flour, not New South Wales wheat. There is a difference in the value of these wheats.

2295. Is the quotation for wheat in Melbourne materially higher than the quotation in Sydney?—Yes, and in Adelaide too.

2296. Do you know to what extent?—About 1d. a bushel generally; just the difference in quality between the two places.

2297. You mean to say there would be no danger?—None whatever.

2298. Not of competition with Australia?—Absolutely none.

2299. Is it not the fact that before the protective duty was put on the northern mills were mostly supplied with Australian wheat?—That is so long ago I could not say. Possibly the developments were not so great as they are to-day. I have seen wheat come in from San Francisco to Auckland even in the face of duty. It does not do any harm; it is when values are inflated, and it is a good thing that it can happen.

2300. You were talking about the probable increase in the export: is there not also a chance that there may be an import of grain?—No, absolutely none.

2301. Do you think the export of wheat, the increased export of wheat, really would amount to very much?—No, I do not think so.

2302. To Australia?—No, not very material.

2303. Well, then, butter: I suppose you know the four colonies of Australia are large exporters of butter now?—Yes.

2304. That South Australia, Victoria, New South Wales, and Queensland are large exporters of butter?—Yes.

2305. Are we likely to get an increased market there, except as such markets arise from droughts and scarcities—temporary things that we should supply in any case?—It is quite likely not. It is a very difficult to say whether we will or will not.

2306. But we are talking about probabilities?—I think, taking the probabilities, that we will. Judging from the trade done to-day, I should say we would get an increase of trade.

2307. Notwithstanding that Australia as a whole, and even every colony of it—every important colony of it—is now competing in the English market with us?—Yes, notwithstanding that, because we get a fair trade now. At the present time there is quite a fair trade, with some more than others, and it is only reasonable to assume that that trade will be kept up. It is one of the anomalies of trade. You can find wheat going from here to Lyttelton, and wheat coming from Lyttelton here.

2308. Would not that go on in any case?—I think it would if we could leave things as they are; but I am presuming that by opposing federation we should have a duty put on against New Zealand, you understand.

2309. Of course, that is an assumption?—Yes, that is an assumption.

2310. Is it not the fact that at present Australia is shipping to us a larger amount of goods than we are shipping to Australia?—That I should be very much surprised to learn.

2311. Well, the figures are about £1,060,000 of all New Zealand produce, excluding gold, to Australia, as against £1,300,000 shipped from Australia to us?—Does that include under bond shipments?

2312. Oh, yes; but our exports to Australia under bond are given. Do you think that Australia would make a tariff deliberately intended to boycott the New Zealand trade, in face of the fact that we are such good customers of theirs?—Oh, well, that is a question that is really beyond me. I do not know what action they might take at all.

2313. But may we not be scaring ourselves with a bogie so far as this boycott of New Zealand trade goes?—No, I do not think so. I think there is more in that than perhaps we allow. I think there will be a friendly hand held out to us if we go into federation, and if we do not I think there will be the reverse. Very likely we shall be met with duties all round.

2314. You think they would regard our trade as not worth having to them—that they would wish to boycott it?—They might not look at it that way, but to have protection to their own farmers. They are protected very highly in Victoria just now. I think it is only right to assume they will reduce that, and make a compromise with New South Wales.

2315. Are you aware that already, notwithstanding the protective tariff of Victoria, we are sending goods to the value of £200,000 and upwards to Victoria—New Zealand goods of one sort or another?—Yes, I should quite think we were.

2316. Well, that amount is not likely to be decreased, is it?—No, I should say not; but then it might be largely increased by doing away with the duty.

2317. In what item is it likely to be increased?—Oh, well, cheese, for instance, I should think would be very largely increased.

2318. Although it is a dairying country?—Yes.

2319. What other item?—Seeds—seeds, I think, are likely to be increased.

2320. Is there any duty on seeds in Victoria?—None now.

2321. Then, why should that be increased?—Simply through the increase of business between the two places.

2322. On what other item?—Well, I should think, on the whole general trade—on the woollen industry, for instance; but that is not within my particular function.

2323. Oats—do you think they would send oats there?—No, I do not think oats would increase to any great extent, except in dry seasons.

2324. You think Victoria now, in oat-production, is placed on a permanent footing?—I think, practically so.

2325. Then, you cannot specify any more definitely in which we should increase our exports?—No, I think not. Of course, there is Western Australia again. It is a very difficult matter to say how federating with Australia would affect us. We can only give impressions, and my impression is that trade would develop very, very soon, and would go on increasing; but I cannot give more than my impression, because it hinges very much on what action they take, if they do go in for federation singly and apart from New Zealand.

2326. Then, with regard to manufactures, I judge you are a Free-trader on principle?—Judge I am a Free-trader?

2327. From your evidence. You do not believe in the protection of manufactures?—Well, I do not know but what I do believe in protection if you can do it; but one must not forget the fact that, while we place a duty on all English goods coming in here, we get free access to the London markets for all our produce. Now, that is not fair. Britain might easily put a duty on all our products, and if that was done we should be practically swamped.

2328. But does it not suit England to take these raw products?—Well, I suppose it does.

2329. Do you suppose that England takes our products for our benefit or for their own benefit?—For their own benefit, undoubtedly.

2330. Can you tell me of any country—any important country—apart from England, that does not protect its manufactures?—No; but perhaps New Zealand can go the length of unduly protecting hers.

2331. You said the effect of protection here would probably be “dry-rot”?—I think, very probably.

2332. Has that been the case in any Protectionist country you can mention?—I do not know that I said so much the present protection policy as the present policy. Of course, I do not mean to cast a reflection upon anybody, but Acts are passed on the idea that the people here are bound to give a certain wage per day—say, 8s. for eight hours—and you can get ten hours' work done in Germany for 4s. When the difference is so great Germany can pay freight here, and perhaps 20 or 25 per cent. duty, and compete against us. The only hope for legislation such as New Zealand is surrounded with to-day, in my opinion (it is evidently an attempt to elevate the white races—the Anglo-Saxon race, if you like), is for it to be made general. New Zealand will find a difficulty in standing alone.

2333. Then, your objection is not so much to protective duties as to the social legislation of New Zealand?—To the legislation being ahead of the times a little. That is the way I should put it.

2334. But we have had manufacturers here who have given evidence, and we have not had one of them who has complained seriously of the effect of the labour legislation?—No, as long as we remain alone; but if we federate they all say it does affect them materially.

2335. Pursuing that a little further, do you think federation would break down our present unique system of labour legislation?—I certainly think it would partly break it down. It would break it down until you got the other portions of the Commonwealth up to it, which I believe ultimately would be the result.

2336. But what would be the immediate result?—I believe the immediate result would be just as Protectionist Victoria has to back down to a certain extent, and Free-trade New South Wales has to come up to a certain extent, so it would be with our New Zealand labour laws.

2337. Then, you think the immediate result would be to lower the remuneration of labour to the Australian level?—Yes, or to introduce perhaps longer hours and have the same pay; but not to any exaggerated extent—to a partial extent.

2338. You mean, really, to bring us down to the Australian level at first?—I think, not so far as that. New Zealand might bring them up to a certain extent.

2339. Although they are in the majority?—Yes.

2340. Do you think it would be a good thing for the New Zealand population to be brought down to a lower level?—I would not put it “brought down to a lower level.” I do not like it put that way. I think it would be a good thing. I think people get off very much too easily.

2341. They are too well off?—I did not say “too well off.”

2342. You think they do not do enough work for their money?—Yes, compared with other countries. I approve of plenty of leisure for every man; but you cannot go ahead of certain times; you cannot rush right ahead of other countries.

2343. Is it not the fact that this country is thriving at present?—I think so, undoubtedly.

2344. That it is increasing in wealth?—I think it is.

2345. That there is a wide diffusion of prosperity?—Well, might I ask you one question: Who is the hardest labourer in it? The farmer.

2346. Is not the farmer a prosperous man?—Yes, he is.

2347. In what way do you anticipate benefit from a lower general status?—I do not think there would be a lower general status. It would increase the farmer's wealth a little if for anything he requires he had to pay a little less, and if he got more labour for the wage he pays.

2348. I think the testimony of all the large manufacturers here is that their industries would be destroyed under intercolonial free-trade. If that were true, and the working population were either unable to produce as largely as they do now, or were driven from here to Australia, where they would find work, would not that be a great disadvantage to the farmer?—Well, if New Zealand is naturally a producing country more than a manufacturing country, I do not hold that it is within the power of man to make her a manufacturing country. It seems impossible. You

might lose a great number of men, if you go in for federation, in manufacturing ways, and you might largely increase the number in agricultural ways. I think that is quite possible—loss on the one hand and gain on the other—and I think the gain there would be vastly superior to the loss.

2349. Do you think that a larger area of land would be put under cultivation?—Yes.

2350. And that more people would be employed farming if there was no manufacturing population to consume their products than if there was such a population: is that the conclusion?—No; but it is quite possible to produce a larger volume of raw products here, which would go to Australia to be manufactured, than would be manufactured here as things at present exist.

2351. You think that if the working population was shifted to Australia they would eat New Zealand produce?—Yes.

2352. And you think New Zealand would progress?—Yes.

2353. As well under that system as it is doing at present?—I think New Zealand would progress infinitely better than it is doing at present, if the matter of finance is satisfactorily arranged. That is the point. I am satisfied that, as far as federation is concerned, a great deal hangs on how the finances are to be dealt with, because I recognise, as you were instancing this morning, that the formation of a continental railway in Australia might result in New Zealand paying a share without any benefit to be derived therefrom. These points, I think, are more political points than commercial, and this is not one I should like to speak of; I do not know sufficient of it.

2354. Then, your mature judgment is that we could face the destruction of our manufacturing population with perfect equanimity, in the hope that we might export a larger amount of produce to Australia?—No; I would not put it that way at all, because there are several manufactures in New Zealand that are bound to go ahead with federation. My own opinion is that it is only those factories that are unduly held up that would be inclined to go down. Take the iron industry, for instance: what one man loses another gains. If shareholders can build dredges for less sums through federation, you must admit that is a gain to the dredging industry, though it is a loss to the manufacturer. It is a difficult point to arrive at, which is the greater loss or gain.

2355. Could you mention any industries in which we are likely to become exporters?—You had one this morning, such as the rope- and twine-works. I should say that would. Of course, it never does to speak positively of these things without actual knowledge, but flax is a New Zealand product, and that industry, I think, would increase; and our woollen industries I should also expect to increase.

2356. Referring to what you have said about the large undertaking in Australia, have you considered at all the financial effects of federation?—No—well, very little; not sufficiently to express any opinion upon them.

2357. *Mr. Beauchamp.*] You are aware that Australia is a large wheat producing and exporting country?—Yes.

2358. Have you any idea of the quantity of wheat grown in Australia?—Oh, I have an idea that it is very, very large.

2359. I can give you the figures. Roughly speaking, it is 40,000,000 bushels, against New Zealand's 10,000,000?—Yes.

2360. From most of the quotations I see for various parts of Australia, flour in Sydney and Melbourne seems to be always cheaper than in New Zealand: have you noticed that?—Yes, I have sometimes noticed it.

2361. That is the ruling value?—Mind you, flour goes from here to Australia.

2362. But I think, generally speaking, it is cheaper there?—I would not like to say "generally speaking."

2363. But frequently?—Yes. It is not generally cheaper—wholesale prices are sometimes given against retail.

2364. Presuming the freight from Sydney to Wellington to be the same as from Dunedin to Wellington, is it not likely that intercolonial free-trade would lead to the importation of flour, and very prejudicially affect the milling industry of this colony?—It has no right to—it cannot.

2365. Why?—We have facilities for growing wheat here better than they have in Australia. If we like to increase the labour laws, to make the employés' wages greater or the hours smaller, and at the same time the farmer has to pay more for labour, and the Union Company pays higher wages for labour, so that the cost of everything in production to delivery is greater, it would cost more, you understand, to land our flour in Wellington from here than from Sydney.

2366. Your idea is that by reducing wages you would enable the manufacturer—the millers—to make flour cheaper, and that we could compete?—We can compete even as it is.

2367. In that case it is simply at the expense of the working-class?—I do not like it put that way. It is not the way I intended. The impression might be that I objected to the labouring-class being well cared for—getting a full day's wage. That is not so. What I have said, or intended to say, is that I do not believe New Zealand can go alone advancing the wages of labour as she is doing. I do not believe it can be done alone. I believe we can do it with the whole of the English-speaking race, or with a great portion of it, but not alone.

2368. You admit that in this colony trade is prosperous, and that the industries have greatly developed during the past two decades: is it desirable to do anything now that would interfere with the monetary position of the working-classes?—Well, of course, the question of federation is one so vast that we cannot look at advantages that are of a momentary kind. Take, for instance, a year or two ago: Last September twelvemonths the amount of produce lying in New Zealand was extraordinary. If it had not been for the South African war coming on it is hard to see what the result would have been. The quantity sent there relieved us of enormous stores of grain and other produce, and that has helped materially to produce the prosperity of New Zealand more than any one is aware of.



2369. I gather you are under the impression that our trade with Australia is of much greater importance than it actually is?—I admit that, if the total trade with Australia is only £1,000,000 annually, it is less than I anticipated—that is, if it includes transshipments.

2370. Well, the figures supplied are substantially correct. You thought the figures were larger?—Yes.

2371. And that probably caused you to conclude that federation was of greater importance than it is?—No; I think, undoubtedly, the trade will increase between here and Australia.

2372. You laid stress on the fact that there would be increased shipping facilities, and that our trade would be greatly stimulated?—I think so.

2373. Have you any idea of the development of shipping and commerce for the past two decades?—It is very large.

2374. The figures are as follows: Take, for instance, 1880 as compared with 1899—the shipping inwards and outwards for 1880 was 1,516 vessels, with a tonnage of 819,716; and for 1899, 1,213 vessels, with a tonnage of 1,619,049; or, practically speaking, just double the quantity of that for the year 1880?—Is that with Australia?

2375. With the whole world. Take the commerce of 1880: The total exports and imports were £12,514,703; the total imports and exports for the year 1899 were £20,677,968. What I want to bring out is that without federation, I think you will admit, our shipping and commerce has been greatly developed, and is hardly likely to have a greater development under federation. That is the view I take; I do not know if you coincide?—No, I do not. You are speaking now of the total commerce, which is nearly all New Zealand to Britain. You take the one-million exports to Australia, and it leaves the rest—80 or 90 per cent.—to Britain, which has gone ahead in an extraordinary manner.

2376. But I understood from your remarks that you were of opinion that shipping had not developed at the rate it might have done under federation?—Between here and Australia only is what I meant.

2377. I have not the figures here, but I am inclined to believe the development is in about the same ratio?—I think it would give us facilities for shipping to Manila, China, Japan, and Singapore, and all those markets, through being in the Commonwealth, and that we will have to face one of two things: either to be cut out of the trade altogether, or to specially subsidise New Zealand steamers to establish a trade with so many ports; and the question is whether the trade would be sufficient to enable us to do that—for many years, at any rate.

2378. Have we, in your opinion, lost any important trade through the absence of those shipping facilities?—Yes, I think there is no question that we have.

2379. Therefore you would approve of any proposal in the direction of subsidising by this Government a line of steamers to run regularly from here, for instance, to South Africa?—Yes, I would.

2380. You think that would meet the case partly?—If asked on that subject, I would like to say that some boats have been put on, but it is impossible for people in business to get in communication with South Africa if they are told a boat is leaving in two weeks' time. What is required is that a list of boats should be fixed for a matter of two or three years. The people here would have the opportunity, with the knowledge that boats were fixed for two years, of going to South Africa to establish a trade.

2381. I think you have referred to the advantage of being able to ship once or twice a week: do you not think a boat once a month would provide what is wanted?—I am afraid you misunderstand me. I meant between here and Australia, so that we could catch all transshipping boats.

2382. Is not the demand at Manila simply due to the American war?—Yes; but I think it will go on the same as with Africa and with all the eastern countries. They are going in for wheat and produce grown in the Australian Colonies.

2383. Have you carefully read the Commonwealth Bill?—No.

2384. So you could not express an opinion whether it is wise or unwise to federate under the present conditions of the Bill?—No; I think it is a matter of politics. The whole thing, in my mind, is the question of finance. I would willingly go in for federation: the difficulty is to be satisfied on the matter of finance, administration, and other matters.

2385. That being so, you would not countenance or recommend a leap in the dark?—I am not going to recommend it, because I am not conversant with it.

2386. Well, we ask you your opinion?—Well, I never leap in the dark, so far as I am concerned.

2387. *Mr. Millar.*] In the light of the evidence you have at the present time you do not believe in federation: you say you would not make a leap in the dark?—That is not the way I put it. I did not say I do not believe in federation.

2388. Do I understand that you, from a commercial point of view, do believe in federation?—Most thoroughly, from a commercial point of view; but I qualify it by saying I am willing to admit the grave responsibility politically before undertaking the step.

2389. Your reason is that the advantages to accrue from federation would outweigh any disadvantage?—I think so; yes.

2390. You have heard stated the value of the exports to Australia at the present time: you anticipate a large increase in that?—Yes.

2391. Would you presume it would be doubled?—Yes, I should think so, and more. Mind you, I am not looking one or two years ahead, but in the distant future it will be far more than doubled.

2392. Well, within the next twenty years you would anticipate it would be doubled?—Three or four times over.

2393. What lines do you think would go?—What lines?

2394. I understand you to say you expect no increase in oats?—Not momentarily, but finally. There is no accounting for the interchange of products. You get cocksfoot coming from Taranaki to Dunedin, and going from Dunedin to Taranaki; from Christchurch to Dunedin, and from Dunedin to Christchurch. The same thing applies to Australia: we are sending flour from here to Australia.

2395. Is it not the fact that the only reason you are shipping to Australia is that it is your best market?—Yes.

2396. Presuming a market opened in South Africa, a better market than Australia, what then would be the value of the Australian market to you?—A market opens up in South Africa?

2397. Yes; a better market in South Africa than in Australia, where would you ship to?—Well, it is hard to say. It is hard to see that a good market in South Africa prevents a good market in Australia.

2398. As a business-man, where would you ship to?—One would ship to the best market, but it is hard to tell which is the best market. We cannot have too many markets. We want both Australian and South African markets open to New Zealand.

2399. Does South Africa produce very much of what we would ship there?—Well, I have never been there; but from what I have been able to learn from the people who have been, I should say No.

2400. Australia is largely going into that market?—Yes.

2401. Well, Australia and ourselves produce very similar products?—Yes.

2402. Therefore, if the market for wheat was better in South Africa, the probability is that the Australian market would not be so good for us?—That is quite possible. If New Zealand stands out of federation, and a protective duty is put on by Australia against New Zealand, I think we should have a better chance of holding the South African market than if we federated; but this would not recompense us for losing Australian markets by any means.

2403. Then, that market, to all intents and purposes, would take the place of the Australian market, which we have at the present time?—I think we need both of them.

2404. What I want to get at is this: that, having federated, if we do, we shall have gone in wholly and solely for the benefit of one particular class—for the benefit of the commercial class, or for the benefit of one particular portion of the industries—the commerce of the colony, and that having departed?—No, I do not think we should do that. I do not approve of that. Unless federation is in the interest of the whole Colony of New Zealand, I do not approve of it. I think it will be, commercially, much in the interests of New Zealand.

2405. That is what I want to get at?—But I hold it is. You hear, perhaps, this or that manufacturer, who comes here with certain knowledge, and speaks against it because it affects himself. I do not want federation for my sake, but for the sake of the producing industry, and I have no money involved in the producing of anything. My investment is in produce stocks, which are readily saleable.

2406. Have you any idea of the manufactures of the colony?—None.

2406A. Would it be a surprise to you if I told you the value of the manufactures of the colony is approximately £13,000,000 per annum?—You mean the total output?

2407. Yes?—I would not be surprised; but I do not hold that it is going to abolish these manufactories. I do not agree with that. I think it will perhaps make the profits of a few less, and send a few to the wall, but the harm done is very small compared with the good that must result.

2408. You are aware that now, with our protective duties, there are certain lines in many industries in which there is competition from abroad and from Australia?—Yes—well, I do not know; but that being so shows very conclusively that somebody is paying too much for these goods. For any section of the community to gain by the bolstering-up of protection there must be a certain number of lines on which people are paying a higher price for that production than they should. One must not lose sight of it that, if that is so, in the leather industry, for instance, somebody is paying too much. Leather is an industry that is natural to New Zealand. We have the hides and everything else here, and I do not see why New Zealand should not be able to turn out boots as cheaply as Australia, unless it is a matter of wages, and I explained that before: that we might overpay people, and get into, as I expressed it, a condition of dry-rot.

2409. Has history not shown us that the most prosperous nation is the nation that has the greatest purchasing-power?—I do not know in what way you mean to apply the words.

2410. That the more equally wealth is distributed, the greater the purchasing-power of the people, the more prosperous the nation?—Yes, I should say so. I quite approve of that; but I do not approve of going too fast, because I hold we cannot go faster than other people around us. We must all go on to a certain degree together.

2411. Then, the labour legislation, which you state is hampering industries, came into effect in 1894?—Yes, and later years up to the present.

2412. In 1895 the number of hands employed in factories was 29,000?—Yes.

2413. And in 1900 they were 50,000?—Yes.

2414. Has the colony ever been in a more prosperous condition, within your recollection, than it has been in during the last five years?—No; but then we must not forget that that may be through other causes. In my opinion, it is through other causes.

2415. What are the other causes?—Well, I take the value of land as a gauge of the prosperity of a country, and how it runs up and down. The value of land is gauged by what it can produce and what that produce will realise, and I suppose it will be about eighteen years or thereabouts that the land was very high; the boom burst, and things began to come down, and many and many

a family in Otago had to leave the places they had spent the best part of their lives in practically penniless. There were companies that had advances against these places; they really were banks with reserve funds made in good previous years, all of which had to be written off, which allowed other people to buy in at low prices, which started their prosperity.

2416. Was the farming community better off when the boom was on?—There was not a farming community then as now.

2417. It was young?—Yes. I have followed it closely, because I was a farmer myself at the time.

2418. Is not the home market—not the English market—the domestic market—always the best market for the farmer?—Oh, I think so, yes.

2419. If you reduce the population of the colony through any injury to its industries you will reduce the domestic market for the produce of the farmers?—I do not think the effect upon New Zealand, supposing it did federate, would be to reduce its industries except to a very small extent. I do not think it would continue reducing them.

2420. But you do not know?—No, because the colony is firstly a producing one.

2421. Yet I have shown from a manufacturing point of view it has developed most rapidly during the past five years?—That is the raw products possibly. The producer brings that.

2422. The demand is there for it?—F.o.b.?

2423. No; to be worked up—we have the firms to work it into leather?—That is the best market.

2424. Therefore the more we increase that the better it will be for the farmer?—He can pay too dear for it.

2425. Has he paid too dear for it?—I do not say that he has. They can overpay for their boots.

2426. They pay more for boots, but in return the workmen buy their butter?—Yes.

2427. And we know the difference between the home price of butter and the manufacturers' price?—I agree with the argument if you get more than New Zealand to go in for it. If New Zealand goes alone it will end in disaster.

2428. But it has not so far?—No.

2429. I did not gather what you meant about the hours of labour: was I wrong in understanding you to maintain that the people of the country worked too short hours to enable them to compete against nations?—Well, from the meagre information I have, I hold it is so; not that it is my desire they should work longer.

2430. Is not that answered by the very fact I pointed out—that our factories are increasing the number of their hands all the time?—No; I think we are going through years of prosperity. I think these are matters over which we can have no control.

2431. Do you consider the people ought to work longer hours to enable them to compete with the other side?—I am only giving my opinions. Possibly they are not very correct, but I have given them, all the same. There are such things as olives, for instance, that can well be grown here, but not in competition with Spanish labour. Wages in Spain are very low, and they can afford to grow olives and send them here cheaper than we can produce them. Thus an industry is lost to us, and that is what I want to show.

2432. I understood you to say that the necessaries of life were more expensive than they would be under free-trade?—Well, by the extent of the duty put on them, I should say.

2433. Would it surprise you to find out that in Melbourne the necessaries of life are cheaper than they are in Sydney—that is, that they are cheapest in the most highly protected country there is in Australia?—Yes.

2434. I have a list of the necessaries of life showing that eleven articles are cheaper in Victoria, as against seven in New South Wales, and that three are the same price—all necessaries of life?—Well, that does not speak too well for the prosperity of Victoria.

2435. It is a fact?—It is most extraordinary.

2436. But, unless you can see some very great advantage to New Zealand trade from federation, you would not advise federation from a commercial point of view?—I strongly advise federation from a commercial point of view; but I qualify that by saying I consider it is for the political heads of the colony to look very carefully into the financial aspect of the question. That is my view of federation. I think we have very much more to gain commercially than we have to lose by federation. I feel satisfied of that.

JAMES ROBERTSON SCOTT examined. (No. 47.)

2437. *Hon. the Chairman.*] What are you?—I am a produce exporter and commission agent.

2438. In business on your own account?—Yes.

2439. How long have you been in business here?—Since about 1878.

2440. Do you know Australia at all?—Yes.

2441. Lived there?—For a short time, both in Sydney and Melbourne.

2442. Have you given consideration to the question of New Zealand federating with the Commonwealth of Australia?—Yes, I have read about it. I cannot say that I have given it very great consideration, except from my own point of view.

2443. So far as it affects your trade?—Mainly that.

2444. What is the conclusion at which you have arrived in that respect?—Well, I have come to the conclusion that, so far as our trade is dairy produce, it would not affect us to any very great extent whether we federated or not—that is to say, I presume federation would mean free-trade, and, of course, I hold this, both in my own branch and in everything else, that New Zealand has nothing to lose by free-trade.

2445. Will you explain your reasons for that conclusion?—I said just now that I did not think it would affect us very much, and my reason for saying so is this: that in our business our main trade is with Great Britain; both for butter and cheese our trade is with Great Britain.

2446. Then, of course, that is out of the question?—It is very little we send to Australia. New South Wales is free-trade, Queensland has large protective duties, Melbourne the same, and South Australia the same, and Western Australia, which does not produce any cheese at all, has duties, too. The trade with Australia in dairy produce is very fitful and changeable. Some years we do a good deal, and some years very little. It entirely depends upon the weather in Australia. If they have droughts they are compelled to take a large quantity of produce from us, duty or no duty. If they have a good season, Sydney and Melbourne ship to London, but under a heavy protective tariff they can feed themselves, and they have commenced, not long ago, to do an export trade in butter. If a drought comes in all these colonies, prices rise, and, notwithstanding the duties, we export to them; but in ordinary seasons Melbourne and Sydney can produce as cheaply as we can, and, generally speaking, they have a very large surplus to export to England—that is, in butter, but not in cheese.

2447. I understand the advantage you consider New Zealand would gain by federation would be free-trade?—Yes.

2448. Is there any other advantage you see would accrue to New Zealand by federating?—No, I cannot say there is.

2449. Do you consider that is a sufficient advantage to justify New Zealand parting with its independence?—No, I would not like to say so; certainly not.

2450. Have you considered the political aspect of the question at all?—I cannot say I have, and I would not consider myself competent to judge. I leave that to the leading politicians to deal with.

2451. Not having considered that, do you consider yourself in a position to say whether it would be wise or not for New Zealand to federate with the Australian Commonwealth?—Well, I am perfectly certain of this: it would certainly benefit the farming community, and they are by far the largest interest to be considered in the colony. The farmers—the producers—of the country, I think, would be greatly benefited, and I maintain they ought very largely to be considered. They are the backbone of the country, and I think should be considered.

2452. Oh, yes, they should be considered, no doubt; but what about the manufacturing industries? Have you considered the effect upon them?—I do not think it will affect in the very least any industry that is really a *bona fide* industry. It will not affect them at all if they are really industries that should be carried on here. Of course, if industries are to be carried on under heavy protective duties, and by means of the heavy taxation of the people of the colony, then that is a different thing altogether.

JOHN LETHBRIDGE examined. (No. 48.)

2453. *Hon. the Chairman.*] What are you, Mr. Lethbridge?—I am the Dunedin manager for the firm of Dalgety and Co. (Limited), and have resided in New Zealand about eighteen years.

2454. The firm of Dalgety and Co. (Limited) have considerable business transactions in New Zealand?—Very large.

2455. And in Australia?—And in Australia.

2456. Have you considered the question of New Zealand federating with Australia?—I have given very little consideration to the question, and it seems to me a very large question to be called upon at an hour's notice to give an opinion upon. Speaking of it in a general way, I am not prepared to give an opinion; but from a trade point of view, so far as I have been able to consider it, I am in favour of it.

2457. Have you given considerable attention to it?—No, I cannot say I have; but I have gone into it from a trade point of view.

2458. So far as you have gone, will you tell the Commission the conclusion at which you have arrived?—Well, as a Free-trader, I welcome anything from a trade point of view that enlarges the area within which free-trade is carried on. I hold this view, and I have always held it. I consider that if we had free-trade with a large continent like Australia, where the business must always be increasing to a very large extent, that would be of great advantage to a small country like this.

2459. Then, on the ground of free-trade you think federation would be an advantage?—I think it would, if that was the only point of view.

2460. But have you considered the financial view so far as it affects this colony and the Commonwealth of Australia?—No, I have not done so; and there may be large national points of view of far more importance than the question of trade, so that trade questions would have to give way.

2461. Have you considered the question of the independence of the colony?—I am not prepared to speak on that aspect of the question at all.

2462. Have you formed any opinion whether the obtaining of free-trade would be a sufficient consideration for this colony sinking its independence and becoming a part of the Commonwealth?—There might be weightier questions than questions of trade which would tend in the other direction; and I would not set questions of trade alone against, possibly, national points of view which may be of more importance.

2463. *Mr. Luke.*] Then, you think it possible your opinion might be modified when you have looked more thoroughly into the political aspect of the question?—I have not formed an opinion at all on the general aspect of the question. I only speak from a trade point of view.

2464. You think free-trade might be purchased at too dear a price?—Certainly.

2465. You think it important we should have some control of our finances and the political management of our country?—Certainly; but, so far as I at present understand the question, we should not give that up altogether, though we had federation.

2466. It would be considerably diminished?—It would be diminished.

2467. *Hon. Captain Russell.*] You think it would be for the benefit of trade if we federated with Australia?—Yes; I think the wider the market you can get the better for the trade of a country, both from a commercial point of view and from a manufacturing point of view. From a commercial point of view I could not specify many articles, but I can think of one that specially affects this part of the country, and that is oats. We have a large production of oats in this part of the colony, and certainly, if we could have free-trade in them with Australia, it would be a benefit to some to that extent.

2468. Do you know what portion of the trade of New Zealand is done with Australia?—No, I cannot say that.

2469. You know, of course, that a very large preponderance is with England?—Yes, certainly.

2470. Do not you think it possible, then, that federation with the Commonwealth may perpetuate a protective policy against the rest of the world?—Yes, it might have that effect. I certainly would like to see, if we could have it, free-trade the whole world over; but I should be better pleased with half a loaf than with no bread, and I should prefer to see free-trade within a bigger area than we have at present; and that we should have if we federated with Australia.

2471. But do not you think it possible the policy of the Commonwealth will be to exclude, as far as possible, all trade except what can be done within its own borders?—To a large extent I should be afraid of that, although the fact that New South Wales has been so strongly in favour of free-trade may modify that policy.

2472. But if we were allied by federation with Australia we should be compelled then to adopt their protective policy if they chose to have one?—Certainly.

2473. And, judging by the position in America, is it not natural to assume that the Commonwealth of Australia may adopt a somewhat similar policy?—I do not know. We have Canada, which has not yet, at any rate, gone the length of the United States. A purely British community such as the Commonwealth might not follow the United States. To some extent, certainly, the tendency, I am afraid, would be to have a considerable protective tariff.

2474. In other words, a majority would be against trading outside the Commonwealth, and we should be tied up in a protective tariff with the Commonwealth?—Yes.

2475. Would that advance free-trade?—It would advance free-trade within the States. With regard to the outside world, it is doubtful, in my mind, whether we should have under federation a higher protective tariff than we have at present in New Zealand. It is a considerable protective tariff we have now.

2476. But if nine out of ten parts of the trade is done with the outside world, and but one part with the Commonwealth, the question of free-trade in its broadest sense is not materially affected?—No, I do not think it would be.

2477. *Hon. the Chairman.*] You said you would like to see free-trade universal?—Yes.

2478. If that were so, do you think the manufactures of this colony could compete against those of Germany and America?—Those that are most suitable to our soil and climate would be fairly well protected by freights and other charges, and should be able to compete. The only difficulty, of course, is the question of wages; where you have cheap wages in the Old Country it might affect it.

2479. Do you think there is any hope of wages in New Zealand being as cheap as they are in the old countries of Europe?—I do not think so. Of course, in certain industries we might not be able to compete, and those industries might have to fall out; but I believe that any industries that could be raised under free-trade would be strong and healthy, but that those brought up under protection, especially a heavy protection, are merely hothouse plants, and die out the first time you take away that protection, unless they have other qualities that will sustain them.

2480. In that view, probably you think that many of the industries that have so far been established in New Zealand, if free-trade was adopted, would languish and die?—Those that were most suitable to New Zealand would continue and increase, and those that could be carried on better in Australia would die here, no doubt; in the same way, anything that was most suitable to Australia would thrive there; but, as we have the more temperate climate, which has a great deal to do, I think, with manufactures, I think that New Zealand would stand in a very good position to become a large manufacturing country if it had a large outlet, such as it would have in the Commonwealth.

2481. Do you wish to add anything further to what you have already mentioned?—No, sir.

JOHN MACFARLANE RITCHIE examined. (No. 49.)

2482. *Hon. the Chairman.*] What are you, Mr. Ritchie?—I am a merchant, the manager of a company, and a general agent in Dunedin.

2483. How long have you lived in New Zealand?—Thirty-six years.

2484. Have you resided in Australia?—No.

2485. Have you watched the progress of federation in Australia?—In so far as reading the newspapers is concerned, I have watched what has been going on. I have never had anything to do with politics, and I have never been a member of Parliament.

2486. Have you formed any opinion as to the advisability or otherwise of New Zealand entering the Commonwealth of Australia?—Yes.

2487. Will you kindly state to the Commission the conclusion at which you have arrived, and the reasons for it?—I am in favour of it. I have so much confidence in the capabilities and advan-

tages—advantages both natural and otherwise—of this colony that I want to see her placed on the same footing as all the other States in connection with this new nation that is being formed on this side of the world, and the large population that it contains.

2488. What are the special advantages which you think would accrue to New Zealand from joining that Federation?—Well, I think the natural advantages which she possesses in climate, fertility of soil, abundance of water, and all the rest of it, are such that she must have the advantage in the long-run in everything relating to production, both from the soil and from her manufactures, over any of the other States; and therefore, that being so, New Zealand would be bound in the long-run—I do not say at once—to have her full share, and a greater share in proportion to the rest of them, of the advantages that would accrue from the custom of such a large population, freed from any trammels, as would be the case.

2489. Have you read the Commonwealth Act?—Only a summary of it.

2490. Have you considered the financial aspect of the question—as to the sacrifices New Zealand would make to the Federal Government?—Not in detail; but, so far as I am able to follow it, it seems to me it practically comes down to this: that we should have to pay for our share of the new government—the General Commonwealth Government; and that, so far as the rest is concerned, it is a matter of detail and adjustment, but that in the end we should not be worse off as regards finance than we are, beyond whatever might be the amount of our share of the cost of the General Government; and we might possibly have a very considerable advantage in the course of time in borrowing money cheaper, if one may judge from what has happened in Canada.

2491. Do you mean the State borrowing or the Commonwealth?—The Commonwealth as distinguished from the State—that is, general loans, which, I believe, are to be taken over by the Commonwealth.

2492. There is nothing about that yet?—Anyhow, on the question of borrowing there would be an advantage. I am not clear about the details.

2493. Do you anticipate that the Commonwealth would borrow for the individual States?—Only such money, I suppose, as would be required for general purposes.

2494. But not for individual State purposes?—I do not think the individual States would suffer as regards their power of borrowing.

2495. Do you think they would be able to borrow on more advantageous terms simply because they were States of the Commonwealth?—No, I should not expect that; but I should not expect it to place them at any disadvantage.

2496. Do you attach any importance to the fact that New Zealand would lose her identity as a colony?—I do not quite follow your meaning. I do not think her forming part of a large Commonwealth would be any disadvantage to her as compared with her being independent and going her own way by herself. I do not think it would be any disadvantage to New Zealand; I think it would be an advantage. It is a sentimental one perhaps, not practical, but it would have a tendency to minimise if not to do away with a great deal of what is parochial in politics. At present one is apt to think, from what one reads, that the aim and object of a member of Parliament is to get the most he can for his district in the way of roads and bridges, and so on. Federation would, I think, have a tendency to minimise that, and to make men take broader views, and perhaps to let them understand in the end that there are more important things than pounds shillings and pence in connection with the government of a country.

2497. If the representatives of New Zealand did take a proper view of political matters, as you suggest, in the Federal Parliament, would it not be likely that there would be a narrower and more parochial view taken of matters by the State Parliament?—That is possible, unless the feeling of being part of a great nation might operate in a direction away from that.

2498. *Hon. Captain Russell.*] Do you think the tendency would be for the best men to go over to the Federal Parliament?—It is difficult to answer that question. I think it is quite possible. It might be for the advantage of the States, if they see it practicable, to pay the members of the Federal Parliament, in order to make the selection.

2499. They are to be paid £400?—Then, we should have a free choice, as we have at present. Supposing the present system to be the best for getting a free choice of members, we should have the same for the Federal Parliament.

2500. Do you think the best men would be tempted to go to Australia to attend the Federal Parliament, or would abstain from one cause or another?—Well, if the honour and dignity operates, as it is likely to operate, more in a large Parliament than in a smaller one, as it must do, if we are to judge from what happens at Home, I think probably the best men might be tempted to go. It is difficult to say.

2501. Then, if they do, it necessarily follows that you do not get the highest class for your local Parliament?—Unless we have plenty for both.

2502. If you send the best men away you cannot have the best remain?—There may be sufficient good men, I should put it, for both.

2503. Is there no danger of the parochial feeling not diminishing even if a Federal Parliament is established?—There would then be certain things, at any rate, to elevate us into a wider and bigger sphere. I suppose there must always be a certain amount of parochial feeling.

2504. You know there are thirty-nine important subjects upon which the States Parliaments will be unable to legislate?—Yes.

2505. Do not you think that would have a lowering tendency upon our public men—that they would be little more than members of County Councils or Road Boards? Do not you think it would dwarf the energies of public men if they felt that so many important subjects would be taken away from them?—I think that would be balanced by the fact of our having to consider these important subjects in the Commonwealth Legislature.

2506. But not in the local Parliament?—That would necessarily have its field of operations narrowed.

2507. Therefore the probability is that the men who remained in the State Parliament would not be men of such a high standard as those who now belong to the Parliament, or who may belong to the Commonwealth Parliament?—It might be argued that would be so, but I do not know that it necessarily follows.

2508. Do you not think there is a considerable danger of a divergence of opinion being created between Australia and New Zealand, seeing that all the States of Australia are coterminous and we are very widely separated?—I do not think so. The distances in the United States, and even the distances in Canada, are much greater than the distance between here and Australia.

2509. But they are all coterminous, are they not?—They are separated by land instead of by sea. I do not know that there is very much difference in that. I am inclined to think that what is very much wanted here, as soon as it can become commercially possible, is larger and speedier steamers between here and Australia, and that may be helped and furthered by federation very considerably. There would then be a sort of pressure in that direction which it would be very difficult to resist. Of course, at present it means that somebody has to pay for it, the thing itself will not pay; but then something might be done in that direction. Even the tendency to be drawn together more which would be imparted by our being within the same Commonwealth might tend to better and increased communication, and so on. That would lead to the advantages which we desire.

2510. The fact is, there would be difficulties in the way of access to Australia?—Certain difficulties.

2511. Do you not think that an important factor in the matter?—I do not know. I am told that it took about ten days longer for members of Parliament to reach Auckland in the early days of the colony than it would for them to reach Australia now.

2512. And provincial feeling was very strong in those days, was it not?—I suppose it was.

2513. Much stronger than it is now?—Yes.

2514. Then, we may presume provincial feeling will exist between New Zealand and Australia?—It is possible.

2515. You say you think an advantage of joining the Commonwealth is that we should be able to borrow cheaply: to what extent do you think that will be an advantage?—It was only a passing remark. I have no very fixed idea on the subject. I said that possibly there might be the advantage of money required for general purposes being got cheaper under the Commonwealth than not.

2516. To what extent?—I cannot say. I believe the difference between Canada's borrowings and New Zealand's is somewhere about  $\frac{1}{2}$  per cent. at present.

2517. Our last loan was floated at 3 per cent.?—Yes; it fetched £95, or something like that.

2518. And the rate of Consols is at present  $2\frac{3}{4}$ ?—something under the hundred?—Yes.

2519. Then, if there is such a small difference between borrowing at the present time and English Consols, is there much margin between the Commonwealth and New Zealand?—No; I do not think it would be very much, but I dare say it would tend to grow. They seem to prefer at Home these large States that become strong, and look strong, and have a large variety of capabilities and capacities to fall back upon.

2520. Do you imagine the amount of money to be borrowed by the Commonwealth for general purposes would be at all equivalent to the local loans we are likely to want for the opening-up of our country and the purchase of land?—No, I suppose not. I am sorry to say I have no very clear ideas about the details of the finance at all.

2521. You know the Commonwealth has the first grip upon the Customs revenue, and further powers of taxation if necessary?—Yes.

2522. Very well; will not all State loans be somewhat in the nature of a second mortgage only?—No.

2523. Seeing that the Customs revenue is what we have to pledge?—The point that seems clear in the matter to me is that what the Commonwealth retains, or what we do not get back in some form or other, is only our share of the cost of the General Government itself, and the cost of such services as they take in hand, which, it may be presumed, would not be more than the cost of that service to the State.

2524. But it does not improve the nature of our security, does it?—I do not think it would have the opposite effect. The assumption is that all the Commonwealth would do would be for the benefit of all the States individually, subject to the paramount consideration of what is for the general benefit.

2525. Have you thought of the question of Federal defence—as to whether that would benefit us materially?—I should think so. I have always felt that the more that is concentrated and dealt with under a general plan the better, and, probably the cheaper, we are likely to have it.

2526. I suppose you will agree that naval strategy will be independent altogether of the Commonwealth?—I do not know. It is very difficult to say. I could not give any opinion upon that.

2527. But you will, I suppose, agree that for a very long period of time we must depend primarily upon the Imperial squadron for naval defence?—That is so, no doubt.

2528. And therefore they would take comparatively little notice of anything the Commonwealth might wish?—Until the enemy lands, which is unlikely.

2529. Do you imagine it possible they would land?—It is within the bounds of possibility; and then, I presume, we should have to fight them ourselves.

2530. Then, if that day comes, do you think it possible that, England having lost command of the sea, we could send troops to Australia, or they to us?—But troops might have been concentrated before that. At any rate, I cannot imagine any occasion on which we should be at a dis-



advantage in the matter of defence through having joined the Commonwealth, and it is probable there would be advantages.

2531. One wants to hear the distinct advantages to be gained before one abandons one's isolation?—I could not say much on that point.

2532. *Hon. Mr. Bowen.*] With regard to distance, Mr. Ritchie, is it not always the case that sea-distances make a very much greater difference in the character and management of nations than land-distances?—Possibly.

2533. Where States are coterminous?—Possibly.

2534. Is there any instance in the world of any constitutional government carried on, any federation between two States so separated by water?—I believe not. There is a good deal that has been done by New Zealand lately of which there is no other instance in the world.

2535. But do you think there will be any great divergence in type and feeling between countries so situated, as to climate and distance, as New Zealand and Australia?—I do not know that distance makes any difference in that respect, but the character of the country people inhabit largely influences them.

2536. Do not you think an island population differs a great deal from a continental one?—Yes; but I think the advantage lies with us, and that therefore we are the more likely to have the pull when the time comes.

2537. Yes; but we want to see whether the larger number that will have the same instincts will not very much outnumber the people of this country?—Yes, that is possible; but there is a large divergence of character and disposition in the Commonwealth already, quite as much between Queensland and Victoria as between Australia and New Zealand.

2538. With regard to belonging to a great nation, does not our greatness or importance in the world depend on our connection with the Empire rather than with any part of it? Would it make any difference in our position in that way? And, as to the feeling that would widen the minds of the people, would not the feeling be one of belonging to the great British Empire rather than that we are part of a Federation which is connected with the Empire?—I dare say that is so; but, speaking for myself, I should feel, I think, if this country were left out of the Commonwealth, that we should be left a great deal out in the cold; I should feel as if my surroundings were cramped, and that the important State in which we live was narrowed a bit. I should like to look over the wall and see what they were doing in that large country, and to have a say in it if I could.

2539. As we are considering questions of that sort, is there not a certain advantage in there being two Powers in these seas—separate British Powers, I mean—with a view towards Imperial federation in the future? With a view to connection with the Empire, is it not well that there should be two Powers here? because New Zealand will be the greater Power in proportion to her size; its power of carrying population will be very large compared with Australia. Will there not be a certain advantage in having two Powers, so to speak, watching each other, so that there would be more likelihood of there being no *coup d'état*, no sudden difference with the Old Country, and so on? The most important thing for the colonies, for their safety, I take it, is the holding-together of all parts with the Empire: is that not so?—That is true; but I do not see that there would be any advantage gained, either to the Empire or to parts of it, by two or three separate parts holding on to the Empire, as distinct parts, as distinguished from one large homogeneous part holding on to the Empire.

2540. We all know that democracies are subject to sudden gusts of passion: if one Legislature or Government were suddenly to get into a quarrel with the Old Country, the other one would hesitate to carry out a division, if they had not taken part in it, if there were two Powers instead of one: is there not something in that?—I could hardly give an answer to that. I think probably anything desired in that direction would be better fought out by the Federal Parliament than by independent communications between independent colonies and the Old Country.

2541. *Mr. Roberts.*] I understand you to say that the climatic and other advantages which New Zealand possesses would give her a pretty full share of the advantages of federation?—Yes.

2542. I take it, in that you refer mainly to the productions of the country, particularly the productions of the soil?—No, I would not confine it to that. I think the conditions of life here are better than the conditions of life in Australia, and that the advantages the people who live in this country have in the way of generating energy, and matters of that sort, would give the advantage to our manufacturers.

2543. You have no fear that the farmers, at any rate, would suffer any disadvantage?—No.

2544. Would you have any fear that the manufactures would suffer?—Not in time.

2545. Because we have it strongly in evidence at the present time that anything in the shape of the export of manufactured articles, even on an intercolonial free-trade basis, could not be carried on?—It is very difficult to prophesy what might happen. So far as I have thought the thing out, it seems to me that if we have the advantage as regards our conditions of life we should have an advantage in producing, and that with that advantage in producing we should be able to compete upon more than equal terms with our neighbours over there, and perhaps have an advantage greater than the freight, which would be our only handicap.

2546. Still, as the scale of wages is higher or the hours of labour shorter than in Australia, it has been given in evidence that our manufactures would not, under the existing circumstances, be able to compete with the Australian manufactures, but you think that would rectify itself later on?—Yes.

2547. Theirs would increase?—Of course, as a Free-trader, I have no faith in any industries that are exotic. I think if they have to be supported by contributions from the mass of the people it is only a question of time when they will flicker out and die.

2548. Another name for that would be "protected industries"?—Yes; I have no faith in them—that is, in industries which owe their existence to protection. I do not mean to say that

protection for a time and to a certain extent does not apparently give an advantage, but in the end it will not, according to my opinion. Therefore it seems to me that that view of the question does not come strongly into the case.

2549. *Mr. Millar.*] I would like to ask Mr. Ritchie if it is a fact that capital gravitates to the largest centres of population?—I do not think so.

2550. Not for manufactures?—I do not think so.

2551. Has not that generally been proved in older countries?—I do not think so.

2552. Could you mention any case in which capital has become diffused in industries?—In what way?

2553. In a general way, has not there been a concentration of capital upon one or two big industries in a particular part?—I do not think so. Take, for instance, the Old Country: There has been a huge industry begun, continued, and made to prosper enormously at Belfast, where the capital for that particular industry was not concentrated, where even the workmen were not, but where other conditions—the energy of the people, and other things—brought it there in spite of these drawbacks.

2554. You think a large amount of capital would be invested in New Zealand in industries, when New Zealand has a population of 850,000 and Australia a population of four millions?—I should not be surprised to see capital drawn here, and industries that do not lead a very flourishing existence in Victoria and New South Wales become flourishing here, because the conditions attaching to our country are better in every way.

2555. Are the conditions of manufacture better here than in Australia?—I think so.

2556. What about coal, one of the vital factors?—The industries in which coal is a vital factor would be drawn where coal is cheapest, but there are many other things that tell the other way.

2557. What are they?—Industries relating to products of the soil. Coal may be necessary, but is not a vital factor always.

2558. The frozen-meat industry?—The frozen-meat industry is an instance, and there are the industries connected with the manufacture of woollens. Coal is not a vital factor.

2559. These principal staple products of this colony would not be affected one way or the other by federation?—You mean to say our natural products would not be affected ordinarily; because every four, five, or six years they get a great many things we have to supply.

2560. It is only in a time of shortage that they take from us?—It happens very often.

2561. Now, out of this great continent there is about two-thirds that will not be any good?—In what way?

2562. It is tropical, and will not be inhabited by white people?—Tropical countries have their uses.

2563. It would really want a different class of labour to develop it?—I do not know that that is proved. I cannot speak of it.

2564. Do you know of any industries developing in tropical climates?—I notice, as far as my reading goes, that some people think they will, and some think they will not. As a matter of fact, the United States has large areas of tropical and sub-tropical country which seem to have advantages—in fact, they have advantages.

2565. But it is pretty well all coloured labour that is employed, is it not?—I suppose it must be. I suppose the negroes are the chief labourers there.

2566. If they have two-thirds of a large continent worked by what we look upon as alien races, do you think they should have equal rights with others?—I am afraid I should have to think over that. I do not think they should have, but I really could not pronounce upon that.

2567. They have in America?—To a certain extent I believe that is so, and that there is no disadvantage from that.

2568. Yes, I believe there has been very strong objection taken to it in America; but, if the Japanese and Chinese race peopled the northern part of Australia, the question is whether they should have equal rights to come down amongst our people?—I should not think so. They have not equal rights at present. There is legislation to keep them out, and that might be continued.

2569. If legislation kept them out, then two-thirds of the continent would be allowed to remain idle?—Yes; if you do not cultivate it, it would be.

2570. So that you limit considerably this large continent, the trade to which you were looking to open?—But the Federal Parliament might admit coloured labour for all I know, and make the tropical country a great success.

2571. Would you have a hard-and-fast dividing-line over which they should not come, or would you allow them over the States?—I could hardly answer that question; but I do not see the disadvantage to a large continent from the fact that it might be necessary to have coloured labour on a certain part of that continent.

2572. Would it not come into competition with white labour?—But you say it would not.

2573. Would you draw a dividing-line, or give them the right to go over all the federating States?—I could not answer that question; it is a question for the Government.

2574. It is a question we would have to consider?—I do not know. The Government would be expected to do the best for all the States within the Federation.

2575. Do you think the social condition of the workers in Australia is equal to that of the workers in New Zealand?—I have no information on that subject. I do not know.

2576. If they were not, our federation with them would mean one of two things: our people would have to go down to their level, or they would have to rise to ours?—Probably there would be as much chance of one as of the other.

2577. Judging from the past, there is not much prospect?—That is where New Zealand might give a helping hand to other workers to their advantage.

2578. Would they have any power to influence them?—Certainly, in every way; to leaven the whole lump.

*Mr. Millar*: That is what they say, but I have my doubts.

2579. *Mr. Beauchamp*.] You have a great opinion of the natural resources of New Zealand?—I have.

2580. Do you not think it is sufficiently self-contained to enable it to take a good position among the nations of the earth without becoming an appendage?—Yes, I think so; but I do not think it would become an appendage, but an integral part of the Commonwealth.

2581. Do you not think that, as a separate entity, a portion of an Empire such as Great Britain, she would hold a better position?—No.

2582. I take it you recognise the chief benefit to be derived from federation would be the gain to trade?—Yes; I hold that trade is the paramount influence over all—politics and everything else. That trade is not an appendage of Government, but Government of trade, and therefore that, if the commercial advantages are great, all other advantages would necessarily follow.

2583. Of course, you know what proportion that trade bears to the whole, that it is less than a tenth?—Yes.

2584. Do you think it would be wise to risk some of our important industries with the view of expanding that trade?—I do not think that is a fair criterion. We have practically only had trade with New South Wales. If we had markets in Victoria, Western Australia, and Tasmania, the volume of trade might be very different.

2585. But from one remark you made you seemed to think the demand chiefly arose from adverse climatic conditions, so that if we do not federate I take it we shall do a large trade with Australia?—We should probably do the trade we are doing, but would not do more, because we should have a tariff; but for that we should do a great deal more. With federation, if we have a tariff wall set up against us, the wall will be complete; whereas there has been a breach in it hitherto in New South Wales.

2586. Under inter-free-trade, do you not think that one portion of the Commonwealth would be able to supply another that was affected by adverse climatic conditions?—I question if any of them would have the advantage we have in supplying certain commodities.

2587. In other words, we should stand a chance of getting a fair share of trade, federation or no federation?—Well, it might be said that if they have a tariff the wall will be complete, and we should be much worse off. If they have free-trade we should be better off then, even if we do not join them.

2588. Have you given consideration to the question of our liability in respect of some great works that are proposed by the Federal Parliament, particularly in respect of the construction of a great trans-continental railway, and the development of Northern Queensland? Have you considered how we are likely to benefit by those great works?—I have assumed it would be no business of ours.

2589. But that we should be called upon to bear the cost of those works?—No.

2590. Do you know as a fact that we would be called upon?—No, I do not know that.

2591. Assuming it to be so, do you not think it would be to the disadvantage of this colony to be compelled to bear a portion of the cost of such works?—If we have to bear a portion of the cost of works which could be of no advantage to us, of course to that extent it would be a disadvantage. I did not understand that that was so.

2592. Have you noticed that since the establishment of the Commonwealth Australian stock has declined, while New Zealand's has remained firm?—They are always rising or declining. I do not think such a fact as that can be spoken of as an advantage by one country over another.

2593. You cannot explain the reason for New Zealand's advancing and the Commonwealth's declining?—No. Perhaps ours were too low before.

2594. Do you think, in the event of an enemy attacking either New Zealand or Australia, that, with or without federation, we should help one another?—I think that very likely. I laid more stress upon a common plan, directed by one set of officers and tending towards a common end.

2595. In your opinion, there would be some benefit by their being defended by one Government practically?—Yes.

2596. *Mr. Luke*.] I think I understand you to say the main factor—the reason why we should federate—is trade?—To a very large extent.

2597. You have read Mr. Mackenzie's opinion, given yesterday, as to the political aspect of it?—No.

2598. Mr. Mackenzie thought the predominant reason was political, and that that was a very strong reason why we should not join?—I noticed that he waived aside entirely the question of trade. I look at it from exactly an opposite point of view.

2599. Can you account for so little trade being done with New South Wales under the conditions that exist?—I do not consider it small, considering the few articles to which it is limited.

2600. Two or three main articles?—Chiefly what comes off the ground.

2601. You do not think we are likely to suffer from intercolonial free-trade under federation because of the distance and the cost of freight?—That would always be, to a certain extent, a handicap; but I am inclined to think our natural advantages would counterbalance everything.

2602. But some of our industries may be driven to the wall?—If they are on a sound foundation they would not be, and before long things would adjust themselves.

2603. Looking at it from the political side, what prospect would, say, fifteen members in a Parliament of ninety have upon the question of the expenditure of public money, of seeing that we got a fair proportion?—I understand each State would be left to expend its own public money.

2604. But in the expenditure of moneys controlled by the big Parliament: they contemplate taking over the railways?—Of course, this has been threshed out before the States federated. The assumption we should proceed on is that the Federal Parliament would not legislate to the distinct disadvantage of any one of the States.

2605. Would not this condition of things possibly arise: that in the great Continent of Australia there would be public meetings and political influence brought to bear, and, as those who make the greatest clamour often exercise the most political influence on Parliament and Government, would Australia not be likely to predominate over a State like New Zealand, so far away from the seat of government?—I do not think so.

2606. *Mr. Leys.*] Have you not seen, Mr. Ritchie, that Mr. Barton has already announced as part of the Federal work the construction of great trunk railways and the development of the Northern Territory?—No, I did not notice that. I am not quite sure that I did not see it, but I could not understand it. I think I read it once, but am not sure. The effect produced upon my mind was that only the States that would be affected would have to contribute to the trunk railways. It did not strike me that trunk railways over the Continent of Australia would have anything to do with New Zealand.

2607. But if New Zealand had to pay for those railways should we reap any advantage?—I should say it would be unjust, unless some advantage attached to them which I do not know of, and cannot very well imagine.

2608. The Commonwealth revenue is derived entirely from the Customs; they may impose direct duties, but at present they derive their revenue from the Customs. If they engaged in these schemes that the Commonwealth are undertaking, should we not pay our share of taxation towards them?—I should not expect us to unless there was an advantage to us in connection with them, which I can hardly imagine.

2609. It was stated by Mr. Barton, in the course of an interview, that he considered New Zealand would be benefited by a trans-continental railway in Australia in the matter of defence: can you see that—in the concentration of troops?—It is difficult to see it, but it might possibly be so, for all I know.

2610. Do you not think, looking at the experience of other countries, such as America, that the Federal Government will engage in a large number of schemes that will absorb the whole of the Customs revenue in time?—I should not expect so.

2611. But is not that the case in the United States, and with fewer powers?—Not that I am aware of.

2612. Do the States get the Customs revenue?—I do not suppose they do; but there are a large number of States that cannot possibly have Customs revenue of any kind or description, because they are surrounded by land.

2613. But, as a matter of fact, does not the United States Government use up the whole of the Customs revenue of that country for its own purposes?—I cannot tell you.

2614. But that is the fact, is it not?—I do not know.

2615. Now, is not the first duty of any new country like this to develop the resources of the country: is not that the first work in all new countries?—Well, yes, I suppose so.

2616. Do you think that under federation we are likely to develop our resources better than we are now doing with perfect control both over our revenues and our laws?—I do not see why we should not develop them as well if we joined the Federal Parliament; quite as well.

2617. If a large portion of our revenue is diverted to great schemes in Australia, shall we not suffer to that extent in the development of our own resources?—I have already said that we should be at a disadvantage if we are asked to pay money for which we can get no return.

2618. Should not that be carefully looked into?—Certainly. I have assumed that that is something that is not likely to happen.

2619. Apparently, it has already happened?—I am not aware of it.

2620. If that is the case, would you be prepared to recommend New Zealand to go in for federation—with that risk?—Well, I do not think there is any risk.

2621. But, if there was such a risk, would you be prepared to recommend that we should go in for federation?—It would depend upon the extent of the risk—what it involves.

2622. I suppose you have visited Australia pretty often?—Yes.

2623. Do you not find a community of interest and public feeling pervading the whole continent; and, as compared with the interests of Australia and of New Zealand, do you not find a wide divergence between the public opinion of Australia and the public opinion of New Zealand?—Upon what subject?

2624. Upon general subjects. In every way, do you not find identity of feeling in Australia; and, as to New Zealand, do you find they know anything about it?—Know anything about New Zealand? I suppose they know just about as much of us as we know of them—that is, the general public.

2625. But is that much?—No; it ought to be more. I should say the general mass of the population in Australia do not know much about New Zealand, any more than we here know of them if we have not visited them.

2626. Does not that go to show that a division by sea is a more serious division than you were disposed to concede in reply to the Hon. Mr. Bowen?—I do not see that division by sea is so material. I question if the people of Victoria do not know less of Queensland. It is merely a matter of huge distances, it does not matter whether by sea or land.

2627. Of course, you are aware there was great hesitancy on the part of Western Australia to come into the Commonwealth on that very ground?—I am aware of that, but it was overcome.

2628. Yes; but was it not overcome on a sort of understanding that the trans-continental railway scheme was to be brought about?—Well, that might have had some weight.

2629. Do you not see a community of interest on the continent in which we have no share, and can never have any share?—No, the reverse is the case. I should think there is more antipathy in some things, and in a good many things between New South Wales and Victoria, for instance, than between New Zealand and the States of Australia. I hope and believe that will be overcome now by federation, and I think it would be if New Zealand federated with them.

2630. I do not mean the difficulties arising out of border duties?—There have been jealousies about many other things.

2631. You cannot recognise any community of interest in Australia that we do not participate in?—No community more than that they are members of the same Empire, and are ready to stand together under certain circumstances and not under others.

2632. No community of interests?—No, rather the reverse.

2633. *Hon. the Chairman.*] Which of the Australian Colonies do you consider stands first in the matter of manufactures?—I am afraid I could not answer that question.

2634. You know they have been developed very largely in Victoria, do you not?—Yes.

2635. And that has been under a policy of protection?—Yes, it has been; but I do not know that they have been successfully developed. I have heard very many complaints about the industries of Victoria—many more than I have heard about the industries of New Zealand.

2636. Does Victoria export her home manufactures very largely?—I am inclined to think she did not, but I would not be sure.

2637. *Mr. Beauchamp.*] Just bearing on the question of protection: in America, of course, manufactures have been much bolstered up by protection?—Yes.

2638. Is it not a fact that America claims now to lead the steel trade of the world?—Well, the last papers I had from Home state, since the price came down, that Scotland has it, and that the Americans are out of it all together. I think a few millions' worth go over occasionally, and the most is made of it.

2639. You attribute the diversion to America to the fact that England had more than she could overtake?—Yes; that is what is told me.

EDWARD BOWES CARGILL examined. (No. 50.)

2640. *Hon. the Chairman.*] What is your name?—Edward Bowes Cargill.

2641. How long have you resided in this provincial district?—For forty-four years.

2642. You were one of the earliest settlers?—No. I came ten years after the foundation of the settlement.

2643. You have seen a great deal of the settlement of this part of the colony?—Its entire growth, I may say.

2644. Have you considered the question of New Zealand federating with the Commonwealth of Australia?—In a general way.

2645. Will you give the Commission the benefit of any opinion you have formed?—I am forced to the conclusion that New Zealand must sooner or later join in with the Commonwealth, and that it would be greatly to the advantage of New Zealand if she did so. I cannot understand New Zealand standing out by itself when amalgamation is the general tendency throughout the world. We have seen elsewhere contiguous States united together, notably those of Canada, the elements of which are more diverse than those of New Zealand and the Australian Colonies. We should be in a very disadvantageous position if we remained out of the Australian Commonwealth.

2646. You mentioned Canada, but Newfoundland has not joined that Federation?—Newfoundland has hung out for some time, but Lower Canada and British Columbia are separated by very long distances, and have very diverse interests.

2647. What do you consider would be the advantages to New Zealand by joining the Commonwealth?—I think, for one thing, it would be a great advantage that we should have free interchange of produce and manufactured articles between every part of the Commonwealth; that it would be mutually advantageous to sweep away the Customs and taxation troubles, and have free interchange of commodities all round. It would certainly be a much more economical way of dealing with our produce to have it freely distributed and extended in that way than to go on in the restricted manner of the Customs, as at present.

2648. You are aware that New Zealand would have to make a very large contribution from the Customs revenue towards the expenses of the Federal Government?—Of course, if New Zealand joins in the Commonwealth she must contribute her proportion of the expenses of the Commonwealth Government in common with all the States, and it must be a first charge on the New Zealand revenue.

2649. Do you think the money for that purpose should be raised through the Customs?—That seems a convenient source to take it from.

2650. Do you think that the people would consent to contribute it through the Customs?—I do not see how the people could object.

2651. Beyond the advantage of intercolonial free-trade, can you suggest any other advantage to New Zealand from joining the Commonwealth?—We should, I think, occupy a better position amongst States as part of the Commonwealth than as an isolated colony. We should have the advantage of being united with all the others in all those matters which are common to us, and in which our interests are the same.

2652. At present there are differences in the laws—divorce, and so forth—between New Zealand and Australia: do you not think we are in a better position than they are in that respect?—However that may be, I think we should be all the same, and not have one law here and another across the sea in territory belonging to the same people.

2653. You would not wish that, if the laws enforced in Australia were worse than our own?—I cannot assume that they would be worse. The united wisdom of the best men from all the States should bring a result of better laws.

2654. Did you read the evidence given by Mr. Scobie Mackenzie before this Commission?—No.

2655. What do you think of New Zealand sinking her identity as an independent colony by joining the Commonwealth?—Of course, we should sink our position as an independent colony. We should become a State instead of a separate colony.

2656. Do you think that is not too great a price to pay for the advantages you have mentioned?—I do not think so.

2657. *Mr. Leys.*] Do you think it possible for New Zealand, under any conditions, to make greater progress than it has made in the past?—I do not know.

2658. Has it not been marvellous the extent to which this colony has grown up in the development of agricultural and manufacturing resources?—Yes.

2659. Has it not been due to its control of its own affairs, and its ability to use all its powers in the development of these resources?—That and the energy of the colonists themselves. I do not know that any of our leading industries have been due more to the Government ordering of things than to the industry and perseverance of the people themselves.

2660. Do you not think there is a danger of diminishing that complete control of our resources and destinies?—It does not appear to me to be so.

2661. Do you see any absolute gain in government or administration to be obtained for New Zealand by joining the Federation?—I am not prepared to define or to state more than my general ideas. I do not think we have before us sufficient details to enable us to judge how it will work out on all points.

2662. It may be a leap in the dark to some extent?—To some extent it may.

2663. Do you not think our position as a member of the British Empire will always overshadow any local alliance we may make with a neighbouring colony?—That is always the first factor; but I think the title "Federation" is a misnomer. The British nation is all one great Confederacy. "Federation" as regards the Australian Colonies is not a word that should be used. I think "amalgamation" is the right term. All the States were originally one, and because of the difficulties of distance and want of communication they were separated and made into different colonies. The time has now come when distance has been annihilated, and they come together again for mutual assistance and strength. We were originally joined to New South Wales, and it is a question whether we should stand out and be different from others now.

2664. Do you not think we may lose some of our individuality?—I do not know. We are all one people, with one Sovereign, one supreme Parliament, one supreme judicature, one language, one religion, one everything. I do not know that we want to be too distinct.

2665. That will be so whether we federate or not?—Yes.

2666. *Mr. Reid.*] Is it not a fact that Otago owed its development to the Provincial Government, and not to the General Government?—That is a very difficult question to answer. Unquestionably the first development of Otago was under the Provincial Government, but then the Provincial Government went rather wide in the matter of finance. All the Provincial Governments borrowed money, and not very wisely. It was thought here by some that in abolishing the provinces we were improving matters very much, and others thought it was disadvantageous, because local administration was too much interfered with. For my part, I always looked upon it that there was a great advantage in drawing all the finances together to one centre. As it was, we were running on to ruin from the extravagant use of borrowing- and spending-powers in half a dozen separate and irresponsible centres.

2667. You are aware that there are divergencies in our laws, and these difficulties would not be eliminated simply by our joining the Commonwealth?—I presume they would be ultimately.

2668. *Hon. Captain Russell.*] You said it was desirable that we should form portion of a large people: is it not probable that we, as a race, shall grow into the most populous country in Christendom?—We are bound to.

2669. Is it not reasonable to assume that the population of New Zealand will grow into half of the population of England?—If we go into that question we will find ourselves landed in very big calculations.

2670. Our country is capable of carrying half the population of England, at any rate?—It is very hard to say. I suppose this country should contain a very much larger population than it does.

2671. In area, we are the same size as England, Scotland, and Wales: may we reasonably suppose that some day we will carry twenty millions of population?—We are bound to increase very rapidly, although the progress has not been so great lately as formerly.

2672. If, then, England was the greatest Power at the beginning of last century, may we not in future see a great Power before us?—I suppose so, if the people are properly governed.

2673. Is it essential to our growing into a big people that we should be allied to Australia?—That seems to me a very narrow view. If we have a good property here, there is no reason why we should seek to keep it all to ourselves.

2674. But you would agree that we shall have the potentiality of a great people?—No doubt.

2675. And, therefore, if we remain out of the Commonwealth we need not exactly be an insignificant State?—We should exist, and go on and prosper.

2676. But could we grow into as populous a State as England was at the beginning of the last century?—I presume so.

2677. Was she not a gigantic Power at that time?—Yes; but I do not see that these two things necessarily follow. It does not touch the question of the Australian Colonies growing in the same way. All parts of the British Dominion are bound to grow enormously. If the people increase as they are doing just now, there will not be standing-room on the face of the earth for the English-speaking population.

2678. I was just asking whether we should be an insignificant State or not?—By no means.

2679. You were alluding just now to the Federation of Canada: are you aware that there is a strong feeling in Canada against Imperial federation?—That is the old French element there. It has always been a little bit troublesome. They maintain their positions as aliens in race and religion.

2680. You know such is the case?—Yes.

2681. You narrated to us the conditions which led to the disruption of Australia: that was because they were not close enough for having Central Government?—Yes.

2682. Are we not more remote than any portion of Australia was?—No.

2683. The distance between Victoria and Sydney is how great?—Only five or six hundred miles, but there were then no roads, or steamers, or telegraphs.

2684. And between Brisbane and Sydney?—In the same way the communication was very difficult.

2685. But it was the question of the distance which brought about the separation?—I believe so. That was the principal thing, and the growing-up of local interests beyond the control of the distant centre.

2686. In other words, they wanted to have government under their own eyes?—I suppose so.

2687. Can we ever have the government of New Zealand under the eyes of the people if we join the Commonwealth?—The local government of the colony will be left pretty much as it is now. We will have the management of local affairs, public works, education, and all that is necessary for the good government of the country.

2688. You know that there are thirty-nine questions which are considered the most important in the matter of government that have been reserved for the Commonwealth: that surely takes away the greatest power of our Government from it?—To be sure it does.

2689. Do you not think that would tend to dwarf public questions?—It might tend to improve them. All those subjects might be better conducted if the united wisdom of the other colonies was brought to bear upon them.

2690. But the State's Government in which we are interested, would that not be dwarfed by the fact that thirty-nine matters are taken away from our cognisance?—I cannot think so. It is taking a poor view of the intellectual capacity of the future.

2691. Have you taken notice of the constitution of the first Federal Government?—Yes.

2692. Have you realised, then, that every State has given its best men away from the State Government to go to the Federal Government?—Sir Robert Stout, in an article contributed to a review, impressed upon the different States that they should be careful not to make too little of their States, and to put their best men into their State Parliaments as representatives. But, really, if we are to be denuded of all capable men by sending one or two over to the Commonwealth, then it is a poor prospect for us. I am not prepared to put so poor a value on our capacity as a people.

2693. Is there not a tendency for the best men to abandon the State Legislature and go into the Commonwealth?—I suppose there are other able men to be found in the States.

2694. But the fact remains that the men chosen for Premiers of the Commonwealth States have abandoned their States to go into the Federal Government?—Yes; but why they were the best men in the States I cannot say.

2695. It is certain that they have abandoned their States to go into the Commonwealth?—If we have the best men in the Commonwealth they are not likely to do much mischief.

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## CHRISTCHURCH.

MONDAY, 18TH FEBRUARY, 1901.

GEORGE GATONBY STEAD examined. (No. 51.)

1. *Hon. the Chairman.*] What is your name?—George Gatonby Stead.

2. What are you?—A merchant in Christchurch.

3. How long have you resided in New Zealand?—Thirty-four years and a half.

4. Are you acquainted with Australia at all?—Yes; I have visited Australia many times.

5. Have you taken any interest in the question of New Zealand federating with the Commonwealth of Australia?—I naturally have taken an interest in it, but I do not know if I can give an opinion of very great value. I know a good deal about the export trade of New Zealand to Australia.

6. We have that principally in statistics; what I want to know is whether you can give us any help in considering the question of whether it is advisable or inadvisable for New Zealand to federate with the Commonwealth of Australia?—Well, I have come to the conclusion that if the principal benefit New Zealand is to derive from federation with Australia is an increased market for our natural products, then I think the results would be very disappointing to New Zealand. I have been an exporter for over thirty years, and I have watched the exports to Australia very carefully, and I have arrived at the conclusion that there is very little hope of there being a material increase in the exports to Australia, and for this reason: I think before long Australia will produce all that is needed for her own requirements. I remember towards the end of the sixties, or the beginning of the seventies, that New Zealand exported a large quantity of oats to Victoria. Ten years later the export of oats had lessened; twenty years later they were smaller still; and at the present time New Zealand practically exports no oats to Victoria. Victoria now grows all she requires for herself, and has been exporting during the past year to South Africa. The same remarks apply, to a great extent, to New Zealand exporting wheat to New South Wales. This export has fallen off very materially within the last few years, and at the present time the export of wheat to New South Wales is practically nil.



7. You consider that the ceasing of the export of oats to Victoria has arisen from production in Victoria, and not to the imposition of the duty?—I have no doubt that the imposition of the duty first stimulated the production of oats in Victoria, but if any one notices present prices they will see that the price is as low almost in Victoria as in New Zealand, which seems to point to the fact that Victoria can produce oats as cheaply as New Zealand.

8. Is there any of our products besides oats that will be interfered with by federation with Australia?—I do not know that I said the production of oats would be interfered with by federation. What I intended to convey was that those who anticipated an increased market in Australia would be disappointed.

9. You think the establishment of free-trade with Australia, so far as fostering an increase in trade with Australia, will not realise the expectations of the people of New Zealand?—That was my opinion. No doubt at the outset we would find an increase, but to what extent it is impossible to say; and in the long-run we would be disappointed, because, so far as I can judge, Australia is producing nearly all her requirements in such products as we have in New Zealand. Take butter: As we all know, they are exporting butter very largely from Australia. A few years ago we exported butter there to a very considerable value. Barley, again, used to be exported in large quantities to South Australia, and now we export to there practically none. We export a certain quantity of malt, onions, potatoes, and other odd products, and no doubt we will continue to export potatoes; but, generally speaking, Australia is producing its own butter, hams, bacon, wheat, and oats, and if no other object is to be gained or no other benefit to be looked for than increase in exports New Zealand producers would be disappointed.

10. Speaking still on the commercial side, can you mention any advantage which, in your opinion, would accrue to New Zealand from federating with Australia?—I have failed to discover any branch of commerce in New Zealand that would be benefited to any considerable extent by our federating. No doubt it would facilitate trade to a limited extent, but not to a considerable extent.

11. What do you think would be the effect upon the manufacturing industries of this colony in the event of New Zealand federating?—I am disposed to think that, so far as the wage-earners are concerned, the tendency would be rather to reduce the wages of the workers here to the level of the workers in Australia; therefore, on the whole, I think the New Zealand workers would not benefit by federation.

12. Do you think the New Zealand factories would be able to compete with the larger firms and the greater centralisation of manufactures in Victoria?—It is more than possible we would be able to compete with the Australian factories as regards our home market, but I fail to see how we would be benefited to any great extent.

13. Have you considered federation in its financial aspect?—I have been unable to satisfy myself to an extent that would warrant me in publicly giving an opinion.

14. Mr. Barton says the Federal Government will require eight millions and a half a year?—Yes, I have noticed that.

15. Do you not think that indicates that a very considerable contribution will be required from this colony?—On the whole, I have come to the conclusion that if we federate we would find our taxes increased rather than decreased, but I have not sufficient data to warrant me in giving an authoritative opinion on the subject.

16. Have you considered the matter from the political standpoint?—Well, I am of opinion that the social legislation in New Zealand during the past ten or fifteen years has, on the whole, been for the benefit of the workers, and I cannot help thinking that, if we federated, our social legislation would be retarded rather than advanced. It seems to me that, if we had representatives from the Federal colony meeting together, instead of hastening social legislation, it would tend to check it. Of course, it entirely depends upon our attitude regarding the social legislation whether that would be an advantage or otherwise. Personally, I think any legislation that results in improving the position of the workers is for the benefit of the community at large; but, of course, there are others who consider that we are too advanced in our social legislation. That is not my opinion, and therefore I think it would be a mistake for us to federate with Australia, because I believe the tendency would be to retard our social legislation, which so far has been very beneficial.

17. Do you think there will be any difficulty in getting suitable persons to represent New Zealand in the Federal Parliament?—I think not. I should say that we would find our best men would offer their services if we federated. The position would be one of great importance, and would call for the services of the best men.

18. Have you considered how the fact of our being so great a distance from Australia would operate on New Zealand in the matter of government?—I cannot help thinking that New Zealand would suffer rather than otherwise: First, from the matter of distance; and, secondly, from the fact that the interests of the federated Australian Colonies, such as Victoria, New South Wales, and South Australia, are identical, but are not the same interests as New Zealand's, and therefore the chances are that New Zealand would suffer.

19. Are you prepared to give an opinion as to whether Mr. Barton's desire for a white Australia is likely to be realised?—I cannot offer an opinion on that subject.

20. *Mr. Leys.*] I notice from the statistics that there are only 26,641 acres in wheat in the whole of the North Island, as against 243,000 acres in Canterbury and Otago. At present Canterbury and Otago are the wheat-growers for the colony: do you think, in the event of federation, that Australian wheat will come into competition with Canterbury wheat in the North Island?—I think not. I think we can produce wheat in the South Island more cheaply than they can in Australia, and the distance Australia is from New Zealand would be a sufficient protection to the growers in the South Island. There would be imports of wheat, but not to a material extent.

21. Are the prices of wheat in Australia much higher than in New Zealand?—The conditions and terms of sale are such as to mislead, to some extent, a non-expert. Here we sell with bags extra, and certain other little trade differences; whereas in Australia wheat is sold with the sacks included; but, making all allowances for the trade terms, wheat is 2d. to 3d. higher in Australia than in the South Island of New Zealand.

22. Is Australian wheat relatively higher in quality than New Zealand?—The quality is higher than anything we can produce in New Zealand, more particularly if the wheat is to be made into flour to be used in a hot climate. New Zealand flour made from New Zealand wheat is excellent flour in a temperate climate like that of New Zealand, but when sent to Queensland or South Africa the flour gets sour. New Zealand flour is made from wheat ripened in a moist climate, and the flour will not stand the heat in the same way as that made from South Australian wheat, which is ripened in a dry climate.

23. Would that difference in quality counterbalance the difference in price?—To some extent, yes; even now there are bakers who import in certain years a small quantity of Adelaide flour for the purpose of improving the bread. The quality of their flour is better than that of ours; but, on the whole, the difference in price and the difference in exchange, and other charges, would always be in favour of the South Island to a reasonable extent. No doubt there would be importations, but not to a considerable extent.

24. Do you think the competition through importation of Australian flour would be sufficient to lower the value of Canterbury wheat and flour—to lower the market-price?—I think the difference in price would be sufficient protection to the southern flour, and it would still retain the northern trade.

25. You do not think the competition would be sufficiently severe to force down the price of Canterbury flour and wheat, which is now protected?—To a limited extent, yes; but I do not think the Southland trade, to use a phrase, would be “wiped out.”

26. Do you think the present duty is not needed for the protection of the New Zealand industry?—Practically it is not. In certain seasons, because of droughts, &c., there is no doubt an advantage in the duty; but, on the whole, we have good seasons, and I do not think we need the protection on either wheat or flour.

27. Of course, you know there was a time when the northern mills were almost entirely supplied from Australia?—No, they were never entirely supplied, but they were largely supplied. A considerable amount of wheat was imported.

28. You think the conditions have changed to such an extent that that would not occur again?—I think so.

29. Do you think the exports to Australia are largely dependent upon the conditions of the Australian seasons—for instance, I notice potatoes to the value of £120,647 were sent from Lyttelton in 1898, and in 1899 only to the value of £26,000?—There is no doubt the exports from New Zealand to Australia are very materially influenced by the fact of its being a good or bad season in Australia, but the general tendency in Australia is to increase the production of similar products to those which we export to Australia, and they are beginning to increase the growth of these products in Australia at such a rate that it makes it almost hopeless for us to find a market there, even if we federate. They are producing the same as we are. The chief staple agricultural products of New Zealand are being grown to such an extent in Australia that I think in a very few years they will grow all they require, except when drought or other exceptional causes prevents them.

30. Do you think the credit of the colony in borrowing for State purposes would be depreciated in any way by the fact that the colony, through federation, would lose control of its Customs revenue?—I should think that the credit of New Zealand would be on a footing with the credit of Australia, and therefore, if the assets of Australia and New Zealand were, so to speak, given in security for State borrowing, it would rather increase our credit than decrease it.

31. Do you assume that the Federal Government would do all the borrowing?—That is what I tried to say in answer to Colonel Pitt. I am not sufficiently conversant with all the details to give an opinion, but I was under the impression that the whole of the borrowing would be done by the Federal Government.

32. You have noticed that Mr. Barton has announced certain great Australian undertakings as Federal work, such as the construction of the trans-continental railway, the construction of artesian wells, and other works for opening up the country: do you think New Zealand would be benefited by such works as those?—No. From a sentimental point of view we would be very pleased to see such works carried on, as they will be of great benefit to the Commonwealth, but I fail to see how those works would increase the wealth, comfort, or happiness of the individual in New Zealand.

33. I notice Mr. Barton stated that his reason why New Zealand should be interested in those works, and should assist in paying for them, was that the trans-continental railway would be of great advantage for defence purposes?—I cannot see how it would assist in the defence of New Zealand if the necessity arose.

34. You would think, then, I assume, that if New Zealand was asked to tax itself for the construction of the trans-continental railway it would be rather an injustice to New Zealand?—From a selfish point of view we would have every reason to object to it, but from a sentimental or philanthropic point of view we could not object.

35. Assuming that New Zealand is called upon to contribute to such works, would not that materially reduce the power of New Zealand to carry on works necessary for themselves?—If we are taxed to provide money for the railway in Australia it must reduce the spending-power in New Zealand for our own works.

36. Assuming, as you seem to do, that the Federal Government will be the chief borrower, do you think we could persuade the Federal Government to borrow for such purposes as acquiring

land for settlement and undertakings of the kind we have been accustomed to go in for in New Zealand?—That would be difficult to say. Of course, in fairness, they ought to do so; but, as I put it, there are seven colonies, and with six of them the interests are identical, and different from New Zealand, and it is likely that they would legislate for themselves and forget us.

37. You think, then, we should be safer to retain the control of our own Government so far as to give us an elastic finance in dealing with questions of that kind?—Personally, I have been unable to see what material advantage the residents of New Zealand would gain by federating with Australia. It appears to me that we should be bound politically by the decisions of the majority in the Commonwealth Parliament, and the chances are that those decisions would be for the good of Australia rather than New-Zealanders.

38. Have you considered the question from the point of view of defence?—I cannot say I have given much attention to the question from the defence point of view; but, on the whole, I should think it would be of value to New Zealand for the sake of defence to be associated with Australia. I think if we were federated, and a broad scheme of defence were decided upon, it would be of a more complete character than New Zealand could hope to arrange by itself. But I do not think that that advantage is of sufficient importance to warrant our federating.

39. Do you not think the main defence of New Zealand will depend upon the fleet, and that really the Imperial Government will have to arrange the naval defence for a great many years to come?—I think the war in South Africa has taught us that we could defend ourselves on shore if the necessity arises.

40. Do you think there is a likelihood of an independent Australian fleet being organized?—Independent to some extent; but I suppose it would be an offshoot of the English navy, the same as now.

41. Does that not imply an enormous expenditure on defence by the Federal Government?—I do not necessarily say that the expenditure on defence could be very much more than it is now.

42. Assuming they are going in for the construction of warships and the organizing of an auxiliary fleet, would not that involve an immense expenditure?—Yes; but I was not under the impression that they were going to have ships of war of their own.

43. I assume that from your answer you thought they were going to act independent from the Imperial Government in the way of defence?—No; I said they would continue to do as in the past—by contributing to a fleet supported by the Imperial Government—and that New Zealand would benefit rather than suffer in the matter of defence if we federated.

44. Looking at the fact that the Federal Government have entire control of the Customs revenue, and that they exercise larger powers than the United States Government now exercise, do you think it probable that ultimately the Federal Government will use the whole of the Customs revenue for Federal purposes, and leave the States to arrange their revenue by direct taxation?—I would not like to offer a too decisive opinion on that point. On the whole, I think the results ultimately will be that our taxes in New Zealand would increase rather than decrease if we federated, that the whole of the revenue received from Customs would be required for Federal purposes, and that we should have to supply out of other forms of taxation the whole of the moneys required for our local self-government. But it is difficult for one to form a very decisive opinion on the question of finance, for, as far as I can make out, even the leaders of federation in Australia seem undecided themselves as to the effect of federation.

45. You have noticed the clause dealing with this revenue, compelling the Federal Government to hand over three-fourths of the Customs revenue to the States, is only binding for ten years: would you think that implies that the Commonwealth contemplate taking the entire Customs revenue over?—I should think ten years was made the limit in order that they might be enabled to modify at the end of that time. But I should not think at the end of ten years the conditions would be altogether changed. If found workable, they would probably continue on the same lines. I cannot see it implies that the conditions will necessarily be altered after ten years.

46. Do you remember anything of the provincial finance in New Zealand? Originally the condition was somewhat similar, but the provinces received something out of the Customs revenue?—Yes.

47. Is it not a fact that the Government reduced that amount?—The financial needs in the early days were very great, and I can quite understand that the General Government required all the funds they could get. Australia, however, differs from the state of New Zealand then, inasmuch as it is very prosperous; and I cannot see that the Federal Government will require the whole of the revenue.

48. *Mr. Luke.*] You think, from an agricultural point of view, there is no advantage to us in federation?—That is my opinion—little or no advantage.

49. I see that the margin of difference in trade between Australia and Lyttelton is £83,000 in favour of Australia. You do not think there is anything in the cry that we are losing our trade with Australia—in other words, you think the trade will go on?—I think there will be no material alteration in the balance of trade between Australia and New Zealand.

50. Turning to manufactures, I think I understood you to say that you think the manufacturers of New Zealand could compete against the manufacturers of Australia: did you mean that we could export to Australia our manufactured goods?—No; I think our manufactures in New Zealand could hold their own in New Zealand, but I very much doubt if there is any chance of Zealand manufacturers being able to send manufactured goods to Australia successfully to any material extent. Of course, in the matter of odd articles or odd times, they might be able to do so.

51. We have had evidence to the effect that New Zealand workmen turn out a greater volume of work in a day than the average workman in Australia: if that is so, would that not be an advantage to New Zealand?—If true, it would be; but I doubt whether the tradesmen here make more goods than they do in Australia.

52. You do not think that the hotter climate has any effect on the workmen?—Not to the extent of altering the conditions of trade by enabling us by reason of the increased output to send goods successfully to Australia.

53. Do you not think that those works where heat is applied, together with the climatic heat, would give the New Zealand manufacturer or workman an advantage?—I do not think it would to the extent that your question implies.

54. You think one effect of federation would be to reduce wages?—That is going rather far. I would not be prepared to go quite that length, but I would say that the tendency would be more in that direction than otherwise.

55. They are introducing social legislation there now—conciliation and arbitration laws?—I am aware of that.

56. Do you not think the tendency is to elevate the social conditions of the workers of Australia to the level of those in New Zealand?—It might tend to raise the social level of the workers in Australia to the level of those in New Zealand; but I was looking at it from the standpoint of the New-Zealander, and feared his being reduced to the level of the Australian.

57. You do not think the conditions, if equalised, would benefit the manufacturer here?—I cannot see that it would to any material extent.

58. Do I understand you to say that the distance we are from Australia is a disadvantage under federation?—Certainly. I cannot see any material advantage to us—in other words, I think we may lose, and cannot win, by federation.

59. You think they have a community of interest that does not apply to us?—To a considerable extent, yes.

60. You have great experience in financial matters: do you not think that if the States continue to borrow for inter-State requirements, that going on the money-market with the great Commonwealth behind them they will be able to borrow more cheaply than if apart?—Yes; if the whole of the borrowing is done on the security of the assets of the Commonwealth, I should take it that we would borrow more cheaply than at present. Not materially so, because the credit of New Zealand stands very high to-day; but, on the whole, I should think that the assets of the Commonwealth would find favour with the English capitalist, and borrowing would be done on better terms than if New Zealand offered her own security.

61. But, supposing the Commonwealth does not father the loans of each State, would not the mere fact of the State being associated with the Commonwealth enable its borrowing to be done cheaper than if it kept apart?—If I understand you correctly, I should say No. I cannot see that the moral aspect would affect the English capitalist. If New Zealand federated, and had to borrow for local State purposes, the chances are that the Commonwealth borrowing would overshadow the State borrowings, with the result that New Zealand would have to pay a higher rate of interest than now.

62. *Mr. Beauchamp.*] You have a large number of important industries in Christchurch?—Yes.

63. We have been told in the South that, owing to the centralisation of the manufacture of goods in Australia, the cost of production is much lower there than in this colony: supposing that to be so, do you not think that our industries would be prejudicially affected by inter-free-trade?—On the whole, yes. I think our industries would to some extent be affected.

64. I understood you to say that we could raise products sufficiently cheap to compete with the Australian houses—that is, to keep out exports from Australia?—I think we will continue to manufacture what we require to supply our own market, but I doubt if we can manufacture cheaply enough to supply the Australian market.

65. As to the cost of production in Australia, how does that compare with the cost of production in New Zealand?—In Australia they can grow wheat at less cost per acre than in New Zealand. Oats also; but that is explained very easily. The average yield of oats in Victoria and New South Wales is 20 bushels to the acre; in New Zealand it is 30 bushels to the acre. Well, it stands to reason that you could handle 20 bushels cheaper than you could 30 bushels, and therefore at per acre you could produce cheaper in Australia than in New Zealand. I am inclined to think that we could produce a bushel of oats cheaper than in Australia. As regards wheat, in South Australia that is stripped, and not threshed; it is winnowed and put into the bags right away. Here the wheat is cut with the reaper-and-binder, stooked and stacked and threshed, which is a much more expensive form than that of stripping. Therefore at per bushel they can produce wheat cheaper in Australia than we can, in one sense. On the other hand, we have much larger yields.

66. I noticed that the Commonwealth at present produces about 14,000,000 bushels of wheat, as against our 9,000,000 bushels: is not it reasonable to suppose that under those circumstances, with the lower cost of production, the millers on the other side would be able to compete with the millers in the matter of flour?—I think I mentioned that, as a rule, the net cost here, or the market-price here, of wheat is about 2d. to 3d. a bushel lower than the price in South Australia. The conditions in Australia are that wheat is sold, bags included, and free of brokerage. Under those conditions the market fluctuations are somewhat misleading to those outside the trade; but, putting the whole matter down to bed-rock, the price of wheat is about 2d. to 3d. per bushel higher in Sydney, Melbourne, and Adelaide than it is in Christchurch, or possibly Dunedin.

67. As to South Africa: you have had considerable experience of the South African market?—I ship there very largely.

68. Are you of opinion that that market is likely to be open for a considerable number of years, even after the close of the war?—That is a very wide question to answer. I think South Africa promises to give us a far more satisfactory market for our products than Australia does. The chief difficulty, of course, is the question of freight. If we can have supplied to us freight at

the same rate as is paid from Australia, I think we shall find a very excellent market in South Africa for many of our products; but, while on this subject, I think I referred a short time back to the quality of our wheat, or perhaps to the quality of our flour made from our wheat. Our flour does not give satisfaction in South Africa, for the reason that our wheat is harvested in a comparatively moist climate, and, when turned into flour, that flour will not keep so well in a semi-tropical climate such as South Africa as it will in a climate like that of England or here. Our flour would keep in England or New Zealand, but not well in a tropical or sub-tropical climate. Adelaide wheat stands splendidly in South Africa, and that wheat sells to better advantage than the New Zealand wheat.

69. Do those remarks apply with equal force to oats?—No; the oats grown in New Zealand are decidedly superior in quality to the oats that they can produce in Australia, and our oats would always have the preference in South Africa to oats grown in Australia, because of their superior quality.

70. You referred to the question of freights: are you, as an exporter, fairly well satisfied with the rates of freight now advertised by the combined line?—That, perhaps, would be rather an unfair question to answer, as I am both a director of a shipping company and an exporter too.

71. I will not trouble you about that. With respect to finance, I think you said that you thought the Commonwealth would probably be able to raise loans cheaper than a colony like New Zealand could if it went on the London market: have you noticed that quite recently the New South Wales 3½-per-cents are something like £3 cheaper than the New Zealand 3½-per-cents?—Yes; but there always will be fluctuations of that description in the securities of the various States. What I intended to say was that if the credit of the associated colonies is at the back of any loan it would enable the associated colonies to borrow at a somewhat cheaper rate than any individual colony.

72. Do you not think it is possible through the establishment of the Commonwealth, and it goes on the London market shortly to raise a heavy loan for certain international works, that it might not have an effect on the loans already issued, and that it might have caused that fall of 3 per cent.?—I should think that the alteration in the prices at Home is probably due to the disturbance of the money-market through the South African war. There is no doubt that the war has affected the money-market very seriously, and, for proof, look at the price of British Consols to-day and the price two years ago. I think there is something like a difference of £14 or £15. There may be a question at Home which has something to do with the difference. Perhaps the interest on the Australian loan has just been paid, and that would account for the fall.

73. Seeing that England is so largely dependent on New Zealand for her food-supplies, do you not think we can largely look to her to assist us in the matter of a navy for defence purposes?—Did you say that England was largely dependent on New Zealand for her food-products? because I am not quite prepared to admit that England is so largely dependent on New Zealand. Of course, our frozen meat has been a benefit to the English consumer, but our oat, wheat, and other products are, of course, a mere drop in the ocean as compared with what she gets from other countries.

74. I should say New Zealand in common with Australia?—She is not altogether dependent on Australia either.

75. You do not think the idea of federation meets with anything like the approbation of any special class of people, such as manufacturers or importers?—No.

76. And, apart altogether from the matter of sentiment, do you think there is nothing in it?—No.

77. *Mr. Roberts.*] With respect to agricultural products, they are, to a large extent, shipped to Sydney, which is a free port, are they not?—Mostly; and any shipments made to Victoria are generally for the purpose of transhipment to South Africa or Western Australia.

78. *Hon. Mr. Bowen.*] I understood you to say, Mr. Stead, that, in your opinion, it is only in exceptional seasons that New Zealand produce would be exported to Australia in the future should we federate?—Yes.

79. And that therefore the question of tariff with regard to agricultural produce is not so important as it appears in some cases?—I tried to explain that I think in the future it would be so. The importations from New Zealand have been gradually falling off, more particularly in Victoria, and also New South Wales, and I think in the course of a few years they will be almost independent of New Zealand, excepting in exceptional years of drought, when they must have our produce.

80. We were talking just now about the financial danger—the question of the absorption of the Customs revenue, and so on: do you not think the root of the whole difficulty is the fact that by the Constitution both the States and the Commonwealth dip into one common purse, and that there are no separate sources of revenue, which are set aside for each, as in the case of Canada? Do you not think that the real root of danger is that both are allowed to dip into the Customs revenue?—I think that undoubtedly is a difficulty.

81. Was not that the difficulty regarding the Provincial Councils of New Zealand?—It was one, and I think it will be one in this case if we join the Commonwealth; but, as I said earlier in the morning, the financial arrangements appeared to me to be so undecided, even with the heads of the present Commonwealth Government, that I do not care to hazard anything more than an opinion on the matter.

82. With regard to borrowing—of course, the Commonwealth has the first call on all revenues in the matter of borrowing over all the States connected with it: do you think there is any danger of the credit of the State itself being damaged by that—that they would be put into the position of something of a second mortgage?—Certainly the individual States in the Commonwealth would suffer in the matter of their individual loans.

83. The question might arise of reciprocity—that is to say, whether, in the absence of any political union, the reciprocity treaty can be brought about: do you think some arrangement of that sort would be advisable?—I firmly think it would be very desirable if we could arrange a reciprocal treaty with the Australian Colonies. I would very much prefer that to federating.

84. There have been difficulties previously in the way of reciprocity: do you not think it would be facilitated by the union of all the States now, and that there would be a better chance of its being carried now than there was when we had to treat with the separate colonies?—I am inclined to think it would rather tend to delay matters. I think there would be a certain amount of jealousy on the part of the Commonwealth owing to New Zealand declining to join them, and that that fact would make them rather object to a reciprocity treaty.

85. That question of the idea of resentment has been mentioned before; but do you not think that reciprocity means an arrangement between people who find it to their interest to agree on the matter, and therefore the question of sentiment and resentment would not come into it?—That is quite true. It is very difficult to induce States to enter into any arrangement on sentimental grounds; they usually look for some benefit to themselves.

86. Do you think that there are grounds which would make it beneficial to both parties to enter into a reciprocal treaty?—I think, on the whole, it would be better for Australia and better for New Zealand if we had a reciprocal arrangement with the Australians, but whether they would receive as much as they gave is quite another question.

87. You mean it was a matter which could be arranged?—I think we would do better with it than they would.

88. With regard to defence: some question was asked about that, but is not that confined to more a question as between the colonies and the Empire than between two separate colonies?—It is all naval assistance practically that will be given to each other. I thought I said that, as far as our land defences are concerned, we have learned from South Africa that determined men, well armed, fair shots, although small in numbers, could defend their shores against a foreign enemy. As regards sea defence, that will, to a great extent, be in the hands of the Empire.

89. Then, you think that practically there is no great question of defence as between the two countries?—I do not think it is any great matter. If anything, I think we shall probably benefit in that respect by being associated with Australia, but I do not think the point is of sufficient importance to warrant our federating on that ground alone.

90. One more question, and it is a matter of opinion merely. Which do you think would be most conducive to the ultimate building-up of the Empire and the holding of it together—there being only one great British Power in these seas, or two?—You are considering New Zealand as a great British Power?

91. Yes; it is the future we have to look forward to—a hundred years hence?—I take it that the intention of your question is this: whether or not, if the whole of the Australian Colonies and New Zealand and the South Sea Islands—which we are now supposed to take in—became one consolidated Commonwealth, they would become so arrogant in the future that they would be disposed to throw off the connection with great Britain?

92. Yes. They may not altogether mean that, but democracies are somewhat given to talking of cutting adrift, and I was asking your opinion whether the fact of there being two British Powers in these seas would be a check on one another against their doing anything rash?—I think the tendency would be that one would check the other; but the day is so far distant before such an event is likely to occur that we are bound to leave posterity to look after itself. I do not think it is a practical question yet, or of sufficient importance to influence us as to whether we should federate or not.

93. Do you not think that the most important question we can advance is the question of looking ultimately to the permanence of the Empire?—Personally, I am an Imperialist, and I suppose that is the plainest answer I can give you. As an Imperialist, I should prefer any measure that would tend to keep us as part of the Empire, but I do think that the view you have in your mind, Mr. Bowen, is too distant to warrant us in deeming it a question affecting the one of federation at the present time.

94. *Hon. Major Steward.*] In connection with the remarks that have been made on the financial aspect of this question, have you thought it possible that the credit of the Commonwealth would enable them to float loans on slightly better terms than either of the States?—That is my opinion.

95. I want to ask you whether, in view of the quotations of the Stock Exchange given in this morning's paper, which I think you will find are as follows: For Consols, 97½—that is, I take it, for 2½-per-cent. loan; New Zealand 3½-per-cents, 107½; and Victoria, 102½; and seeing that federation has been accomplished for some weeks, and that there is a difference in some classes of stock in our favour of 5 per cent., it does appear that, so far as federation has been concerned, the Commonwealth's securities have not improved very much, but that ours have improved?—In the first place, I should very much doubt these figures. I think they must be misleading, or are capable of some explanation. I do not for a moment think that if our 3½-per-cent. stock are selling at 107½, that Victorian, on the same day, and under the same conditions, could only be worth 102½. It might be a Victorian loan expiring in a year or two, and ours may be a distant one, and one on which six months' interest is due.

96. You see that their stock is falling as compared with our 3½-per-cents—the difference is £5—in other words, it is a matter of very nearly a year and a half's interest, and therefore it cannot be accounted for by the fact that there might be four or five or six months' interest accrued on the loan: is that not so?—I think I explained that I thought possibly the Victorian loan may be maturing in a year or two, when it would be repaid at par, whereas our loan may be a long-dated one.



97. Then, allowing for that, does it not appear to you that, at any rate, there is no argument from these figures to show that there would be a very material benefit accruing to us under federation?—There is nothing there to show that, and I do not think the argument will apply—that is, a Victorian loan, as against a New Zealand loan. I do not know what position we would be in if we had a Commonwealth loan, as the revenue of the whole of the States would be pledged as security and interest.

98. Presumably, if a Commonwealth loan would be floated on more satisfactory terms than the loan of an individual State, therefore *a fortiori* it appears that the credit of the whole Empire would enable us, if we were not federated, to obtain money on exceedingly more favourable terms than the Commonwealth could do so?—I think so.

99. If you look at the quotations for Consols,  $2\frac{3}{4}$ -per-cents, 97 $\frac{1}{4}$ ; New Zealand  $3\frac{1}{2}$ -per-cents, 107 $\frac{1}{4}$ , does it not appear to be a very wide margin which would be necessary to enable any pronounced benefit to accrue to us by going into the Federation?—I should not in any way assume that English Consols at 97 $\frac{1}{4}$  are selling practically at worse prices than New Zealand securities.

100. No, I do not say that; but are they selling at so very much better than New Zealand  $3\frac{1}{2}$ -per-cents, and showing a margin sufficient to indicate that we should be likely to get any great advantage by joining the Commonwealth?—I think we should consider this: that at the present time the English Government are raising loans almost every day to provide for the cost of the South African War. As they are borrowing from ten to twenty millions every month or two, it must tend more or less to depress the English market, whilst we have not been borrowing for some time past, and therefore the market-value of our loans remains stationary. A fairer comparison would be to have taken the market two years ago, when England was at peace, and  $2\frac{3}{4}$  Consols were selling at 112.

101. You still think it is possible that we should derive some benefit in that connection in the floating of money if we federated?—I think the Commonwealth loans would be raised on somewhat better terms.

102. I am prepared to agree with that, but I want your opinion as to whether there would likely to be any great margin of difference?—I do not think so.

103. Then, if there were a considerable margin, or such margin as you imagine likely to arise, do you think it would be a consideration sufficient to govern our decision on the matter?—I do not think the difference could be of sufficient importance to induce us to federate if that were the only benefit we were going to receive.

104. As compared with the very large considerations that would have to be taken into account?—No.

105. *Hon. the Chairman.*] Have you formed any idea of what is likely to be the population of this colony, say, fifty years hence?—No; I would not like to hazard an opinion on that point.

106. In your opinion, would there be any improvement in the mental condition of the people of New Zealand through their becoming an integral part of the Commonwealth?—I cannot quite see how federation with Australia would improve the mental condition of the people here.

107. Taking the question broadly, are you in favour of or against New Zealand federating with Australia?—I am, on the whole, against New Zealand federating with Australia, as I prefer that we should maintain our independence—the independence which has resulted, I think, in the condition of the masses of New Zealand being superior to the condition of the masses in any other part of the world. As far as I can form an opinion—and I have been through America, Europe, and Australia more than once—I do not know that there is any place in the world where the workers are better off than they are in New Zealand, and if we consider the greatest good of the greatest number I think we had better remain as we are.

108. Do you think sufficient advantage would not arise from our federating with Australia to justify New Zealand giving up her present political independence as an individual colony?—That is my opinion.

109. Is there any other matter, Mr. Stead, which you have not been questioned on, and which you would like to make any statement upon?—No; I think you gentlemen have exhausted every idea I had.

WILLIAM REECE examined. (No. 52.)

110. *Hon. the Chairman.*] You are the Mayor of Christchurch, Mr. Reece?—Yes.

111. What is your occupation?—An iron merchant.

112. How long have you resided in New Zealand?—I was born in Christchurch, and I am forty-four years of age.

113. Have you given consideration to the question of New Zealand federating with Australia?—Merely in its general aspect. I have not devoted special study to consider all aspects of the question.

114. Have you considered it as to its effects upon the trade of this colony with Australia?—Yes.

115. Well, upon the commercial aspect of the question, would you be good enough to give the Commission your views?—Perhaps I had better state my views generally. Much as one might admire the self-denial and patriotism of six States joining this Commonwealth, I feel that the financial question alone is sufficient to deter New Zealand at present from joining in the Federation. Some of the most able men of Australia have been considering this question for years, and they seem to have fairly satisfactorily disposed of nearly all matters but that of finance, and I feel that the direct taxation that New Zealand bears to-day per head is quite as much as she can bear, and I cannot help feeling that the financial proposals of the Commonwealth are at present so involved that it is impossible for us to see clearly how they would affect New Zealand. There are many questions which have been raised as to the advantage of New Zealand joining the Commonwealth.



One in particular is that of New Zealand's financial status and her position in the eyes of the world being enhanced. I think it is probable that that would be so. With regard to the question of our defences, I think we look mainly to the navy for our defence, and we are situated too far from a suitable base to enable any foreign Power to do us a great deal of damage, and any attempt to attack New Zealand, as we have seen in South Africa, would be attended with very great difficulties. Therefore I feel that the question of defence is not an important feature in the case. I think the question of the Customs tariff is a very vital one. That is one of the questions which is to be tested. We understand that it has been stated that somewhere about 20 per cent. may be the Federal tariff, but there is no question at all that an alteration in duties may affect some of the industries of New Zealand. We can see the present tendency is to reduce Customs duties and make the taxation more direct; that the duties proposed by the Commonwealth will not be very much less than 20 per cent., in which case the many industries of New Zealand—and I refer especially to what I might call the natural industries of New Zealand—which use up our own raw materials, would be placed in very great jeopardy, trade would be dislocated, and our workers would suffer very considerably. With regard to the question of produce, that will be one of very great difficulty in connection with so many of our small settlers who grow such produce as onions and potatoes. For them it will no doubt be a great hardship to be cut off from Australia; but we know this: that Australia is using every effort to introduce that class of cultivation; that more of those products will be grown over there than hitherto, and more cohesion between these States, owing to the Commonwealth, will stimulate settlers to produce sufficient to meet all their own requirements. Therefore I do not consider that we can look upon Australia as a permanent market for these articles of produce I have referred to. Then, there is the question of how some of the manufactures we are sending at present to Australia will be affected, and I think that is where the consideration of a reciprocal tariff could come in. We know from the experience of America that the large centres of population can maintain factories and manufactures which such a colony as New Zealand—at any rate, for a great number of years—could not possibly carry on, and therefore Australia, having initiated these industries, can produce many things that we can buy from her, in addition to her natural products, such as wine, &c. But, as I said before, the financial question is so very much involved that I feel that New Zealand should wait, and should not at present join the Commonwealth. I think New Zealand should wait until many grave matters of difficulty between the States are settled, and I have not any apprehension that there is going to be any hostile spirit of reprisal on the part of the Commonwealth against New Zealand. It is but natural that, seeing this is a question of a partnership for mutual benefit, the conditions should be clearly defined before an arrangement is entered into.

116. Can you mention any advantages which will accrue to New Zealand through her joining the Commonwealth?—There are no others than the general enhancing of her status in the eyes of the world as a State of the Commonwealth, but I think it is more a sentimental question than one of real benefit.

117. Do you think that is sufficiently advantageous to justify New Zealand in parting with her independence?—Not as we are at present advised.

118. Speaking of manufacturers in Australia, are there many large manufacturing industries in the Canterbury District?—Yes, there are industries here. The most important, to my mind, are what I would call the natural industries—those consuming our own raw material, such as the woollen industry, and the allied industry of manufacturing the wool into clothing. These are the most successful industries; and there is also the boot-and-shoe industry.

119. How do you think the boot-and-shoe industry would be affected?—Of course, I have not any particular knowledge of that, but the boot-and-shoe industry is more affected at present by the competition of the Old World and America.

120. Supposing New Zealand joined the Commonwealth, would she be in any better position to compete against America than she is now?—I think not.

121. Regarding the woollen industry, we have been told that if New Zealand federated with Australia she would be able to export more largely to Australia than she does at present: do you think that would be so?—That might be so probably for a time owing to New Zealand having, I think, initiated that industry, and being, I think, ahead of Australia in the matter of the quality of our manufactures; but I cannot help thinking that this will not be lasting.

122. Take the iron industry: what is the largest number of hands employed in the Canterbury District in any manufactory?—I could not say. The numbers vary very considerably. Lately there have been a large number employed on dredging machinery. There are a hundred men in some, probably.

123. You are aware that wages are cheaper and hours of labour are longer in Australia than in New Zealand?—Yes.

124. Under these circumstances, do you think there is any chance of the iron-manufacturers in New Zealand successfully competing with those of Australia?—I do not think so, excepting in one or two special instances in the case of machinery, where our manufacturers have special patents.

125. Taking the iron-manufacturers all round, do you think New Zealand could compete with Australia?—I do not think so, for one moment.

126. In the event of federation, how do you think the industries of New Zealand for local demand would be affected?—I think that probably they would be affected very seriously, for the same reasons which I mentioned before: that all large centres attract manufacturers, and the shipping facilities are so enormous in Australia that New Zealand is not likely to be able to compete.

127. Is barley very largely cultivated in the Canterbury Provincial District?—There is a fair amount cultivated, but I can give you no exact information about the industry.

128. You know, of course, that the States, and New Zealand amongst them if we federated, would have to contribute pretty largely from their Customs revenue towards the taxation for Federal purposes. You do not think that New Zealand could stand any more direct taxation, then how would that loss of Customs revenue be made good?—By direct taxation, in the shape of land-tax, or by the imposition of other duties.

129. Then, you look upon it that that would be a grievance for which we should get no corresponding advantage?—Exactly.

130. *Mr. Roberts.*] Have you considered the probable financial effect on New Zealand of federation, treating the matter as a whole? For instance, you know that the Commonwealth will doubtless institute a tariff of their own: supposing it is anything like a fair tariff, do you think the advantage would be against or in favour of New Zealand?—That refers to so many questions.

131. Taking it all round, Mr. James Allen, who has gone into the matter exhaustively, estimates the probable loss of Customs revenue alone to be something like £600,000 if an ordinary and fair tariff were introduced as against the tariff we have now: what is your opinion of the financial effect of such a change?—I cannot help thinking that it would be to the detriment of New Zealand, but that is a question of calculation as to the approximate result.

132. In reference to the woollen industry, you seem to anticipate a considerable increase of business would take place under federation and intercolonial free-trade?—I say that, New Zealand having initiated the industry prior to the Australians, probably for a while we should maintain our trade.

133. I do not think you are quite correct in saying that we established our industry prior to the Australians. There were woollen industries in Australia before we began here?—I am speaking about New Zealand generally, and not of Canterbury in particular.

134. During the year 1899 the total export of woollen goods was only £8,389 for the whole of New Zealand, and we have had evidence that a considerable portion of that was exported from Dunedin, so that the whole of the exports during 1899 were comparatively trifling?—Yes.

135. Then, the imports into the colony during the same year were somewhat heavy; they amounted to £267,000 in piece-goods alone, and out of that amount nearly £17,000 came from Victoria and New South Wales?—I think those were probably transshipments.

136. Do you think that federation would ultimately injure the woollen industry here?—I think it would ultimately injure all our industries.

137. Do you not think the tendency of the times is towards the equalisation of labour all over the colonies?—I think so; I hope so.

138. So that, while the cost of production may not increase here, it will probably continue to increase in Australia. If the cost of production were equal in both countries, would we then be in a position to export our surplus to Australia, just the same as they do theirs to New Zealand?—In some industries, and it would apply to the woollen industry particularly.

139. *Mr. Beauchamp.*] Referring to the hours of labour and rates of pay, do you think that federation would have the effect of levelling up or levelling down so far as New Zealand is concerned?—That depends on the broader question as to the success of our industries in proportion to the success of the industries in Australia. If we had to cut our prices to meet the Australian competition, it might be necessary to cut down wages.

140. What is your opinion as to the large industries in Australia being able to compete with others of the same class in New Zealand?—I think in Australia they would be able to produce more cheaply than we can owing to the advantages of freight, and for the many reasons which go to show that large centres of population are able to produce more cheaply than small ones.

141. I understood you to say, in reply to one question, that if there is a moderate tariff imposed, as against the highly protective powers now existing, with intercolonial free-trade, our industries would be bound to suffer prejudicially?—I think so.

142. At the present time there are some fifty thousand men employed in the industries of this colony, and would not the throwing of these men out of work, or the driving of them to larger centres, have a serious effect in this colony?—Yes; I think we had an example of that in the introduction of the linotype and other machinery; and, while it is all very well to say that ability will find its own level, we also know that money finds its own level, and therefore I think that under federation many of our industries will be dislocated, and great hardship will be the result.

143. Some people interested in agriculture say that it would drive more people to cultivate the soil, and that we would naturally have more production, and that even if we killed some of our manufacturing industries we should have the compensating advantage: do you think that would be beneficial or otherwise?—I think it would be a benefit if the people were to cultivate the soil instead of taking so much to town life; but I do not know that it would be a good thing to drive men from the trades they are brought up to and endeavour to make them farmers.

144. You think that instead of driving them on to the soil it would drive them out of the colony?—I think so; because farming requires as much experience as any other business.

145. *Hon. Major Steward.*] Is it not a fact that in Sydney and Melbourne Chinese labour is used largely in the furniture industry, and would come into competition with the labour here if we federated?—That is quite true.

146. And those articles made by Chinese labour coming into the market here would be a serious injury to our workmen?—Yes.

147. Do you think that in the large centres of population it is possible to establish manufactures more successfully than in smaller ones on account of their being able to turn out larger quantities?—That is so. It is acknowledged that a larger output can, for many reasons, such as economy of material and labour, be produced at a lower rate than a small one.

148. And you can afford to sell the produce a little under cost price in a foreign country because of the profit on the local market?—Yes, that is the position.

149. Seeing that Melbourne and Sydney have the start of us as regards population by a very long way, do you not think that New Zealand would always be at a comparative disadvantage because of the smaller centres—that Melbourne and Sydney will always relatively be at a considerable advantage by reason of sending out large quantities?—I do; and for another reason: they will get their raw material at a very much lower freight than we can.

150. *Mr. Luke.*] One has heard that the industry more particularly affected in Canterbury is that of the small producers: how do you account for the large falling-off in 1898 and 1899 in produce?—I understand there was a larger supply in Australia.

151. Last year?—Yes.

152. Did they have a bad season in 1898, which led to a large export?—Yes, I think so.

153. You do not think these small producers will be affected if we keep out of federation?—I think they will for a time.

154. You think that a portion of the trade done in these lines is due to climatic influences?—Yes, to a great extent. I do not think they would buy from us from choice; it is a case of necessity.

155. That will exist, then, whether we federate or not?—Yes. They grow these products themselves.

156. And will become a stronger competitor with us for those classes of goods?—Yes.

157. You think the effect of federation would not be to equalise the hours of labour and the payment of labour between New Zealand and Australia?—I am afraid not.

158. We are credited with being a very progressive people, and it has been pointed out that the influence of fifteen members in the Federal Parliament would be so dominating that the social legislation would go forward by leaps and bounds?—I think it probable that the Australian States would consider each other, and vote more in accord with their interests than with the interests of New Zealand.

159. Do you not think the great feeling of brotherhood and good-fellowship in the Commonwealth of allied Australia would extend such consideration to us as would make federation possibly in our interests?—I am afraid one would have to alter the whole trend of human nature.

160. Then, do you not think there will be some advantage from the defence point of view if we federate?—No; I stated that I thought our main defence was the navy, and we are entitled to look to the Imperial Government for that defence.

161. But do you not think it possible that a great Commonwealth, such as Australia would be, would be able to bring such influence to bear on the Admiralty as would cause them to increase the number and size of the men-of-war in our waters, and that we, being a little side-colony, a remote country, may suffer in the degree of attention, whereas if allied to Australia we should of necessity receive the attention of a larger proportion of the navy?—I think the best answer to that is the reply of the officer of a warship which has just come to the colony. He said it would be much closer to Britain, and not out here, that the battles of the Empire would be fought. He was replying to the statement that we should have a larger portion of the navy out in the Pacific Ocean, and he was of opinion that we were quite well enough off with the ships we at present had.

162. It is just possible, however, that though the battles might be fought around the centres of activity near Great Britain and Europe, that for spiteful reasons they would come out here and do what damage they could, and disable these offshoots of the Empire. In that case, would we likely not suffer?—That is the only way they would do damage. In that case it would be an advantage to have more ships.

163. *Mr. Leys.*] The density of the population in big cities is always operating as a difficulty towards raising wages, by reason of the larger supply of labour?—To have a greater supply than the demand would have that tendency.

164. Would it not be more difficult to enforce social legislation in places that were closely peopled than in a country like New Zealand, owing to the competition between the individuals in the dense populations?—Yes, from that standpoint.

165. Then, with regard to the small agricultural producers in New Zealand, is it not possible that the disturbance among the working population of New Zealand through Australian competition would spoil their market here for their produce?—Yes, most certainly. There would not be the same demand for their produce.

166. If the industries largely composed of the working population of New Zealand were either reduced in purchasing-power or compelled to seek work elsewhere, would not the local producer suffer more than he would gain by reason of the wider market in Australia which federation had opened up for him?—Yes, I should say so.

167. Taking the view of it that the local industries would be disturbed, is it likely that the small producer would gain?—On the whole question, I do not think he would gain.

168. Is it not a fact that New Zealand depends more largely upon Customs than do some of the larger States in Australia?—Yes.

169. For instance, the average Customs revenue collected by New South Wales is only £1 5s. 7d. per head, while New Zealand collects £2 18s. per head?—Yes, that is so.

170. Now, the absorption of the Customs revenue by the Commonwealth: is that not calculated to disturb New Zealand finance far more than the finance of New South Wales?—Yes, certainly; it will make our direct taxation more heavy.

171. You see in this absorption of Customs revenue for Federal purposes such serious disturbance in New Zealand's finance that it would be practicably impossible for us to go in at present?—Until that question is settled, and they are able to put forward a clear basis of action for the future for us, I think we should not go in.

172. *Hon. the Chairman.*] New Zealand having to contribute largely, as she would, to the Federal Government from the Customs, do you think that would have any prejudicial effect upon

New Zealand in the matter of raising State loans?—No, I think not, as the question of the colony's condition or prosperity would carry most weight.

173. You do not think the fact of the Customs revenue being lost would affect the security of the loan in any way?—No; there are other sources of taxation.

174. But you told us that you thought direct taxation had practically reached its limit?—I think it is quite as high as we can stand already.

175. Upon the question of defence, to which you seem to have given some attention, you said that one reason why you thought we would not require the assistance from the Commonwealth was that in the event of a European war the battles would be fought nearer to England; but supposing the war was with Japan, which is a considerable naval Power at present, and also a military Power, how then?—That would certainly raise the question of the strength of the navy in these waters. Japan attacking New Zealand, however, would be a very long way from its base. Any Power with its base so far removed would find New Zealand a tough nut to crack.

176. Germany has a base at Samoa?—Yes, but it is a base at which they will not lay in any large supplies of ammunition or coal.

177. It has also to be borne in mind that in the war between America and Spain America attacked the Spanish colonies first?—Yes, that was so.

178. Do you think the Central Government being twelve hundred miles or more distant from New Zealand would affect New Zealand prejudicially in the event of federation?—I do not think that is a very great point, considering that many of the other States are much further away than we are.

179. *Hon. Mr. Bowen.*] Is there not some misconception that we are benefited by ships of war hanging about our coasts, and that the real naval power is to seek the enemy out and not to wait for him?—That is the opinion of naval men.

180. *Mr. Leys.*] Is it not a fact that the American States, thrown upon direct taxation, have repudiated their borrowing in some instances?—I have not heard of it being done to any extent. I do not think it was very important.

181. Are you aware that the evils of State borrowing were so serious that, in more than thirty of the States of America, the Constitution now expressly prohibits them from borrowing?—Yes, I know.

182. Does that not seem to indicate a serious difficulty in State borrowing—that the State will not have complete control over its finance?—The question put to me was whether it would affect the facility for borrowing.

183. Assuming that at present the Customs revenue from New Zealand is £2,187,000—that is the latest figures we have—assuming that that amount, which we have now as security to offer to the British creditor, is taken away from our control, must not that necessarily affect the price of the loans?—It may affect the price of the loans, but I maintain that the general prosperity of the colony, method of government, and other matters are also very important considerations. It might have that tendency, but I think there are other questions of great importance in the consideration of the rate of interest and the credit of the colony.

184. Then, the fact that we have no control over the levying of the Customs duties, does not that embarrass our means of meeting any loans we may desire to raise?—It is not expected that the whole of the Customs revenue will be taken by the Federal Government permanently.

185. We have no power to reduce or increase the Customs duties?—No.

186. During last session the Parliament threw off something like £70,000 of Customs revenue, and next session they could put it on if they required it for State purposes, but they could not do that under federation?—That is so.

187. Would that not embarrass our finance in future borrowing for State purposes?—It would affect the colony's finance, but I do not think it would affect our credit. We should be part of the Federation still.

188. The difficulty in the American States, as I understand it, is that they have no elasticity. Their sources of revenue are so circumscribed that they offer no security for these loans: would that apply to us to a certain extent?—The whole question of finance is involved in such a consideration, and that is one of my main grounds for opposing federation.

189. *Hon. the Chairman.*] The States will have no voice in the raising or diminishing of the Customs revenue?—That is so; the amount to be raised will be fixed by the Federal Parliament.

190. You say that will not affect the rate of the raising of State loans?—No; I said it would not affect the credit of the State.

HUGO FRIEDLANDER examined. (No. 53.)

191. *Hon. the Chairman.*] What is your name?—Hugo Friedlander.

192. What is your occupation?—General merchant—grain and wool.

193. Are your business operations of considerable magnitude?—They are very extensive.

194. How long have you been resident in New Zealand?—I have been here since 1870.

195. Are you acquainted with the Australian Colonies, either by residence or by visiting?—I have visited them.

196. Where do you live?—Ashburton.

197. That is a large agricultural district?—It is the largest agricultural and pastoral county in New Zealand, with the exception of one in Southland, which is slightly larger, but it holds the premier position as regards grain.

198. Have you considered the question of New Zealand federating with the Commonwealth of Australia?—Not as closely as I should like to before giving a definite opinion.

199. Take the agricultural interests: how do you consider they would be affected supposing New Zealand federated with Australia?—I am scarcely prepared to express right off a definite

opinion on this important question of New Zealand joining the Commonwealth. If pressed to do so, I should say, "Let us leave well alone," and for the following reasons: (1.) We cannot afford to lose our best public men, who would in the natural course of events be chosen to represent us in the Federal Parliament, and who would in all probability make in time their home there. (2.) The vast sheet of water between this colony and Australia is also, to my mind, a very important factor militating against our colony's interest if we were to join the Commonwealth at present. (3.) The voting-power is so enormously in favour of Australasia, and the members of the Federal Parliament being only human, it will follow as a natural consequence that more attention will be paid to the wants of Australian States and very little to the needs of New Zealand. From experience we know that it is very difficult to get redresses from one's own Government with headquarters in one's own colony: how much more difficult will it be to have our grievances attended to by a Parliament of which the members to the extent of about 85 per cent. would know little or nothing of our colony? (4.) Even if we were willing to join we should certainly know first upon what terms we will be admitted. I am not quite so sure that Victoria will be over-anxious to have us. I think they like us best from a distance. (5.) As far as the grain business is concerned, I doubt very much if New Zealand will be seriously affected either one way or the other by remaining as we are. In bad seasons the Federal States will require to import what they are short of, and they must come to us for it. They will not cut off their noses to spite their faces, and pay more for produce they require to other countries, because we did not join the Commonwealth. Moreover, New South Wales is gradually extending its agricultural usefulness. I understand that as the leases of large tracts of land are falling in they are being divided into smaller areas and leased to agriculturists. This year New South Wales will have several millions of bushels of wheat for export. In Victoria, also, many owners of large estates are making arrangements with farmers for cropping their lands, and it is perhaps only a question of time when the present Commonwealth States will supply all their own wants, as far as produce is concerned. If they will not be able to do so, I have no hesitation in saying New Zealand will be able to successfully compete with other countries in supplying the wants of the Commonwealth. (6.) Upon the whole, I am in favour of our remaining New-Zealanders and continuing to work out our own destiny. Our colony is doing all right; we are very prosperous; many of our resources are still lying undeveloped, and the majority of our people are evidently satisfied with the way they are being governed. Why, therefore, join the Commonwealth, which is only in its experimental stage? Already a great fight is taking place between free-trade and protection. The question of raising the ever-almighty dollar to cover the current expenditure in connection with administering the new Constitution is a very serious one. Black labour *versus* white will give the Federal Government a lot of anxiety before it will be satisfactorily settled, as also will many other matters. We have heard already that the Federal State of Tasmania is dissatisfied because it is not represented in the Federal Government. If free-trade is the policy of the Commonwealth, I take it our goods will be admitted free; if a protective policy is adopted we will not be in a worse position with our exports into the majority of the Federal States than we have been, and yet we have been able to hold our own in the past. We have gone through a serious financial crisis and commercial depression, the same as the sister colonies; we have come out of these difficulties much quicker than any of the Federal States have—we have come out of them with more credit to ourselves—and this colony is more prosperous than any of the other States are. Surely all this is a very good proof that we are doing well, and can hold our own. Even if we can increase our export, and the step will be of a monetary advantage to us, are we going to sell our birthright, and many other privileges we highly value, for a plate of pottage? The wiser policy would be to wait quietly, watch carefully the working of that new and great Constitution, and if we are after a few years satisfied that we can with credit to ourselves and our Australian brethren join them, and they will have us, then will it be soon enough to do so. Meanwhile, and as already said, let us leave well alone. It is the best and most prudent policy to follow for the present.

200. Have you considered the financial aspect of the question?—Yes.

201. How do you think New Zealand would be affected in finance by federation?—In my opinion, we have nothing to gain; but the chances are that we, as a State, will not be able to borrow at the same advantage as we can now by remaining independent.

202. Why not?—It follows that, if the Commonwealth has power to pledge our credit, the State will only appear like a second mortgage; and in my experience—and I have had a good deal—I generally find that you can get a much higher rate of interest on a second mortgage than on a first, because the second-mortgage security is not as good as that of the first.

203. How do you consider the manufacturing interest of the colony will be affected in the event of federation?—I think, speaking generally, our brethren on the other side will not give us all our own way. They will look after their own interests; and, seeing that New South Wales and Victoria will have forty-nine representatives to our fifteen, I do not think we can look for much chance to make laws simply to suit New Zealand. I think there will be a certain amount of pressure brought to bear on the Federal Parliament, and members will be influenced to a certain extent by the people they represent.

204. Apart from politics, as a matter of trade, do you think our establishments could compete with the larger ones of Australia?—Not at present. Labour on the other side is cheaper and the hours are longer, and the result will probably be, if they equalise matters, that it will not be a very forward step if they bring our labour to the same level as the other side.

205. But in the event of federation there will be free-trade between the States?—That is so.

206. Would not that give the Australian factories an advantage over the local factories?—Decidedly.

207. We are told that Victoria is now an exporter of oats and agricultural produce, and that now federation has come about she will supply New South Wales?—Yes.

208. New Zealand hitherto has exported largely to New South Wales?—Yes.

209. Where will New Zealand look for a market?—I am not so sure that the market of New South Wales will be closed to us, for this reason: Victoria, up to the present, has had the same privileges and greater facilities to send her surplus produce into New South Wales on account of the geographical position, and if they have not been able to do so before, why should they be able to do so hereafter?

210. Supposing the New South Wales market is closed to New Zealand, do you think we would have any difficulty in finding a market elsewhere for our surplus agricultural produce?—Well, as I have already said, it may have just at the beginning, but I do not think that is a very important factor. I think the energy of the people of New Zealand will be able to find markets for any surplus which New Zealand has got to export; and, after all, the losing of one market does not mean the entire loss of the produce or goods we are likely to send to that market. It can only be the difference between what we may get in that closed market and what we get in the market we shall have to export to.

211. *Mr. Leys.*] I suppose the price of wheat is really fixed by the London market?—Absolutely.

212. In view of the fact that Australia is able now to export a large surplus of wheat to London at the London prices, would not a portion of that surplus be apt to come into the North Island and compete with the Canterbury wheat, which supplies the North Island?—I think it would, because the charges for shipping between Canterbury and the North Island are, if anything, greater than between Sydney and Auckland. The position really is that there is a monopoly, and we have simply got to pay whatever rates the Union Company chooses to ask. There is sufficient at present to keep all the steamers fully supplied trading between New Zealand ports; but when we send produce over to the other side, and the steamers come back empty, it would pay the Union Company to carry it at a much lower rate than they would accept when here with full cargoes.

213. Then, with regard to flour: Australian flour is a much drier flour, and makes a larger number of loaves than does our flour, does it not, owing to its power of absorbing water? Is it not probable that these Australian mills would ship to Wellington and Auckland, and other non-wheat producing districts, large quantities of their flour, and so be a serious disturbing element in New Zealand?—Unquestionably, our wheat contains a much larger percentage of moisture than the Australian. We would find that the bakers would give a preference to the Australian flour over New Zealand.

214. Well, now, looking at the fact that New Zealand is a market for 5,000,000 bushels of wheat, would it not be a very serious thing to our farmers if this Australian wheat came in free?—There is no question at all about it. I have not the slightest hesitation in saying that, unless the people living in the Auckland Province stick to Canterbury, the Canterbury merchants would lose the entire trade of the North Island.

215. Is there any relative gain that you can see will accrue to the agriculturist that would compensate them for this serious competition which they may anticipate?—I cannot see any.

216. In any other respect, do you consider the agriculturist will suffer through disturbance of the local industries caused by competition?—I should say, yes—Canterbury in particular.

217. With your knowledge of the agricultural trade, which is extensive, do you think the influence of federation from an agricultural point of view would, on the whole, be disadvantageous?—I do.

218. Do I understand that, from an agricultural point of view, federation, you think, is undesirable?—Not to my mind.

219. Further south we seem to have it dinned into us that, from an agricultural point of view, it was a decided mistake not to federate?—That may be so; but, if the Southland people will excuse my saying so, I do not think they have got the experience in grain-exporting that the Canterbury merchants have got.

220. Do you not think that the small producers—onions, potatoes, and such lines—will suffer materially if the Australian market is cut off from them?—Probably they would to a certain extent, but they would be able to pay attention to other produce which will take its place. I may point this out with reference to potatoes: that last year they were such a drug in the market that they could not be given away, and, although for years New South Wales had taken large quantities, last year it was only right at the end of the season that any demand came along.

221. Do you think that many of these potatoes were exported at a loss, merely because there was no market here?—Yes.

222. From a social point of view, you think it is not a good thing to federate?—I think it will not have the effect of levelling up, but will act in the opposite direction.

223. Would it not be to our advantage to be part and parcel of a Commonwealth with a population at present of five millions, which is rapidly spreading into twenty millions?—At present the population of Victoria and New South Wales is considerably larger than that of New Zealand, and in the natural course of things the increase in population of these two Federal States will be greater than in New Zealand, and I do not think we shall gain very much. I do not think we will overtake them in a hurry in the matter of population.

224. We have all the elements of manufacture—coal, coke, great iron-deposits at Parapara, which they say will supply iron for hundreds of thousands of years to come: do you not see in that large possibilities of trade with the other colonies?—Why, in the present uncertain state of things, should we anticipate a probable export? If we were entirely dependent upon the iron export I should say it might have some weight. The place you have mentioned at Parapara, I think, came under my notice more than twenty years ago, and it has not been developed yet, and it might wait another twenty years before it is developed. I would rather prefer to pay a little more later on than put confidence in our undeveloped possibilities.

225. We have no assurance that we could get in at any price later on?—You have got no assurance that you are going to get in now.

226. There is a prospect of getting in?—I think they like us best at a distance.

227. Do you not think that to be part of a great Commonwealth will give opportunities of expansion that are not possible under the present state of things?—No; I like to remain a New-Zealander and part of the Empire. Under the Commonwealth I think New Zealand would become extinct.

228. You believe in retaining your political independence?—Very much so.

229. *Hon. Major Steward.*] Your business lies principally among the farmers and producers?—Yes.

230. Naturally, your interests are identical with those of the farmers and producers?—Yes.

231. And in expressing the opinions you do you are expressing an opinion not only as an exporter, but also the opinion of your clients?—Yes.

232. For several years past you have conducted export operations on a very large scale?—Yes.

233. Would you have any objection to going into figures as to the quantity you handled during the last eighteen months or two years?—During the nineteen months prior to the issue of the Jubilee number of the *Canterbury Times* I prepared a return of our grain business for the purpose of advertising in that issue, and, if I remember rightly, the quantity we exported amounted pretty well to 2,500,000 bushels of grain.

234. Would you mind stating what that export consisted of generally?—Grain, wheat, oats, barley, grass-seed.

235. What market was the wheat sent principally to?—The largest portion went, of course, to the United Kingdom.

236. Was any quantity sent to Australia?—We may have sent a little fowl-wheat.

237. Australia is not a market for our wheat, so far as your experience goes?—No.

238. Are there any oats sent to Australia?—There was a considerable export of oats last year, but the largest proportion were simply bought for transhipment to South Africa.

239. Was there any large quantity of oats taken from Canterbury last year for Australia?—From Canterbury not a very large amount, but I think there was some from the south.

240. What part of Australia took the oats?—Victoria took the most, for transhipment.

241. Supposing New Zealand did not join the Federation, and a duty is imposed applying, of course, to New South Wales and other parts of the Commonwealth, will that shut out such oats as we have been sending there?—No, I do not think so.

242. Is it not a fact that lately Victoria has been an exporter, not a consumer?—Yes.

243. She will be in a position to supply oats?—Yes.

244. Are Victorian oats equally good, compared with those produced here?—No. As a matter of fact, it will pay us now, if we can get reasonable freight, to ship our short heavy oats to London, and a net result will be returned to the farmer, larger than by exporting to New South Wales.

245. Supposing that any market we can have for oats in Australia is lost to us, do you think it is possible for us to find a market anywhere else for our surplus?—I think South Africa will always be open—at any rate, for some time to come.

246. The trade to South Africa is interfered with by the fact of there being no return freights?—Yes.

247. Is there anything we will be able to import from South Africa in order to give us freight back?—I think the energy of the exporters in New Zealand will overcome that difficulty.

248. In establishing a trade with a new country, is it not difficult to get regular steam communication without some sort of guarantee being given to the shipping companies as to the results of their enterprise?—Yes.

249. Do you or do you not think it is good policy on the part of the Government to come forward and offer assistance for a period of years until the trade establishes itself?—Yes.

250. From your experience as a business-man, do you think it possible to establish reciprocal arrangements with Australia?—The older countries are doing it, and have been doing it, and I take it they do not do it simply for the love of the thing. They think it an advantage, and I should say it would be an advantage for New Zealand to enter into such an arrangement with Australia.

251. You are aware that there are articles produced in Australia which we need here, and there are articles made here which they need in Australia: is that not a basis for reciprocity?—Yes.

252. And, if reciprocal arrangements were carried out, would not we gain all the advantages of federation, and have none of the disadvantages?—That is so.

253. You have seen the freights to be charged by the combined lines of steamers to South Africa?—Yes.

254. How do they compare with those of vessels trading between Australian and South African ports?—They are quite high enough; but I would rather not give a direct answer to that question.

255. With a view of enabling the companies to quote cheaper rates, would you suggest that the Government subsidise the lines between here and South Africa?—I would recommend that the Government subsidise the lines, provided that an undertaking is given that the steamers will be run regularly. At present, from what I can see, this move on the part of the shipping companies is not an arrangement by which the shipping companies are bound to send their vessels away at regular times, and unless the merchants here know that they can get their stuff away regularly I think we will be better without the line altogether.



256. I take it that the regularity of the line will depend upon the produce available?—No; if an arrangement is made with the Government to send their steamers away at stated intervals, for which they get a certain amount of money by way of a subsidy, the contracting companies will have to carry out the terms of the contract.

257. They would go away full or empty?—No, I do not think so. If they made the freight low enough they would nearly always get a full cargo.

258. You look to future developments of the trade?—Yes.

259. You have exported largely to South Africa?—Yes.

260. With satisfactory results?—Yes.

261. How are your exports of produce to South Africa compared with the exports from Australia?—They are in advance. A large quantity of Victorian crops is cut into hay. They have got facilities there for pressing it and shipping it which we have not got. To show you the shipping and freighting advantages they have got over there, I need only state that the Victorian people can come over here, pay a good price for oats, pay all the charges of handling and shipping, and then compete with us in the African trade. They would not continue to do it at a loss, and there must be something in the freight arrangements over there which enables them to do so.

262. That applies to what prevailed prior to the establishment of this line of steamers?—Until they lower the rates here they will not get much support.

263. Having regard to the distance, are you of opinion that the freights between here and the United Kingdom are too high?—They are regulated by supply and demand.

264. Are the rates between Australia and the United Kingdom not lower than between here and the United Kingdom?—I am not quite prepared to say that. I know that charters on the other side are made at a lower rate than we can make them here.

265. We were told in Southland that in many instances New South Wales was made the dumping-ground for the surplus supply of oats, and they had to pay any price that was offered: have you had the same experience in this district?—Speaking for my firm, we make it a rule not to consign, preferring to keep our oats rather than send them over to be sacrificed.

266. I notice there are considerable fluctuations in the values of flour, oats, and potatoes sent from Lyttelton: will those fluctuations arise because of the climatic changes?—Yes.

267. Will they continue to fluctuate whether we federate or not?—Yes.

268. Prior to the duty on flour, was there much imported into New Zealand?—I cannot say at present. I remember one season when very large quantities of flour came over, and the Government had to put on a duty in order to stop the importation because of the outcry there was.

269. *Mr. Roberts.*] You said that the Australian flour could be placed in the North Island at a rate cheaper to the consumer than to get it from Canterbury?—Very frequently they can get freights from Sydney to Auckland lower than we have to pay between Lyttelton and Auckland; and, inasmuch as the quality of the Australian flour is 10s. a ton better than ours, it stands to reason that unless Auckland people are loyal to us they will give the preference to Australian flour.

270. Assuming that we were on all-fours, and an open market in the North Island, do you not think that wheat could be sent from here at a price to compete with the Australian wheat, and flour too?—I do not.

271. And do you not think that the farmers here could compete with the Australian farmer?—They would have to compete, but at the disadvantage of 10s. per ton.

272. But do you not think that the difference in value of 10s. would be made up by the extra yield?—It all depends on the current market-value. You can only produce wheat down to a certain price; if it goes below that the farmer cannot produce it.

273. Can you at all improve the trade to South Africa?—By direct steamers. I have shipped a good deal by direct steamers at a rate which paid my firm to do so.

274. That does not happen except in the slack parts of the year?—It has happened. At other times we have had to pay £3 *plus* 10 per cent. primage per ton for oats, and Victoria was taking oats at that time at £2 15s. and £2 16s. So much so that one of the charterers there offered to send a vessel round here and fill with New Zealand produce at our rates.

275. The rate from here is at present how much?—£2 15s. for oats *plus* 10 per cent., equivalent to £3.

276. Can you tell me a fair average rate from Australia at the present time?—I could not; it varies so much.

277. They are not much lower than here?—They were in favour of Victoria. Sometimes they were and sometimes they were not.

278. You stated that labour was cheaper in Australia and the hours longer: can you tell us to what extent?—I have not got any personal knowledge. I understand they work nine to ten hours a day there.

DAVID THOMAS examined. (No. 54.)

279. *Hon. the Chairman.*] What are you, Mr. Thomas?—An auctioneer and general merchant at Ashburton. I have resided in New Zealand about twenty-six years, and in Australia for about the same time—twenty-six years. I am intimately acquainted with Victoria and New South Wales.

280. Has your attention been drawn to this question of establishing an Australian Commonwealth?—It has. It has given me a good deal of thought, and I have arrived at this conclusion: that at present it would not be well for New Zealand to federate with the other colonies. There are many reasons for this opinion on my part, and the one I would consider the most important would be the question of finance, and likewise the question of not knowing what you are going in for.

281. Please tell us, first of all, your views on the question of finance?—From what I can see, the Commonwealth Government take one-fourth of our Customs duties, and have the right to take as much more as they want. I think, if they take away one-fourth of our revenue from Customs it would be more than New Zealand could conveniently stand; nor do I think the benefits to be derived from losing that revenue would be commensurate with the loss.

282. How do you anticipate that the revenue so lost would be recouped to the State of New Zealand?—If they take away a portion of our Customs duties, of course that means direct taxation on the people to make it up.

283. And probably one form of direct taxation would be increase in the land- and income-tax, would it not?—There are many ways by which it might be done, but I think that is the main one.

284. What would be the effect of that on producers?—It would mean a serious loss to the producers, as the inhabitants of New Zealand are now bearing as much taxation as they properly ought to. We are raising a race in New Zealand which is quite distinct from that in the Australian Colonies. The two races cannot be compared, and in fifty years from now that distinction will be much greater than it is to-day, and therefore their views and aims will not be the same as ours; and if we go into partnership with the federated States of Australia we are running our heads, to my mind, into a noose out of which we cannot get. It will be like a married man who cannot get rid of a wife he cannot agree with. Possibly friction may arise, and if it does it will have to continue. Therefore I should prefer to defer the question for a number of years, and then if we have to pay ten times as much to go into the Federation as we have to now it will be the right thing to do, because we will then know our position, and we would be better able to pay it than we would by going into the Federation in a blind way to-day.

285. Have you any fear that the present powers of the State would be interfered with by the Federal Government in time to come?—I think it is very likely they would be. I think pressure would be brought to bear perhaps by three States together, which would prove inimical to the interests of New Zealand.

286. What do you think would be the effect on local manufactures if New Zealand federated with Australia?—Some of our manufactures would suffer. Boots and shoes might suffer a little, possibly some classes of ironwork, but I do not think it would touch the woollen industry. I think they can beat any in Australia, and more than hold their own.

287. How do you think we should be affected by New Zealand being separated by twelve hundred miles of sea from Australia?—That would be against the interests of New Zealand.

288. Why?—Distance, for one reason, and on account of the difference in the class of people who are now being raised in New Zealand.

289. Are there any other disadvantages which occur to you that would result from federating with Australia?—I think it would be suicidal for us to hand ourselves over, bound neck and crop, to any body of associated States without knowing exactly how we were to be treated.

290. Can you conceive of any advantages which would accrue to New Zealand through her joining the Commonwealth of Australia?—I do not see much. A reciprocity treaty would be very much more to the purpose.

291. Then, are you of opinion that it would be better for New Zealand to retain her political independence at present?—Certainly. I would not object to an agreement being made that on a certain date we could come in on certain terms provided we were satisfied, but not otherwise.

292. Are you acquainted with Queensland?—No, but I have been in it.

293. Have you any opinion as to whether it is possible or not for the sugar industry there to be continued without coloured labour?—I have seen the labour working there, and I think that white men could do it, but they could not do it at the price.

294. *Mr. Beauchamp.*] You lived in Australia twenty-six years?—Yes.

295. Do you consider, from your knowledge of the Australians, that their aims and aspirations are different from those of the New-Zealanders?—My opinion is that the people of New Zealand are quite a distinct class to the Australians, and as years go on that distinction will be more marked.

296. In what respect would you say they are distinct?—First of all, in regard to their physique; secondly, we are more energetic. You can see that in our own colony. You can do more business in the South in half an hour than you can in half a day in Auckland. We have different climatic conditions.

297. What do you say about the Australians intellectually as compared with our people?—I think they are smart enough. I was only speaking about them physically.

298. Do you think the sugar industry could be carried on profitably by means of white labour?—I think the whites could carry it on, but they could not do it as cheaply as the coloured labour.

299. As to finance, do you think that by surrendering the Customs duties and making up that sum by direct taxation it would be prejudicial to the interests of this colony?—Certainly.

300. Have you thought of the effect upon the industries of this colony by reason of the competition they would be subjected to through the removal of duties by intercolonial free-trade?—I do not attach a great deal of weight to that argument. I think New-Zealanders can hold their own. They are more energetic than the Australians, and the climate is also in their favour. They can do better work under those circumstances, and I think they could hold their own against the Australians.

301. We are told that in the large cities of Sydney and Melbourne, owing to centralisation and specialisation in the direction of manufacturing certain goods, they can compete successfully against our own manufacturers: what is your opinion in that connection?—They compete in this way: that they sell their goods in Victoria and New South Wales at good prices, so that they can then ship the balance to New Zealand, and can afford to take what they get for them.

302. That is to say, that this is to be the dumping-ground for their surplus?—I do not say New Zealand only, but elsewhere.

303. In that case our own manufacturers would suffer?—They would suffer to that extent; but I think the New-Zealanders would compete with them in their own markets to a certain extent.

304. You have had experience in the exportation of grain to Australia: which has been your chief market?—Sydney and Queensland are the chief markets. Sydney is a free port, but Queensland is not.

305. By our refraining from entering the Commonwealth, do you think we should be shut out from their market?—I do not think so, because when they want our produce they would have to take it, and pay the duty on the grain. The trouble during the last two years has been that Victoria and New South Wales have had good years on the seaboard, and they have produced nearly as much as they required, therefore their requirements from us have been small; but perhaps next year we shall have to supply them with what they require, and they will have to accept our supply, and, if they impose a duty, will have to pay the taxation on it.

306. As to the cost of production of grain, is it cheaper generally in Australia than here?—We can produce grain much cheaper than they can.

307. You are very emphatic on that point?—Yes. I was twenty years in Victoria, and know something about that matter, and about what they can do.

308. *Mr. Luke.*] I think I gather from your remarks that under federation we would be placed at a great disadvantage because of our distance from the centres of population?—That is one reason.

309. Is that not more or less illusory when we come to examine it? For instance, our farmers produce along a close sea-coast, and the means of getting our produce to our ports is very much simpler than it is in Australia. For instance, your great grain-growing district of Canterbury could rail its wheat very cheaply and rapidly to Lyttelton?—I doubt whether it is as cheap as they can do it in Australia, though.

310. But, still, it is comparatively cheap as compared with the Australian rates?—No; they will carry from five times the distance for a little more than we have to pay here. They will carry 100 miles at 4d. per bushel, and ours is 2½d., and if they reduce it from 3½d. to 2½d. they would be able to carry it cheaper than we can.

311. But you have got twelve hundred miles of sea-carriage, which, compared with the many hundreds of miles that the farmers in the Commonwealth would have to carry their produce to the big centres of Melbourne and Sydney, ought to be rather an advantage in favour of New Zealand, should it not?—But, you see, the sea-carriage is so little. What you mean to say is that we can deliver stuff from Ashburton to Sydney at cheaper rates than farmers can who live five hundred miles from Sydney—it would be six of one and half a dozen of the other.

312. Would not Australia then supply you with a very splendid market under the Commonwealth?—It would probably supply me with a splendid market under reciprocity, not under the Commonwealth.

313. You think that there is no certainty of reciprocity?—No. If you say “under the Commonwealth,” I must say No, because we have to pay a great deal more towards the Commonwealth than we can make by joining it—if we take all the profit and the Commonwealth takes none.

314. As to the matter of distance, and being represented in the Federal Parliament so as to bring our influence to bear upon the Federal Government, is there not something in that?—I think that might be got over; but I am decidedly of the opinion that in ten or fifteen years from now we shall be further off and out of touch with the Federal Parliament than we are to-day.

315. Therefore it narrows itself down to the political aspect—that you think we have different political aims and aspirations to the Australians, and we can do better by remaining a separate people?—I think so.

316. Do you not think, that being the case, we would be at an advantage in this great Commonwealth, because we can produce a higher race, stronger physically, and having this great mass of the people to deal with in this great market?—No, I do not see it.

317. We are told very often that we are leading the whole civilised world: probably we would lead the Commonwealth?—I do not think we would lead the Australians far; I know them too well.

318. You think we should preserve our political independence, and continue to work out our own destiny?—I do.

319. And you have a very high estimation of that independence?—Certainly. I would like to point out that our social condition is so much better than theirs, and we live upon a very much higher level.

320. Do you not think the tendency of legislation in that country is in the direction of elevating the social status of their people, and bringing it up to the level of our own?—Let us hope so.

321. Would not we be an important factor in helping to lift them?—We are only a handful compared to them.

322. If our race is so much stronger in all the elements that make for consideration in that respect, does it not appear that it would not be long before our people came to the fore?—I should not like to grant much on that assumption. I object to entering into any partnership unless I know how we are going to get out of it.

323. As regards the sugar industry, do you think it is possible to develop that industry with white labour?—I do not think white labour could do it at the price.

324. Do you think, under any circumstances, it could be carried on by white labour?—I do, provided the British-speaking people were prepared to pay a little more for the sugar.

325. Do you think the climate is so deadly to the stamina of white people as all that?—There are white people working all round the sugar-plantations, and hundreds of miles further north.

326. We have been told that there will be, after one or two generations, a great deterioration, which will produce simply a weak and effeminate race of people in those regions?—That is the contingency that will arise throughout Australia, more or less.

327. Regarding the defence point of view, do you not think that under federation we should be under the same conditions as regards defence as Australia is?—I do not think so.

328. We should be able to exercise our voice more forcibly on the authorities at Home than we can as a mere section of the great British Empire?—We certainly might have more weight, providing every one of us went together; but we are bound to have assistance from Britain's navy, and that would be the only assistance we would get; and, although it would be very much quicker to send a vessel from the Commonwealth to New Zealand, still, at the same time, I think we could do just as well in the way of defence from England as we can from the Commonwealth, because it all hinges again on the point, What is it going to cost us?

329. We are told, and with a certain degree of force, that the big centres of Australia, owing to their cheaper freights, would actually beat New Zealand, and our manufactures, therefore, would be more or less destroyed: do you not think, considering the natural advantages we have in New Zealand, we could enlarge our capabilities and produce for the home market at a cheaper rate than we are now doing, and by shipping our surplus at bare cost we would be enabled to cheapen production for the home consumption—would not that be a great advantage to the industries of New Zealand?—I have answered that question twice. I think the balance of trade would be in favour of New Zealand ultimately.

330. Then, it is a political objection more strongly than any other that you have got to federation?—My objection is that we would be paying too high a price without knowing what we were buying.

331. *Mr. Leys.*] From your residence in Australia, do you think there is a community of interest between the Australians which does not exist between them and New Zealand?—I think there is.

332. And that community of interest, you think, would influence the Federal Parliament in considering questions that came before it?—It might in one or two points which were of vital importance to New Zealand.

333. And that we really would be overreached by the strength of Australian influence?—That is my view, and it is a disinterested one, as I have lived in both countries, and look upon Victoria as my home.

334. Do you think this Federal Government will continue to act as mere administrators for Customs duties and Post Offices, or do you think they will go in for large schemes for the development of the Australian Continent?—They might do so, but we have no knowledge that they will.

335. Mr. Barton has already announced the trans-continental railway, and the development of the tropical districts: would those be of any advantage to New Zealand?—Of course not.

336. But I take it that New Zealand would have to pay towards making them?—Well, that is another reason for not joining the Federation.

337. Mr. Barton stated recently that the continental railway scheme would be an advantage to New Zealand from a defence point of view: do you think it would?—The benefits are too remote.

338. Coming to the question of agriculture, do you think the introduction of intercolonial free-trade would affect the food-producers of Canterbury by bringing Australian wheat into competition with them in the North Island?—I certainly think it would, unless in seasons when they are short of it in Australia, and those are the seasons we would have to supply Australia. I would never go in for free-trade, but reciprocity.

339. Taking the general range of seasons, Australia is a large exporter of wheat, is it not?—Yes, during the last year or eighteen months.

340. Do you know whether the prices of wheat in Sydney are much higher than the average price in New Zealand?—Yes, about 3d. to 4d. per bushel, and there is that much difference in the value of the wheat.

341. Then we come to Australian flour: is Sydney flour of better quality than our own?—Sydney flour is not as good as Adelaide, but it is more valuable than New Zealand. Adelaide flour is worth about 12s. 6d. a ton more.

342. Is it quoted usually much higher than Canterbury flour?—It does not get in here, because we have got a duty on it; but it used to come here when there was no duty—into the North Island and Wellington.

343. You think it would become a very serious competitor with us under free-trade in an odd season?—Yes.

344. Do you think the farmers here will suffer seriously from that competition?—During odd seasons they would suffer very severely; they would be compelled to lose the local market, and send it Home.

345. Do you know of any compensating advantages likely to arise from federation?—I certainly do not. I think the conditions are the other way. If I thought there were compensating advantages I would be going for federation.

346. From a farmer's point of view?—I am a farmer's representative.

347. *Hon. Major Steward.*] What would be the effect of federation on the export trade of New Zealand to Australia in regard to such minor articles of produce as bacon, hams, onions, potatoes, peas, and butter? Do you think if we federated we should be shut out of that market for these articles?—Partly; in bad years we shall not be shut out. I think I made it very clear that, whether the trade is free-trade or whether it is not, there are odd years in Australia that

they would send to us for things, and when they had to do so, it does not matter what the duty is, they have to pay it, in addition to the cost of the article.

348. But supposing there was a shortage there, like there was in 1889, when New South Wales required to obtain from somewhere articles to the value of £220,000, could we always depend on having a market there which we could get at if at the same time Victoria is able to send in free of duty?—I should say that Victoria would beat us.

349. Is Victoria capable of producing these articles in sufficient quantities to meet the consumption of New South Wales in addition to her own requirements?—If they took as much trouble to cultivate the land in Victoria, New South Wales, and Queensland as they do here, New Zealand would never send anything there at all.

350. Do you not think it probable, then, that if we federated the Victorians would lay themselves out to produce all that is required for all parts of the Commonwealth?—I think the Tasmanians will do the most of it.

351. If that is the case, do you not think, with the handicap of twelve hundred miles as against Victoria, and the very much longer distance as against Tasmania, that even if we were put on equal terms with them they would get the advantage against us?—I do.

352. So that, although we might for the time being suffer somewhat as regards losing trade with New South Wales—and even supposing there were no federation—do you not think that the natural course of things would have brought about the development of those industries in Victoria and Tasmania to such an extent as would enable them to capture each part of the market?—I think it is exceedingly probable.

353. *Hon. the Chairman.*] Supposing there were intercolonial free-trade between this colony and Australia, how would that affect the commercial trade with the west coast of this Island? Do you think any large portion of it would be done from Victoria?—It is not so many years ago since the whole of it was done from Melbourne, and my opinion is that under free-trade it would revert back to the same place, excepting in seasons when they had a drought, when we might have to supply them.

354. I mean trade generally?—It would come from Melbourne.

355. What is your ground for saying that?—I do not know how it is, but at the initiation of the goldfields most of the people connected with Hokitika were Victorians, and they had small schooners running there, and a small steamer or two, and they kept them going, and the trade has not absolutely lapsed from Victoria yet. If there were free-trade with New Zealand they would gain that trade again.

356. What do you think would be the effect on the onion industry in New Zealand if we federated?—I think it will not make very much difference to the onion trade. There are thousands of acres in Victoria, round about Geelong, where they could grow all the onions required in this Commonwealth, but the price is so fluctuating that they do not grow as many as they could and should, and so in odd times they rush to New Zealand for them.

357. You say you are a farmers' representative: are we to understand you are voicing their opinions?—No; my own interests are identical with those of the farmers, with whom I do the whole of my business.

358. Are you a producer or a purchaser?—A purchaser.

359. And you say your interests are identical with those of the producers?—Certainly.

EDWARD WILLIAM ROPER examined. (No. 55.)

360. *Hon. the Chairman.*] What are you, Mr. Roper?—I am a merchant in Christchurch. I have resided in New Zealand for thirty-eight years, and in Australia a short time before I came here. I have also visited Australia very often.

361. I believe you have studied the question of federation very closely?—I have given a great deal of time to it.

362. Is the result of your study of the matter favourable or unfavourable to New Zealand federating with the Commonwealth of Australia?—I am very strongly opposed to New Zealand federating with Australia under the terms of the Commonwealth Act. I know that Act fairly well.

363. Will you kindly state to the Commission the grounds upon which you base your conclusions?—There are many. It appears to me that it is not altogether desirable for me to waste any of your time, and I propose, if you think right, to place my written opinions, that have already been published, in the hands of the Commissioners; they are in print. I was appointed by the Canterbury Chamber to lead in the discussion on the question of federation, my side being against federation; and at that time, when I first brought the matter before the Chamber, there was a report taken of my addresses, and they are now in print; and I also treated on the matter at the Congress of Chambers of Commerce the other day. I have gone fully into the question of the effect the Commonwealth Act would have on New Zealand, and I must say that I have, like many other people, waited for some revelation of the advantages which will accrue to New Zealand in the event of her joining the Commonwealth. I have heard but one or two arguments, and they can be summed up altogether in the direction of a slightly better market. Since hearing these opinions published I have looked into the statistics, with which I am sure the members of the Commission are better acquainted than I am, and I do not find that there is any probable advantage likely to accrue to New Zealand by federating, because we can only deliver or sell our surplus products, and naturally we seek the best market for that surplus. Some ten-elevenths of our surplus finds its only market in England. If we take the returns for 1899 we find that, roughly speaking, our exports amounted to something over eleven millions, while only one million and fifty-six thousand pounds' worth went to Australia. Therefore we have, in the first place, only to deal with the eleventh part of our exports; and, in looking at the direction in which

these exports went, we find that some six hundred thousand pounds' worth went to the free port of Sydney, showing evidently that either the proximity of Sydney or the advantages of a free port attracted an extra quantity of our exports. But, as against that, we find that the imports to New Zealand from New South Wales largely exceeded the imports from any other port of Australia; so that one is inclined to think that the position of the free port of New South Wales and speedy communication has something to do with it. We find that, as far as Victoria is concerned, during that particular year, notwithstanding the duty on butter, which I think is 2d. per pound, they took a larger quantity of butter than the free port of New South Wales. Also in sawn timber they took several thousand pounds' worth more than the free port of Sydney; and therefore it does not appear to me that, if the duties were abolished throughout Australia, we could very greatly extend our exports there, for the simple reason that the best market for our main products, wool and mutton, which are the main portion of these products, would naturally still be in England. And supposing some small quantity of our exports were shut out by a duty being established in New South Wales, similar to the duties existing now in other colonies, I do not think the decrease in our exports would be very considerable, because I take it that the people of Australia only take certain perishable produce that we send them when they fail to produce it themselves; and that would occur sometimes under federation. Therefore I do not apprehend that there would be any great falling-off; but, even if there were a slight falling-off, it would simply mean that we would have to find some other market, and the loss would not be very great. Supposing we sent £200,000 less in consequence of the imposition of duty in Sydney, we could only look upon that as probably being a loss of 2½ per cent., or a matter of £5,000. If we consider that the Commonwealth may require us to forfeit £500,000 of our Customs revenue, on the basis of £2,000,000 which we have collected, and when we consider that in ten years the whole £2,000,000 a year may be forfeited, it seems to me that, even on a mere question of £ s. d., we do not quite view the matter with due respect to its importance. It does not seem to me that one can be set against the other, but I think the matter of federation ought to be considered from a very much higher ground than the mere question of extending or lessening our Australian markets for certain products. Here is the address delivered by me at the Chamber of Commerce, and these are my views on federation:—

*Address delivered at the Annual Meeting of the Chamber of Commerce.*

“Although the question of Australian federation has long occupied the attention of our sister colonies, it was not until New South Wales, Victoria, South Australia, and Tasmania had, by a *plébiscite*, converted the dreams of the Unionists into a concrete fact that New Zealand evinced any particular interest in federation as applied to herself. Truth to tell, with some people this interest was not evoked by any special desire for coalition, but rather from a dread lest the new Union might establish a tariff that would spoil a market for such of our products as had hitherto been shipped to the free port of Sydney. Another section of the community, actuated by purely patriotic motives, and accustomed to regard the word ‘federation’ as the shibboleth of our race, at once concluded that the union of New Zealand and Australia would be an additional link in the chain of sympathy and mutual interest which binds together the widespread nations of which our Empire is composed.

“As the people of New Zealand will eventually have to decide whether their country is to become an Australian State, or to retain its independence, it is essential that every issue of the question should be carefully considered by those to whom the subject is of such vital importance. Under these circumstances it is clearly the duty of associations like Chambers of Commerce to encourage their members to place their views at the disposal of the public. From the conflict of opinions among men, who, however much they may differ, have their country's good at heart, some assistance cannot fail to be rendered to those who are anxious to arrive at a sound conclusion.

“To better judge the effect upon New Zealand of the suggested league, it will be advisable to review the terms of the Federal Bill under which we would have to become members of the Commonwealth, and then, if the conditions contained therein appear to be of a character that would debar their acceptance, to endeavour to seek a *modus vivendi* that will enable us to reap the many advantages of a closer alliance with our sister colonies.

“The Federal Bill, framed, as stated in its preamble, for the purpose of establishing an indissoluble Commonwealth of Australia, although bestowing on New Zealand the right of admission, certainly does not, so far as its title is concerned, quite appear to provide for such a contingency.

“The Constitution of the Commonwealth is set out as follows: The permanent seat of government shall be in New South Wales, at a distance of at least one hundred miles from Sydney. There shall be a Governor-General, with a yearly salary of £10,000. The Parliament shall consist of a Senate or Upper House, composed of six members from each colony or State, and a House of Representatives with slightly over twice the numerical strength of the Upper Chamber. The members of the Lower House are to be returned on a population basis. Every member of Parliament shall receive a salary of £400 per annum, besides which, £12,000 a year is to be available for those who hold portfolios. If the seven colonies of Australasia joined the Commonwealth, the Parliament would consist of forty-two Senators—viz., six for each colony or State—and about ninety members of the Lower House, or one for each 52,000 inhabitants. Thus New Zealand would be represented by six Senators and fifteen members of the Lower House.

“The Federal Parliament is to have power to make laws with respect to commerce, taxation, borrowing money, posts and telegraphs, defence, currency, banking, insurance, bankruptcy, patents, marriage and divorce, old-age pensions, immigration and emigration, conciliation and arbitration, &c. The judicial powers of the Commonwealth are to be vested in a Federal Supreme Court, which shall practically supplant the Privy Council as an ultimate Court of Appeal.

“The following departments of the public service in each colony or State are to be transferred to the Commonwealth, viz.: Customs and excise, posts, telegraphs, and telephones, naval and military defence, lighthouses, quarantine, &c. All moneys received by the Federal Parliament are to form one consolidated revenue fund, to be appropriated for the purposes of the Commonwealth, except that during the first ten years not more than one-fourth of the revenue derived from Customs and excise shall be retained by the Commonwealth. At the expiration of that period, the whole of the Customs and excise revenue will be at the disposal of the Federal Parliament.

“Within two years uniform duties are to be imposed throughout the Union, but all trade and commerce among the States, whether by means of internal carriage or ocean navigation, shall, so far as concerns Customs duty, be absolutely free. Each State is to be credited with the money contributed, and any balance that may remain after the expenses of the Commonwealth have been defrayed shall be refunded.

“And now, having sketched the salient features of the Bill, the question naturally arises, How would New Zealand be affected if she became subject to this Constitution? No sooner had the recent referendum placed the subject beyond the academic stage than a few of our aspiring politicians, possibly hoping for popularity, and certainly with little real knowledge of the subject, declared themselves in favour of this colony joining the new Union. Fortunately most of our public men, realising that the question was too important and difficult to be dealt with hastily, declined to commit themselves until they had had time to become familiar with the Bill, and to carefully estimate what the effect would be on New Zealand if she subscribed to its numerous clauses. Day by day the result of these deliberations are being communicated to the public, and, so far, not one statesman on either side of the House has declared himself in favour of New Zealand entering the Commonwealth. The reason for this unanimity among men who, as a rule, are only too glad to differ is not far to seek. The principles upon which the new league is established are not of a character likely to commend themselves to patriotic New-Zealanders, who, however much they may approve of federation on equitable terms, could never submit to the disabilities they would incur by joining the Australian Commonwealth. Considerable misapprehension has arisen through this union taking the form of a Commonwealth instead of being simply a federation for the purposes of inter-free-trade and mutual protection. New-Zealanders have for many years felt it would be to the general advantage of the British colonies in the South Pacific if some scheme could be formulated that, whilst assuring complete autonomy to each separate country would at the same time insure unity of action in all matters of common interest. The State partnership now being established in Australia is not an alliance upon these grounds, for its essential principles involve the sacrifice of autonomy on the part of individual States, and provide for the pooling in one consolidated fund of their principal revenues. Under such conditions New Zealand, however anxious she may be for a league on suitable terms, could never consent to become a member of the Commonwealth. She may yet federate with United Australia, but it must be as an ally and an equal, and without loss of self-control.

“The absorption of New Zealand by Australia would mean our national effacement; and when this fact is realised no New-Zealander, unless he is prepared to ignore the interests of his country in the hope of self-advancement, will consent to the sacrifice. At present the vast majority of those who advocate federation in this country are unaware that acceptance of the terms of the Commonwealth involves the forfeiture of New Zealand's independence, and it has even been loudly urged that opposition to the Australian scheme denotes a parochial spirit on the part of the objectors. The fallacy of this contention is proved by the fact of those who oppose the terms of the Commonwealth being the strongest advocates of that larger or Imperial Federation which, of necessity, embraces and provides for all minor amalgamations. It is in cementing the bonds that bind us to the Mother-country, and through her to every spot on the globe claiming her dominion, that our desire for federation can find its best expression, and it by no means follows that we should strengthen those ties by irrevocably binding ourselves to Australia. It is conceivable that our very freedom from such a trammel might some day prove of immense value in maintaining the unity of the Empire. The retention of our national liberty will certainly not lessen our power to uphold British prestige in the Pacific; and, so far as concerns our own interests, much more importance will be attached to the views of an independent nation than to those of an Australian State. We, above all others, are concerned in the future of the South Pacific islands, and it is only an act of common prudence for us to retain the fullest freedom to take such steps in the future as may be deemed necessary to conserve our rights.

“Distinct from what may be termed ‘patriotic’ objections to the proposed union, and, of course, subsidiary to those objections, comes the question of cost. As members of the Commonwealth our taxation would be enormously increased. Not only would all local charges of administration remain as costly as ever, but there would be the ever-increasing expense of the Federal Government. The exact amount we should have to pay for the privilege of being merged in the Commonwealth it is, of course, impossible to say; yet some idea of the liability may be formed by noting the provisions of the Bill. Besides the £74,000 to be divided annually by the Governor-General, Executive, and 130 members, the thirty-nine departments of administration which are to be vested in the Federal Government, including, as we have seen, trade and commerce, Customs and excise, posts, telegraphs, telephones, &c., will require large permanent staffs at the Federal capital, and also travelling inspectors with their assistants. To provide suitable accommodation for the Governor-General, the Parliament, and its Ministers, and the swarms of departmental officers who will be employed, gigantic buildings will have to be erected; in fact, as provided for in the Bill, a Federal capital will have to be established, and, of course, paid for. No doubt, under the new Administration, large appropriations will be made to erect fortifications, to purchase war-vessels, and to form an Australian army. The extent to which this colony would benefit by this class of



expenditure is problematical. There is no evidence to prove that our soldiers would be better controlled from Australia than from Wellington; and as for our navy, if we had money to spend in that direction, it certainly should be given to the Mother-country, who is better able and more willing than any other Power can possibly be to protect us on the ocean.

"The annual charge to New Zealand for Federal Administration has been roughly computed at £200,000, but this amount would probably not include the cost of the capital, or of a navy, or of the strategic trans-continental railways, for which the Australian public are already clamouring. Besides the actual cost of the Administration, there will be the inconvenience, if not the humiliation, of having our revenues collected by the Federal Government, and then, if any balance remains, having it allotted to us at the will of what will practically be an Australian Parliament. This loss of control over our revenue, and our liability to taxation at the will of men of whom the large majority would know little or nothing of our requirements, would certainly deprive us of all virility as a nation.

"The ignorance of most Australians on matters connected with New Zealand is truly surprising. Australia itself presents throughout certain generic characteristics which enable its inhabitants to understand and to sympathize with each other's wants; but, so far as concerns New Zealand, the average Australian knows scarcely anything of its area, population, or climate—in fact, he confounds it with the smaller islands of the Pacific. As a proof of this, only the other day a leading Australian journal, when discussing the question of New Zealand's admission to the Commonwealth, said it would be unwise for the continent to burden itself with the management of such an uncivilised people. And yet, in spite of this crass ignorance of our true position, we are urged to relegate the conduct of our national affairs to an Australian Parliament.

"Another and not unimportant phase of the suggested union would be the inconvenience that must necessarily result from living under the complicated rule of two Parliaments. It has long been held that New Zealand is overburdened with legislation. Year after year fresh statutes are framed for her control—and, in fact, so many new laws come into force that it is difficult for the most astute lawyer to comprehend their full significance. Federation would render our code still more complex, for, in addition to the enactments that emanate from our own two Houses, the Federal Parliament will devote many months each year to the congenial task of framing additional laws for the so-called benefit of the people.

"At the present time, omitting party matters, the affairs of this colony are in a satisfactory condition. Would it not be wise to let well alone? A demand for a radical change of method in the administration of a nation's affairs can only be justifiable when the existing system has proved a failure. Looking at the record of New Zealand's rapid development, it cannot be urged that her Constitution has been a failure, nor has any evidence been brought forward to prove that the transfer of her control to an Australian Parliament would augment her commerce, develop her industries, increase her productiveness, accelerate her progress as a nation, or in the slightest degree increase the freedom or happiness of her people. Whilst the management of our affairs is vested in a local Parliament, the members of the House of Representatives are directly responsible to the people. If a member does not give satisfaction he can be rejected at the next election. Unfortunately, if the Federal Parliament failed in its duty to New Zealand, there would practically be no remedy, because six-sevenths of the members would be returned by Australian constituencies, and therefore would be independent of New Zealand opinion. In the fierce struggle for recognition that will take place in the new Parliament, this colony must necessarily come off second best, for the simple reason that she is too far off and too isolated for her requirements to be understood, or her aspirations to be appreciated. If, as a member of the Commonwealth, she were placed in such a position of neglect, and if it were felt that the only remedy was a return to independence, it must be remembered that no escape would be possible. Such a contingency as withdrawal is no way provided for by the Bill.

"As we stand at present, New Zealand is not only capable of producing all that is necessary to supply directly or indirectly the wants of her people, but her productiveness has enabled her to accumulate wealth so rapidly that, even at this early stage of colonisation, she is, reckoning per head of population, one of the richest of nations. And what is the benefit offered to us in return for risking our present assured position? It is practically neither more nor less than an open market for any of our products that may be required in Australia. Or, otherwise expressed, there is a covert threat that unless we join the Commonwealth a prohibitory tariff will be established to exclude our products. An examination of the returns of our trade with Australia conclusively proves that a high tariff would not shut us out, and that, if it could, Australia would have nothing to gain by imposing restrictions on her trade with this colony.

"In consequence of gold and silver being included in the official returns of our exports to Australia, our sales to that country are made to appear of more importance than they should do. If we exclude the precious metals, which are saleable in every market, our exports to Australia for 1898 amounted to only £972,000, an increase of £76,000 on our exports in 1897. On the other hand, our imports from Australia for 1898 amounted to £1,140,000, or £143,000 more than during the previous year. As the value of Australia's exports to New Zealand were thus £168,000 more than her imports from that colony, there need be little dread that Australia will do anything to injure a trade that she is in every way interested in conserving. With regard to the volume of our yearly exports, the returns prove that they do not depend so much upon tariffs as upon the amount of the Australian rainfall. When, owing to drought, Australia is short of onions and potatoes, she will import those articles in spite of any duty that may be levied. For instance, last year Victoria, with a duty of 2d. per pound, imported twenty-five thousand pounds' worth of New Zealand butter; whilst during the same period the free ports of New South Wales took but seventeen thousand pounds' worth. It must also be remembered that only 10 per cent. of our exports go to Australia, and if the imposition of duty in the sometime free port of Sydney should

cause a shrinkage of one-fourth of our exports to the whole continent, and supposing no other market could be found for that fourth, the decrease would, after all, be only  $2\frac{1}{2}$  per cent. on our total exports. Surely it is beneath our dignity as a nation to allow the question of a  $2\frac{1}{2}$ -per-cent. increase or decrease in our exports to influence us in deciding whether we shall retain or sacrifice our Constitution.

“Australia’s purchases from New Zealand are not the result of any sentimental desire to benefit this colony. The seeds, timber, potatoes, onions, flax, sulphur, pumice, &c., are bought from us because they contribute to the comfort or profit of the purchasers. As the duties levied on these articles must be paid by the buyers, it is not at all clear that a high tariff would meet with the approval of the Australian public, who, after all, must be the arbiters of the question. In all probability, the only State whose tariff will be seriously affected by the proposed change is New South Wales, who will have to forego her free-trade principles, although, doubtless, her members will struggle their hardest to have the general tariff kept as low as possible. In those States where the tariff is unaltered our trade will not be affected, and it may fairly be assumed that New South Wales will not cease to be a customer because her duties are made the same as those, for example, of Victoria, a colony that in 1898, in spite of her high tariff, imported, apart from gold, two hundred and sixty thousand pounds’ worth of New Zealand products.

“So little have some nervous people understood the basis and proportions of the trade between this colony and Australia, that fearing lest our whole commercial system should be wrecked, they have clamoured for our immediate entrance to the Commonwealth. They have warned us that unless we join at once we may be shut out, or, at any rate, lose the advantages that will be granted to originating States. Luckily, the gravity of the question at issue is now too well appreciated for such advice to be followed. As a matter of fact, there are no special privileges granted to those who first form the Union. Late-comers will enter upon mutually agreed terms, and, judging by the desire of all Federations to increase their power by the addition of new States, there need be no apprehension that Australia will place obstacles in the way of New Zealand should she ever desire to join the Commonwealth. By waiting a few years we shall have an opportunity to watch the results of federation in the other colonies, and with that experience to guide us we shall be better able to judge of the course we should pursue. When our people have had sufficient time to fully realise how their colony would be affected by federation, and not until then, should they be called upon to give their final decision.

“Now, let us suppose New Zealand to have joined the Commonwealth with complete inter-colonial free-trade: how would she then be affected? We have seen by the Constitution that after a certain time each State is to be credited with the duties and excise collected within its borders, and that after all the Commonwealth expenses have been paid the balance is to be refunded. The amount of this most important balance will, in the first place, depend upon the duties collected, and, secondly, upon the amount absorbed by the Federal Government. As goods from Australia would no longer be dutiable, there would necessarily be a great shrinkage in our Customs returns; and no doubt, to make matters worse, large quantities of goods that had paid duty in Melbourne and Sydney would be poured into this market, and these duties would after the first five years probably be credited to the State in which they had been collected, and this colony would miss the refund.

“And then, again, with regard to the abolition of intercolonial duties, what would become of our local industries that have hitherto had the advantage of a protective tariff? How would they fare when opposed to free and open competition with Australia? There can be little doubt but that they would almost cease to exist. Melbourne and Sydney, with their cheap labour, and low freights from Europe, would become the distributing centres for New Zealand; most of our manufacturers would have to close their doors, and many of our direct importers would also find their occupations gone. Unfortunately, when forfeiting our revenue we should not be parting with our debts. They would still be with us, and the annual interest would have to be paid as regularly as ever. Our Parliament, although restricted in its powers, would still have to be maintained; our roads, bridges, Courts, gaols, police, &c., would still have to be paid for. In fact, the ordinary expenses would go on as they do now, and added to these there would be the cost of the Federal Administration. But from what source would the moneys be drawn? Not from the Customs, for that easy method of collecting would have passed from our control. New forms of taxation would have to be devised, and all the present exemptions swept away. The prospect is so unpleasant that it is extremely unlikely that New Zealand will consent to forego her present prospects for the doubtful advantage of joining the Australian Commonwealth.

“Unfavourable as the financial aspect of federation may appear for New Zealand, that consideration should not be sufficient in itself to prevent her joining the Commonwealth, if by doing so she could eventually attain that honourable position among nations to which she has every right to aspire. At the present time she is looked upon as one of the most vigorous and, certainly, in many respects, the most progressive of Britain’s progeny. So far as intelligence and self-reliance are concerned, she is the equal of any other nation, however large or powerful. Content, as becomes a juvenile, to confine her energies to the development of her resources, she, nevertheless, looks forward with hope to the day when she may be regarded as the Britain of the South. So far, there is no evidence that she would attain the object of her ambition, or in any way add to her influence, by accepting the position of an over-the-sea State in the proposed Commonwealth.

“The Australian Colonies being contiguous, and containing a large migratory population, it is both natural and expedient for them to demolish artificial barriers and form themselves into one great nation, with the ocean for its boundary. But what has New Zealand to do with this Union? Geographically, she is divided from it—and her people, owing to climatic and other causes, already differ in type and temperament from the Australians. The eventual result of such differences may

be foreseen by noting the difficulties that have arisen between Ireland and England—countries separated by a mere channel.

“Australian politicians are no doubt actuated by kindly motives when they warn New Zealand of the pains and penalties she will incur by refusing to enter the Commonwealth; but, unfortunately, they give no explanation as to ways and means. They invite her to hand over her Customs and excise revenue, postal, telegraph, and telephone services, but they fail to say how, when these sources of income are gone, she is to pay nearly £2,000,000 a year interest on her debts. Nor do they prove by a single argument that she would be better governed if her affairs were in the hands of a Parliament of which a large majority would know little or nothing of New Zealand or her requirements.

“If the seat of government were established in Australia, with a Parliament consisting of about six Australians to each New-Zealander, how much attention, under such circumstances, could possibly be given to the special needs of the far-away and little-known isles of New Zealand? Surely it would be a subversion of our avowed democratic principles to place the reins of government in the hands of men who possibly might not feel themselves under any obligation to serve us, but, on the contrary, might feel it incumbent upon them to advance the interests of that continent to which they must look for preference.

“Although the path to federation, so far as Australians are concerned, will be rendered easy for New Zealand, we have seen that, having once entered, we shall have no right to withdraw from what is termed ‘The Indissoluble Commonwealth.’ Any effort to re-establish our autonomy would be looked upon as an act of rebellion, and, as the Federal army and navy would be against us, any such attempt would probably fail.

“If, as is extremely probable, New Zealand finds it inexpedient to join the Commonwealth—and her refusal to do so is presaged by the fact of her best statesmen having always rejected the scheme—surely there is some intermediate course that would confer upon her and Australia the benefits of combination, without the sacrifice to either side of self-control. We are, as members of the same Empire, already bound together by a higher union than one of mere expediency; and it is clearly the duty of the Austral nations to assist each other in civil, commercial, military, and naval affairs. If Imperial federation is not sufficient for the purpose, let the legal gap be filled by binding treaties. We of New Zealand entertain for our Australian cousins a true family affection. We admire the patriotic spirit that is now inducing them to weld into one vast nation those colonies that have grown up shoulder to shoulder. Any attack upon their rights would at once be a call to arms throughout New Zealand. Were we living on that continent, our desire for the Commonwealth would be as great as theirs. Placed as we are, far from any other land, we believe that our desire to guide our own destinies will meet with the support and approbation of all true Britishers.

“So far it must be held that no valid argument has been adduced that would justify New Zealand in risking so drastic a change as would be brought about by the proposed amalgamation. The advantages of such a union to this colony are, at the best, chimerical; for example, it has been suggested that the Commonwealth could, on the strength of its better credit, convert our stock and reduce the interest on our public debt. But we are not told upon what terms our debts would be taken over, nor is there any assurance that any profit the Commonwealth might make by such conversion would be allotted to New Zealand. On the other hand, the disadvantages of the proposed amalgamation are only too apparent. Our burden of taxation would be greatly, or possibly unbearably, increased. Our local industries would, judging by the opinion of the industrial associations, be irreparably injured; and certainly our independence would be gone for ever. In fact, if one were to judge of the position by the evidence at present available, it would be within the mark to say that if New Zealand joined the Commonwealth she could scarcely be worse off if she were made subject to a conquering nation. Bereft of the control of her revenues, with scarcely a voice in the administration of her national affairs, and subject to the vagaries of men who know nothing of her needs, and who would have no sympathy with her ambitions, she would become of no more political importance than Samoa and the Fijis, with which she has been confounded. As a distant dependency of Australia, she would no doubt be valued for her productiveness; and she would, of course, still be admired for the beauty of her scenery; but as a nation she would be for ever ignored.”

*Address delivered at the Conference of Chambers of Commerce.*

“The resolution I wish to bring before the Conference refers to the all-important subject of New Zealand’s future relationship to the Australian Commonwealth. As there are many other matters to be brought before your notice, and as our time is limited, it will be quite impossible to devote anything like the amount of attention that might profitably be bestowed on a matter of such importance.

“Having on previous occasions addressed the Christchurch Chamber on the kindred subject of Australian federation, and those addresses being still in print, I may, for the purpose of shortening my remarks, refer the members present to what I have previously said in support of this colony retaining its independence.

“The recent imposing inaugural celebrations of the Australian Commonwealth have naturally awakened in the minds of New-Zealanders a renewed interest in the momentous problem of their future course of action with regard to United Australia. So far, New Zealand’s position has been little discussed, either by the House or the Press. Sufficient, however, has been said to enable most people to discriminate between the present union of geographically connected States and that wider Imperial federation which all loyal Britishers regard as the ultimate bond that is destined to maintain the unity of our widely spread Empire.

“To throw light upon the difficult question of colonial federation, the Government has appointed a strong Commission, whose duty it will be to report upon the probable advantages or

otherwise of our joining the Commonwealth. In the face of such a Commission, it might at first blush appear inadvisable for any other body to discuss a matter that is, as it were, *sub judice*. A little reflection will, however, modify any such opinion, for, as the Commission must look in every direction for evidence upon which to base its ultimate report, it is essential that it should hear what business-men such as are here assembled have to say upon the subject. In fact, so far from the question being tabooed, it should be thrashed out by every intelligent member of the community, so that when the time arrives an intelligent and emphatic reply may be given to the proposition, 'Are we to join the Australian Commonwealth, or are we to retain our independence?' If, as appears most probable, New Zealand decides in favour of the latter course, it will then become necessary for the two nations, being of the same blood, and belonging to the same Empire, to form such a modified union as will most effectively foster their respective resources, and enable them in times of emergency to afford combined, and therefore the most effective, aid to the Mother-country.

"At one time it was suggested by a few pessimists that our refusal to join the Commonwealth would raise such a feeling of unfriendliness in Australia that her statesmen would endeavour to revenge themselves on us by framing a tariff that would effectually close their markets to our products. Since these opinions were expressed, the Commonwealth has been established without New Zealand, and no stronger refutation could be given to this charge of pettiness than the enthusiastic reception accorded to New-Zealanders at the recent Sydney celebrations. So far from any complaint being made against us, on every side appreciation has been manifested at our friendliness to Australia, and it has been generally admitted that it would be unwise of this colony to jeopardize its future by entering into a hard-and-fast agreement to hand over, for all time, the control of its revenue and the administration of its own affairs. On the other hand, it is admitted that, except in matters of finance and self-government, there is no valid reason why the two countries should not be as effectually federated for all purposes of common weal as though we joined the Commonwealth, and it is urged that the basis of the union must be love for the Empire as a whole, and no mere sordid or petty motive. A union founded on that higher, national sentiment will last so long as the ties of kinship hold good—in other words, so long as our race occupies its present high position among nations.

"The suggestion that we should join the Commonwealth in the mere hope of improving our market is unworthy of consideration. Apart from the never-to-be-forgotten principle that a nation's liberty is beyond price, it is not in the least likely that our products will ever be shut out of the Australian market by a prohibitory tariff. It is true that, whether we do or do not join the Commonwealth, Australia will only buy from us what she is unable to produce for herself. During her good seasons her requirements will be small. In times of drought they will be large. In other words, the Australian market is one upon which, for many of our products, we can never absolutely rely. When she requires our food she will buy it, and Australians themselves will refuse to pay too high a duty upon the necessaries of life. But, even if there were any Australian politicians who desired to shut the commercial door to New Zealand, not only would they be opposed by all true statesmen, but they would meet with most active opposition from all those who, as exporters to or importers from New Zealand, are interested in conserving and developing the intercolonial trade.

"A glance at the official returns will show at once that, apart from our precious metals, which are saleable in every market, our exports to Australia are less than our imports from that country. For example, in 1899 our imports were valued at £1,338,828, and our exports, exclusive of gold and silver, only £1,061,553, or, in other words, our purchases from Australia during the year amounted to £275,275 more than our sales; and yet, in the face of these facts, some people have cried out that the Commonwealth will want to burke trade with New Zealand by framing an unfriendly tariff. Is it not ridiculous to suppose that enterprising Australians are likely to do aught but foster a trade which, all told, already amounts to £3,000,000 per annum?

"The question that now really concerns New Zealand is the method by which, without forfeiting her independence, she can best strengthen the social, political, and commercial ties that should exist for all time between herself and her Australian cousins. The essential basis of such a union is, precisely, the kinship that exists between us; as people of the same blood, and as members of the same Empire, we are united by bonds that will resist all selfish assaults. In a short time the serious work of formulating the terms of our agreement must be set about. When that time arrives no cavilling spirit must be displayed. Each side must be prepared to make concessions for the common weal. It is probable that neither party will demand absolute free-trade for its products; but, on the other hand, every encouragement must be given to intercolonial trade.

"The findings of civil and criminal Courts will no doubt hold good in both countries. A common scheme of defence must be established, so that in times of emergency the two nations can act in concert. All laws in respect to posts, telegraphs, currency, banking, marriage and divorce, patents, bankruptcy, &c., should, as far as the exigencies of the case admit, be common to both sides. By a union such as this all the best objects of intercolonial federation may be achieved without the risk of those serious ills that would attend our becoming members of the Commonwealth. What those ills would be it might appear ungracious to dwell upon at the present juncture. No one can cavil at our being contented with our present Constitution. We, as dwellers in a land far separated from any other, desire to retain the control of our own affairs. As we are now placed, our public administrators are directly responsible to the people, and if they make a mistake can be quickly called to book. We have, in fact, that particular form of direct representative government for which our race has always struggled, to attain which it has again and again shed its best blood. To forfeit our self-control and to sacrifice our nationality would, to say the least of it, be a blunder, and one for which we should be justly held responsible by our

descendants. Fortunately there is no occasion for any such sacrifice. All that is desirable in the way of union with Australia can be achieved without tampering in any way with our present Constitution. We can, in fact, form an alliance without entering into partnership.

"I have now much pleasure in moving the following resolution: 'That this Conference, whilst deprecating any sacrifice of New Zealand's autonomy, is strongly of opinion that an alliance with the Australian Commonwealth, based on the broad lines of legal, social, military, and commercial reciprocity, will be of advantage to both nations, and will be another step in the direction of consolidating our Empire.'"

364. *Hon. the Chairman.*] I notice that in the first paper you read you took exception to the increase of the machinery of government caused by the creation of the Federal Parliament and the Federal services?—Yes.

365. Have you given attention to any other addition to the administration—namely, the inter-State Commission?—Not to that particular item.

366. Have you considered this clause: "There shall be an inter-State Commission, with such powers of adjudication and administration as the Parliament deems necessary for the execution and maintenance within the Commonwealth of the provisions of this Constitution relating to trade and commerce, and of all laws made thereunder"?—I have; but I think the £200,000 that has been suggested will be the first cost of the Federal administration, and includes that inter-State Commission.

367. It seems to be a permanent body?—I did not mean a first charge, I meant an annual charge. The cost of administration is supposed to begin at about £200,000 per annum.

368. I was putting it to you that, in addition to the extra administrative and legislative functions of the Federal Parliament, there would be this inter-State Commission: do you not think that that would tend very much to complicate the legislative machinery?—I cannot help thinking that that Commission would be subject to the supreme power of the Federal Parliament. I think it says that the Commission will make recommendations.

369. It is not clear yet what the powers will be, but do you not think that looks as if it would be a complication of government?—One does not like to take upon one's-self to predict what may be the effect of this clause. I cannot imagine that they would run counter to the laws passed by the Federal Parliament.

370. But would the functions of the State Commission not interfere with the administration in the particular States?—That is possible. I recognise that as members of a Commonwealth we always run that risk. I see many forms in which New Zealand might suffer that I have not set out at all, because one has no right to impute anything. One has no right to suppose that injury will be done to us, unless we had evidence that it will occur. For example, I take it that the Civil Service will be filled from Bomballa, or Orange, or wherever the capital is, and it seems to me that the youth of New Zealand will be at a considerable disadvantage, because they cannot be there to apply for positions in the same way as the local men, and in that I see a great disadvantage. But they are minor questions, to my mind, compared with the losing of our independence. That is the dominating factor—the losing of our independence. I suppose it is quite natural that a neighbouring country like this should watch with deep interest the federating of a great continent like Australia, and, if invited to join, that we should give our best attention to it; but it appears to me that no single advantage has been suggested to us. There may be something—I have always been waiting to hear of something—but unless some corresponding advantage is given us we should decline. I have heard of nothing except the making of the ports open to us; but, given that that is so, what would become of our duties eventually? I take it, the larger business houses of Australia would simply send their goods over here. The duties would be collected on the other side and sent here duty-paid, and each State will, after a few years, be credited with the duties collected in such particular State. That being so, we would have very little duty to collect at all in the way of Customs revenue. I am inclined to think that the Customs tariff will not be a high one. A mutual agreement would be arrived at, and we would be subject to that tariff, and the whole of our Customs revenue would be absorbed in administering the affairs of the Federal Parliament. I cannot tell what the position of New Zealand would be if they had to find more means.

371. *Hon. Major Steward.*] Are you chairman of the Chamber of Commerce?—Not now; I was for a couple of years.

372. Where you Chairman when you read those papers?—No; it was the year after I was chairman.

373. Were they read before the chamber?—One was; the other was read before the conference of delegates of Chambers of Commerce.

374. You failed to tell us what was the result of moving that resolution with which one of the papers concludes?—After discussing the matter for some time it seemed better to my mind to leave the matter without any absolute decision. We only wanted to have a discussion on the subject. Some one suggested that I should alter the resolution in the shape of merely favouring reciprocity, but still using the word "federation." This I declined to do for reasons similar to those set out in a letter I wrote a few days ago. I wrote: "The indiscriminate use of the word 'federation' has caused a considerable number of people to confound the Australian Commonwealth with that ideal union of the Empire about which so much has been spoken since the outbreak of the war in South Africa. As a matter of fact the founding of the Commonwealth has nothing whatever to do with Imperial federation. It is, of course, to be hoped that the union of the Australian Colonies will be a step towards the consolidation of our Empire, but it by no means follows that it will be so. It is possible that the newly awakened sentiment of patriotism for United Australia may in time supplant the old Home-love upon which Imperial federation depends. At any rate, the federation of the Empire, if ever formulated by Act of Parliament, will have to rely for its establishment upon

a widespread and deeply-rooted love for the Mother-country, a feeling that is in no way associated with the much-to-be-respected but purely local sentiment that has brought about the recent condition of the Australian Colonies." That is why I would not consent to the resolution being altered. We passed no resolution.

375. I understood your resolution to be one in favour not of entering the present Commonwealth, but of there being a federal alliance as between two separate nations?—Yes.

376. *Mr. Leys.*] Do you conclude from your reading of the Constitution that the Federal Government will ultimately take the whole of the Customs duties for their own purposes?—I have a strong dread in that direction.

377. Assuming that the Federal Government undertakes large schemes out of Federal revenue, will not the effect of that be to curtail the spending-power of the States?—I think they would be deprived of their virility. We should have to go hat in hand to the Federal Government and ask for what we could get, and then have to make up the balance by fresh forms of taxation.

378. In such a state of things, do you think it is possible that there would be such a large development of the works in New Zealand?—So far as my opinion goes, everything in that way would be burked.

379. Is it not a fact that the American Government seize the whole of the Customs revenue for Federal purposes?—Well, yes; but that is rather different. I do not think you can compare the two cases, because so many of the American States have no seaboard, and therefore it is quite natural that portion of the revenue should be used for the administration of the country. It is different here. All the colonies have a seaboard, and they are all importing countries. All the States of the United States are not importing States.

380. But has not the effect of that been to seriously hamper the States in their finance?—I should not like to say that. It would not be quite in accord with my experience in America, and I do not think it is on all-fours with the question of New Zealand joining the Commonwealth. Supposing we were Australians discussing the question of the federation of the Australian States, we might have to consider that. I do not think any one could have had anything to do with the United States or have passed through the Union without having noticed the splendid effects the Union has had on the people of the States. There have been difficulties, but they have been overcome. When you take New Zealand as a contributing State you have a different position altogether. The Australians are one people, we are another people. That is the radical difference.

381. Should we, without that power over our own revenue, be able to borrow advantageously for State purposes?—We would not be able to borrow well at all. It appears to me that, as far as the lenders are concerned, they lend money according to the security, and our security will be lessened, because we shall be contingently liable for the Federal debt. I think it must lessen our borrowing-power, looking at it from a business standpoint.

382. *Mr. Luke.*] The objections you have urged, Mr. Roper, are largely political, are they not?—I should like to call them patriotic.

383. You emphasize very strongly the necessity for working out our own destiny?—I do.

384. You think it inadvisable for us to enter the Commonwealth at present?—I am opposed altogether to New Zealand entering the Commonwealth under any conditions. As New-Zealanders, if we never were to do business with Australia at all unless we forfeited our independence, I say do not go there. Australians are our friends. They are interested in cultivating trade relations with us. The trade will continue, and we will be able to send almost as much of our surplus to Australia as now. I see no difficulty in the way at all. I do not see a single reason on such grounds for entertaining the proposal that we should forfeit our independence.

385. Nor the question of widening the door or improving the conditions under which we will be admitted?—Not so far as I am concerned, if it means our joining the Commonwealth.

386. *Mr. Beauchamp.*] Have you discussed the question with prominent Australians?—I have discussed it with one or two of the very leading men of Australia.

387. As a result of those discussions, do you think there is a chance of their entertaining the idea of reciprocal treaties?—I have no doubt they will enter into those arrangements that will suit their pockets best, and I am clear in my own mind that it is to Australia's advantage to cultivate New Zealand's trade.

388. In your paper you say that the charge of the Federal Administration may be roughly computed at £200,000: had you any data to go on in computing that amount?—I had a difficulty, but I took the opinion expressed in some of the papers by men taking a prominent part in the question in Australia. There is no attempt at precision in that.

389. In respect of the absence of unity of interest between New-Zealanders and Australians, do you suggest that through the want of unity of interest we would not receive the attention in the Federal Parliament and Senate that we should expect?—I think, in the first place, we would find it somewhat difficult to send our best men over to Australia as representatives. That would act as a drawback. They would probably have to live in Australia, and therefore almost cease to be New-Zealanders, and I do not think you will find many Australians who have any very clear ideas about New Zealand. So that, when you have a House made up of representatives of all the Australian States, and they are all men who care little and know less about New Zealand, I cannot help thinking that the struggle will be for Australian questions, and that mighty little attention will be paid to New Zealand, not through any desire to do an injustice to us, but simply through lack of interest.

390. The question of distance from the Federal capital in the case of several States does not apply with the same force as it does to New Zealand?—Distance is not so much the case as difference in knowledge. The Queenslander has not to go to New South Wales to find out the conditions of life there. The conditions are similar to his own. But the people of Australia have no knowledge of our political life and history, our climate, or our disposition.



391. At the present time New Zealand suffers a certain amount of competition, especially in the boot trade, from America: will a moderate tariff exclude that competition?—Yes; and as far as the boot trade is concerned, I do not think it would interfere with our trade at all, for the reason that the Australian competition would wipe out our trade to begin with.

392. *Hon. Mr. Bowen.*] In the event of federation, would any large quantity of bankrupt goods be dumped down here in the colony at low prices?—Undoubtedly; there would be no restriction, and nothing could stop it.

393. *Hon. Captain Russell.*] You spoke of the national aspirations of the Australians forming one people: do you think that in the process of time—four or five generations—the New-Zealander will differentiate from the Australian?—I think so very much. So great a difference will arise that in a very few generations we would be fighting to regain our independence. We are a resolute people, and if there was the slightest idea of a wrong being done our restless people would resent it, and it would cost us many lives.

394. Apart from the question of a possible sense of wrong, do you think there will be a tendency to marked national characteristics which would cause us to differ materially?—I do.

395. Pursuing the subject, and stating, as I shall, that two-thirds of Australia is tropical or semi-tropical, do you think the question of coloured races occupying the country is one to be considered?—I think so. I listened to what previous witnesses said, and I do not think from what I have seen in India that it is possible for white men to do the work on sugar-plantations. That work the blacks must do, and therefore we must always have the difficulty of the coloured question coming up there, and, of course, it would cause a great deal of trouble in the future, although I have no doubt it will be dealt with. There is trouble now in the United States on account of the increase of the coloured races, and there is no doubt there will be serious difficulties in the Commonwealth.

396. You think it will become not only a racial but a great political question, sooner or later, and one that the Commonwealth will have to deal with?—I feel sure that if the northern part of Australia is to be developed it must be through the coloured races, and that means difficulty.

397. And then you say that, in your opinion, there would be a danger of these coloured people, in three hundred or four hundred years hence, affecting the political condition of Australia?—I think it will be some time before it will become a factor in regard to having effect upon the ultimate result; but it already is a factor in Australian politics, so that I do not think we shall have to wait three or four hundred years, but I dare say the trouble will be accentuated year by year.

398. You have travelled a great deal, Mr. Roper?—Yes.

399. Have you ever come across any tropical or semi-tropical country in which the Europeans have successfully built up colonies?—If you take any tropical country you will find the Europeans cannot colonise it; they can only occupy it. It is only a military occupation, because their progeny will not survive.

400. And the military occupation is only temporary, and being perpetually renewed by fresh blood?—Yes; we are not like other animals. You take the finest racehorse bred in India, and you will find that his progeny is about 28 lb. below the form of imported horses.

401. Therefore if we were to federate with the Commonwealth there would be sooner or later the racial question to govern the political question?—I do not think that is a thing we need dread, because I take it the Federal Parliament will be a body of intelligent men, and would certainly have to discriminate and make such laws for northern Queensland that would not apply to Victoria, and certainly not to New Zealand; so that I do not think we should have any trouble from that. It does not follow that a law passed by the Federal Parliament, unless there is something in the Act with regard to it, would be binding on all the States. I think they can grant to a State certain power to deal with the questions affecting that area; so that I think that difficulty would be got over. Of course, so far as the franchise is concerned, that is where the trouble would come in—whether the people living there should have the same right to vote as the white people.

402. Then, if tropical and sub-tropical Australia is to be occupied and populated by coloured people, would not there be millions of these coloured people at no very remote period?—There certainly would be if no restrictions were placed upon their immigration.

403. Then, if Europe wins over Japan and also China, is not that a consideration?—It would have to be provided for, and I think it will cause an immense amount of trouble.

404. Is not that generally a reason against our federating?—I think it is another reason, and, to my mind, it is an important one; but others overshadow it. Nations shed their blood for their independence, and I do not think we ought to give our independence up for nothing.

405. *Hon. the Chairman.*] Did I understand you to say that the merchants of Australia, in the event of our federating, would export their goods to New Zealand, and the Customs duties in respect to those goods would be collected in Australia and not in New Zealand?—That is one of the difficulties I foresee. A refund is provided for in the Act for a certain time—only a limited time—and you might rely upon it that it will not be extended very much.

406. You have said also that New Zealand, if she joins as a Federal State, would still continue to have her own expense and parliamentary government. Well, is it not a fact that the Federal States of Australia have reduced the number of their representatives in their Federal Parliament?—Yes; but I was not quite referring to that minor question of whether they had twenty members less in the House. I was referring more especially to the administration of the country, which would have to be paid for by the State. We should have all the offices in Wellington just the same, and we might reduce the number of members, but that would not be a very important matter.

407. Is there any other point to which you wish to direct the attention of the Commissioners?—No.



GEORGE THOMAS BOOTH examined. (No. 56.)

408. *Hon. the Chairman.*] What are you, Mr. Booth?—A manufacturer of agricultural machinery. We employ about a hundred hands, and our present factory has been running for eighteen years.

409. Have you resided in Australia?—No; but I have paid short visits.

410. Have you formed any opinion as to the advisability of New Zealand federating with the Commonwealth of Australia?—I have formed an opinion, and if you wish I will make a statement that, I think, will put my position clearly enough.

411. Yes, please do so?—I am in favour of federation on broad general principles, because, in the first place, I believe it to be a movement which is strictly in line with the natural and inevitable tendency from the incoherent to the coherent, from the unit to the community, from the atom to the organism. This is the natural order of things, which is inevitable and irresistible, and if we oppose it then we are opposing, in my opinion, what makes for progress and development. I suppose you will call that a philosophical and not a practical reason; and I do not advance it as a sufficient reason by itself for New Zealand joining this Federation. Then I look at history, and I see that we have numerous instances of similar movements being successfully carried out, and with satisfactory results, as, for instance, in the cases of the British Empire, and the United States, and Canada, to go no further. Then, again, I believe in Australasian federation, because it appears to me to be a step in the direction of Imperial federation—a federation of the British Empire—which I believe will be only a step in the direction of Anglo-Saxon federation, and probably of a wider federation than that. But I do not advance these general reasons as being sufficient to warrant us in advocating this particular federation between New Zealand and Australia. There may be good reasons to be urged against our joining the Australian Federation. I confess I have not come across any of these good reasons, so far as I am able to judge. I have read pretty well everything bearing on the subject, and I have seen a very great deal of self-contradiction, a considerable amount of disingenuousness, and where these have been absent there has been conspicuous weakness in the arguments against federation. Of course, that does not necessarily establish the other side of the question. My opinion is only worth but very little, because we are waiting for the labours of this Commission to be over to have the evidence before us, on which we shall be able to base a practical decision as to the advisability or otherwise of New Zealand joining. In the absence of such definite knowledge we are, of course, guided very largely by sentiment, by prejudice, by the environments of our lives, and so on. I think this very largely accounts for the fears which have been expressed that we are in danger of losing our political independence. I have read the Commonwealth Bill pretty carefully, and I do not think there is the slightest fear that New Zealand will have to sacrifice her independence or will be prevented from working out her own salvation and destiny. I do not think the fact of New Zealand joining with a neighbouring country in the management of affairs which can be better managed by the whole than by a number of States acting separately can be regarded as equivalent to the surrender of her independence, or the sacrifice of her political and national destiny. I think the Commonwealth Bill makes it very clear that the Federal Government only proposes to take over such functions as can be better administered by it than by any State independently. The exclusive powers of the Commonwealth Parliament comprise the collection of Customs, post, telegraphs and telephones, defence, lighthouses, quarantine, and matters relating to the seat of Government. There are no other exclusive powers given to the Commonwealth Parliament, so far as I can read the Commonwealth Bill; but there are other powers referred to in section 51, concerning which there might be doubt as to whether they are exclusive or not, and on that point Mr. Barton, who I imagine can speak with as much authority as anybody on the subject, has given this assurance through the newspapers: "And when I say that the powers which I have enumerated are not exclusively vested in the Federal Parliament, it will be seen that every care has been taken to preserve the legislative powers of the various States except so far as is necessary for the effective working of a Federal Constitution. The only effective powers of the Federal Parliament relate to—(a) Customs and excise duties and bounties from the time of the enactment of the Federal tariff; (b) matters relating to any public department transferred by the Constitution to the Government of the Commonwealth; (c) the seat of government of the Commonwealth and places acquired by the Commonwealth for public purposes." So that the power to deal with all matters referred to in section 51 of the Commonwealth Bill is not taken from the States and vested in the Commonwealth. Then, even if there were such a danger as that of the Commonwealth Parliament taking over certain of the functions of the individual States which we should be reluctant to relinquish, we should not be in such a helpless condition as some opponents of federation have tried to make out. It is true we are a comparatively small State, but for that very reason, and by virtue of the provisions of the Constitution, we have a better proportionate representation in the Senate and Lower House combined than even Victoria or New South Wales. The smaller States, in proportion to population, will have a better representation than the larger States. It is the large States which have the grievance, and the fact that the large States of Victoria and New South Wales have not resented what would appear to be a sacrifice of their independence has indicated, to my mind, that there is no sound reason why New Zealand or any of the small States should fear that they are going to have any of their independence sacrificed. We are going to be better represented in the Federal Parliament than even Victoria and New South Wales, as every State has the same number of members in the Senate—namely, six.

412. New Zealand will not have that, perhaps, as she is not an original State?—I am assuming, of course, that the movement in favour of Federation goes on, and that we shall seek admission on the footing of an original State. If it is a question of bargaining—as it evidently will be—we shall have to make the best bargain we can, and if we cannot make a bargain that will pay us we

had better stay out. Then, I think, we should reap very great advantages in regard to our political and social life, as a nation, from the enlargement of the scope of politics. There is, through our geographical situation, a tendency for us to become narrow-minded and insular, and if we were lifted out of this condition of things and made to take a hand in the government of a much larger people we would perhaps be saved from that danger. Nor do I think that in that case New Zealand will have anything to fear. I do not think we need fear that our public men will be unable to hold their own in the wider field they would have if we federated. I believe, as a body of colonists, we are quite as intelligent, quite as progressive, as any of the Australian Colonies, and that, as we have made our mark in the world in matters of progressiveness and enterprise, so also we should make our mark supposing we join the great Australian Federation, and that we should hold a very prominent place indeed in the councils of the Commonwealth. That embraces all I have to say on general grounds; but, apart from these considerations altogether, there are trade considerations. They are sordid, perhaps, but all the same they have their value, and ought to be taken into account. I have been told that certain of the manufacturing trades of the colony will suffer through federation—the boot trade, for instance, flour-milling, and furniture-making. I do not know sufficient of the details of these trades to pit my opinion against that of those who are more intimate with them, and you must take their evidence rather than my own in special cases. But, on the other hand, we have to consider what we have to gain, and I think New Zealand will have a great deal to gain by way of an increased trade, by reason of the fact, roughly speaking, we have the possibility of gaining 2,300,000 new customers, and good customers at that. New South Wales, with a population of a million and a half, took in 1899 our goods—this includes gold—to the extent of £1,118,000; the other Australian Colonies, with a combined population of three millions, took only £589,000. Assuming that an addition was made to the population of New South Wales sufficient to absorb this extra export trade at the rate at which she is already doing, and that the rest of Australia then came in on the same basis as New South Wales now is, it would mean that we should have what is equivalent to an addition of 2,300,000 persons to our customers in Australia. I said Australia was already a good customer, but, of course, as compared with the Old Country, our exports to Australia are comparatively small. They constitute but a small proportion of our total exports; but this is hardly a fair way of judging the comparative value of the two customers. I think you ought to take into account the population of the two countries, and if you do that you will find that our exports to Great Britain are, roughly, equal to about 5s. per head of her population, while our exports to Australia represent 7s. 6d. per head of Australian population. I want you to note particularly the difference in the value of our export trade to the free-trade colony of New South Wales and to the four or five other colonies which are all more or less protected. Our exports to New South Wales in 1899 amounted to 16s. 6d. per head of New South Wales population, while our exports to the other colonies combined averaged only 4s. per head. I think this will show a little more clearly what I meant when I stated that there was a possibility of our adding 2,300,000 to our possible customers, at 16s. 6d. per head, which would mean, roughly speaking, a possible increase in our exports of £2,000,000. Of course, that is small as compared with our exports to Great Britain; but, then, we must remember that Australia is a young country, the population is increasing very rapidly, and will in the future go on increasing even more rapidly than in the past, whereas the population of Great Britain is comparatively stationary. Then, it has been said that Australia imports produce from New Zealand only when her own harvests fail, and that our trade with Australia depends a great deal more on the weather than on tariffs. I would just like to note, in passing, that the very persons who make use of this argument are those who profess to be anxious to establish reciprocal trade relations with Australia. I do not know why we should want to tinker with the Australian tariffs at all if the weather is the only condition to be considered. But, as a matter of fact, it can be very clearly seen, if we look into the figures, that the weather has comparatively little to do with the trade between New Zealand and Australia, while the tariffs have a very great deal to do with it. Of course, seasons have had their effect; if they have had a very bad drought in Australia they naturally require more of our produce, and they have to buy it; but it is perfectly clear also that they will buy more if they can get it cheaply than if they have to pay a high price; so that the tariff must have a very considerable effect. But, allowing for that, and allowing for bad seasons and good seasons, you will find that there is a remarkably steady flow of exports from New Zealand to Australia, and there has been for a number of years past. The following are the exports to Australia for five years past: 1895, £1,035,000; 1896, £1,286,000; 1897, £1,324,000; 1898, £1,474,000; 1899, £1,708,036. So you will see that, despite variations in the weather, and tariffs, there has been a remarkably steady flow of exports from this colony to the other colonies; and if you look through the blue-books and find out the products that are comprised in these figures you will find a very long list recurring year after year. A great many of them—in fact, the bulk—are natural productions, either in their raw state or in a more or less manufactured condition. These include bacon, hams, bran, butter, chaff, cheese, fish (frozen), flour, barley, beans, peas, maize, oats, wheat, hops, malt, oatmeal, meats (potted), onions, phormium, potatoes. There are a few lines of partly manufactured goods, such as woollens, into which our own raw material enters; but nearly all our exports are either the raw product of the farm; or those products in a manufactured condition. I would like you to observe that nearly all these products are those of small farms. Our trade with Great Britain consists almost entirely of wool and mutton, which are characteristic products of the larger estates, and involve comparatively little cultivation and labour; whereas butter, cheese, potatoes, linseed, oats, maize, hops, and so on are almost all the products of small-farming, under which intense cultivation has to be practised and considerable labour employed. Now, it appears to me to be very clear that it would pay us in the long run better to encourage the trade that comes from the small farms through the more intense cultivation and the expenditure of more labour than to let them suffer while we

try and develop the export of products which do not require so much labour or call for such intense cultivation. I do not think that our manufacturers are likely to develop a very large export trade with Australia. Some have tried it in the past with little success, and I do not think there is very much to hope for from that. But I think that if we can, by encouraging the smaller farming, increase our population and employ it profitably, our manufacturers will then reap, indirectly, a great deal of advantage from federation. On general grounds, I am in favour of federation, but it is really more a sentiment than anything else, and I have given you some reasons that appeal to me as having some force in favour of federation; yet, while we may reap some advantage from federation, I wish it distinctly understood that I would not advocate New Zealand joining at this stage without further knowledge. I think we want to know our ground a good deal more thoroughly before we commit ourselves either one way or another, and we shall not have the necessary information before us to enable us to decide until this Commission has done its work.

413. Having studied the question closely, as you have, apparently, and being aware that New Zealand will have to sacrifice a considerable portion of her Customs revenue, how do you consider the amount so sacrificed would have to be made up?—It is not going to cost us as much as some people think. The collection of the Customs in New Zealand costs us a considerable proportion of the amount realised. This expense would be disbursed by the Federal Government and deducted from the amount collected. So that on this point we should stand as we are. The only extra cost we should have to bear would be our share of the head-office charges—the Commonwealth Executive expenses—which I do not imagine would be a very serious item.

414. Whatever the amount is, probably it would have to be raised by direct taxation?—Yes.

415. Do you think New Zealand is in a position to stand that?—It all depends whether we can make a profit in other respects. If, as I think is the case, we can increase our sales to Australia, we shall make a good deal more profit thereby than we shall lose by having to contribute to the Federal expenses.

416. Do you think Australia would progress under federation?—There is no doubt of it.

417. And, if so, will it not become an attractive field for immigrants?—Yes, very likely.

418. Do you think that there will be any attraction for New Zealand people to emigrate to Australia?—No; I do not think so. There is always a certain amount of fluctuation in the population, and when things are very good in Australia builders and shearers and others will go across from here, but I do not think that emigration from New Zealand will eventuate to such an extent as to do us any harm.

419. Are the implements you are engaged in manufacturing subject to duty?—No. There was a duty of 5 per cent. on some of them, but they are free now.

420. Are you able to hold your own against Australian factories?—Yes. We can compete with them on their own ground. We can sell our goods in Australia, and are selling them now, and if we had free ports in Australia, with a tariff against the world, it is possible that we might be able to develop that trade considerably.

421. Are yours colonially-manufactured goods?—Yes. We also import, and the importation is rapidly increasing.

422. Are the goods which you say you are competing with them on their own ground in Australia your own manufactured goods, or are they imported goods?—Our own goods; we have sent no imported goods there. But the trade is not increasing. We made a vigorous attempt a few years ago to develop it, and succeeded to a certain extent, but the local competition over there has grown more severe, and American competition has been still more severe; so that the market is almost closed against us.

423. You spoke of the history of similar movements, and I ask you whether you are aware of any case where a country separated by the distance we are from Australia has federated with another?—No; I cannot say that I am.

424. You spoke of Canada as an instance: you are aware that Newfoundland stayed out of that federation?—Yes, and has regretted it ever since. I do not regard our separation from Australia by so many miles of ocean as any serious objection. As a matter of fact, the ocean is the cheapest highway you can possibly have?

425. For trade purposes?—For all kinds of communication.

426. Do you think that Tasmania will reap as much advantage from federation as the continental States?—Yes, I think it will probably pay Tasmania a good deal better than Victoria, because Tasmania wants to ship her produce into Victoria.

427. *Hon. Captain Russell.*] Following up the question of federation, is it not the fact that although, as you say, the tendency is to federate, almost every federation in the world at the present time is straining at the leash?—I should not say from my own reading that that is quite a correct statement of the case; of course there may be dissatisfaction.

428. Is there not very great dissatisfaction in the eastern States of America? Do not many Americans say openly that the day will come when the differences are likely to be settled by force?—I have come across that statement, but not as coming from a responsible American.

429. Take the case of Sweden and Norway: is there not almost a threatened disruption there?—Very likely; it is human nature to disagree, but I do not think any American would say that the United States would be better governed or administered if they were disunited again.

430. Take the Austrian Empire: if there are difficulties arising under conditions where the territories are coterminous, is it not very likely that in the future such difficulties would be more evident between New Zealand and a country so far off as Australia?—I do not think that is a serious difficulty for the future; but, of course, difficulties will arise and will have to be adjusted.

431. You seem to think that New Zealand, if she entered the Commonwealth, would have a strong position, and that she would numerically have a power equal to that of the larger States of the Commonwealth?—Yes, in proportion to the respective populations.

432. You know the number of Senators are equal, of course, for each colony?—Yes. The representation in our case is greater per head of population than for Victoria or New South Wales, taking the two Houses together. In New South Wales, with a population of a million and a half, they get six Senators, while we, with less than a million, have also got six Senators.

433. Then, in that case, have you realised that if there is a difference of opinion between the two Houses of Parliament—that is to say, between the members representing smaller States and those representing larger States—that there is ultimately a vote in common, but in that case the Lower House would effectually swamp the votes of the Senate?—There is that possibility.

434. And that it is done by a bare majority, and therefore the larger States would gain the ultimate issue by having the balance of the voting-power? Would that not tend to change your opinion about New Zealand having a great influence in the Parliament?—I did not mean it to be implied that New Zealand would have a preponderating influence in the Houses of Legislature by reason of her representation. I was only replying to the criticism that New Zealand was sacrificing her independence, which was as good as saying she would have no representation at all, and which I think is an utterly wrong criticism.

435. Would there not be the danger that coterminous States would have a community of interest, and therefore might, on certain questions, be found supporting one another?—I suppose there is a possibility that they might if they found it to their interest to do so, but under the circumstances I do not regard that as a serious contingency.

436. Among those subjects which you mentioned as being reserved for legislation on the part of the Commonwealth, is it not a fact that under the Constitution Act if the Commonwealth legislation comes into collision with the legislation of a single State the Commonwealth Act takes precedence?—That is true.

437. And, as they may legislate on thirty-nine different subjects, is it not very probable that within the next fifty years the greater part of our legislative independence may be taken from us?—It is rather difficult to foresee fifty years; but, of course, if you assume this—that here is a nation, a people, who are very different from us, whose aim is going to be to crush New Zealand, and destroy her power in the Federation, to rob her of all political independence, and generally to treat her unjustly—there may be ground for the fear you express; but I do not think we are justified in assuming this, or in believing that any member of the Federation will be treated with systematic injustice.

438. Remembering our own provincial days, was it not a fact that the outlying portions of the provinces felt aggrieved because their interests were not treated as identical with those of the central parts of the provinces? Is not that sort of feeling possible under the Commonwealth?—It is almost inevitable. We have the same thing in New Zealand here now, and it depends upon the men whom the constituency sends to Parliament to see that justice is done.

439. Taking the area of New Zealand as identical with that of the United Kingdom, exclusive of Ireland, may we not hope to maintain an equally large population here in course of time?—I do not think so.

440. Not half of that of the United Kingdom?—Not for a very long time. England supports her population because she is a great manufacturing country, and she has the world for a market. We are not a great manufacturing country, and never will be.

441. Why not?—Because the whole tendency of manufacturing is towards concentration—wherever a given class of goods can be made cheapest and best, that is where they are going to be made.

442. May we not have a population of fifteen to twenty millions in the future?—I hope we shall.

443. Then shall we not then become a great manufacturing country?

444. We may be a great manufacturing country in so far as supplying our own wants are concerned, but we shall never be a great manufacturing country for export.

445. We have great national resources—coal, iron, water-power available—are not these great factors in favour of our becoming a manufacturing country?—I do not think we have any reason to look forward to New Zealand being a great manufacturing country in the sense of competing for the world's markets.

446. Shall we not, in course of time, be in a position to command the Australian market?—Yes, if the conditions are favourable, if we have the right to enter into Australia on better terms than any other country. And I think we might develop an export trade in woollens, for instance, seeing we have the raw material for making up; but where we have to import the raw material we cannot expect to be able to manufacture.

447. *Hon. Mr. Bowen.*] You spoke as if it were a matter of natural sequence that the federation of New Zealand with Australia must come in time?—I would be inclined to assent to that, although I did not exactly say that.

448. You quoted as an instance of that idea the United States and Canada?—Yes.

449. Of course, you are aware that the American States are absolutely sovereign States, independent, and that their revenues are distinct?—Yes.

450. Well, that is not the case with this Commonwealth. We begin to see already that there will be a clashing of interests in the division of the Customs revenue. Do you not think there will be a prospect of friction in that arrangement through the States all dipping into the common purse, and through there not being separate sources of revenue for the two Governments—that of the State and that of the Commonwealth?—I think friction may be avoided.

451. You do not think much of the separation by water between the two countries?—When I said that I was thinking more of trade than of communication as between individuals, but the same thing applies, and I do not think we shall be any further away, politically, from the Federal capital than, for instance, Perth would be.

452. You know one of the conditions of Perth coming in was that a railway would have to be made right through?—That was made a necessity; but, of course, they cannot carry the goods across a railway as cheaply as they could across the ocean.

453. Do you know of any other federation in the world where there is such a large area of water between the countries forming part of that federation as there would be in the case of New Zealand and Australia federating?—No, I do not.

454. *Mr. Beauchamp.*] With more intense settlement in Victoria, and the more active cultivation of the land there, or, rather, throughout Australia, do you think that the day is not far distant when Australia will be able to supply all her own wants?—If she erects a tariff wall against New Zealand she certainly will develop her productions, and it is possible she would be able to supply all she wanted.

455. But without that tariff you do not think she could?—Without that tariff New Zealand would be in a very good position to supply Victoria with oats, for instance.

456. We heard that oats are selling just as cheaply in Victoria as they are here to-day: is that correct?—That does occur sometimes.

457. We understand that cultivation has been very much stimulated in Victoria by protection, and the result is that Victoria now not only supplies her own wants but exports considerably. With a more active cultivation of the land throughout Australia, may we not look forward to the day when Australia will be able to supply all her own requirements?—New Zealand is practically shut out of most of the colonies now, and if this condition continues Australia will doubtless become less and less dependent upon us.

458. With regard to industries and manufactures that we hear are generally established in these large centres. That being the case in Australia, do you think that our industries would suffer from that fact under free-trade with Australia?—Possibly in some cases there may be some dislocation of our manufactures, but I do not think there will be any great suffering. We can manufacture agricultural implements here better than in Australia. We have no natural advantages in the sense of having cheap raw material, or cheap fuel, or anything of the kind. Possibly when we get the increased facility in regard to water-supply we will be able to compete better.

459. As to the taking over the Customs revenue, and as to the amount we should lose at the end of ten years, will not be less than £2,000,000 per annum on the present basis. The Act says, "All moneys received by the Federal Parliament to form one consolidated fund for the purpose of the Commonwealth, excepting that during the first ten years not more than 25 per cent. of the Customs and excise shall be applied annually by the Commonwealth towards this expenditure." Assuming that they do retain that two millions, we have got to make up the amount by some form of taxation—presumably direct taxation: which direction do you think it will take?—I do not think the Commonwealth Bill justifies such an assumption. But we have not committed ourselves yet, and there is no reason why we should not bargain for our own protection.

460. But you do not recommend that our own treatment should be very considerably altered, particularly in regard to New Zealand not coming in as an original State?—I should have preferred that the matter should be discussed from the point of view of an original State, but reservation might have been made as to special treatment in respect to certain matters.

461. Do you think it is at all likely that the older States of the Commonwealth would assent to any alteration in the Commonwealth, seeing that a referendum would be necessary?—No. We have to make a bargain with them now, and it is not likely we can make a bargain entirely favourable to ourselves.

462. In regard to legislation, during the last few years we have made very great progress in respect to social legislation. I understand that in Australia they have been actually engaged in promoting similar measures for the past ten years without having accomplished anything. Is it reasonable to suppose that the Commonwealth as a whole would continue to promote that legislation which is giving so much satisfaction in this colony?—I do not think the Commonwealth would be disposed to legislate with regard to labour legislation. That would be for the States individually.

463. *Mr. Luke.*] How do you account for the fact that Lyttelton imported fifteen thousand pounds' worth of agricultural implements, and nothing was exported in the way of agricultural implements?—I said that importation from America was increasing.

464. But this is from Australia?—It is transhipment. There was an attempt made by one New Zealand firm to introduce Victorian-made farming implements a couple of years ago. I dare say they might have brought in five hundred pounds' worth, but with that exception nothing has come from over there in that line for some years.

465. You have no market in Australia now, however?—Yes.

466. There is no item in the returns to show it?—I do not know anything about the returns, but the stuff has gone.

467. If we have all the elements for export, how do you account for there being such a small export in the way of machinery?—One reason is that the local competition has increased, but the principal reason is the severe competition of America.

468. How do you account for there being so little exportation to New South Wales of general goods—products of various kinds?—It is £1,186,000 out of a total of £1,780,000.

469. It is less than that if you take out specie, but in our exchange trade with them we import considerably more than they take from us?—If you look through the list, you will find that a very large proportion of our imports from Australia are not goods of Australian manufacture.

470. But excluding that, is it not a comparatively small market to us considering the advantages held out to us under federation?—It is a small market compared with the United Kingdom.

471. Would we not be paying too high a price for the indulgence of federation when the returns of trade are so small?—That is for you to find out. I am not prepared to say it would pay New Zealand to go into federation, I am only prepared to support that on general grounds; and for certain reasons which I have given I believe we could make a profit out of it.

472. You say you do not think New Zealand would ever become a great manufacturing country?—No.

473. How do you account for the tremendous expansion that has taken place in our manufacturing industries in the last five years? Five years ago there were employed in the various factories twenty-eight thousand persons, whereas we are now employing forty-nine thousand?—But you probably know enough about how the factory returns are made up to understand that. The law has been altered within the last two years, and establishments which five years ago were not reckoned factories at all are now reckoned as factories, so swelling the figures. There has been some actual increase. The dredging industry in New Zealand has given employment to many hundreds of hands which a few years ago were only very intermittently employed.

474. Has not the frozen-meat industry expanded very much in the last five years as regards the absorption of labour?—I should say there are double the number of hands employed in the Canterbury freezing-factories to what there were five years ago.

475. Do you not think it is a matter of great importance to us, this dislocation of trade through federation? We have involved in plant, machinery, and so forth capital to the extent of seven or eight millions: do you not think one result of federation would be the dislocation of that trade?—Not to any serious extent.

476. *Mr. Leys.*] Do you think that the powers supposed to be taken over by the Federal Government can be better administered in New Zealand than we are now administering them ourselves?—No, I do not think that; but, given federation, the Federal Government will take over the control of departments which it can manage better than the States.

477. Do you think that the departments which the Federal Government at present propose to take over—telegraphs, marine, post, and a number of other things of that kind, defence, &c.—will be better administered than now?—I think, even under present conditions, if these departments are administered by agreement between the colonies, they will be better administered than now.

478. You think the postal wants will be better supplied by a Government sitting at Melbourne or Bombala than by a Government here?—The Government sitting in Wellington does not control the postal arrangements in the remote districts of New Zealand. Supplies are voted by Parliament, but the local officers look after the details of administration. Under federation there will be local officers in every city and country town.

479. Is it not administered under Ministerial responsibility?—Undoubtedly; but it cannot make the slightest difference whether the Minister is five hundred or a thousand miles away.

480. He would be quite accessible to representation?—Yes.

481. Then, with regard to the protection which you think equal representation in the Senate gives, have you considered the clause in the Bill which provides that if one House passes a Bill by a majority, and the other House rejects it, that under certain conditions it shall be referred to the people by referendum, and if a majority of the electors indorse the measure it comes into force: is not the effect of that to get rid of the controlling-power of the Senate?—I suppose it is to a certain extent, but it is for politicians to say whether that is an advantage or otherwise.

482. Does it not get rid of the check the Senate is supposed to exercise in the interests of the State?—Yes, I suppose it does.

483. With regard to the apportionment of revenue, has it not to be assumed that all these Federal schemes for the development of Australia will be charges directly upon the revenues of the Federal Government, irrespective of where the moneys are collected?—No, I do not think that that follows. I think it is quite reasonable for New Zealand to have certain privileges saved to herself.

484. But do you not think the result might be a continual struggle between New Zealand and Australia?—If you start out on the assumption that the Federal Parliament is to consist only of people desirous of robbing us of our rights you can conceive all sorts of difficulties.

485. But, without assuming that they are very wicked and very unjust people, is it to be supposed that the Federal Government is going to be restrained from carrying out great works for the benefit of Australia merely because New Zealand cannot profit by them?—I would not suggest that for a moment; but what I say is that New Zealand would not be asked to pay for works that are not to her benefit, but are for the benefit of the rest of Australia.

486. Cannot you see a difficulty in assessing the amount which is to be taken?—No; the amount will be assessed and distributed over the several States interested.

487. The Commonwealth will borrow for these works upon the security of all the States, including New Zealand?—I suppose that will be so. They would have to mortgage their income, and part of the income would be our share of the Customs.

488. Then, if the Commonwealth should exempt us, shall we not suffer in our power to borrow through the Commonwealth entering upon these great works, and making large demands on the money-market?—I do not profess to be a financial authority, or to know how the finance of the Commonwealth will be conducted, but it does not appear to me that our credit will be affected. Our contribution to the Federal expenses will be too small to have any appreciable effect on our income, and hence on our credit.

489. There would be double administration?—We have to pay our share of head-office expenses, but would not have to pay any more for Customs Department expenses than we are paying now.

490. When you speak of the tendency towards centralisation, has there not been an opposite tendency in many cases; for instance, was it not the case that Canada was on the verge of revolution before England enlarged the Constitution and gave Canada fuller self-government?—I do not think that the circumstances are analogous. Canada at that time had not got a Constitution similar to this. It was an enormous territory, ineffectively occupied, and with an alien race to be considered.



491. Then, in the revolution of the American Colonies, was not that due to the distance of the Government and the want of appreciation by the distant Government of local circumstances?—It was due to the fact that the Home Government was corrupt and incapable.

492. Can you conceive New Zealand becoming a sort of Ireland, with chronic grievances?—I can conceive it, but it is a straining of the case.

493. Have we not had a similar neglect in New Zealand, and would that not be intensified in the case of Government so far away?—It was said here in New Zealand, when the provinces were abolished, that we were going to have all the evils of centralised Government, and all these ills which it is stated will come to us under federation. At the same time, I do not think that many of us would like to go back to the provincial form of government.

494. *Hon. Major Steward.*] You opened with a prior argument, which I would like to refer to: you said that on broad general principles you were in favour of federation, because the natural order of progress was from the atom of the organism. Is it not the natural order of things for the development of perfect organism from separate uncombined atoms to proceed on more or less divergent lines, each severally culminating in an organism, perfect of its kind, but differentiating in varying degrees from each other?—Yes.

495. Is not the fruit the perfect development of the seed, and are there not many fruits differing in essential particulars, such as shape, colour, texture, and flavour, yet each fruit perfect of its kind?—Yes.

496. Do not similar conditions apply in the animal world?—Yes.

497. If so, perfection of development does not necessarily imply identity of development—development on the same lines?—I think not.

498. Then, would it be reasonable to argue that perfection is best attained in all cases by the wiping out of differentiation and aiming at unification or identity—namely, by producing one perfect animal, or one perfect fruit, capable of fulfilling the purposes of all kinds of animals and all kinds of fruits?—No, it does not necessarily follow.

499. If not, is it philosophical to suppose that the unification of people is always the most perfect result? I say is it philosophical, if it does not apply in the animal and vegetable world, to suppose that it applies to people generally?—But I do not admit that it does not apply in the animal world and the vegetable world.

500. Is it not possible that the way to perfection may proceed for several nations upon more or less parallel, or more or less divergent, lines?—Yes.

501. Is it reasonable, then, to suppose that it will not be possible for New Zealand to be equally well developed by following out its own line, than by going into federation and following out the lines of another?—Are you not taking exceptions to the rule and laying them down as premises for a new conclusion?

TUESDAY, 19TH FEBRUARY, 1901.

ROBERT ALLAN examined. (No. 57.)

502. *Hon. the Chairman.*] What is your business, Mr. Allan?—I am president of the Canterbury Industrial Association and a director of the firm of Skelton, Frostick, and Co. (Limited), boot-manufacturers, Christchurch.

503. How long have you been carrying on operations?—In its present form, about twelve years, and we employ about two hundred and fifty hands.

504. Will you tell the Commission your opinion as to how New Zealand federating with Australia would affect that particular industry?—In speaking I do not wish to commit the Industrial Association as a body, because they have not formally considered this matter. I am giving my own opinion. I am familiar with the views of many manufacturers who form that body, but the association have not formally discussed it. I am opposed to federation from every point of view. I am opposed to it from the manufacturers' point of view especially, and I believe that federation of Australia will lead to the concentration of large factories around Sydney and Melbourne, who will be able to centralise. That is a tendency of manufacturers all over the world, and we cannot hope in New Zealand, with our small scattered centres, to compete against that system; and I have very little doubt in my own mind that if that took place you will see very large factories growing up around Melbourne and Sydney which will absorb the trade of New Zealand practically.

505. Do you think that other manufacturers besides the boot trade will be similarly affected?—I am strongly of that opinion. Several industries will be swept out in a very few months. I think the soap and candle business will be one of the first to be affected; the biscuit and confectionery trade, the furniture trade, and the printing and binding trade will also, I think, be very seriously affected. The remarks I made about concentration will apply very keenly, I think, to the boot and shoe trade. The only firms that I heard expressing an opinion at all in favour of federation have been the iron people and some implement-makers. Nearly all the manufacturers are of opinion that federation will not be beneficial for us.

506. Are the range-makers in favour of federation or against it?—Those are the only people I have heard speak in favour of federation.

507. Are you at liberty to speak as to what would be the effect of federation on the agricultural interest of the colony?—I have given that a good deal of consideration, having been mixed up with commercial matters outside our own business for many years. I have looked very closely at the exports from New Zealand for the last year, and I find that out of £11,000,000 over £10,000,000 have no connection whatever with Australia. They are articles in which the Australians compete with us, and they include such items as butter, wheat, leather, and meat industries, tallow, and



exports of that description. There are many items that I consider our exports are closely allied to theirs, and we cannot look to the Australians to do trade in. From a manufacturer's point of view there is no reason why we should federate.

508. Have you considered the financial aspect of the question—as to how the finances of the colony would be affected?—I think it will lead to increased taxation. I cannot see any economy in the thing. It can only mean additional government, which means increased taxation.

509. You are aware a considerable portion of the Customs-revenue will be required for Federal purposes?—Yes.

510. And that will have to be made up by direct taxation?—Yes.

511. Do you think the colony is in a position to stand that?—I do not.

512. Have you any other grounds to give in support of your opinion that federation is undesirable?—I think that on social and political grounds it will be a great mistake for us to surrender our independence. And I take it that in a generation or two the population of Australia will be a very mixed one. I think that is irresistible from the nature of the country.

513. Have you any knowledge of the rates of wages obtaining in Australia?—I do not think the men earn very much less than we do here per week, but I think around Melbourne the factories are larger, and on a lower piecework they can earn, perhaps, better wages in consequence of the volume of their output, and that is the feature that will develop.

514. Are there any advantages which occur to you that would accrue to New Zealand from federating?—I confess I do not see one, not even the sentimental one. My sentiment is to leave the independence of New Zealand as it is.

515. Do you think the mental condition of the people in New Zealand would be improved by federation with a larger body such as the inhabitants of the Commonwealth of Australia?—I do not, because I look to it that Australia would have a very mixed population in the course of a few years.

516. *Mr. Roberts.*] You say that the industries of the colony could not compete with Australian industries?—That is my opinion.

517. That the exports of this colony of manufactured articles is altogether out of the question?—I think so.

518. They, of course, must be produced at a higher cost of production here—in other words, higher wages?—I think the smallness of our factories, together with the fact of their being spread over a number of small centres, is a great drawback to New Zealand manufacturers. Every factory turns out an enormous number of lines.

519. Do you not think that in the event of federation we would develop into large industries here?—I do not think so. I think the large industries would grow larger around these centres of Melbourne and Sydney.

520. You do not think that climatically we would have a greater advantage?—I do not attach any importance to that climatic effect. I think Melbourne has just as good a climate as we have, and equal to this from that point of view.

521. *Mr. Millar.*] Do you think this colony would be likely to develop as rapidly under an Australian Government as it has done under our own Government?—I do not think it would. I have formed a great faith going on under ours.

522. Do you think there will be greater community of interest amongst ourselves than there is on the other side?—I think so.

523. Did I understand you to say that the iron trade is in favour of federation?—Two or three ironworkers who are members of the Industrial Association are the only members one hears at all favourable to it, and one of the leading men in the town—a large ironfounder—told me he believed in the thing, but added that if federation takes place he will immediately go to Sydney and start a branch of his factory there. I thought this was the very thing that would occur. He did not mean it as a joke, but seriously. He said that he would at once open a branch in Sydney, and that he would find it to his interest to manufacture the goods there and distribute them from that point, because Australia possessed advantages which we did not.

524. And the probability is that he would take some of the best men away from here with him and so affect our population?—I think so.

525. I suppose you are aware that the average wages paid in Victoria are not equal to the average wages paid here?—I believe they are lower on the whole. In the boot trade I find the average wages in 1897 were £1 3s. 3d., and in 1898 £1 3s. 3d. That is lower than ours.

526. *Mr. Beauchamp.*] It is more particularly in regard to the shoe industry that you think our men will suffer competition from Victoria and New South Wales?—I think that is not the only one that would be affected very keenly. Ultimately I think that the woollen trades might be affected in addition to those I have already mentioned. I was a director of the Kaiapoi Company for many years, and I know of the efforts that were made by us to get a trade with Australia for our woollen materials.

527. With regard to the soap and candle industry, is there any competition in that industry from Australia through the reduction of the duty on candles?—I do not think there is, or, if it is, it is nothing very serious.

528. The duty last year was reduced from 2d. to 1d. per pound. Do you consider that a sufficient protection for the candle industry at the present time?—I think it takes them all their time to hold their own at that.

529. But if that duty were swept away altogether, do you think they would be wiped out?—I think so.

530. When discussing this question of federation with any people in this city who appear to be favourable towards it, do those people express themselves as favourable to this colony joining under the present conditions of the Commonwealth Bill?—I think so. Any one expressing an opinion has given it in that direction.

531. Last night we had a gentleman who said that, while generally favouring federation, the Bill would require to be modified to meet the condition of New Zealand: what is your opinion?—I have not studied it from that point of view.

532. *Mr. Luke.*] Is it a question of distance you fear, as regards manufacturing?—I think it is the widespread character of our factories, the smallness of them, and the limited nature of the tools turned out here.

533. Do you not think we could specialise some of these lines?—You might in many years to come, but I do not think so under present conditions.

534. Do you not think we could enter into the trade outside the large centres of Australia?—It is possible, but I think that the Australians will look after these outlying parts very well. The advantages would all be with them. The importation of the raw material would handicap us.

535. You mentioned about their shipping their surplus here. Is that a common practice in big manufacturing?—It is undoubtedly.

536. What is the average wage paid in New Zealand for the boot trade?—I am not in a position to tell you that. You will have Mr. Frostick, our expert, before you, and he is also the president of the Federated Bootmakers' Association, which represents all the factories in New Zealand, and he will give you every detail on that point.

537. You have had some experience in the woollen trade?—Yes, as a director of the Kaiapoi Company for some years.

538. Under federation, is there not a large trade looming in Australia for woollen goods?—I do not think so. I cannot see that we possess any advantages over them. Their raw material is as cheap as ours. They make splendid values in their woollen materials, and they make some varieties that we do not. We would have to alter our manufactory to enable us to compete with them.

539. But do you not think the climate enables our men to do better piecework in New Zealand?—That applies to Queensland, and also the tropics, but not to Melbourne or Sydney.

540. *Mr. Leys.*] Do you think the industries which would be affected by Australian competition would give up without a struggle, or do you think the first tendency would be to reduce the wages here?—I do not suppose we should give up without a struggle, and I think the tendency undoubtedly would be to come down to the Australian level in wages. We could not pretend to pay a higher rate of wages than they pay.

541. Do you think it would be possible to maintain the present labour conditions generally that we have now under such competition?—I do not think that it would be possible. Australia would have to follow our lead in that respect, or we should have to come down to their level.

542. Which is the more probable?—That we should have to follow the Australian lead, and come down.

543. Then, you think the immediate effect of federation would be to lower the social condition of the workers of this colony?—That is my opinion.

544. *Hon. Major Steward.*] You are aware that our export trade to Australia, in round figures, is about £1,000,000, and that the largest proportion of that export is taken by New South Wales?—Yes.

545. Now, in the event of a moderately protective tariff being proposed by the Commonwealth—and it would apply to the whole of Australia—do you think we should lose any portion of our export trade with New South Wales?—I do not think we should, because I think if you analyse these exports you will find that they are made up of things like timber, and they take the soft timbers from New Zealand irrespective of any tariff. They have to get them. And malt is another item that they take, also hops, potatoes, and oats. I take it that they are largely dependent upon their seasons. The export of onions is a very small thing. Only eight thousand pounds' worth went to Australia last year.

546. Then, you do not think they obtain these articles in seasons when they are able to produce them themselves from any neighbouring colony, such as Victoria, in preference to us?—Victoria might have a little advantage in that respect, but I think that anything like a moderate tariff would shut them out altogether.

547. Even if we were to join, do you think that that would be a sufficient factor in determining us, notwithstanding other advantages, to become a State of the Commonwealth?—I think that if we were going to lose the whole of our apparent trade with them, it would still be a wise thing for us to stand out.

548. Do you anticipate, under the Commonwealth, that the duty would be a higher or a lower one than it is now?—I believe it would be a lower one, but I have great faith in New Zealand, and think the population of Australia would be a very mixed one in the course of another generation.

549. Are the bootmakers subject to very keen competition at present from America?—Very keen, and if the tariff were lowered that competition would be considerably aggravated.

550. You spoke of the export of onions to Australia: how do you think the producers of that article would be affected under the federation?—The total quantity we sent them last year came to £8,000, and I suppose it would not be a very serious thing if we did not send them at all.

WILLIAM CHRYSSTALL examined. (No. 58.)

551. *Hon. the Chairman.*] You are a merchant in Christchurch, Mr. Chrystall?—Yes. I have for twenty-three years resided in New Zealand.

552. Will you favour the Commission with your opinion as to whether or not New Zealand should federate with the Australian Commonwealth?—I do not think it should federate.

553. On what grounds?—There are various ground. I think it would hurt New Zealand in connection with its manufacturing industries, for one thing, as there would be a tendency for trade to centre in Sydney and Melbourne, judging by past experience.

554. Can you tell me what is the largest number of hands employed by any industry in the Canterbury District?—I could not, but I know that one factory with which I am connected employs about three hundred; but I am not aware that that is the largest number employed in any one place. That number is employed in a frozen-meat factory.

555. But take ironworks?—I could not tell you.

556. Are you acquainted with Australia at all?—No, excepting through what I read and the business I am engaged in.

557. Are you aware that the factories there are very much larger than those in New Zealand?—Yes.

558. Do you think that the smaller factories in New Zealand could compete with those?—I think they could not—at any rate, a number of them could not.

559. How do you think the matter of government would be affected by reason of the distance from Australia?—I think it would be affected unfavourably.

560. Why?—Because we in New Zealand would be at the extremity of the Commonwealth area, and should receive a smaller share of attention. Then, there is another thing: I do not think that in Australia they are nearly as far forward with the public works in proportion to the size of their country as we are in New Zealand, and I think it would be only fair to assume that for some time a larger proportion of money would be expended on public works in Australia than would be spent in New Zealand. Of course, we, as part of the Federation, would have to bear our share of the cost of borrowing that money, while we should not benefit through the expenditure.

561. Do you think the distance would in many ways prevent New Zealand being adequately represented?—I should think distance is a most serious factor in the situation.

562. Do you think there would be any difficulty, on account of distance, in New Zealand being properly and adequately represented in the Federal Parliament?—I think there would be a difficulty.

563. Why?—Because we are too far away. Distance certainly in such a case must be a drawback.

564. Have you considered how the agricultural interests would be affected by federation—would they lose or gain by it?—I do not think the agricultural interests would suffer to a material extent.

565. Do you think there would be no greater advantage to the agricultural interest by federating?—Very little.

566. As regards the financial aspect of the question, how do you think we should be affected in that way?—I think that is a very serious objection as well.

567. Why?—According to the Bill, I understand they may take as much as 25 per cent. of our tariff, and that amount would necessarily have to be made up by direct taxation.

568. And do you think the colony is not able to bear that?—It would be very unwise to increase the burden of direct taxation we have now.

569. Are there any other disadvantages that occur to you as likely to accrue under federation?—I think there is a serious disadvantage in the matter of our public finance. If we have to raise loans for the colony, while the Commonwealth has the control of our tariff, I think it would, to a certain extent, interfere with our ability to borrow to full advantage.

570. Are there any other advantages which occur to you that we would receive from federating?—No. I cannot see that we could borrow to greater advantage under the Commonwealth than New Zealand could borrow by itself. The progress of New Zealand for the last five years has been considerably greater than the progress of any other of the colonies. One most satisfactory feature of our public finance is the fact that our exports are exceeding our imports to such a large extent as to prove to all that the money we have borrowed in the past is now producing profitable results.

571. Do you attribute that prosperity to the legislation of the colony, or to what other reason?—I think it is chiefly attributable to the fact that our agricultural interests are now being developed very successfully, chiefly in the matter of frozen meat and butter. I think these two industries are the chief factors in our present prosperity.

572. How would federation affect those two products?—I do not think it would affect them in the least degree, because we depend practically entirely upon markets apart from Australia for these two products.

573. I ask you again if you can tell us of any advantages which occur to you that New Zealand would receive from federating with Australia?—I must confess that I cannot see any substantial advantage that we should receive from it. There might be some minor advantages, but I think no one advantage would be considerable enough to warrant our joining the Commonwealth.

574. Or forfeiting our independence as a colony?—Oh, no; certainly not.

575. Do you attach much importance to that being retained?—Yes, the very highest importance. I think if we joined the Commonwealth we should lose a great deal in regard to the sentiment of nationality. There is, I think, a great deal in that.

576. Have you any opinion as to whether Mr. Barton will be able to realise his idea of having a white Australia?—I do not see how he is to do that and at the same time settle and satisfy Queensland, because they have a most important industry there which cannot be effectively carried on without Kanaka labour.

577. Then, I take it that your opinion is decidedly against federation?—Decidedly.

578. *Mr. Leys.*] Do you think, if we federated, New Zealand would carry on such schemes as the Land for Settlements Act, and so on, with the same advantage that it now can?—Yes; I do not see that federation would interfere with that, because it is a purely domestic concern.

579. Do you think we could borrow money for those purposes to the same advantage that we do now?—We could not offer the same security.

580. Do you think our finance would be elastic enough for borrowing to meet services of that kind?—The whole question of what direction the policy of the Commonwealth will go in is so indefinite that one can hardly form a judgment on a matter of that kind. We discussed the Bill at the Chamber of Commerce, and found the proposals so intangible that we were unable to come to any positive conclusion about them. One would naturally suppose that, if the Customs revenue of the individual States is controlled by the Commonwealth, we should not have the same security to offer. It might be that our resources otherwise would be good enough to make no difference, but I think that in times of general depression, and tightness of the money-market, we should be placed at a disadvantage if our Customs revenue were in the hands of the Commonwealth.

581. From your study of the Bill, do you conclude that the only contention is to appropriate the whole of the Customs revenue of the States for Federal purposes?—We could not form any conclusion upon that point, and we gathered that the 25 per cent. was practically an experimental proposal, and that after a certain time a more definite course could be decided upon.

582. Do you think, from the terms of the Bill, that the Commonwealth contemplates taking over railways and other works of that kind?—Yes, I concluded that.

583. Do you think that would be in the interest of New Zealand?—No.

584. Do you think that the administration of the postal and telegraphs from Australia would be in the interest of New Zealand?—I think the postal and telegraphic business would be very wisely put in the hands of the Commonwealth, because it is a matter of common interest.

585. Do you think the administration of that department by the Commonwealth would be an advantage to New Zealand in respect to its postal and telegraphic service?—Not if they had the profits. I suppose they would have the profit on the working, and I do not think that would be therefore any advantage to New Zealand.

586. Do you think it would lead to improved efficiency?—I do not think so. I think our Postal Department is conducted efficiently now.

587. Have you considered the question of appointments under the Federal Government: in the appointment of officials do you think there will be the same opportunities for New-Zealanders in the Federal Civil Service if the appointments were made in Australia?—I should hardly think so, seeing that we are so far away, and at the extremity of the Commonwealth here. I hardly think aspirants for office from here would have the same chance for appointment.

588. *Mr. Reid.*] As you are opposed to federation, have you considered the question of entering into reciprocal treaties?—Yes; I think it would be most desirable.

589. Can you indicate to us the general line on which such treaty should be based?—I think there ought to be a reciprocal understanding with regard to products that our country can produce to the greatest advantage. There was a proposal made some time ago that we should receive wines from Australia and that they should receive our exports, such as grain and potatoes, free of duty.

590. But you are aware that none of these treaties have yet taken effect, and when they have existed as between various Australian Colonies they have generally failed of effect?—Yes.

591. Do you think it is possible, having regard to the present position of the Commonwealth to this colony, that it is likely that such a treaty could be effected?—I think there would be some difficulty in it. I think they would place as many difficulties as they could in the way of its being accomplished, because they wish to get us into the Commonwealth.

592. Do you think that any one country would have a preponderance as against us in entering into such a treaty commercially?—No. I think Tasmania would be more opposed to it than any one, because it is looking to Australia as a market for certain products; but, of course, their influence is not so great as other colonies.

593. *Mr. Luke.*] Do you not think the agricultural interest is a big interest in Australia, and will afford to New Zealand a larger market than it is possible for us to get if we keep apart?—The Australians are large competitors now in respect to almost every article we produce, and the competition is increasing.

594. But if they raised a tariff wall what would be our prospect of competing?—I think when they require our produce in their bad seasons they would have to take it all the same.

595. As a matter of fact, you know that we only export one-eleventh of our produce to Australia?—Yes.

596. Is not there in the future a large inducement held out of the prospect of an increased trade with Australia as compared with the London market?—Some people who are in favour of federation profess to see the prospect of an increased trade with Australia, but I confess that I am not able to see how it could take place.

597. The London market would probably be more keenly competed for in the future than now, would it not?—Yes. Frozen meat is our principal export to London. Australia, with a flock of eighty million sheep, has never been able to export more than 2 per cent., whereas New Zealand, with a flock of twenty million, exports 16 per cent. Then, again, the demand for our meat is increasing very fast in England, and I do not think, for many years to come, we shall suffer very much from Australia as a competitor. Practically, the frozen-meat industry has been going on for twenty years, and the time has been long enough to have afforded a very conclusive test of Australia's possibilities.

598. Shall we not have greater competition from Australia in the future, causing us to look to obtaining a market nearer home?—Certainly, we shall have more competition as time goes on; but we have had difficulties to contend with in the past which we have overcome, and there will still be an expanding market in England for our produce. Of course, we can never invade the Australian market with our frozen meat. They are larger exporters than we are in butter.

599. But that might not be in the future?—I do not see how it can be stopped; unless the population increases very much they will not require much of our butter.

600. But their population will rapidly increase, and we shall be advised to look for a market outside here?—I think we will have a great market in Britain, also probably in Germany and United States, in the course of years.

601. Do you think the manufacturers here would be placed at a very great disadvantage, as compared with those under the Commonwealth, if we federated?—There is a tendency for manufactures to centre in the large cities, where undoubtedly there are greater advantages. They can get cheaper money and cheaper labour. There is also the tendency to specialise, and for specialists to gravitate towards the capitals.

602. Do you think they have cheaper money than we have?—We have at present cheaper money in New Zealand than Australia, but I think that is only temporary, and will not last.

603. Do you not think the workmen of New Zealand, with our climatic advantages and better social surroundings, can do better than the workmen in Australia?—They can certainly do better here. I think our advantages of soil and climate, and also the geographical position of our cities, all tend to a more natural distribution of wealth.

604. I do not mean that aspect: do you think the workmen of New Zealand would give a better return for a day's work than is possible in Australia, with their climate?—I think that is the case; but I do not think it would compensate for the advantages they would have on the other side through working on a much larger scale.

605. Do you not think, in all probability, their rate of wages will be raised to our level, and their condition of living to our level?—I do not think that will be the case. We shall more likely be brought down to theirs in point of wages.

606. *Mr. Beauchamp.*] One witness expressed the opinion yesterday that with inter-free-trade New Zealand would have to compete all round with the very large merchants and distributors in Australia: do you share that view?—I do not apprehend any serious objection on that head. A much larger business, of course, would be done than now, for the reason that there would be no Customs duties, which is one obstacle to the distribution of goods from Melbourne. If goods could be sent from Sydney or Melbourne just as they are sent from Wellington to Lyttelton, without any duty or need for the intervention of Customs agents, I think the trade would be increased; but I do not see, as far as the distributing trade of the colony is concerned, that it would be much affected. In the trade I am engaged in we should probably suffer, but not to a very serious extent. We should suffer chiefly from the less prosperous condition of the colony, which would come about through federation.

607. With regard to the sugar industry, I understand you have had considerable experience?—Yes.

608. Are you decidedly of opinion that that industry could not be maintained without black labour?—That is what I have heard from people in Queensland who are engaged in the industry.

609. Have you any idea of the amount of capital embarked at the present time in that industry?—Is it not something like £8,000,000, and £2,000,000, the value of exports?

610. Do you think those figures are approximately correct?—I cannot speak with certainty. I know the capital is very large.

611. So that you think these vested interests would be sufficient to compel Queenslanders to fight very hard for the maintenance of black labour?—Yes.

612. As to the increased production of cereals and produce generally, do you think that in time Australia will be able to supply the whole of their own requirements without troubling New Zealand?—I should not think they would be able to do that year after year, but in normal years they will be able to supply all their requirements.

613. One witness stated that our export trade was a very small factor, as compared to the export trade of other colonies, in the products that Canterbury produces: in that case, are you of opinion that we can continue to expand our exports to the Old Country and still realise satisfactory prices?—Yes, I do.

614. You spoke about raising money: do you think that we, as a local State, will not relatively occupy about the same position that a local body in New Zealand occupies to the General Government as to the difference we would have to pay for our money as compared with what the Commonwealth would have to pay?—Yes, I should think so; but there would be this difference, that they would have the control of the Customs revenue.

615. Then, with respect to our legislation generally, it has been stated that Australia was practically ten years behind us—that is, in respect to social legislation: are you of opinion that, in the event of our federating, progress in that respect would be retarded until Australia came into line with us?—I think so.

616. With respect to Customs and excise, the Federal Government have the right to take over the whole of the Customs and excise after ten years: do you think that that is a contingency that would arise at the end of that period, when they would exercise that right?—Again, there might be an alteration in the law before that time. I think the intention was to reconsider the whole position at the end of ten years.

617. As regards our entering into a treaty with the Commonwealth on reciprocal lines. As the term applies, there must be mutual advantages on either side: do you think this end could be obtained by the establishment of a treaty between the Commonwealth and New Zealand?—I think it would be much more satisfactory for New Zealand to have a treaty of that kind.

618. And you think there would be mutual advantage generally both to Australia and New Zealand?—I think so.

619. *Mr. Roberts.*] Have you considered what the probable effect on our frozen-meat industry would be by large accession to our own population?—I do not know that that would affect it very much.

620. Do you think that the production of surplus sheep would increase in the same ratio as the population increases?—It would depend upon whether the population was effectively settled upon the pastoral lands of the colony.

621. But, as a matter of fact, we have been exporting more than our surplus for the last two years?—I know that.

622. Have you any idea of what the ratio of increase of population is in this country?—About 2 per cent. per annum.

623. If you look at the returns for 1899 you will see that our population was then 271,000 more than it was in 1880, but that we had five hundred less births: have you noticed those figures?—Yes; that is a very curious fact, and I do not think that our progress in that respect is at all satisfactory.

624. You said you thought Australia would be able to eventually supply all her own requirements?—Yes, in the course of a few years, excepting in bad seasons.

625. Then there would be no very great loss in respect to their importation from New Zealand?—I do not think so.

626. Supposing there were, do you think there would be any difficulty in New Zealand finding other markets for her produce?—There might be some difficulty, but, on the whole, South Africa is an increasing market, and we have always the London market.

627. How do you think the re-establishment of the Vancouver service would affect New Zealand markets?—I think we should do an increased trade with Canada; but Canada is in the same boat as ourselves with regard to its products, and I do not think we will do a very large trade.

628. You spoke of there being a probable market in Germany: when?—I think so, in the course of time.

629. Do you think there is any reasonable probability of the liners trading to Australia being induced to make New Zealand their terminal port instead of Australia?—Not at all. There is in Australia a much larger volume of trade, and I do not think the traders would come here. Their steamers are very large, and it would not pay them to come on to New Zealand on the present basis of our trade.

630. Do you deem it proper and prudent for the Government to subsidise them to induce them to come here?—Not at the present stage.

631. *Mr. Leys.*] You referred to the increase of trade by the Australian merchants with New Zealand. The amount now is about £1,300,000: does that not include an amount of re-export?—Yes; but these figures are really very misleading. It is hardly possible to get accurate figures from Australia, for in many cases goods transhipped are sent from the east, the Straits Settlements, or India, and invoiced in Australia, and made to appear as if they were shipped from Australia.

632. At the end of five years New Zealand would lose the Customs revenue from those goods, would she not?—Yes.

633. The Customs revenue would be credited to the country from which they were transhipped, and not to the country consuming them?—That is so.

634. If that trade increases, would that not very seriously disturb New Zealand finance?—Yes, I think so.

635. Have you observed that the amount of Customs duties collected in New Zealand is very much larger per head than the amount collected in the large colonies of Australia?—Our tariff, I suppose, is higher.

636. In New South Wales the amount is given at £1 5s. 7d. per head; in Victoria, even under its protective tariff, the amount is £1 19s. per head; and in New Zealand it is £2 18s. per head: would not the taking-over of the Customs duties by the Federal Government disturb our finance more than that of New South Wales?—Decidedly.

637. And put us to greater difficulty in rectifying it?—Yes; and in the same way our industries which were protected would suffer in a like proportion.

GEORGE HENRY BLACKWELL examined. (No. 59.)

638. *Hon. the Chairman.*] What are you?—Managing director of the Kaiapoi Woollen Company, woollen- and clothing-manufacturers.

639. How long has the industry been established in the colony?—The present company was formed about twenty-three years ago.

640. How many hands do the company employ?—At the present time, I think, about 1,050.

641. Is the trade a growing one?—Yes.

642. Do you export to Australia?—A little.

643. If New Zealand federated with Australia, how do you think your industry would be affected?—It would be affected very badly.

644. Why do you think so?—The rates of pay are lower and the hours of labour longer in Australia than in New Zealand.

645. We have had evidence that in the event of federation there would be better opportunities for exporting goods of woollen manufacture to Australia: you do not agree with that?—No.

646. Have you any opinion as to how other industries in New Zealand would be affected by federation?—I think, generally, prejudicially, owing to the conditions that I have referred to in connection with the woollen industry.

647. When you say generally, are there any particular industries you think will be benefited?—I do not know of any. In conversation with a manufacturer in the iron trade he told me that he should strongly support federation. I expressed my surprise, and asked him what he would do with his industry, and he said, "Take it to Sydney."

648. What effect do you think federation would have upon the settlement of the population of this colony: would it have any disturbing influence at all?—If that may be taken as one test, it would apparently draw the working-classes from here to Australia. The effect generally would be, I think, either that the rate of pay and social conditions of Australia would be raised very considerably—and that, I think, is very problematical—or else our rates of pay and conditions of labour would have to decline to the level of Australia.

649. How long have you resided in Canterbury yourself?—Thirty-eight years.

650. Canterbury is a large agricultural and pastoral district?—Yes.

651. How do you think those interests would be affected by federation?—I do not think they would be benefited at all.

652. Do you not think it would give a better market for produce?—I do not think so. The climatic conditions will practically settle the demand for the greater part of those farm products to which you refer. I have had some experience as a shipper in former years, and I have found that the only time we had a good market in Australia was when they were suffering from drought; and I think, in all probability, the conditions in the future will remain much the same, and that we will only get a good market in times of drought, when they would be compelled to buy from us.

653. Have you considered the matter from a strictly political aspect, as to whether New Zealand would be benefited by federation with Australia?—I do not think it would. It appears to me, from what I have read of the Bill, that we should simply occupy the seventh place, and that practically means that there will be one for us and six against us.

654. But do you think the general expenditure of the colony would be increased or diminished by federation?—I think it would be decreased.

655. I am speaking of the cost of government?—I do not think it would be decreased at all. I do not see how it can be. If anything, it will be increased.

656. Can you conceive of any advantages which would accrue to New Zealand through federating with Australia?—None.

657. *Mr. Roberts.*] With reference to the general question of New Zealand's competition with Australian manufacturers, do you not think you take rather a gloomy view of it in considering that we cannot compete with the Australian manufacturers?—Our standards are altogether different from those in Australia.

658. In what particular respects?—In regard to the goods we turn out. There has always been a demand in Australia for certain lines of our goods; but, generally speaking, the consumption by the general public has been in line of lower quality than we produce in New Zealand. In the office I have a report from one of our representatives who has just returned, and he mentions two cases which have come under his own observation. In one case a Sydney merchant had placed an order for the manufacture of a thousand pairs of tweed trousers at 6½d. per pair. That is, as far as I can estimate it, nearly 50 per cent. lower than our very lowest price in New Zealand. With regard to blankets, a contract was entered into with an Australian mill for 1,250 pairs of 11¼ 9lb. white blankets for 12s. 6d. per pair. It was analysed by a representative of one of the houses there, and found to contain 60 per cent. of cotton. We do not indulge in that class of trade at all.

659. Do you not think, in view of the very low prices, that it would pay to introduce cotton into your wear?—I have seen material in woollen-mills in Australia that would not be allowed into our mills here.

660. Do you not think we are inclined to coddle ourselves with the idea that we are making better tweeds than on the other side, when, as a matter of fact, we are making poor stuff?—There is poor stuff made; but, taking it all round, the general standard of our manufactures is higher than that of Australia.

661. What is the lowest price your factory ever charged for a suit?—I cannot tell you.

662. I have bought a suit for 18s. 6d.—there cannot be much workmanship in that?—Did you ascertain the loss made on the sale of it?

663. You made reference to the fact that the rates of pay were lower and the hours of labour longer in Australia than here: to what extent does that obtain?—The hours of labour there are fifty a week; but I cannot get an exact statement of the rates of pay in New South Wales, for the simple reason that they do not appear to have any log or standard rate on which they pay.

664. Have you ever endeavoured to do business in Australia to any extent?—Yes.

665. And had you to withdraw?—Yes, it was not profitable.

666. The competition is so very keen on the other side that you had great difficulty in doing business in Australia?—Yes. On the other hand, if the tariff was removed from New Zealand we should be inundated with cheaper lines of goods made up at cheaper rates. I dare say it will be in the memory of the Commissioners that when the tariff was 15 per cent. we used to have Victorian houses represented right through New Zealand, doing a large trade, and that when the tariff was raised to 25 per cent. that ceased.

667. Do you not think that the climatic conditions and greater energy of the New Zealand men would enable us to compete successfully with industries on the other side?—I do not think so, because there is such a great difference in the rates of pay and hours worked. In some cases, at any rate, they have advantages that we have not. For instance, take the important item of coal, which enters very largely into all matters connected with the cost of manufactures. It is cheaper there than here.

668. I do not suppose that coal is any dearer to you than to the Victorians. Victorians use Newcastle coal?—It is generally understood that they get their coal-supplies cheaper than we do.

669. Do you not think the trend of affairs brought about by the Conciliation and Arbitration Act will be towards the increase of the cost to the manufacturer there in the same way as it had effect here?—I do not know what definite object they have in that Bill—whether the object of the Bill is not simply to limit strikes or troubles to one particular State.



670. In time they will make it a Federal matter, and, that being so, I think we have a perfect right, under the altered circumstances, in assuming that if federation accomplishes that effect we should compete successfully?—I base my opinion on the fact that at the time there was practically free-trade with New South Wales we could not compete. Of course, you will argue that, with free-trade applied to the world.

671. The handicap in the way of distance, then, amounts to nothing on the actual value of the goods?—I do not know that distance makes much difference to us. The mere fact of opening a large market would, I think, injure us very materially indeed.

672. *Hon. Captain Russell.*] Will not these objections be rather of a temporary nature than the reverse?—I do not think so. I think the tendency will be largely to centralise all manufacturing in the large centres of commerce in the colony—in, say, Melbourne and Sydney—and absorb the large proportion of the trade of New Zealand.

673. And you think, then, that protection is essential to the progress of New Zealand industries?—I think so.

674. Do you know whether the population of Victoria is increasing more rapidly than that of New South Wales?—I cannot say that.

675. If it is a fact, is that not rather evidence that we should be afraid of free-trade?—It may be an argument that they have more room in New South Wales than Victoria.

676. If the number of hands is increasing rapidly in the New South Wales factories, whilst those in the protected State of Victoria are decreasing, does that not lead one to hope that we need not fear competition if we were a free-trade country?—I do not know what are the returns under the heading of "Industries," or, to speak specially with regard to the woollen industry, I am not sure that the same remarks which apply to that particular industry would apply generally.

677. You speak as though the production of woollens in New Zealand was so good that they could not be dealt with practically outside of New Zealand?—No; the report to which I have referred is practically on those lines. The quality of our goods generally is of too high a standard. I have seen very cheap low-class goods being sold in Sydney, and it appears that the general public, at any rate, prefer something new and cheap, that will wear out in a very short time, and then get another suit.

678. Is it not alleged that the cause of the increase is due to the fact that they make what their customers require?—I think it is caused largely by the fact of cheaper labour. I know that some years ago manufacturers from England took the whole of their plant into Germany, and established their works there, because of the cheaper labour obtainable there.

679. I was alluding to the allegation that the English manufacturer works on conservative lines, and will not study his customer. He says, "There are my goods. You must take or leave them"?—I am quite prepared to say that the woollen-manufacturers of New Zealand are prepared to make what their customers want.

680. Is it not desirable, if New Zealand is to be a manufacturing country, that she should make a low-class material if it is wanted?—I think we should make a mistake if we entered into competition with the low-class productions of Yorkshire.

681. Why?—Because they could at any time undersell us. We cannot get the supply of the low-class quality of shoddy that they use so largely at Home. We have not the density of population, and the material is not available for us.

682. I am trying to speak of the competition with Australia, and not England. On general principles you should try to make your manufactures suit requirements?—The denser population there gives them a greater supply of low-class shoddy. The population is congested largely about Melbourne and Sydney, and the necessary materials are much more easily obtained than in New Zealand, where the population is more scattered.

683. Are not these difficulties of to-day, and not of any remote period?—It is purely conjecture. If the population becomes denser, I have no doubt we shall, if we get the material as cheaply as at Home, be able to produce a much cheaper line of goods than we do at present.

684. Does Australia produce cheap lines of goods?—Some of them, but it has been the dumping-ground for both British and Continental manufacturers.

685. I am speaking of competition with other manufacturers?—The woollen-mills of Australia have not done very well. Their experience has not been very satisfactory with the greater number of them.

686. You think we could not compete if there is free-trade with the Commonwealth?—I do not think so.

687. Do you think that would be for ever, or for how many years?—Climatic conditions seem to favour the demand in Australia for light and cheap goods, and I suppose while the climate remains the same the demand will continue.

688. We could not make that class of goods?—We have not attempted it up to the present.

689. *Mr. Millar.*] I suppose we can take these figures as being fairly correct in the Labour Report as to the wages paid in the tailoring trade in New Zealand?—They are assumed. I think they are correct. I saw in the report in the Year-book that the rates of pay are simply averaged.

690. Because I see that under the heading "Tailors and Tailoresses," in Dunedin, males receive £1 10s. to £3 3s. per week, timework?—Yes.

691. I notice that in New South Wales £1 10s. to £3 10s. is the wage for males per week?—I should think the estimate for Dunedin is low.

692. As far as Christchurch is concerned, are you paying a higher average, do you think?—They are supposed to be working at the same rate in Dunedin, Christchurch, and Wellington.

693. Females in New South Wales receive 7s. 6d. to £1 15s., whilst in Dunedin they receive 12s. 6d. to £2 2s.: do you think that is a fair average?—I should think it was. It is very difficult to say, of course, under our system. You see, it is generally on piecework, and it depends entirely

on the ability of the worker as to the amount paid. We have those working who would make double the money per week that others would make.

694. According to this, the average is greater for females on piecework, but no greater for men, because piecework rate is £1 10s. to £3?—I think in most cases men are on timework.

695. The apprentices are paid higher in New Zealand than in New South Wales?—Yes; and in New Zealand the hours of labour are forty-five as against fifty; in Victoria they are forty-eight; New South Wales is nominally forty-eight, but there is trouble in enforcing the large number of hours laid down in the Act.

696. Would you be surprised to learn that we are employing more hands in New Zealand than in Victoria and New South Wales in industries?—No, I would not.

697. The figures for 1898 were: New South Wales, 31,617; Victoria, 45,844; New Zealand, 39,672. We are slightly under there; but the latest statistics brings New Zealand up to 52,000, and Australia remains just as before. Can you give us any idea of what the wages are in Australia?—No. The clothing-manufacturers have been unable to procure a log. I think there is no log in Sydney at all.

698. The average wage of males in Victoria in the clothing trade is £1 19s. 6d., and the female employes £1 2s. 9d. That is considerably lower than here?—Yes.

699. But we have not been able to export any clothing?—Not any to Victoria, certainly.

700. To Australia at all?—On very rare occasions we have exported a better class of rugs and blankets. To New South Wales there has been a small export.

701. I suppose you are aware that Victoria is a large exporter of slop clothing now?—I dare say they would be.

702. Do you think that if we federated the New Zealand market would be thrown open to the slop trade?—Yes.

703. And your only alternative would be to come down to the same rates of labour or to go out?—It would follow, I think.

704. *Mr. Benuchamp.*] With protection under our tariff to the extent of 25 per cent., what is the condition of affairs in the woollen-factories of this colony at the present time?—They are flourishing.

705. But they could not continue to flourish with free-trade?—They would be interfered with very largely by New Zealand being used as a dumping-ground for cheap woollens and slop clothing made and imported by Australian houses.

706. Apart from the Australian market, is there room for a considerable expansion in the industry in New Zealand?—We import a large proportion of woollens.

707. You think that in competing for that, and with the growth of population, there is ample room for the expansion of the manufacturing industries?—Yes.

708. And that there is no present need to seek an outside market?—I do not think so.

709. Do you think that in your own particular industry there is need for further protection?—I think we are quite sufficiently protected now. I mean by that that the majority of woollen-mills are able to pay a fair dividend, and pay their workers a fair remuneration; and, that being the case, I do not think there is need for further protection.

ROBERT EWING McDUGALL examined. (No. 60.)

710. *Hon. the Chairman.*] You are vice-president of the Industrial Association here?—Yes.

711. How long have you resided in New Zealand?—About thirty-five years.

712. Are you acquainted with Australia at all?—Yes; I have been over there half a dozen times.

713. Has your association, as a body, considered the matter of New Zealand federating with Australia?—No, not yet.

714. What are your own opinions on the subject?—Well, I am against federation.

715. Why?—I think it would be very prejudicial to our industries; and I am also of opinion that if we think we will gain a large market for our natural productions we will be disappointed, for the simple reason that they are growing all they require now.

716. There is an export trade to some parts of Australia from New Zealand?—Yes, but it is a diminishing trade.

717. You think it will not continue?—I have a few statistics of the produce of New South Wales last year; and a number of lines mentioned here we shipped regularly to New South Wales only a few years ago, which seems to me to show that our markets will gradually be closed there, and we will not have a market for these natural products of our own.

718. Do you consider that the manufacturing industry will be prejudicially affected by federation?—Yes; I am a manufacturer of biscuits and cocoa, and employ about 130 hands. The industries here are split up among the different towns, and are all on a small scale, and we have to go in for numerous lines if we wish to expand our business; whereas I think it will follow that big companies will be formed in Sydney and Melbourne, and they will simply flood this country with surplus products.

719. Are there any other disadvantages that you think will accrue from federation?—I have not gone into the question very deeply, but it seems to me that we will have to stand more taxation.

720. You have looked at it principally from the commercial side?—Yes.

721. And you think it is not to the interests of New Zealand to federate?—No.

722. *Mr. Roberts.*] Do you look forward to New Zealand for ever manufacturing for its own purposes and nothing else?—With close settlement, the land before many years will be taken up, and we must look to our industries if we are to prosper.

723. You seem to contemplate the absolute impossibility of our manufactures here competing with the Australian Colonies, and that they must be confined to this colony alone?—We will not be able to compete against big combinations.

724. Do you not think big combinations can be formed here as well as in Australia?—It is more difficult to do that where the population is spread than it is in Australia.

725. Have you not the same energy here?—I think we have the same push and energy here, and can work longer, if necessary.

726. Do you look forward to the time when the conditions of labour will be the same here as in Australia?—I think it is only natural that if we federate, and the wages here are 10 per cent. higher than in Australia, the men from outside would flood our market and lower wages.

727. Do you not think that the conciliation and arbitration law would make the wages the same, and that in a few years' time the wages will be on the same level as here? Why should you fear competition, then?—Simply because their output would be so much larger that they could produce goods cheaper.

728. But why not have large manufactories here, the same as in Australia: it seems to me to be rather a mean sort of thing to say that the trade is done, and that we cannot compete with anybody?—We have to encourage our own population as much as possible.

729. But do you not think we could encourage our people in that way?—Our manufacturers have all the latest machinery, they have enterprise, and, I think, turn out their goods equally if not better than the goods turned out on the other side. I think it is not lack of enterprise on our part, but the output of the large factories of Australia, that would help to stop our industries.

730. But the enterprise of the industries here is confined to the wants of the population itself?—Yes.

731. Do you think it is quite right that this country should for ever remain in that position?—Our industries want to meet with more encouragement. They want to stop the imported articles coming in first before they look for the outside market.

732. From 1895 to 1900 the workers employed in the New Zealand factories increased by 19,000, between 1897 and 1899 those in New South Wales increased by 6,400, and during 1898–99 the Victorian factory employés decreased by 1,969: do you not think that that points to the enterprise of New Zealand coming to the front?—Yes.

733. Do you not think we should have a higher aim than merely manufacturing for our own people?—It would be a battle.

734. Do you not think we would survive it?—Well, it is very hard to say, because the industries are just building themselves up. It was a tremendous battle to get our cocoa introduced, and it would be the same in New South Wales if we wished to operate there. It would be a battle for years before we got a name and the industry established.

735. But under federation it would open ports all round you; you would be on a level, and the cost of production cheapening with the equalising of labour, surely you would be able to compete with the other side?—Yes, if their output was not double ours, I certainly think we should.

736. Can you not double your output here?—I think the population of Australia will increase more rapidly than here.

737. But their markets are open to you the same as to the Australian producer?—Yes; but still we would not have the extent of the factories.

738. Do you think New Zealand will ever become a big nation if it simply confines its efforts to the wants of the people?—Yes, I think so. I would like to see us have a tariff like the McKinley tariff.

739. What has made England great—the great amount of the exports, is it not?—Yes.

740. *Mr. Millar.*] Is it not a fact that the climate prevents the successful manufacture of cocoa on the other side?—No; it might chocolate, but not cocoa. But they can overcome that by refrigerators.

741. Would that pay them?—Certainly.

742. But I suppose you do send special lines into Australia now?—No, we send nothing to Australia. My partner left me about ten years ago, and started in Australia, and he finds it a tremendous battle over there.

743. Supposing everything was on equal terms, do you think you would ever be able to compete with a firm like Swallow and Ariel?—Yes, I think we could now.

744. You would always have the disadvantage of a scattered population?—Yes. In Melbourne they have local ground to work on, and here we have to spread it all round.

745. And could they not export their surplus cheaper than you manufacture?—Yes.

746. And it would be a long time before you could compete with them?—Yes; they would build large factories, and to keep those factories going they would send their surplus down here.

747. Would you have any prospect of sending your surplus there?—Yes, I think we would in time, the conditions being equal—the hours of labour and the rates of pay.

748. How much would you have to increase the present output before you would meet New Zealand requirements alone?—Well, we would not have to increase it at all, for the simple reason that we have increased it, and cannot increase it to any further extent because of flooding the market here.

749. There are sufficient biscuits in the colony to meet the requirements of the people?—Yes; the output exceeds the requirements.

750. And even now, I suppose, the plants are not being worked to their fullest extent?—Oh, yes, I think they are.

751. Supposing your plant is all being worked to its fullest extent to meet the local requirements, if you had federation to-morrow it would be of no use to you, because you could not supply the market?—It would not take long to increase the plant.

752. *Mr. Beauchamp.*] In the event of federation, I apprehend that your industry and kindred industries would be affected?—Yes.

753. Is your business fairly well protected by the existing tariff?—Yes.

754. And it is flourishing?—Yes.

755. Are you increasing the number of hands you employ?—Yes.

756. So, I suppose, you hardly want any more protection under the tariff?—No.

757. Do you think that would mean that there would be more competition in this colony by more factories?—No, I think not.

758. Do you think the Australian factories would make more by the larger domestic trade they would have at their doors?—Yes.

759. And if you had the large factories here you would not have the same domestic trade out of which to make the profit and enable you to ship the surplus away?—Yes, that is the position.

760. *Mr. Luke.*] You are afraid that under federation probably a large amount of capital would be invested in Australia in manufactories, and therefore such a result would operate against the manufacturers in New Zealand: do you think there is really any difficulty in getting capital in New Zealand for manufacturing purposes?—No; I mean that there are numbers of industries that might be started well in New Zealand, but the people generally do not seem to care to embark their capital in any industries.

762. How do you account for that?—I think the New-Zealanders seem to think we cannot manufacture here—that we have not got the brains; or they have not confidence in their own manufactures such as they would have in the British.

763. Do you not think that the ratio of capital employed in manufacturing in Australia is greater than in New Zealand?—I could not tell you.

764. Do you think the difficulty of getting capital is greater in Australia than here?—I think not, but generally there is prejudice against putting capital into manufacturing pursuits.

765. You are afraid that under free-trade we should find the Australians such strong competitors that we could not cope with them in trade over there?—I think their factories are so large that it would be hard for us to battle against them.

766. We have superior workmen in New Zealand, have we not?—I am sure of it; but their extensive machinery is a greater factor.

767. But we could get the machines?—Certainly; but I do not think that even then we would be able to cope with their competition.

768. *Mr. Leys.*] Is the fact of the division of the population of New Zealand into small centres tending to keep our factories on a small scale?—I think so; but what we find here is that the manufacturers established in Australia are able in main lines to pay the freight on the different parts of the material they require, bring it over here, and start against us—at least, that is what would happen under intercolonial free-trade. They would start a factory the same as ours in Auckland, Wellington, or Napier, and we should have to pay the freights on these different parts to enable us to compete against them.

769. Have you found that even within the colony each centre pretty well manufactures for itself?—It is growing that way more every day.

770. Do you not think that distance is a very serious factor in any attempt to compete in Australia in respect to your industry?—I do not think so, because it is a matter of freight, and the freight from Sydney to Wellington is just as cheap as it is from Lyttelton to Wellington. It may be slightly lower, but it used to be in both cases 10s. a ton.

771. I judge from your evidence that you conclude that the existence of a large population in the immediate vicinity of a factory will tend to build up great manufactures?—I do.

772. And that our having to pay the freights will prevent us shipping against them, and so counteracting that tendency?—I think so.

773. Do you think the expansion of that population would also tend to keep down wages owing to the competition of labour?—I think it would.

774. Do you feel assured that in Australia the aggregation of the population in the big centres would prevent the raising of wages to the scale now existing in New Zealand?—I think so. I think the wages here would fall to correspond with the Australian wages.

775. You think the first effect of federation would be to force down wages?—I think it would reduce the spending-power of the people by reducing the wages.

776. Under those conditions, do you think it is probable that, even if a Conciliation and Arbitration Act were passed in Australia, the Court would fix as high a scale of wages and as short a scale of hours as now exist in New Zealand?—I could not say that.

777. Do you think the fact that they begin there on a lower level than we do would influence them?—I have no definite data to go on with regard to wages. It is simply what my former partner told me—that the workmen to be got in Sydney are not such good workmen as the New Zealand workmen by a long way, and that he pays them less wages.

778. *Hon. Major Steward.*] Supposing that the wages in Australia were levelled up to the standard of the wages in New Zealand, and the hours of labour were made the same, would our people then be able to compete successfully against them?—I think so. We could easily compete, supposing our output was on a level.

779. There would still remain the handicap of their being able to turn out a very much larger quantity than we could turn out relatively at a lower price: is not that so?—That is it.

780. Is it not a very difficult thing to establish a market, say, for biscuits or any other manufacture when the manufacturer's name is not well known in the market?—Very difficult. While that process is going on a manufacturer in New Zealand would have to accept anything he could get for his article, while the manufacturer in Australia whose articles were known would command a fairly steady price for his surplus.

781. So that as between the two there would be a difference and a considerable loss before you could attain the same position?—Yes.

782. Would you or any other manufacturer be disposed to throw away money for a certain number of years through going into that risky business?—Certainly not.

783. And that is the real difficulty which stands in the way of competition with these larger centres?—That is it.

784. Suppose the manufacturers in New South Wales and Victoria are manufacturing more than is required for local consumption, and they have to export the surplus, and supposing that the New Zealand manufacturer in the same line did the same thing, and had to export a surplus, would it not follow that one or both of them must send their surplus to some other market than Australia or New Zealand?—Yes, or shut down part of their machinery.

785. *Hon. the Chairman.*] I understood you to say, in answer to Mr. Roberts, that New Zealand had no hope of establishing an export trade in manufactures?—Yes; certainly not until they have wiped out the imported article which we can make here. That applies to manufacturers generally.

786. Are there not a large quantity of manufactured goods exported from New Zealand now?—I do not know that there was a large quantity.

WILLIAM WOOD examined. (No. 61.)

787. *Hon. the Chairman.*] You are the chairman of the Chamber of Commerce in Christchurch, Mr. Wood?—Yes.

788. What are you yourself in business?—I am an exporter of frozen meat, hemp, and tallow. I have also a tannery interest, which is a manufacturing interest, but these goods are also exported to the Old Country, and are not sold here.

789. Has the question of New Zealand federating with the Commonwealth of Australia been considered by the Chamber of Commerce in this city?—Yes, on more than one occasion, very fully; but we have come to no vote on the subject, because the opinions of our members are so diverse, and their interests are so different, that we would merely discuss it as a matter of education, more than to give any opinion on the subject.

790. Do I understand that there is a diversity of opinion amongst the members?—A great diversity.

791. What is your own opinion?—Against federation.

792. Why?—I first of all object to giving preference to Australian-manufactured goods over British-manufactured goods.

793. Would that be the case if we joined in the Federation?—Great Britain is the largest consumer of our produce; some figures given by Mr. Paterson, of Dunedin, at a meeting of the Chambers of Commerce, point to the fact that Great Britain consumes 92 per cent. of our produce. I think it would be absolutely unbusinesslike to penalise the British manufacturers in favour of the Australians, as might be the case in the event of Australia adopting a heavy protective tariff. Then, the British goods would be excluded to the same extent, probably, as the United States excludes British goods at the present time. And not only is Great Britain our largest consumer of our produce, but she is our largest creditor. She is also the one we depend upon to protect our commerce on the seas. In the event of joining any other Power or federating with any other Power, it is not at all likely that the same pleasant relations would always continue with other countries that continue now, and we must look to it that it is to our own interest that the British manufacturer is to a certain extent protected—if anybody is to be protected. If the British consumer and labourer is not treated well by us we cannot expect that the exchange of trade we have now will continue. We also know what an advantage it is that all produce which we cannot consume in this country is marketable at a price in Great Britain. I think we should cultivate our trade with all nations that deal with us, instead of, so to speak, treating one nation specially which to a certain extent consumes our goods, when it is evident that nation is doing its very best to grow its own supplies, and to maintain itself. We have a trade, to a certain amount, with Germany and the United States. These goods pass through Great Britain, as it were, and are treated as transshipments—exports to and imports from. A great many of them are merely entered in Great Britain, and go across. As business-people, our endeavour should be to encourage trade with all nations, instead of trying to encourage it with a country that is in very much the same latitude and longitude as ourselves, and that can grow produce the same as we can, and also compete with our produce in Europe.

794. Do you agree with the evidence given by Mr. Chrystall—that in a short time Australia would be able to supply her own requirements?—That is my opinion, certainly.

795. Then, New Zealand would have to look elsewhere for a market for her exports?—Yes.

796. What is your opinion as to the effect federation would have on the manufacturing interest?—I do not think they could compete against the manufacturing interest of Victoria and New South Wales. The New South Wales people, as far as I can gather, were anxious to federate, because they felt they had cheap coal, cheap freights, and were in a position to become the manufacturers of Australasia. Several large firms, so I gathered on coming that way from the Old Country not long ago, are opening there on the spot, because they feel there are large facilities for manufacturing.

797. Why do you think they would have an advantage over New Zealand manufacturers?—Because they would have a better buying-power, inasmuch as they can buy the raw material in large quantities. They have infinitely cheaper freights, more lines of steamers, and from the largeness of their manufactures they would be able to do the work cheaper.

798. What do you think would be the effect of federation upon the agricultural interests of the colony?—I do not think it will affect them one way or the other. The heavy lands about

Canterbury can grow other things than potatoes, and the settlers can go in for butter and cheese instead of cereals, and they can even grow mutton on Canterbury land to far better advantage than potatoes: it will pay them better.

799. Do you see any advantage to be gained from federation on the political side?—As a native I strongly object to it. I hope we shall maintain our autonomy, and that nothing will induce us to federate.

800. You would not sacrifice our independence?—No.

801. Beyond sacrificing that independence, are there any other disadvantages which occur to you that would follow through New Zealand federating with Australia?—It is almost impossible from the data laid before us to form a correct opinion on the matter.

802. It is tolerably plain that under federation our Customs revenue will be devoted to Federal purposes. We had evidence from a number of witnesses that they considered that would have to be made up by direct taxation: how do you think that would affect us?—It will certainly increase our taxation if we belong to the Federation.

803. Then, your opinion is strongly against federation?—Very strongly.

804. Were there many members of the Chamber of Commerce in favour of federation?—There were several in favour of it, but we had not a very big meeting on that occasion.

805. Probably you would have no objection to supplying us with the names of some of the members who were in favour of it?—Amongst those in favour were Messrs. Booth, Beaven, and, I think, Mr. Kaye.

806. *Hon. Captain Russell.*] Did I understand you to suggest that the federation of Australasia might stand in the way of Imperial federation?—Yes, I think it is against the idea of Imperial federation.

807. In other words, that if there is a protective policy in Australasia against the world, it will tend to a condition of things similar to that existing in America?—That is my idea.

808. *Mr. Roberts.*] Are you very strong on the idea that the manufacturers of this colony cannot compete with the manufacturers in Australia?—I can only give an opinion as one sees it. I cannot give such a good opinion as Mr. Allan, of the Industrial Association, or Mr. McDougall could give, because I am not in their position as regards the business of manufacturing; but it stands to reason that where you have large manufacturing concerns near a port like Sydney or Melbourne the manufacturers there would be able to buy their raw material very cheaply, owing to the bulk they would buy, and to the cheaper freights. They would be in a better position to supply Auckland, Wellington, and Napier from Sydney than the Christchurch people, and the Melbourne people would be able to supply Dunedin and the Bluff, and probably Christchurch, more cheaply than the North Island manufacturers could.

809. That, of course, means that the industries of this country could not stand up against the industries of Australia?—That is so.

810. Do you not think, that the wages and hours of labour being equalised, the manufacturers here could produce equally as well as those in Australia?—I think it is very probable that, if federation came about, some of our manufacturers would leave us, and start manufacturing in Sydney and Melbourne.

811. Do you not think that the woollen industry can survive against the competition of Australia if we are put on all-fours?—I think the woollen-manufacturers on the other side would have a better advantage than they have now. Their freights are better.

812. How much does the mere matter of freight between Australia and New Zealand come to in proportion to the cost of the article?—It is small; but is it not a fact that the woollen-people in Australia have very much longer terms for buying their wool than we have here?

813. If they get longer terms there is no doubt they pay for it; there is no advantage in that respect. If we agree to federate, you do not look forward to the time when we shall become a great manufacturing country?—No. I think we are at the wrong end of the world for a manufacturing country. We must have cheap freights to become that.

814. Do you not think it is a sad sign of want of pluck?—No; our coal is very dear.

815. Do you not think it ought to be the ambition of an enterprising nation to extend its manufactures into all sorts of markets?—I think our country has advanced extremely well under present arrangements; and no amount of change in respect to its management will make us more prosperous. We have absolutely no cause to grumble at the progress of New Zealand or its prosperity, and for that reason I would not change the captain of a ship when everything is going well.

816. You are quite content with what we have got here, and quite content to remain so?—The country has advanced, and will continue to advance.

817. I mean as far as manufactures are concerned?—I think our own local markets will grow.

818. And we shall have enough to supply them?—Quite enough.

818a. *Mr. Beauchamp.*] Have you considered the question of finance at all, bearing in mind that if we federated the Federal Government will take over certain revenues, such as Customs and excise?—I have considered that aspect of the question, but it is almost impossible to gauge anything from the very vague quantities or amounts that come before one. We cannot tell what they will require. They may take all we have got.

819. But in opposing further direct taxation, particularly in respect to land- and income-tax, do you think the farmers would be affected adversely, and such further taxation would be a counterpoise to the benefits they would derive through having free markets in Australia?—I maintain that there will not be any advantage in respect to our trade by having free markets, but, on the other hand, I think we shall lose several markets in one way or another.

820. Is it your opinion that this country is sufficiently able to stand on its legs without allying itself with Australia?—It is not a matter of policy to do so. We require to be friendly

with Great Britain, France, and Germany, and we do not require to give one country an advantage over another.

821. You are of opinion that a policy of exclusiveness would be detrimental to our trading interests with Great Britain and other countries?—Yes.

822. *Mr. Luke.*] Do you not think these Home markets would be more hotly contested for than we have experienced hitherto—that the competition will be an increasing quantity rather than a diminishing one?—No; I think every year shows that our exports have increased.

823. Do you think that in the great race we shall be at a disadvantage?—We have met all the competition that has come against us, and we shall still do so.

824. But the cost of land in these countries is very much higher than in the others I referred to, and will not that be a big factor in the matter of production?—The price of land has advanced, but the value of exports also has advanced.

825. Do you not think the price has reached a point now almost beyond that at which we can profitably cultivate and export as well?—I certainly think not.

826. Do you think there is a possibility of land decreasing in value?—That depends on the value of our produce.

827. But the price of produce is rather diminishing than increasing, is it not?—Certainly not; our meat is half as high again as it was.

828. I mean spreading it over a few years?—Certainly not.

829. Then, wool is very much cheaper than it was?—On a basis of years, I do not think so.

830. With regard to natural manufactures, do you not think we have a lot of profitable raw material for manufacturing?—Yes, we have; but we find it more advantageous to export the raw material to a certain extent than to manufacture it here in many lines. We export the pelt of the sheep in salt or as leather, and it goes right into the United States, is cut into boots, and some of it comes back here.

831. Would it not be better to make these hides up into boots and shoes, and exploit the Australian market?—There is no chance whatever of our doing that.

832. What about the raw material for manufacturing metal goods?—They have in Australia their raw material closer to their coal than we have.

833. But at Parapara we have coal in the immediate vicinity of the natural fluxes: do you not think there is a possibility of an enormous trade springing up within a hundred years with the natural advantages we have there in respect to the raw materials?—It is impossible to look forward with any certainty to what might happen by that time, but if we could build up a trade now we can build up a trade then.

834. But the door is now open to us to enter into the Federation, and we may not always be able to take advantage of the conditions that exist now?—I think we shall arrive at our end in a more businesslike way by keeping clear of federation, and by supplying the customers we have now, than by trying to build up and bolster up a trade.

835. Do you think that distance is any great disadvantage?—I think it is a very great advantage to us. It is an argument in favour of keeping apart.

836. Is not that distance very much reduced by the introduction of faster steamers, and are we not within easier reach of the Federal Parliament than some of the remote portions of the Commonwealth itself?—We should not be in such a good position as they to send our very best men there. The local people always have an advantage in sending their men to Parliament. They could send their very best men, and those men could attend to their own business and parliamentary business at the same time; but our men could not, as they would be entirely cut off from their business in this colony.

837. But many parts of Australia would be as far away from the Federal Parliament as we shall be, and in many cases their men would take longer to reach it than we should?—I think in that case we should be played the "odd man out."

838. You think they would conspire against our interests?—Certainly.

839. But we have the right to expect better things than that?—I do not think so. Our interests would not be looked after to the same advantage as theirs would be.

840. Then, you do not think our country, being a very prolific one, would be anxious to develop our industries here?—Not any more than they could do as a matter of business.

841. *Mr. Leys.*] You spoke of giving preference to English manufacturers: do you not think that federation would facilitate the formation of a commercial zollverein for the Empire?—No, sir. I had the honour to be present at the meeting of the Chambers of Commerce of the Empire last year, and Canada made out probably the strongest case she has ever made out for the establishment of a zollverein, and we all recognised how extremely difficult a thing it is to do it.

842. But Canada still perseveres in the same direction?—She has been doing that for the last eight years. She made a strong effort, and she gives a great preference to British goods now.

843. Is it not likely that the Australian Commonwealth will follow in the wake of Canada, and that their combined influence will make some impression upon the Imperial Government?—Then, if that is so, and New Zealand remains a separate State, and not in the Commonwealth, she will certainly have a bigger say than if she were in it, because we shall be a third party to it instead of a secondary party.

844. You spoke of the probable competition of Australia in the trade with the North Island particularly: do you think the competition in flour in the North Island would seriously affect the farmers of Canterbury?—I think, very likely it would do so; but I am not as well able to give an opinion on that matter as my brother, who will come before you to-day.

845. I judge from your evidence that you think New Zealand has large resources within itself, and that the work of her colonists for a great many years will be to develop these resources?—Certainly I do, and that we should continue on the lines we have been going on.



846. *Hon. the Chairman.*] You stated, in reply to Mr. Roberts, that you did not think New Zealand, owing to its geographical situation, would be likely to become a rich manufacturing country: what do you think will become the largest interest in New Zealand?—The agricultural and pastoral. The manufacturing interest will grow as the population grows, and we shall provide for our own people more than we have done.

847. Is there anything you wish to add to your evidence?—It is, I consider, a very important matter that, as we have to look to Great Britain to protect our commerce, we cannot build up a protective tariff against her manufacturers. The idea is absolutely against all reason.

848. Have you given any consideration to the question of defence?—Only sufficient to come to this conclusion: that we are quite able to defend ourselves, and that in the event of any scheme being formed by the Commonwealth we should probably have to pay the cost of our defence ourselves, and therefore we might just as well arrange our defence in our own way as leave it to people on the other side to attempt to defend us.

849. Recognising, probably, that our most important line of defence is from the fleet?—That it is in ourselves on shore, and for our commerce from the British fleet.

HENRY WOOD examined. (No. 62.)

850. *Hon. the Chairman.*] What are you?—A flour-miller in Christchurch.

851. How long have you resided in New Zealand?—Forty years. I was born here.

852. Have you visited Australia at all?—I have on several occasions.

853. Recently?—Not within the last five years.

854. Are your operations in the flour-milling business large?—Yes; I think as large as any in New Zealand.

855. What effect do you think New Zealand federating with the Commonwealth of Australia would have on flour-milling in New Zealand?—I think it will have a prejudicial effect, for this reason: it will certainly affect the trade so far as the South Island is concerned. The North Island freights, I suppose, from Australia will be quite as low if not lower than those from the South to the North Island.

856. Am I to understand that at present the South Island does a considerable trade with the North Island?—A considerable trade is done by the South Island throughout the whole of the North Island.

857. You think that will be interfered with by competition from Australia?—Yes; the milling trade is in a particularly bad state at the present time, and to have any other competition coming in would be decidedly a bad thing for the trade.

858. Would the oatmeal industry be affected?—I should not think so, not adversely. I am not in the oatmeal trade myself.

859. Have you formed any opinion as to how much the manufacturing industries in New Zealand will be affected in the event of federation?—No, I cannot judge very well myself. I can only speak as far as our own trade or industry is concerned. I am not conversant with other businesses.

860. Do any other disadvantages occur to you as likely to arise from federating?—I am only speaking from a trade point of view.

861. Have you not considered the political side of the situation?—No.

862. You confine your evidence, then, completely to the trade, and your own in particular?—Yes.

863. *Mr. Leys.*] Is there any chance of New Zealand wheat or flour going into Australia?—Not much at present, only in seasons of drought in Australia; that is about the only time we can get any export of New Zealand wheat or New Zealand flour to Australia.

864. But do you think that under intercolonial free-trade exports would increase to Australia? No, it would be rather the other way. Exports of wheat and flour would come in from Australia to New Zealand, and not from New Zealand to Australia, except in years of drought.

865. Do you think the effect of that would be injurious to the agricultural interest?—Oh, yes, naturally. It would, of course, prevent the consumption of a certain amount of flour manufactured from wheat grown in the colony.

866. Do you think the local market is of great advantage to the farmer?—Certainly it is. Of course, the wheat-market is practically ruled by the English market; but, of course, generally speaking, millers give rather a little over than below the prices to be obtained by export.

867. Do you think the effect would be so serious as to affect the amount of wheat in cultivation in Canterbury?—It might not decrease to any great extent the amount of wheat that is grown in New Zealand, for wheat will always find its value in the London market; but it will certainly affect the milling trade, and so affect the number of hands employed. Of course, if the mills could not work properly they would have to shut down, and the hands be thrown out of work.

868. Do I understand that the quality of Australian wheat is better for market than New Zealand wheat, being drier?—Yes.

869. And that the flour also will produce a greater amount of bread, weight for weight?—Yes; it will absorb more moisture.

870. That gives the Australian market an advantage?—Yes. Of course, you have to take into consideration the local price they would get for bran and pollard in Australia, which would be considerably higher than we can get in New Zealand. There is so much more natural feed in New Zealand than in Australia that there is a much bigger demand for bran and pollard over there than here. We have to export much of our stuff at present out of the country to New South Wales.

871. You think, then, that the Australian wheat-growers and merchants would be inclined to send to the North Island market a lot of the wheat they now export to England?—I do not think

they would send any wheat, except, perhaps, when we have a wet season, but it would come in principally in the shape of flour.

872. Are the Australian flour-mills well developed?—It is a very large industry, and at present I suppose it is in much about the same state as it is here. There is great competition in the trade over there.

873. You have no advantage in the freights in supplying the North Island over your competitors in Sydney?—At the present time there is scarcely anything comes over from Sydney, but no doubt the steamship companies would be very glad to get return freights from Australia.

874. The time is not materially different between Lyttelton and Auckland and Sydney and Auckland?—No.

875. The freight would not be any higher, then?—No, not higher.

876. In Auckland, would the flour-milling industry suffer, and the farmers also suffer, through the local market being decreased?—Yes.

877. *Mr. Beauchamp.*] Are you of opinion that the present duty on flour shuts out the importation from Australia?—Yes, I should say so, decidedly.

878. And that without duty considerable quantities of flour would be imported into New Zealand?—Yes.

879. What is the present rate of freight from Lyttelton to Auckland and Wellington respectively?—I think, 7s. or 8s. to Wellington, and about 9s. to Auckland.

880. Do you think that equal rates would be quoted from Sydney?—Yes.

881. In that case, with an abolition of duty, the Australian millers would be in as good a position to compete for the North Island trade as the New Zealand merchants?—Yes.

882. Is it a fact that flour in Australia generally is cheaper than in New Zealand?—Well, I think it is cheaper in proportion.

883. Taking the extra quantity of loaves you could produce from a ton of flour?—Yes, and taking into consideration the prices they get for their bran and pollard.

884. We have heard a statement about the quantity of loaves made from a ton of flour: can you give us an approximation of what the difference is?—I cannot say very well. A certain amount of Manitoba flour comes over to Australia: it was introduced during a very dry season that they had a few years back. It took on so that the bakers there very much desired this flour, and now cannot very well do without it. The present price of Manitoba flour is £11 a ton, whereas the local article is somewhere about £6 a ton. I only mention that to show you how much flour would vary in price. You might from New Zealand wheat have one brand of flour which would give you a very good return.

885. Manitoba flour is better than Australian flour, then?—Yes.

886. Do I understand you to say that the milling industry is not in a very flourishing condition here?—Yes; there are more mills in the colony than are required.

887. So that, if subjected to competition from Australia, your opinion is that these mills will suffer?—Yes.

888. Can you give us any idea of the quantity of New Zealand wheat manufactured into flour by the mills in New Zealand?—About 5,000,000 bushels.

889. *Mr. Roberts.*] What is the present price of wheat in Sydney?—2s. 7d. to 2s. 8d., I think.

890. What is the present price in New Zealand, delivered at the mills?—The present price is 2s. 4½d.

891. Are you quite sure of the quotations of Sydney wheat?—It is only from memory—from what I have seen in the papers.

892. Have you any idea of the total number of employés in the flour-mills in the colony?—No.

893. I can tell you—889. That is only a comparatively small amount of labour?—That may be, but there is a large amount of capital in the mills.

894. *Hon. Mr. Bowen.*] I understand that it is the importation of flour, and not of wheat, that you are afraid of?—Yes.

895. *Hon. the Chairman.*] In 1899, I notice the total exports for the colony were £10,299: is the export trade increasing or decreasing?—There is not much export trade from New Zealand. Australia will take a certain amount of flour from us when they actually require it. When we can manufacture it as cheap as they can it will perhaps increase, but we cannot do so at the present time.

896. In the event of New Zealand not federating with Australia, would that market be lost to New Zealand—our exports to New South Wales?—If it was only that amount of export that was to be considered it would not matter very much whether it was lost or not. Of course, if they put on a preferential duty on flour into New South Wales I suppose that would be lost, but it would not be a matter of great importance.

897. Victoria exports largely?—Yes, to South Africa.

898. Do you think the milling industry in New Zealand will be an increasing one?—No. I do not see how it could be an increasing one in New Zealand if we federated with Australia. I consider it would be the reverse.

899. But could you not find other markets?—If we could find other markets, the question of federation would not come in at all. We are doing our best now to find outside markets, and we have exported a small amount of flour to South Africa ourselves, and are endeavouring to further develop that market.

900. Do you think there would be an export trade from New Zealand of flour, whether we federated or not?—Yes. The question of federation with Australia will not affect any other market outside of Australia.

901. Do you think that if the Australian market is closed to you you would be able to find other markets?—There are very few markets open to New Zealand flour at all. It takes a great

time to introduce a new article into the market. The article is unknown, and there is a great prejudice against unknown brands or articles, and you have to incur a certain amount of loss before you get yourself established in any other market.

902. Do you think the geographical position of New Zealand has any prejudicial effect on this export trade?—Yes; it is too far away from all the markets.

HENRY FRANCIS WIGRAM examined. (No. 63.)

903. *Hon. the Chairman.*] What are you?—A maltster.

904. How long have you resided in New Zealand?—Sixteen years.

905. Are your operations in malting extensive?—The largest in the colony.

906. Do you do any export trade?—To Australia.

907. If New Zealand federated with Australia, would that trade be interfered with?—It would be beneficially interfered with if we federated.

908. And if New Zealand does not federate?—It will be considerably damaged. It might be stopped altogether.

909. Do you fear the protective duty against you?—I presume there would be some sort of duty.

910. What part of Australia do you export to?—Principally New South Wales.

911. Any to Queensland?—I have exported there, but only in small quantities.

912. Are they not malting in Queensland now?—There are some malting-works, but the great bulk of the malt comes from England.

913. Are you not aware that New Zealand maltsters have proceeded to Queensland, and have established malting-works there?—Yes, one did, I read—Mr. Redwood.

914. Has not Mr. Lintott gone there, too?—He has gone to New South Wales, and is managing a company there.

915. Are you aware whether these two are prospering?—I do not know anything about Mr. Redwood, but I have seen the balance-sheet of Mr. Lintott's company, and there was no profit on the first year.

916. Have you considered what the effect of federation would be upon the other industries of the colony?—I am only speaking of my own business.

917. Have you considered the matter?—It is too broad a question, and I do not wish to express an opinion.

918. Have you given the question some consideration?—Certainly I have; but it is a very broad question, and there is a great deal to be said on both sides.

919. Do I take it that you are serious in saying that you have not considered this question so far as it will affect other industries?—I have considered it, but I do not think I am qualified to form an opinion.

920. Have you considered the political aspect of the question, so far as it affects this country financially?—I have, but I do not feel qualified to express an opinion.

921. Assuming, as you do, that federation with Australia would be beneficial to the particular industry in which you are engaged, do you think that would be sufficient justification for New Zealand parting with her independence as a colony?—Not by itself, certainly; but a number of sticks gathered together make a large bundle, and I take it you are gathering sticks now.

922. Can you give me any other sticks?—I am only concerned with my own stick.

923. Can you state to me any other advantages which would be gained by New Zealand federating with Australia beyond what you have mentioned?—I think there are a great many advantages; but at the same time I do not feel competent to argue them, and I think it is better to let them come from those who understand the subject better than I do.

924. *Mr. Roberts.*] The value of the exports in the malting trade in 1899 was £41,000?—I should say about that.

925. Have they increased materially during the past year?—No; they are steadily increasing, allowing for the fact that we have different seasons, and would be increasing if we had free-trade in the various colonies. At present a duty of 4s. 6d. per bushel is against us in Victoria—that is, 100 per cent. on the value of malt. It is the same in Queensland and in South Australia, and 3s. per bushel in Western Australia, and, I think, 1s. in Tasmania; so that practically we are shut out of the Australian market, except New South Wales.

926. If federation is not gone into, would you think it necessary, in the interests of your business, to shift your business to Australia?—I should be unable to malt here properly, but I do not know that I would shift to Australia.

927. Can you give any idea of what proportion of the £41,000 represents labour expended in this colony?—About one-fourth would be labour.

928. *Mr. Millar.*] I take it you look at this from a purely personal point of view, as it affects your own industry?—Yes, I am giving evidence from that point of view.

929. What is the total value of the Australian market to New Zealand for all products?—I cannot say.

930. You are aware that the Western Australian market remains as at present for four years?—I understand that is so.

931. How long do you expect a market to be found in Australia for malt?—I think, for all time we would have an increasing market there. It is not a place for the manufacture of it.

932. Mr. Lintott's firm imported all their barley from New Zealand last year?—Yes, I think so.

933. How many hands are employed in the colony at malting?—That I have not looked up. It is not a large number. I employ about forty hands myself in the busy season. Those hands I keep working through the winter, and they are available for harvest in the summer-time.

934. *Mr. Beauchamp.*] Looking at it from a national point of view, you would not favour federation unless the advantages greatly exceeded the disadvantages?—I put the advantages and disadvantages in the balance, and whichever was greater should weigh.

935. How much do you expect the increase in your malt export would be under federation?—I should think, more than double.

936. From a national point of view, you will agree that unless there is going to be a great commercial advantage to the colony we should not federate—you think this should be paramount?—No.

937. Taking the broadest possible view, the balance should be in favour of federation before we decided to federate?—Yes.

938. You have been established for sixteen years in Christchurch as maltster?—For fifteen years.

939. And your business is steadily increasing?—It has been increasing. Some seasons we have done very little, though.

940. What proportion do the exports to Australia bear to the total amount of malt manufactured?—Fully 90 per cent.

941. That is the usual proportion of exports to Australia?—Barring bad seasons, it is.

942. But you are not so much affected by climatic conditions prevailing on the other side?—In good seasons in Victoria we export less.

943. In which State in Australia is barley chiefly grown?—In Victoria.

944. How does that barley compare with ours?—The best New Zealand barley is better.

945. Federation or no federation, we would find a market for barley owing to its superior quality?—It all depends on the duty. People use rubbish if they get it cheap enough.

946. English malt is imported into Australia?—Yes, but it is a lessening quantity.

947. How does your malt compare with the English?—It is not as good.

948. What is the difference in value?—About 6d. per bushel.

949. You view this question of federation simply from a trade standpoint?—I am giving evidence simply from a trade standpoint.

950. *Mr. Luke.*] About what amount of capital is involved in the production of malt in this colony?—I have no idea.

951. The returns show a falling-off of about four thousand pounds' worth of malt exported from Lyttelton?—I think the Customs returns are wrong. I noticed there was a discrepancy.

952. The chief port of exportation of malt is Lyttelton?—Yes.

953. You think it is a matter of some importance to you to have an open door in the Australian Colonies?—Yes.

954. *Mr. Leys.*] I presume there is a large consumption of malt in the colony?—Yes; but most of the brewers make their own malt.

955. Are there a large number of maltsters carrying on an independent trade of that kind?—Very few.

956. Say, half a dozen?—About half a dozen.

957. Do you find there is no local market for your malt?—For only about 10 per cent. of it.

958. I notice there is a considerable export of barley—50,000 bushels—to the protected colonies of Australia, excluding New South Wales, in 1899?—Quite so.

959. That trade is not likely to be interfered with by federation?—I think it will be interfered with. I think that if maltings are established on a large scale on the other side they will grow their own barley; they are doing it now. Only a few years ago malting was established in Queensland, and they now grow a considerable proportion of the barley they require for their maltings.

960. Do you not think that will take place in any case with such large land areas as are to be found on the Australian Continent, and such a dry climate?—I think that New Zealand, with free-trade, can beat them, both in growing barley and in malting. The Queensland climate is not favourable to malting, and they only malt there because they are protected to the extent of 4s. 6d. per bushel.

961. Is it not a fact that in the growth of wheat our yield is as much larger than the Australian average yield as it is in barley, but still they grow wheat and export it?—There is a greater difference in the quality of barley than in wheat, and the quality of our barley is much better than anything they could grow in Queensland.

962. You think, then, that our market for barley would be closed ultimately without federation?—I would not say closed, but we should do a large business if we do federate, and a small one if we do not.

963. Do you assume that the Federal tariff will be as high as the Victorian?—No; but I judge, to a certain extent, from the tariffs as I find them.

964. Do you think it will be a mean between the free-trade of New South Wales and the protective tariff of Victoria?—I should imagine on malt it would not be as high as that.

965. Well, seeing that in 1899 we exported 12,744 bushels of barley to Victoria, notwithstanding this prohibitive tariff, do you not think that under a more moderate tariff we should be able to increase our export of barley to all the colonies?—In 1899 there was a severe drought in Victoria, and that may occur once in ten years. If it is worth while to grow barley for the chance of exporting it once in ten years, then it will be worth while.

966. Do you think our present export of barley to Australia is likely to decrease under a medium tariff?—Yes, I do.

967. *Hon. Major Steward.*] I see by the returns of 1899 that the value of malt exported to New South Wales is £40,486; to Queensland, £208; to Western Australia, £569; Victoria, nil; total, £41,253. Practically, the whole goes to New South Wales: can you tell us why it is that

New South Wales imports our malt at all?—Because the climate is very bad there for malt-making.

968. That is a condition that will always remain, irrespective of any tariff?—Yes.

969. If New South Wales cannot make her own malt?—She can make her malt, but it will not be as good malt as ours. That is by the pneumatic process.

970. The question of climate is not of so large importance as it might be in some other countries?—It is a disadvantage that can be got over under pressure.

971. Would not the climatic influence be felt as largely in Queensland as in New South Wales?—In both places climatic influence can be got over by the pneumatic process.

972. Now, supposing that under federation we split the difference between free-trade and protection, and supposing over the whole of the Commonwealth a tariff equal to about half the tariff that now exists in Queensland and Victoria—seeing that that duty of 2s. a bushel would be a duty to apply not only to New South Wales, but also to Queensland, where it was 4s. 6d., and also to Victoria, where it was 4s. 6d.—would you not, under those circumstances, be able to command a larger custom than you do now?—No; we should be shut out of it altogether.

973. What would be a prohibitive duty?—I think 1s. would make it very hard for us to send anything over.

974. Under the best circumstances, the result will be that the Commonwealth tariff will be higher than that?—One would think so.

975. Therefore the effect of the new Commonwealth tariff will be to destroy your industry, unless we could go in and get free-trade?—Yes.

976. If they have discovered a process in New South Wales to overcome the climatic difficulties in manufacturing malt, have you no reason to suppose that they will be able to manufacture sufficient for their requirements in the future?—I am quite certain they can, as far as actual manufacture is concerned. The new process does not, however, produce malt equal to the old process. I have seen it in America ten years ago. It is not liked at Home, and would not find favour anywhere where the other was obtainable.

977. Do you think they would take New Zealand malt in preference to their malt made locally?—They would not make it locally if they could get ours at the same price. Our trade would increase, and theirs would stand still.

JOSEPH GOULD examined. (No. 64.)

978. *Hon. the Chairman.*] What are you?—A merchant in Christchurch.

979. A general merchant?—My business is more particularly with farmers and squatters.

980. Will you give the Commission the opinion which you have arrived at as to how the agricultural and pastoral interests of this colony would be affected by New Zealand federating with the Commonwealth of Australia?—In my opinion, the farm industry would be greatly benefited. I cannot help recalling some twenty-five years ago, when I was actively engaged in the shipping business in Lyttelton, that every steamer that left for Victoria carried generally hundreds of tons of potatoes, oats, wheat, onions, and general farm produce, and that as soon as the very heavy protective duties were put on in Victoria and South Australia that export practically ceased. I do not mean to say that in certain years the export has not been again resumed, but, as an ordinary matter of business, the export has practically died away since the duty was put on.

981. Do you think that that export ceasing was due to the duty imposed, or to Victoria being able to produce sufficient for her own requirements?—I think it was entirely owing to the imposition of the duty.

982. Have you any other reasons to put forward why the agricultural interests will be prejudicially affected if we do not federate?—I think it applies also to South Australia, with which we would do a large trade. If we had free-trade with those colonies, I think our farmers could always, on account of the more favourable climatic conditions, produce all the principal articles more cheaply than they can produce them in Australia, and that we should get the benefit of those markets.

983. Can you name the articles to which you refer?—Principally oats, barley, and potatoes. There is a large area of land in the immediate neighbourhood of Christchurch which exports a large portion. It depends almost entirely upon what you might term "vegetable-gardening." They grow large quantities of potatoes, onions, carrots, cabbages, and similar things, and even cabbages are sometimes exported from districts around Christchurch to New South Wales in very dry seasons over there. So far as onions and potatoes are concerned, if that market were closed there is no doubt that an enormous number of small settlers around Christchurch would be ruined.

984. If New Zealand federated with Australia, New Zealand would have to make a considerable contribution to the expenses of the Federal Government?—Yes.

985. What would the amount be?—I have not gone closely into the figures.

986. It would be one-fourth of the Customs revenue, at all events?—Yes.

987. How would that loss of the revenue have to be made up? Would it not have to be made up through direct taxation?—Yes, I suppose that would be how it would be got.

988. Which would be the greater disadvantage to the small growers and market-gardeners you have referred to—to be deprived of their market in Australia, or to add the imposition of direct taxation to their other grievances?—So far as these people are concerned, I think the loss of market would be the more serious.

989. Are there any other advantages that you think would accrue to New Zealand through federating with Australia?—I presume that the voice of the Federation in the affairs of the Empire would have far more weight than the voice of a small individual colony that was isolated from its great colonial neighbour.

990. Do you not think the voice of New Zealand now is regarded in the affairs of the Empire?—Only to a very small extent, I should imagine.

991. And do you think the voice of one large political body, such as the Commonwealth of Australia, would be greater than the voice of the Commonwealth and that of New Zealand being pronounced separately?—I do not think that it would be; but I rather meant to infer that if any conflict of interest between New Zealand and the Federation took place the voice of the Federation would entirely outweigh that of New Zealand.

992. Have you considered the question as to how federation would affect the manufacturing interests of New Zealand?—I have not. I have not got sufficient technical knowledge to enable me to express a very confident opinion on the subject, but I see no reason to suppose it would affect our manufacturers adversely.

993. Do you think New Zealand would be as well governed from a centre twelve hundred miles distant as she would be from a local centre, such as Wellington?—I think that probably a Government which was good enough for five millions of Englishmen in Australia would be fairly satisfactory for our small community here.

994. But do you not think we should be prejudiced by the fact of the distance?—I do not see that it naturally follows we should be.

995. Have you ever heard of a community federating with others separated by a distance of twelve hundred miles of water?—I do not think of one at the moment.

996. Are there any disadvantages which occur to you which would arise through New Zealand federating with Australia?—Yes; there are the disadvantages that our legislators would have to travel a very considerable distance, and that anybody who wanted to get at the Government would have to travel further to see them.

997. Do you think there would be any difficulty in New Zealand being adequately and properly represented in the Federal Parliament owing to the distance?—No, I do not see that we should not be as well represented as Adelaide or Western Australia.

998. Have you studied the Commonwealth Bill?—I have not.

999. *Hon. Mr. Bowen.*] I presume, Mr. Gould, that a heavy duty would be put on New Zealand produce if we were not federated?—I assume there would be, probably; but, of course, it is only an assumption—I have no grounds for making such an assertion. I presume it would be very probable that the duties would be slightly lowered in regard to the most heavily protected items, but there certainly would be more or less duty, especially in New South Wales, which is now our best customer.

1000. Have you not considered the question of reciprocity by means of a treaty with the Federation, supposing federation with New Zealand were rejected?—I suppose we should come in under the "favoured-nation clause," which seems to be the generally adopted phrase.

1001. A reciprocity treaty would mean an arrangement which would be satisfactory to both parties: do you think that there would be commerce between the two countries sufficient to make it satisfactory to both parties to come to an arrangement on a certain basis?—I think it is quite likely something of the kind might be arranged, because I know that Australian statesmen are very strong in their desire to obtain something in the nature of reciprocity throughout the British Empire. A reciprocity treaty already exists between Australia and Canada, under which Canadian produce gets in at an exceedingly favourable rate, and in return Canada admits goods from Australia on more favourable terms than she does from New Zealand. In Vancouver, some years ago, I tried to introduce New Zealand frozen meat, and I found we should have to pay 15 per cent. more on frozen meat going into Vancouver than on meat going in from New South Wales under their reciprocity treaty. Therefore, if they are willing to make reciprocity treaties with one colony, I do not see why they should not with another.

1002. Which do you think more preferable—absolute federation and the colonies being amalgamated, or a reciprocity treaty if we possibly could manage it?—I think that probably the reciprocity treaty would not be of any great value, and I think that if we decided to stay outside the Federation the reciprocity treaty would be of such a nature that it would tax our produce pretty freely, and to a large extent destroy our market.

1003. You think there is nothing that they would like to have on their part under this reciprocity treaty—that there is not sufficient give-and-take between the two countries?—Hardly. I think our products are of too similar a character.

1004. *Mr. Roberts.*] I understand that your opinion is that, while you are not prepared to express any opinion as to the effect of federation on our manufactures, you are prepared to say that, so far as our occupiers of the soil are concerned, they have nothing to fear from Australian occupiers?—I certainly think not.

1005. *Mr. Millar.*] I believe you said that federation would be good for the agricultural industries?—Yes.

1006. I see that last year the export of oats amounted to £22,745 from Lyttelton. Can you give us any idea of the value that would be proportionately to the farmer: how much of that would the farmer get for himself?—Do you mean as net profit?

1007. Yes?—I think, roughly speaking, about 25 per cent.

1008. So that the value of these oats to him would be £5,500. Then, I find that from Lyttelton potatoes, which is one of the articles you mentioned just now, were also shipped: was last year a remarkably good year for potatoes here, or was there a shortage in Australia?—No, I think there was not any shortage in Australia, and I do not think it was a very profitable year here. I know, myself, that in the business I happen to be connected with my tenants at Marshlands had very short crops of potatoes last year.

1009. Was 1898 a phenomenally good year for potatoes?—I cannot say. I was in England.

1010. Because I see that for the year 1897 the total value of potatoes exported from Lyttelton was £16,911, while in 1898 it jumped up to £120,647. I presume that that must have meant that there was some abnormal condition prevailing in Australia to cause that phenomenal increase?—You are probably fully aware that the export of all these things to Australia depends upon the

Australian season. If the season is a bad one there and only a moderate one here, prices are very high in Australia; but it escaped my memory for a moment that the very high figures you have given are really the result of potatoes running up to £4 or £5 a ton. Two years ago there was a shortage on the other side, which meant an increase in the bulk of our export; but at the same time the exports that were entered at the Customs were twice as much as they had been hitherto.

1011. As a matter of fact, I suppose we shall be largely dependent on the seasons on the other side as to the value of the market we shall find there under free-trade: a drought would mean a good season for us, whereas a good season on the other side would probably lead to a low price and decrease of demand?—That would take place under any condition.

1012. Have you any idea what the cost to this colony is going to be by our having to give one-fourth of our revenue to the Federal Parliament?—Something over a million a year.

1013. Do I understand you believe that federation would be of great importance to the agricultural interest?—Yes, I do.

1014. Do you think, likewise, that federation would be an advantage to the manufacturing industries of this colony?—I am not sufficiently acquainted with the different manufactures to be able to say whether the profit that is entailed would admit of the export of goods or not.

1015. As a matter of fact, you are aware that none of our manufactured articles go to London, excepting frozen meat?—I look upon that as an agricultural product.

1016. That is a manufactured article?—I do not look upon it as a manufactured article. I was considering boots, shoes, farm implements, &c.

1017. So far as our manufactures are concerned, we export little or nothing: is that not so? What I wish to point out is that, seeing that the only benefit, or probable benefit, under federation was going to accrue to the agricultural interest, the loss of taxation which would come about by the sacrifice of the Customs revenue would have to be met in the form of a land-tax?—Yes.

1018. Are you aware of the total amount of land-tax received last year in the colony?—No.

1019. It was £293,627; and to produce another £527,000, where the tax is 1d., you will have to make it 3d. to make up the deficiency: do you think the profit on the export of one million to the Australian Colonies is going to compensate the landholder for the increase in the land-tax—double that which he pays at the present time?—Probably not; but I do not see any reason to limit our exports to Australia to a million.

1020. Presuming you limit it to three millions, do you think the profit on three millions of exports would be worth to farmers an increase in the land-tax of treble the present amount?—Yes; although I do not consider it would be necessary to do so.

1021. What are oats selling at now?—They are only quoted now at about 1s. 6d. to 1s. 7d., and I personally sold oats on behalf of a farmer yesterday at 1s. 5½d.

1022. But there is railage and everything else to come out of that?—It depends, of course; it is purely a matter of bargain.

1023. Can you give us a general idea of what the farmer would get for oats at his own siding?—That, of course, would depend absolutely on how far his siding is from the port. The particular oats I was speaking of were sold, delivered in Christchurch, and were close to; but, of course, if a man had to send them by rail fifty or sixty miles it would put 1½d. a bushel on to them.

1024. Are oats a profitable crop to grow?—Yes, practically they cost nothing.

1025. Despite that fact, you think, if the Australian market were open to you, that the profit which would result in the agricultural interest would more than compensate for their having to pay £527,000 in indirect taxation on account of the increased land-tax?—I think that ultimately it probably would.

1026. *Mr. Beauchamp.*] Is the falling-off in our exports of produce in Victoria due, in your opinion, entirely to the imposition of duty, or to greater production in Victoria?—I think it is mainly due to the imposition of duty having raised the price of the articles in the Australian market to such an extent as to induce people to grow them more freely. I think they grow them under less advantageous circumstances than our farmers grow them.

1027. But is it not a fact that to-day the price of oats in Victoria is lower than the price ruling in New Zealand?—I think not. I think the price of ordinary white oats to-day in Victoria is 1s. 11d. to 2s. per bushel, whereas in Christchurch it is 1s. 5d. to 1s. 6d.

1028. But how do our oats compare with the Victorian-grown oats?—As a rule, the average quality, I understand, is higher than the Victorian.

1029. Is this oat, onion, and potato industry of great importance to the District of Canterbury?—We grow a large quantity. I fancy the estimated yield this year is something like 6,000,000 bushels; and, while the potato and onion industry is not a very extensive one, it is one which a very large number of people are engaged in, especially in the immediate neighbourhood of Christchurch. If you go north from Christchurch for six or seven miles you will find that some of the lands are broken up into 10-, 15-, and 20-acre blocks, and are each supporting a family.

1030. Have you any idea of the extent of the export of onions from Lyttelton to Australia?—It is a very varying export. Onions vary in price from a minimum of £1 10s. a ton, which is the lowest they can possibly be produced at here, to as high as £16 or £17 a ton in New South Wales. That is the price which has been obtained during a drought in New South Wales.

1031. It is an article in which the price fluctuates very considerably?—Enormously.

1032. As a business-man, have you given any serious consideration to the possible effect upon the finances of this colony by our surrendering at least 25 per cent. of our Customs and excise for ten years, and being compelled to contribute to such great works as the great trans-continental railway?—I take it that the contribution to the construction of such a railway would not be charged upon the revenues, but probably provided for out of loan-money.

1033. *Mr. Barton*, as I believe, said that we would receive benefit from a defence point of view by the construction of that railway, and that that would be one reason why New Zealand should



be called upon to contribute her quota of the cost: can you see how we would obtain any advantage from it?—I do not think we would receive any benefit.

1034. Have you read the Commonwealth Bill very closely?—No.

1035. I want to know if, under present conditions, you think we would be justified in federating with Australia?—My opinion, on general grounds, is that it would be an advantage to the colony.

1036. *Mr. Luke.*] You would consider Australia a growing market for our produce?—Yes, largely so.

1037. How do you account for the big falling-off in the last two or three years?—The export would always be an exceedingly varying one as regards money-value.

1038. You do not think it is due to the growing producing-power—that is to say, a larger area put under cultivation in Australia, and their being better able to meet their own requirements?—No doubt they could when they have a favourable season.

1039. But I mean apart from that—a normal state of things?—No; I fancy that, so long as normal seasons prevail, we should have a growing market for our produce there.

1040. You said just now that our products are similar to the products of Australia: is that not rather a disadvantage in the case of federation, because we would be competing with the same goods in the same market?—Not altogether, because I fancy the articles they can produce we, as a general rule, produce more cheaply than they can.

1041. How do you account for this particular district of Canterbury, which is renowned for the production of agricultural implements, which are looked upon as the very best implements made, importing into this colony implements to the value of £1,500, whereas you have not exported an implement the last year or two—at least, there are no returns to show it?—We might very likely have exported none, but the main implements imported here are specialties.

1042. You do not produce specialties that you could export to Australia?—I have heard from time to time of implements going over to Australia. I think *Mr. Booth* told me once he sent a very considerable number of windmills over.

1043. But one would have thought, with a free port like Sydney, if there were any advantages under federation, that already we could see to what extent these advantages are likely to grow, and that is one item, I think, concerning the products of the soil that would be materially affected?—I gather that our implements are made probably to suit one class of agriculture, and might not be so suitable for the soil and conditions over there.

1044. Apart from agriculture and the expenditure of public money by the Federal Parliament, do you think we would suffer any disadvantage by reason of the distance we are from the seat of government in bringing our influence to bear for a fair and equal distribution of the expenditure on public works?—I presume that our representatives in the Federal Parliament would see that we got our fair proportion of what was going.

1045. We would have fifteen members in the House out of ninety members: what prospect would there be of our getting a fair and equitable share of the expenditure of public money?—I think there would be just the same chance as there is now for any one province in New Zealand.

1046. Do you think there would be any difficulty in sending what might be termed our best public men to attend the Federal Parliament?—I do not think it would make much difference whether they went over there for three or four months in the year, or went to Wellington for three or four months.

1047. *Mr. Leys.*] I notice you laid great stress on the small industries, such as vegetables and onion-growing: would you be surprised to learn that the total amount of vegetables in 1899 was only £104 exported from all New Zealand?—I only mentioned incidentally that in times of extreme drought cabbages have been exported, but I did not lay any stress on that fact.

1048. With regard to onions, are you aware the total export of the colony in onions in 1899 was only £8,089, and that in the same year we imported onions to the amount of £2,698?—I was not aware of that fact.

1049. Are you aware that we imported 2,000 cwt. of onions from Victoria in 1899, and that we do import onions from Australia?—I think, from time to time, to a small extent.

1050. Are you aware that we imported 3,940 cwt. of onions from the United States?—I was not.

1051. Looking at these figures, do you not think this onion trade is really an exchange trade—they are perishable goods, and we send them onions, and they send us onions?—Yes; I think the onions which we imported from the United States went to Auckland.

1052. Now, seeing that we imported onions to the value of £2,698, and paid £1 a ton duty on them, do you not think, if that duty were abolished, we should have a good many more onions coming into the place?—I do not. I think we ought to hold our own easily against Australia in the matter of onions.

1053. Looking at the figures of the amount imported—£8,000—do you think it is going to be a very serious item in this great question we are considering?—No.

1054. With regard to the other exports, do you anticipate we could export wheat to Australia?—That, again, entirely depends upon the season. Australia made the price of wheat in New Zealand for about three consecutive years, but the last two years they have had fine crops in Australia, and we have had to fall back on the old resource—the London market.

1055. But, taking year in and year out, is there not always a large surplus for export from Australia?—Certainly not.

1056. It is only exceptional?—Very frequently it is; but I think in 1895, 1896, and 1897 there was no exporting surplus, and New South Wales gave us as much for our wheat in Sydney as it was worth in London.

1057. Not the figures for 1897; and the total export of wheat from Lyttelton to Australia is given at £11,000. In 1898 it was only £83 in value; and in 1899 we exported nine thousand pounds' worth from Lyttelton, which is really a grain-exporting place: have you noticed these figures?—But those were two years when they had good seasons in Australia; 1895, 1896, and 1897 were the seasons I referred to.

1058. Do you think, in view of the fact that Australia has got so much advantage in respect to the development of its wheat-fields, that we could really hope for any settled market for wheat, whether we federated or not?—I do not.

1059. Then, with regard to butter, I suppose you are aware that New South Wales now is a large exporter of butter?—Certainly.

1060. Do you think that we can rely upon a permanent market for butter in Australia?—Not a permanent market.

1061. We have got rid of butter, wheat, and similar products?—You ask for a permanent market. I think we can export only from time to time, and get hold of a very good market in Australia in years of drought for large quantities. For instance, a few years ago large quantities of butter were exported from New Plymouth to Australia, and butter was brought back, I think, from England that had been shipped from Australia to England.

1062. So will they not be obliged to take our products, federation or no federation, in years of drought: could they go anywhere else?—There is no doubt that by making a strong Federal tariff they would raise the price, and so stimulate the production over there, in the same way as they have done in respect of oats. They have in that way a special advantage.

1063. Even in years of drought?—To a much smaller extent.

1064. Seeing that Australia now sends to New Zealand a larger amount of goods in value than we send to Australia, is it at all likely that they will wish to boycott New Zealand trade, or will they wish to develop it in a fair way, as countries usually do?—I think they will go in for developing it in a fair way; but at the same time I presume they will put on a revenue tariff, and that we should have to face that tariff, which to that extent would act detrimentally on our exports.

1065. Do you think a fair revenue tariff would exclude us from the Australian markets?—I think, under some conditions, it would make a great deal of difference.

1066. Do you not think that under a fair revenue tariff we would send more into Australian markets than we do now?—That is a very difficult question, and one which, to a certain extent, is a question of degree. For instance, in the case of oats a very small protective tariff would undoubtedly keep us out.

1067. We had evidence in Invercargill that they exported oats to Victoria under a tariff of 9d. per bushel, and it was only when the tariff was raised to 1s. 3d. per bushel that the export ceased?—Yes.

1068. Do you think it is at all likely that the rest of Australia will accept such a prohibitive tariff as 1s. 3d.?—I do not.

1069. But under a moderate tariff do you think we could still do a fair business with Australia?—We might do some. The difference in the price of oats now between the two places is something under 6d. per bushel.

1070. It is a fact, is it not, that Australia is exporting oats to other countries?—I believe they have exported some this year to South Africa.

1071. Does not that imply that they are making oats pay, as well as supplying themselves?—It implies that they have got more than they require.

1072. And they find it profitable to cultivate at that rate?—I think there is no doubt that with oats at 2s. per bushel they pay very well indeed.

1073. That being so, they go on cultivating oats?—If the tariff were lowered—I think the statistics show we are expecting 15,000,000 or 16,000,000 bushels this year—we would very soon reduce the value in Victoria below 2s., and it would pay New Zealand to grow oats, but would not pay Australia.

1074. Do you think we could not find a more profitable market, say, in South Australia, or elsewhere?—I do not think so.

1075. You think it would pay us better to come down to the Victorian price rather than to find other markets?—I do, or else go into some other line.

1076. Do you not think there is an identity of interest in Australia between the various States of Australia that does not exist in New Zealand, and that we should be largely outside the Federation when great questions are being considered?—I do not see any reason to suppose that we should be boycotted, as you have used the word, if we are in the Federation, any more than we should be if we were out of it. I do not assume that we should be boycotted on this particular question.

1077. But do you think that Australia would be deterred from going into such Federal works as the trans-continental railway, irrigation wells, and the development of the tropical territories, because New Zealand could not benefit by them?—No, I do not suppose, if any great national work came up which was considered by the Federation to be necessary, that we could stop them doing it.

1078. Is it not natural that they would do these works if they considered they were for the benefit of Australia, notwithstanding that New Zealand would receive no benefit from them?—I think so.

1079. Could they construct these works excepting with money borrowed upon the security of all the federated colonies?—I do not suppose they could.

1080. If the Federation goes in for large borrowing schemes for these works, do not you think that that would affect our power to borrow separately as a State for such requirements as we might have?—No, I do not think it would materially affect us. I think the credit of the Commonwealth will always be fully equal to their borrowing requirements.

1081. I suppose you know that this provision for the return of three-fourths of the Customs revenue to the States is limited to ten years?—Yes.

1082. Would not these large borrowing schemes involve the necessity for more revenue for Federal purposes?—I suppose if the money were spent on unproductive works it would; but is

there to be no scheme under which the revenue from the works created by the borrowing could be devoted to providing the interest on the loans?

1083. Is it not extremely probable that such schemes as these, and large defence schemes, will absorb the whole of the Customs revenue at no distant date?—I should hardly think so.

1084. Suppose it does not absorb the whole of the revenue, do you think it would absorb so much of the Customs revenue as to diminish our security seriously for State loans?—No, I should hardly think so. I should imagine that with the expenditure of large sums on great public works, and so on, the Customs revenue would prove elastic, and would increase, and therefore the proportion that would be available for the Federal service would meet its requirements.

1085. You mean if they should still continue to hand back the three-fourths?—Yes.

1086. You do not think that the fact of our having no control over the Customs revenue would be regarded as a serious drawback by the financiers in England?—I do not think so. I do not think, as a rule, people at Home go very closely into these details. I think that the fact of our being in the Commonwealth would rather tend to increase our credit than to decrease it for State purposes.

1087. *Hon. Major Steward.*] You look at this matter from a commercial point of view?—Yes.

1088. And prefer to confine yourself to that point. Taking it on that ground, now, is it a good commercial business to give 1s. in return for 11d.?—I would hardly call it profitable.

1089. So far as the agricultural interest is at stake, I think you have mentioned the following items: Oats, barley, potatoes, and onions. The figures for 1899 show the total export was about half a million of money?—Yes.

1090. You are aware that the Customs revenue for this colony is now two millions, and that if we go into the Commonwealth one-fourth of this is impounded practically for Commonwealth purposes. Supposing we lose the Australian markets, the items I have mentioned, which come to less than half a million of money, could they be sold in some other market, such as England?—Some of them could, undoubtedly.

1091. And is it conceivable that you would not get half the amount in London that you would get in Victoria and New South Wales for them?—For a good many of them they would get enormously less, very likely not more than half.

1092. Even supposing you get half, you would absolutely lose nothing—even supposing you lost the whole market in the Federation with the items I have named, and you had to send them to another market and sell them for what they would fetch, then you would not lose more than you would have to contribute in the first instance towards the Commonwealth Government. If that is so, is that not giving 1s. for 11d.?—I hardly fancy you are putting the matter quite fairly, because you are putting what our export to Australia is under adverse circumstances as regards several of the colonies, all but one having a prohibitive duty against us; but if we were to federate those duties would be relieved, and we should increase our exports to Australia enormously.

1093. Is it not a fact that Victoria, instead of being an importer of oats, is becoming an exporter?—It is just now.

1094. Is there not reason to suppose, therefore, that under any circumstances whatever we could command a market there for that item of produce?—Yes, I think we could, because our yield is greater than theirs.

1095. But if it should be found on striking the balance that the amount we have to contribute absolutely to the Constitution of the Federal Government is larger than the amount we should lose by having to change our market for certain items, under those circumstances would it be a good commercial bargain to federate?—Of course, I have no doubt we should show a bad balance if we take out all the exports as they exist at the present time; but, in my opinion, these exports would largely increase, and the future exports would show a credit balance.

1096. But even if that is within the range of probability, even allowing for a doubling of the exports to Australia, if it then be found that you have lost money, would you think it a wise thing to run the risk of going into a transaction which you cannot get out of for all time?—No, perhaps it does not look very enticing.

1097. As a commercial man, would you go into an undertaking that would bind you to a partnership for all time, which could not be got out of excepting by force of arms, unless you saw there was a distinct and clear commercial advantage?—No, I should not.

1098. You said that the united voice of the Federation would have far greater power in bringing matters before the Home Government than the voice of New Zealand singly would have if she stayed outside the Federation?—Yes.

1099. Undoubtedly that is the case; but I want to put another position to you. It is this: Do you think that the voice of New Zealand as one entity, and taking the voice of the Commonwealth as another, would be less than the voice of the Commonwealth itself, supposing it embraced New Zealand?—Yes, I certainly think it would.

1100. *Hon. the Chairman.*] Do you think the advantages of the agricultural interest by federating, to which you have referred, are sufficient to justify this colony joining the Federation and forfeiting its independence?—Yes, I do. I think the general advantages we should gain are sufficient to justify that.

GEORGE HUMPHREYS examined. (No. 65.)

1101. *Hon. the Chairman.*] You are a merchant residing in Christchurch?—Yes.

1102. How long have you lived in New Zealand?—Thirty-one years.

1103. Have you considered the question of New Zealand federating with the Commonwealth of Australia?—I have.

1104. Will you kindly state the conclusion you have arrived at?—I am decidedly opposed to federation.

1105. Upon what grounds?—A variety of grounds. First of all, from the commercial aspect, the most important point that strikes me is this: that our productions and exports are much the same as they are in Australia; and I feel that the big markets of the world—in London probably—

will rule prices. As an instance, I might mention some years ago there was a scarcity of wheat in Australia, and the New Zealand shippers were shipping wheat over there at higher prices, and making a capital thing out of it; but it was only for a short time, because, to their great surprise, California suddenly rushed in shipments of wheat from San Francisco, and brought down the price in London. Another point I might mention is that the produce Australia chiefly takes from us is of a perishable nature. I refer to the produce apart from oats. She takes oats simply in seasons of scarcity, which probably happens once in three or four years. At such times it has been my impression that the existing duties form no barrier to their taking our products.

1106. You heard the evidence of Mr. Booth, the last witness?—Yes.

1107. You heard him state that he thought federation would be an advantage to New Zealand as providing a market for agricultural products?—Yes.

1108. You do not agree with that?—I do not—not any permanent or growing market. On the commercial side, I may say that I am certainly convinced that two such large cities as Sydney and Melbourne, with the capital they have, would have a continuous advantage over New Zealand in the matter of manufactures as compared with the small centres of activity here. I think the two countries, differing as they do physically and climatically, would after a time produce races with distinct characteristics, having different aspirations, sentiments, and material requirements. Australia being a continent, her great requirements will be extensive railway communication in every direction, and she will get all she wants, in defiance of the isolated small voice of New Zealand in objection to expenditure in which she has no share. On the other hand, the distinctly maritime character of New Zealand will cause her special wants to be in the direction of harbour facilities and steam-service. I say, will she be likely to obtain these special wants against the common voice of the continent? I think it is very doubtful. I think the great ocean distance between the two countries must eternally be a great barrier, and inimical to the two peoples becoming one. In support of this view, I would mention an idea that struck me. The Irish Channel separates by sixty miles Ireland from England, and it has been sufficient for centuries to keep alive the distinct feelings of the two countries. How can we, then, expect New Zealand and Australia to work together with twelve hundred miles of ocean rolling between them? Under federation politics in New Zealand would become mainly, if not entirely, local, and our national aspirations would be crushed.

1109. *Mr. Beauchamp.*] With regard to trade, do you think that with intercolonial free-trade our merchants would suffer by the greater competition arising from the Australian houses?—I think so, decidedly.

1110. How would the industries of this colony be affected?—I think I have already stated that, on broad principles, industries do not start in small centres, but in large centres. Melbourne and Sydney are ten times bigger than the largest city in New Zealand, and accordingly they must have the advantage.

1111. In addition to being a general merchant, Mr. Humphreys, you manufacture cider?—Yes.

1112. Have you any market for that in Australia, so far?—Yes, I have sent it over to Australia, but there is very little trade in consequence of the duties.

1113. With a free market you would have a better opening?—Yes.

1114. So, speaking from a selfish point of view, you would favour federation?—Yes.

1115. But on patriotic grounds you oppose it?—Yes.

1116. *Mr. Roberts.*] You mentioned that the freight facilities in Australia enabled manufacturers to get raw materials cheaper than here: to what do you refer?—Take the shipping of pig-iron. It is their raw material. I know that frequently pig-iron used to be put on board ships at Home almost for nothing, as ballast, and carried for almost no freight at all.

1117. We have it in evidence elsewhere that pig-iron, to a large extent, costs about the same in this colony as Victoria, taking one freight with another: are we misinformed?—Big Australian ports have so much more shipping that they very often fill up.

1118. I suppose the same thing happens with steamers coming out here: there are larger exports than imports, so that we have the same opportunities of getting cheap freights as Australia?—Our exports consist of meat principally, for which special space is made.

1119. That space has to be filled up coming out?—There are some services already established, such as the French and German line to Melbourne and Sydney, and probably that will go on increasing, for the reason that they have only one large port in each province.

1120. I suppose you know that frequently steamers lie up in London two or three months, waiting for the season?—Yes; there is two or three times the regular steam-service to Australian ports that there is to New Zealand.

1121. Are there any facilities offered to the Australians that we have not got here?—I should say eastern produce.

1122. In what article?—Well, I do not know that I could mention what article.

1123. You said that the industries were fostered by the shipping: you have mentioned pig-iron?—Suppose we are using eastern raw material, it can only come down here by transshipment from Australia.

1124. We get all our grain-sacks straight out?—They come only two or three times a year.

1125. In reference to the manufactures, you say that the larger centres of capital on the other side would seriously handicap the manufacturing industries of this colony?—Yes.

1126. Have you any idea of the number of workers in the different colonies?—No.

1127. I will give you them: In New South Wales in 1898 there were 31,617; in Victoria, 45,844; in New Zealand, 39,672; so that New Zealand, taken as per population, has a larger percentage of workers than any other colony?—Yes.

1128. Do you think we will be wiped out?—No.

1129. You said we would be handicapped?—Yes.

1130. Here we have 8,000 more workers than New South Wales?—What character of workers are they?

1131. Industrial pursuits?—Surely a great many in these industrial pursuits are people with probably only a year's training.

1132. We know from the returns that these figures are correct. [There are 8,000 more workers in manufactories here than in New South Wales?—New Zealand is distributed over four or five centres, whereas those in New South Wales are concentrated in Sydney.

1133. During the last four years New South Wales has only increased its workers by 4,500; between 1895 and 1900 New Zealand workers increased by 13,000: do you mean to say that, in face of that, we are likely to be wiped out by federation?—Yes. When things were depressed you would find the opposite state of things.

1134. I think it is accounted for by the greater prosperity of this colony. It has not passed through the crisis that Australia did seven or eight years ago. You think that, if the hours of labour were equal, the New Zealand factories could not continue to compete against Australia?—Not in view of the fact that the larger States have greater power of manufacturing.

1135. Why should we not have larger industries here?—I think the cities are too small. They are too divided up.

1136. You do require a large centre of population to have a large factory?—It very much favours it.

1137. *Mr. Beauchamp.*] In regard to that great increase in the number of employes in the New Zealand factories, it has been suggested to me that it might be in consequence of the alteration of the system of the Government in collecting the information as regards the employes in these various factories?—It is quite possible there may be a looseness in the gathering of statistics. The population of the various colonies does not differ very greatly; it only amounts to 800,000 against 1,100,000.

GEORGE SERGEANT JAKINS examined. (No. 66.)

1138. *Hon. the Chairman.*] What are you?—A produce exporter in Christchurch.

1139. How long have you resided in New Zealand?—Since 1859. I have been for forty years engaged in commerce, exporting and importing all the main articles of commerce.

1140. Have you resided in Australia at all?—I have.

1141. For how long?—In 1899 I was in Australia, and I know Australia as well as I know Christchurch. I put in four or five months every year in Australia.

1142. Have you given attention to the federation question?—Yes.

1143. And as to New Zealand standing out of that federation?—I have.

1144. What conclusion have you arrived at?—That it will be ruination if New Zealand stands out, as far as the agricultural interests are concerned.

1145. Then, you are in favour of New Zealand federating?—Certainly.

1146. So far as the agricultural industries are concerned?—Yes.

1147. Will you state to the Commission your reasons for that conclusion?—I find that in 1899 we exported to Australia goods to the value of £1,708,000, of which New South Wales took considerably over one million pounds' worth—that is, inclusive of specie. New South Wales is our only free port. Although Victoria is put down at £412,000, the bulk of that export is practically transhipment. None of our oats, our oatmeal, or manufactured articles, or any products in the way of agricultural produce, go into Victoria or South Australia. Both these colonies were large customers of ours up to the sixties or seventies, but with the protective tariff of Victoria and South Australia we were practically shut out of the market in those places. I have prepared here a list, taken from the blue-book, which I think might be of advantage to go through. I have only taken the principal items. We export about fifty-three items to Australia, but I have taken a number of the main ones, as follows:—

SOME OF THE EXPORTS TO AUSTRALIA, 1899.

|                         | New South Wales. | Victorian Duties.  | Victoria. | South Australia. | Western Australia. | Queensland. | Tasmania. | Total.  |
|-------------------------|------------------|--------------------|-----------|------------------|--------------------|-------------|-----------|---------|
|                         | £                |                    | £         | £                | £                  | £           | £         | £       |
| Agricultural implements | 751              | 20 per cent.       | 71        | ..               | ..                 | 300         | 45        | 1,176   |
| Bacon and hams          | 9,434            | 2d. per lb.        | 76        | 99               | 1,329              | ..          | 149       | 11,087  |
| Bran                    | 11,428           | £5 per ton         | 258       | ..               | 1,874              | 57          | ..        | 13,617  |
| Butter                  | 29,651           | 2d. per lb.        | 11,907    | 503              | 5,162              | ..          | 10,285    | 57,508  |
| Cheese                  | 43,825           | 2d. per lb.        | 3,984     | 544              | 7,516              | 816         | 1,300     | 57,985  |
| Frozen fish             | 4,357            | ..                 | 8,572     | ..               | ..                 | ..          | ..        | 12,929  |
| Flour                   | 8,160            | £5 per ton         | 108       | ..               | ..                 | ..          | ..        | 8,268   |
| Fungus                  | 3,663            | ..                 | ..        | ..               | ..                 | ..          | ..        | 3,663   |
| Barley                  | 10,079           | 1s. 6d. per bushel | 1,782     | ..               | 129                | 4,709       | 218       | 16,919  |
| Beans and peas          | 3,764            | 1s. 6d. per bushel | 294       | 598              | 69                 | 211         | 39        | 4,975   |
| Maize                   | 19,512           | 1s. 6d. per bushel | ..        | ..               | ..                 | 5,405       | ..        | 24,917  |
| Oats                    | 96,774           | 1s. 2d. per bushel | 42,712    | 850              | 28,359             | 12,037      | ..        | 180,732 |
| Wheat                   | 27,584           | 2s. 11d. per cent. | ..        | ..               | 1,501              | 7,961       | ..        | 37,046  |
| Hides                   | 14,518           | ..                 | 7,680     | 1,652            | ..                 | 134         | 2,778     | 26,762  |
| Hops                    | 12,676           | 8d. per lb.        | 6,698     | 2,240            | ..                 | 3,760       | ..        | 25,374  |
| Leather                 | 6,751            | ..                 | 4,484     | 1,313            | ..                 | 2,099       | ..        | 14,647  |
| Machinery               | 7,740            | ..                 | 165       | ..               | 56                 | 527         | 677       | 9,165   |
| Malt                    | 40,486           | ..                 | ..        | ..               | 559                | 208         | ..        | 41,253  |
| Oatmeal                 | 7,188            | 9s. per owt.       | 333       | 5,966            | 2,783              | 652         | ..        | 76,922  |
| Potted meats            | 2,986            | ..                 | 10,373    | 2,036            | 6,811              | 96          | 1,818     | 24,120  |
| Milk (preserved)        | 2,030            | 2s. per lb.        | 97        | 153              | 4,525              | 194         | 2,337     | 9,336   |
| Onions                  | 6,389            | £1 per ton         | 64        | ..               | 161                | 260         | ..        | 6,874   |
| Flax                    | 14,065           | ..                 | 11,458    | 2,422            | ..                 | 304         | 275       | 28,524  |
| Tow                     | 188              | ..                 | 689       | ..               | ..                 | ..          | 25        | 902     |
| Pollard                 | 4,164            | £5 per ton         | ..        | ..               | 215                | 14          | ..        | 4,393   |
| Potatoes                | 32,572           | £1 per ton         | 323       | 217              | 1,655              | 2,120       | ..        | 36,887  |
| Rugs                    | 1,460            | ..                 | 393       | 144              | 114                | 273         | ..        | 2,384   |
| Seeds                   | 6,262            | ..                 | 8,215     | 142              | 126                | 75          | 814       | 15,634  |
| Tallow                  | 24,182           | ..                 | 1,807     | ..               | ..                 | ..          | ..        | 25,989  |
| Timber                  | 78,928           | ..                 | 87,106    | 4,103            | 1,395              | 6,059       | 708       | 178,299 |
| Twine                   | 1,329            | ..                 | ..        | ..               | ..                 | ..          | 2,195     | 3,524   |
| Woollens                | 4,524            | ..                 | 1,265     | 191              | 24                 | 921         | 56        | 6,981   |

| Total exports—           | £          |
|--------------------------|------------|
| New South Wales ... ..   | 1,118,699  |
| Victoria ... ..          | 412,822    |
| Queensland ... ..        | 52,644     |
| South Australia ... ..   | 25,751     |
| Western Australia ... .. | 66,321     |
| Tasmania ... ..          | 31,799     |
|                          | £1,708,036 |

1148. That is speaking on the commercial side, and you think we ought to federate?—Yes.

1149. How about the manufacturing industries—how would they be affected?—I think, if the time ever comes for New Zealand to approach Australia, that we should be able to get for New Zealand the same treatment as Western Australia has got—that we keep our duties on for five years, less one-fifth every year. I think if we get the same clause for New Zealand none of our boot-factories need fear one jot.

1150. Would they not be interfered with from Australia?—I do not think so.

1151. If the protective duty on boots was allowed to remain for five years, do you think that at the end of that time we would be able to compete with America?—American boots would not come in free. There is no doubt that the Commonwealth will keep out American goods.

1152. Do you imagine that the Federal tariff will be as highly protective as the present New Zealand tariff?—I think the duty on boots and shoes and woollens in Victoria is more highly protective than ours. I think it is nearly 33 per cent., if I remember aright.

1153. Are there other advantages you think would arise from federation?—Commercially, I do not think so.

1154. Are there any disadvantages that occur to you?—I do not know of any. I think it better to be one of a large nation, and I am quite satisfied that we can hold our own against Australia.

1155. *Mr. Millar.*] What articles did you say will be particularly affected if we do not join the Federation? Timber will not be affected one way or the other?—It will be affected.

1156. In what way?—By duty.

1157. Why do they take it now?—Because of its superior quality. But we shall have to come into open competition with Baltic timber.

1158. Is the reason that white-pine goes in free not that it is the best-known timber for butter-boxes?—Yes.

1159. For that reason, will it not go in free?—Yes, for butter-boxes.

1160. That is the chief purpose that it is used for?—No; it is more used for making packing-boxes.

1161. You said that the only time that butter goes into Australia is during their winter?—Practically that is so.

1162. That is while they cannot produce it themselves?—No; it is a question of price. Last year I think it was about 10d. we got.

1163. Was not Victoria entering the New South Wales market at that time?—They were competing in a small way, but they do not put in much, because, as a rule, they can only supply themselves.

1164. If Victoria only produces for itself now, and cannot find a market in New South Wales, then you can, simply because no one else can supply her?—The duty will be put on against us.

1165. As a matter of fact, you are dependent on the seasons as to the value of the market?—No; I have been in the Sydney trade for a very long time, and I have always been able to send something in in pretty large figures.

1166. Take Lyttelton, for instance: In 1897 the shipments of potatoes were £16,911; in 1898 they were £120,000?—That is easily accounted for. We got as high as £7 a ton.

1167. It was entirely owing to the failure of the crops on the other side that that occurred?—Yes.

1168. Will you not always be ruled in the same way?—No; we send 20,000 tons, in round numbers.

1169. Where would Australians get potatoes from, supposing we were out of the Federation, and they had to get them?—It would be an inducement to the Victorian farmers to increase their area of potatoes.

1170. Have they not had an area all the time?—No; they are increasing their area all the time in Tasmania.

1171. How many potatoes can Tasmania grow altogether? Sufficient for the Australian wants?—For the whole of the continent easily.

1172. How is it that under federation you believe this trade would double?—We would be able to put in oats, barley, malt, and all those things, to Victoria and South Australia.

1173. What share of that would come to the farmer? What would be the profit to the farmer on a trade of two millions?—I think, if you take off 5 or 10 per cent. for the merchants' profits, the farmer has the rest, except the cost of freight and handling.

1174. We had it given to us that 25 per cent. was the cost to the farmer?—It is pure guess-work.

1175. I want to get at how it will benefit the farmer?—If shut out of the Australian market, the small farmer would have to close up.

1176. Does not the small farmer do all-round work?—No, only cropping.

1177. Does he not run sheep?—You cannot run sheep on 30 acres.

1178. How can he crop?—Many of them do. They grow potatoes and onions.

1179. I want to take the farmer all round, small and large combined?—General cropping farmers will feel a great loss in losing the Australian market.

1180. Can you tell me from what source it is proposed to get the revenue which will be drawn from New Zealand for the Federal Government expenses?—I think, unless for emergencies, such as war, the expenses would be very light.

1181. You are aware that at the end of ten years the Federal Government have the power to take away all the Customs revenue?—I suppose they will give us a *quid pro quo*.

1182. What *quid pro quo* would you expect?—I imagine, in the case of war, there might be a heavy drain on the Customs, perhaps—perhaps to one-fourth—but, as I read the Act, one-fourth is given as the maximum. The actual cost of the Federal Government is very light.

1183. What about the Parliament?—I suppose, if we sent our members we would expect to pay for them indirectly.

1184. Have you formed any idea as to what the maximum expenses of the Federal Parliament will be?—No; I do not think any one can yet.

1185. Do you expect it will be a steadily increasing amount?—Of course, if they had their full portfolios, it would be £3,600 a year more than it was for January.

1186. Yes; but I suppose you know that the Federal capital is to be established yet, and all the buildings necessary to it?—Yes; and the expense will be borne by the entire Commonwealth.

1187. Will there be any new departments created?—I doubt it.

1188. You are aware that the Federal Parliament could take over the whole of the Customs from end to end?—They do, I suppose, nominally take them over.

1189. Absolutely take them over?—I suppose they do. They would be under the control of the Federal Parliament.

1190. Do not you think a new department will be created at the Federal centre?—I do not think so. There may be a department for land.

1191. That would cost a certain amount, would it not?—Yes; the figures I put down do not represent the actual amount. Before very long we should not require an Imperial Lieutenant-Governor. I hope to see the Lieutenant-Governor elected from our own people, at a salary of £2,000 a year.

1192. Whatever portion is required to be drawn from New Zealand for the purposes of the Federal Government: how do you propose to make up that amount to New Zealand?—I think it might be taken out of the general revenue without being felt.

1193. I think that you assume that a State Parliament will be reduced in size as in power?—Yes, I think you will find that in the States over in Australia.

1194. I suppose you know they can take over the posts and telegraphs any time?—Yes; the whole of the money collected in each State is to be returned to the State, less the expenses of the Federal Government.

1195. That only applies to the Customs and excise?—It also says the entire revenue. I do not think there is need for alarm or fear that we are not dealing with honest men. We have a voice equal to Tasmania and South Australia combined.

1196. That is only the Customs you refer to, but it does not refer to the postal revenue, which becomes absolutely the property of the Federal Government when they proclaim it?—It does not even specify the land-tax, which is more than the other. I do not know how postal is going to be fixed, but still they are not likely to rob us of revenue without giving us a *quid pro quo*. Tasmania will be as anxious to protect her revenue as New Zealand.

1197. Despite the fact that under the Act the Federal Parliament have power to take £527,000, plus the whole of the postal revenue, you maintain that what they take can be paid out of the ordinary revenue without extra taxation?—Up to 25 per cent.

1198. The Bill gives them power to do certain things. If they like to exercise that power they can take Customs revenue to the amount of £527,000, plus the postal and telegraphic revenue?—They have power, and to give us a *quid pro quo* they must not exceed that. I do not assume they will get within one-fourth of it.

1199. You will admit that there is a contingent liability of our forfeiting £527,000, plus the postal and telegraph revenue?—Yes.

1200. What provision do you make for that?—The first provision I should make would be that before giving that money there should be a *quid pro quo*.

1201. Would you expect fifteen men to override seventy-five?—I do not think it will require any overriding. Tasmania, South Australia, and Queensland are just as likely to side with New Zealand as New South Wales.

1202. Do not you know that combined New South Wales and Victoria are greater than all the other States, including New Zealand?—Yes; but in the Senate they only have twelve against thirty-six from the other States.

1203. Then, what takes place in the case of a deadlock?—I do not think there would be a deadlock if the Senate has that majority.

1204. You know, perhaps, the mode under the Bill *re* a deadlock between the two Houses?—I see it is mentioned.

1205. You will see by that that the medium of protection which exists in the Senate does not exist in reality at all?—I do not see why you should think that New South Wales and Victoria would work together. Up to now they have been rather antagonistic.

1206. Do you think that that money could be got from any source except by an increase of the land-tax, or a reduction in the exemptions?—I think the money could be easily got in the case of an emergency, and I consider that no extra taxation will require to be made.

1207. You would sacrifice that amount of revenue?—Not sacrifice. They have not taken it, and it does not say they will take it; but it is laid down as a maximum, so that we can know what can be taken. They must return three-fourths of the revenue.



1208. Even if it was decided to take that, you still maintain that the ordinary revenue of the country would supply all our wants without increase of taxation?—If they had to take all that amount, I think we would have to increase some taxation, or put on some other tax. But it would only be in the case of an emergency.

1209. Why should the income-tax be increased, when you say it affects only the small farmers?—I say it affects all agricultural produce; all sorts of farmers, and people who deal with farmers.

1210. You would not admit that it applied to general farmers?—I say it does not apply to sheep-farmers, but all who have areas too small for sheep-farming. 20,000 tons of potatoes means £5,000 for digging, £5,000 for the railways, and 9d. a ton to lumpers to put them on the steamers.

1211. Do you say the lumpers get 9d. a ton?—The Union Company reckon that it costs them that for stowing a vessel and lumping. 1s. 3d. a ton would be quite what it would cost to ship and discharge.

1212. How long is it since New South Wales took off these duties?—I cannot remember that.

1213. How long is it since the increased duties were put on in Victoria?—A long way back. In 1893 some of the Australian duties were doubled.

1214. If you look at the figures from that date, Mr. Jakins, you will find, I think, that the trade of New Zealand has gradually been increasing, with the exception of one year?—You have got to consider the foreign trade, and also consider transhipment.

1215. Do you think this colony is likely to be so well developed under federation as under State Government?—I think it is likely to be better developed. We are likely to get English manufactures started in New Zealand, the same as in New South Wales. I believe one English soap company is spending £30,000 in New South Wales. I think you will find lots of factories in England will open up in a colony which has cheap coal and cheap labour like New South Wales, and the same may apply in several instances to manufactures for this country. I do not see why we should not supply cheap woollen goods for the Australian people. The general complaint is that our woollen goods are too good.

1216. The evidence we have from the woollen-manufacturers is pretty well opposed to what you say, and I suppose they watch their market as you watch yours?—I have done business in woollens, and watch that trade pretty closely.

1217. Do you approve of federating with the Commonwealth independent of what we may sacrifice, and what it may cost us?—Yes.

1218. *Mr. Beauchamp.*] I have taken about eighteen lines of exports from New Zealand to Victoria in 1899, and up to £184,225 sterling. In addition, we exported specie to the value of £179,660, or a total of £363,885. There are other small lines not included, but amongst these lines I find we exported butter to Victoria to the value of £11,907. That represents about 25 per cent. of the total quantity of butter in that year: are you of opinion that that butter was for transhipment?—Every bit of it.

1219. The same remark would apply to oats?—Entirely.

1220. Hides?—Hides go into Melbourne free; very likely that might be used there.

1221. Hops, 6,698?—Part of that will be for shipment, part would go in for consumption.

1222. As regards timber, is there any advantage in having all Puget Sound, or is ours required for special purposes?—I think, for general building Baltic and Puget Sound timber is used for the flooring. I do not think much tongued-and-grooved kauri goes into Australia; it is manufactured there.

1223. We would still find a market in Australia for our timber?—Yes, I think so. How far the duty on rough timber would affect the timber industry I do not know. I think it would be a good thing if we could not send quite so much timber away.

1224. I say that the balance of trade is distinctly in favour of New Zealand; at the present it is about £300,000: in the face of that, do you think they will set up a wall against us?—Yes; these figures are very erroneous. If you take the imports of natural products of Australia to New Zealand, they will go down by more than half. The other part is made up of transhipments.

1225. Without federation, you think we would be compelled to import New South Wales goods, whilst they would exclude ours?—Yes; we put a duty upon everything but bonedust and coal. I think they would argue that we could not tax them more than now, and that we must have certain articles which they have for export, and it would not make any difference. We could not do without their hardwood for piles. If we put 5s. on coal we must pay it.

1226. The same remark applies to all produce that the Australians have to import from New Zealand—that is, the consumer pays the duty?—No, it is not quite the same, for if the duties they put on are anything like those now obtaining in Victoria they would enable the farmer there to grow oats.

1227. I understood you to say yesterday that in the event of our not federating with Australia there will be large areas of Victoria and New South Wales brought into cultivation, which will enable them to supply all the other States?—Yes.

1228. Well, do you not think that, federation or no federation, this land will be brought into cultivation?—No. It will be brought into cultivation, but not for cropping.

1229. You personally think that we have no chance of a reciprocal treaty?—Not the remotest. If you can get a reciprocal treaty, get it by all means. I would vote for it as against federation.

1230. Seeing that England would still be our largest customer, should we set up a wall against her by federating with Australia?—I do not think there is any question about setting up a wall against her. The United Kingdom wants all the meat we can send her, and that is our chief export.

1231. Cannot trade be cultivated better on a reciprocal basis?—I hope in time that we shall have Imperial federation, and I think that will be brought about very speedily.

1232. You think that an Imperial zollverein will be hastened by our federating with Australia?—Yes.

1233. Mr. Barton has indicated that the Commonwealth as a whole will contribute towards the construction of the trans-continent railway, the opening of northern Australia for settlement, and the prosecuting of artesian wells?—If Australia considers that a railway of that description is necessary for the benefit of the States in Australia, no doubt this construction would be made out of the moneys collected by those States—the States that get the benefit of the railway would be the States that had to contribute towards this cost.

1234. Mr. Barton says that in the matter of defence New Zealand would benefit by the construction of that railway?—If it is a matter of war, circumstances might alter cases; but I do not think for the mere fact that they want a railway to Perth that any outside funds, especially funds from New Zealand, would be taken.

1235. Supposing I am right in stating that they have power to make New Zealand contribute towards the cost of such works, would you be inclined to accept the Bill on those conditions?—Yes; I think in twenty-five years New Zealand would be better for federating with the Commonwealth than as an isolated colony.

1236. You have viewed this subject from all sides?—Yes.

1237. You do not place any importance on the suggestion that we would surrender our independence by federating with Australia?—No; I think it is better to be part of a big nation than a small place.

1238. *Mr. Luke.*] You think the proceeds of the posts and telegraphs should be spent for the benefit of the whole community in the Commonwealth—that the development of these public services, cost, interest, upkeep, &c., should cost the people a minimum, and not go to provide a surplus, and, if a surplus is provided, that it should go towards a sinking fund for the purpose of wiping out the capital account?—Yes, I think so.

1239. I think you will agree that under the Commonwealth New Zealand will have equal and fair treatment with the other States?—That is laid down.

1240. You believe that in the distribution of public money for the enlarging of this public service we should get a fair and equitable expenditure as compared with the other States?—Yes, certainly.

1241. Do you think our natural manufactures, such as woollens, will develop under the Commonwealth, and open up a profitable market in the Commonwealth?—I think so.

1242. I understand you to say that we have all the natural elements here for manufacturing—coal and other things: is it not possible under the Commonwealth to develop these resources?—I think there will be industries started here within the next ten years in which we shall find Australia a good customer. Take, for instance, the twine trade: If we had the whole of Australia open to us, we could, instead of sending in the flax, send in the twine.

1243. Do you think the workmen in New Zealand turn out more work in a day than the workmen in Australia?—No, I do not think so.

1244. You think the climatic influence is not very great?—They get acclimatised.

1245. You do not fear there will be any dislocation in our manufacturing industries under the Commonwealth? We have now involved some seven millions of money in manufacture pure and simple, and the volume of trade is thirteen millions a year. The amount of trade we do in Australia is small compared with those interests, but you do not think we jeopardize the interests of those manufacturers by federating?—No, not at all. No woollen-mills over there will be able to hold a candle to ours.

1246. You do not think we should suffer materially because of the distance we are from the Federal Government?—I am quite sure of that.

1247. You do not think that New Zealand will suffer because of the influence that will be brought to bear upon the Federal Government by the democracies and the various States in Australia with a view of having moneys expended on particular works?—I do not think we should. It has got to be borne in mind that there are six States in the Commonwealth, and it is hardly likely these six States will combine against New Zealand to do anything unfair.

1248. Do you think that in the general distribution of goods we may suffer for the great area of the continent?—I do not think we shall suffer. Freights are enormously high because there is no opposition. We pay more on freights going to Auckland than we do from here to Sydney *via* Auckland, but with intercolonial rates the freights would drop 25 per cent.

1249. *Mr. Leys.*] You seem very confident that the Federal Government will not take more than a portion of the Customs: how do you account for Mr. Barton saying that from eight to eight and a half millions would be required for the expenditure of the Federal Government, whilst the import and excise duties for 1899–1900 in all the States of the Commonwealth was only £7,629,027?—That does not take in the two millions of land revenue of New South Wales.

1250. That is the State revenue: I meant the Federal revenue?—Taking that amount at £8,000,000, £400,000 more will be required.

1251. Does not that imply that there will be a larger expenditure under the Commonwealth?—Of course, there will be from what existed last year. It was an electioneering speech, and they are not very reliable. He may find that he will only require seven millions and a half. It is only a statement thrown out.

1252. It implies that we must have more revenue?—Yes.

1253. Does not that assume that he will take the full revenue, and will require more?—No; I think it points the other way. It looks to me as if he expects £400,000 will be the Commonwealth expenses. If he asks for £8,000,000, and now gets £7,600,000, it means that he wants £400,000 in excess of that already levied. The Federal expenses for January, as contributed by the six States, amounted to £1,337.

WEDNESDAY, 20TH FEBRUARY, 1901.

GEORGE SERGEANT JAKINS, examination continued.

1254. *Mr. Leys.*] Are you aware that New Zealand has leaned more upon the Customs than any other State?—She has not a land revenue.

1255. Seeing that our Customs revenue is £2·18s. per head, as against only £1 5s. 7d. in New South Wales, do you not see that it will put the State in great financial difficulty to lose control over its own Customs?—I do not think so.

1256. Supposing you take the Customs tariff of the Commonwealth at the average for the whole of the protected and non-protected States, we get £2 3s. 10d. for all Australasia; that means a loss of 17s. per head of our taxation: how are we going to make it up?—I presume, if we federated, that our taxation would be the same as it is over the other side.

1257. Yes; but we have to cover our State liabilities, and how are we to make up this 17s. 1d. a head, assuming the Customs tariff for Australia is the present average, excluding New Zealand, of £2 3s. 10d.?—If we save it in the Customs we can afford to pay a little more on the income-tax and the land-tax.

1258. You admit that we shall want a little more indirect taxation?—Yes, I admit it, because I am a great believer in indirect taxation instead of direct taxation.

1259. *Hon. Major Steward.*] You know that in round figures we export to Australia, under present circumstances, about a million pounds' worth of products: of that million, is it not a fact that something like £600,000 is taken by New South Wales?—Yes; a little over.

1260. That port admits free of duty?—At present.

1261. You fear that if we remain outside the Commonwealth a duty will be imposed by the Commonwealth as against our products, which will apply to New South Wales as to all other States in the Commonwealth: under these circumstances, you think we shall lose our trade?—The whole of it, or very nearly all, within a year or two.

1262. If the value of the goods sent to New South Wales was £600,000, it follows that the amount of £400,000 goes to the other States at present?—Yes.

1263. Now, that amount of £400,000 goes to States which impose a duty upon our products?—Only for transshipment. Victoria does not take anything worth speaking of, except such things as seeds and hides.

1264. Do you contemplate that if a duty be imposed upon these articles which we are now exporting, that that duty would be, taking it all round, higher than the duties which are imposed by the countries which now impose duties on our produce?—I do not think it would be higher than Victoria; I think it would be less than Victoria.

1265. Then, if the duty imposed by the Commonwealth is not higher, shall we, on account of the duties, lose such trade as we now have with the colonies outside New South Wales?—Yes; I should think we shall lose it as far as Victoria is concerned, because if they reduce their duties 25 per cent. we could not put oats into Victoria, because at 1s. 9d. they will pay the Victorian farmer well, and a duty of 11d. per bushel will leave us about 10d., which, with freight-charges, would be "blue" ruin.

1266. When the Commonwealth is imposing its tariff, New South Wales presumably will be in favour of free-trade?—I should think it will.

1267. Then, also, the influence of the Free-traders in Victoria would also be in favour of free-trade?—Yes.

1268. And the influence of those persons who require those products which are admitted on favourable terms will go and maintain the present state of things?—I think Victoria will be returned protected.

1269. Adding these things together, do you think it is probable that duties will be imposed on those articles which now, in the face of a heavy protective tariff in Victoria, are admitted by New South Wales free?—I think you forget that there are five States out of the six which are at present protected, and it is hard to believe that the elections for the first year or two will go otherwise than protected in those States as against the one free-trade State.

1270. Quite admitted; but do you contemplate that it is at all possible in framing the tariff, with all these influences brought to bear, that there will be a more unfavourable tariff as regards these protective colonies than there is now?—I think the tariff will be very much less.

1271. If less, is it going to operate against us more powerfully than it does now?—Yes. Take, for instance, such things as malt. The Victorian duty is 4s. 6d.; if it were one-half, it would close our malt industries up.

1272. Supposing we lose £600,000 out of a million, do you think that would be a fair estimate?—I think we should lose all but the raw materials, which ought to be made up in New Zealand, such as flax.

1273. Supposing we lose £800,000, does it not cost something to produce those articles which represent that amount?—Unquestionably.

1274. Would it be fair to assume that the producers of those articles make much more than 25 per cent. of profit, after making a living?—The small farmer does not make much more than his living.

1275. But it is out of the profit he lives?—He is getting a living, but I do not know that it is necessarily out of the profit.

1276. Would it not be a liberal estimate to say that his profit on these productions is 25 per cent.?—I think it is more than that, if he charges himself a moderate rate of wages; but, if not, and you include his own time—if he throws that in and he gets nothing for it—his profit should be very much higher than 25 per cent. Yes, after his living he gets 25 per cent.

1277. Supposing these articles were not produced or exported at all, the net loss to the colony would be £200,000. In going into the Commonwealth you are aware that this happens:

In the first instance, the Commonwealth Government takes one-fourth their Customs revenue?—No, I do not admit that; they may take it. That is the maximum.

1278. During the first ten years, supposing we assume that they only require to expend one-half of that, and return us the other half?—I do not think they will require one-quarter of it.

1279. Supposing they take £250,000, and we lose this profit on our exports, it would be a losing bargain for us?—Yes.

1280. Supposing they took £200,000, we should be where we are so far as the actual cash is concerned?—Yes.

1281. But supposing we trebled our exports during the next three years?—Exactly.

1282. Supposing we could not sell these articles in Australia at all, could they not be sold at some time in London?—Yes, but at a ruinous price.

1283. Supposing you realised 33 per cent. less in London than in Australia—that is, on produce amounting to £1,000,000—and you had to contribute anything like £300,000 towards the cost of the government of Australia, you would still be on the same footing as regards your balance-sheet at the end of the year, would you not?—But you must remember that if we were shut out of the Australian market, and had to send all our products to England, it would be such a loss to the community that agriculture for export purposes would have to be stopped in New Zealand. If we lose our Australian market we have to take Great Britain, which is the dumping-ground for all nations. We have to take prices which will not pay, as shown by the fact that there are 53,000 acres less in wheat this year than last year. If we lose our agriculture the railway revenue must suffer. The small farmers would have to take up the dairy industry, for which the labour required will be very much less than it is now.

1284. But, on the other hand, does it not follow that if we lose the Australian market for these items we shall not obtain a market elsewhere than in London?—I know of no other market, excepting the one made through the war. Our exports to anywhere else were nil until the war began, but we can hardly count on the war affording a market for us for more than two or three years, and South Africa will not come to New Zealand excepting for the one item of oats. Melbourne and Sydney will do the Cape trade, because they have steamers running once a week.

1285. Supposing it were possible to establish railway communication by means of frequent vessels, do you not think it would be possible for us to compete in that market?—I believe that for three years we might have a Cape trade, provided we had weekly or fortnightly communication calling at the Cape and going on to London; but if we had to fill up tramp steamers to the brim we should glut the markets we are seeking to open. If we had a regular line, such as they have from Victoria, we could, with a vessel of, say, 2,000 tons, give her 500 tons of cargo to Durban, where she could finish her loading for London. Then, I think, for two or three years we might have a market to the Cape, but not after the devastation caused by the war is rectified.

1286. Have you not seen it stated on pretty good authority that the country is so devastated that they will probably be unable for something like ten years to produce as much as will be required for their own consumption?—As far as agriculture is concerned, it will not take more than three years, but as regards their cattle it may take ten to stock the country again.

Sir JOHN HALL, K.C.M.G., examined. (No. 67.)

1287. *Hon. the Chairman.*] How long have you resided in New Zealand, Sir John?—Since 1852.

1288. And you have ever since you commenced your residence in New Zealand been closely associated with the political government of the colony?—Until within the last few years.

1289. You have been Premier of the colony, and a member of each House of Legislature?—Yes. I was for nearly forty years a member of Parliament in one or the other House.

1290. And you have taken an active interest in the local government of the colony?—Yes. I was instrumental in building the hall you are now sitting in—the Provincial Council Chamber.

1291. You were a member of the Federal Convention of 1890?—Yes; with Captain Russell. It was held in Melbourne.

1292. Who were your colleagues from New Zealand on that occasion?—Captain Russell.

1293. Do you remember whether the Constitution then proposed for the Commonwealth was in any way similar to the present Constitution of the Australian Commonwealth?—I do not think that any draft Constitution was then proposed, but merely resolutions affirming the desirability of federating, and recommending steps to be taken to bring that about. The draft Constitution was drawn up chiefly by the present Chief Justice of Queensland, Sir Samuel Griffiths, at a subsequent meeting in Sydney.

1294. You are acquainted with the present Constitution of the Commonwealth of Australia?—I have read it several times.

1295. And at the time of the Convention at which you attended were you in favour of or against New Zealand federating with Australia?—I think both Captain Russell and myself agreed that, however desirable federation would be for Australia, the distance of New Zealand from Australia, and the consequent difficulty of communication, was a considerable obstacle. I think I mentioned that the intervening sea constituted twelve hundred reasons against New Zealand joining.

1296. Have you had any reason to alter that opinion?—Upon the whole, I have not.

1297. Were there any other reasons beyond the mere matter of distance which induced you to come to that conclusion?—The present Constitution was not drawn up, and therefore the reasons arising out of the existing Constitution of the Commonwealth were not before us.

1298. Having studied the Constitution now, what is your opinion on the matter?—Perhaps I might be allowed to quote some of the material points from an interview which was given by me to a local newspaper. First of all, with regard to the effect on agriculture, the great bulk of the

agriculture of New Zealand would not be affected by it at all. I think the produce raised in the suburban districts of Christchurch, and perhaps of other places, such as potatoes, onions, and small crops, which are now sent to New South Wales, would be placed at a very serious disadvantage, but the bulk of the agricultural crops produced in New Zealand would still go where it does now. It does not go to Australia, and therefore would not be affected by a possibly more protective tariff than exists at the present time.

1299. With regard to manufactures, what is your opinion with reference to the effect federation would have on them?—I do not profess to be a competent judge on that subject. I am not an expert, but I find it difficult to understand why, with the superior climate and other natural advantages of this colony, and the superior physical character of our population, we should not be able to compete successfully with any industries in Australia. It is said that the wages are considerably higher in New Zealand than they are in Australia, which I believe is correct. But I cannot help thinking that that difference would only be a temporary one, and that wages in Australia will eventually be levelled up to those prevailing in this colony. However, I am not an expert on that subject, and therefore my opinion is really of little value. It is suggested that the disadvantage I have mentioned might be got over by a reciprocity treaty. When Captain Russell and myself were at the Conference in 1890, and it became evident that New Zealand was not likely to form part of a Federation, we interviewed the Prime Minister of Victoria (Mr. Gillies) and Mr. Deakin, the Colonial Treasurer, in order to ask what possibility they thought there was of a reciprocal treaty being arranged with New Zealand. Although they spoke very pleasantly on the subject, they very decidedly said that, excepting as part of federation, they did not think there was any probability of the Parliament of Victoria agreeing to anything of the kind. I cannot see what there is that New Zealand could give in the way of reciprocity. The agricultural interest of Australia would oppose it, because, owing to the more favoured climate and soil of New Zealand, we can raise agricultural produce at a cheaper rate than the Australian Colonies, and the farmers there naturally object to being exposed to a competition which would bring down the price of their produce, and for which we could only offer them a concession of no importance in return for the free admission of our produce. We admit coal free of duty, because cheap fuel is necessary for our industries and people. The Australians know that we would never dream of imposing a duty on coal. Then, again, the present duty on fruit does not include oranges and tropical fruits, which we cannot grow, and the Australians know that we are not likely to exclude so valuable and favourite a food of our people by an increased duty. Then, the Australians may want wine relieved of the present duty, but this is too small a matter to be a serious makeweight in a reciprocity treaty. The expressions of opinion obtained from Australia show decisively that we are very unlikely to retain the New South Wales market for our small-farm produce through any concessions we could offer by way of a reciprocity treaty. What, however, I venture to suggest is that it is very desirable that some treaty or arrangement should be made about the island trade, because, federation once being accomplished, I think it is very possible that there is a danger to New Zealand of the island trade being absorbed by Australia in spite of anything which our statesmen might do. We should endeavour to make some arrangement with Australia by which the island trade could be open to both without any interference. Upon the question of defence, I do not see that federation would help us much. The principal defence of the colonies must always be the British navy. The idea of an Australian or Australasian navy is, I think, perfectly out of the question. The daily improvements in regard to naval warfare that are being made are so great that an Australian Government could not keep its navy up to the advanced standard of a European nation. It would be very desirable, I think, if some combined arrangement with regard to defence could be made. The Dominion of Canada has a military college at which they train their militia officers, and I think if we could join with the Commonwealth in establishing a military college for the purpose of training our Volunteer and Militia officers without sending them all the way to Europe it would be a great advantage. In that respect I think a treaty would be very advantageous. With regard to our legislative independence, that, of course, would by federation be surrendered on several matters; but, short of this, I think it is very desirable that we should have, if not uniform legislation, at any rate some harmony with Australia in legislation with regard to several of the thirty-nine subjects upon which the Commonwealth will legislate. I refer to the census, currency and coinage, banking, and weights and measures, bills of exchange, naturalisation of aliens, mortgages, and uniform service of processes of State Courts throughout the Commonwealth, and legislation for the prevention of the influx of criminals and some others. It would prove very advantageous if an arrangement could be made throughout the Federation for something like uniformity or, at any rate, harmonious legislation upon these subjects. With regard to the Federal Constitution, one of the chief difficulties and dangers to be apprehended appears to me to be the concurrent jurisdiction of the Commonwealth and the States upon a large number of subjects—thirty-nine—and, still more, the fact that both Governments will be dipping into one purse, for after a time they will practically be doing that. If our own judgment did not lead us to anticipate trouble from this overlapping authority, the history of New Zealand should certainly do so. It was, as we all know, the history of a constant conflict between General and Provincial Governments, until the abolition of the latter; and where you have concurrent jurisdiction upon thirty-nine subjects, with an overriding power to the Commonwealth Parliament, I cannot help thinking that there will be great conflict—a very long conflict, probably—and in the end the Commonwealth will absorb the greater part of authority, as was done in New Zealand. That would tell very heavily upon an outlying portion of the Commonwealth like New Zealand. In the abstract, I might prefer to be a member of a much larger community, because I sympathize with the idea of a federated Australia of which New Zealand would form a part. I would rather be a citizen of a large and powerful State than of a small and

weak one. The larger the State the larger and broader the considerations and ideas by which its policy is likely to be influenced, and the less liable is its legislation and administration to be at the mercy of narrow tyrannical views and mere personal ambitions, or perhaps the power of one remarkably vigorous personality, that often exercises a dominating influence in small communities. That is in the abstract quite true; but in our own case the objections are so serious as greatly to outweigh, to my mind, these considerations. I think it would be a very great mistake for us to join the Commonwealth. If we do not join it now we may do so at a future time; but if we do join it, and we find the proceeding turns out disadvantageously to New Zealand, the mistake would be irreparable. For these reasons I am, although preferring to be a member of a large State, against federation. I have great faith in the future of New Zealand, and I certainly should not wish to see it join the Federation.

1300. You are acquainted with the mode of altering the Constitution?—Yes.

1301. Have you anything to say to us in reference to that, Sir John?—No; I do not know that it would be any good if I had, because that is settled.

1302. Do you think it is desirable that New Zealand should go into such a Constitution—one that is liable to alteration in that manner?—Do you mean whether the case of the small States is sufficiently protected?

1303. Yes?—I believe a combination of Victoria and New South Wales would override the small States, and it would be to their disadvantage including New Zealand.

1304. You are aware, of course, that New Zealand could not now, except as an act of grace, join as an original State?—Quite so. It would have to be, I believe, on terms to be agreed on. Perhaps when the Commission has completed its work we may have some information as to what those terms would be.

1305. The small States are presumed to be protected by reason of having equality of representation in the Senate?—Yes.

1306. But you are aware that under section 7 it is provided that there shall be six Senators for each original State, but that the Parliament can make laws increasing or diminishing the number of Senators in each State?—That might make a small number in proportion to the Senators for the larger States, and that is a source of danger to the small States.

1307. They cannot alter the original States?—No, but they might increase the representation of the large States.

1308. The equal representation of the original States must be maintained in the Senate?—I see that is so.

1309. You see that under section 121 the Commonwealth has the power to admit us to the Commonwealth or to establish new States. That is something similar to the power which existed in New Zealand to establish new provinces?—Yes.

1310. Can you say what the effect of that is likely to be? May there not be in northern Australia, for instance, a number of new States created?—I think it is very likely that the northern portion of Queensland will eventually be made into a new State, although the older portion will fight against it very strongly.

1311. Will that, in your opinion, in any way affect the interests of New Zealand?—It would add to the influence of the smaller States in the Commonwealth Parliament by having the representatives of another small State in the Parliament.

1312. It would increase the influence of Australia as against that of New Zealand?—Yes; but I should imagine that the small States would possibly hang together. No doubt the proportional representation of New Zealand in the Senate would be diminished.

1313. You spoke of the matter of defence: will you kindly look at section 114? Assuming that New Zealand joined the Commonwealth, she could not raise or maintain any naval or military Force without the consent of the Commonwealth Parliament?—No.

1314. Do you think it is a desirable position for New Zealand to be placed in?—I do not think that it would be of much importance, because the military Force raised in New Zealand would be for the defence of New Zealand, and I think it is most unlikely that the Parliament of the Commonwealth would interfere to throw any difficulties in the way of New Zealand forming a Defence Force.

1315. What is your opinion in reference to the constitution of the High Court of Australia?—I am very sorry that the appeal to the Privy Council in England was ever interfered with. It has been interfered with to a small extent. I may add that I think there might advantageously be a provision for appeals from New Zealand, under certain circumstances, being carried to the High Court of Australia for an impartial judgment when required.

1316. Do you think that this is any inducement to New Zealand to join the Federation?—It would be an inducement to endeavour to make some arrangement between the two which would enable appeals from New Zealand to be heard in Australia, and possibly a New Zealand member appointed for the time to the Australian Appeal Court.

1317. You spoke of the legislative independence of New Zealand: you think that the tendency of the Federal Parliament would be to take to itself the power of legislating upon these thirty-nine matters referred to in section 51?—Yes. I think we might almost come to that conclusion from one's knowledge of what took place in New Zealand. Any persons, sir, who have, like yourself and myself, been in the Parliament of New Zealand will know that that has been the result. To use an expressive term used by the late Mr. Sewell, "The General Assembly covered the ground"; and so I believe will the Commonwealth Parliament by degrees cover the ground and squeeze out the State Legislatures. It may take some time, and some States in Australia are so powerful that the struggle will be a very hard one, but I quite believe that in the long-run, in the absence of any clear division of authority as there is in the United States, the Central Parliament will gradually absorb all legislative authority.

1318. What is your opinion as to the probable increase of the cost to the Federal Parliament and Government?—I shall be able to give a better answer to that when this Commission has reported. I remember, however, going into it at the time I had the matter before me. I do not think that the absolutely new expenditure would be anything very serious. It would include the Governor, his staff, the Administration, the Parliament, and the High Court. Of course, the cost of the Post Office and several other departments will be taken over, but then the various States will be relieved of the cost of these departments. The additional expenditure will be the cost of the Central Government itself, and I do not think that will be for so large a territory anything of importance.

1319. What do you think would probably be the contribution from this colony towards the cost of Federal Government?—I have not gone into that matter sufficiently to enable me to give an opinion. Do you mean for what I call the new expenditure?

1320. Yes. What amount would be likely to be deducted from our Customs revenue for new Federal expenditure?—I do not think it would be anything serious. It is not there that our finances will be hit; but when the uniform tariff comes into force it will then be found, in all probability, not to be so high as the New Zealand tariff, and if we are subjected to it it will reduce our revenue very largely. I have seen calculations, which appear to be perfectly trustworthy, showing that it will diminish our revenue by over half a million of money. Our debt is higher, I think, in proportion to our population than any other colony. It requires a very large revenue to pay interest on it, and we have to raise it by means of heavy Customs duties. The revenue would be largely diminished by a reduced tariff. We should have to impose heavier taxation upon the community by other means, which they would consider to be very objectionable.

1321. That, of course, would have to be direct taxation?—Yes, probably.

1322. I suppose the community would have to stand it?—No doubt they would.

1323. As you put it, Sir John, it would be very objectionable?—Yes.

1324. Whatever the result, do I understand that the conclusion you have arrived at is that it is better for New Zealand to maintain its independence?—Yes; we had certainly better wait, and see how the new Commonwealth Constitution works. I am open to conviction, but my present feeling is that it would be a very dangerous proceeding for New Zealand to join. We might illustrate the old proverb of marrying in haste and repenting at leisure.

1325. Of course, it is a matter with which we have nothing to do, but do you think the future path of the States of the Commonwealth will be an easier one under the new Constitution than it was under the late order of things?—I think there is bound to be a great deal of friction, especially with regard to the subject of a common purse.

1326. *Mr. Leys.*] Do you think the control of the Customs revenue will be a lever by which the Federal Parliament could squeeze the States into surrendering the rights they now exercise?—No. I think the concurrent power of legislating on thirty-nine different subjects will be the lever by which the Commonwealth will absorb the larger part of the administrative and legislative power.

1327. You think the Federal Government may not starve the States by absorbing more and more of the Customs revenue until they are compelled to surrender certain rights that they now possess?—I think it is quite possible, but I do not think it would be a case of surrendering all their rights in the thirty-nine subjects, because the Commonwealth could take them. They have concurrent power on thirty-nine different subjects, including most important ones, and when they legislate on an any one of these subjects their authority overrides that of the States.

1328. There is the control of railways, for instance, and the development of lands: do you think that the want of control on the part of the States over the Customs revenue will interfere materially with their development-work, such as the purchase of land for settlement, and the construction of railways?—I think it is very possible, but would not like to go further than that.

1329. Do you think the fact that the Federal Parliament has the first share of the Customs revenue will affect our power to borrow for State purposes?—No; I think London financiers are pretty well satisfied now that we shall always pay interest on our debt, at whatever sacrifice of taxation to us. One inducement which has been held out for the colonies to federate is the argument that we could raise loans upon better terms than the several States individually. I do not think there is much in that argument. If you look at the quotations of the Canadian loans, which are those of a very large Commonwealth, you will find that they are pretty well on a par with the quotations of the securities of the several Australian Colonies. People in London now are pretty well satisfied that their interests are safe, and we can borrow money at  $3\frac{1}{4}$  per cent., when formerly we had to pay 5 and 6 per cent.

1329A. You do not think it probable that the States will be reduced to the same level as boroughs and municipalities in regard to their borrowing operations, seeing that they depend on direct taxation?—Not in my lifetime.

1330. With regard to admissions to the Civil Service, which is a matter you have had great experience on, do you think our young men, who reasonably seek for appointment in the public service, will find greater difficulties in their way when they are controlled from Australia than they would if this service were controlled by ourselves?—To some extent they might, but I do not think it would follow to any great extent. You mean Government sitting in Sydney would favour their own friends.

1331. They would be more amenable to local pressure?—There might be something in that, but I do not think very much.

1332. Generally speaking, you believe that the tendency will be to gradually increase the power of the Central Government, and to decrease the power and importance of the States?—Yes; to decrease and eventually to absorb the larger proportion of the public revenue by the Central Government, and leave less for the States.



1333. Do you believe that that will tend to improve the administration, or the reverse?—That is a very large question. Perhaps in Australia the Central Government might be improved, but I do not think it would improve the administration of New Zealand.

1334. *Mr. Beauchamp.*] Do you think it possible that the Commonwealth will go in for a moderate tariff instead of a highly protective tariff?—I really have no information on that point which would justify me in giving an opinion.

1335. But, in the event of a moderate tariff, what you fear to New Zealand would be the great loss we should derive in respect to the Customs, in addition to the greater competition of oversea manufacturers?—As I said before, so long as wages continue to be much less in Australia, as we are told they are, than they are in New Zealand, our local manufacturers would suffer; but I cannot help thinking that the wages in Australia will eventually be levelled up to the level of the New Zealand wages.

1336. But with a moderate tariff with free-trade our industries would suffer practically a double blow?—No doubt.

1337. Then, as to the terms on which New Zealand would be admitted, do you think we would get better terms by waiting than by entering into negotiations now?—I do not know how that may be, but we should not be taking a step in the dark as we are now if we wait and see how the new system works out in Australia.

1338. We should wait, even if we pay more later on?—Yes. I do not say we would have to pay more.

1339. Did I understand you to say that in the course of time you think it possible that the whole of the State Governments will be wiped away, and that we will have one Central Government?—I do not go so far as that. I think the legislative power would be absorbed to a greater and greater extent by the Central Government; but the State Governments have got so strong a hold in Australia that I think it will be a very long time before they are entirely swept away.

1340. With regard to the clause providing for disagreement between the Houses, do you approve of the methods there set out?—I do not altogether like it, but I do not see what better could be done.

1341. It takes away the safeguards that are supposed to exist in the minds of some regarding our representation in the Senate?—Yes.

1342. And the small States might suffer?—Yes.

1343. *Mr. Millar.*] Have you given any attention to the effect of black labour in tropical Australia?—I do not see how it would affect New Zealand. We would never want it here.

1344. Do you think it possible to draw a hard-and-fast line over which line black labour could not go in Australia?—I do not see why you should not.

1345. Have you ever known it done in any place?—I have not known of its being done.

1346. Are you of opinion that tropical Queensland and the Northern Territory could be worked by white labour?—My opinion is worth very little on the subject. I think it will be impossible to work by white labour from what I have heard.

1347. If not worked by black labour that territory will be waste?—It will be desert.

1348. *Hon. Mr. Bowen.*] Have you considered the subject of the feasibility of tariff treaties that would suit both sides?—I said I do not see what New Zealand has got to offer to Australia. We must take their coal, and our people would never tolerate a duty being placed upon fruit. The only thing we could offer to them would be a low duty on their wines. That is a small matter, and would be no inducement to them to admit our produce free, or at low rates of duty.

ARTHUR WARD BEAVEN examined. (No. 68.)

1349. *Hon. the Chairman.*] What are you?—An agricultural engineer.

1350. How long have you resided in New Zealand?—Twenty-three years.

1351. Are you acquainted with Australia?—Yes; I have had some considerable experience. We have done a large trade with Australia for the last fourteen years, and I have paid a number of visits there, ranging from four to eleven months' stay at a time. I was a delegate of New Zealand at the meeting of the Chambers of Manufacturers in Melbourne, and, owing to that, was through nearly all the manufactories in Melbourne, and a large number of those in Adelaide and Sydney.

1352. In the event of New Zealand federating with Australia, how do you think the industry in which you are concerned would be affected?—We already do a considerable business with Australia, but it is in high-priced machinery, which occupies a considerable amount of bulk, so that the handicap of those would undoubtedly affect us if we do not federate.

1353. Are your machines patent machines?—No, not at the present time in Australia.

1354. Are you in favour of New Zealand federating with Australia?—Yes; I think, on the whole, we would gain more than we would lose.

1355. Will you give us your reasons for that conclusion?—Well, from the industrial point of view, I think New Zealand has many advantages over Australia. Our climate is decidedly better for manufacturing, and I think that, with an equal wage, men would prefer to work in New Zealand rather than in Australia. Whenever I have been in Australia, workmen have expressed the opinion to me that they would sooner work at an equal wage than in Australia. Then, the inhabitants of New Zealand are, as a whole, more active, inventive, and persevering than in Australia. I think the proof of that is that in nearly every place of business you go into in Australia you will find New Zealand born or brought-up men well up in all the offices and manufactories, and even the Civil Service. And, of course, if you federated there would be very much greater opportunities for New-Zealand-born men than there are now.

1356. Do you think, in the event of federation, that the manufacturers here would remove their establishments to Australia?—No, I do not think so. The advantages that I have already

stated would prevent that. I think we can rely on a better lot of men than in Australia. In Melbourne the supply of water is an expensive item. I think New Zealand presents a greater attraction for manufacturers than Australia.

1357. You think that the headquarters of these manufactures will be carried on in New Zealand?—I do.

1358. Without branches in Australia?—Certainly. I think there is as great possibility of manufactories being removed to Australia if we do not get federation as there is if we do get federation.

1359. You have spoken with reference to agricultural implements: how do you think the other branches of manufactures would be affected?—I cannot speak authoritatively on any other branch, but there are some that would be injuriously affected; but I think they are very small and comparatively unimportant. I may say here that it is not the amount of trade which we do immediately with Australia that tends to make the matter of our federating important, but rather the amount of home trade that we would lose if we do not federate.

1360. Are you prepared to express an opinion as to how the agricultural and pastoral interests would be affected?—Oh, yes. We will take the case of Southland, for instance. It seems to me that the whole of the farming interest in Southland would receive a knock that it would be almost impossible to recover from. I know Tasmania well—I have spent several months there. At the present time there is a duty of 10d. a bushel on wheat going in there. The consequence is that the farmers grow considerable quantities of wheat, although Tasmania is not as well adapted for wheat as Victoria and New South Wales. Then, there is a duty of 1s. 4d. a bushel on oats going into Victoria, and consequently very few oats go in there. Under federation, Tasmania would certainly give up growing wheat, and grow oats instead. The consequence is that our Southland farmers will be shut out of Victoria and the rest of Australia for the particular kind of oats which they grow, and which they cannot grow in Australia. And I think the English market cannot absorb the whole quantity of the really superior oats that Southland grows. They would consequently have to put their eggs into other baskets, which will not be so well able to hold them.

1361. Where do Southland oats go to now?—I suppose the proportion is—first, to Sydney; second, to Melbourne; third, to England.

1362. You say they go to Melbourne: is that for transshipment, or not?—A large portion would probably be for transshipment, I suppose; but I cannot express an opinion on it. In Melbourne, I notice that whatever oatmeal is made is made from New Zealand oats; but it may be made in bond, and therefore is to be reckoned as transshipment. I think I may clear up something that occurred yesterday afternoon. Victoria exports oats early in the season, before the New Zealand oats get into the market; but late in the season, when all her own are exported, and she has got the best prices, then she imports feed and milling oats from New Zealand.

1363. Can you speak of any other advantage to New Zealand from federating with Australia?—Yes; it appears to me that if we do not federate we throw up entirely the advantage which we have over the rest of Australia, and practically the rest of the world, in the matter of our climate and our extra yield. At the present time, I think it would be fair to say that we in New Zealand have a yield, at any rate, of 20 per cent. over that of Australia—that is to say, reckoning the extra yield we get in New Zealand, *minus* the extra cost of cultivation and harvesting. At the present time we do a large trade with New South Wales, and if you compare the figures of New South Wales, taking it as a typical free-trade colony, and Victoria as a typical protectionist colony, you will see that we can, under favourable conditions, practically supply the demands of the free-trade colony. Well, with the tariff put up against us under federation, if we are out of it, we shall lose the whole value of the extra yield which our climate gives us. At the present time in certain directions we can supply the Australian trade; but if the handicap is against us we will lose that advantage, and all the advantage of climate, on which our land-values are based, is thrown away.

1364. Have you considered the loss that New Zealand would be subjected to from free-trade with Australia in the matter of our Customs duties?—Yes.

1365. How much do you anticipate that will be?—I make it that our imports from Australia in 1898 amounted to £1,158,000. Of that I assume the goods of Australian origin amounted to £602,000, on which a duty was paid of, roughly, £97,000. The foreign transshipments I estimate at £353,000, on which a duty of £84,000 was paid. That leaves smaller lines of goods, which I am not very well able to assess, to the extent of £203,000, paying a duty of £46,000. If you take the half of that and divide it between the other two lines you will find that the imports from Australia of lines of Australian origin amounted to £703,000, paying a duty of £120,000, so that that will be the total loss of Customs duty to New Zealand.

1366. What do you estimate will be our proportion towards the cost of the Federal Government?—That will be very hard to estimate, but I imagine it will be quite a fraction of our total Customs revenue. Of that £120,000 duty which we pay on Australian stuff, it would be a great concession to many of our manufacturers and to the populace at large if it was remitted, so that what the nation loses individuals would gain.

1367. But, of course, the imports to this colony are not wholly from Australia?—The imports of these special lines are almost wholly from Australia.

1368. But are there not dutiable goods imported from elsewhere that come through Australia, and on which there would be a total loss of Customs revenue to New Zealand, provided a low tariff was put on by the Commonwealth?—It has been my business to get information from Australians as to what the duty on agricultural implements in Australia is likely to be, and those whom I can trust say it is not likely to be less than 12½ or 15 per cent. The tariff for federated Australia, I think, will be a protective one, and I think they are quite as likely to put on protective duties on agricultural products to the same extent as on to manufactured products.

1369. You do not look forward to New Zealand losing Customs revenue much beyond what you have stated?—No; there are many lines on which protection is higher in Australia than in New Zealand.

1370. What is your opinion on New Zealand giving up her independence as a colony?—I have perused these thirty-seven articles, and I think that ninety people out of every hundred would say that it would be advantageous for a great many of these lines to be included in a larger scope. For instance, in the matter of patents, we have to take out eight patents in Australia, whereas, if federated, we would only have to take out one at a cost of, say, £10 as against £150. Criminal and bankruptcy matters would, I think, be better legislated for under one Parliament. Then, with regard to the matter of aliens, I think they are quite as anxious to keep Chinamen out of Australia as we are to keep them out of New Zealand.

1371. My question was relative to the colony losing its independence?—Under the Constitution no colony loses its independence.

1372. *Hon. Captain Russell.*] In what year was the free-trade tariff introduced into New South Wales?—I would like to give you some figures in respect to that. In 1889 our exports to New South Wales under free-trade tariff were £1,069,000; in 1890, £885,000; in 1891, £817,000. On the 2nd December, 1891, the protection tariff came in, and our exports to New South Wales dropped to £700,000; the next year they dropped to £679,000; the next year to £506,000. In 1895 they got up again to £626,000. On the 1st January, 1896, the free-trade tariff again came in, and our exports slightly increased to £641,000; the next year they went up to £736,000; the next year to £810,000; and last year they went up to £1,119,000—that is, including gold.

1373. Surely that is Australia, and not New South Wales?—No, it is New South Wales alone. If you take the figures for Victoria they tell the same tale. But I do not think we have only to look to what we have to lose. The gains are very much. Let me put it in this way: New South Wales with a million and a half people takes something over a million of our produce, and the colonies take something over £600,000. If the four millions and a half people of Australia took at the same rate as free-trade New South Wales they would take our goods to the value of nearly £3,500,000, which would mean an additional £2,000,000 spent among our small farmers. It seems to me that this is a small farmers' question very largely, and the land policy of the Government hinges very largely upon it.

1374. Do you not think the natural advantages of New Zealand will compel them to take our goods whether they impose a duty or not?—No; Tasmania can supply all the milling oats and produce for Australia if she gives up growing wheat, as she will be compelled to do under free-trade.

1375. The official figures seem to point to the fact that, though the exports in the last years, with the taxation unaltered, vary enormously from the years immediately preceding, they do not vary much from the general average?—That is so.

1376. May we not fairly draw an inference from that that the operations of trade are not governable by mere revenue or protective tariff?—No, I cannot agree with you there. I think the fact that we export to New South Wales twice as much as we export to Victoria proves that tariff has an influence.

1377. Do not the figures show that a deferential tariff in one colony or the other does not affect the general export of a particular class of goods?—I should say that it would depend upon the yield and the amount of land under cultivation.

1378. You consider that taxation does it?—Yes. If a farmer knew that he had a big demand in Australia for oats he would grow oats. If he did not think he had a demand he would not grow oats. The amount of land in oats in the last few years has enormously increased because of the probable demand for oats in South Africa, and also in Australia. And every year the Australian farmers grow less oats and more wheat.

1379. You think that taxation can interfere with the natural products of a country?—Undoubtedly.

1380. I suppose you would argue that, as we have a more vigorous climate here, federation would afford opportunities for our young men?—Undoubtedly, a large number of them go there now.

1381. Those who go now are the pick of our men, are they not? They are above the average?—I would not like to say that. It is rather the other way. I know that during the time of the depression in New Zealand, and when Australia was flourishing, many men who were out of employment went to Australia, and men out of employment are not likely to be the best men.

1382. But immigrants into a country are, as a rule, vigorous in mind and body?—Quite so.

1383. You look upon the fact of Australia presenting an opening for our young men as a reason why we should federate?—I think so.

1384. You attach comparatively no importance to the question of Chinese labour?—I think the whole of the Australian Colonies are quite alive to the danger of that.

1385. Does it not affect us in the matter of federation?—I think we may safely leave the whole matter of the introduction of coloured labour to the common-sense of the Australasian Colonies. They are quite open to the danger, and will take measures to protect themselves. Of course, I quite see that tropical Australia will probably have to be developed by coloured labour, but effectual barriers can be raised to their overrunning the rest of Australia. I think, as long as the white race is dominant in Australia, they will, as far as possible, keep the other races out.

1386. Do you not think the law of nature is stronger than the law of man?—No, not as long as certain men are in the majority.

1387. But with Japan, which is wide awake, and with China, which is distinctly rubbing her eyes, is it not possible that there will be an exodus of population somewhere?—It might be a bad job for New Zealand if she stood alone.

1388. You think there is more likelihood of their coming to New Zealand if we stand out than if we go in?—I do not think Australia will ever allow any large importation of alien labour. The feeling in Australia is even more acute than it is in New Zealand—probably because the danger is greater.

1389. The Huns, who overran Europe, came from somewhere in the vicinity of China?—I think so.

1390. You think history will not repeat itself?—If it should repeat itself, then it is very necessary that the whole of the population of white Australasia should be in one rank to resist them.

1391. You think they are not more likely to settle in a country adapted for them than in a country not adapted for them?—If I was a Chinaman I would think New Zealand a better place to inhabit than Australia. One of my arguments in favour of federation—it is a remote one—is that of defence. If it ever came about that we had to defend our position it should be with Australia at our back rather than with her as a rival.

1392. Do you not think it would be better to have the Imperial authorities at our back in such a contingency?—We will have the Imperial authorities at the back of the Commonwealth.

1393. But generally you attach little importance to the question of the coloured races coming into tropical Australia?—I think the Australians can be safely trusted to safeguard that.

1394. *Mr. Roberts.*] You say that New Zealand manufactures would be able, on the whole, to survive the competition?—I think so.

1395. You do not think that the witnesses who have come here with a very gloomy story were quite justified in the conclusions they have arrived at?—No, not on the whole; and I think I have had a fair experience of Victorian manufactures. New Zealand manufacturers are not in a bit worse position than are the South Australian, and if South Australia is not afraid of Melbourne I do not see why New Zealand should be.

1396. *Mr. Millar.*] Your particular industry has no protection, has it?—No.

1397. If we federated with Australia, and therefore came under a federal tariff of 12½ per cent. against machinery, you would have that advantage in the home market?—Yes.

1398. Would that amount of duty tend to increase the amount of your manufactures? Would it enable you to compete with the agricultural machinery which is imported, amounting to £80,000?—No; I do not think 12½ per cent. would allow binders to be made in New Zealand, and binders form a very large bulk of the imports.

1399. It would not mean any increase in the amount of work to our workers in the colony?—Oh, yes; it would shut out drills, ploughs, and other things which are coming in in increasing numbers.

1400. Coming to the question of the actual cash loss, you said that in Customs revenue we would lose £120,000?—Yes.

1401. Have you looked at the fact that by handing over the postal and telegraph revenue we would be handing over another £100,000 clear profit?—Mr. Ward said he would be prepared to lose £80,000 this year.

1402. Even so; but he was giving it away to the public?—Yes.

1403. You recognise that the postal surplus will go under the Commonwealth Act?—I imagine other colonies have a surplus too.

1404. But that department is to be taken over by the Commonwealth and administered by the Government, and the profit we have got will be profit to the Commonwealth?—No.

1405. In view of the evident loss of revenue to the extent of at least £300,000, how do you propose that that should be made up?—I do not see that there will be that loss of revenue.

1406. You have admitted that there will be a loss of revenue of £120,000?—Yes, but that is not £300,000.

1407. Well, how do you propose that that £120,000 will be made up?—The public will get the whole of that—it will be paid back in other things.

1408. In what way?—The Federal tariff will probably provide for it.

1409. Did you hear Sir John Hall state that, in his opinion, the Federal Government would gradually spread over the whole of the ground?—I do not agree with him.

1410. Do you think the Federal Government, having power to legislate on so many subjects, will not use that power?—I think it will be decidedly for the benefit of the colonies that they should legislate on a large number of these subjects.

1411. Do you think they will exercise their powers of spending money?—I think we may trust Australia in that matter.

1412. Do you think Australia is as well developed in proportion to her size as New Zealand is in the matter of public works, roads, and bridges?—I should say that Victoria was better developed.

1413. But Victoria is the smallest part of Australia?—Yes. Their development is on different lines to ours. Their mining development is immensely superior to ours, and so is their irrigation development. I think, on the whole, Australia is as well developed as New Zealand.

1414. In proportion to its size?—No; in proportion to its population.

1415. You think they will simply legislate to such an extent that each State will pay for the work in its own district?—I think so.

1416. *Mr. Beauchamp.*] If Australia is shut out to the Southland farmers in the matter of the exportation of oats, I understand you to say it means ruin to many of the Southland farmers?—Yes.

1417. Do you consider that the Southland farmers are wholly and solely dependent on Australia for their market for oats?—At the present time they are.

1418. Is it not probable that our trade with South Africa will continue for some years after the close of the war?—No doubt it will last for a year or two, but oats can be grown in six months. Besides, in South Africa we meet with competition from America on level terms, whilst oats are not grown on level terms to ours in Argentina.

1419. Is it not possible that the Southland farmers will go in for the dairying industry?—A large portion of Southland is not suited for dairying.

1420. In view of the present high price for sheep, would it not pay some of the farmers, for the purpose of improving their land, to feed their sheep on oats?—No, I do not think so. Farmers in Southland talk about feeding their sheep on oats when they go down to 9d.; but it does not pay to grow at that price, even to put it into mutton.

1421. With your experience of New Zealand workmen, do you think they are capable of doing more work than an Australian workman?—I do not think so. It appears to me that there is no more difference between an Auckland man and a New South Wales man, or between a Tasmanian and a New-Zealander, than there is between an Englishman and a Scotchman.

1422. You do not think the difference in climate will produce a different type of men?—The range of climate in Australia is not sufficient for that.

1423. In your opinion, speaking generally, the industries of New Zealand would increase rather than decrease under federation?—Yes; the more the farmers would benefit the more the industries would benefit. Speaking for my own business, I do not fear the effect of federation on the business we do there so much as on our New Zealand business, and our business with Southland is worth as much as our Australian business.

1424. How many hands do you employ?—Thirty-three.

1425. Is the business an increasing one?—Yes.

1426. Would you advocate federation on the terms of the present Bill, or do you suggest any modification to meet the particular requirements of this colony?—Seeing that our Customs-tariff bulks so largely, I should ask for the same consideration as Western Australia.

1427. On the present terms you would not advocate federation?—That is rather a hard question to ask any one. I should say, looking at all the advantages the farmers would gain, and through the farmers the whole of the people of New Zealand, it would be better to federate under the present circumstances.

1428. Than ask for modifications?—Certainly, ask for modifications.

1429. But, failing modifications, accept the Bill as at present drafted?—Yes.

1430. *Mr. Luke.*] You confine yourself at present to manufacturing?—Almost entirely.

1431. How do you account for so little being exported from New Zealand?—Because they can be made so cheaply in America. But we do export implements into New South Wales. The return that you have is wrong. Our trade in that respect is increasing. In 1895 it was £3,000, in 1896 it was £5,000, in 1897 it was £9,000, and in 1898 it was £10,000.

1432. Do you speak more particularly from a producers' point of view in favour of federation, or jointly from a producers' and manufacturers'?—Jointly.

1433. Then, from your point of view, the Australian Commonwealth market would open up opportunities for manufacture that do not exist now?—Ultimately. I think New Zealand, on the whole, is better able to be a manufacturing country than Australia, and therefore in time a large number of manufacturers will be established in New Zealand in preference to Australia.

1434. How do you account for the agricultural-implement industry being a waning one?—This last year it may have been, but until this year it was increasing.

1435. But is it not a fact that a large number of implements are now imported that used to be manufactured here?—Certainly.

1436. That the manufacturing of tools is really a diminishing quantity?—Oh, no. We are all employing a great many more hands now than ever we did, which means that the result of the good times has gone largely into the pockets of the foreigners rather than into the pockets of the manufacturers. The expansion of trade has been met by a larger importation.

1437. But is it not a fact that some of the manufacturers are relinquishing the manufacturing and importing in preference?—That is so.

1438. How do you account for it?—There are two main reasons, but I cannot explain them clearly. Ten years ago the farmers made a principle of buying the locally made article, and the tariff has been rearranged.

1439. Do you not think there is a danger, if we federated, of the whole of our implement-making industry dying out and being supplanted by importations pure and simple?—I do not think that would make any difference.

1440. *Mr. Leys.*] Do you think it is reasonable to suppose that a country having such an enormous area of agricultural land, such a variety of climate, and such a vast population will not supply its own wants in respect to all agricultural products?—No, because we can produce them so much better. Our yield is heavier than theirs. As an instance, take the South Australian yield of 6 bushels to the acre as against our 28.

1441. But is not the South Australian yield of wheat a still lower average—4·90—and yet South Australia goes on producing wheat for exportation to England?—Decidedly, because South Australia grows exceptionally good wheat.

1442. But if the average yield of Australia is 4·90 as against New Zealand's average of 31·81, would you say that on that account South Australia is bound to be extinguished and could not produce wheat?—If you remember, I said that the increase yield was sometimes discounted by the increased expenditure on the yield. South Australia raises its wheat cheaper than any other colony.

1443. Was not New South Wales a large importer of wheat some years ago?—It was.

1444. Although its average yield is only 13·13, it is now becoming self-supporting under free-trade?—I think it has only been self-supporting for one or two years.

1445. Take the latest figures, 1899–1900: the wheat yield of New South Wales is estimated at 13,600,000 bushels, and the wheat yield of New Zealand is only estimated at 8,500,000 bushels?—I do not presume to say that New Zealand would supply Australia with wheat, because I do not consider that wheat is a small farmers' crop. The things I think New Zealand could supply Australia with are malt, oats, potatoes, onions, agricultural implements, maize, binder-twine, woollen goods, and chaff.

1446. Do you think that Australia is not likely to support itself in potatoes? Has it not exported potatoes here in some years?—I do not think so. It might send in a few tons of early potatoes, but it has never, to my knowledge, exported any considerable quantity.

1447. But are there not large areas of land in Australia well adapted for growing potatoes?—Decidedly; but their yield is so much less than ours that we, under equal circumstances, could undersell them, and return some profit to our farmers.

1448. Looking at the experience with respect to wheat, is it a safe thing to assume that our superior average would help us to dominate the Australian markets?—I think so in certain things, but I do not consider wheat one of them. In many lines of produce, such as small-farm produce, I think New Zealand, under equal circumstances, could always dominate the Australian market.

1449. Is not Victoria a country of small settlers largely?—In certain sections only.

1450. Will not these small settlers devote themselves to these particular products?—They cannot grow potatoes north of the dividing-range. There is only a small section of land in Victoria which is capable of growing potatoes.

1451. Is Victoria self-supporting now in regard to potatoes?—Yes, and exports to other colonies.

1452. Is not New South Wales a large producer of potatoes?—She does not supply herself, or anything like it, or else she would not want so much from Tasmania and New Zealand.

1453. Looking at the exports to Australia now, we have, excluding gold, goods to the value of £652,000 sent to New South Wales: do you suppose that that amount would be increased by federation?—Very largely.

1454. Why, seeing that free-trade is in force there now?—If more produce were sent we should get cheaper freights, but I do not say we could increase our exports to New South Wales very largely. I said we could hope to send to the other colonies as much in proportion as we now send to New South Wales, which would increase our total export to Australia by two millions per annum.

1455. How do you arrive at those figures, seeing that we only send, including gold, £400,000 of products from this colony to the other colonies that have protective tariffs—that is, excluding New South Wales? That, surely, is not likely to be interfered with by any Federal tariff to any great extent?—The protection in Tasmania and Queensland is not as great as in the other colonies.

1456. Have you any reason to suppose that the Federal tariff will impose a higher protection than the present tariffs?—I really have no information about it.

1457. But you seem to assume that we shall lose the whole of our Australian trade under federation, whereas, as a matter of fact, we already send to those protective colonies goods to the value of £412,000 every year?—I do not think so. Nearly the whole of the amount that is credited to Victoria, we are told by those competent to judge, is made up of transshipments. You must deduct all that.

1458. Why deduct that?—Because it does not go to Victoria.

1459. Does not this portion, whether it is transhipped from Victoria or not, form part of this million we are dealing with? Why deduct?—A chief portion of it has gone to South Africa this year.

1460. But still it is all part of this million which you are reckoning is going to be multiplied?—From that point of view, undoubtedly.

1461. And with regard to this £652,000 which goes to New South Wales, is not a very large portion of that transhipped to other countries, such as South Africa and Manila?—I think I have heard that none has been transhipped from Sydney to South Africa.

1462. I know, as a matter of fact, that there were buyers from Sydney in Auckland buying potatoes which were shipped from Sydney to Manila?—If you say so, I am not prepared to deny it.

1463. Do you assume that Victoria is the only country which exports to South Africa?—What I think I said was that, if the whole of Australia took from New Zealand in the same proportion as New South Wales does, we might safely reckon that the whole of Australia would take over three millions of our produce, which is an additional two millions to what she takes now, and consequently our small farmers would benefit to that extent.

1464. I understand you to say that the Australian market would be completely cut off from us, and the small farmer would be ruined, if federation took place?—I said that if we kept out of the Federation, and a tariff wall were erected against us, we should not send to any part of Australia anything like the quantity we send now.

1464A. You think, then, we should not retain a large proportion of this million?—I do not.

1465. Should not we retain the £412,000 that goes to the protective colonies?—No, because it would come in from other colonies. Tasmania is an instance. She now pays duty, but if Victoria took off her duties Tasmania would send produce to Melbourne instead of ourselves.

1466. But you have just stated that a large proportion of it was for transshipment—if it were for transshipment the duty could not affect it?—The whole of our trade with Western Australia is done through Victoria, and I say it is not fair to credit that amount to Victoria, because she does not take anything like the amount that is credited to her.

1467. Coming to the question of the Southland farmers, is not their main market for oats the New Zealand market?—There is a large market in New Zealand.

1468. Then, they would still have the New Zealand market?—Undoubtedly.

1469. And, being so well adapted for oat-growing, I suppose they would monopolize that market pretty well?—Yes; but it would be at a price which would not pay them.

1470. Is it fair to assume that?—Decidedly.

1471. Do you know of any case where the people are systematically producing at a loss?—I

think I pointed out that Southland was better adapted for growing oats than anything else, and there are large parts of Southland that probably could not produce other things so advantageously as it now produces oats.

1472. But if Southland can produce oats very much more advantageously than the rest of New Zealand, would not ultimately the whole of the New Zealand trade be monopolized by the Southland farmers?—Yes, to the detriment of farmers in other places.

1473. You said you were not so much afraid of losing the Australian market for agricultural implements as of the effect that federation would have on the home market: how do you explain that? Would not you still supply the home market?—Yes; but the farmer would not be in a position to buy machinery through the loss of trade with Australia.

1474. You do not contemplate that Southland would go out of cultivation through federation?—The thing has happened in England, where cultivation has decreased very much. I would like to point out that the exports of New Zealand to Australia represent farmers' wages as well as farmers' profits.

1475. And you think the demand for agricultural implements will be lessened to that extent, and that it would be serious?—I think so.

1476. What about the loss of Customs revenue? Do you refer to the loss arising on Australian productions shipped to New Zealand, or is it the loss upon the whole of the shipments from Australia to New Zealand?—The loss on such items as brandy, sugar, wine, tobacco, and fruit.

1477. There were goods to the value of £1,300,000 shipped—I suppose, chiefly outside of manufacturers from Australia to New Zealand: do you refer to the loss we should sustain on all that?—The loss on the purely local produce—Australian stuff.

1478. Would you include brandy in that?—That includes the whole of the sugar imported into New Zealand, including, I think, Fiji sugar.

1479. That is a very large item?—Whatever came from Fiji would have to be deducted from the £120,000.

1480. But should not we lose the duty under the Commonwealth Act, and at the expiration of five years the whole duty on all kinds of goods exported from Australia?—Oh, no; I think the Commonwealth tariff provides that the duty is to be credited to the colony in which the goods are consumed.

1481. For five years?—No.

1482. Look at clause 94?—It strikes me that the duty would be credited to the colony in which the goods were consumed. That is evidently implied in that clause.

1483. Do you not think it would be under a perfectly free exchange, a rather hard thing to assess?—Most of these things are shipped from bond, and so are easily ascertained.

1484. But you would not ship anything under bond if the duties were paid in New South Wales?—It is done in Victoria every day.

1485. Then, you assume that the £120,000 would be the only disturbance to our State finance?—Yes; and that £120,000 is reduced by whatever duty is collected on Fijian sugar.

1486. Have you considered that, if the Victorian tariff were adopted for Federal purposes, it would only yield £1 19s. per head of population, while the New Zealand tariff yields £2 18s. 1d. per head, so that that would mean a loss to the New Zealand Customs of 19s. 1d. per head, or over £700,000 a year?—Yes; I do not think the Victorian tariff would be taken as the basis of a Federal tariff. The Victorian tariff, of course, was made to suit the demand of Victoria, but it will not certainly suit the whole of Australia.

1487. If they adopted the New South Wales tariff the loss would be considerably more than that?—Yes.

1488. And if we adopted the South Australian tariff the loss also would be more?—Yes; but I should imagine that these tariffs are entered into to suit the particular business of those colonies. The tariff might very easily be made to suit the whole Federation well, and yet gain as much revenue.

1489. Is it not rather assuming things to suggest that the Commonwealth is going to impose a very high tariff if it is to preserve the revenue of New Zealand as it stands now?—I think the producers and the workmen and the manufacturers throughout Australia are just as alive to the necessities of a tariff as are the farmers and producers of Victoria or New Zealand.

1490. But have you considered that New Zealand has leaned more upon its Customs duties than most of the Australian Colonies? Now, supposing you took as a mean the average of all the Australian tariffs, you would get £2 1s. per head, and that would still leave 17s. per head deficiency to be made up from somewhere: how would you propose to do it?—I do not think it will suit the Australian Colonies as a whole to lose by the Customs tariff.

1491. But they would not lose. I say, take their average tariff, and it is £2 1s. per head of population, while the New Zealand tariff has been £2 18s. 1d. That would leave us about 17s. per head of loss?—But did we not lose that during last session?

1492. Nothing like it. Can you suggest how that amount of loss would be made up except by largely increasing the direct taxation?—I do not think the loss would be anything important.

1493. You do not think New Zealand industries would suffer from the more largely developed industries of Australia?—On the whole, I do not think they will.

1494. You think the opinion of those manufacturers who expressed that idea is altogether wide of the mark?—Oh, no. Boot-manufacturers are honourable men, and know their own business. They may lose, but what the boot-manufacturers lose other manufacturers may not. I was looking at the thing from a wide standpoint. Some industries would gain immensely if these two millions were circulated amongst the small farmers.

*Mr. Leys*: Yes, if that two millions is a reality.



JOHN SCOTT MYERS examined. (No. 69.)

1495. *Hon. the Chairman.*] What are you, Mr. Myers?—A farmer, residing at Marshlands, in this district. I have resided in New Zealand for twenty years. I am not a large farmer, and am now occupying about 5 or 6 acres in our district, where the land is expensive.

1496. What is your opinion upon the question of New Zealand federating with Australia?—I do not think it would pay the onion-growers of this district to federate. We grow more onions than any other part of New Zealand. During the first year I grew a crop of onions, in 1889, the price in Christchurch averaged £17 a ton. Of course, at that price it paid so well that a lot of people started to grow onions, and in the following year I only sold 1 ton out of 40 for £1 10s. I have exported onions to Australia.

1497. Do you agree with the opinion that has been expressed here that if New Zealand federated with Australia the onion-growing industry would be ruined?—I do not.

1498. Have you considered the question having regard to other produce?—Yes; I have grown potatoes and cabbages, and I consider the small settlers, of which I am one, would not be benefited by federation.

1499. Do you think there are any advantages which would be likely to accrue to New Zealand from federation?—From what I have read, I understand that Australia only takes our produce when she wants it, when there is a scarcity over there. It is just a matter of seasons. Victoria can grow a much better article than we can.

1500. *Mr. Miliar.*] Are these the general opinions held by the small farmers on this matter?—Yes. I have got the highest price per ton for onions in this district. In 1898 onions were scarce, and I sold them in Dunedin for £15 a ton, and none under £10. In 1899 I shipped to Sydney, and got very little. The year after that I shipped eighty-five sacks, and got 1s. 9d. return, without reckoning the expenses.

1501. What crop do you raise to the acre?—I have raised 14 tons, but the average is 8 or 9 tons.

1502. Do you think that men in the same position could continue to grow onions without federation?—The benefits only go to the merchants when the price is down. It does not benefit the small farmer. When the price is low the merchant will not ship excepting on your account, and the chances are that you will get no return, but be in debt to the merchant. The year I got £15 in Dunedin the Christchurch merchants would not give any more than £10. They closed their books against me, so I sent them to Sydney, and they returned me £14 per ton. That was in 1898, when onions were dear.

1503. Are there any other reasons you have against federation?—Yes. The Chinese labour would prove a great nuisance to us. We have a number living here now, and they act the part of middlemen. Last year I grew an acre of cabbages, and the man who bought them made £16 out of the transaction. He gave me £20, and netted himself £16; but a Chinaman does more than that, because they give ½d. each for them, and sell them sometimes at 2d. each.

1504. *Mr. Beauchamp.*] Are they mostly small holders in your district?—Yes, on 4-, 5-, or 6-acre blocks.

1505. Has the question of federation been discussed amongst yourselves?—Yes.

1506. And the opinion is general that it would not be to your benefit to federate?—It is not general with a lot of them, because we have a lot of foreigners up there—Germans and Poles.

1507. Have you any Chinese?—No; there are about thirty-six at St. Albans.

1508. Do the white people grow vegetables there?—Chinese only grow the summer vegetables, but the people in my district grow the winter vegetables, and onions in a dry season do well. In a wet season we get no crop at all.

JOHN ALEXANDER McCULLOUGH examined. (No. 70.)

1509. *Hon. the Chairman.*] What are you?—A tinsmith by trade; but I am the president of the Canterbury Trades and Labour Council, which includes something like forty-five representatives of unions, representing a total membership of about 2,500.

1510. Has this question of New Zealand federating with the Commonwealth of Australia been considered by the Trades and Labour Council?—Yes; it has been discussed at a special meeting, and the decision is embodied in the following resolution: "That, in the opinion of this Council, it is not desirable for New Zealand to federate with Australia, the reasons being—(1.) That it will be detrimental to the development of local industries, whose commodities are easily interchangeable: it would be impossible for New Zealand to maintain its improved conditions under the Federation. (2.) New Zealand would be dominated by and give advantages to the colonies in the Federation whose conditions are least favourable to the workers. (3.) It would tend to the centralisation of wealth and industry, thus preventing the community from improving their condition. (4.) New Zealand would practically lose its identity without gaining any advantage whatever. (5.) The worst possible evil that could result would be the finding of a market for 15 per cent. of our produce, and it cannot be suggested that Australia purchases this amount from an entirely philanthropic motive." This question was fully discussed the whole of one evening, and the resolution was carried with only one dissentient.

1511. What are your own views on the matter?—They are exactly similar to those expressed in the resolution.

1512. What about your own particular trade: do you think that would be prejudicially affected?—Yes, seriously affected.

1513. How many trades are represented in your association?—There are twenty-four separate organizations represented on the council.

1514. *Mr. Leys.*] Do you know anything about the labour conditions in Australia? Are they lower or higher than in New Zealand?—I have taken the trouble to look up the average rates of

wages and hours of labour in the various colonies, and I am certainly of opinion that the conditions in that respect are not as prosperous as they are here in regard to ours, and wages are lower in very many industries.

1515. Do you think that that condition would enable the Australian manufacturers to compete successfully against our local industries?—I think that the concentration of capital, which is the tendency in large centres, must materially affect the workers in the various trades.

1516. Do you think there is any probability under federation of labour in Australia being raised to the New Zealand level in the future?—Undoubtedly there is a probability. Wages are going up all over the world, but I think it will take some considerable time before they go up. In the meantime the tendency will be for us to come down, and the first effect of federation, in my opinion, will be to force down wages here.

1517. Then, you think that if they adopted a Conciliation and Arbitration Act similar to ours it would be difficult to establish as good a standard as we have already established in New Zealand?—Where there are more men in the unions than there are in New Zealand, I am satisfied it will be more difficult.

1518. *Mr. Beauchamp.*] To enable us to successfully compete with these large industries in Sydney and Melbourne, do you think it will be necessary to reduce wages here and to lengthen the hours of labour?—In order to successfully compete, that would be the tendency. In the boot trade in Sydney they work fifty to fifty-four hours, consequently it would be an impossibility for the bootmakers here to compete against them without reducing wages and lengthening the hours.

1519. With equal conditions with regard to wages and hours, would the tendency, in your opinion, be for our men to go to the larger centres?—I think so, as men will always gravitate to where work is to be procured.

1520. And in these larger centres do you think men can live more cheaply than in New Zealand?—It is twenty years since I worked in Sydney, and, as far as the cost of living is concerned, I think the two places are just about equal.

1521. *Mr. Millar.*] I suppose you mix pretty well with that section of workers that is not directly affiliated with the Trades and Labour Council?—Yes.

1522. What is the general impression you can gather from those men as to their views with regard to federation?—The general expression is that they are opposed to federation.

1523. Do you think that with federation the social conditions of the workers of this colony would be as well looked after as it is at present?—No. I think the disorganization which is always to be seen among large communities would tend to keep down the wages. The organization in Australia is not perfect enough to enable them to keep up the wages.

1524. You are of opinion that a large number of workmen would have to leave here owing to the large number of industries in work on the other side, and to their greater capacity swamping the same industries here—that is, if we federate?—I think the tendency of the day is to concentrate men in large factories, and our men would have to go after the work.

1525. *Mr. Roberts.*] Have you any idea of the number of workers in Australia as compared with the number here?—No.

1526. In 1898, in Melbourne there were 45,844; in New Zealand, 39,872; in New South Wales, 31,000; so that, as a matter of fact, our manufacturing industries in 1898 were more important than those in New South Wales: do you fear under that condition a competition on the other side?—I fear competition of capital where it is thoroughly organized, as it is in Australia.

1527. Do you not think that capital must do equally as well for the workers here as it does in New South Wales—we have more employes?—I do not think there are any factories in New Zealand of the same character as exists in Sydney. I am speaking of twenty years ago.

1528. Of what sort?—Of my own trade. There are no factories in New Zealand that employ anything like the number of hands employed in Sydney.

1529. If the trades are not as well organized on the other side as here, do you not think the fact that we have 8,000 more employes than there are in New South Wales tends to show that our industries must be on a more extensive scale?—Those figures are very striking, but they are not always reliable.

1530. Those are from the Government labour returns, and we have no reason to suppose that they are incorrect?—45,000 men ought to do more than 39,000.

1531. In proportion to the size of our population, the number of our workers is a great deal higher than it is on the other side, so that under those circumstances have you anything to fear?—There is a fear, to my mind: it is the fear engendered by absolute knowledge of the conditions prevailing on the other side.

1532. Do you think that your council was in a position to offer a correct opinion as to how federation would operate against the manufacturing trades here, or that it had any very correct information on the subject, because we naturally wish to obtain information from each side as we go along?—I understand this Commission has been set up for the purpose of eliciting information; but you also want an expression of opinion, and we have expressed one.

1533. Do you think your council is in possession of sufficient information to enable it to form a correct opinion as to what the effect would be?—No; perhaps upon receiving the report of the Commission we might alter our opinion.

1534. Then, all your information is quite incomplete at present?—But there are obvious objections in the Commonwealth Bill.

1535. What are they?—I take exception to the Federation providing an old-age pension. I think the tendency in that respect would be to rather injure what we have done for our old people.

1536. Why not extend the benefits you have here to the other side?—I fear it would reduce the benefits we have already conferred on our own colony.

1537. I am sure you need not fear but that the bulk of the people of this colony would prefer to extend to the other colonies the benefits which they have got at the present time?—There is a possibility of doing that.

1538. *Hon. Captain Russell.*] Do you not think that in the course of a generation or two we should be strong enough to hold our own against any Australians?—Yes.

1539. Viewing the question of federation from the standpoint of natural importance, should not we, having the advantages of a more temperate climate, be able to compete more favourably than with Australia?—If I might venture an opinion, I think we are a better type of men than they have on the other side.

1540. Does not that tell rather in favour of federation?—No; I think, quite the other way. I think if we want to show Australia what the workers of this country can do we had better remain as we are—namely, an integral part of the Empire, without affiliating ourselves with Australia.

1541. Have you considered the subject at all in regard to the settlement of Northern Queensland by coloured people?—No, not as a council. As a member of the union, I see there is a great danger of a big influx of coloured labour coming here.

1542. But, if there were a large settlement of coloured people in Northern Queensland, would that not affect the whole of the manufacturing industries of the colony?—I should say it would affect it prejudicially.

1543. Your council has not considered that aspect of the question?—Not beyond expressing an opinion that there would be danger to the white population by an influx of coloured population.

1544. And do you think that New Zealand, by remaining outside the Federation, would be more or less affected by the coloured population?—We would be much less likely to be affected.

1545. Would not the inevitable tendency be to bring the hours of labour to the same level?—The tendency of federation would be in that direction.

1546. Then, if New-Zealanders are a better type of men than Australians, would we not have an advantage over Australians? If everything was equal, would not we, man for man, be able to produce more than they do?—Yes; but there is the tendency for capital to find investment. We may produce more work, but the capitalist plays a very important part in the industries of a country.

1547. You do not think that all labour will relatively come to the same value in the countries?—No, I do not think they will come to the same value. The tendency is for wages to be lower in some than in other places.

1548. Is there a possibility, if we exclude all manufactures from outside, of our becoming dwarfed in our manufacturing-power?—No, I think our manufactures will grow.

1549. You think that lack of competition will not act injuriously on our own industries in course of time?—I am not inclined to think so. I think we will still find a market for some of our manufactures in Australia.

1550. In the face of the cheaper labour in Australia?—I think we could do that.

1551. Are there any other objections to the Bill that your council have beyond the one you have mentioned?—Yes; I know my council objects to the restrictions that would be placed on New Zealand establishing a national bank. There is one other objection that my council take serious exception to—that is, the exclusion of the Maori race from participation in the supposed benefits of federation.

1552. Are there any advantages which would accrue to New Zealand through federation, in your opinion?—No, I cannot imagine any.

1553. Is there anything you wish to say that you have not been questioned upon?—With reference to the figures mentioned regarding the numbers employed in the industries of the colony, I have some figures placed before me as being official. They are for 1899: Victoria, 60,000; New South Wales, 55,000; Queensland, 27,000; West Australia, 7,000; New Zealand, 45,000. I think you will find there is a material difference from the figures mentioned before.

1554. *Hon. Major Steward.*] Are you aware whether the basis of calculation for the other colonies is exactly the same as in New Zealand? The definition of a factory in New Zealand is a place where two people are employed?—Yes.

1555. Is that the case in New South Wales?—No, I think not.

1556. Then, if not, a comparison cannot be made on those figures, for the reason that all those below the minimum elsewhere would have to be included in the calculation?—Yes.

1557. Then, it does not follow that there were 8,000 more workmen in the factories of New Zealand than New South Wales?—No.

1558. Can you tell me what is the basis of comparison in New South Wales—what constitutes a factory there?—I do not know. I am quite sure that our Factories Act has much wider scope than any Factories Act in Australia.

1559. Then, you think the comparison is of no use whatever?—I do not see the force of them myself, either one way or another.

1560. Then, I understand from your remark that you lay considerable stress on the fact that the factories in New South Wales and Victoria were on a larger scale than those of New Zealand?—That is so.

1561. And it is a fact that when on a larger scale they can specialise their work and turn out greater quantities at less per article?—That is so.

1562. That is the competition you are afraid of?—Yes, that is what is going to injure us.

1563. And you cannot compete with it until the population here is brought up to the level of the chief towns of the other side?—That is so.

1564. And we are not likely to overtake Melbourne or Sydney for some time to come?—Not for some years.

JAMES YOUNG examined. (No. 71.)

1565. *Hon. the Chairman.*] What are you?—A bootmaker.

1566. Are you a member of the Trades and Labour Council of Christchurch?—Yes.

1567. Mr. McCullough has given us the opinion of the Trades and Labour Council: what is your opinion on the question of New Zealand federating with Australia?—My opinion is practically the same as that expressed by Mr. McCullough. I think the conditions in Australia are all in favour of it becoming a centre of industry. One feature over there is that steamers carrying the raw material necessary for manufacturing would call at the nearest port, and that enables that product to be produced cheaper than in any other part of Australia or New Zealand. Then, there is the centralisation of industry, which will have the effect of nullifying the legislation passed in New Zealand for the good of the workers during the last ten or fifteen years.

1568. Are there any other disadvantages you can mention?—New Zealand would lose its identity without gaining any advantage whatever. It is my opinion that New Zealand has all the characteristics of a great nation within herself without joining the Commonwealth of Australia. I think there are certain industries in New Zealand which are now protected in a measure, but which would entirely disappear if we federated with Australia, through the centralisation in the various centres of Australia. That being so, it would denude this country of the workers in those particular industries, thereby making a loss in the consumption of the produce grown in New Zealand, and rendering it necessary for a market to be found for that produce in other countries. It would also depreciate the value of property in New Zealand considerably if workers had to go where work was for them, as they would have to do.

1569. Do you mean that the workers would be attracted to the large centres in Australia?—I think, undoubtedly that would be the case. The question of defence has been raised as a reason for New Zealand joining the Commonwealth. I do not think there is much force in that. It has been on record that England has been at war with all the nations at various times, and sometimes with all of them at one time, and I have no recollection of having heard that any of her colonies have ever been attacked in the past, and I do not think we need have any fear of it in the future.

1570. How do you think the boot trade would be affected?—I have no doubt that the boot-makers would sell whatever properties they have and shift to Victoria. That would be the centre of the boot-manufacturing industry in the Commonwealth. As a matter of fact, even now, with the duty on boots, it is a hard matter to compete with Victoria, and it will be more difficult in the future, through the introduction of more machinery and the greater quantities of work that can be turned out in the same time.

1571. Have you had any opportunity of ascertaining generally the opinions of the workers of Christchurch upon this question?—Yes, more especially in my own trade, and I have met no one, with the exception of the one mentioned by Mr. McCullough, who has expressed himself in favour of federation from any point of view.

1572. *Hon. Captain Russell.*] Has improved machinery a tendency to raise wages, or otherwise?—I think the tendency is to raise them.

1573. What is the principal centre of the boot industry in England?—Leicester.

1574. More so than Northamptonshire?—I think so. The population of England is so vast that it does not matter much whether the town is large or small in which the industry is carried on.

1575. Is it not possible that we could have a boot industry here large enough to supply Australia?—I do not see how it is possible to do it under existing conditions. There is no large aggregation of capital in New Zealand like there is in Australia, and they have large factories there at present, whilst we have not.

1576. Would the raising of the present  $22\frac{1}{2}$  per cent. duty on boots improve the condition of the bootmakers?—No, not in New Zealand, owing to the vast improvement there has been in machinery.

1577. Is there not a danger, if we fence ourselves round, that it will make the conditions of the workers worse than now?—I think it is desirable that any industry which has to work against competition from the outside should have that measure of protection to enable its workers to maintain their position, and improve it if possible.

1578. You told us that raising the duty has rather injured the position of bootmakers—or that the trade has not improved, at any rate?—The imposition of the duty, I said. Prior to the putting-on of the present duty of  $22\frac{1}{2}$  per cent., it was a duty of so-much per pair, I think. Now it is so-much on the value, so that five pairs of boots can come in for  $22\frac{1}{2}$  per cent., whereas before they had to pay on the value of each pair. Thus, if the value of the boots was 4s. they paid 10 per cent. on that value, and there was no increase on the inferior class of work.

1579. If the increase in the duty has not improved the position of trade, if we shut ourselves off now and say we will not deal with Australia, will not our industries get smaller, and be unable to buy good machinery, and so have a tendency to diminish wages?—I think not. Our manufacturers are getting new machinery, and their methods are improving, and it is only a matter of time when the operatives will get so skilled that they will be able to reduce the price of goods, and be able to compete with the duty they now have on. Again, we have no guarantee that the Federal duty will be greater, or as great, than we have here. If it is not as great, the American article will cut out Australia. To get eight millions of revenue does not look like a protective duty.

1580. Is there not a necessity to increase the output if you are to improve the condition of the worker?—You can only increase the output by increasing the duty, so that the imported article cannot come in.

1581. You think that under no circumstances can we compete with Australia?—No.

1582. *Mr. Beauchamp.*] Does the increase in the sale of American boots apply to all classes or to any particular quality of boot?—The better class is the class mostly sold in New Zealand.

1583. So that it is very serious competition that you are meeting from America?—Undoubtedly, it is most serious.

1584. And has not that competition increased very largely within the last twelve months?—Yes; we did not feel it so much before.

1585. You had before that competition with England?—Yes.

1586. You are not feeling that competition so much now?—No. The English boots have decreased in proportion to the importation of American goods.

1587. We are told that the boot trade is in a somewhat languishing condition: can you tell me anything that will improve that condition?—I do not know how they can tell that until the census is taken.

1588. Despite the competition, manufactures in New Zealand ought to be in a very flourishing condition?—I say I am of opinion as years go on we will be increasingly able to compete with the imported article.

1589. Provided, I understand, we were not subject to inter-free-trade with Australia?—That is so.

1590. *Mr. Luke.*] Is the trade of New Zealand too small to warrant the importation of this superior machinery?—There are so many factories in New Zealand, and all get a share of the work; whereas in America and Australia they specialise, and where they specialise they turn out a superior article.

1591. Is there any one able to improve their machinery and cope with the American trade?—There are several with the most up-to-date machinery.

1592. They work longer hours in America?—They work fifty-nine hours in America.

1593. It is a question of hours as well as a question of improved machinery?—Yes. It is not a question of wages in America. Wages there are on a par with those in New Zealand.

1594. You think the Australian manufacturers, by enlarging their machinery, could cope with America there and keep out the American goods?—Supposing the tariff is high enough.

1595. I mean under the Federal tariff?—If it is as high as that of New Zealand, they would be able to shut out everybody from outside the Commonwealth.

1596. Is there still room for considerable expansion in the supply of the home market?—Most undoubtedly, if they could come down in price so as to compete with the American article, and in a measure compete with the Australian article as well.

1597. Roughly, there were goods to value of about £150,000 imported: do you think that under the tariff that will be steadily reduced, or do you think that more protection would be wanted?—I am inclined to think the value will be reduced in a few years. In connection with the tariff, France and other countries have to be considered in the matter of leathers. Some of the materials used in the making of boots are subjected to a duty of 40 per cent. All the best leathers are subject to a duty which makes the duty, from a protection point, of view less than 22½ per cent.

1598. *Hon. Major Steward.*] I think I understood you to say that one of the reasons why New Zealand bootmakers found it so difficult to compete with the American manufacturers was the fact that the workers in America work fifty-nine hours as against forty-eight hours here?—I did not make that assertion; but I showed that the wages in America were practically the same as here.

1599. Is not the chief reason of the difficulty of competing with the American manufacturers the fact that they have such an immense output that they are able to specialise their manufactures?—Yes.

1600. And they are able to supply the surplus at any price above cost?—They act somewhat similarly to the German sugar bounty: they make for themselves for nine months, and for the foreign trade for the other three months, and these goods they sell outside at a cheaper rate than they can be sold in America.

1601. You cannot cope with that competition?—Excepting on a duty.

1602. Captain Russell put it to you that there had been an increase of duty to 22½ per cent., and asked you whether that increase of duty had really tended to increase your business in New Zealand, and you replied in the negative. I think you endeavoured to explain that. I would like you to explain it more clearly. Is it not a fact that that duty, as a protection, was more apparent than real?—Yes.

1603. That, while the protection was increased nominally, when you came to compare it with the duty previously at per dozen pairs of boots it was found that a large class of boots were less protected at 22½ per cent. than under the lower duty?—That is so. There is another point: At the time the tariff was altered there was a duty of 2d. per pound upon all imported leathers which are absolutely necessary to be imported for the manufacture of boots, therefore further reducing the duty to the boot trade.

1604. The effect, then, of the rearrangement of the duty on boots was not really to increase the duty?—That is so.

1605. *Hon. the Chairman.*] Is there any other matter upon which you would like to speak that you have not been questioned on?—I would only desire to emphasize the fact that under a Federal Parliament the Maori population will not be considered at all. I think that is a serious blot. We have endeavoured to make them equal to us in every respect in this colony.

ARTHUR EDGAR GRAVENOR RHODES examined. (No. 72.)

1606. *Hon. the Chairman.*] You are a barrister and solicitor?—Yes.

1607. Practising in Christchurch?—Yes.

1608. How long have you resided in New Zealand?—Since 1859, with occasional visits away.

1609. Are you acquainted with Australia?—I have been there.

1610. And have you studied the Commonwealth Bill?—Not for some little time.
1611. Have you considered the question of New Zealand federating or not with the Commonwealth of Australia?—I was waiting for the conclusion of your labours to study it properly. I have not studied it sufficiently yet.
1612. Have you any opinion on the subject?—If we do not have federation it will injure the export of produce from this province.
1613. What class of produce do you refer to?—Oats and root-crops.
1614. Including onions?—Yes.
1615. We have had the evidence of one witness this afternoon who says he does not think it would interfere with the onion-crops?—That is his opinion, not mine.
1616. Are you an onion-grower?—No.
1617. What do you base your opinion on?—Through watching the state of the trade to a certain extent.
1618. Are you interested in the trade in any way?—Not personally. We own country in which onions are grown to some extent.
1619. To any large extent?—The majority of our tenants have now bought their freehold. A very large proportion of the onions grown was grown on the property owned by us, and from which I acquired my knowledge of the trade.
1620. Why do you say their industry would be injured?—I think if a large duty was put on in Sydney it would affect it.
1621. Is not the export of onions largely affected by the seasons in Australia?—In certain seasons we would send them there, but in other years I think the export would be stopped.
1622. Have you considered what the effect of federation would be upon the agricultural interests of the colony generally?—I think it would affect the South Island more than the North if the New South Wales market was closed to us. But I am not a merchant; that is only my own opinion. I am not speaking as an exporter myself.
1623. *Mr. Leys.*] The chief interest to the Canterbury people is wheat, is it not?—No; I should say frozen mutton.
1624. The chief agricultural industry?—Wheat and oats.
1625. I see the oats exported from Lyttelton in 1898 only amounted to £272, and in 1899 to £22,745?—I am not speaking now for certain, but I think Timaru is a bigger exporter of grain even than Lyttelton for the last two years.
1626. The oats exported from Timaru in 1898 amounted to £158, and in 1899 £4,351. We have had evidence from some Canterbury merchants and mill-owners that the flour-milling industry would be very seriously injured by intercolonial free-trade: do you think that will be the case?—I think flour-milling would be interfered with. As a matter of fact, I own a mill, but do not work it myself.
1627. You think that Australian flour would come into the North Island and injure the industry here?—Yes.
1628. To what extent would that counterbalance any loss we might sustain on laws through not federating?—I am not prepared to give an opinion.
1629. *Mr. Beauchamp.*] Do I understand you to say that the exportation of frozen mutton is of greater value than the exportation of wheat?—Yes, I think so. The wheat export sometimes is very little.
1630. Whereas until this last year the exportation of meat was steadily increasing?—Yes.
1631. Would not our federating with Australia open a wider field for the rising young barristers of New Zealand?—I think I have a right to practise there myself by reason of being a barrister of the English bar.
1632. Very few, however, of the profession here have that privilege?—I think, only members of the English bar.

WALTER NEWTON examined. (No. 73.)

1633. *Hon. the Chairman.*] What are you?—An upholsterer.
1634. How long have you lived in New Zealand?—Twenty-four years.
1635. Are you a member of the Trades and Labour Council?—Yes.
1636. Were you at the meeting to which Mr. McCullough referred?—Yes.
1637. What is your opinion of New Zealand federating with the Commonwealth of Australia?—Speaking personally, my opinion is that it would be detrimental to the interests of New Zealand as a whole—detrimental to social and industrial legislation.
1638. Upon what do you base that opinion?—At the present time we occupy an advanced position in comparison with the Commonwealth, and I think the tendency of federation would be to bring down New Zealand to their level, seeing that they are the larger community, and that the influence we would have with fifteen or sixteen members in a House of eighty or ninety members is so small that we could not hope to effect an improvement in the affairs of Australia.
1639. What do you think would be the effect upon the manufacturing industries of this colony?—I think it would be to deplete our shores of its industrial population.
1640. Why do you think that?—Owing to the reasons that have already been advanced—centralisation of work and consequent cheapening of production.
1641. Have you considered the question as to how it would affect agricultural interests of this country?—I have not any experience with regard to that matter; but, seeing that the export of our agricultural products to Australia only amounts to about 15 per cent. of the whole, I am of opinion that even if we lost the whole of that our standing out of federation will not be very prejudicial to New Zealand.
1642. In order to secure that 15 per cent. of our export trade, do you think New Zealand would be justified in sacrificing her independence as a colony?—Certainly not. I think they will

take our produce when they require it, as they have done in the past. There are seasons when products such as onions and potatoes have been practically given away in Christchurch, owing to their having had good seasons over there.

1643. Have you had opportunities of discussing this matter with your co-workers?—I have, especially with those in the furniture trade.

1644. Can you tell what opinion generally they hold on the matter?—They are practically unanimous against federation—that it would be detrimental to their trade. In Sydney and Melbourne furniture can be produced 200 per cent. cheaper than in New Zealand. New Zealand timbers are cheaper in Australia than in New Zealand.

1645. Is that on account of the wages being cheaper, or the hours being longer, or because of the materials used in the manufacture of furniture?—Both have an effect, but principally it is owing to the longer hours worked and the low wages paid. In Sydney furniture is made by the Chinese. They work about seventy hours a week for £1 5s., and, of course, it is an impossibility for white men to compete under these conditions and live.

1646. *Mr. Roberts.*] Under existing conditions of manufacture in this colony, is it possible to profitably export products of our own manufacturing industries?—I do not think so.

1647. You cannot export at the present time?—Only in the better class of goods.

1648. Do you look forward to the time when New Zealand will become a manufacturing country and be able to export largely?—I do, but not if New Zealand joined the Federation now. Our industries would go to pieces if we joined at the present juncture.

1649. You think labour would need to be cheapened so as to enable you to export?—No.

1650. How, then, would you be able to develop into an exporting country?—I think the tendency will be that other countries will improve their conditions.

1651. They will rise to our level?—I think so, in time.

1652. That will enable New Zealand to be an exporting country?—On equal conditions, I think we could compete with them.

1653. With a duty of 10 or 20 per cent. in Australia, do you conceive that we will be able to export to Australia?—We could not export to Australia at the present time if there was no duty, and less still if there was an import duty over there. Not under conditions that are at present prevailing.

1654. You said you looked forward to the time when you can export there?—Yes.

1655. But, unless under federation, we could not take our goods there without duty?—I understand that is so.

1656. Could we pay that duty?—No.

1657. For all time, then, our manufacturers would be confined to New Zealand consumption?—That does not follow.

1658. Where do you expect to export to, conditions being equal—conditions being equal in labour, you would still be subject to an export duty?—We may be; it is practically only in its infancy.

1659. And will be until you produce at a cheaper rate with cheaper labour?—There are other things in production besides labour.

1660. Labour is essential?—It is the chief essential; but there are other things—efficiency and machinery is also a factor.

1661. If all branches of labour on the other side are protected by a duty of 15 per cent. our manufactures could not enter the Australian Colonies?—I should not think so.

1662. *Mr. Millar.*] Can you tell what the average wage paid in your trade in New Zealand is?—About 9s. 6d. per day. The minimum wage is lower than that. It is 8s. 6d. in Dunedin and Christchurch, and 9s. in Wellington; but the majority of the men receive higher wages than the minimum—between 9s. and 10s. a day.

1663. I have before me here a report on the furniture trade of Victoria. I find that the average weekly wage there was £1 9s. 7d. in 1896, and it had risen to £1 16s. in 1898: do you think we could possibly compete if we continued to pay 9s. per day against £1 16s. per week?—Certainly not.

1664. That is white labour, and they find that they are gradually being cut out by the Chinese?—That is so.

1665. Do you think it is possible, under any circumstances, to compete against the Chinese furniture trade of Melbourne?—Not under any circumstances.

1666. Can you see anything to prevent these Chinese coming over here?—Not under federation. I take it that if we federated there would be free interchange of the population, the same as there would be with regard to commodities. We would be at the mercy of the Chinese population of Australasia. That would be detrimental to the workers here. I have a list of prices before me now, and they are 200 per cent. cheaper than we could produce furniture here at.

1667. Do you think it advisable to have a class of people in this community of whom an official document distinctly states that the law is absolutely powerless to deal with?—I think it would be a crime to allow them to come here, even if paid higher wages than the Europeans. Chinese are bad for the community.

1668. I suppose you could not give us any information as to whether the exports of furniture from Victoria are mostly of Chinese workmanship or European?—No; I think there is a good deal of European stuff sent here, from Victoria especially.

1669. *Mr. Beauchamp.*] Is there any quantity of that Australian furniture imported into Christchurch which you say can be produced 200 per cent. cheaper in Victoria than in New Zealand, and furniture made of New Zealand wood?—What information I have is that a traveller who introduced the samples produced sold two hundred suites between the Bluff and Christchurch.

1670. Can you give us any idea of what the same kind of suites made in Christchurch would cost?—That would be rather hard, because they are a cheap and shoddy make, and really ought not to be on the market here. We do not make that class of goods.



1671. Assuming we did make them, what could we produce them for as compared with the price at which they were sold here?—Oh, I should say an average of 200 per cent. more—100 per cent., at any rate.

1672. Even after paying a duty and transit-charges they would be about 100 per cent. cheaper than if manufactured here?—Yes.

1673. *Mr. Luke.*] Have they in Australia timber as suitable for cabinetmaking as we have here?—I think not.

1674. Under federation, would not that be an element in your favour?—Hardly, seeing that New Zealand timber is now cheaper there than here.

1675. Do you think that will always exist?—I think so, under the circumstances. They take larger shipments of it, and they have larger markets, and consequently it is cheaper there than here.

1676. Can you conceive of a condition of things occurring such as the concentration of manufactures in a centre, that becoming the centre for the distribution of all classes of goods, and that centre being in New Zealand?—I can conceive of there being such a centre, but not of its being in New Zealand.

1677. Have you any idea of the cost of such a suite as you have mentioned landing in Lyttelton?—There is a suit here that cost £3 on the Sydney wharf, and the duty here would be 25 per cent.

1678. Then, a suite I saw in Wellington, covered with beautiful velvet, offered at £6 is perfectly correct?—Yes; that same suite in Genoa velvet and plush is £7; in tapestry and plush, £4 5s.

1679. Does that include duty?—No; those are the prices on the Sydney wharf. There is duty to be added.

1680. *Mr. Leys.*] Is labour as well organized in New South Wales and Victoria as it is here?—They find a difficulty under the Minimum Wage Bill to deal with the Chinese workers, who evade the conditions.

1681. Is there not a very strong organization of labour in Victoria?—Yes.

1682. How do you account for these conditions existing which you describe, in the face of that well-organized labour?—In large centres it has already been pointed out that it is very hard to effect an impression upon a trade; and the Minimum Wage Bill is, I understand, evaded by the Chinamen, and also Europeans, by a number combining and running a factory, and so defeating the object of that measure.

1683. But this is European work I refer to, not Chinese work?—It is not all Chinese work. The firm who supplied the goods are not manufacturers, but they supply the goods, and there is a profit made on them before they come into their hands.

1684. Do you not think that if New Zealand went into the Federation there would be a tendency to correct all that?—I think, on account of the small representation we should have, we would be unable to do that.

1685. Do you think it would be like a good man marrying a bad wife with a view to reforming her?—I think we should have a bad time.

1686. *Hon. Major Steward.*] Do you know the number of hands employed in the furniture-making industry in New Zealand?—I could not say.

1687. The last return was for the census of 1895, and the total is given at 562, with a total wages of £27,000, and an approximate value of output of £100,000: do you know whether there has been any large increase upon these figures within the last five or six years?—I think there are later figures in the labour reports. I know the number is advancing rapidly.

*Mr. Millar:* The last return shows 1,264 hands and 57 females.

1688. *Hon. the Chairman.*] Is there anything you would like to add that you have not been questioned upon?—Amongst my objections to the Federation are the difficulties of administering our Post and Telegraph Department and the railways from a distance. There is also the question of the amount that is to be deducted from the Customs towards the cost of Federal administration. I think we are already taxed high enough, and we are managing fairly well. Therefore I see no reason to add two more Houses of Parliament to those we already possess. I think federation would be detrimental to the interests of our community. Further, the election of the Senate for six years is not a democratic principle.

1689. We cannot interfere with that?—But that is a reason why we should not join.

1690. Our own Legislative Council is seven years?—And some of us entirely object to that.

JOHN LEE SCOTT examined. (No. 74.)

1691. *Hon. the Chairman.*] What is your occupation, Mr. Scott?—An engineer, and a manufacturing engineer.

1692. How long have you resided in New Zealand?—About thirty years.

1693. The transactions in your trade are considerable?—Fairly so. We employ about 160 hands.

1694. How do you think your trade would be affected if New Zealand joined the Australian Commonwealth?—Well, I do not know that there would be any immediate result of any kind; but I am very largely of opinion that the ultimate results must be beneficial.

1695. On what ground do you base that opinion?—I think that New Zealand is destined to become a large manufacturing country. It has every element which goes to make up a satisfactory and prosperous manufacturing country. We have a fine climate, large and valuable mineral deposits, and in contiguity to our manufacturing centres large natural motive- or water-powers. Christchurch is just now considering the bringing-in of water-power in the form of electric current for manufacturing purposes, and if we do that—and I think we shall do it within two years from now—we shall have our power in Christchurch very much more cheaply produced than it can be produced anywhere else in Australia.

1696. And you think that would compensate you for the higher rate of wages paid in New Zealand?—I think that the increased output would be quite sufficient to compensate for that. We find the New Zealand workman is very much superior to the Australian workman, and his output is much higher than the output of the Australian workman. I have had some experience of them, and am quite competent to form an opinion.

1697. Is there any duty in the Australian Colonies against your manufactures?—Yes; in some colonies, but not in New South Wales.

1698. Do you export largely to New South Wales?—No. We have had overtures on several occasions from New South Wales to export cooking-ranges, which is one of our manufactures; and only to-day an Australian merchant asked us to give him prices, and allow him to sell.

1699. Then, you do not fear much competition from the large centres of population in Australia?—I do not think the large centres of Australia have anything whatever to do with it. It seems to me that the large centres of population are formed by the manufacturing industries, and not the manufacturing industries by the large centres of population. We have an instance of that in Kaiapoi, which has not a very large population, but which is a town which is kept in existence by its manufacturing industry.

1700. If New Zealand federated with Australia, do you think there would be sufficient inducement to you to open up a branch in any of the Australian capitals?—I think it is very likely that we shall open a branch in Sydney. If we federated it will be a branch for sale; if we do not federate it will be a branch for manufacture.

1701. Do you think others in the same line of business would be induced to open there whether New Zealand federated or not?—I am not in a position to say, but we do not need to mind anybody.

1702. How do you think it would affect other manufactures than your own?—I cannot speak intimately of others, but I cannot think it would detrimentally affect them. There may be such cases, as, for instance, those trades at which the Chinese are working long hours at ridiculously low wages; but, so far as I know—and I do know something about the work turned out by the Chinese in the furniture trade—their work is of a class that is not turned out here.

1703. Have you considered the matter of what contribution New Zealand would have to make towards the cost of the Federal Government?—I know we are liable to have to pay 25 per cent. of the Customs revenue, but it is not at all likely that we shall have to pay anything like that amount.

1704. But, supposing there is a lower protective tariff put on, is not New Zealand likely to lose a considerable portion of her Customs revenue?—I suppose she can gain that revenue in some other form. It is all taken out of the people, and I do not see that it matters very much how it comes out of them. If the incidence of taxation has to be changed in consequence of a fall in revenue, it will all be in favour of the working-classes, because the Customs revenue is taken very largely from those classes, and any alteration in the taxation must fall on the wealthy classes. The most likely form would be to raise the land- and income-tax. I am in favour of federation. I have talked this matter over with other manufacturers. Our productions are very largely complementary to those of Australia, and it must benefit a country like New Zealand to have a wider market than its own narrow sphere. I look at the matter from a broad point of view, without going into particulars relating to the produce of the country, which I must confess I am not competent to do.

1705. You do not regard with any concern the fact of New Zealand parting with her independence as a colony?—So far as that is concerned, it seems to me that there can only be one objection to it, and that is the objection that the Dutch have to our exercising any rule in South Africa—that is, that British politicians are not to be trusted.

1706. But it would not be a case of British politicians?—I am taking the colonial politician as being a counterpart of the British politician.

1707. That would apply equally to ourselves in New Zealand?—Equally. It seems to me that to make any objection of that kind means that we are to believe that the Australian politician is not to be trusted. Now, I have a very different opinion, and I think we, being the smaller country, are more likely to be treated magnanimously than otherwise.

1708. *Mr. Leys.*] Have the Australian industries any advantage in respect to cheaper iron and cheaper coal than the New Zealand ones?—I do not think, at the point at which the manufactures are carried on, that they have any advantages; so far as iron is concerned, they have no advantages. We buy pig-iron here as cheaply as they can. I am weekly in receipt of quotations for pig-iron, and I cannot buy pig-iron either in Melbourne or Sydney.

1709. Is it at all likely, from your own knowledge, that large manufactories will be established near the coal of New South Wales?—It is no more likely than near the coal in New Zealand. Of course, wherever there are natural facilities, industries must arise, if industries are to arise at all.

1710. Under present conditions are these natural facilities as valuable, say, in Christchurch as they are in Sydney?—I think I pointed out one very large natural facility we had here, and one which we hoped to avail ourselves very largely of in the immediate future: it is water-power, and we shall then be quite independent of fuel.

1711. That is a possibility?—It is not a possibility, but an absolute certainty, so far as Christchurch is concerned.

1712. Can you mention any New Zealand manufacture that is exported to New South Wales under its free-trade tariff?—In our own line of business I know there are agricultural implements, especially chaff-cutters. Hitherto we have only been able to satisfy local demands.

1713. Are they satisfied now, and are you seeking an export trade?—I think we are pretty well up to local requirements, and New Zealand manufacturers in our own line have just now

reached the point at which they satisfy the local requirements. If we can increase the product of particular lines of manufacture we can afford to sell very much more cheaply, and that is one reason why I look forward to the possibility of exporting to Australia.

1714. Do you not think that would operate more in favour of the large centres of population?—I do not think so, because their conditions are not as satisfactory as ours.

1715. Have you had any personal experience of labour in Victoria or New South Wales?—No; only of the men who have come over here. I think they work the same number of hours, and the wages are about the same—if anything, a little higher there than here in my own particular line.

1716. The Government invited tenders for some railway-trucks some time ago, and it has been stated that the lowest tender was from Australia: can you explain that?—The New Zealand engineers are full up of dredging machinery, and were not wanting work. I think we could do those trucks as cheaply as anybody, and it is just the sort of thing we like to have, but we did not tender because we were too busy.

1717. As an old colonist, do you think New Zealand would be more prosperous under the Commonwealth than it is under its own management?—There has been a special reason to account for the exceedingly flourishing condition of the engineering trade during the past twelve months—that is, the tremendous number of dredging claims taken up.

1718. Do you think it would be likely to be more prosperous under a Commonwealth Government?—I certainly think it would, because we have all the advantages of climate, and with the prospect of a wider scope we must increase our prosperity.

1719. Do you know of any other colony in Australia which has been so prosperous during the last five years as New Zealand?—I do not think that any of them have been so prosperous.

1720. How do you explain our exceptional prosperity?—I suppose good seasons and prices, and generally everything has been in our favour.

1721. Do you not think that the development of the farming industry and the liberal land-laws have tended to induce a stream of semi-prosperity in the colony?—They have had something to do with it. The subdivision of the large estates has had something to do with it in Canterbury, and one thing I fear is that unless we go into federation we are going to lose very largely the benefit of this subdivision. After growing the things they need in Australia, we are going to shut the market against the small farmers we are now creating.

1722. You do not think there is any risk of injuring our prosperity by transferring a large part of the legislative power to a distant territory over which New Zealand can exercise very little influence?—There is very little fear of that. My opinion is we are more likely to be treated magnanimously, and, looking at the legislation from a social point of view, I think it is pretty well known that my tendencies are rather in that direction than otherwise. I have always been in favour of the legislation of the present Government, but I think we are taking a selfish view of matters when we say that we wish to stand outside altogether, and allow Australians\* to run their own course, rather than that we should go in with them and help to leaven the whole lump.

1723. If you say we shall be treated generously, have you found, in your New Zealand experience, that when the interests of one part of the colony have been involved as against the interests of another part of the colony the representatives who have represented that part of the colony will waive their advantages in favour of a more distant place?—Not their advantages; but that they will not allow others to have equal rights is, I think, scarcely fair to assume, even in New Zealand—bad as we are.

1724. But is there not a continual struggle for these advantages between different parts of the colony?—And always will be.

1725. That being so, is it not likely that we, being outweighed, all but purely Australian interests will suffer—without attributing to the Australian politicians any very great depravity?—I do not think so.

1726. *Mr. Luke.*] With reference to the levelling process with regard to hours of labour and rates of pay, do you think the levelling will be up or down?—The leaven has begun on the other side, and the majority of the people there are already leavened. They are forcing their leaders up at the present time, and the levelling seems to be up and not down.

1727. When you speak of being quite independent of fuel, when you have harnessed the Waimakariri, do you wish to lead the Commission to suppose that you will be able to do without fuel?—I mean for power purposes.

1728. Does it not often happen that in Melbourne and Sydney they get cheaper stuff for raw material than we do in New Zealand? Do not large quantities of pig-iron come out from England as stiffening at a nominal freight, or no freight at all?—I have bought pig-iron in New Zealand at £2 10s. a ton. We are in the habit of bringing out pig-iron regularly, and if ships do not bring pig-iron they must bring something else as stiffening, usually cement.

1729. We were told in Dunedin that the reverse was the case, and, having such a quantity of light freight to the large centres, vessels very frequently had to bring out pig-iron at no freight at all: is that so?—I have never yet been able to buy pig-iron in Australia, and the freight is only 10s. a ton.

1730. I notice now it is £1 a ton?—I was given a price f.o.b. at 10s.; but the price there will not permit of our buying it.

1731. You are aware of the mineral deposits at Parapara, and of the natural fluxes in the immediate vicinity: do you think there is a prospect, in view of those deposits, of developing the iron industry in New Zealand, and of Australia becoming a good market for it?—I am most decidedly of opinion that some day the wealthiest part of New Zealand will be the north-west corner of this Island. I do not say in the immediate future, because I cannot look upon the iron industry with the optimistic eyes some people can. Pig-iron is produced so very cheaply in England, America, and Scotland that we cannot hope to produce it here and compete with those countries at their price.

1732. Do you think, with the lower wages paid in Great Britain and the higher wages paid here, that it is within a reasonable scope to expect that we should be able to manufacture iron in this colony?—Not for some years, but we shall do it, no doubt.

1733. Did I understand you to say that the average Australian workman is as good as a New Zealand workman?—He is not as good as the average New-Zealander.

1734. *Mr. Beauchamp.*] Has trade in your own line of business been rapidly increasing during the past few years?—We have kept outside this dredging boom, and, so far as we are concerned in respect to general engineering, business has not been rapidly but steadily increasing.

1735. Not sufficiently rapid to warrant increasing the works to such an extent as to provide for the orders from the Government?—We have been confined for want of ground, and that is one reason we had not taken any extra work.

1736. In going round we have found the same condition of affairs existing—all the engineers too full of orders to take all the business offering?—That has been so.

1737. Do you think many other manufacturers would follow your lead in establishing works in Sydney in the event of the colony federating?—We might expect that the boom will be over in the course of twelve months or two years, and it is a boom there is no doubt.

1738. It is business that has not come to stay?—No; not, I believe, to the extent it is being carried on at the present. I believe dredging has come to stay, but, so far as the manufacture of dredges is concerned, it has not come to stay to the extent that it is being engaged in at present.

1739. From your knowledge of New Zealand workmen, and their capacity to do their work, is it not likely that you would take some of your men over to Australia?—Yes.

1740. So that in entering into that trade we should suffer by the transfer of our best men probably?—We cannot go on manufacturing workmen for Australia; our factories are not large enough.

1741. I understood you to say the factories created population, and not population factories?—I said large centres of population.

1742. That being so, why should you think of establishing yourself near those large centres?—One only thinks of Sydney when you speak of New South Wales, but if we go over there we might not establish ourselves in Sydney. I was thinking of New South Wales, and not particularly of Sydney.

1743. *Mr. Millar.*] I understand you to say that the local factories can compete with the demands?—As far as general trade is concerned, the ironworks of the colony are equal to local demands.

1744. In respect to agricultural machinery, there is an importation to New Zealand exceeding £100,000 in value: how do you account for that?—Those are things that cannot be manufactured here unless we have an import duty.

1745. What import duty do you think would be necessary to enable the bulk of this machinery to be manufactured in this colony?—My views on protection are somewhat moderate. I believe in protective duties, but I do not believe in anything like 33 $\frac{1}{3}$  or 40 per cent. I think our duties are very fair now. They are from 20 to 25 per cent., and they give a slight advantage to the manufacturer, and give him the market, assuming that he does the work for about the same price.

1746. But, so far as your industry is concerned, there are only two items that come to about 25 per cent.?—We do not touch agricultural implements. We are fairly well protected.

1747. If we had a protective duty here of 15 per cent., do you think the bulk of this £100,000 which is sent out of the colony could be retained in it?—A good deal of it could, and would, no doubt.

1748. And the shops are quite able to do the work, I presume?—If they were not able at once, they would very soon be.

1749. You think federation would be injurious to the farmers on account of the loss of their market: do you think that Australia is the only market that can be found for our produce, excluding London?—It appears to me that it is the proper market. It is the market which is contiguous, and it is the market we should look to. We ought to nurse it.

1750. You know by the Constitution there that the Federal Parliament retain very great powers to themselves in the way of legislation and finance; you have been some years in the colony, and may have had experience of the old provincial days in Canterbury?—Yes.

1751. Do you think it is possible that within a few years, when the Federal Government have used up the powers granted to them, there will not be a tendency to abolish the States altogether, having first reduced them to practically the position of Road Boards?—That is a matter we may have very different opinions upon. As I said at first, I can trust the Australian politician very much more readily than some people can. I may be looking upon them a little too favourably.

1752. It would not altogether be a question of the politicians alone, it would have to be done by the people principally?—Yes; but the people very largely allow the politician in such circumstances to do as he likes.

1753. Do you think the people would feel inclined to pay all the cost of keeping up the State Parliament and State Government without having the time to legislate upon any question of importance, or would you think it better to abolish all the States and have one Central Government?—It would very largely depend on what the Central Government was doing. If they could trust the Central Government, it would; but it would not suit New Zealand unless the Central Government happened to be doing what pleased the bulk of the people.

1754. In the event of such a thing taking place, do you think it would be possible for New Zealand to be looked after by Civil servants alone?—No; and it would not be wise that it should be.

1755. That would be the position?—I cannot conceive such a contingency.

1756. Does not your experience show that the Government take advantage of every power they have?—They do.

1757. And I do not suppose the Federal Government would be any different?—I do not know.

1758. But you would not consider that that would be in the interests of the colony?—I do not think it would.

1759. Looking at the matter all round, I understand you to think the advantages would be in favour of federation?—I do.

1760. *Mr. Roberts.*] You are not at all afraid, Mr. Scott, of the competition of the Australian Colonies, assuming federation is carried out?—Not at all.

1761. You think your own industry would be able to survive?—I am quite sure it would.

1762. Have you any general knowledge of the other industries of the colony?—Yes.

1763. Assuming that federation were not gone into, do you think it is possible for the industries of this colony to export to Australia?—I do not think it would.

1764. Would it be quite hopeless?—I think so.

1765. So that if there were no federation it would not be very long before the manufactures of New Zealand would be confined entirely to New Zealand?—That must of necessity be the case.

GEORGE H. WHITCOMBE examined. (No. 75.)

1766. *Hon. the Chairman.*] What are you?—Managing director of Whitcombe and Tombs (Limited).

1767. What is their business?—Printers, publishers, manufacturing stationers, and fancy-box makers.

1768. They are in a large way of business in New Zealand?—Yes.

1769. Employing how many hands?—Two hundred and fifty altogether in the service.

1770. How long have you resided in New Zealand yourself?—Thirty years.

1771. Have you considered the question of New Zealand federating with the Australian Commonwealth?—Yes, I have given it a certain amount of consideration.

1772. What is the conclusion you have arrived at?—I do not think it would be of any advantage to New Zealand at the present time, as far as I can see. It is a very difficult and complex question.

1773. Is your business protected in any way by the tariff?—Yes; the manufacturing portion of it is to the extent of 25 per cent.

1774. What do you think the effect of intercolonial free-trade would be on it and similar business?—The direct effect on our business would be that we would have to publish in the commercial capital—Sydney. I may say that we publish a very large number of school-books, and we at present supply some parts of Australia. We supply more particularly Victoria with some of our publications, and I think it would be incumbent upon us to have our printing-works in the commercial centre.

1775. Why?—Because we would be in a very much better position.

1776. What do you think the effect would be upon the printing and publishing trade generally?—Oh, I do not think it would affect the printing trade purely one way or another, unless by concentrating the business to one centre. I suppose that would have an effect upon the general printing trade. At the present time there are machines being used in Sydney and Melbourne which it would not pay us to put down here, for the simple reason that we could not keep them going. There is a machine now being worked in both Melbourne and Sydney which will print eight to ten thousand envelopes an hour. Well, there are very few houses here that can give us an order for 25,000 envelopes and it would not pay us to work the machine unless we had orders of that dimension. Melbourne and Sydney can keep them going, and supply them at much less rates than we could.

1777. Are there any other disadvantages that would accrue?—The greatest disadvantage, I take it, is that in Sydney you have cheap freights and cheap coal, and you have a large population to work upon, and the conditions of labour are better than in this colony.

1778. Australia would have the advantage over New Zealand?—I think there is no question about it.

1779. Have you formed any opinion as to what the effect would be upon other industries in the colony if New Zealand federated?—I should think that, so far as the manufacturing industries are concerned, it must have a bad effect, for the reason that they could manufacture to better advantage in the commercial capital. The same thing obtains at Home. So far as our trade is concerned, the publishers in Britain must be in London, although they send some of their printing and binding to Edinburgh; it pays them to do that.

1780. But other branches of industry outside of printing and publishing?—I cannot say as to that.

1781. Are there any advantages that you think would be derived from federation?—I do not know that I can say there would be any advantages, on the whole.

1782. Have you considered the matter in any other light than as affecting your trade and industry?—Well, socially, I think it would be an advantage not to federate, for the simple reason that you will upset the present conditions under which we are working, which I think are the most favourable to the colony.

1783. You think they are satisfactory?—I do, and I think it is better to leave well alone.

1784. The condition of the colony is fairly prosperous?—I consider that it is at the present time.

1785. Have you considered the political side of the question?—No.

1786. *Mr. Roberts.*] You mentioned that the cost of labour was cheaper in New South Wales than here: to what extent is that so?—I should think 15 per cent.

1787. Are the hours of labour longer there?—Yes; nine hours to our eight here.

1788. *Mr. Millar.*] I take it that you consider, owing to the larger factories in Australia, it would tend to draw the business there?—Yes.

1789. Is there any printing-house in New Zealand now that would undertake the compiling of a directory?—Yes.

1790. They are sufficiently equipped now to do it?—Yes.

1791. Directories generally go Home to be printed?—No. The last one was printed at the *Otago Daily Times* office. The linotype has done away with the great cost.

1792. *Mr. Beauchamp.*] Is there much stationery imported from England?—Not as much as there used to be.

1793. There is a falling-off?—We have two large bank contracts that used to be done entirely in England. The protection allowed us to compete with the English market successfully.

1794. I notice that some of the large insurance companies still get a quantity of their work over from Australia?—That is because the head offices are in Australia, and they work off so-much for the branches.

1795. The extra quantity enables them to get the stuff cheaper than if paying the duty here?—That is so.

1796. *Mr. Luke.*] Do you employ any great amount of juvenile labour?—A fairly large proportion—not so many boys as girls.

1797. Is there a larger proportion employed in Australia, do you think?—I went through some factories in Melbourne twelve months ago, and I was surprised to see the amount of juvenile labour employed in these establishments.

1798. Do you fear the centralisation in these large centres of Australia, and the employing of a larger percentage of juvenile labour than we do?—I suppose improved machinery would be imported which would have the result of minimising to a great extent the manual labour employed.

1799. Developments are more likely to take place in the matter of machinery than in the condition they are labouring under?—Yes.

1800. Would that not give you as good a position as Melbourne and Sydney, seeing it is a question of machinery?—It would not pay us to run the machines.

1801. I mean, and compete with Australia from here?—No; the conditions are different. The rates are higher, and we have to import the raw material.

1802. Is there no prospect of developing the paper-making industry?—When we double our population.

1803. Do the questions of distance and wages operate against federation, in your opinion?—Yes.

1804. *Mr. Leys.*] Do you not think wages will be equalised?—I cannot say; I think wages are on the upward grade now all over the world.

1805. Do you think the labour laws have caused the price of labour to be raised to too high a rate?—No doubt they have raised the price of labour, and the conditions we work under are to some extent unsatisfactory; but I think if the population were largely increased it would not materially affect our trade.

1806. *Hon. the Chairman.*] In the event of federation, do you think the tendency would be to attract population from New Zealand to Australia, or from Australia to New Zealand?—I think the tendency would be for the population to go from New Zealand to Australia.

JAMES ARTHUR FROSTICK examined. (No. 76.)

1807. *Hon. the Chairman.*] You are president of the Boot-manufacturers' Association of New Zealand?—Yes.

1808. Is that a large association?—I think it employs about 85 or 90 per cent. of the boot-makers of the country.

1809. Have they met to consider the question of federation in any way?—No; but I have the opinion of the members individually. The members are resident in all parts of the colony, from Auckland to the Bluff. At our last meeting we did not discuss the question of federation, but I have been in correspondence with the members on the subject.

1810. Is the opinion an unanimous one?—I do not remember one member expressing himself in favour of federation.

1811. What is the opinion?—Decidedly against it.

1812. Do you concur in that opinion yourself?—I do.

1813. On what grounds?—That federation would mean to our trade practically annihilation.

1814. Why?—Because it would absolutely be impossible for us to conform to the conditions of trade under which we work and compete with such centres of manufacture as Melbourne and Sydney.

1815. What advantages have they?—They have great advantages now in the matter of wages, and also in the matter of specialisation of work, which is a very important thing.

1816. Could you tell me, roughly, the number employed in the bootmaking trade throughout New Zealand?—I believe, about three thousand.

1817. Are they satisfied with the present state of affairs in New Zealand?—I never knew bootmakers to be satisfied.

1818. They are not satisfied?—No.

1819. Is that because the trade is a declining one, or are they dissatisfied with the conditions under which they are working?—I think it would be better for the workmen themselves to answer that question. All I can say is that, from my knowledge of the trade, our conditions of work are better and the wages higher than in any country on earth.

1820. We have been told in another place that men are leaving the boot trade: is that so?—I believe it is true; and I take it that one reason for that is the enormous increase in

the importation of foreign-made boots and shoes. The increase of importation, to my mind, is alarming.

1821. Where are they principally from?—The greatest competition we have to fear is from America, although the returns quoted by the Customs show the quantities to be higher on them from England. That is partly due to transshipment.

1822. Is the duty heavy?— $22\frac{1}{2}$  per cent. *ad valorem*.

1823. In the event of federation, do you think that protection will be higher or lower than now?—I should say lower.

1824. Then, competition from outside would be increased?—Certainly. The world would compete against us as well as Australia. I may say that the importations from Australia have increased, I think, about double in the last year or two. I know that a number of firms are directly represented and are doing business in New Zealand notwithstanding the  $22\frac{1}{2}$ -per-cent. *ad valorem* duty, which is 25 per cent. actually. New Zealand has imported during the last six years over four million and a half pairs of boots, and she has only a population of 750,000 people; and I think that justifies me in saying that the position is alarming.

1825. Have you considered its effect on trade generally? What about the tanning industry?—That is a kindred industry, and must suffer in respect to the lessened demand of the local factories. We are large consumers of New Zealand leather.

1826. Have you any opinion to offer as to how the manufactures would be affected in New Zealand—that is, other than the bootmaking industry?—I feel I can speak authoritatively on the boot trade, but beyond that my views would only be a matter of opinion. I should think that the soap and candle and woollen industries would suffer materially from federation; but experts would be able to give a better opinion on that question.

1827. What do you think the effect of federation would be on the population of the colony?—I think the industrial part of the population would be undoubtedly attracted to the large centres of manufacture in Australia, whereas some of the agricultural people from Australia might be drawn here. The tendency of federation would be to make New Zealand an agricultural country, not a manufacturing country.

1828. *Mr. Leys.*] Would not the destruction of our manufactures react adversely on the agricultural community: the country would grow less oats than now; generally the market for produce would be lessened?—The home market would undoubtedly be lessened. I think, in the interests of agriculturists as well as manufacturers, we should not federate.

1829. How do you account for Australia being able to compete with New Zealand and pay their 25-per-cent. duty?—The greatest economy in manufacturing is to be obtained by specialisation. Our country is so small that we cannot specialise. We have in our factory only about 250 hands all told, and make 850 varieties of goods. I have in my mind a factory in America that I visited where there were 1,400 hands employed, and they only turned out thirty varieties of articles in their trade. Where the work is specialised in that way the strictest economy can be observed. In certain classes of goods Victorian manufacturers do successfully compete with the New South Wales manufacturers, and I feel perfectly sure, from my knowledge of the trade, that with intercolonial free-trade the lower class of goods of New South Wales manufacture will be able to successfully compete with the lower class of goods made in Victoria, and that Victoria will export the better class of goods to New South Wales. New Zealand could not compete against Australia because of the scattered nature of our country.

1830. Generally, does each centre of population in New Zealand supply its own centre?—No; but each centre supplies its particular grade to a certain extent, but nothing to compare with the specialisation of Australia. The better class of goods are supplied by American and English manufacturers. I think that could be proved if the members of the Commission would visit the principal retail boot establishments. They would find that probably 75 per cent. of the stock in these shops was imported, and not of local manufacture.

1831. Do you think it desirable to increase the protection in order to shut out that trade?—No; not in the interests of the general community. I think we could maintain what we have by improved systems, and by the co-operation of the workmen, and should endeavour to make the 25 per cent. that we have answer all purposes.

1832. Do you think there is still room for expansion locally?—With a population of 756,000, we imported 874,000 pairs of boots. I think that proves there is room for considerable expansion. I notice we imported into this country last year 118,000 pairs of boots in excess of one pair per head of the population.

1833. You think that specialising has more to do with Australia's competition than low wages?—That has something to do with it; but it is an older country than ours in manufacturing, and I think it cannot be denied that the Australians have succeeded in producing a greater number of articles for a given price than we do at present. We should be able to do better under the protection the Customs tariff gives than we do at present.

1834. You think the Australian manufacturers are so much better developed that at the start our industry will be destroyed?—Yes; and I think we could not regain it. On my way to England eighteen months ago the largest bootmaker in Australia told me, in the course of a conversation, that in eighteen months, under free-trade, they would be able to wipe out every bootmaker in New Zealand.

1835. Supposing a large proportion of these three thousand bootmakers who are employed in New Zealand were thrown out of work by federation, do you think they would find employment in other lines of life?—I do not think so.

1836. You think it is more likely they will drift over to Australia, where their work would be?—Yes.

1837. New Zealand towns, you think, would decline under federation?—Yes; I think the manufacturing towns would.



1838. *Mr. Luke.*] I understand that the bulk of the boots and shoes you refer to are infants' and small sizes?—No; small sizes and infants' are excluded.

1839. You say that, notwithstanding the diminishing manufacturing trade, the present duty is quite sufficient?—Yes, provided that we are permitted to adopt the most modern system.

1840. Is it not a fact that many manufacturers are more interested in importations than in manufacturing?—That is due to circumstances.

1841. Is it due to the tastes of the people changing?—It is due to the taste for boots at a certain price, and if we—that is, the manufacturers—do not supply them some one else will.

1842. Do you think that when the people are better acquainted with the wear of these boots and shoes they will come back to the local article?—No; price for price, American goods are better than ours.

1843. Do you think that the leather put into these shoes is better than ours?—Yes; we have not got the bark. We have nothing but wattle to depend upon. That has a very quick tannage, and necessarily is not so good.

1844. Do you agree with the statement made in Dunedin that we stood on an equal footing, as far as tanning was concerned, with any other part of the world?—No. Wattle-bark-tanned leather is not so good as oak-tanned, and we have no oak-bark here.

1845. *Mr. Beauchamp.*] Oak-bark has to be imported?—That is very bulky stuff.

1846. As to wages in the boot trade, they have been steadily increasing in the last few years, and the hours of labour have been shortening?—No; there has been all the time a tendency to advance the wages, but, as a matter of fact, the wages have not increased to any appreciable extent within the last few years. But our log, which is the basis of our operations, I think, taking an average, is about 40 to 50 per cent. higher than the Victoria or New South Wales log. Our minimum wage is 2s. less, but there is a tendency always to accommodate the amount of work performed to the value of the work based on the log prices. That is why I say a larger number of articles are produced in other places to a given price.

1847. Would lower remuneration enable us to compete with the Australian trade?—I want the men to adapt themselves to the most modern ideas. We do not ask that the remuneration should be reduced.

1848. With regard to these American boots, could we not manufacture after the American fashion, so as to meet the popular taste?—90 per cent. of the lasts we use are made in America, or the moulds are made in America, which is the same thing.

1849. You mentioned the candle industry: have you any knowledge of that trade?—I am a director in the local candle company.

1850. Federation would have a serious effect upon that industry?—I think it would.

1851. Has your business suffered appreciably by the last reduction in duty?—No, I think not.

1852. And with the present duty you could keep on?—Yes, I think so.

1853. *Mr. Millar.*] Your competition from Victoria is not severe?—You will find it has been increasing for the last few years. They never dreamt of sending boots to New Zealand five years ago from Victoria.

1854. New South Wales is a bigger competitor?—They are competitors; but I think the New South Wales exports are very largely transshipments principally on account of a firm of merchants in Sydney who do a large New Zealand business.

1855. The average wage of the bootmaker in New Zealand is higher than in Victoria, is it not?—No; but the greater number of articles produced makes the cost of production cheaper there than it is here. We do not ask that there should be an alteration in wages.

1856. Is there as much work put into the Victorian article as into the New Zealand?—Quite.

1857. You think it would be injurious to the trade if we federated?—I have no hesitation in saying that.

1858. Have you any idea as to which is the largest factory in Victoria?—I should say that Marshall's is about the largest. There are several very large ones over there.

1859. Do you think that during the year 1900 the importation of American goods has increased to any extent?—I am sure it has.

1860. Are you aware that the importations from the United Kingdom increased likewise?—There can be no comparison between the importations from the two places, because a very large number of the American goods go across the Atlantic, and are forwarded here from London, and would be therefore considered as English exports. We do an indent trade in addition to the manufacturing, and I think I am well within the mark in saying that we have sold 90 per cent. of American women's boots to 10 per cent. of English. Now, quite a number of these come across the Atlantic.

1861. Under existing conditions you might be able to compete against the American trade, but if you threw this market open to the Australians you could not do it?—That is so.

1862. *Hon. Mr. Bowen.*] You say that modern methods would improve trade: what means do you suggest for adopting these modern methods?—I think, a process of training the workmen. They have been trained under old English methods, which are costly, and the workmen do not take kindly to the new ideas. Quite a number of representative men have begun to see that there can be economy of production without sweating or taking less money as wages.

1863. These men will come in by degrees?—Yes; but I think we would always be at a disadvantage with Melbourne and Sydney on account of specialisation.

1864. About tanning-bark: is there any bark in this country equal to oak?—Not that I am aware of.

1865. Is wattle not a good bark?—It is a good bark. It is very astringent, and does not produce the same quality of leather as oak. As far as the boot industry is concerned, we have to import a large part of the leather from which boots are manufactured.

1866. Wattle grows very freely on poor land?—I know, from my knowledge of the trade, that wattle-tanned leathers are not as good as those tanned by oak-bark.

1867. Is there no local tanning-bark?—Birch is a tanning-bark, but it is a very slow process.

1868. Do you know what proportion of wattle-bark is grown in New Zealand, and what is imported?—I should think that probably 75 per cent. of the wattle-bark is imported.

1869. I suppose we may assume that tanning by any process is not what may be called an indigenous industry to New Zealand?—We can produce certain leathers to advantage. In the classes for which birch-tanned and wattle-tanned curried leathers are used we practically have a monopoly.

1870. Have you any return showing the proportion of imported boots to local-manufactured boots?—No; there are returns published from year to year as to the quantity of boots manufactured in the colony, but I have no idea how these returns are obtained, for we do not give them.

1871. We may assume that the manufactures and importations are about the same?—Probably; I do not think that is far out.

1872. By increasing the duty could you increase the local output?—I do not think it is fair to the general public that the duty should be increased. I think the duty and transit-charges should be sufficient.

1873. You think you could not compete against Australia under any circumstances under federation?—I feel perfectly sure of it.

1874. Then, is the boot industry of any value to New Zealand?—There are three thousand persons employed at it.

1875. If you cannot compete against Australia under any circumstances, does it not show that it is an industry not suited to the country?—I do not think so.

1876. I want you to view it from the general standpoint, and not from the standpoint of to-day: in the future shall we be able to compete?—I do not think so.

1877. Never?—Not under anything approaching existing circumstances.

1878. Do you not think the equalising of the wage would enable you to compete?—The risk would be very much too great to take. It would be a leap in the dark when taken under the assumption that the Australians would raise themselves up to our level. That is a very doubtful assumption.

1879. What size of a centre would enable you to manufacture?—I think we would have to increase the population of this country fully three times.

1880. That, in the history of the Federation, would be only a short time?—In the meantime our industries would die.

1881. Does it not go to show that the industry is not natural if it cannot be maintained except under a heavy prohibitive tariff?—I do not think, under present conditions, the present protection is prohibitive. We have to take into consideration the hours of labour and wages in the Old Country. I think the protection should be sufficient to meet the difference between the conditions of labour here and the conditions of labour in the Old World.

1882. You say that the men are as good, and that the wages are not too high: surely, if the capitalists have a little bit of pluck they could get the machinery and compete?—I say that the men in New Zealand do not produce the same number of articles at a given price as they do in Australia. It is a well-known fact that when one's trade is lost it is very difficult to regain it. If federation became an accomplished fact, my firm would determine one of two things—close our factories and dispose of our plant, or take the plant over to Sydney.

1883. You think that high wages and better climate and shorter hours will not attract people to New Zealand to put up large factories, and enable you to compete?—I do not think climate has anything to do with it.

1884. You think, then, that this never can be a great manufacturing country?—Not under federation.

1885. *Mr. Leys.*] When you spoke of never having known bootmakers to be satisfied, did you refer to bootmakers as a class all the world over?—Yes; I have been thirty odd years in the trade, and it is the same all over the world.

1886. It was no reflection, especially on New Zealand?—Not a bit.

1887. *Mr. Millar.*] You have, I understand, prepared a table showing the importation of boots and shoes into New Zealand from 1888, the first year of the *ad valorem* duties, to March, 1900?—Yes; the return is made upon the basis of population of the colony, exclusive of Natives, allowing one pair of dutiable goods per annum for each person, the increase or decrease being upon that basis. This is the table:—

| Year. | Dozens. | Dutiable. |         | Per Pair.          | Population. | Increase. | Decrease. |
|-------|---------|-----------|---------|--------------------|-------------|-----------|-----------|
|       |         | Pairs.    | Value.  |                    |             |           |           |
| 1888  | 45,285  | 543,420   | 142,246 | s. d.<br>5 3       | 607,380     | ...       | 63,960    |
| 1889  | 37,705  | 452,460   | 108,731 | 4 9 $\frac{3}{4}$  | 616,052     | ...       | 163,592   |
| 1890  | 47,127  | 565,524   | 119,800 | 4 4                | 625,508     | ...       | 59,984    |
| 1891  | 57,812  | 693,744   | 138,852 | 4 0                | 634,058     | 59,686    | ...       |
| 1892  | 57,069  | 684,828   | 134,312 | 3 11               | 650,433     | 34,395    | ...       |
| 1893  | 59,999  | 719,988   | 133,093 | 3 10 $\frac{1}{2}$ | 672,265     | 47,723    | ...       |
| 1894  | 52,450  | 629,400   | 128,391 | 4 0 $\frac{3}{4}$  | 686,128     | ...       | 56,728    |
| 1895  | 55,975  | 671,700   | 115,205 | 3 5 $\frac{1}{4}$  | 698,706     | ...       | 27,006    |
| 1896  | 62,173  | 746,076   | 119,611 | 3 2 $\frac{1}{4}$  | 714,162     | 31,914    | ...       |
| 1897  | 69,445  | 833,340   | 121,733 | 2 11 $\frac{3}{4}$ | 729,056     | 104,284   | ...       |
| 1898  | 63,224  | 758,688   | 122,371 | 3 2 $\frac{3}{4}$  | 743,463     | 15,225    | ...       |
| 1899  | 72,883  | 874,596   | 144,717 | 3 3 $\frac{3}{4}$  | 756,506     | 118,090   | ...       |

4,513,800 pairs of dutiable goods were imported during the past six years, being an average of 752,300 as against an average population of 721,337, last year's importations being an increase on the average of the previous five years of 146,756 pairs.

HENRY OVERTON examined. (No. 77.)

1889. *Hon. the Chairman.*] What are you, Mr. Overton?—A farmer, residing near Christchurch.

1890. How long have you resided in New Zealand?—About forty-five years. I am farming a good deal of land.

1891. Have you given attention to the question of New Zealand federating with the Commonwealth of Australia?—I have from a farmer's point of view.

1892. What is your opinion on the matter?—When I went Home two years ago I was struck, in going through Sydney and Melbourne, with the importance of this question, for I found that the stock in Victoria was in a good many cases starving for the want of food, which we could supply, but which the people there could not obtain owing to the heavy import duties in Victoria. I thought then that federation would be a grand thing for New Zealand, because our produce would go in free, and supply them with what they wanted.

1893. Are you still of that opinion?—Yes. I feel sure that these large cities, which are within a few hundred miles of us, would give us a splendid outlet for our products of many kinds; and, speaking from a farmer's point of view, we could supply oats as well as root-crops with very great benefit. At present I look upon our suburban lands as comparatively worthless, for the reason that we have no market for the stuff those lands could produce. Such products as Swede turnips could be sent over to Australia with splendid results. One of the first developments of federation would be the establishment of a really good steam-service between here and Australia. We should then encourage a trade which cannot be touched under present circumstances.

1894. Are you aware whether Victoria supplies sufficient oats for her own requirements?—She takes a great many from New Zealand now.

1895. We have heard that the bulk of the oats shipped to Victoria are for transshipment: is that so?—I think so; but they would take more for mixing purposes if there were no duty.

1896. But, if they are merely for transshipment, are not these markets open to New Zealand without federation? Do you think, then, that there would be an increased market for agricultural produce in Australia if we federated?—I do, with the establishment of a better steam-service. As to other advantages, I think the time is not far distant when we shall be drawing very heavily on the splendid merino flocks of Australia to provide ourselves with ewes to breed the lambs which are so acceptable in London, and which no other country in the world can supply like we can, provided we get the ewes. The time will come when we can afford to breed the ewe that is required, seeing that the lamb is so valuable.

1897. How do you think manufacturers would be affected by federation?—I am not qualified to speak on that point.

1898. What other advantages would federation give us?—With the establishment of a steam-service such as I have mentioned, our climate and scenery would prove so attractive to the wealthy Australians that our tourist traffic would become as much to us as the American and foreign tourist traffic is to Great Britain and Ireland.

1899. How do you think we should be affected in the matter of government?—I am sorry to say, Mr. Chairman, that I do not feel qualified to speak on the matter further than that I notice we should lose the control of our posts, telegraphs, and railways. I think, as far as the railways are concerned, we should not lose anything, because I believe the Commonwealth would manage our railways better than we do ourselves.

1900. It is questionable whether we should lose our railways without our own consent?—I believe the Commonwealth would study the producer more than the New Zealand Government does.

1901. Are there any other matters you would like to mention?—Objection has been taken to federation on the grounds of our loss of social standing. I have had a great deal of experience of the Australian people, and I think it is a very great mistake for us to run away with the idea that we New-Zealanders are in any way superior to the Australians, for as a people we might feel proud of them; and, in fact, many of our best business-men throughout New Zealand are Australians. Then, again, they have shown the same loyalty and have received the same amount of praise on the battlefield as our own people, so I think there would be nothing to fear from our federating with them.

1902. *Mr. Roberts.*] You have spoken in favour of importing merino ewes from Australia: do you not think the cost would be too great?—No, not with such a steam-service as I anticipate would be started. Some farmers have endeavoured to import them this year, but with the present steam-service they found it impracticable.

1903. Do you know what the charge from Wellington to Lyttelton is at present for sheep?—About 3s. per head, including a good deal of railage.

1904. What could you reasonably expect the freight to be from Sydney?—Of course, the inland freight would be the most serious thing. I do not think it would be very much more than from Wellington here.

1905. Could you not reasonably expect it to be double, which would be a sufficient handicap against importing anything in the shape of merino ewes?—Some of our people have been trying it this year, but under present circumstances could not succeed.

1906. *Mr. Millar.*] You said that most of our suburban lands were worthless: what do you include in that?—I mean the lands really have become too high-priced to enable us to produce marketable goods, such as fat lambs and wool.

1907. Is it not a fact that the bulk of that land now is fully employed?—No; a lot of it is lying comparatively idle through there being no market for the goods.

1908. That may be round Christchurch?—It is so in a great many other places throughout New Zealand.

1909. What sort of steam-service do you expect we would get under federation?—A good deal better and more roomy one than we have at present, and a more frequent service than a weekly one, for the trade would necessitate it.

1910. Why do you think it would necessitate a better trade, seeing that you have got a free-trade market in Sydney all the time?—Melbourne is shut against us, and the trade to Sydney alone does not warrant a more frequent service.

1911. But, granted all the markets were open to-morrow, you would not ship to Sydney and tranship from Sydney to Melbourne?—No.

1912. Then, if we have now a service which meets our own requirements with Sydney, how do you anticipate you would require a better service?—Because under federation we would also have Melbourne and other ports open.

1913. That would require a separate service?—Perhaps.

1914. Are you aware that there is such a thing as a shipowners' federation, and they do not go into one another's trade?—I know that.

1915. You have a weekly service pretty well to Melbourne now, but very little trade there: do you not think that, seeing that the present class of boats had kept your market open under free-trade, the same class of boats would do?—I do not disparage the present class of boats, or say they would not do; but we want cheaper freights in spite of the federation of shipping companies, and we want a faster service.

1916. Do you think the Victorian market, if open, would be a larger market than New South Wales?—Melbourne is a marvellous place. It is a second London, and we can hardly realise what it would mean to us.

1917. Seeing that New South Wales, with a larger population and free-trade, has a service which has met all our requirements, it does not look as if you would require a better service for Victoria?—While it has in a way met our requirements, it has not encouraged trade as one would wish, and at times we have had great difficulties in getting our stuff across. It has actually been shut out even at the price they chose to charge.

1918. But has not that been the result of a big drought on the other side, which has caused high prices for produce, and caused large quantities to be shipped?—No; I have known stock shut out in ordinary times, and also agricultural machinery.

1919. But your conception of a better steam-service is that the Commonwealth Parliament would take up the question of running vessels of their own?—I was not anticipating that. I think the business alone would prove an incentive to private owners.

1920. Do you anticipate any greater incentive so far as New South Wales is concerned, seeing that you have had nothing in the road there at all?—If Victoria were thrown open it would be a very great incentive.

1921. You would have to ship direct to Victoria?—We might do that.

1922. How much lower freight do you think it would be possible to carry to Australia at?—I am not qualified to answer that question.

1923. Touching the tourist traffic, you said you anticipated a large increase in that traffic?—Yes.

1924. What does it cost a Victorian to come down to New Zealand now: is it not about £8?—It is very little; but that is not the point. They have to put up with a great deal of discomfort on the present line of steamers, and people complain most bitterly of it. I am not blaming the Union Company.

1925. What is the inconvenience from?—Overcrowding.

1926. Does it often happen that a boat from Melbourne is overcrowded?—It is from Sydney.

1927. Then, it is not a question of expense at all that prevents tourists coming here?—Not so much that as the matter of time and convenience.

1928. The cheapening of freights would be no benefit so far as Victoria is concerned, because you would admit that the number of Victorians who could afford to come over to New Zealand would be very limited?—I could not admit that. I think we in New Zealand have little idea of the wealth of the Australians.

1929. Is the wealth as well distributed in Australia as it is in New Zealand?—We have, as in all cases, a good deal of poverty in such cities as Melbourne and Sydney, but the pastoral people of Australia are very wealthy and very high-class people.

1930. You said you thought the Federal Government would run the railways more in the interests of producers than New Zealand is doing at present?—I said I did not think we should lose very much, because I have the impression that the present railways in Australia are run more to the advantage of the producers than the New Zealand railways.

1931. Have you ever compared the rates?—Yes.

1932. How do the Australian rates compare with New Zealand rates?—Very favourably, especially with regard to frozen meat, which is the backbone of this colony.

1933. Are you aware that some two years ago there was a concession of nearly £80,000, as far as freights were concerned, on our railways, and I suppose you know of the announced intention of the Government that all over 3 per cent. earned by the railways is to be given back to the users of the railways?—I did hear something of that, but it is only in the wind.

1934. Do you think the Federal Government would do more than that?—I really think the Federal Government would run them more to the advantage of the producer, and develop the country more than we do.

1935. They are only earning £3 8s. now?—I know that. I believe a good deal in what Sir Julius Vogel did with reference to our railways—namely, that we should use them more for the development of the country than to get a high rate of interest out of them.

1936. I presume you would admit that the railways should earn at least 3 per cent. to enable them to pay the interest?—I should like them to do so.

1937. So that, owing to the increase of trade, we find ourselves greatly improving our position, and giving that surplus back to the consumers, so that the earnings should not exceed 3 per cent.?—That would be very nice.

1938. I do not suppose you expect the Federal Parliament to do any more?—We have not got the refund yet.

1939. Yes; last year you got £80,000. If the railways were run to earn less than 3 per cent., how would you propose to make up loss of revenue?—I have not looked into this matter from a political point of view. I leave that for our politicians. I think the development of trade would overcome any deficiencies in the revenue.

1940. *Mr. Beauchamp.*] With a view to developing the trade of our railways, is it not a fact that for some years past the rates of goods and passengers have been steadily decreasing?—That is so.

1941. And would you look to a still further concession in the future under the Federal Government than under the present condition of things?—I think we might reasonably expect further concessions of incentives to the development of trade.

1942. You have travelled a good deal?—Yes.

1943. You would be able to compare the steamers of the Huddart-Parker and the Union Company with the passenger-boats in other parts of the world: how do they compare?—I am a proud admirer of the Union steam-service. I consider it a very excellent service, and it compares favourably with anything I have seen.

1944. And under the Federal Government you would expect a swifter service?—Yes; and more boats like their best ones.

1945. To have a swifter service, of course, would cost more?—We should have an increase of trade to pay for it.

1946. Do you think we should get as much passenger traffic as would warrant the company lowering the present rates for produce?—I think so.

1947. Our experience with regard to the trade between here and the Home-country has been slightly different, because the steamers which are now trading between New Zealand and England are, if anything, slower than they were some two years ago, but the rates on produce are cheaper. The tendency seems to be to provide slower boats and cheaper rates for the carriage of produce?—That is so; but while they are doing that they are losing the passenger traffic.

1948. That may be; but I think they are conferring a greater benefit on the farmer by quoting cheaper rates for the carriage of produce?—That is my view of it. I think we should get larger steamers between here and Australia, and increase the speed. Larger steamers would enable them to carry goods at a lower rate.

1949. So far as the steam-service between here and the United Kingdom is concerned, as a witness of it, are you satisfied with that service?—For carrying frozen meat, yes; but I do not think it is liked as a passenger service.

1950. Are you of opinion that our rates between here and Great Britain are lower or higher than those between Australia and Great Britain?—Ours are considerably higher.

1951. Do you speak from your own knowledge, because a little while ago I saw that the rate on wool from Australia to the United Kingdom was  $\frac{1}{2}$ d., while we were quoting  $\frac{3}{4}$ d.?—As a rule, our rates have been considerably higher.

1952. Of your own knowledge, can you say that the rates on frozen mutton and wool, generally speaking, are lower from Australia than from New Zealand to the United Kingdom?—I know that at times wool has been sent from here to Australia to be shipped Home, and it has been shipped at an appreciable saving.

1953. For shipment by steamer or sailing-vessel?—Both.

1954. You referred to the high quality of the merino sheep in Australia, and of the product of the merino ewes: is it not a fact that our Canterbury lamb realises a higher figure in London than the Australian lamb?—Undoubtedly it does.

1955. But the product of the ewe in Australia does not compare with the product of the same ewe in New Zealand?—It is a question of money—if we could get that ewe here at a reasonable rate she would produce a lamb which would be the very thing we want.

1956. With regard to the suburban lands, we were told yesterday by a small farmer, whom you would describe, I think, as a "cockatoo," that there are many suburban lands realising £200 to £250 per acre: under present conditions surely these suburban lands must be highly profitable to crop?—I am sorry to say that my opinion is that they are not, and that they are lying, speaking for Christchurch, comparatively waste.

1957. Have you any experience of the North Island?—Yes.

1958. Some suburban lands in the North Island I know of are realising £30 per acre for dairy farms, and the farmers are doing extremely well off the land at that figure: are not the dairy farmers in this district doing equally well?—For dairy purposes you can do fairly well at £30 per acre, but it is getting pretty high.

*Mr. Beauchamp:* I should not like it to go into evidence that our suburban lands are, as you describe, worthless. That is why I put these questions.

1959. *Mr. Luke.*] Have you considered the question of the extra cost of government under federation?—No.

1960. Do you think the extra cost of government would be a considerable amount, and that if we federated we should not be paying too much for it?—I do not think so.

1961. One of the first acts of the first meeting of the Federal Cabinet is to double the salary of Lord Hopetoun: is not that rather an indication that the cost of government would be very costly?—No; I take it as an indication that they are determined to have the best man, and the best man you can get is cheap at his price.

1962. But, generally speaking, we are fairly economical, I think, in New Zealand?—I cannot agree with you.

1963. You think the tendency would not be, under federation, to build up a costly and expensive form of government?—I do not think so.

1964. Is not the cost of government in all the colonies on the up-grade?—Certainly it is in New Zealand.

1965. Is there not a tendency on the part of the Government to take over functions and increase administration?—I think there is. In small places like this the tendency seems even more to increase these functions than probably it would be if we were drawn into the Federation.

1966. *Mr. Leys.*] Do you think we could export fruit to Australia?—I do not think so. I think we might do more to London.

1967. Fruit is an industry suited to the small farmers?—Yes.

1968. At present we are importing from Australia fruit to the value of £15,000, paying on it 1d. and  $\frac{1}{2}$ d. per pound: if these duties were removed, would not our small holders suffer very seriously from further Australian importation?—I do not think so; but it is one of the scandals in New Zealand that the fruit industry is so much neglected. But if we had a market for the root-crops that could be grown in connection with fruit, people would be encouraged to go into this industry more than they can do for fruit alone.

1969. Would not the removal of the protection on Australian fruit prove injurious to our fruit-growers?—I think not, unless perhaps on some fruits which might be grown in certain parts of the North Island.

1970. You express an opinion that federation would benefit the small settlers, and that is one item in which they would get no benefit, but might suffer loss?—Fruit cannot be grown alone, and I noticed in the best orchards in the Old Country that they go in for a thorough system of growing other things in connection with fruit, which we cannot afford to grow here for want of a market.

1971. Do you think the steam-service to Australia cannot be improved without federation?—Well, without federation, I take it that Australia will become a dead-letter to us.

1972. Do you consider that under federation we should ship a larger amount to Australia than Australia is likely to ship back to New Zealand?—I think so. We should be very heavy exporters of produce, especially barley and feeding-stuffs, but I am not qualified to speak with regard to manufactures.

1973. As a farmer of experience, is the local market of more value to the farmers than any distant market?—The market at the farmer's door is the most desirable one.

1974. If previous witnesses have stated that if the industrial population of this colony were driven to Australia the small farmers and the large farmers would suffer, what would be your opinion?—I do not imagine they would be driven to Australia. There is no danger of that, if we get cheaper means of communication, and cheaper power, as we anticipate, from electricity. If we get those, our manufacturers would be able to stand in spite of competition, and probably grow.

1975. But if the manufacturers are right, and you are mistaken, would the colony gain or suffer?—It would not matter so long as we had a market; and if London, with its six millions of inhabitants, were at our doors, as Australia would be under federation, our small farmers would not suffer seriously.

1976. Then, if the Australian market were closed against you, you would still have some other market open to you?—We have London to fall back upon.

1977. What is your best market for wheat?—New Zealand to an outside market?—That is a very difficult question, because we really have no market, either in New Zealand or at Home. We do not know what to do with it.

1978. If there were intercolonial free-trade, do you think it likely that the Australian flour would come in and supply the North Island markets to the detriment of Canterbury wheat and flour?—I would not like to say to the detriment of our flour, but there is no doubt it would come in and supply the North Island. That would be better than Canterbury growing wheat at less than it costs to produce. With a plentiful supply of breeding-stock, we could turn our attention more to frozen meat, which is more profitable than wheat-growing.

1979. Assuming your statement to be correct, you would get no market for frozen meat in Australia?—We have no reason to expect that.

1980. Then, it comes to this: that your best market is in England?—At present.

1981. Well, in that case the loss of this Australian market would not be very serious?—It would not affect the frozen-meat trade.

1982. You mentioned vegetables as a possible export: do you know that we only exported vegetables to the value of £104 in a year, and we import about as much as that from Australia?—I can quite understand that, for the same reason that there is no encouragement given to the trade. Swede turnips are sold in Sydney at such enormous prices that I would not dare to quote them. We could export many things of that kind.

1983. Why not export them now?—We have not the facilities for doing so. If you were to ship you would soon find how many difficulties there are in the way.

1984. You want better steamers for the carriage of vegetables?—I want a better service of steamers, which will be good enough for both passengers and produce.

1985. With regard to railways, you think they would be managed more in the interests of the farmers under the Federal Government: do you know the New South Wales railways are earning 3.62 per cent., while our Government are returning to the farmer all over 3 per cent.?—I do not care what they are earning. It is what inducement is given to the farmer to use them.

1986. Does not our policy of returning all over 3 per cent. to users look as if our Government were less liberal than the New South Wales Government?—It is a fact that the New South Wales Government is meeting the producer more liberally than we are.

1987. I have no knowledge of that, have you?—I am thinking now of the frozen-meat trade, which is our chief stay, and the backbone of the colony. I have also compared the rates charged on the two railways, and I do not think it matters what rate of interest the railways are paying so long as they answer the ends of their construction; but, in spite of the concessions the Government have made here, we cannot be blind to the fact that they do not encourage traffic in any shape or form.

1988. *Hon. Major Steward.*] Do you think that the faster steam-services you contemplated would be established between the two countries if we federated would be established by the companies now running between here and Australia or by the Commonwealth Government?—I think it would be established by the enterprising company we have at present—the Union Company.

1989. If that is so, do you think that the moment New Zealand went into the Commonwealth the existing company would be so strongly impressed with your view of the case that they would immediately alter their time-tables and class of vessels with a view to reaping advantages that would follow?—They would directly they felt justified in doing so.

1990. Then, until the trade increased sufficiently to justify them going in for further expenditure, you do not think they would contemplate going into it?—I have no doubt they would contemplate it at once, but they are not going to rush headlong into building a number of steamers until they feel their way. In the meantime they might ask for a subsidy.

1991. Would the mere fact of New Zealand becoming part of the Commonwealth induce more people to travel between Australia and New Zealand?—I think it would have the tendency for the Australians to travel a little more.

1992. Supposing a man wants to see the scenery in New Zealand, would he be induced to come more by the fact that we were in the Federation than otherwise?—I think it would help him a little.

1993. Do you not think that what would more likely happen is that, whether we go into the Federation or not, if there is any prospect of its paying to put on more steamers the companies will carry out that policy?—Without federation I cannot see that there is any inducement to do so.

1994. The difference you have mentioned in regard to the frozen meat from New Zealand and from Australia: does it not arise from the fact that the meat-factories in Australia are a long way from the port, whereas ours are near to the ports?—Yes.

CHARLES ARTHUR LEES examined. (No. 78.)

1995. *Hon. the Chairman.*] What are you?—A grain merchant in Christchurch.

1996. How long have you resided in New Zealand?—Thirty-five years.

1997. Are you acquainted with Australia?—I have lived there, and been there frequently.

1998. Have you studied the federation question?—Yes, a good deal.

1999. Will you favour the Commission with your opinions in the matter?—In the first place, I believe in free-trade, and I look on federation as the nearest approach we can get to free-trade in the meantime. Being connected with the agricultural pursuits of the colony, I have naturally been led to consider what would be the results to the farmers of New Zealand if New Zealand does not federate, and we have had a very forcible example as to what may happen to the grain-growing farmers in New Zealand in the history of Victoria. When Victoria put on its heavy duties it made such a crisis amongst the farming community of Otago and Southland—which I dare say Mr. Roberts will be able to tell you more about than I can—that they were all in a very bad way there after the duties for Victoria were put on. Previous to that duty being put on in Victoria, I do not remember a single instance where oats were sold by a farmer at less than 1s. 6d. per bushel delivered at the station, equal to 1s. 9d. and 1s. 10d. f.o.b.; and barley from 3s. to 3s. 6d. Since the duty has been put on in Victoria oats have very often been sold at 10d. per bushel, and barley at 1s. 9d. to 2s. It has been said by several witnesses, both in their evidence and cross-examination, that if Australia did shut us out we would have just as good markets outside. Well, there is no market so good to the farmer as his nearest market. He can, if he likes, take his whole business into his own hands, and be independent of the middleman altogether, and realise it altogether direct to the consumer. But when the farmer has to contend with a market at the other side of the globe—eight, ten, or thirteen thousand miles away—his produce must necessarily go through several hands, with the result that he does not get the same amount for the produce as if he was dealing with the market near at hand. You had given to you by a late witness a good many figures as regards the produce exported to Australia. I do not need to refer to them all, but I would add what I have to say to his, and say that, were we to be federated with Australia, and have the free market for all our produce, the farmers here would naturally turn their attention to things we could grow better than they could in Australia. Australia, it is admitted, could grow better wheat—that is to say, the flour from that wheat will make more loaves per sack than the same weight of flour made from New Zealand wheat, and therefore is worth more money. Naturally, we would grow a certain amount of wheat here, but the Australian flour would have a certain sale in New Zealand. But that would be more than counterbalanced by us being able to export those things which we, by our moister and more productive climate, can grow at very much less cost than they can there. In Victoria there is a duty of 3s. per cental on oats, that is equal to 1s. 3d. per bushel. Oats are worth only the amount of meal that a bushel will go. In London oats are sold at so-much per quarter, according to the weight of the quarter—that is to say, if it is a high class a higher price will be given for it than for a low class. Australia, owing to its climate, cannot grow these good oats, and the large millers of Victoria have to import from New Zealand heavy



oats to make their oatmeal. It is made in bond and distributed. That industry will come to New Zealand if we federated and had free-trade with Australia. It is cheaper to export oatmeal than to export oats. The bulk of the oats grown in Victoria now they had to search pretty well all over the world for to suit their climate. It is thick-skinned, and does not give a large quantity of meal. We would have the whole of that trade. I am quite sure that within two years of federation being accomplished New Zealand would do the oat-growing of Victoria, and, except in isolated places, it would be a thing of the past. As has been already said, wheat-growing in New Zealand has not been a great success financially, and the farmers would naturally grow oats, if they could find a profitable market, in the place of wheat. As regards the frozen-meat question, it is a well-known fact amongst growers of Canterbury lambs that they cannot get these to perfection without proper crop rotation—that is to say, they must have young grass for these lambs in order to come to a state of excellence, and the farmer repays himself for his labour in turning up and ploughing grass lands, and taking a crop out of it, and sowing it down again to grass. He pays himself by the price he gets for his oats. If he were only able to export his oats to the United Kingdom, that would be a very large handicap on the cost of producing his lambs. I think, from this point of view of the frozen-meat question, that it would pay New Zealand to federate with the other States of Australia. Of course, I am aware that a great many of the manufacturers of New Zealand are against it. Well am I aware that if anything fresh has been suggested to the manufacturers in New Zealand they always object to it. When the Government set up the Conciliation Board they were up in arms against it, and now they are quite satisfied with it. I have heard some of the evidence, and have read other parts of it, and I do not think, myself, that the industries of New Zealand would suffer very much. But we want to look at federation not from one point of view only, but from the view of the greater good to the majority. I understand that the factory-hands in New Zealand amount to something under forty thousand workers. Well, when you deduct from those the very large numbers that are employed in the frozen-meat factories, in the dairy factories, in the factories that would not in any way be affected by federation, you bring down the number probably to something like twenty-five thousand people. Now, the question is, Is New Zealand to put aside her possible good—and, in my opinion, most probable good—by joining the States for the sake of a slight inconvenience that might be experienced by some twenty-five thousand workers and their families? I hold that New Zealand has everything to gain and, in my opinion, very little to lose by joining the Commonwealth.

2000. What colonies do you think New Zealand would find a market for for her produce?—Every one of the colonies. I get occasional orders from Western Australia for oats, for hams and bacon, cheese and butter. These would increase very much if we had not to pay the duty. It is a well-recognised fact that cereals which grow luxuriously in temperate climates, and products from the food of these cereals, can be exported to any country having a semi-tropical climate. With South Australia there used to be a large business done. I can remember loading vessel after vessel when in Dunedin with barley for South Australia, but the duty completely stopped that trade. The same in oats and in a larger degree was the case with Victoria. I have loaded vessels for Victoria before the duty was put on, some seven or eight cargoes of nothing else but oats in a month.

2001. Is it not a fact that Victoria now produces all she requires agriculturally?—I do not think so.

2002. Is not Victoria an exporter of oats and agricultural produce?—She exported oats because of the high price, owing to the South African War; but the Southland farmers and a great many Canterbury farmers can grow oats and put them on the market at 1s. 5d. per bushel delivered at the port. It costs 2d. per bushel when sent in one vessel—that is, they are landed in Melbourne at 1s. 7d. per bushel. Their lowest price of oats—and it is a very low price for Victoria—is 1s. 8½d. a bushel; and they are oats—hungry-looking oats. Well, if we could supply our oats at Melbourne at 1s. 8d. we would supply all their requirements in that line.

2003. Do you think that growing wheat in New Zealand is profitable to farmers?—Growing wheat is to a certain extent a speculation. Farmers grow it for two or three years in succession, hoping to get a decent price out of it; then they give it up and go in for something they can find a market for, or feed for their sheep.

2004. Where is barley exported to?—There is not much barley exported. There have been occasional shipments during the last year—some to Queensland, and lately one to Victoria.

2005. Can they not grow barley, then, in Queensland or Victoria?—Not in Queensland, except up in the mountains, at an altitude of 5,000 ft., and in Victoria not sufficient to supply requirements.

2006. Have you considered the evidence we have had as to what the loss of revenue to New Zealand would be in the event of federation being brought about?—Well, I do not know. Nobody knows that. I understand that the Federal Government would have a right to collect a maximum of 25 per cent. of the Customs revenue; but it would not require anything like that sum.

2007. What do you think the loss of revenue to the colony through intercolonial free-trade would be?—I cannot say that I have given great attention to that point.

2008. Sir John Hall said he had seen figures estimating it to be £500,000 loss in revenue to this colony through federation?—I should doubt it.

2009. Supposing the amount was £250,000?—I think it would be made up three times over by the enhanced prosperity of the farming community.

2010. Is there any other portion of the community you think would prosper besides the farmer?—We all live by the land; and if New Zealand at the present time is maintaining an industrial population of 120,000 they are living, and their customers are living, by those who live on the land, or by the results of the land; and if the land-workers are in a prosperous state, then the manufacturers and shopkeepers all benefit by it.

2011. Are there any other advantages which you think would accrue from federation?—I was listening to Mr. Overton's address about steam-services. He did not make the point quite clear. In the case of a steamer or a sailing-vessel the owners arrange their freight on what it costs to take the vessel to a certain point and bring it back again. At the present moment, when our steamers go across to Sydney and Melbourne, they have nothing to bring back again except coal and sugar, &c.; but, were our vessels filled with oats and other products of a temperate climate, going over to those places and coming back with freights of flour, and fruits which we cannot grow—such as grapes, pines, &c.—and which we are unable to get here apart from any duty, naturally there would be a more frequent service, and at the same time, by reason of there being return freights, the freights would be cheaper.

2012. Are there disadvantages which occur to you as being likely to arise through federation?—I think a great many people look at it from a sentimental point of view. They would not like to lose their identity and the *kudos* of being an independent country by becoming part of Australia. I think New Zealand, by reason of its configuration and its climate, ranging from semi-tropical down to low temperate, will always take a leading part in the history of the Australasian Colonies.

2013. *Mr. Leys.*] You contemplate there would be a large importation of flour and fruits?—Yes.

2014. You are assuming that the farmers lose the local market to a large extent in flour and fruit?—They would not lose it in fruit, because these are fruits which we do not grow.

2015. If it comes in it will displace some other fruit, because the people will only eat a certain amount of fruit?—That is not so; the cheaper fruit is the more fruit people will eat.

2016. Assuming that flour and fruits are brought in from Australia, displacing or adding to the expenditure of this country on those items, and we in return send a larger amount of oats and potatoes, in what way would the farming-people be enriched?—Because the preponderance exported would be in favour of New Zealand.

2017. Is that a mere assumption?—I have not gone into the matter and taken out the actual figures, but I know from what we used to do, and the tremendous quantities of feeding-stuffs that used to come into Australia. It was not a question of a few tons of flour going in. I do not say that if New Zealand was to lose all its flour trade and all its wheat trade it would be nothing, but what I say is that a certain amount of Australian flour would come in for mixing.

2018. I suppose, for the North Island it would be as cheap to import from Sydney as from Lyttelton?—I do not think that we shall find New South Wales much of a wheat-producer for long.

2018A. This year they produced 13,000,000 bushels of wheat as against 8,000,000 in New Zealand. It looks like a wheat-producing country?—But the people in Sydney—managers of large agricultural firms there—tell me that the farmers there are not wedded to it, as it is too risky because of the droughts.

2019. Is it not a fact that the farmers in New Zealand have to study the domestic market for something like 5,000,000 bushels of wheat?—Yes, that is so, I believe.

2020. Would not the farmers suffer if that domestic market is interfered with not only by the loss through the flour coming in, but by the extra competition forcing down their prices?—No; we can grow wheat cheaper than they can in Australia. We can grow 30 to 60 bushels to the acre, and we need not fear.

2021. You think the prices will be regulated by the Home market?—Yes.

2022. You consider that the flour-millers would be more affected than the farmers?—The flour-millers in the extreme North Island would feel the competition more than they would anywhere else, because a vessel coming round from Victoria, *via* Sydney, to Auckland would naturally bring flour there. There would always be a certain amount of New Zealand flour used.

2023. If the North Island consumes Victorian flour to the detriment of the flour made from Southland wheat, would not the Southland men be at a disadvantage?—The millers would, because the farmers would grow more oats.

2024. With regard to the Australian market, do you not think that the growth of Southland in dairy production has had quite as much to do with the falling-off in our exports as the duty?—Certainly not.

2025. Is not our average for wheat as much higher per acre as our average yield of oats per acre is higher than the Victorian yield?—With the difference, I suppose, that Victoria does not seem to be able to grow the oat that is required for food purposes. They grow an oat that has no body in it.

2026. Is not Tasmania as good an oat-growing country as New Zealand?—I should say that some parts of Tasmania would grow oats as well as New Zealand.

2027. You do not think that New Zealand would have a monopoly of the oat business?—No; I know Tasmania at the present moment competes with us in the oat trade, and with New South Wales, but our oats are preferred, and we can generally put them in a little cheaper.

2028. If you fear so much as you appear to do the loss of this Australian market to New Zealand, how do you account for the fact that we sent in 1899 produce to the value of £412,000 to Victoria and the other protected colonies?—The bulk of that to Victoria was oats for transshipment to the Cape and other places. Something like half a million sacks of oats ordered by the War Office went into Victoria simply for freight purposes.

2029. Would that trade be interfered with in any way by our not federating?—No; but I do not reckon that the South African grain trade would be worth anything in three years' time. They will be able to grow their own oats and wheat there.

2030. You have nothing to indicate that this trade amounting to £412,000 would be interfered with?—No; it is nearly all transshipment.

2031. Have you any knowledge of the export business of our produce per New South Wales? Have you any idea of what they ship to Manila and South Africa and other countries of this produce which we send to them?—A good deal.

2032. Of the amount which goes into New South Wales (£652,000), you think a very large portion of it is transshipment?—Not a large portion.

2033. Do you think as much is transhipped as Victoria tranships?—No, nothing like it.

2034. You think that Sydney, with all her free-trade facilities, is not as much an exporting country as Victoria?—I believe, and others say, Melbourne is a better distributing centre than Sydney.

2035. Is it not a fact that there are lines running out to Manila now, and that there is a large output for the American troops in the Philippines?—There are considerable quantities sent there. I have had a little knowledge of this by doing business with the army contractor for the United States in Sydney, and know his requirements per month, and we would not consider it a big order to run after. It is a decent order, but nothing startling.

2036. Would it be fair to assume that we should send into New South Wales as much under a Federal tariff as we now send to the protected colonies?—I should say no, because New South Wales is content to use maize, which she can grow, as food for cattle.

2037. Victoria is a much better-developed country than New South Wales?—That is so.

2038. And is in a better position to supply itself than New South Wales?—I suppose that is so.

2039. Is it reasonable to suppose that New South Wales will be unable to supply itself?—In some years when there is a drought.

2040. If we could send into New South Wales as much as we send into the protected colonies our fullest loss would be only £250,000?—You have the figures; I have not. I should think, in all probability, it would be more than £500,000.

2041. You do not anticipate that we are going to be shut out of the market altogether, seeing that we now send into the protected colonies?—I do not say we would be shut out, but the whole of the colonies being open to us would create such a demand for our produce that the growth of the inferior class of that produce would stop altogether in Australia.

2042. Is it not a fact that South Australia, Victoria, New South Wales, and Queensland are now exporting butter to New Zealand?—It is news to me that South Australia is doing it. Is it a large quantity?

2043. South Australia exported butter to the value of £1,130?—That is a very small amount.

2044. You spoke of butter, did you not, as one of the items we might be able to send into these colonies?—We have always done a certain amount of butter and cheese trade with them when our season is done, but if they put a duty on I do not know that we would do any trade at all.

2045. You do not think the manufactures are likely to suffer very severely?—No.

2046. You think they are doomed to be wiped out, anyhow?—No, not wiped out; but there is no great possibility of doing great manufactures in this country unless we find iron, and become an iron producing and manufacturing country, as, in spite of our high duties, America, England, and other countries export manufactured goods to us.

2047. If the manufacturing companies are right, and you are mistaken, would not the loss of the market now provided by the large army of workers be a serious injury to the farmers?—No.

2048. *Mr. Beauchamp.*] Is there a good market for oats in New South Wales at the present time?—Yes.

2049. How is it that such a large quantity has to be shipped to London?—I was not aware that large quantities were being shipped to London.

2050. London would be the better market?—Yes, I suppose, at the particular moment.

2051. We are not altogether dependent upon Melbourne and Sydney for our oat trade?—No; but the oats that Sydney or New South Wales will take from us we could not ship to London.

2052. A different quality of oat is sent Home to what is sent to Australia?—Yes, quite different.

2053. You say our oats are better in quality than Australian?—All I can say is that the proof of that is that I received an order a few days ago for a large quantity of oats to be sent to Victoria for transshipment there. They could supply their own oats there at 1s. 8½d., whereas my price was 1½d. more at their port.

2054. By the protected duties they have fostered their own growth?—Yes.

2055. Federation would break down that fostering?—Yes.

2056. What would they go in for?—Dairying.

2057. The bulk of the produce exported of late years has been for re-export?—A good deal has been sent into bond for manufacturing and re-export afterwards.

2058. The Australian market is not so valuable as we were led to believe?—The only way of arriving at what the value of the Australian market is is to take, say, the port of Sydney. Take the amount of oats that go into New South Wales by sea and those which go across the border—which, of course, we have no actual means of arriving at—add these two together, and then find what it would be in Victoria.

2059. I suppose you know that the exports of butter from this colony were not very large in 1899; they were less than £25,000?—They would be shut out altogether by a duty.

2060. *Mr. Millar.*] Did I understand you to say that you believed, under federation, the greatest good would be done to the greatest number?—Yes.

2061. How many hands did you say were employed on the land?—I did not give any number at all.

2062. Have you any idea of the number employed on the land?—Yes; I should say it would run to 250,000 or more.

2063. Would you be surprised to learn that there are only 31,218 farmers in the country?—Farmers, yes. That does not give the number of farm-hands.

2064. Farm-labourers, 21,256?—Yes.

2065. The latest statistics of the industrial workers give it at 50,000?—I have not got all these returns. I did see that, because it was read out by Mr. Roberts yesterday when I happened to be in here.

2066. Have you any idea of the amount of the various manufactures of the colony?—No, I cannot say that I have.

2067. Would you put the export trade of £1,104,000 against a total manufacturing interest of thirteen millions?—No; but I do not think the question of the total extinction of New Zealand manufactures comes into the question at all. They may possibly have to suffer from a little competition, but I do not believe at all that any one of them is threatened with total extinction, and with federation our export trade with the Australian Colonies would be £5,000,000.

2068. Do you think the New Zealand agricultural farmer is threatened with total extinction if we do not federate?—No.

2069. They are all on the same footing, then?—In a way, but the balance would be in favour of federation very largely.

2070. You admit that the four centres of population in this colony are almost entirely dependent upon manufactures?—No.

2071. Take Christchurch?—Christchurch is not a manufacturing centre in the same sense as Dunedin is.

2072. What principally supports the City of Christchurch?—Farmers.

2073. Two-thirds of the population of the centres would be directly affected by the industries?—I should question it.

GEORGE BOWRON examined. (No. 79.)

2074. *Hon. the Chairman.*] What are you, Mr. Bowron?—A partner in the firm of Bowron Brothers, tanners and leather merchants. I have resided in New Zealand for twenty years, but am not personally acquainted with Australia, although my firm have done a considerable amount of business with that country.

2075. Is your business considerable here?—Yes. We have two large tanneries and a fellmongery, employing 350 hands on the average.

2076. Have you considered how the industry in which you are engaged would be affected by New Zealand federating with the Commonwealth?—Yes; and I can only come to the conclusion that, unless one proviso was very definitely put in, fully three-fourths of our trade would be wiped out.

2077. What is the proviso?—The proviso is, if federation came about, that the labour awards made in New Zealand should be made applicable to the Commonwealth; practically, the Conciliation and Arbitration Act as it exists in New Zealand should be made to apply to Australia. This would place us all on an equal footing, but without it we could not possibly exist.

2078. Is the tanning industry a large trade throughout New Zealand?—Yes. There are a considerable number of large tanneries in the colony, but I think we are the largest in Australasia, and our business is a growing one.

2079. Have you considered how federation would affect the manufacturing industries of New Zealand generally?—I have thought more of those trades which might be called allied trades to the leather business, such as wholesale saddlery and bootmaking. As regards the latter, there can be little question that unless the proviso I have mentioned were inserted the trade would be practically non-existent in a few years.

2080. What about the saddlery?—I imagine it would be very injuriously affected, but perhaps not quite so badly as the boot trade.

2081. Have you considered the matter from the financial point of view?—No; I have been too much engaged in my own business to study the matter from a political, social, or financial standpoint.

2082. *Hon. Captain Russell.*] Do you use native materials for tanning, or what?—Our tanning agents, such as bark, &c., are all imported, but not the raw article, which is tanned. The principal tanning agent is mimosa or wattle-bark, and is imported from Australia and Tasmania.

2083. Is it not the case that having to import your tanning agents is a great handicap for the trade?—It is, of course, a big handicap, so far as wattle-bark is concerned.

2084. Do you not think it is possible that in the course of years you will be able to compete against Australia, all things being equal?—Yes, other things being equal, and with the proviso I have named.

2085. Do you not think the inevitable tendency is that labour should come to an even level?—Yes; but it will take many years to do it, and in the meantime we should be non-existent.

2086. Can you not look at the matter from a further point than that of to-day only: could we not compete in the future with Australia in the tanning industry?—I do, all things being equal, and I am not afraid of competition on equal terms.

2087. But that is scarcely a possibility?—No. I am not afraid of the ability of the New Zealand workman, and I believe the New Zealand employer, speaking of the trade generally, is more alive and progressive than the Australian; but we cannot fight them at 30 per cent. lower rate of wages and an extra hour a day, with the further handicap of having to import our tanning materials.

2088. But would you say that the Commissioners appointed to inquire into this subject are to be guided by the narrow issue of to-day, or the remote possibility of the future?—That is a

politician's matter. I look at it from my own personal business point of view. I cannot help doing so, because it is a matter of great moment to all those now employed in the trade. It is not my place to speak of the duty of the Commissioners; but, as you ask me, I think if it can be shown that federation would wipe out of existence a large portion of the industries of the colony within the next twenty years the Commission can only report to that effect.

2089. That is so; but ought we to imperil the possible future of the colony for the sake of a little gain for the next twenty years?—I do not look at it in that way. I do not think New Zealand would recover for fifty years if her industries were ruined during the next twenty years.

2090. Even supposing there is a danger of that for fifty years, do you think we should ignore all racial and social considerations merely for the sake of fifty years?—I think so. I do not think we ought to lose everything in the present for the sake of posterity, but that we ought, whilst denying ourselves something in the interests of future generations, yet also give due weight to present considerations.

2091. And not to look to to-morrow at all?—Not entirely.

2092. Have you any opinion as to the political aspect of the case—as to what will happen to the countries as to their future development?—My opinion is so superficial and personal that I should not like to attach any weight to it. From a sentimental standard only, I think federation is the proper thing.

2093. *Mr. Millar.*] In the event of federation taking place just now, you say it would be impossible, under the tariffs ruling in Australia, for our industries to compete very long against that country?—Yes.

2094. Do you think, if our industries once went down, and the bulk of them got concentrated in Sydney or Melbourne, that in the course of twenty years they could be profitably restarted in New Zealand?—I said that, in my opinion, this colony could not recover its position for at least fifty years.

2095. Do you think at the expiry of fifty years they would be able to start them again and compete against the Australian industries?—Fifty years is a long time in a young colony like this; but, seeing what we have done in the last fifty years, we might do it then.

2096. Could you compete against the British industries?—Not without a certain amount of protection.

2097. Do you think that any manufacturer starting here fifty years hence against the Australian one, which was well established and had reduced the cost of production to a minimum, would probably be able to successfully compete against him?—I did not express the opinion that these trades would be entirely wiped out; they would still have been in existence in a limited way, and ready to take advantage of matters when labour considerations became equalised. I did not contemplate their being entirely killed.

2098. Would it be any injury to the farming community if the amount of tanning were reduced?—It would be a very great injury to the agricultural community, because they would not be able to realise anything like what they do now for their hides and sheepskins. We put through about 1,000 hides and about 4,000 dozen sheep-pelts per week.

2099. *Mr. Beauchamp.*] Have you any objection to telling the Commissioners the amount you pay, roughly speaking, for raw material in a year—say, for hides and pelts?—About £170,000 a year.

2100. What is the protection on your industry at the present time?—The duties are various. On leathers they would run from 2½ to 20 per cent.

2101. Quite sufficient to exclude the greater portion of other kinds of leather from the colony?—Yes. It acts fairly protectively, but not entirely so. A fair quantity does come in at the present time, but it does not come into active competition with what we produce here.

2102. Will the best of your leathers compare with the leathers prepared in Australia?—It is superior to theirs.

2103. Is the same material for tanning employed in both countries?—Very largely, excepting that the new chrome-tanning process is more developed in New Zealand than in Australia.

2104. I suppose we are improving the quality of our leather from time to time?—Yes, without doubt.

2105. We have heard this morning that the quality of the leather produced in New Zealand does not compare favourably with the leather from Germany and England owing to our using a different kind of tanning material—I think we have to rely on wattle-bark instead of oak-bark: what is your opinion as to the respective merits of the leather produced here and in Australia as compared with that of England and Germany?—We are not very much behind them in most lines. I think we are fairly well to the front, but there is not much genuine oak-tanned leather produced in either of those countries. The real oak-bark leather is so high in price as to put its use practically out of the question. The value of our leathers in New Zealand is equal to the bulk of American-produced leathers.

2106. Is there anything in the idea that our tanning process is too quick?—There is something in that. If the leather is made too quickly it is not matured, and it will not wear so long; but many colonial tanners are hard-up, and have to put the leather through more quickly than is right.

2107. Where do you find your chief market now?—It is fairly distributed throughout the colony.

2108. Do you do any export trade?—Quite a large trade in tanned sheepskins, which are mostly exported to America and England; also a limited trade with Australia.

2109. *Mr. Leys.*] You said that if the conditions were not equalised in the two countries you could not compete with Australia: do you think the wages are too high here, and that it would be desirable to equalise them to the Australian level?—No, I do not think that. I only think they

are too high in New Zealand as compared with the Australian rate of pay to enable New Zealand tanners to compete against Australia under a continuance of such conditions.

2110. But you do not think that our labour legislation has had the effect of unduly crippling industry here?—I am afraid it is tending that way; inasmuch as at the present time we have to compete with the rates of wages ruling throughout the world, which are very much lower than they are in New Zealand.

2111. Does that explain your last reply? Do you still think that the wages are not too high in your own business in New Zealand?—I do not think the men are earning an excessive wage, but I think they are now seeking to compel us to pay them an excessive wage. There is now a case pending in the Arbitration Court in which they seek to raise the wages 30 per cent., and that will cripple the whole business. This is one of the results of the Conciliation and Arbitration Act. They are already getting higher rates of pay than in any other country in this world, and yet they seek to raise it further by 30 per cent.

2112. I presume that will be settled on the evidence by the Court?—Undoubtedly.

2113. But at present you have not suffered?—At present we have not been brought under the provisions of that Act. A case has not been brought against us yet.

2114. Do you know whether wattle is grown in Australia to any extent now as a crop, or whether it is obtained from the native bush?—It is largely planted in Victoria and South Australia for cropping purposes.

2115. Do you think that that industry might be introduced on the bad lands of this colony?—Yes, I think so, to a certain extent, in the North Island. I have seen very good bark, that has come from the Waikato district, grown in a Government plantation. We used a small lot as a trial; but, of course, the Auckland tanners are in a more favourable position for buying it than the Christchurch tanners, because of the cost of freight to the South Island.

2116. Did you find what you did use perfectly satisfactory?—I formed a very high opinion of the qualities of the bark.

2117. As good as the Australian?—As good as the bulk of it.

2118. Then, the continuance of tanning might give rise to another very important industry?—Undoubtedly. I believe bark to the value of about £30,000 or £40,000 is imported every year.

WILLIAM WILLIAMS examined. (No. 80.)

2119. *Hon. the Chairman.*] You are the representative of the Bootmakers' Union in Christchurch?—That is so.

2120. How many members are there in that union?—332.

2121. Has your union met and discussed the question of New Zealand federating with Australia?—Yes; and they came to the conclusion that it would be detrimental to the trade if federation took place.

2122. Was there much division of opinion amongst them?—They were pretty unanimous that if it took place it meant annihilation to the boot trade of New Zealand.

2123. Why?—One reason is that the trade in Australia is more highly developed than it is here, and at the present time, notwithstanding the duty of 22½ per cent., they are exporting their goods to New Zealand. Of course, there are also differential rates of wages, but the minimum wage is higher in New Zealand than in New South Wales and other centres, excepting in Victoria, where the minimum wage is 2s. per week higher than in New Zealand. The hours in Australia are also longer.

2124. Have you considered the matter in connection with any other trade but your own?—I have. From my experience, gained in connection with the Trades and Labour Council, I think that, as far as the industries of New Zealand are concerned whose products are of an interchangeable character, the result will be, under federation, similar to the results to the boot trade. Federation can only have a detrimental effect. For instance, the furniture trade has suffered very severely from the keen competition with the Australian Colonies, and if our ports were open to Australia it simply means that those trades must suffer the same as our own.

2125. Have you any other objection to federation than the one you have mentioned? Supposing the boot trade would not suffer, would you rather remain an independent colony or join the large Commonwealth of Australia?—I should be in favour of federating, providing it had the effect of bringing the people in the Australian Colonies up to the level of the New Zealand workman.

2126. Supposing things were equal in Australia and New Zealand with regard to the advantages of labour and conditions of trade, do you think the people would be attracted to Australia or New Zealand?—I think, in that event, they would be attracted to New Zealand, as the climate is a better one, and the colony is more attractive in many ways than the Australian Colonies.

2127. *Mr. Leys.*] Have you worked in Australia?—No.

2128. You do not speak, then, of your personal knowledge of their conditions?—We have a good deal of communication with the large centres of Australia, and we hear what is going on from the trade representatives there.

2129. Do you think it probable that by New Zealand joining the Federation we should raise the rates of wages and conditions of work in Australia to the New Zealand level?—I am rather afraid of it, as our experience has been the other way; although we have beneficial legislation in the shape of the Arbitration Act, there are cases in which the process has been downward rather than upward. As a matter of fact, the bootmakers have not reaped any advantage under the Arbitration Act. It has been rather the other way; and the same thing can be said of the Typographical Association in regard to linotype cases. Auckland was the worst-paid centre in the colony, and the awards given have brought the level in other places down to that of Auckland.

2130. But it has raised the level in Auckland?—It may have benefited Auckland; but still, I understand, it has had a very serious effect on the other centres.

2131. Did it lower the other centres?—Yes; it has lowered Wellington, and I am assured that practically the same result will take place here.

2132. Are you sure that they lowered Wellington?—Yes.

2133. You think, then, you would not have any chance of raising the Australian rate?—I think not; I think the risk is too great to take.

2134. Do you think the result would be the other way, that they would lower you?—I think that would be the result, unquestionably.

2135. *Mr. Millar.*] Outside the mere question of wages, do you not think that in all classes of employment the social condition of the people of this colony could be more rapidly advanced under a Government of their own than under a Government which was removed twelve hundred miles away?—I do.

2136. In your opinion, unless federation is going to give other advantages equal to what she is asked to surrender, you would not think of federating?—No.

WILLIAM DARLOW examined. (No. 81.)

2137. *Hon. the Chairman.*] What are you?—A clicker, connected with the boot trade.

2138. Are you a member of the Bootmakers' Union in Christchurch?—I am.

2139. Were you present at the meeting when the question of federation was considered by the union?—Yes.

2140. And the opinion was what?—Against New Zealand joining the Federation. It was unanimous.

2141. What reason do you give for your opinion in that respect?—As far as the boot industry goes, my opinion is that if we were to federate things in connection with the boot trade would be so centralised in Melbourne and Sydney that we would not have a chance to compete under the conditions ruling there at present. That is, if the Arbitration Act were made applicable to New South Wales, and they were brought up to the same level as ourselves, socially, politically, and as far as wages were concerned, we could not compete with them in our trade.

2142. Do you think there is any chance of the rate of wages in Australia being brought up to our level?—I do not think so. I spent two years in New South Wales, and I am decidedly of opinion that if we were to join there would be no chance at all for a number of years of bringing the legislative programme there up to the New Zealand level.

2143. Have you considered the question of how federation would affect other trades than your own?—The furniture trade is very much in the hands of Chinamen in Sydney, and I think that that trade would be greatly affected.

2144. Have you considered the question from any other aspect than that of trade?—I do not think we should reap any advantage from a political standpoint if we joined. My opinion of the New South Wales mechanic is that he seems to take very little interest in political matters, while in New Zealand every man seems to take an interest in his country and its management.

2145. As a mere matter of sentiment, would you rather belong to the independent Colony of New Zealand or to the larger Federation of the Australian Commonwealth?—As far as sentiment goes, I have not much feeling in the matter, but I would rather belong to New Zealand and keep New Zealand as it is, as we have more self-control than we should have if we joined the Commonwealth.

2146. *Mr. Roberts.*] How did you find the wages in New South Wales compare with ours when you were in New South Wales?—Considerably lower than our own, and the hours were longer. The condition of the worker is much inferior to what it is here.

2147. How much more per week are you getting here than you got in Australia?—I was getting £2 5s. in New South Wales, and here £2 10s. and £3. The hours are one longer there.

2148. *Mr. Beauchamp.*] Do you think that under federation, owing to the little interest the Australians take in political matters, we should progress so rapidly in regard to labour legislation as we have done here?—I should say decidedly not.

2149. What is your opinion as to the relative merits in regard to working-capacity of the Australian and New Zealand workman?—Our man can more than hold his own against any Australian I have seen, and the New-Zealanders always seems to get a big wage in Australia.

2150. *Mr. Leys.*] From your contact with the workmen in Sydney, did you find them as comfortable and as well off as the workmen in New Zealand?—They are decidedly inferior to the workmen in New Zealand as far as comfort is concerned.

2151. Are the conditions better or worse?—Taking the New Zealand worker, he is far more advanced in social position and comfort than the New South Wales worker.

2152. Was there more poverty in Sydney than in New Zealand?—It struck me very forcibly as I went through the city, the fact of the great poverty I met with. It is terrible. I have been in London, and it is as bad as the East End of London.

2153. That, I suppose, is producing degraded conditions of life that do not exist in New Zealand?—Undoubtedly.

2154. Do you think the effect of that will be to prevent the early emancipation of labour, and that these conditions would all tend to drag labour down?—If by joining the Federation our trade went to these large cities where labour is so cheap, undoubtedly we must go down if we intend to live at all.

2155. You think, then, that with an Arbitration Act there it would be impossible to raise the condition of the workers to that of New Zealand?—Yes, for a considerable time.

2156. I understood you also to say that the concentration of labour in the large factories there would constitute such an advantage that our people could not compete with them?—That is



correct. The large factories have such a large output that they can afford to run their machinery to the full extent, whereas in New Zealand we have not such a great quantity of machinery to run, so that the Australians can put goods on the market to a much greater extent than we can in New Zealand.

ANDREW ANDERSON examined. (No. 82.)

2157. *Hon. the Chairman.*] You are a member of the firm of John Anderson and Co. ?—Yes; we are ironfounders, engineers, and carry on a merchant business in iron and steel. We employ 260 hands.

2158. What do you consider would be the effect on the iron-foundry business of New Zealand joining the Australian Commonwealth?—I must confess that I have not given the question thorough consideration, but, as far as I can see, it would not affect our own business at all.

2159. Have you considered what its effect would be on other industries and manufactures?—I have not.

2160. Have you considered how it would affect the finances of the colony?—No. I can only say that I think nothing would be lost by delay, and if we gave it a few years' further consideration we would then have the opportunity of seeing how federation was working in Australia. I should be very much against New Zealand going into the Federation until we have had an opportunity of seeing how it works there, and also of further considering how it is likely to affect us here.

JOHN FISHER examined. (No. 83.)

2161. *Hon. the Chairman.*] What are you, Mr. Fisher?—A bootmaker, and a member of the Bootmakers' Union.

2162. We hear that their opinion is against federation?—Yes, very pronounced.

2163. Will you give the Commission your reasons if you concur in that opinion?—I concur in that opinion, and there are two standpoints to view the question from. We viewed the matter entirely from the trade standpoint, and the political aspect of the question we have never discussed. The trade would be annihilated if New Zealand joined the Federation, owing to the centralisation of the industry in Australia, unless we could get advantages which cannot be obtained now under the present conditions existing in New Zealand. If New Zealand federated with Australia the bootmakers would have to go over there.

2164. Have you any other reason to give against our federating?—There are political reasons that enter more into this matter than the question of trade interests, and I think the evidence you have had before the Commission in some respects has been in the direction of showing a selfish spirit as far as many trades and manufactures are concerned. I think, although the trade aspect is an important one, and while the individuals who have given evidence on that aspect may bring important reasons to bear in favour of their views, it is not so important as the political aspect of this question.

2165. Well, what is your opinion on the political aspect of the question?—It cannot be suggested that New Zealand is not as well, as cheaply, and as reasonably governed as people can expect, and I consider that the addition of two more Houses of Parliament would make our governmental machinery cumbersome. In our own experience in regard to the aspirations of the workers, we find that the Parliament here has never yet been able to keep up to date; we have had many promises from the Government with regard to legislating on many of those aspirations and aspects of politics as they relate to labour, but they have never yet been put forward, nor are they likely to be put forward; and if you add other cumbersome machinery to our present machinery it means that you will reduce the incentive that at present exists to get the matters I refer to attended to by the Legislature. It means also that there is a possibility of removing the decision of certain political questions from our Parliament altogether. We would have no voice in the administration of a good many things, or in the decision of such matters a Civil Service reform.

2166. You mean, in short, that progressive legislation, as you deem it, would be longer in being brought about by the Federal Parliament than it would by the State Parliaments?—Cumbersome machinery must always have that tendency. It is illustrated in America, where they cannot keep pace with public opinion through the cumbersome nature of their legislative methods.

2167. What have you to say to the sentimental question: would you rather belong to an independent colony or to a large body like the Commonwealth of Australia?—I feel proud of being a New-Zealander, more so than I would be of being an Australian; and all Englishmen ought to aspire towards national federation. I feel proud of belonging to New Zealand in consequence of the advanced position we hold in politics, and which we hope will always be maintained; but the federation of the Empire is a bigger question, and it is a consummation, I think, more to be desired than that of federating with Australia.

2168. Do you not think you belong to the British Empire now?—Yes; but we would be more so than if we were part of Australia.

2169. *Mr. Beauchamp.*] Evidently you are a strong Imperialist. Do you hold the view that New Zealand would become simply an appendage of Australia, and hold the same position in regard to Australia as the Chatham Islands do to New Zealand?—It must be so under the system of representation.

2170. Do you not think we could hold our own in the Senate and Lower House?—Not against votes—in intelligence you might at the start; but when you come to votes, that is one of those brutal things that knocks you all out.

2171. *Mr. Millar.*] Your view is that the social and progressive legislation which has gone on in this colony will be difficult to continue if we become part of Australia?—My strong opinion is

that it would not be possible, because Australia is very much behind us in regard to political aspirations, and that would check all tendency to progress; and political aspirations are a quantity which you cannot measure by wages or hours of labour.

2172. You believe in being progressive all the time?—One of the witnesses you had before you stated that bootmakers were, as a body, one of those class of people who are never satisfied. I do not know whether it is reasonable to suggest that people who feel aggrieved, and have sufficient intelligence to discuss their grievances, have no reasonable right to give expression to them, but we have that privilege here, which any one else has.

2173. And you think the workers of the colony are doing very well under present conditions?—Both the agricultural people and the manufacturing people are, and I believe they will be astonished at the result which will overtake them if we federate.

2174. You do not believe that a wider market will be open to the agricultural industry if we federate?—I should imagine that the home markets are better for us than imaginary foreign ones.

FRED. BEVERLEY examined. (No. 84.)

2175. *Hon. the Chairman.*] What is your occupation?—I am managing director of the Zealandia Soap and Candle Company (Limited), Woolston, and I reside in Lyttelton. I have resided in New Zealand thirty-seven years. The company employs about twenty hands.

2176. Have you considered how your industry would be affected by New Zealand joining the Commonwealth of Australia?—I think the candle part of it will be practically "knocked out."

2177. Are you protected at present?—Yes; 1d. a pound on candles and £2 a ton on soap.

2178. Do you find that sufficient protection?—It has only recently been reduced from 2d. to 1d. on candles, and I cannot yet form an opinion as to how we are going to get on.

2179. Why do you think that, with free-trade with the Australian Colonies, your industry would be exterminated?—The largest proportion of the raw material we use is paraffine-wax, imported through an Australian firm—James Service and Co. It comes from America, and the Melbourne people hold stocks of it. We cannot get it direct, and there is no doubt that, as there is a tendency to centralise everything in Australia, in large centres factories would grow up there accordingly.

2180. What about the other branch of your industry?—Soap is very bulky, and I think we could hold our own in that, as tallow is now as dear here as in Australia—slightly cheaper in Australia than here.

2181. Have you considered how federation would affect other industries?—I could not give any opinion regarding other industries, either as to the political or sentimental point of view. I strongly prefer being a New-Zealander to being a Commonwealther.

2182. *Mr Beauchamp.*] Since the reduction of duties on candles from 2d. to 1d., have you noticed any increase in the sale of English candles here?—It has been our dull season here since the duty was reduced, so that I could not form an opinion; but in the next six months we can tell better.

2183. And the duty on paraffine-wax was reduced from 1½d. to ¾d. per pound?—Yes.

2184. Have you had any offers of wax from Orepuki?—We made offers; but, as far as I can hear, we cannot tell what they are going to do with these works yet.

2185. And they cannot tell you whether this wax is likely to be cheaper than the American wax?—I understand they cannot. With no duty on kerosene, they cannot produce it profitably, the wax being a by-product; consequently, if they do not produce oil they cannot make wax.

2186. Have candles made in Sydney ever been offered in this market?—Not so far as I know. They make cheaper candles than we do, but the duty stops them from shipping to New Zealand.

2187. Are candles sold cheaper in Australia than in New Zealand?—Yes.

ALBERT KAYE examined. (No. 85.)

2188. *Hon. the Chairman.*] What are you?—Grain and shipping merchant.

2189. How long have you resided in New Zealand?—Seventeen years.

2190. Have you visited Australia?—I have lived in Australia for twelve years, and I have visited it in nearly every part.

2191. Have you given consideration to the question of federation with Australia?—To a certain extent.

2192. What opinion have you arrived at in the matter?—Well, of course, I recognise, with every one else, that it is a kind of unknown quantity; but I am in favour of federation. That is largely due to my personal knowledge of Australia generally. I am convinced that federation would be for the benefit of New Zealand.

2193. In what way would it benefit us?—In being in such close touch with such a largely increasing population that eventually it must be an advantage, I think.

2194. Do you not think that in a reasonable time in the future New Zealand herself will carry a large population?—Not in the same proportion as Australia.

2195. Have you considered what the effect will be upon the manufacturing industries of the colony?—I have no doubt some will suffer materially; but I think, taking it as a whole, the manufacturers will in the end benefit.

2196. You think they will be able to compete against the large centres of Australia, and the large manufacturing institutions there?—I think eventually they will. It all depends on the question of labour, and that must eventually come on to the same basis.

2197. How long will it take before the conditions of labour are on the same level as those of New Zealand?—It is a large question, and I cannot say how many years, but I should think in about ten years they would have adjusted themselves.

2198. Have you considered how the revenue of the colony will be affected by federation?—I have not considered that in the sense that I have any opinion to give on it.

2199. We have had evidence before us that there would be a loss to the New Zealand revenue of half a million: supposing that is an overestimation, and taking it at £250,000, how do you consider that amount would be made up to this colony?—I can only say that greater financial minds than mine have taken that into consideration, and we all go under the same plan. It will in the end simply mean taking money out of one pocket instead of another. It simply means adjustment. We all recognise that the Customs is an easy way of taxing us, but in the long-run it simply means adjustment.

2200. Do you think there is any disadvantage in the distance New Zealand is from Australia?—I think nothing of that, and I am exceedingly surprised so much has been made of it. I consider it a means of increasing communication rather than a means of destroying communication.

2201. What do you think of the sentimental question of New Zealand being a separate colony or being part of the Commonwealth?—I think, in a sense, it is always best to be in the first syndicate.

2202. *Mr. Leys.*] Did you find the people you came in contact with in Australia knew much about New Zealand people and ways?—The people I met were connected principally with my own business.

2203. I do not mean their knowledge of trade, but I mean their knowledge of the peculiar wants and ideas of the people of New Zealand?—Amongst the few politicians I have talked to outside my own business-people, they seem to be fairly well posted. Of course, the newspapers there do not convey much news about New Zealand.

2204. Do not you find that one continental colony knows a great deal more about the other continental colonies than they do about New Zealand?—Quite so.

2205. Do you not think that that would operate against our making ourselves heard in the Federal Government?—I cannot believe that there would be any feeling of injustice among the class of men who rule in Australia in politics. I cannot think at any time that New Zealand would be unjustly treated.

2206. Do you think that they would undertake works that would not be of advantage to New Zealand?—That would happen, I suppose; but I do not think there is a general feeling to do anything detrimental to New Zealand.

2207. You seem to make light of the sea division, when, after all, is that not the most radical of all barriers from a political point of view?—From a political point it is a barrier.

2208. *Mr. Beauchamp.*] You are a large exporter of produce?—Yes.

2209. What is your chief market in Australia?—Sydney.

2210. Do you take as gloomy a view as some take in regard to the possibility of the export trade, in the event of our not federating, in its effect on agriculturists?—I do not think it would harm them a great deal. We would get a fair show.

2211. What would be the effect on trade generally?—It would be reduced, I think, as we stand to-day.

2212. But is this Australian market not one that arises almost invariably from the climatic conditions?—It is to a certain extent; but the latitude of the North Cape, New Zealand, is that of Adelaide and Sydney, and we have got a big field above that latitude, which we are much better able to fill than Australia in a general way.

2213. Seeing that this has been a burning question for so many years in Australia, and the people of New Zealand know so little about it here, the suggestion is that there must be something in that question of distance from the Australian Continent?—No; I think we lost a good opportunity of getting to know about federation by our Government a few years ago refusing to discuss the question of federation on its merits.

2214. To whom should we look for education on the subject?—You could not get better information than from the leaders in Australia.

2215. I notice that a reporter, in reply to a complaint of our Premier's regarding the want of prominence given to New Zealand in the Australian newspapers, said that the distance between New Zealand and Australia was so great, and so few people took a live interest in New Zealand affairs, that they were not warranted in giving much prominence to New Zealand items?—There is something in that. It has always seemed to me ridiculously absurd that almost all our New Zealand telegrams should be dated from Auckland.

2216. *Mr. Millar.*] Do you think that reciprocity would not be as good for New Zealand as federation?—If you could get it, go for reciprocity, decidedly.

2217. From your experience over in Australia, what are the prospects, do you think, of a reciprocal treaty?—I do not think we could get it.

2218. *Hon. Mr. Bowen.*] What is there besides wine they would be anxious to send into this country?—Sugar (from Queensland very largely), olive-oil, and salt.

2219. You do not think sufficient to make a reciprocal treaty attractive to Australia?—No.

2220. Of course, a reciprocal treaty might only deal with certain things?—Yes.

2221. Do you know Queensland at all?—Yes.

2222. What do you know of the possibility of the sugar industry being carried on by white labour?—I do not think it could successfully compete with white labour. I have had a lot of talk about it with various people there, and a good deal with the Hon. G. W. Gray. I think they must have coloured labour there, but there is not the slightest fear of it coming to New Zealand.

## WELLINGTON.

MONDAY, 25TH FEBRUARY, 1901.

NICHOLAS REID examined. (No. 86.)

1. *Hon. the Chairman.*] You are a merchant residing in Wellington?—Yes.
2. And also the chairman of the Chamber of Commerce?—Yes.
3. How long have you resided in New Zealand?—Nearly forty-two years.
4. And you have been engaged in commerce here all the time?—Nearly the whole of that period.
5. Has the question of New Zealand federating with the Commonwealth of Australia been discussed by the Wellington Chamber of Commerce?—Not yet.
6. Can you tell the Commission in any way the opinions of the members of the Chamber upon the subject?—I think they are very much divided on the question.
7. Will you be kind enough to give the Commission the benefit of your own opinion on the matter?—Firstly, I am not at all in favour of federation, because the loss of self-government would far outweigh anything that has yet been stated in favour of federation. Apart from that, if I take the commercial aspect of the matter, and ask myself the question, is New Zealand to federate with Australia? I should find that in the matter of sugar our present duty of £4 13s. 4d. per ton yields a Customs revenue of £168,875. Under federation that revenue would be nil if all the sugar we require would come from Queensland; it would be admitted free; so that the total loss to the Customs revenue, as I have stated, would be £168,875. The quantity of sugar produced in Queensland just now would average about 100,000 tons; and, if Australia would take the whole of the production, where would New Zealand come in with free sugar? We could not possibly get a pound from Queensland, because the whole of it could be absorbed in Australia; and, as there would be heavy protective duties, the consequence would be to raise the price of Queensland sugar, if we got any, equal to the price of refined Fiji sugar, with the amount of duty added. The bulk of the supplies consumed in New Zealand is from Fiji, bearing a duty of £4 13s. 4d. It is well understood that the Colonial Sugar Company has practically a monopoly of the sugar trade of New Zealand, and nearly the whole of Australia. I do not suppose for one moment that the Colonial Sugar Company would allow any free sugar to come into New Zealand to interfere with the business of the Auckland refinery, and its very large sugar establishments in Fiji. It practically means, therefore, that the Colonial Sugar Company would absorb nearly the whole of the Queensland sugar produced, and consequently, if any of the sugar did come to New Zealand, the price of that free sugar would have to be on a level with the duty-paid sugar from Fiji; in other words, the Colonial Sugar Company would have one of the greatest monopolies in the colonies.
8. Have you considered what the difference to New Zealand would be by reason of a lower protective tariff than the one at present existing, if a lower tariff were passed by the Commonwealth?—It would be impossible to say what difference it would make. I will now take a few other articles that bear very seriously upon our Customs revenue. The revenue derived from tobacco is £279,646—that is on tobacco imported from the United States principally. There are at the present moment seven tobacco-factories in Australia. The excise duty upon tobacco will average about 1s. 6d. per pound. The quality of the best tobacco turned out by the manufacturers is really excellent; it is made from imported leaf. A large quantity of tobacco is also manufactured in Victoria from leaf grown by the Chinese, who are very large growers of tobacco-leaf; but nearly half the leaf that is produced in Victoria is shipped to Europe, because they find it is of rather too low a grade to produce a good article. The excise duty upon tobacco manufactured in Victoria is, I think, £77,000; and they produce far more than they are able to consume. When we consider the enormous production that will go on in Australia under federation we would probably lose half of our present Customs revenue derived from the sale of tobacco. The Customs revenue now received from tobacco is £279,646, and I anticipate that under federation we would lose at least £100,000 of that, because of the very large quantities of tobacco which would come in under the excise duty of the Commonwealth. Another article is spirits. There are several distillers in Australia, principally in Melbourne, manufacturing brandy and other spirits. The excise duty will average 8s. per gallon. Our present duty is 16s. in bulk and 16s. 6d. in bottle; and it stands to reason that a great impetus would be given to the importation of Australian spirits, with a difference of 8s. per gallon in favour of the distillers of Australia; and what a loss it would mean to our Customs revenue. The excise duty upon spirits in Victoria last year amounted to £88,000, so that it proves to you at once the great industry in the distillation of spirits in Victoria. In South Australia they are making very good brandy, and this is coming to New Zealand, but only to a very small extent. Federation will, I have no doubt, greatly increase our business with Australia, consequently the probable loss in revenue from spirits alone would in a short time be one-third less than what it is at present. The value of the Australian wine imported into New Zealand for 1899 was £16,700, and the duty was 5s. per gallon. Our Customs revenue would also suffer in other respects—in soft goods, boots and shoes, drugs and druggists' sundries, fancy goods, furniture, iron and ironware, leather and leather goods, machinery, soap, and candles, and also upon dried and evaporated fruits. The bulk of these goods are imported, manufactured, and produced in large quantities in Victoria and New South Wales, and it would be impossible for our small and scattered population to compete against the large cities of Australia in particular lines. Take boots and shoes, for instance: At the present moment there is an overproduction of these goods, especially in Victoria. With the appliances they have they can cope with the requirements of a much larger population than they have at their doors, and it will be necessary for them to find new markets for a large quantity of their goods. If I am in order I will read an extract from the Melbourne *Argus* dated

the 19th August, 1899: "The broad position is this: The Victorian manufacturers will gain largely by having a wider market thrown open to them. The duties levied in their interests will operate over a far wider area than before, and they must inevitably greatly benefit by the new conditions. They are sure to benefit far more than they realise by the change, and they are to be heartily congratulated on their brighter prospects accordingly." In the Melbourne *Argus*, I think, of the same date they have an article on the "Coming Tariff," which says, "Outside duties on cereals and grain- and root-crops may be continued, but they will be merely a mockery to our producers. It would only be in time of extreme scarcity, owing to failure of crops, when the farmers had nothing to sell, that importation could take place even from New Zealand." It was after reading these two articles that my attention was called to the seriousness of federating with the Commonwealth. The Customs revenue of the Commonwealth is set down at £6,866,601, and the New Zealand Customs revenue is £2,170,000. Under federation New Zealand would have to contribute nearly £550,000 towards the management of the Commonwealth, leaving to her about £1,600,000. With the reduction in the revenue under federation owing to the reasons I have described, you will see at once the enormous loss which would accrue to New Zealand; and that is a further reason why I state I am strongly opposed to federation. I think New Zealand should have the control of its own affairs. Dealing with the export of produce from New Zealand, and how we shall be affected in that respect under federation, I might say that four years ago New South Wales was a very large buyer of wheat and flour, but to-day she has an export surplus of wheat amounting to 180,000 tons. Victoria will have an exportable surplus of possibly over 300,000 tons, and South Australia has a surplus of over 268,000 tons. The Commonwealth will have an exportable surplus of nearly three-quarters of a million tons of wheat. While the price of wheat in Melbourne and Adelaide is a little higher than it is in New Zealand, flour can be bought nearly 10s. a ton cheaper there, and, with the low rate of freight we can get on flour from Adelaide and Melbourne, it would practically mean that the North Island would receive the bulk of its supplies from either Victoria or Adelaide; and it is not only the lower price, but the quality of Adelaide flour is worth to the baker at least from 15s. to £1 a ton more than New Zealand flour, because the Adelaide flour produces far more bread than we could get from the New Zealand flour; so that there are two advantages—the price is lower, and the quality is about 15 to 20 per cent. better. Under federation, of course, this would be a serious blow to the milling trade. It would practically reduce by one-half the number of mills now in operation. The price of the best roller-mill flour in Melbourne on the 7th February was £6 per ton for the orders in hand, but for export the price would be shaded considerably, showing at once that they are very anxious to obtain a greater export trade in order to reduce their surplus stocks. I notice that the average yield of wheat for last year in New South Wales was 12·6 bushels per acre, which is an improvement of nearly 3 bushels more than that of the previous year; while the area under cultivation this year far exceeds that of any previous year. It is a well-known fact that the export trade in oats from Victoria has assumed large dimensions, and that they export nearly as much as New Zealand; also that the area of land under cultivation last year has increased by 120,000 acres, and it is only a question of time, as the Melbourne *Argus* stated, when it will be a farce to go outside Victoria for produce, and only in times of extreme scarcity will they have to come to New Zealand. Now, while oats are a little higher in Melbourne, it is strange that oaten chaff is sold at 7s. 6d. per ton less than it is at Dunedin. Quoting from the Dunedin price-list of the 4th February, and comparing it with the list of the same date in Melbourne, I find that the price is in favour of Melbourne by 7s. 6d. per ton; and why that state of affairs should be I do not know. The other industries that would be greatly affected by New Zealand federating would be jams and preserves. It is well known that Victoria exports an enormous quantity of fruit in pulp, and some of it is imported into New Zealand, so that it would be impossible for us to compete against Victoria in jams and preserves, because her output far exceeds the total output of New Zealand. Hops would benefit under federation, so would preserved milk, bacon, and cheese to a slight extent only. Butter is doubtful, because I find the price of butter in Victoria just now is on a par with the price in New Zealand. The biscuit and confectionery business of this colony would simply be wiped out by federation. Preserved meat would not benefit, because it is a well-known fact that the value of the preserved meats in New South Wales is much lower than that of the same article produced in New Zealand. New Zealand has practically lost the South Sea Island trade in preserved meat. It has gone to Sydney, because of the cheaper article produced there. The quality is not so good, but it is sufficiently good to suit the coloured population. It is doubtful if timber would benefit under federation, because kauri and white-pine is a necessity now to Australians, as Australia cannot produce timber so suitable for its requirements as kauri and white-pine. Dealing again with the question of oats, the Melbourne *Leader* states that the estimated yield of oats in Victoria is 8,276,100 bushels from 337,800 acres, or an average of 24·50 bushels per acre. Last season the yield was 6,116,046 bushels from 217,280 acres, which shows an increased area of production of 120,520 acres; so that in a very short time the export of oats from New Zealand will be, so far as the Australian market is concerned, almost nil. These are all the remarks I desire to make upon the question.

9. You have told us how you consider oats and the manufacturing industries would be affected by federation: have you considered the question of the iron trade?—Yes. New Zealand imported from Australia last year hardware and ironmongery amounting to £10,896, and iron and ironware to the value of £22,563, machinery of various kinds £54,752, and manufactures of metals £11,006. Of course, it is not enumerated what the machinery is, but I have no doubt it was either imported into Australia or manufactured there.

10. With regard to foundries and manufacturing industries in the iron trade, do you think they would be able to compete successfully in New Zealand with the Australian ironfounders under free-trade between the colonies?—No, because the first cost of coal is a very serious item. Coals can be purchased at Newcastle possibly at 7s. 6d. per ton, and, with 3s. 6d. added for freight to Sydney,

it would mean 11s. ; so that the foundries in Sydney would be able to get coals at 11s., while it costs £1 per ton in New Zealand. That is a very serious handicap. Then, the laid-down cost of a large quantity of raw material is also much less in Sydney than it is in New Zealand.

11. Have you considered the question of the manufacture of agricultural implements—whether they could be manufactured in New Zealand on more favourable conditions than in Australia?—I notice that the export of agricultural implements from New Zealand amounted to £1,319 in 1899, £2,810 in 1898, and £3,596 in 1897, showing a falling-off of £2,200 in the export of agricultural implements from New Zealand. This proves at once that the little trade we have in that respect will soon be a thing of the past—another two years will wipe it out ; and it stands to reason that the larger production over there will enable the Australians to manufacture their own agricultural implements that they are now getting from New Zealand.

12. You said that the contribution of New Zealand to the revenue of the Commonwealth would exceed the sum of £550,000 : how do you arrive at that?—The total revenue of the Commonwealth, including New Zealand, is estimated to be about £8,950,000, and the amount returnable to the States, as provided by the Commonwealth Act, will, in the case of New Zealand, be £1,400,000 ; so that New Zealand would have to contribute £550,000 from a revenue of over £2,000,000.

13. Have you considered whether the sugar industry could be continued in Queensland with white labour?—I do not think so.

14. And therefore you do not consider a white Australia possible?—Quite impossible. I do not know of any part of the world where sugar is grown with white labour. Taking Mauritius, large numbers of Indians are imported there annually for the sugar-plantations.

15. Have you considered the question of the distance of New Zealand from the centre of government, in the event of New Zealand federating, amongst the disadvantages we would be subjected to?—I would not look upon it as a serious disadvantage as compared with the other disadvantages I have mentioned.

16. Are there any advantages which you think would accrue from New Zealand federating with Australia?—I do not know of one.

17. As far as the agricultural interests are concerned, do you think they would not derive any benefit from federation?—No. They might for the first twelve months, but no more.

18. *Mr. Roberts.*] Do you think, Mr. Reid, that with intercolonial free-trade the farmers here could produce more cheaply than they can on the other side?—I do not think so, because land and labour cost considerably more. The production of wheat is 28 bushels to the acre here as compared with 12 in New South Wales, and, in the face of that fact, how is it that flour is cheaper in Australia than in New Zealand?

19. It is due to the oversupply of wheat in Victoria since the protective tariff has been in force, is it not?—Yes ; but that would not alter the value of the exportable surplus. It would possibly raise the price for local consumption.

20. How many years is it since the Victorians began to export oats?—During the past two or three years.

21. So that the industry has increased during the past two years. Is it not due to the protective duty they have been labouring under?—Probably.

22. In reference to boots and shoes, you made no mention of the American competition which most bootmakers are complaining about as more to be feared than the competition from Australia, of which they are complaining but little?—I have not dealt with any matter outside the Commonwealth ; but at the present time I am aware that large quantities of American boots and shoes are imported, and up to the present the competition of America has been more severely felt than the Australian competition.

23. *Mr. Beauchamp.*] You are a very close reader of the Australian papers, are you not, Mr. Reid?—As a rule, yes.

24. From the opinions expressed in the various papers of Australia, are you of opinion that the Commonwealth tariff will be a moderate one for revenue purposes, or a protective one?—I think it will be a protective tariff.

25. Sufficiently high to exclude the bulk of the produce that at present finds its way to Australia?—I do not think the duties would be any heavier upon cereals than they are at present. The reason that I say a protective tariff will be imposed, as far as I can judge at present, is that it is impossible to raise eight millions through the Customs without imposing a tariff as high as at present. They cannot afford to reduce the present duties, as they must raise that amount for carrying on the Commonwealth Government.

26. Were you impressed at all with the anxiety which Victoria seemed to display to become federated, while New Zealand was hanging back—because we have had opinions expressed in that direction? People say that federation was hastened by Victoria because she wished the Commonwealth to be formed, so that if New Zealand came in she would not come in as an original State?—I think that is so. There are various articles I have read in the *Argus* in favour of federation. They have looked upon federation as being a good thing for the manufactures of Victoria, as they think they would have wider markets, and thereby they would obtain a greater advantage in production by reducing the first cost very considerably.

27. I think we export about 92 per cent. of our total produce to the United Kingdom and about 8 per cent. to Australia : do you think that with federation our exports to Australia would increase substantially, or do you think that Australia is becoming sufficiently self-contained to supply most of the products she requires for her domestic requirements?—Australia is becoming more self-contained every year ; and if we look at the immense strides that New South Wales has made in the way of extending her agricultural industry, and also at what Victoria is doing, it stands to reason that the limited area of New Zealand is nothing compared with the enormous area of Victoria and New South Wales. New South Wales, of course, suffers very seriously from

drought, and in such a time she has to depend on New Zealand. If it had not been for a severe drought experienced in New South Wales previous to the harvest, instead of having a surplus of 180,000 tons of wheat, she would have had an exportable surplus of nearly 250,000 tons. Roughly speaking, I believe that last year the Commonwealth produced about 40,000,000 bushels of wheat, against New Zealand's 9,000,000 bushels.

28. Which would be preferable for the farmers, in your opinion—not to have an open market in Australia for oats, or to stand the competition they would have from the sale of Australian flour in New Zealand?—The balance would be in favour of the farmers not federating.

29. Under the Commonwealth Bill the Federal Government have the right to retain up to 25 per cent. of the Customs revenue for the first ten years, and thereafter the whole of it for Federal purposes: do you think that that 25 per cent. would be retained by them for Federal purposes?—Yes.

30. Why?—Because the expenses of the Federal Government are going to be far greater than it is anticipated, and it will be necessary for them to have a revenue of fully eight millions.

31. Have you seen it stated that we would be expected to contribute towards the cost of construction of such works as a trans-continental railway, which is contemplated for the development of Northern Queensland?—Under federation that would be so, and all these schemes involving the improvement of country that is so much stricken with drought, and the bringing-about of quicker communication, would fall upon New Zealand, which would really receive no benefit from them.

31A. New Zealand, of course, has been a good deal blown about: we have been praising ourselves a little too much; and no doubt under federation, as we would have only one-seventh of the representation, we might be weighted a bit by the legislators of the other side?—I would be rather doubtful of New Zealand receiving even justice under federation. They look upon us with a very jealous eye; and, then, we would have so little say in the administration of affairs.

32. In regard to the development of Australia, by these works to which I have referred, do you think it would mean that the producers of this colony will suffer any seriously prejudicial effect by such a development taking place in Australia?—I do not know what the effect would be, but, of course, New Zealand would have to bear her share of the burden.

33. And you cannot see that there would be any compensating advantage?—None.

34. And you consider that on the basis of representation we would be outvoted on all great questions?—I cannot say what would happen.

35. I suppose you know that in the event of any disagreement between the two Houses they sit together and vote according to the actual representation—each member counts as one vote?—Yes.

36. What is your opinion as to the class of men we would get to represent us in the Federal Parliament?—That is very hard to say. What is the honorarium?

37. £400 per annum?—I expect it would make very little difference.

38. There does not seem to be very much interest in Australia with regard to New Zealand affairs, if we can judge from what we read?—Probably distance has something to do with that. Certainly a great deal is due to the fact that we are divided by sea, but I do not think that the distance is a very serious obstacle; it is not such a serious argument against federation as the others I have mentioned.

39. *Mr. Luke.*] Do you not think that the Federation would benefit the small farmers?—I cannot see what benefit they would receive, say, a year or two after federation.

40. Potatoes is a very large item of export in Lyttelton. A year ago they were exported from Lyttelton to the value of £126,647, and last year less than £26,927—evidently a substantial trade is being done in potatoes; and we also hear that onions are exported: would not federation affect the small farmers in those respects?—At that time there was a very great scarcity of potatoes, and they rose to a fabulous price, which caused a large export from here. Onions were exported of the value of £6,800 last year. I do not think the farmers would derive any fixed benefit under federation.

41. Does it not strike you that the implement-makers of Christchurch, under federation, would have a new market opened up to them for their manufactures?—During the last three years there has been a falling-off in the value of implements exported of nearly £2,000, proving at once that the statements made by the implement-makers are altogether fallacious. If that falling-off continues, the export will be wiped out very quickly.

42. Might not the falling-off be due to the increased demands of our local markets?—It may mean that the local factories have not the necessary amount of labour available to encourage an export trade?—As a general rule, they endeavour to encourage that trade, and let the local orders hang over.

43. Is it not rather the reverse in this case—that it is their surplus that they export, and even exported at a loss, or at bare cost, in order to cheapen their home productions?—Exporters of agricultural implements only take firm orders from outside.

44. Do you think there is anything in the statement that the climate of New Zealand produces a better class of workmen than those found in Australia—that is, that the workmen here do a better day's work than they do there?—That statement must be received with a great deal of caution, because in Australia the men have to do a large amount of special work, and here, being a smaller place, men have to do all sorts of work. The Australian workmen, having to differentiate in regard to their work, are, I think, far more proficient in regard to that special work than our men.

45. That is to say, on account of the larger concerns in Australia they can specialise their work?—Yes.

46. Is it not possible that under federation we might develop our industries so much as to be able to specialise sufficiently to meet our local requirements, and even to compete with Australia in its own market?—I doubt it very much, because you will find that under federation, and the



removal of the Commonwealth Customs duties, our young men and women would be attracted to the larger cities over there, and consequently there would be a falling-off in our direct trade, which would disorganize business.

46A. The statement has been made that our climatic conditions are very much in our favour, and that the tendency will be not only to retain our own population, but to draw populations from Australia, which would enable us to turn out a larger amount of work than we can now: is that statement correct, in your opinion?—I do not think there is anything in it.

47. As to our cereals—evidently they have very much increased their crops in Australia—have you thought that, on account of the larger yield per acre we have in New Zealand, there may not be a certain advantage through being close to a market, and that this advantage in respect to the yield would enable us to overcome the difficulty of distance, and thereby help us to compete in that market with the Australians on better terms than they can themselves?—I do not know at the moment what the average yield in oats in New Zealand is; can you tell me?

47A. The average has been about 22 to 24 bushels: do you not think that that would enable us to overcome all the disadvantages of the distance?—The production of cereals in Victoria is much less per acre than it can possibly be in New Zealand. Take the average yield of wheat: In Victoria it will be 11 bushels to the acre, in New Zealand about 29; consequently you would imagine that with such a heavy yield here we would be able to ship large quantities to Australia under federation. But when you consider the value of flour in Victoria, it is lower than it is in New Zealand, even with our heavy yield. They will be able to do the flour trade of the North Island on account of the lower prices and better quality, and under federation I do not know how we shall be able to compete on better terms with them. The same way with the oats—every year the area under cultivation in Victoria is increasing.

47B. But, still, does not that rather point to our farmers having under federation an advantage, seeing that our yield is so much larger, and therefore that our produce must be greater than theirs?—I doubt it, because a yield of 12 bushels of wheat per acre is a good average for New South Wales, and a yield of 24·50 bushels of oats to the acre is an excellent one for Victoria. They are satisfied, and because of that satisfaction the area under cultivation in the matter of wheat and oats is increasing enormously every year.

48. Then, is it because of the larger amount of profits that our farmer expects that would place him at a disadvantage under federation?—Well, in the first place, he has to pay very much more for his land compared to the price of land in Victoria, and Australia generally. Labour there is also cheaper; the railage on wheat and oats in Victoria is also exceedingly low as compared with the railage on the same articles of produce in New Zealand.

49. But is not the tendency in New Zealand to reduce the cost of railage?—Yes.

50. Do you think we would suffer any disadvantage by our isolation under federation?—It need not be a serious disadvantage.

51. Carriage by water is cheaper in proportion than by rail?—Yes, very much so.

52. You refer to the cost we would be put to in contributing from the Customs and excise revenue, but have you thought that in the expenditure of that public money we would get a considerable portion of it back in the shape of public works?—I do not think so; it would all be required for the administration of the Commonwealth.

53. You are of opinion, as far as a white Australia is concerned, that that would be impossible?—I think it is impossible. I do not think it possible to carry on the sugar industry in the northern part of Queensland with white labour.

54. *Mr. Reid.*] I believe you are totally opposed to federation at all?—Totally.

55. Do you not think that terms could be made such as were granted to West Australia?—That would not be sufficient inducement.

56. Have you considered the question of reciprocity? Would it be possible to arrange a treaty between the colonies?—In the matter of sugar there would be great difficulty. Sugar pays a duty of £4 13s. 4d. per ton. Practically, all the sugar that comes into New Zealand is produced by the Colonial Sugar Company at Fiji. The bulk of the sugar that comes from Australia is also from the same company, so that there would be no advantage to us from a reciprocity treaty.

57. Would it be possible with any other commodities to have reciprocal treaties?—Wine would possibly come in lower, but I do not know of anything else; and they would have to give an exchange for us admitting wine free.

58. You are aware that these treaties were tried before?—Yes, and they failed.

59. Do you not think they might possibly renew these negotiations?—I do not think so. Sugar is the only thing that can come in from Queensland, and wine from South Australia.

60. *Mr. Leys.*] Do you conclude, from the large increase in the cultivation of oats in Victoria, that they find they can export at a profit now?—Yes.

61. Then, in that case there is no hope for our oat-growers in Victoria?—It is only a matter of time when it would be quite hopeless to look to Victoria as a market even under free-trade.

62. Have you made any calculation of the total loss on the Customs revenue from inter-colonial free-trade?—I have not, unfortunately.

63. But think of the soft-goods trade. At the present moment considerable quantities are imported into New Zealand from Sydney and Melbourne even with our protective duty?—Under federation, I suppose the whole of these goods would be imported into Victoria and Sydney at duty-paid rates, and they would be distributed into New Zealand, and, the duty having been paid at Melbourne or Sydney, they would practically come in free to New Zealand.

64. Under the Commonwealth Bill, for the first five years re-exported goods are credited to the colony to which they are exported, and not to where the duty was paid?—That would not make much difference; but, as a wholesale warehouseman, I would prefer to be in business, after the five years, in Sydney or Melbourne, because they are better distributing centres.

65. Apart from the loss of revenue through intercolonial free-trade, there is apparently a heavy loss from the fact that New Zealand has been drawing more from the Customs per head than any other colony?—Not so much as Queensland.

66. But if we take the total of all the colonies of Australia, and take the average for all of them, it is only £2 1s. per head, while the average from New Zealand was £2 18s. That leaves a difference of 17s. per head: do you think it fair to assume that that 17s. per head would have to be made up by direct taxation in New Zealand under federation?—Yes.

67. But we would still have to get sufficient revenue for State purposes?—Of course, if the Customs revenue were reduced we would have to contribute less to the Commonwealth.

68. But New Zealand will have to pay its interest on its loans and carry out its undertakings. Sir John Hall mentioned that the loss of our Customs revenue would amount to £500,000: how would that loss be made up to us?—By direct taxation, no doubt.

69. What would be the effect of such an enormous increase in the taxation of the colony?—It would have a very injurious effect upon every industry in the colony.

70. *Hon. Major Steward.*] Is it not a fact that the cost of cultivation in Victoria and Sydney is considerably less than here?—Yes; the cost there is less than 6s. an acre.

71. Is it not also true that the cost of harvesting is cheaper?—Yes; it is the custom in South Australia and Victoria to strip, thresh, and bag in one operation.

72. That considerably accounts for the fact that with a smaller yield they are able to get equally good financial results?—Yes. I think it costs about 3s. per acre to cultivate land in South Australia.

73. Under the Commonwealth Act there seems to be no security that the maximum to be taken from any State by way of Customs duty will be one-fourth. If the position relatively of the States of the Commonwealth alters financially, it may happen that one State will pay more than one-fourth of its revenue?—That is so; it would all depend on the prosperity of the State.

74. Assuming that after a few years there is no return to New Zealand out of the fourth, and the whole of that fourth is used, it will mean, I suppose, about £500,000?—Fully. New Zealand's contribution will be about £550,000.

75. You gave us figures showing, according to your calculations, what we should lose in revenue by our joining the Federation: Sugar, £168,000; tobacco, £100,000; one-third duty on spirits, which would be £133,000?—I might say that it would possibly take three or four years before that would be accomplished.

76. These three items come to about £401,000. You also mentioned soft goods, boots and shoes, furniture, and a large number of items on which we would lose: do you think it would be assuming too much if I put that at £200,000 more?—Not exceeding £150,000.

77. Then, the colony would lose on federation £550,000 in addition to our contribution of £550,000, and that is our share to the cost of the Government?—Yes; but if the Customs revenue decreased so would the contribution.

78. *Hon. the Chairman.*] Do you mean that we would lose £550,000 in addition to our contribution?—Yes. Of course, our contribution might not be that amount, for it is a fourth that we have to pay, and if the revenue decreased so would our contribution.

79. You mean that we would lose £550,000 in revenue in addition to our contribution to the cost of the Federal Government?—Yes, in time.

80. *Hon. Major Steward.*] In other words, then, adding the £550,000 which is estimated as our share of the cost of the Federal Government to the £550,000 which you estimate as our eventual loss upon the revenue, we should stand to lose about £1,100,000?—Yes.

81. Under all contingencies you estimate it would mean a loss to New Zealand of about £1,000,000 a year?—Yes.

82. *Hon. the Chairman.*] How do you estimate that £550,000?—Goods which we are at present levying Customs duty on.

83. Yes, I understand that; and by the imposition of possibly a lower tariff in Australia we should lose £550,000 of Customs revenue. But I understood you to say, in answer to Major Steward, that, in addition to that, there would be a contribution to the cost of the Federal Government of another £500,000: how do you arrive at that?—The cost of contributing one-fourth of the Customs revenue. That £500,000 is estimated on the present Customs duties of £2,000,000.

84. That is the total amount that it may be. Have you any data upon which you can say that our contribution to the Federal Government would be £500,000?—I only take it from the present duties—the amount derived from Customs revenue is fully £2,000,000 sterling. Under federation we would have to contribute a fourth of that amount.

85. But you are aware that the portion that is not required of that fourth for the expenses of the Commonwealth has to be paid back to the several States, or applied to the payment of the interest of the debts of the several States taken over by the Commonwealth. It is problematical what the cost of the Federal Government will be?—Yes; it was estimated at fully £8,000,000 sterling.

86. Can you tell us whether the balance of the trade between the States of the Commonwealth of Australia and New Zealand is in favour of New Zealand or the Commonwealth?—I think it is about level at the present moment.

87. If about level, would the Commonwealth be interested in establishing a prohibitive protection tariff against New Zealand?—I do not think so, because a prohibitive tariff would apply to all the countries outside the Commonwealth.

88. In your opinion, in the event of New Zealand not joining the Commonwealth, would the population be attracted to Australia, or from Australia to New Zealand?—From Australia to New Zealand, I hope.

88A. Is there any matter upon which you would like to speak, and upon which you have not been questioned?—I would like to read a letter which my firm has received from Melbourne. It is

dated the 11th February: "Under separate cover we have posted you copy of our February market report, which we trust will prove of interest. We believe, under federation, that Melbourne will rapidly become the distributing centre of Australasia. Importers here are now holding greater stocks, and appear more anxious to compete for the export business. The authorities are also wakening up in the matter of increased facilities for shipping, and we hope by our frequent market advices you will henceforth be able to send us regular orders." That only affirms what appeared in the Melbourne *Argus* of October, 1899. Victoria now looks with a considerable amount of regret that New Zealand is not likely to join the Commonwealth, as she is very anxious to have a wider market for her surplus stocks.

89. *Mr. Millar.*] Could you inform me whether, since the reduction of the duty on candles, there has been any attempt to bring candles in from the outside?—Yes, there have been two attempts.

90. Was there any attempt prior to the reduction?—No. I know for a fact that a very large soap-manufacturing business will shortly be established in Sydney, and even with our protective duties now we will not be able to compete against them.

91. *Hon. Mr. Bowen.*] Do you think there will be some fear of the protective duties being dangerous to New Zealand?—No, I do not think there is anything to fear. I think the protective duties on cereals will be slightly less than they are now.

SAMUEL BROWN examined. (No. 87.)

92. *Hon. the Chairman.*] You are president of the Industrial Association in Wellington?—Yes.

93. How many members does that association number?—About a hundred.

94. Have they considered the question of New Zealand federating with the Commonwealth of Australia?—As a body, no. We wrote to Mr. Seddon to get some information, but no notice was taken of our letter, and we had no proper data.

95. You are not able to say what is the opinion of the majority of the members of the association?—No; every man's opinion will be simply that of the individual.

96. Will you give the Commission your opinion on the matter?—I may say that I am not affected by the matter one way or another.

97. What is your occupation?—I am a contractor, and a coal and produce importer. I speak more from the industrial point of view. I do not profess to touch the commercial aspect as much as Mr. Reid has done. I am speaking merely from my knowledge of how it will affect the working-people. I think the question of whether we should federate or not is governed by factors far away from Australia. What is going to affect the workers of New Zealand in the near future is not so much the Australian competition as that of Germany and America. I do not attach much importance to the present conditions as between the two colonies, as they will most likely be modified, and the difference is not much, if anything, greater than existed between one province and another in New Zealand at their abolition. As to the twelve hundred miles, called "the twelve hundred reasons," I think this a distinct advantage, as it would modify, if not destroy, any epidemic from the continent before it could reach New Zealand. In time the distance is no greater than separates Auckland from Dunedin; a 21-knot boat would do it in about the same time as is now taken either from Wellington to Auckland or to Dunedin, and enormously less than when the Parliament sat in Auckland without telegraph or cable. It is far more serious to consider the future competition from Germany and America, where the conditions are so different. I think in the near future, if nothing is done, it will not be possible for our workmen to compete with them and maintain their present standard of comfortable living and short hours. The Board of Trade returns show that in the East—China, Japan, India, &c.—the Germans and Americans are increasing their trade in a greater ratio than the English. The German works three machines where the English workman attends to one only. Sir Hiram Maxim recently stated that, while an English workman took a day and a quarter to produce a certain part of a gun, a German workman produced thirteen in the same time. The Germans produced the biggest and fastest steamer in the world, and sent her into Southampton waters with the flag flying "Made in Germany." I am informed that the German steamer that comes to Australia is already flooding the markets with German products. Germany has already taken steps to capture the trade of Africa by giving a subsidy of some £70,000 per annum to a steamship company, who are increasing their fleet so as to call at all the ports. In America flesh and blood is scarcely considered; manufactories are largely on the piecework-hour system, which causes workmen to work at the highest possible speed, and it means that nearly two years' output is got in one year. It pays them to export their surplus and sell at a loss, so as to keep every machine constantly going. The export trade of America has been increasing at the rate of about £10,000,000 a year. Germany gives bounties to shipping and other things for export. In America they are doing something similar; all her laws are made for the special benefit of their own trade; each country is pressing forward in the East, and New Zealand alone cannot withstand this. Australia is a country where Europe could be dumped down and only take up about half the room, though there are other questions which require to be considered. I think, from the industrial aspect, New Zealand needs Australia more than Australia needs New Zealand; that in the not-distant future they will require the help of their big brother if the workmen are to be protected from foreign cheap labour, and enjoy the comfort they have been born to.

98. Do you think they will be successful in passing a Conciliation and Arbitration Act in Australia?—I think there is no doubt that they will pass an Arbitration Act. The question of raising the wages depends on the experience of the people who run the Arbitration Court.

99. What do you think are the prospects of the wages in Australia being raised to the same level as in New Zealand?—I think the tendency will be to raise them.

100. How long will it take before they are on the same level as New Zealand?—It is impossible to say.

101. Have you considered what the effect of federation will be upon the manufacturing industries of this colony?—I do not think the present condition of things will last. I think the whole assumption is based on something that will not last.

102. Are not the establishments much larger and command more capital than is the case in New Zealand?—Yes.

103. Are they not likely to operate prejudicially against the smaller manufactories in New Zealand?—Well, the large capitalist always has the advantage, no doubt; but I look upon it this way: I think that, given anything like equal terms, the New Zealand workman will produce a greater amount of work than the Australian. Hour for hour they will do more.

104. I am not speaking of the workmen, I am speaking of the industries: can our manufactures get on equal terms with those in Australia?—I cannot say.

105. Supposing wages are cheaper in Australia, then the manufacturer is at a disadvantage in New Zealand, is he not?—I do not see it. He may get less work for less wages. The ill-paid workman is generally the dearest man.

106. You think that more work can be done by the New-Zealander than by the Australian?—Undoubtedly.

107. Do you think that the manufacturing industries of New Zealand will not suffer by federation?—I am not prepared to say that they would not at the first.

108. You have merely considered it from the standpoint you have mentioned?—Yes.

109. *Hon. Major Steward.*] You say you think that in the near future New Zealand may need Australia more than Australia may need New Zealand, and you explain that to mean that by-and-by there will be negotiations for the treatment of Australia as a most-favoured nation, and that being part of the Federation we would get the benefit of that, but not otherwise: is that so?—I mean this: that a small colony like New Zealand will have no influence in making arrangements with the nations of Europe.

110. Do you mean that the most-favoured treatment would be with the foreign Powers and not with England?—There are many thinking people in England now who believe that there should be some modification to protect the English workman.

111. Then, you do not anticipate trade between Australia and Germany, but a British zollverein which puts duties on the goods of foreign countries?—I think in the future something of that kind will have to eventuate.

112. If that is so, do you think that, if Great Britain adopted that policy, and New Zealand did not federate, Great Britain would exclude New Zealand from the benefit of that policy?—You see, I had not spoken of that zollverein as an actual thing coming. I only indicated my opinion that something must take place, otherwise in the very near future New Zealand would be swamped by foreigners. New Zealand is weak by herself, but she will be stronger with Australia.

113. You anticipate that we would be in a better position in the event of our requiring a most-favoured-nation treaty. Now, if the negotiation is to take place between Australia and Great Britain, should we be in a worse position if outside the Commonwealth than in it?—It may not take place with Britain.

114. With whom?—With a foreign nation.

115. If it is to be a treaty between Australia and a foreign nation, your opinion is that Australia would fare better than New Zealand?—Yes.

116. And do you think it at all likely that Germany would give any consideration whatever to a proposal to admit Australian goods to Germany free?—I am not prepared to say; it is quite hypothetical.

117. It would have to be negotiated between the Home-country, would it not?—It all depends upon the Constitution.

118. Do you think, if a zollverein came about, that, under any circumstances, New Zealand would be excluded from the benefit of it?—I should say not.

119. *Mr. Leys.*] You say that the danger is from exports from Germany and America—that they export their surplus at a loss or bare profit in many cases: is there not a danger of the large factories in Australia doing the same?—They do not produce to that extent.

120. Is not the tendency of manufacturing to concentrate in these large factories, such as you describe?—Yes, and to a much greater extent in the Old World.

121. Under federation, will not that be the tendency in Sydney and Melbourne?—It seems to be the tendency all over the world.

122. Would we not necessarily suffer?—I do not know. If you are selling at the same price, why should you suffer?

123. Because of the extra cheapness in manufacturing on a large scale?—I cannot say that. We are all on the same scale, and it is like saying that Willis Street is suffering from Cuba Street.

124. Manufacturing on a large scale you can produce an article at a cheaper price?—That is so.

125. If we manufacture on a smaller scale, would we not pay a higher price?—If a man manufactures on a small scale, and is unable to make it pay, it shows that he has no business to be manufacturing at all.

126. You think we shall not suffer—that our small industries are in no danger of being swamped?—No doubt some of them will, but I do not think they will continue.

127. You think that the immediate effect would be detrimental to our industries?—To some it would be; to others it would be beneficial.

128. Do you know anything of the labour conditions in Australia?—No. I only know this: that, as a matter of fact, they cannot do nearly the same work. We had men working in a Wellington bottle-factory. They told me that at Botany they had to stop five minutes every half-hour; here they did not have to do that.

129. *Mr. Luke.*] Do you think there is any possibility for us, under federation, developing our iron-deposits at Parapara? Would there be any market opened up under federation for an industry of that sort?—I should think, if we can so arrange as to be able to compete with Great Britain or America, the larger continent of Australia should be the market.

130. But do you not think the small demand of Australia might even put us to a great disadvantage with the great iron industries in America?—Decidedly.

131. You mentioned about the boot industry, Mr. Brown. I understand that there is one factory in Melbourne which already employs fifteen hundred hands: do you think it is possible for New Zealand to maintain that industry under federation?—I do not know. We could maintain it if we chose to do so, just the same as Melbourne. You can centralise things here if you like.

132. We cannot centralise to the same extent as they can. Do you think it is possible to compete with such an establishment?—It all depends upon the conditions. You do not require me to answer that question, for it requires no answer.

133. Do you know the number of men employed in the boot trade in New Zealand?—About three to four thousand.

134. So that practically one of these boot-factories in Melbourne employs half as many men as the New Zealand trade altogether?—Yes.

135. Do you not think that the conditions of the population of the Continent of Australia being such that there is quick and easy communication with their centres would give them an advantage under federation that we would not experience?—What do you mean by being quick?

136. The train is an easier means of transit than steamer?—That would be no advantage—you can telegraph.

137. You are of opinion that New Zealand does produce a better class of workmen?—I am.

138. You think we may suffer as regards the expenditure of public money?—If you put it as regards "log-rolling."

139. Take it as they are?—Do they log-roll in Australia?

140. They log-roll all over the world. In a House of ninety members New Zealand has sixteen representatives: what chance have our log-rollers against theirs?—I think we might be able to send sixteen very good log-rollers.

141. You think we could not send the best men from New Zealand?—I think we could. Men have to be away for months from their homes to attend the New Zealand Parliament, and it does not take much longer to go to Australia than to Wellington from the southern part of the colony.

142. *Mr. Beauchamp.*] You think that by centralisation and specialisation they could compete against New Zealand?—That is, in the ordinary way; but there are different conditions of workmen. I am not prepared to say that even with centralisation it may not cost them as much to produce boots on their large scale as in New Zealand on a small scale.

143. Assuming that we got a certain amount of manufactures dumped down in New Zealand, and competition is going to increase rather than decrease from Germany and the East—China and Japan—would not our manufactures suffer in a double sense from federation?—I expect they would wipe them out. Australia would not be in it.

144. Do you take as gloomy a view of the manufactures of Australia as to think that in the course of time Germany and the East is going to wipe out all the factories?—It is not a gloomy view, but something has got to be altered. The tendency is not to increase the hours in Australia or New Zealand.

145. Do you think that, in order to compete with the other countries, we should increase the hours and reduce the wages?—No. Why do you ask that question? It is rather an insinuation.

146. There can be only another alternative, and that is to ring-fence New Zealand and Australia by high duties: would that be in the interests of manufactures?—I do not know what you mean by "ring-fence." If you could ring-fence New Zealand it would be the best place in the world. I am not able to answer that question—it is an impossibility.

147. But the only way in which you can keep out these cheap goods is by imposing high duties?—I am not prepared to say that.

148. Do you think that under federation there would be an active interest taken in the labour legislation passed by our Government during the past few years?—I cannot say.

149. Would such legislation have the effect of levelling up or levelling down?—The tendency is to level up throughout the world.

150. In the course of time—in the near future—they will be paying the same rates and working the same hours as we do in New Zealand?—I think that is the tendency.

151. *Mr. Millar.*] I think you are pretty well aware, Mr. Brown, that the Australian rate of pay in the different industries rules lower than ours?—I think so.

152. And that they will either have to come up to our level or we shall have to go down to theirs, to enable our men to compete?—But is that so? You are putting an assumption.

153. I have before me the report of the Labour Department in Victoria, in which it is shown that the wages now paid there are less than the New Zealand outside wages, and we have it in evidence that, although moles can be made at 9½d. per pair, at the rate of a piecemeal log, the manufacturer pays the operative on the minimum wage, because he can do it for less: it is not the case in New Zealand that moles can be made for 9½d., is it?—No; but I think we have sac coats starting, I think, at 10d. up to 1s. 1d.

154. Going away from the question of wages, we will assume that wages are on a par in the two countries. There are several other conditions which apply to the workers in this colony which do not apply to Australia, as you know, especially legislative Acts. For instance, the Factory Act here makes the factory-week forty-eight hours?—Yes; but I presume the legislation under the Commonwealth would not be retrospective, as it would not affect any of our laws. Of course, if you tell me that it is going to affect our laws, I at once say that it is going to be a very bad thing for New Zealand.

155. It cannot affect them until the Federal Parliament legislates; but with all these conditions, which the employers of labour themselves call "equalising conditions," do you think we are able to compete?—I assume that our laws would remain as they were.

156. But do you think that manufacturers would carry on with these laws?—I do not know that the Workers' Compensation Act would make much difference, because everybody insures now, and nobody feels it very much.

157. But you are not of opinion that all these laws would unduly weigh on our manufacturers as against the Australians?—The feeling has been in my mind that a great many things there are only temporary, and that the tendency will be to level up. Australian people are going in for our legislation, and are more likely to follow us than we are to follow them.

158. Suppose the levelling-up process takes place, it must be a matter of a few years, as far as one can see, judging by the results of the past few years, before they can get on a level with us?—That I cannot express an opinion upon.

159. During that time the probability is that our industries would melt quite away, and go to the other side?—I suppose some would benefit and some would suffer.

160. Which do you think would benefit?—I could not say. In regard to boots and shoes, I am not sure, but possibly they would not benefit. The clothing and the woollen industry would probably benefit by federation.

161. What about furniture?—The furniture trade is going to be a bigger question than that of protecting themselves against New Zealand. They have to protect their own people against the Chinese, and the Commonwealth will have to do that.

162. You are aware that the Chinese furniture trade has been established for fifteen years in Victoria?—I understand so, but I did not know that.

163. And in New South Wales almost the same time?—I do not know.

164. Instead of being dealt with, we have it in evidence in the last annual report of the Victorian Government that the law is absolutely unable to deal with the Chinese at all?—It may become an Imperial question in the future, and they would have no say in that matter.

165. With regard to the question of boots, I understand you to say that it is the competition from America that we have to fear?—I did not say America alone, but Germany also.

166. Do you know that the importation of boots from the United Kingdom for the last year was £113,000, as against £17,000 from the United States?—I did not mean boots alone, but I cited boots as an instance to illustrate my argument on the question I happen to be conversant with. I was speaking of competition generally. We get competition in respect to boots all round.

167. You say it is more from Germany?—Both places. I think the Americans will beat the Germans. They beat the Chinese themselves in Canton in making mats.

168. But your candid opinion is that labour in this colony would not be seriously affected by federation, as far as you can see?—No, I do not say that. I only go this far: that I think in the near future New Zealand will need Australia more than Australia will need New Zealand. I am quite prepared to say, many things and many workmen will suffer under federation; but give the New Zealand workman fair-play, and he will turn out more work in eight hours than the Australian will in nine hours; the conditions being equal, even if the pay is a little less than the Australian rate of pay, I do not think the New Zealand workman need fear that he will go to the wall.

169. *Hon. the Chairman.*] Are you in favour of New Zealand federating with Australia or not?—I have no opinion at all on the matter; I am perfectly indifferent.

SIR,—

Wellington, 25th February, 1901.

My answer to your last question, "Are you in favour of federation," is not what I wished to convey. Kindly allow me to put it thus: In the matters that I spoke of I am in favour of federation; on the other aspects I have not sufficient information to pronounce an opinion one way or another.

SAMUEL BROWN.

Hon. Colonel Pitt, Chairman, Federal Commission.

MARTIN KENNEDY examined. (No. 88.)

170. *Hon. the Chairman.*] What are you, Mr. Kennedy?—I may be called a settler, as my biggest interest is land. Formerly I was twenty years engaged in the merchant business at Grey-mouth, and subsequently was colliery- and steamboat-owner. For past ten years I have resided in Wellington, and am on the directory of several business concerns, and am managing director of two large concerns.

171. Have you lived in Australia?—Only a short time; but I have had a good deal of commercial connection with Australia while in the merchant, shipping, and colliery business.

172. Have you visited Australia recently?—Yes, several times, and quite recently.

173. Have you studied the Commonwealth Act?—Not very closely. I have read it, and I have considered the question of this colony federating with the Commonwealth.

174. What is your opinion upon the matter?—That we are better not to federate—that we can do better under our present Constitution. I consider our present Constitution is sufficiently elastic for the development of our resources, and that the federation we have at present with Great Britain is sufficient for New Zealand.

175. Have you considered how the agricultural interests of New Zealand are likely to be affected by New Zealand not federating with Australia?—Yes. Let me say this: I consider New Zealand wants population, manufactures, and land-settlement. I fail to see how federation can promote any one of these industries in New Zealand.

176. In reference to land-settlement, do you think the agricultural interests are likely to be retarded if New Zealand does not federate with Australia?—I do not think the question of federation has very much influence upon the land-settlement question in New Zealand, because I believe the small proportion of cereals—that is, barley and oats—that Australia draws now, or would draw in the future, from New Zealand would be neutralised by the flour that would come from Australia to New Zealand under the Commonwealth tariff. I make that statement by reason of the fact that during the twenty years I was in business in Greymouth I have had to import flour from Australia very largely, and I used to sell it at £2 per ton more than I could get for New Zealand flour.

177. Are you aware that wheat is at present largely exported from Christchurch to Auckland?—Yes.

178. Would that trade be interfered with in the event of federation being brought about?—Generally speaking, it would. They would draw from Australia frequently.

179. Are you aware whether in Queensland and New South Wales they are now able to grow barley successfully?—Yes.

180. What is your opinion as to the probable effect of federation upon the manufacturing industries?—I believe it would have a most disastrous effect.

181. Why?—Because those industries are so much more developed in Australia than in New Zealand, and this colony would become a dumping-ground for their surplus stocks. To say that they do not produce that surplus now only means that they have no market, but immediately New Zealand was open to them they would increase their output, because they have the plant and appliances to enable them to do it.

182. Have you considered the financial aspect of the question—as to whether the colony would lose or gain in respect to its revenue by federating with Australia?—I consider that New Zealand would lose—not that it would lose the revenue, as the loss by the reduced tariff would remain in the pockets of the colonists. But, granted that we want the revenue, then we are better to have the spending of it ourselves.

183. In the event of federation, supposing a lower tariff was established in Australia, as Mr. Reid has predicted, would not the New Zealand Government lose a considerable proportion of the revenue which it now receives in the shape of Customs duties?—We would lose our proportion of the expenditure required for the Federal Government, but I do not see that we would lose that which would not be collected. If our revenue is on a lower scale, surely the colony would not lose it, because it would be in the pockets of the individual.

184. But would it not be necessary, in order to carry on the public service of the colony, to levy further taxation to make up the revenue which would be lost through the lower Customs tariff?—Yes, I assume that; and I suppose the first thing that would have to go would be the Old-age Pensions Act, and that would be a calamity.

185. You think that is one way in which the matter might be balanced?—I do not suggest it, but I certainly think that would be the effect.

186. Other than by the imposition of additional direct taxation?—Yes.

187. Are there any other disadvantages you can mention that you think would arise from federation besides those you have referred to?—I think that sentiment enters very largely into all systems of government, and in federating with Australia we would be parting with a good many of our liberties. We would be only a small proportion of the federated Parliament, whose headquarters would be in Australia: experience and history shows that the weaker party always suffers in these federations. New Zealand could not expect very much less. We do not want a dual system of government here, as the single system we have at present is ample for our wants. If we federated the stronger party in Australia would secure all the fat billets for their friends—I refer to the billets in New Zealand—and that would be one of the evils of federation, in my opinion. For instance, in the Customs Department the highest officers there in a few years might possibly be superseded by the friends of the strongest party in the Cabinet in Australia, and any legislation that takes place in the future would be influenced by them. It is quite immaterial what the individual opinion of the minority of the members of that Federal Parliament might be. That is the case with nearly all our colonial Legislatures, and probably, as the interests of Australia are not identical with the interests of New Zealand, any legislation and any change that took place would always be adverse to New Zealand.

188. But is not that supposed to be counterbalanced by the equal representation we have in the Senate?—Constituencies generally find a way of getting round minority safeguards when they want to. They will get through any Acts or any safeguards you might provide. Then, again, as regards the question of distance, it is not that fact that has such an important bearing on the question of federation, but it is the fact that we have no frontier boundaries as they have in Australia. That was a sufficient ground for the Australians to federate; but the fact of our isolation by twelve hundred miles of water is an effective reason why we should not federate. We know that the frontier tariffs were an everlasting source of menace to the peace and welfare of the various colonies, who are only separated by a land boundary; but we need not apprehend any difficulty on that head in New Zealand.

189. You think the twelve hundred miles of water would be a distinct disadvantage to New Zealand?—It is a distinct reason against New Zealand federating. Besides, there is no doubt that the inter-travelling between the States of the Commonwealth in Australia is much easier, and will continue to be much greater, than it can be between Australia and New Zealand. You have only



to travel in Australia and witness the constant stream of people travelling to and fro, as compared with the few who go up and down to New Zealand, to be convinced of that fact.

190. Can you mention any advantages which occur to you as likely to arise through New Zealand federating with Australia?—There would be some advantage in the doing-away of the necessity for examining the people's luggage by the Customs authorities, and in that way the tourist traffic might be helped. I cannot see that federation would help our maritime position.

191. Do you not think that, having formed an alliance on free-trade conditions, it would be a distinct advantage to New Zealand?—No, I do not think so, because there is very little that Australia would take from us, and there is absolutely nothing but coal that we would take from them that we require, excepting what would be to our detriment.

192. *Mr. Millar.*] Do you think this colony could borrow more advantageously on the London market if she were a portion of the Commonwealth, or do you think she could borrow on better terms by remaining aloof?—I do not think so. I think New Zealand has in herself all the elements of future prosperity, and she will always be able to borrow in the future as well as the Commonwealth could borrow for her.

193. Do you think there is any probability of the Commonwealth being able to borrow on equal terms with British Consols?—I do not think so.

194. Well, the price paid for British Consols and the price we pay to-day is not very different—the margin is too small?—I think there is considerable difference.

195. Just now there is not a big margin—the difference as between 3 per cent. and  $2\frac{1}{2}$  per cent.?—We do not borrow at par 3 per cent.

196. But you do not anticipate that federation would affect our borrowing-powers?—No.

197. *Mr. Beauchamp.*] Do you think that Australia chiefly imports our produce in years when their climatical conditions are adverse?—That is so, excepting in the case of Sydney. Of course, Sydney, being a free port, has been taking considerable quantities of our produce. It would affect particular localities in the first instance, as the growers of barley—principally Marlborough and the South Island.

198. You have been exporting malt to Australia, have you not?—Yes, a little.

199. To which market has it been shipped?—Sydney only.

200. How does the quality of our malt compare with the English article?—The small amount that we send from Wellington is nothing compared with what they export from Otago and Canterbury. They generally pay 10 per cent. more for the English article in Sydney than they pay for the New Zealand article.

201. How does the quality grown in Australia compare with the barley grown in New Zealand?—My information is that they are growing quite as good, and possibly better, barley in Sydney and in Queensland, and they certainly produce more barley in Victoria than they want for local use.

202. So that they can produce in Australia an article of as good a quality as they can in this colony, and no doubt in course of time Australia will not need to depend on New Zealand for it unless there are adverse climatic conditions?—That is so; and Australia, having greater facilities for farming and cheaper land, can produce cheaper than we can. The price of land there is perhaps only 25 per cent. of the price of land in New Zealand, quality for quality, in favourable seasons.

203. So that in making the remark you made in your opening statement, as to its being better for us to maintain our present relations with Great Britain, you had in your mind that something like 92 per cent. of our produce goes to Great Britain as against Australia's 8 per cent.?—Undoubtedly Britain is our present and our future market.

204. As regards a reciprocity treaty, do you think there is any chance of our being able to establish a reciprocity treaty with the Commonwealth in the event of our not federating?—I think in time we should, but not in the immediate future.

205. *Mr. Millar* asked you just now as to whether you thought we should be better able to raise money under the Commonwealth than under the State: have you noticed the fact that the New South Wales  $3\frac{1}{2}$ -per-cent. are now quoted at £102 15s., or a reduction of 5s., while New Zealand  $3\frac{1}{2}$ -per-cent., with interest payable in January and July, are quoted at £107 5s., or 10s. higher?—Yes.

206. This seems to indicate, does it not, that the stock of New Zealand is in more favour than the stock of the Commonwealth?—Possibly it would indicate that they are apprehensive of the Federation.

207. *Mr. Luke.*] Following up this question of billets, do you think it would be a serious disadvantage to New Zealand in that respect if its affairs were administered from the other side? Do you think the Commonwealth Government would put their own friends into billets here?—Perhaps the objection is more real to my mind than to other people, but it would be a decided disadvantage if it took place. If you look to the country I come from you will see that the best positions there are filled with people of that description, and not with the people belonging to the country; and therefore I would be apprehensive of like results here.

208. But our Government would be concerned, and our State billets would accordingly be filled by our own Government; and do you think there would be a tendency on the part of the Commonwealth not to deal fairly with all the States?—It would be very much like it is in these days—a question of power.

209. Then, the question of distance is not a serious obstacle?—No; but it is an additional factor why this colony is not under the same obligation to federate that Australia is.

210. But, as regards the carriage of goods, it is done more cheaply by steamer than rail, and would that not always be the case, because sea-carriage is even cheaper in Australia than it is here in proportion to rail-carriage?—That all depends. If you consider that in Australia the suppliers

had only the frontiers to cross, and that they may only have a very short distance to pay for railage before they find a market, you will see that they have an advantage over us, because if we send produce and manufactured goods there it might have to go inland after landing. In that respect they would have the advantage of carriage.

212. But still the great markets would be in the large centres of population—Melbourne and Sydney—and, that being the case, we would only have the sea-carriage to consider: would we not then be able to compete with their carriage by rail?—We are not handicapped by the distance in the matter of transit, but importations, in my opinion.

213. You think the want of intercommunication between us and the other States would be no great barrier to federation?—I do not think so.

214. Is it not a fact that a great many people dislike travelling by sea, and it is a sea-voyage from New Zealand to Australia, whereas between the States in Australia the people are always changing and intermixing by reason of it being railway communication?—Yes; they have better facilities of becoming acquainted with each other and each other's resources than they have with those of New Zealand.

215. They have a community of interest which more or less excludes us?—Yes.

216. Do you think that anything is to be gained by federation in the way of defence?—No; we are federated with Great Britain, and that is our best protection.

217. Looking to the future, and the Commonwealth growing to large dimensions, and Great Britain not being able to give us the same proportion of protection as now, and the Commonwealth establishing a navy and field Force, would not that be an advantage to us if we federated?—I think we would obtain reciprocity on that point.

218. I think you approve rather of reciprocity between the Commonwealth and ourselves as against federation?—Yes.

219. And you think they would enter into reciprocal treaties with us?—In the future. I do not think in the near future.

220. We had evidence in Christchurch that the malting industry in this colony would be ruined: what is your opinion?—It would be adversely affected. I do not think it would be stopped. My reason for that is that, whilst a duty would be imposed on New Zealand malt, it would also be imposed on English malt, which is not the case now.

221. *Mr. Leys.*] In your observations, how did you find the labour conditions prevailing in Australia as compared with the labour conditions here?—The labour conditions here are much more in favour of the labourer than in Australia.

222. Are the wages lower in Australia?—Yes.

223. Is there a near prospect of that condition being improved in Australia?—Yes, I think there is. I think they are following our lead in Australia in that respect, and in many other things, and ultimately they will be brought up to the same level as New Zealand.

224. Do you think that will be in the near future?—It would have been in Victoria and New South Wales. Whether federation will retard that I cannot say; but, had no federation taken place, I believe that these two colonies would have brought their labour conditions pretty well into line with New Zealand.

225. Supposing that New Zealand federated, what, in your opinion, would be the immediate effect on labour in New Zealand under present conditions?—I do not think that labour, as labour, would be immediately affected except in the matter of employment. A good deal of the employment would be displaced by manufactures being dumped into New Zealand, and so lessening the employment in the few factories we have.

226. Now, with regard to prosperity, how does the prosperity of the neighbouring colonies compare with that of New Zealand for the last five years?—New Zealand has been much more prosperous than Australia.

227. To what do you attribute that superior prosperity?—Well, of course there are a multitude of conditions which no doubt make it up. There is the higher price for exports, meat especially, and there is no doubt that the close settlement of the land has done much for it, and the cheap money for settlers is also responsible to some extent.

228. You think that the progressive legislation of New Zealand has materially enhanced its prosperity?—Undoubtedly I do.

229. Do you think that if we were deprived of control over our Customs revenue we could so well carry out these reforms as we do now?—I think we could not carry them out, and instead of going forward on the same lines we would be completely stopped.

230. You think that not having an elastic finance would materially affect us in developing our resources?—I think so.

231. *Hon. Major Steward.*] Supposing a previous witness is correct in his estimate that if New Zealand joined the Federation it would have to contribute half a million of money towards our share of the Commonwealth cost, and that we should also lose half a million of revenue—in other words, we should have to make up by taxation over a million of money—do you think it would be possible for our farmers to bear four times the present amount of land-tax, and that the income-tax could be increased by four times?—I think it would be a great calamity if it had to be done. I would not say whether they could or could not bear it.

THOMAS GEORGE MACARTHY examined. (No. 89.)

232. *Hon. the Chairman.*] What are you?—I am engaged in the brewing business.

233. How long have you resided in New Zealand?—Thirty-six years.

234. And before that, have you been in Australia?—I was ten years in Australia.

235. Have you visited Australia frequently since settling in New Zealand?—Not frequently. I was there four years ago.

236. Have you given attention to the Commonwealth question?—Not as much as I should have done.

237. Would you be good enough to give the Commission the benefit of your opinion on the matter?—To me the question of federation requires very little attention, because until the question of free-trade and protection is settled in Australia, and also the racial difficulties that are likely to arise in northern Australia—until these are in a definite form the question of federation does not present itself favourably to my mind.

238. What do you assume the Federal tariff is likely to be?—I am unable to express an opinion.

239. The Federal Government must have revenue, and is not it likely they will impose a slightly protective tariff for revenue purposes?—I think that likely.

240. Do you consider the tariff is likely to be higher than the present Customs tariff in New Zealand in the matter of protection?—I think it is likely to be very similar—that is, taking the whole of Australia.

241. What effect would that have on the trade in New Zealand?—It would not be to our advantage.

242. Have you considered how the manufacturing interests would be affected in the event of New Zealand federating with Australia?—I think injuriously, owing to the aggregation of population there in two or three large centres.

243. Do you think the effect would be to attract population from New Zealand to Australia or from Australia to New Zealand?—I could give no opinion on that.

244. What are your views upon what has been called the sentimental view of the question—that of New Zealand sacrificing its independence?—If it was a question of vote, my vote would be against federation at present.

245. Have you any opinion as to how the agricultural interests would be affected in the event of federation?—Probably injuriously; but, inasmuch as Australia is not our principal market, I do not think the effect would be so very serious as to induce us to enter into federation.

246. The conclusion to which you have arrived is that it is better for New Zealand to stand out?—I think so.

247. *Mr. Beauchamp.*] Have you considered the financial aspect at all—the effect on the credit of this colony by giving up a large amount of the Customs revenue?—I have not considered it enough to give an opinion, but I would consider it to be a disadvantage.

248. The taxation would have to be made up in some other form: do you think the benefits the agriculturists derive from federation would be outweighed by the extra taxation?—Enormously.

249. With regard to representation, do you think that on all great questions we would be outvoted?—There would be closer identity of interests amongst the Australians than with New Zealand representatives.

250. And that would be beneficial for Australia, but not for New Zealand?—Yes.

251. Under federation, assuming that large industries are established in Sydney and Melbourne, do you think we would probably lose some of our best men by going to these centres?—For a time we might.

252. *Hon. the Chairman.*] You spoke of the racial difficulty in northern Australia requiring settlement?—Yes.

253. Do you think that country can be settled by other than a coloured race?—I have never been in the far north, but I have worked in New South Wales and Victoria, and I think Europeans would hardly work in a warmer climate. I think complications must arise in time between the Asiatic nations and Australia in the event of these Asiatics being excluded from northern Australia. As those nations become more acquainted with western notions they will become aware of their power, and will not be so easily dealt with.

254. Do you think the sugar industry will be able to be worked by a white population?—I only speak from what I read.

255. Have you ever heard of tropical climates, such as Northern Queensland, being successfully peopled by white people?—No. I have not spoken to any person who has had actual experience; but, looking at what has occurred in other countries, I assume that to maintain the sugar industry there coloured labour must be employed. That has been the case in other hot countries.

256. What about the question of distance from the Federal seat of government: does not that weigh with you in any way?—You have telegraphic communication, which makes Sydney no further off than Nelson.

257. You see no disadvantage in that?—No, not in that.

258. The question of federation has agitated the Australian mind for many years past, but we find that it has not been much thought of generally in New Zealand?—It does not present the same advantages to the New-Zealanders as it does to the Australians. There are no undefined boundaries here as there are between the different colonies in Australia.

259. You have a decided opinion against federation?—I have.

260. *Mr. Beauchamp.*] I dare say you have noticed that Mr. Barton and other leading politicians have stated that there shall be a white Australia: do you think that the law of man can be stronger than the law of nature?—I think the law of nature will prevail.

261. *Mr. Luke.*] Do you think we should be better able to borrow on the London market under federation than by keeping apart?—I do not care to answer that question. There is nothing definite to base it upon.

262. Supposing we were tied down to borrow locally, we could go on the large market of Australia?—That presents no particular advantage.

263. Did you notice by the newspapers this morning that New South Wales had paid 4 per cent. for its last loan?—It was a temporary advance on Treasury bills. I heard a question put as

to the difference in rates between Consols and New South Wales securities and New Zealand, but to enable one to determine what relation one bears to the other you would require to know the time which each security has still to run, and the date when dividends are due.

TUESDAY, 26TH FEBRUARY, 1901.

JAMES MACKAY examined. (No. 90.)

264. *Hon. the Chairman.*] What are you, Mr. Mackay?—The Chief Clerk in the Labour Department, and Inspector of Factories.

265. You produce a return showing the rates of wages in this colony in the different trades and manufactures?—Yes; it is a comparative statement of wages paid in six colonies. Tasmania has been omitted, because I really do not know what the wages are there, not having been able to procure the necessary publications.

266. What are the rates compiled from?—The New Zealand rate is compiled from our returns of factories that we receive annually from the employers, and also from my own knowledge, because I find very often that in these returns there is a difference. I do not know whether it is a difference between a theoretical wage or a practical wage, but there is a difference in respect to the figures given by different employers in the same trade in the colony. The returns are not bound by law to be accurate. There are no penalties provided in the case of an incorrect return being forwarded by the employers; but I sometimes think they do put the wages in rather rosy. The other returns are compiled from the blue-books of the different colonies, and from Coghlan's statistics. I might point out that the Labour Department's figures do not agree with those given by the Registrar-General of this colony in respect to the New Zealand statistics, because we have not been working on the same lines; but that has now been altered, and the difference will not occur again.

267. Does the discrepancy between your figures and those of the Registrar-General arise through the alteration of the law in respect to the definition of a factory?—Yes, partly. I think he took eight or ten persons as the basis of a factory. He went on the old system; but now the law provides that two persons constitute a factory, and on that basis these returns, in so far as they concern this colony, have been compiled.

268. Have you any remarks to make to us in reference to these returns?—Merely that they are compiled to the best of my ability, and any discrepancies there may appear to be in the returns of the different colonies is, I think, owing to the way they set them out. Taking New South Wales and Victoria as the colonies where they have the largest boot-factories, through the work being specialised owing to the size of the factories, sometimes the wages appear to be very low for special work, whereas New Zealand being smaller a man might do two or three different parts of the small class of work; but, on the whole, the wages are very much higher in New Zealand than in the other colonies.

269. Are the hours of labour mentioned in that return?—They are not, because the other colonies do not show the hours of labour in their year-books; but from my own knowledge, and from correspondence I have with people in Australia, I think many trades over there work from nine to ten hours to our almost universal eight hours here.

270. Have you any opinion you could give the Commission as to the probability of the rate of wages in Australia being brought into line with that of New Zealand?—Of course, in New Zealand we have the Industrial Conciliation and Arbitration Act, which fixes the rate of wages in the different trades. On the other side they are endeavouring to bring such an Act into force, and if they get it they will no doubt endeavour to work up to our standard.

271. Of your knowledge, would you say that the Government in Australia are able to get such an Act passed, and to bring labour into line with the position of labour in New Zealand?—From the debate on Mr. Wise's introduction of the Bill, I should think it would go through; but, judging from the debate, it would be very much modified to what the same Act is in New Zealand.

272. *Hon. Major Steward.*] Do you know whether the statistics of the five colonies included in that return are compiled on the same basis—whether they include what we include in our returns as factories?—In Victoria I know they do not, because the Registrar-General in Victoria takes for his basis four persons. Any place where steam or mechanical power is used is recognised by the Victorian law as a factory, irrespective of the numbers employed there.

273. Then, we cannot have an exact comparison unless we know how many factories there are with over five employés in Victoria?—No.

274. Does that apply to New South Wales and South Australia?—Their new Act brings it down to three.

275. In the one case no account is taken of those below three, and in the other case no account of those below four: what about the other three colonies?—I really do not know what basis they go on.

276. Therefore, for the purposes of comparison, the return cannot be relied upon as showing the exact position?—Not as to the number of factories, but it can be relied upon as to the wages paid.

277. *Mr. Leys.*] Do you know what proportion the large factories in Australia bear to the large factories in New Zealand? You say that they are more specialised, and I suppose they are also very much larger than ours?—We had a New South Wales Factory Inspector here a little while ago, and he told me that in some of the largest factories in New South Wales the proportion would be as much as three to one.

278. Do you think it would be impossible under the conditions of New Zealand factories to specialise more than they do?—Not being an expert in factory matters, I cannot say; but I should think it would be unless our people had the increased output necessary to enable them to specialise work more.

279. You say that the New South Wales Act as proposed is not as good as the New Zealand Act: in what respect is their Conciliation and Arbitration Act below ours?—It does not give the unions quite so much scope in bringing cases before the Court, and it does not give the Board so much power as ours does; but it gives the Arbitration Court, perhaps, more power to deal finally with the matter.

280. Then, if that Act were in force, do you think it would have the effect of raising the wages in Australia to the level of those in New Zealand?—Taking the New Zealand Act as an example, I should think it would. The tendency has been to rise here under that Act.

281. I understand the New South Wales Act has encountered a good deal of opposition, and that it has been before the Parliament for a long time?—Yes.

282. But there is no certainty that it will get through?—I think so.

283. Do you know how the Victorian Minimum Wages law works in practice?—No; only that in their Factories Act it gives power to form Boards from the different trades, such as Clothing Boards, Furniture Boards, and others. These Boards meet and fix the rate of wages in the different trades from time to time. They are composed of an equal number of employers and employés, and they meet in conference and fix the rate of wages and the number of hours to be worked.

284. Has that system been effective in raising the wages in Victoria?—It has in the clothing trade, of which I can speak with certainty, because I have full information about it.

285. We have evidence that the clothing rates are very much lower in Australia than in New Zealand: does that appear from the comparison you have been able to make?—Slightly. It was lower before the Boards were formed.

286. Do the Victorian wages generally range much lower than ours?—Not a great deal.

287. Does the Victorian Wages Act work well?—Yes, I think it does, according to what I hear from the other side, and from correspondence I have with members of the Labour Department, members of Parliament, and others.

288. Is there not a proposal to substitute our system for it?—There is an agitation amongst the unions to introduce the Arbitration Act.

289. Would they prefer our Conciliation and Arbitration Act to the Victorian system?—I think the majority would, as it would deal generally with every trade; whereas, as things are now, there are some trades which perhaps through lack of numbers, or from some other causes, have no Boards to represent them.

290. Then, upon the whole, you think the prospect of wages in Australia being raised to the New Zealand level is not very good at present?—I think I said they were improving, and since the institution of the Boards in Victoria they have especially improved.

291. But, supposing New Zealand were to federate, what would be the immediate effect upon labour here? Would our workers be brought into unequal competition with those in Australia?—I think they would, seeing that there is a large amount of unemployed labour over there; and probably these unemployed, if we had federation, would come here and compete more than they do now with our workmen, and we would also have to reckon upon their goods coming to this colony.

292. Do you think the effect of all this would be to reduce wages in New Zealand?—I should say, speaking broadly, that it would, unless the working-men of all the colonies, as it were, made a sort of combination amongst themselves in order to bring the rate up to the New Zealand standard.

293. But would that be possible in the absence of legislation in Australia?—I do not think so; but, as I am a Civil servant, I cannot express an opinion as to what the Legislature might or might not do, and its effect.

294. *Mr. Luke.*] Is it a fact that they have got an Act over there that they are not able to enforce on account of some weakness in that Act as regards hours of labour?—I do not know of any special provision in the New South Wales Factories Act that they are not able to enforce.

295. *Mr. Beauchamp.*] There has been a very great increase in the number of employés in factories according to the last returns: is that a real or a nominal increase, or has there been any different method of enumerating the number of factory-hands since the last time the numbers were taken?—The methods have been exactly the same since the Factory Act came into existence, and the increase is real—at least, the major portion is. There has been a decided increase both in the number of factories and the number of employés.

296. Is the New South Wales Legislature the only Legislature in Australia that is going to attempt to pass the Industrial and Conciliation Act?—I think a measure has been introduced into the Victorian and West Australian Parliaments.

297. Presuming that federation means equalising the hours of labour and the rates of pay, do you think that, assuming the cost of living is cheaper in Australia than here, it would have the effect of drawing our own employés over to the large centres of Australia?—If the cost of living were cheaper in Australia, and wages were going up, I have no doubt federation would have that effect.

298. *Mr. Millar.*] Are you aware that the Federal Government have laid down the fact that they are going to introduce an Arbitration Act?—Yes, I have seen it stated in the paper.

299. It is understood that that Act, once passed, will override all State law. You have had considerable experience of the working of arbitration here: is it not a fact that the conditions of trade at the time being largely influence the decisions of the Court here?—I have no doubt that it does.

300. In your experience, is this country as subject to periods of depression as Australia?—No, I do not think it is.

301. Would it be a fair thing for an Act to be made applicable to the whole of the Commonwealth when the conditions are so vastly different in the different colonies?—It would not, unless the conditions could be brought up to the higher level prevailing here.

302. Granted that they were brought up to the highest level, and presuming that there were periods of depression in New South Wales, would our industries then be able to compete with

theirs?—I suppose the prosperous colonies would have to stand their share of the loss with all the others in the Commonwealth.

303. Presuming a dispute came before the Court in a certain industry, and while there was a great depression in New South Wales, and the decision was given that was to apply to the whole of Australia under the conditions then existing in New South Wales, would that be a fair decision for the whole of the employés in the Commonwealth?—Not if it were going to affect the whole Commonwealth; but it is an economical question that requires a great deal of consideration, and is open to debate.

304. But still that is possible?—Quite possible.

305. Can you answer the question as to the increase in the number of factories for the last year, and the number of hands employed?—I could not answer that question, because the return has to be laid on the table of the House, and it would mean giving the information away before Parliament received it. But, in any case, I could not answer it at present, as it would need compilation.

306. *Hon. Mr. Bowen.*] With regard to what you said as to the non-reliability of the wages returns sent in by employers, is it the fact that they are not to be depended upon?—In some cases not.

307. When you suspect that to be the case, do you send to them for an explanation?—No, because we cannot compel an explanation. We telephone, or go and see them, and point out the discrepancy, and, if possible, rectify the mistake ourselves.

308. Yes; but in getting returns is it not only fair to people to point out to them where you suspect them to be incorrect?—Yes; we have done so, and the answer we have received is, "Those are the wages we pay."

309. The employers adhere to that?—Yes.

310. In all cases?—Not in all cases; in some cases they have altered them where they have made mistakes.

311. Where do you get the other statement from?—From our own knowledge. We inquire, and we find out from other places engaged in the same line of business. For instance, if there are two coopers in Wellington, one might send in a return showing that he paid his journeymen £5 a week. The other man sends in £3 a week. Well, we have an idea that £3 is very much nearer the mark than £5, and perhaps we telephone to him, or I go and see him, and he will say, "I have put it down, and there it is"; and, of course, if he does not alter it, we have no statutory power to compel him to do so.

312. But you do refer the return back to them when you think it is incorrect?—Yes.

313. *Hon. Major Steward.*] In connection with this return, do the returns of the five Australian Colonies from which your return is compiled distinguish between the factories employing five persons and those employing five or more?—They do not state whether they employ five, or fifty, or one. It is simply a return giving the rates of wages paid in the various trades.

314. Does not each factory give the number of employés in the factory?—They may do in the returns furnished to their Governments, but those are not the returns available to me in compiling my return.

315. Then, you have not returns available from which you yourself could distinguish the number of hands in each factory?—Not for the other colonies.

316. Do you think that when we are in Australia it will be possible for us to obtain from any of the Labour Departments a return of what we actually want to show that?—I think you will find that they will be very pleased to give it to you.

317. Then, if we are able to obtain that, could you distinguish, so far as New Zealand is concerned, in your return as to those factories which employ five or more hands?—If the Commission require it, it would be quite possible to do it.

318. Then, it would be possible in that case to get an exact comparison as regards all factories employing five or more?—Yes.

JOHN LIDDELL KELLY examined. (No. 91.)

319. *Hon. the Chairman.*] Your profession is a literary one?—Yes.

320. And probably in the course of that profession you have had occasion to study the question of the federation of Australia into a Commonwealth, and its relation with the Colony of New Zealand?—Yes; I have had the subject before me for ten or twelve years, more or less.

321. How long have you been in New Zealand?—Close on twenty years.

322. Are you acquainted with Australia?—Very slightly.

323. Would you kindly give us the opinion you have arrived at in respect to the question of New Zealand federating with the Australian Commonwealth?—My conclusions are adverse to federation. There are two possible grounds I can see upon which federation would be advantageous to us. These are the grounds of finance and trade; but they are both somewhat problematical, in my opinion. The pooling of our indebtedness would probably result in a saving to this colony, because the consolidated security of the Commonwealth would, no doubt, enable it to command the best financial advice and to place its loans to better advantage; and, of course, New Zealand, being largely indebted, would benefit to even a greater extent through the pooling of the loans than some of the other colonies.

324. How do you think, in the matter of trade, federation would affect us?—In that respect it seems to me that a combination would give us freedom of interchange with the whole of Australia, and, so far as that is a benefit, we should gain; but I have grave doubts as to any benefit accruing to any country from the mere interchange of goods. The fluctuations of trade and the vagaries of interchange are quite extraordinary and irrational, and the general effect is simply to add to the cost of living. If you carry your goods across seas or across country it adds to their cost, and the

much better way is for each country to produce what it requires for its own consumption, to import only what it cannot produce, and to export its surplus produce.

*Hon. Mr. Bowen* : Free-trade, in fact.

326. *Hon. the Chairman*.] Those are two points on which you think federation would confer possible advantages?—Yes.

327. Are there any other advantages which occur to you as likely to result from federation?—No. There are many slight advantages which appear likely to result from federation; but, considering the question all round, I find that the countervailing disadvantages for more than outweigh the advantages.

328. What are the disadvantages, in your opinion?—I believe there are some thirty-nine matters that are left to the Commonwealth Parliament to legislate on, and it seems to me that in respect to nearly all these we should suffer a disadvantage.

329. Those are all the matters mentioned in section 51 of the Commonwealth Act?—Yes.

330. Will you kindly state your reasons against federation?—My general objection to federation with Australia may be stated, first, that it would dwarf our national life and development. I know there are those who think that it would widen our outlook, and enlarge our minds on State subjects generally, if we formed part of a large Commonwealth. My view is that it will tend in the opposite direction, and that if we join the Australian Commonwealth our politics would be dwarfed to a considerable extent, as the necessity for upholding our own New Zealand interests as against the interests of combined Australia would largely dominate the State; whereas under our present conditions of practical national independence under the Imperial Federation, which is slowly but surely growing, we have not only full individual liberty, but we have also that larger sentiment of Empire which is fitted to extend our ideas and give us broad views of duty and life generally. These, I consider, are far greater advantages than anything we could gain by joining the Australian Commonwealth.

331. You spoke of finance as being a matter of probable advantage to the colony: have you considered in that relation the loss of revenue which would accrue to the colony through its entering the Commonwealth, and to a lower protective tariff being possibly adopted by the Commonwealth?—Yes; the loss of revenue, I take it, would be temporary, and these matters would be adjusted after a lapse of ten years—and, of course, I cannot see any prospect of our joining in any time under ten years.

332. But do you not think the loss of revenue to New Zealand would be permanent?—We should have to adjust our tariff and bring it into line with the Commonwealth tariff, and we should have to raise revenue by direct means instead of by indirect.

333. Have you read the Commonwealth Act?—Not the Act as passed, but I have read summaries which have been prepared and printed.

334. You consider, then, that the loss to New Zealand of her independence weighs against the possible advantages which you have mentioned?—Yes; it far outweighs them.

335. *Mr. Beauchamp*.] You mentioned the matter of finance: has your attention been directed to the fact that New South Wales stocks have been quoted lower than New Zealand stocks?—I have not observed that.

336. You would not assign any cause for the slump that has apparently taken place in Commonwealth securities compared with the advance that has taken place in New Zealand securities?—Those are not Commonwealth securities. My opinion is that when the Commonwealth securities are combined they will be superior to any separate State securities.

337. Have you considered the loss of revenue that would accrue to this colony by the Federal Government undertaking the construction and development of national works? It is suggested that there would be the trans-continental railway, a system of artesian wells, and the development of Northern Queensland. We would have to contribute our quota: can you tell us whether we would benefit by that expenditure?—No; in matters of that kind we would lose very heavily.

338. In the event of the loss that would accrue by the Federal Government taking over our Customs and excise, what new form of taxation would there be?—I think the effect would be altogether good if we were to readjust our Customs taxation, and raise our revenue by more direct means.

339. You favour direct as against indirect taxation?—Yes. I only approve of the present Customs tariff because of its protective incidence.

340. You spoke of the advantage of opening our doors. There are certain industries in this colony protected by the Customs tariff: do you think that these industries would be prejudicially affected by the competition with the Australian factories?—Yes; and I think I indicated that, in my opinion, the growth of interchange with Australia, while bettering the trading community, would not benefit the country as a whole—that the country as a whole would be best benefited by fostering our own industries and those industries for which the colony is fitted.

341. *Mr. Luke*.] You made no reference to matters of defence: do you not think we stand a better chance in the matter of defence by joining the Federation?—No; I believe that Imperial federation in defence matters is already practically realised; that we shall be always on most friendly terms with the Commonwealth and on most friendly terms with the Empire in all its parts, and we shall be as ready to go to the assistance of the Empire as they will be to come to ours.

342. Supposing the whole of the Empire was in a struggle with the combined Powers of Europe, what would be the prospects then of our defence?—Our best defence lies in ourselves. If we train our young men to the use of arms, and provide them with rifles and ammunition, we need not fear.

343. Do we not need a number of men to protect the seaboard?—We might suffer by having our chief cities battered about by hostile cruisers—that is, in the event of the British navy being completely employed elsewhere. That would be inevitable. We would have to face that.



344. Can you not conceive a crisis happening, wherein England would require the great portion of her fleet to be at Home and in other parts, and that Australia would require special attention, and that we may be unprotected, or with very small protection?—Federation would not improve it. The Australians would want all their fleet to protect their own coasts, and we might as well rely upon ourselves.

345. You think we could work out our destiny best by living an insular life? There is something in the axiom that unity is strength. Could we not develop the natural interests of our people and give prominence to the aspirations natural to us, and not be hampered by federation, but rather it would help in the development of that insular life?—I think that by federating New Zealand will lose its identity. It will lose its status, and sink from the position of an independent nation to that of a province. It will lose its identity practically, and it will lose everything that is worth having.

346. Do you think we have all the elements to develop all the phases of our national life—industrial and manufacturing interests?—This country has all the elements that will make it as great and populous a country as Great Britain. It has coal, iron, climate, natural power in its rivers; it has everything, in fact, that is required for a great manufacturing and industrial population.

347. Do you know Australia at all?—I had only a brief visit to Sydney.

348. You could not speak of the relative capabilities of the workmen there compared with those in New Zealand?—I know those who have worked here and there, and they unite in saying that they could not do so much work in Australia as in New Zealand.

349. Do you think we would suffer in the Federal Parliament by our distance and the small proportion of our representation?—I profoundly believe that we should be simply ignored and be a cipher in the Commonwealth, and that whenever our interests clashed with those of Australia we would be crushed. I would rather trust a friendly understanding.

350. Do you think a reciprocal tariff is possible for us?—I am inclined to think that the Commonwealth will stand firm in putting us on the same footing as an outside nation; but I believe that within a few years we shall have an Imperial Customs Union, under which we shall have free-trade with Australia and all parts of the British Empire.

351. Do you think that by standing apart we shall hasten on the idea which seems to loom very largely now of an Imperial Federation?—I do not know that we shall hasten it any, except that we shall be another voice, whereas if we were in the Commonwealth our voice would be merged in theirs.

352. *Mr. Leys.*] Do you think the Federal Government will consolidate all the State loans, and take over the State indebtedness?—I should say so.

353. Would not that involve the practical control of the railways throughout all the States, and the security for those loans?—I think it is possible the Commonwealth will take charge of the loans in any case.

354. In that event, do you assume that the States would be permitted to borrow after their present duties had been taken over by the Commonwealth, or would the Commonwealth have to do the borrowing?—I should expect the Commonwealth to do the borrowing, and apportion the moneys out.

355. Do you think we would go on then as we have been doing—borrowing money for the acquisition of lands for settlement and the development of our resources, as we have been doing in our recent legislation?—Very possibly the Commonwealth Parliament would veto any such proposal on our part, and would not allow us to borrow money for those purposes.

356. Do you think the legislation referred to has been a great factor in stimulating the prosperity of New Zealand?—I do.

357. You conclude we should be very much restricted in our powers of development?—Yes; federation would restrict us in these matters.

358. *Hon. the Chairman.*] Do you think the insularity of Great Britain operated against its progress?—That was a matter in my mind to use as an illustration. I do not think history gives us an exactly similar case to that of New Zealand and Australia. But take the case of Great Britain: If Great Britain had, when owning part of France, gone in for extending her Continental possessions the result might have been a European federation, and I consider that, in such case, the progress of Great Britain would have been immeasurably retarded. She would have been held back by the other nations, and would not have occupied the prominent position she does. Her insularity has been her strength.

359. Do you consider that the distance from Australia would operate against our interests?—I do not attach much importance to distance. The inhabited part of West Australia is further from Sydney than we are, and is more difficult to reach.

360. But supposing a railway was made from West Australia connecting it with the other centres of Australia, that would rather annihilate the distance, would it not?—A direct railway would.

361. Do you think the interests of the Chatham Islands, by no means so far from New Zealand as we are from Australia, have much attention from the Parliament of New Zealand or the people of New Zealand?—No; we never hear of them.

362. Do you think they suffer from their distance from New Zealand?—I am inclined to think that the Chatham Islands do not suffer. They are probably better without our interference.

363. Supposing they required any redress, do you not think they would suffer by reason of their distance from us?—Yes; if there was any matter over which we had power in the islands, and the people had a grievance, they would suffer very much owing to the distance.

364. Is there any other matter in connection with the question you would like to mention?—There are one or two other things that have weighed with me in coming to this conclusion

against federation. There is the question of our railways, the control of which may pass entirely out of our hands to the Commonwealth; and even under the inter-State law there is the restraining power absolutely in the hands of the Commonwealth Parliament, which would deprive us of the complete control of the railways which we possess. Then, there are such matters as the shipping laws. This country is especially adapted to be a great maritime nation, not only on account of its seaboard, but on account of the great number of its harbours and the indentations of the land which lead the people to be of a maritime turn. Were we in the Commonwealth, Australia might require shipping laws of an entirely different kind. Now, shipping laws which would suit them might prevent the development of our shipping. I can imagine circumstances in the event of which the shipping laws of Australia would not suit New Zealand. Then, there is the law as to aliens. We have a law forcing an educational test on aliens coming to this country. The Commonwealth would probably find it inconvenient to pass such a law as that, and our law would be overridden. If the Commonwealth set no educational test for the admission of aliens, we would require to repeal our law, and the consequence might be that the influx of Austrians, which some time ago threatened Auckland, would come on again. The coloured-labour question is another matter which has weighed with me very much. In spite of the professions of the Federal Premier, I do not believe they will be able to decree a "white Australia." The coloured-labour question there will grow, and in the course of years it will culminate in a serious crisis, and may even eventuate in civil war. It is not altogether beyond the range of possibility that civil war may eventuate in Australia if the larger States attempt to force upon Queensland the abolition of coloured labour. We have nothing to gain and everything to lose by becoming involved in questions of that kind. Then, again, the laws affecting private banks are to be under the control of the Commonwealth Parliament. Coloured labour has an effect upon our national welfare, moral and social conditions, and so forth. Even supposing coloured labour is not imposed upon this country, the mere fact of having it in the other countries we are allied with would have a tendency to give us a lower tone. Although I do not wish to speak as exalting New Zealand unduly, I find that the testimony of travellers is that there is a better tone in New Zealand than in Australia. Not only the political but the moral and social conditions of the people here are superior to those that generally obtain in Australia—speaking of the masses of the people.

MARTIN CHAPMAN examined. (No. 92.)

365. *Hon. the Chairman.*] You are an English barrister and member of the New Zealand bar?—Yes.

366. How long have you been resident in New Zealand?—I came here in 1875 to practise, but I was living here before. I was born in New Zealand.

367. Have you resided in Australia?—Yes, as an infant in Tasmania, and I resided twelve years in Melbourne.

368. You have read the Commonwealth Act?—I suppose, literally speaking, that is true. I have read it more than once, but I have not studied it for the purpose of giving evidence here. I did not know that I was to give evidence, otherwise I should have given more attention to it.

369. Have you considered the question of New Zealand federating with Australia or not?—That has been in my mind, I think, almost as long as I have thought about any subject. We used to talk about it as boys at school.

370. Will you give the Commission the conclusion at which you have arrived in the matter, and your reasons for it?—I have always been of opinion that federation would be good for all the colonies, and that is my opinion with regard to New Zealand in particular. I do not mean for New Zealand more than the other colonies, but I think it applies to New Zealand. The first reason I have is that I think it is an advantage to any people to belong to a great State, and not to a small one. I think the whole history of the world shows that is the case, quite apart from what I may call parochial advantages. The advantage of belonging to a large nationality is a benefit to the people, and I think, moreover, that a small State alongside a large one is always at a disadvantage. If we do not federate with Australia we should be a small State alongside a large one. There is another matter affecting ourselves in particular, and that is this: In my opinion, Australia is necessary to New Zealand. New Zealand would not in any reasonable time have been a great colony itself had it not been for the proximity to Australia. But I do not think that the greatness of Australia depends upon the proximity of New Zealand.

371. Do you not think that New Zealand would take advantage of the prosperity of Australia even as an independent colony?—Not necessarily so. New Zealand, as part of Australia, would be subject to the same laws in the Commonwealth; but, supposing New Zealand was a separate nation or colony, or whatever you like to call it, separate entirely from Australia, our Australian neighbours would always look with a certain amount of jealousy upon our prosperity, and try to appropriate a certain amount of that prosperity to themselves, and that is done by hostile tariffs. I think if we remain separate we shall have to fear hostile tariffs from Australia, and hostile tariffs do more harm than temporary derangements from intercolonial free-trade.

372. What are your reasons for supposing that Australia would set up a hostile tariff against New Zealand?—Well, it is what we have always been doing ourselves. If at any time we thought we could foster any industry by excluding the products from other countries we immediately commenced to do it.

373. Is there any reason why they should fear competition from New Zealand?—Quite apart from whether there is reason to fear competition, I think the hostile tariffs will be set up.

374. From what you have read of Australian politics, especially since the formation of the Commonwealth, what is your opinion as to what the tariff is likely to be?—Do you mean as regards an outside colony?

375. No, as regards the world?—I think it is more than probable that some of our products will be found excluded, or partially excluded, by tariff. I cannot speak as a merchant, and any-

thing I say on this subject must be considered as entirely theoretical. But I should have thought that produce would probably be taxed, and that would touch only New Zealand.

376. What do you think would be the effect upon our legislative independence through New Zealand joining the Commonwealth?—Well, there would be some restriction, no doubt. That is provided by the Act. I suppose there would be a certain loss of dignity in our Legislature.

377. I mean in regard to the laws we should be prevented passing?—I should require to read the Act again before I could say. I see there are a great many subjects upon which the Commonwealth may legislate. With regard to some of them, I think this would be a benefit: that the central Legislature only should legislate on some matters.

378. Do you think that would be a benefit to New Zealand?—I do not think it would do any harm. It has been said that New Zealand would be swamped in the Federal Parliament, but I cannot believe that. I do not think that these colonies, spread over a vast continent, could possibly be of one opinion. Whatever New Zealand's interests might be, she would find a section whose interests were at least approximate to hers. I take Tasmania, for instance: If we except the narrowness of the strip of sea between her and the mainland, her position is exactly like New Zealand.

379. The safety of the States is supposed to lie in the equal representation in the Senate, is it not?—I do not know exactly what you mean.

380. There are six Senators for each State, and each State is to have equal representation?—I do not know how that would work. We may call ourselves a small State, but we are one-third in point of numbers, and in fifty years we may be first.

381. Yes; but we were talking of equal representation in the Senate?—Yes; that would be an advantage, no doubt.

382. Look at section 151 in the Act: you will see that Parliament has power to establish new States?—Yes.

383. It has been suggested by one witness to the Commission that possibly in the future Queensland and Western Australia may be divided into a number of States?—But could that be done under this Act?

384. Parliament may add to the Commonwealth or establish new States?—Yes; but does it say subdivide existing States?

385. Clause 124 provides for that. Assuming that that idea were well founded, and that Queensland and Western Australia were formed into four States, which would have each a representation of six in the Senate, the proportionate power of New Zealand would be lessened?—I take it to be quite an impossibility that such a thing should ever occur.

386. Why?—For one thing, southern Queensland would never consent to be swamped by her northern territory. You must recollect that Queensland is divided naturally into two parts, each having its different interests. That, I presume, was one of the reasons why this clause was introduced, because the separation of northern and southern Queensland has been in the air for twenty years or more.

387. Do you think that South Australia is large enough to provide for a creation of new States?—Yes; that is provided for in the same way. It is possible for a new State to be formed in the north of South Australia. The two parts are divided by a desert; but, as to dividing it up into a number of States for the purpose of swamping New Zealand, we may trust the other States to prevent that, because it would mean the swamping of them as well as us.

388. You are aware that there is diversity of law in New Zealand and the other colonies?—Yes.

389. Are you aware whether much inconvenience has arisen through that?—No, no great inconvenience. There is diversity in the laws among the different States of Australia, and as much as there is between New Zealand and any one Australian State.

390. Do you think there would be any difficulty in accommodating those diversities of laws without federation?—I do not think there will be any attempt to do so.

391. Would you favour the Commission as to the advantages or disadvantages of the establishment of a Federal Court of Appeal?—It is difficult to give reasons. My opinion on the Federal Court of Appeal is that there ought to be an appeal to the King in Council. I think there would be an advantage in having an appeal to the King in Council in every case that is large enough. You have a tribunal in every case beyond suspicion. I do not mean suspicion of corruption. I consider our Courts are beyond suspicion of corruption, but you cannot help having a certain amount of unconscious local feeling in Courts, and that is avoided by an appeal to the Council. Even if there is no local feeling there will still be the impression. For instance, we know that people often prefer to be sued in their own town. They think they are not quite sure of justice in any town other than their own. So with disputes between persons in different provinces or States, and, I think, with persons who have to deal with large transactions, such as merchants in a large way of business. Not all, but most of them; and bankers and large companies would probably like to have an appeal to the Privy Council as a last resort.

392. Would the establishment of a Federal Court of Appeal weigh with you in any way as to New Zealand coming under the Federation?—No, I do not think so. I think the Court is not constituted quite as I would like it. There are also other things about federation which are not quite as I would like them. But it is a compromise, and I do not think we would be giving up so much as to take away the value of federation. I would say this: that the Court is not constituted as I would like it as a final Court; but there is not enough in my objection to that to warrant my objecting to federation.

393. *Hon. Mr. Bowen.*] You said it was better to belong to a large nationality than to a small State: do you not think the large nationality that all the British colonies have a right to belong to—the nationality of the British Empire—is the largest of all?—Yes; but I carry that much further.

You remember that we had a Federation here some years ago, and in the end we preferred, instead of having a group of little States, to become one big State. My opinion was then in favour of the abolition of the provinces, and I have never seen anything to cause me to regret the abolition. I should like to see a true Imperial Federation. Such a Federation might even some day include the United States.

394. Our provincial system was with coterminous land boundaries?—We all belonged to little parishes, and we felt that we were jealous of one another; but our jealousy did not kill our patriotism.

395. You remember that the great question was the financial difficulty: do you not see something of the same sort in this?—I do not consider that so much of a difficulty. No doubt it is a difficulty in looking at it, but I do not think it will be such a difficulty as cannot be overcome.

396. You spoke of this State being a small one alongside a large one?—That was on the assumption that it remained outside as a separate State.

397. That is a relative term, "alongside of." We are in the same Pacific Ocean, but are we not for all purposes the same as America is to England?—No, I do not think so. I think the strip of sea that separates us is, so to speak, becoming narrower year by year—that is, the means of communication are improving. Twenty years ago the communication was so slight that there was hardly a link between us and Australia, but now, with telegraph and quick steamers, we are just as close to Australia as Ireland was to England a hundred years ago. And now it takes longer to go from New York to San Francisco than to go from Wellington to Sydney.

398. You do not assume that there would be such a thing as a hostile tariff against one colony?—I do not think there would be a discriminating tariff.

399. *Mr. Roberts.*] Yesterday we had a witness who stated that the loss of revenue to the colony through federation would be about a million of money: in the face of such a loss, do you think that federation would be justifiable?—I think it would require very grave consideration indeed. But I cannot conceive it possible that such a loss should take place.

400. Would you in the present state of public opinion advocate federation?—Yes, I should begin at once.

401. You think a recommendation in that direction would be advisable even in the absence of public opinion?—I do not want to usurp your functions, but if I were asked my opinion I would say, start now. You never gain anything by waiting, and I do not think this is a matter that will settle itself by waiting.

402. *Mr. Beauchamp.*] In what way would we be benefited by Australia?—In the way of trade and population.

403. You are aware that only 10 per cent. of the total exports of our colony go to Australia, even with the free port of New South Wales?—I do not know what the statistics are.

404. And that the balance of trade, including specie, is only £300,000 in favour of Australia?—I would like to know what that means. Who can say what is the balance of trade in cash? England is prosperous, and her imports largely exceed her exports. America is prosperous, and her exports largely exceed her imports. They are probably the two most prosperous countries in the world. By merely taking the balance of the imports and the exports you cannot determine the question.

405. But, in respect to intercolonial trade, we can perceive that there are advantages, and that New Zealand exports to Australia, roughly, a million sterling, and imports £1,300,000: do you think we would be likely to be met with a higher tariff than now, considering the amount of trade done between the colonies?—I think it is quite possible.

406. That Australia would try to shut us out while doing such a large trade with this colony?—Yes; that is history all over the world. There is always a party which says that the enormous quantities of goods coming into the country ought to be manufactured in the country, and that if we can put a heavy enough duty on imports we can make them in the country. If that party gets into the ascendency it will mean prohibitive protection duties.

407. Do you suggest that the tariff the Commonwealth might ultimately adopt in the event of our not federating would be of a prohibitive character?—I think it is quite possible—not with regard to everything, but with regard to individual things. Anything that they think they could produce themselves would be protected.

408. Have you not been much struck with the fact that Australia each year has been becoming much more self-contained in the matter of production?—That is a question for the merchants to answer.

409. Do you think there is any real community of interest between this colony and Australia?—I think there is.

410. And that the people of New Zealand know pretty well what is going on on the other side, and *vice versa*?—Educated people do.

411. How do you account for so few people in this colony having gone into this question of federation?—It surprises me to be told that it is so.

412. As regards representation, do you not think it at all likely that two States, such as Victoria and New South Wales, might unite with the object of prejudicially affecting the smaller States—you know that Victoria and New South Wales could outvote all the smaller States, even including New Zealand?—That might be, but I do not think it possible for such a state of things to arise. Any attempt of that kind will at once send the smaller States into opposition, and there will be always some ambitious man or party amongst the politicians of the larger States ready to call in the aid of the smaller States.

413. Where there is female suffrage in certain States the votes have to be halved: do you think that is equitable?—That is a big question. Voting qualifications ought to be similar in the different States. We might lose somewhat by having female suffrage.

414. Under the Bill our Native race would also be excluded from exercising votes?—I think that is a blot, but I am not prepared to say that the question of the women is a blot. Opinions may widely differ on that question.

415. Have you given any consideration to this question of white Australia: it has been frequently stated by leading politicians that there shall be a white Australia?—I think that is an academic question, and I do not think my opinion is worth anything. My own opinion is that Australia will be a white man's country, notwithstanding that part of it is tropical.

416. Do I understand that you would be prepared to accept the Bill as it stands, or that you would ask for modifications to suit this colony?—I think, if you begin to ask for modifications, it would be practically shelving the whole thing. I would be inclined to take the Bill as it stands, with all its blots, and then try to amend them. The difficulties in the way of New Zealand federating with Australia are not one-hundredth part of those that existed with the different States of America after the revolution. The difficulties there were so great that they were very nearly declaring war on one another immediately after a successful revolution. They managed to get over their difficulties, and I do not see why we should not.

417. *Mr. Luke.*] The boundaries of the Australian States are coterminous, and expenditure in a measure benefits all the States allied to them: do you not think that that would unconsciously operate against the interests of New Zealand?—No, I do not think so. In the first place, I think we could count on a large modicum of interest in the Parliament.

418. Such questions as the trans-continental railway and irrigation would benefit Australia, but they would not benefit New Zealand at all?—I think the Parliament may be trusted not to spend enormous sums for the benefit of one State alone. Individual States may try to get it, but a sense of justice will probably pervade the Federal Parliament as a whole.

419. But, with regard to the trans-continental railway, the proportion of the people from here who would use it would be so small that we would be at a disadvantage?—I may be benefited by a railway though I never travelled on it in my life. I am benefited by the cheapening of the necessities of life. A railway made in New Zealand actually benefits the people in England who consume our products.

420. Do you think the markets of Australia would be open to us, and that it would be possible for us to export cheaper lines of produce, even if we did not benefit by so doing?—Of course it would.

421. The loss would not be entirely ours?—I did not suggest that.

422. You mentioned just now that it was quite a question as to whether the country was most prosperous that imported a larger proportion than it exported; but is it not held that, as regards new countries that have borrowed largely from abroad, it is sounder finance to export more than we import, and the margin means a profit?—Political economists have different opinions on that point. They draw all sorts of inferences from the statistics, and these inferences may in one case be right and in another case wrong. The fact is, we do not have before us the necessary facts to enable us to calculate these things. You must know how money is being invested, and how much of the money earned is saved—the movements of money—and all sorts of other facts before you can draw your conclusions; but we have the clear fact that in a great country like England the imports exceed the exports, and that in a great country like America the reverse occurs, and yet both those countries are increasing in wealth. Some political economists used to say this: Supposing you are exporting £1,000,000, and you are getting back £1,200,000—the one side said, "You are paying £200,000 away every year," and the other side said, "No; you are getting goods worth £1,200,000, and paying away goods worth £1,000,000." All sorts of wrong inferences are drawn from statistics. The difficulty is to get at the right one.

423. Is there any difficulty at present in enforcing any judgment given in the Courts of New Zealand on the other side?—There are provisions dealing with that matter in the Supreme Court Acts of the different colonies. I do not know what the provisions are in the other colonies, but I do know what they are in our colony, and they are very efficient. You get a judgment in another colony, and you can then obtain a judgment in New Zealand and execute it.

424. But have not you to prove assets in the colony in which you want to execute it?—I do not think so. You find your debtor in New Zealand, and if you find your debtor in New Zealand you can get judgment against him. Of course, if your debtor has got no assets in New Zealand your judgment is no good to you.

425. Supposing he has assets in one colony, and not in the colony where you want to enforce the judgment, what happens?—Then you send your judgment to the colony where he has assets.

426. Under the Commonwealth, would this Act improve the position at all?—I have not considered that, but I presume it would probably improve it, because all these Acts for the enforcement of judgments are all loopholed here and there. You find cases that are not exactly provided for. Supposing New Zealand becomes part of the Commonwealth, a judgment of a Court in New Zealand would be simply enforced anywhere in the Commonwealth as a judgment of a Court of the Commonwealth.

427. *Mr. Reid.*] I think you said that you would take the Act as it stands, and leave modifications for hereafter?—That would be my disposition.

428. Have you considered the terms of section 128 of the Commonwealth Act?—Yes. Perhaps it is a little unfair.

429. In what respects?—It depends upon the question of the propriety of giving the suffrage to the ladies.

430. But would the effect be to override New Zealand, supposing it became a part of the Commonwealth and then sought alterations in the Act—would not the united Australian vote be against her?—New Zealand would not count her women, at any rate; but I suppose that, as there are more men than women voters, it would be a disadvantage.

431. You see that the clause provides for two conditions—the particular power and the general power?—Yes; but in the case of the particular power, that is an alteration in the representation of our own State; it cannot be done without the consent of the whole electorate.

432. What position would New Zealand occupy if she were to ask for modifications of the Constitution hereafter if she joined?—I think she would not be able or likely to succeed unless she could point out that it would be to the advantage of all the States, or a majority of them.

433. Then, it would be useless for us to join first and to ask for modifications hereafter?—Yes, it would, no doubt, be useless on general points.

434. With regard to the general powers of legislation under section 51, I think you will notice that some of these are exclusive to the Commonwealth and others belong to the State Parliament?—Some of them are undoubtedly exclusive.

435. With regard to such as are exclusive, are you of opinion that it would be for the advantage of this colony to have the laws relating to marriage, divorce, and matrimonial causes, and patents, dealt with by the Commonwealth rather than by New Zealand?—I think the facilities for divorce are greater in New Zealand than in any other British possession.

436. What I want to know is whether you deem it of advantage that throughout the extent of the Commonwealth there should be a uniform law in respect to these questions?—I think it would be a decided advantage. The question of marriage affects the question of inheritance, and it is a great advantage to have the laws relating to inheritance uniform.

437. You are aware that the law in New Zealand relating to marriage with a deceased wife's sister is not the law in England?—Yes.

438. And sometimes it brings about a difficulty in England?—It does. I have met with such cases, and in that respect uniformity in the law is a great advantage that is applicable to all questions of status.

439. With regard to what one might call commercial legislation, such as the laws relating to bills of exchange and bankruptcy and insolvency, would there be an advantage in having a uniform law throughout the colonies dealing with those questions?—I think so.

440. Have you had any experience in your profession of cases arising out of the winding-up of companies, and the difficulty of following those matters up in the different colonies?—I cannot express an opinion on that point.

441. There is a provision here for a uniform law on that matter?—It would probably be an advantage.

442. Taking your own profession, would it be an advantage if barristers and solicitors were allowed to practise throughout the Commonwealth without having to undergo further examinations when they went from one State to another?—I think it would be an advantage to have one uniform law in that respect.

443. And also with regard to medical men, chemists, dentists, and people of that kind?—I am sure that would be an advantage, and it would be more likely to come about under the Commonwealth than by colonial legislation; but what is wanted is a law akin to that of England, so that in all parts of the Empire members of all professions might be admitted to practise on our qualification. This has never been the case yet. The New Zealand lawyer is not recognised anywhere else in the world, except perhaps in Tasmania; he has to go through a complete curriculum before he can be admitted anywhere else, and I believe it is the same with chemists and doctors.

444. With regard to the Court of Appeal, have you read clause 73, which says, "The High Court shall have jurisdiction, with such exceptions and subject to such regulations as the Parliament prescribes, to hear and determine appeals from all judgments, decrees, orders, and sentences—(1) Of any Justice or Justices exercising the original jurisdiction of the High Court: (2) Of any other Federal Court, or Court exercising Federal jurisdiction; or of the Supreme Court of any State, or of any other Court of any State from which at the establishment of the Commonwealth an appeal lies to the Queen in Council." Do you read that as meaning exclusive jurisdiction, or does it preserve the right of appeal to the Privy Council?—I should be inclined to think that it was exclusive. It is a question of construction, and there may be different opinions about it.

445. You referred in your examination to the necessity of preserving the right of appeal to the Privy Council?—Yes; I would preserve it if possible.

446. I think this clause does it?—If so, that would meet one of my objections to the Act as it stands.

447. You see, the exception to subclause (3) says, "But no exception or regulation prescribed by the Parliament shall prevent the High Court from hearing and determining any appeal from the Supreme Court of a State in any matter which at the establishment of the Commonwealth an appeal lies from such Supreme Court to the Queen in Council." That seems to me to preserve the right of appeal which at present exists: what do you think, Mr. Chapman?—Yes; but does not that simply preserve vested rights? For instance, could I give notice of appeal? Should I, under this Act, have the right to give notice of appeal? I have at present the right to give notice of appeal on obtaining leave from the colonial Court.

448. If you will read section 74 you will find that it says, "This Constitution shall not impair any right which the Queen may be pleased to exercise by virtue of her Royal prerogative to grant special leave of appeal from the High Court to Her Majesty in Council." Therefore you see the right is not taken away, and even in the case of the States forming a Commonwealth there would still be an appeal to the Privy Council—where the jurisdiction, in other words, is not exclusive?—That may be so; but does it do more than preserve the prerogative right vested in His Majesty to give leave to appeal?

449. Section 74 does that in this special case. In the other cases the prerogative would not be impaired unless specially mentioned. Section 73 deals with cases of ordinary appeals on positive law; but section 74 appears to deal with the prerogative right so as to preserve it?—That



is to say, apparently you would have to get leave to appeal from the Privy Council itself, and not from the Federal Court. It seems to show me that some right of appeal is taken away by section 73.

450. Messrs. Garren and Quick, who have published a commentary of this particular Act, do not hold that opinion: what is your opinion, Mr. Chapman?—Of course, this is in the nature of argument, but my opinion at present is that there is no appeal to the Privy Council, except the prerogative appeal by leave of His Majesty in Council; but, of course, I do not like to set up my opinion against that of people who have probably considered it a great deal more carefully than I have myself.

451. *Mr. Leys.*] Should we be right in assuming, from your answer to Mr. Luke, as to the benefit conferred by railways, that you would consider it equitable for Australia to tax New Zealand for such works as these trans-continental railways?—I think there should be some modicum of taxation if we join; but, of course, it is always possible to put a proposition like that in an offensive form. To tax New Zealand more than her share I say No; but some share of it, I think, New Zealand should bear, as the other States should bear some share of our trunk railways.

452. Of course, you are aware that the Commonwealth relies entirely on its Customs and excise duties, and that these Customs and excise duties will be levelled equally on all the States, who will have to pay their quota towards the construction of Federal works: will not that be the vote from which all Federal works will be undertaken?—I suppose so.

453. Then, you would not think that it is at all unjust to us for the Commonwealth to engage in these railways at our risk?—Not exactly; but it would be if we are made to pay more than our share.

454. If they are constructed simply at an equal risk to all the States in the Commonwealth, you think that that would be equitable?—You mean at an equal expense?

455. Yes—that that would be a fair procedure on their part?—Well, it is very difficult to answer that question. Whatever money there is to be spent, I assume, will be apportioned amongst the different States, and that each will get its proper share of expenditure. That is to say, if the thing is done justly, each State will get its proper share, and also a share of any surplus earned by the lines.

456. With respect to new works that are to be undertaken by the Federal Government, does it not occur to you that in that respect there is a big community of interest in Australia that does not extend to New Zealand?—I do not think so. I do not think that a trans-continental railway from Adelaide to Northern Queensland would be any greater benefit to Western Australia than it would be to us, or that it would be a greater benefit to Tasmania than to us.

457. But that trans-continental railway is understood to extend from Northern Queensland to Western Australia?—I was thinking of the one that is to go from the north to the south.

458. Well, taking both these railways, which really form the one scheme, do you think it would be fair to New Zealand to take taxation raised in this colony in order to apply it to such works in Australia?—Not if more than their share falls to the Australians.

459. You think, then, we are entitled to contribute some share towards the construction of such works?—Yes; and I do not see that there need be any difficulty in ascertaining what a fair share would be. It is a matter which can be adjusted perfectly fairly on some basis, either of population, of wealth, or of benefits derived.

460. You think that we should get sufficient benefit from these railways to contribute something, at any rate, towards their construction?—I think so. I also think a trunk railway in New Zealand would come under the same category.

461. With regard to the incidence of taxation, do you think it possible to make them so equal on a system of direct taxation exclusively as we could if we had the control of the Customs and all indirect taxation?—I do not say that it is an easy problem for any taxation to be fairly spread, but I think it is as easy to fairly spread direct taxation as it is to fairly spread indirect taxation. Indirect taxation might bear unfairly just as much as direct taxation.

462. You think, then, that if we had to place an additional £500,000 or £600,000 upon the direct taxation of this colony, that it could be done without any injustice to the people who have to pay it?—I think it might be done just as fairly as any taxation is, but there is always some unfairness in the incidence of taxation. Some people, whatever the system of taxation is, are paying more in proportion to their means than others; but, of course, it is the object of the legislator to try and avoid that. But if he is not absolutely successful, he is no more successful with the indirect taxation than he is with the direct taxation.

463. You do not think that the placing of £500,000 or £600,000 of direct taxation on this colony would seriously cripple industries, or press hardly upon the landed interests or upon capital?—I do not see why it should, or why it need do so.

464. Do you think the tendency of the Federal Government will be to increase its powers at the expense of the States, or to diminish the powers of the States?—I do not think so. It is not an improbability that the States will gradually lose consideration at the hands of the people generally. That has been the case in the United States, and there is a possibility of the States losing power; but if they lose in that way I do not see that it is much disadvantage. It was intended originally under the Constitution of the United States that it should be a mere loose confederation of States, each State having the power to leave and go out when it pleased; and, moreover, that all the real power should be with the State Legislature; but we see that the real power now is with the Federal Legislature, and that the States are mere parishes.

465. Do you think that this same tendency would inevitably arise in connection with this Commonwealth?—I do not know that it is inevitable, but I think it might arise.

466. Would you say probably?—I would not say probably, because men's ideas change. We are much better educated than were the men who framed the Constitution of the United States. We have experiences which did not exist in their time.



467. Do you think we should lose anything in the matter of administrative efficiency if the Federal Government controlled each department in this colony?—My own opinion is that we should gain.

468. You think that if our railways, for example, were administered from Bombala they would be better administered in the interests of this colony than if they were administered from Wellington?—I do not say "better," but there is no obstacle to their being administered just as well on the whole.

469. Then, with regard to the appointments to the Civil Service, do you think that the young men of this colony who may wish to enter the Civil Service of New Zealand would have the same advantages in applying as residents near the Federal capital?—I should think so; of course, we must also take into consideration the personal equation. There will always be a personal equation; but, so far as I can see, we should be just as well treated as those on the other side. You must recollect that politicians are politicians always, and require to propitiate the outlying districts just as much as they want to propitiate the near districts.

470. You think there is no advantage in having the ear of Ministers?—I cannot answer that question.

471. *Hon. Major Steward.*] Is there not a tendency, in the case of federation, of the stronger bodies comprised in that Federation getting the advantage in the Legislature?—Well, I do not know that there is a tendency that way. My opinion is that we shall find that the two strong colonies in Australia will always stand on opposite sides of the House. That has always been the case since I can remember.

472. As regards free-trade and protection?—Not only that, but on all sorts of questions. Melbourne has always been jealous of Sydney, and Sydney jealous of Melbourne, and I do not see how that jealousy is going to be appeased.

473. You think that that condition of things would be a sort of safeguard to New Zealand?—Yes; and I was going to suggest, although it may not be a right way of looking at the matter, that there is a possibility that New Zealand might be in the position of holding the balance between these two great States.

474. In connection with the Federation of Germany, is it not a fact that some of the smaller States now complain that Prussian interests, for example, get better attended to than the interests of the smaller States?—It is possible that they may complain without reason. I have always been very much surprised to see how really well Germany has been governed when you consider it is really an autocratic Government.

475. I have been informed by a German that what I state is the case?—The parochial element is ten times more manifest in Germany than anything we have in the colony.

476. You think the mutual jealousy between New South Wales and Victoria, which are the two most powerful States, would be a guarantee against any combination against New Zealand?—I think that is one of the strongest points in our favour.

477. *Hon. the Chairman.*] You said you thought the States would lose their powers: do you look forward to the time when the States will be absorbed in the one general Government?—No; I do not think that is the tendency of the world. It is rather in the way of making the Confederation, from a positive point of view, a real thing—that is to say, real in respect to all its relations with outsiders as it should be; but I think the tendency now is towards local self-government, which is government by the States, but they will be more and more restricted to their own concerns.

478. Do you contend that what happened in New Zealand with regard to the provinces will be repeated in reference to the States in the Commonwealth?—No, I do not think so. I should be inclined to say that it would be an advantage to sweep away the States and have a sort of Imperial province.

479. But do you think such a thing is likely to happen?—I do not think so.

480. You are aware that New Zealand could not now, as of right, enter as an original State?—I understand that is so.

481. Does that affect your judgment of the matter as to whether she should seek to join the Commonwealth?—I do not think it would make much difference. Once she does enter and is admitted, would not she be on exactly the same footing as all the others? I do not think New Zealand should consent to go in as an inferior State.

482. Supposing New Zealand is not accepted as an original State, I ask you if that would affect your judgment as to whether you think New Zealand should join the Commonwealth?—I think it does. I think if New Zealand joins the Commonwealth she ought to insist on joining it with the same rights as the other States, or not join at all.

DAVID JAMES NATHAN examined. (No. 93.)

483. *Hon. the Chairman.*] You are a merchant, residing in Wellington?—Yes.

484. Have you any business in Australia?—We have no branch there, but we do business with Australia.

485. Would you give the Commission the benefit of your opinion as to how New Zealand would be affected, commercially speaking, by joining the Commonwealth?—From what I can see from the present Commonwealth Act, the advantages would be purely speculative, while the cost to the colony of entering the Federation would be several hundred thousand pounds. I fail to see, therefore, that we would reap an advantage commensurate with the loss of revenue and the amount we would have to pay to join the Commonwealth. I dare say there are advantages to be gained if we had entered as an original State, and had had a full voice in the framing of the Constitution; but the cost seems to outweigh the advantages we should gain. That is my main

objection to joining the Federation. As to whether Australia imposes a protective tariff or not, I do not think it matters very much to New Zealand, because our market is far beyond Australia, and very little of our produce is sent there, excepting at such times as when Australia must have it.

486. Will you kindly explain a little more in detail why you think the Commonwealth Bill does not suit the conditions of New Zealand?—I do not like parting with this money. We have to part with 25 per cent. of our Customs revenue. We have also to part with the profit we make on our post and telegraphs, and in order to raise the necessary revenue we shall be called upon to increase the taxation. What advantages we are to get from the expenditure on the Commonwealth I cannot see. Apart from that, the Maoris lose their votes.

487. Do you not think there is any advantage to be gained by intercolonial free-trade?—No. I think that Australia can grow for herself everything she requires; and even now, after providing for herself, she has in a normal season enough to export.

488. Do you not see any advantage in the fact of our being associated with four millions of people?—Yes; but we do a very small trade with these four millions, and they are simply lost when you consider the population of the Greater Britain with which we do the bulk of our trade.

489. Have you considered the question of how the manufacturers of the colony would be affected by federation?—I think some of our manufacturers would have to go in for specialisation, as they do in other parts of the world; but, on the whole, I think that the little manufacturers down here could hold their own, because it has been conclusively proved that the higher wages in New Zealand is no disadvantage to the manufacturing industry.

490. We had some evidence yesterday in reference to the sugar industry, and the loss that would accrue in respect to that: can you give us any evidence on that point?—Presuming we lost that revenue, it would be a very serious item indeed.

491. Then, I take it that your opinion is it would not be wise for New Zealand to federate?—Not under present conditions.

492. *Mr. Roberts.*] Of course, you know that the contribution of 25 per cent. is not all required for the Federal Government. It is provided that any excess of receipts over expenditure shall be refunded to the States?—That is so; but still there is an enormous expenditure to meet, with the certainty of some tariff being put on; but the question of anything being refunded is entirely problematical.

493. Would you assume they would be dishonest in the adjustment of the accounts?—Far from it, but we know they have an enormous expenditure to meet.

494. It has been assumed that the contribution of New Zealand towards the Federal Government would be £57,000?—Yes, but that would be a low estimate. Of course, they have the capital of the Commonwealth to lay out, which would mean a very heavy expense.

495. Do you not think that that might be made a very profitable speculation for the Commonwealth: they could sell the sites?—They cannot sell that land, but only lease it.

496. *Mr. Beauchamp.*] Do you share the opinion of one witness that a large amount of Customs duties would be lost to this colony by the re-exportation of goods from Australia?—I agree in that view.

497. He also suggested that a large amount of revenue would be lost through the importation of raw sugar which would be dealt with by the Auckland Sugar Company, who would have virtually a monopoly without the consumer getting the benefit?—If raw sugar were brought in, of course we should lose on that.

498. How do you think the country would stand the extra taxation that would have to be levied in some direct form to meet the loss we would sustain through the loss of Customs revenue? Do you think it would be prejudicial to the commercial interests?—I think so. I do not see how the revenue would be raised, as from what I can learn you can hardly expect to increase your land- and income-tax, but you would simply have to enlarge the area of it.

499. Regarding our commercial interests, do you not think we should aim at forming an Imperial zollverein if we decide not to enter the Federation?—Certainly, I think so. That is what I look forward to, and what I think most of the colonies are looking forward to; and why we have not taken that interest in the formation of the Australian Commonwealth is, I think, that we are on the lookout for the consummation of the bigger question.

500. It has been suggested that if we had free-trade under federation a large amount of Australian manufactures would come into New Zealand to the exclusion of British manufactures: do you think, therefore, the federation with Australia would hasten the coming-about of this zollverein, or do you think it would be hastened by our standing out?—What I think will assist more in that direction will be the question of Russia on the Pacific.

501. You think it will be necessary for Britain and her dependencies to combine against the rest of the world?—Yes, to hold their own.

502. Do you think the establishment of a reciprocity treaty with Australia would give us an actual advantage?—I think there would be an advantage.

503. Sufficiently favourable to Australia to warrant her entering into a treaty with us?—I think so, especially in wines, dried fruits, and sugar.

504. *Mr. Luke.*] What do you mean when you say the manufacturing interests of New Zealand would not suffer under federation?—Because the class of men we have manufacturing here could hold their own anywhere. It has been proved conclusively that high wages, not low, produce the cheapest goods.

505. Do you not think that centralisation would take in the large centres?—Certainly; and that would affect certain classes of manufacture materially.

506. Is it not a fact that a great quantity of furniture is made up by Chinese labour in Sydney and Melbourne?—I do not think so.

507. You think the industry of boot- and shoe-making might suffer under federation?—Certainly.

508. What manufacturing industries would not only survive under federation, but grow?—Your clothing and woollen industries would increase, but I have not gone into this question from that point of view. I think the bulk of the manufactures here would hold their own against Australia. By introducing modern methods, and with a larger market, they could sustain themselves. I think the high wages in New Zealand, instead of affecting us prejudicially in regard to competition for increased trade, ought to be an assistance to us.

509. How do you think Australia compares with New Zealand with regard to wages?—The wages are higher here, and they do not work the hours they do in Australia, where they work ten hours a day.

510. Would it not be a disadvantage under federation if they worked ten hours and we worked eight hours a day?—I do not think so.

511. You think the markets in Australia would still be open to our produce whether we federated or not?—I think so, under certain conditions of price and of harvest.

512. Looking at the future, can you conceive of a State like Tasmania, and of some parts of Victoria, developing their industries to such an extent as to meet the whole of their requirements?—Certainly; and in Victoria there is no reason why they should not.

513. *Mr. Leys.*] I understand that on the whole you are against federation?—Yes, if it is proposed under this present Bill.

ERNEST SMITH BALDWIN examined. (No. 94.)

514. *Hon. the Chairman.*] Do you reside in Wellington?—Yes.

515. What is your occupation?—Patent agent and consulting engineer.

516. Have you resided long in New Zealand?—Ten years.

517. Are you acquainted with Australia?—No, only slightly.

518. Have you looked at the Commonwealth Bill?—Not the Bill itself, but I have seen the summary, and I have also seen the draft of the Federal Patent Act.

519. Under the Commonwealth Act the Federal Parliament has power to legislate in respect to copyrights, patents, and trade-marks?—I remember that.

520. Having regard to that, have you considered the propriety of New Zealand federating with Australia?—Yes; and the Federal Patent Act has been discussed by the Australian Institute of Patent Agents.

521. Has it, where?—In Melbourne.

522. What was the conclusion at which they arrived?—The question was not discussed as to the effect on New Zealand, but only as to the effect on the Australian Colonies.

523. With what result there?—Of course, it is a benefit in Australia to the inventor to have one patent for the whole of the States instead of six.

524. How would it affect us in New Zealand?—I cannot see that it would affect us here, except in the question of fees; and the fees are so small in New Zealand that the advantages the inventor would get by having New Zealand included in the Federal Patent Act would not be commensurate with the disadvantages from having the New Zealand Patent Office abolished.

525. Just state your views on that point. You said it would be a disadvantage to have the New Zealand Patent Office abolished; what would be the disadvantages?—Time is of importance to the inventor in securing an early date for his patent, so that the three-days sea-passage from here to Australia might be material to him; even if we had a fast service leaving here daily, it would still be a disadvantage to him—that is, in relation to, say, Victoria, New South Wales, South Australia, and Queensland. They would all be within easy reach of the Federal capital, which I understand is to be within a hundred miles of Sydney.

526. Have you considered the question of federation in any other aspect?—No, except from the sentimental point of view—as a stepping-stone to Imperial or Anglo-Saxon federation. Then I think it would be desirable, and any action that would be detrimental to that consummation I think is to be deprecated. It is a question, of course, whether it would be a disadvantage or not in promoting that Imperial Federation by New Zealand joining the Australian Commonwealth.

527. What do you understand by an Imperial Federation?—An Imperial Federation, I understand, by all the English colonies joining with Great Britain—Greater Britain, in fact.

528. Are they not joined now?—Not as a Federation.

529. Do you mean that as a Federation the administration should emanate from England?—To the same extent as the Commonwealth of Australia does now.

530. And to that same extent we do in New Zealand now?—Yes.

531. What would be the altered position?—I do not understand it myself?—I understand that the Commonwealth of Australia takes over functions that now belong to the different States—Customs, for instance. Under an Imperial Federation I understand that would be taken over by the British authorities.

532. They would all be governed through England direct?—Yes.

533. In the same way we would have local government the same as Australia?—Yes.

534. Have you considered the question as affecting the trades and manufactures?—No.

535. Or the financial aspect of the question?—No.

536. *Mr. Leys.*] Do you mean, then, that it would be a disadvantage from the patents point of view to federate?—Yes.

537. To the inventors, and also to the colony?—The revenue now obtained from the Patent Office is about £3,000 a year. To that extent it would be removed from the direct control of New Zealand.

538. Would not the advantage of having the free run for patents right through Australasia be a compensation?—We have that without federation.

539. Do you not have to pay fees and registration in every colony separately?—No, not under federation. One fee covers all the States, similarly to America.

540. One fee in New Zealand covers all Australia?—No.

541. Would not that be given to New Zealand; and you would only pay one fee to cover the rights for Australia?—Yes, that is the gain that I mention. It would be the only advantage to the inventor.

542. Would not that advantage be a very substantial one?—No; it would only amount to £2 10s. That is what it costs him for his fees in New Zealand. He would have to pay that. If New Zealand does not join the Federation he would have to pay that fee in addition to the fee for the Commonwealth. If we join the Federation the New Zealand fee would not be paid.

543. You think this Federal fee is not a very serious consideration?—The Federal fee has to be paid in any case.

544. Not under federation?—Yes. He must pay the Federal fee for his patent. It is the New Zealand fee he would not have to pay in the event of our joining the Federation.

545. If we do not federate he would have to pay one extra fee?—Yes.

546. And you think this is not very material?—It is only £2 10s.

547. *Mr. Reid.*] Would it not be possible to secure, by lodging the specifications in one State, protection in the other State?—That is done now to a great extent. Under the International Convention a patent filed in New Zealand has a date given to it, and any State in the Convention will grant the same date as the original filing. Therefore he gets his date, which is all-important to the inventor. That would not be improved by the Federation, except to bring in such of the States as are not now in the Convention. South Australia is not in the Convention, so that a client taking out a patent here could not claim the date in South Australia.

549. Is that the law, or is it a matter of arrangement?—It is a matter of law. It is arranged for in the Patent Act. Any State granting reciprocal terms will be brought under the Convention.

550. What Act: is that our Act?—It is in the Act of every State in the Convention.

551. There would be no advantage in that respect in joining the Federation?—Only to bring in the States not in the Convention.

552. That is only South Australia?—I do not remember if there are any others, but that one is not in, at any rate.

553. *Mr. Roberts.*] Do I understand you to say that if federation is gone into the registration of patent rights will be hampered and delayed?—Yes, as regards the New Zealand inventors.

554. Do you not think that the New Zealand Government would have a Patent Office here of their own, and that registration would take place here at once?—I put in a proviso that if the New Zealand Patent Office was abolished. If the Patent Office remains in New Zealand we would remain as now.

555. A branch office would almost surely be established here?—Then we would be just the same as we are now.

556. *Hon. the Chairman.*] Is there any other matter you would like to mention yourself?—Well, the majority of inventors in New Zealand take out patents for New Zealand only under a small fee. If we have a Federal fee it would be considerably increased, which would be a disadvantage to the patentee. He could not take out a patent by paying a small fee; he must pay a large fee.

557. What is the approximate number of patents lodged in the year?—In 1899 there were 992 patents filed. I have not the number of trade-marks and designs. The revenue was about £2,750 in the same year.

MALCOLM MACPHERSON examined. (No. 95.)

558. *Hon. the Chairman.*] What are you?—General manager of the New Zealand Loan and Mercantile Agency Company (Limited).

559. I suppose the question of federation has received some attention from you?—In a passing way. I made up my mind on the subject at a very early stage of the discussion.

560. Would you favour the Commission with your views on the matter?—Briefly, I do not think, myself, that there is any urgent necessity for federation. I do not think that it would be of any great value to this colony, but that it would probably cause a much larger amount of taxation owing to the additional expenditure inevitable. It is not desirable that our affairs—at least, such affairs as would be managed by the Federal Parliament—should be managed from such a distance, separated as we are by so many hundred miles of sea. Though we have many interests in common, we have many interests that are not in common, and which might not necessarily conflict, but at times might conflict. Of course, I know that many of those who are in favour of federation look upon it from a trade point of view—that is to say, they fear that our trade with Australia would seriously diminish if we do not join the Federation. I hold, however, that that remains to be proved. Undoubtedly our trade with Australia is of very great importance, but probably of not so great importance as many think. Its importance can be gauged by statistics, but I need not enter on that subject. But, admitting it to be of very great importance, one may suppose, although that point is often overlooked in the framing of tariffs, that it should be mutually beneficial to both colonies, with more or less freedom of trade existing between them. That freedom of trade can be obtained without the necessity for federation, and even if it were obtainable only by federation we should be paying too dear for our whistle. Freedom of trade by federating is going a step further than I think we should be warranted in doing. I may say, also, that I think it would take a number of years for federation in Australia to run smoothly, as no doubt there will be a great deal of friction between the different States. One can see it looming in the distance already, if we are to judge by *Mr. Reid's* and *Mr. Barton's* speeches. I may add that I am an out-and-out Free-trader myself, and I firmly hope that *Mr. Reid's* campaign will have the effect

that he intends it to have. If he does not succeed in getting the measure of free-trade that he wishes, he may get so much as to make the trade relations between New Zealand and Australia smooth enough to allow us to do such trade with Australia as we have done in the past. Indeed, I think that, in spite of almost a protective tariff, Australia at times needs some of our products, and will obtain them, duty or no duty, though it must be apparent to those who have studied the trade between Australia and New Zealand that probably she has less need of those products now than she used to have in the past. That is to say, Victoria and New South Wales have so enlarged their agricultural industries, and gone in to such an extent for dairy produce, that they are much less dependent upon New Zealand than they used to be in former times. In other words, it almost seems as if we had to look more than ever to trade with England and the Continent so far as our grain and dairy produce, and so on, are concerned. There is another point which I might mention, and which has been brought up—namely, that if we do not join now there is a risk, if we wish to join some years hence, of being unable to join on equally good terms. I have not the slightest fear of that bugbear. It seems to me that if we waited until the Federation had set its house thoroughly in order, and then exhibited a desire to join, the Australians would be only too glad to admit us—not that I think they care very much one way or the other. To take the opinion of some eminent Australians—I heard of two to-day who had been recently travelling in New Zealand—though themselves altogether in favour of Australia federating, they considered it would be a mistake on the part of New Zealand to join the Federation; that we are so far away from Australia, have such large resources within ourselves, and can so govern ourselves that there is really no need for our joining the Federation. As an illustration of the possibility of joining the Federation in years to come, I might refer to the fact of Prince Edward Island not having joined the Dominion of Canada for about seven years after the formation of the British North American Confederation. I never heard of any difficulty being put in its way; on the contrary, the Dominion was willing, or, if anything, eager to embrace it within the Confederation. The case is, of course, not quite parallel, for Prince Edward Island is only a stone's-throw from Nova Scotia and New Brunswick. Newfoundland might very reasonably be expected to join the Confederation at any time, for it is only a short distance—a very few miles at most—from Canada. Its resources are very considerable, but undeveloped. It has hitherto held aloof. How much longer it will do so no one can say, and whether it is wise in holding aloof I am not prepared to decide. But the circumstances are not parallel. Regarding the effect that federation will have on our manufactures here, that is a matter that is a little out of my groove. Of course, my own opinion is that each different manufacture should stand on its own bottom, and be willing to risk competition from Australia. But I can hardly expect manufacturers with vested interests to share in these views. If they were subjected to competition with Victorian manufacturers it might have a serious effect on them, and on that part of the population they employ. In common with other gentlemen who have spoken on the subject, I am a believer in the confederation of the Empire, but not perhaps in such a close federation as was spoken of by Mr. Baldwin. I need not go into that. More or less federation of the Empire is what we may all desire, but I do not think federation with Australia will stimulate that other federation to any great extent: we may about as well have federation between New Zealand and British Columbia. We know that even a few miles of sea seem to make a good deal of difference in the governing of Ireland—that is, in the way of increasing the difficulties encountered. There is also a point to be considered relating to northern Australia. It is doubtful whether it is desirable for this country to cultivate such extremely close relations with Australia, which will have very great difficulties in the future as to the tropical part of the continent in connection with the labour question.

561. What do you think about the loss of revenue which would arise from New Zealand federating, and how that would be made up?—It would have to be made up in one or other of two ways: either by increasing the direct taxation, or by imposing heavier taxes on commodities that cannot be produced in the country.

562. What do you think would be the effect upon the agricultural interests of the colony if we do not federate?—I do not think they will be very prejudicially affected, unless such a wall of tariff were erected as to be practically prohibitive of our exporting to Australia, and that I do not look for.

563. I take it you do not see any reason why New Zealand should join at the present time?—I do not.

564. *Hon. Major Steward.*] You do not think we can count on very much naval assistance from Australia, for instance?—I do not. If there is any counting to be done, they might as readily count upon assistance from us. Our coasts are quite as readily defensible as those of Australia.

565. You mentioned that we might make up the loss of revenue on articles we do not produce: you are aware that under the Commonwealth the Federal Government makes all the taxes?—If federated, yes. If the tariff were not framed in the direction of the English tariff, and were of a protective character, and certain commodities that must come here were very little taxed, we must necessarily increase direct taxation to make up the difference.

566. Of course, we would lose something through intercolonial free-trade?—Yes; it would not be a large amount.

567. Do you think that an additional £500,000 could be collected in New Zealand by direct taxation without disturbing the industrial position of the country?—I think if put on gradually it would not have such a terribly serious effect on the country; but I do not speak from a land-owner's point of view.

568. *Mr. Roberts.*] You mention that freedom of trade might be obtained by other means than that of federation: your refer to reciprocal treaties?—Not necessarily. Australia of its own accord might so frame its tariff as to secure to us the same measure of free-trade as at present.

569. Do you think Australia is likely to frame a tariff for New Zealand against the outside world?—No.

570. Have you thought of a reciprocal treaty?—I have sometimes thought it would be possible to frame a zollverein.

571. What products of New Zealand do you think it would affect?—New-Zealanders would endeavour to get a tariff that would enable them to send all their products to Australia free, and they might be met with the difficulty that Victorians would wish to send all their manufactured goods over here.

572. You have not formed any special opinion on the matter of what could be principally included in a reciprocal treaty, but do you think it might be confined to the products of the soil alone?—I am doubtful of that. If we had only New South Wales, Queensland, and South Australia to deal with, that might be so, but Victoria is different. I may say that, as perhaps you are aware, there was at one time—though not now—reciprocity between the United States and Canada, largely, if not solely, confined to products of the soil, and negotiations have since been entered into with a view to having a fresh treaty in that direction.

JAMES IZETT examined. (No. 96.)

573. *Hon. the Chairman.*] What are you?—I am a journalist, at present in the employ of the Government. It is in the character of an old Australian that I desire to appear before your Commission and give evidence.

574. Will you kindly favour the Commission with your views on the question of New Zealand federating with the Australian Commonwealth?—Yes, sir. So far as opinion may be formed from utterances reported to have been made by members of the Commonwealth Ministry, it will be observed that the prediction ventured by me in a letter published some two or three years ago, of which I submit a copy, that the tariff to be imposed will be mildly—not wildly—protectionist, is exceedingly likely to be verified. I am satisfied that, however certain individuals may possibly seek to achieve gain for themselves, or advantages to the particular producing interests or industries with which they are associated, the people of New Zealand, taken as a whole, will never consent to sacrifice their political independence, if by joining the Commonwealth such a sacrifice is entailed. There is no security of permanence in relation to commercial advantages. Production varies, markets fluctuate, tariffs are amended, new competitors appear—the agencies affecting production and trade are manifold, and their possible operation cannot with any degree of confidence be relied upon. Crops fail, trade languishes, or possibly is diverted, the investment which it was anticipated would return a profit results in a loss. To barter away independence upon any calculation of possible commercial advantages or gains which may appear to the judgment to-day would not be sound policy for a people to follow, and the people of New Zealand assuredly will not adopt it. The crucial question, therefore, in this connection relates to independence. Can it be truthfully asserted of any State that has joined the Commonwealth that it has sacrificed its independence? If New Zealand joined the Commonwealth, what position would it occupy different from any other State? Those who talk wildly expose themselves to ridicule. It is not sufficient that every statement made should be capable of substantiation; the substantiation should be attached. Up to this time it has not been shown that politically New Zealand would sacrifice any power or privilege which has not been surrendered by the other colonies if it joined the Commonwealth. What is probably meant by this talk of sacrifice of independence is the loss of the right to take individual action as a State in certain cases; but that right would be simply transferred to a Parliament in which we should have our fair share of representation, and to a Government in which we should have a voice. It is certainly a question whether any action which New Zealand, in a condition of isolation, might think proper to take would have strength if pitted against the larger power of the Commonwealth. In circumstances in which New Zealand agreed with the Commonwealth, of what practical value would be the fact that her action was that of an independent colony? In circumstances in which she disagreed with the Commonwealth—so far as the influences arising from extent, population, trade, finance, are concerned—in what position would she be? Of course, the people of New Zealand are an energetic people, and in any differences that may possibly arise they would rely upon the justice of their cause, at the same time pushing it with all their might. The people of the Commonwealth would also, of course, hold to the justice of their cause. There are cases in which the rights of the respective claimants are very difficult to determine, and such cases may arise between New Zealand and the Commonwealth; it is here where the adventitious circumstances referred to come in and have weight. There are three or four points, however, to which I desire to, very respectfully, invite the attention of your Commission, and I do so more in a suggestion than in a positive spirit. The first (referred to in the letter by "A Frater") has reference to the sea between us and the Commonwealth which it is proposed New Zealand should join. Many historical examples naturally occur to the mind of the division of races into separate and distinct peoples since first the Aryans swept into Europe, dividing it into nations differing in language, habits, interests, aspirations, characteristics. It is unnecessary to particularise examples, but these divisions certainly have been more acute in the cases of nations divided by sea. The true American has not yet appeared; he will manifest himself when the various races which now occupy the States have become more fused. But, although a comparatively few years have elapsed since the separation, how great the change already subsisting between the Americans, as they are popularly known, and the English people. Early as it is, the Americans even claim to have a language of their own. A language of their own they certainly will have in the centuries to come. No bonds of government or politics, no ties of trade or finance, no hourly communication can prevent such changes as are seen in terms of speech, characteristics, interests, aspirations from arising; they spring from causes peculiar to the country and to circumstances. The Canadians, again, divided from the Americans by a few pegs inserted at far-apart distances in the ground, are different from the American people, and are rapidly developing different traits from the English. The colonies of Australasia are but the growth of a comparative day, but there



were special circumstances attending the establishing of each of them, and these circumstances have not been without effect on the character of the people. There is a difference in character between the people of Victoria and the people of New South Wales, and, I venture to think, a greater difference still between the people of New Zealand and the people of Australia. As years roll on it may be anticipated that differences will be increased and intensified. A second point, which is not without relationship to the first, has regard to the geographical position. The navigable rivers of Australia are few and unimportant, and, considering the extent of coast-line, her harbours of value are also few. From these two facts it may be concluded that the people will be more and more forced to seek production in the interior, where food for sustenance is less varied, and the opportunities for intellectual cultivation and recreation are limited. This bears upon the question of the development of character and moral stamina. New Zealand is rich in the possession of harbours, and, lying between Australia and America, there can be no doubt that, if it is not so now, the day is not far distant when one at least of the principal highways of the commerce of the world will run past her shores. The sea will afford abundance of food, and influence the language and disposition of her people in a way denied to a very large proportion of the people of Australia. This, however, is not so large a matter as the fact that the ever proximity of the sea may be expected to produce in New Zealand the same result it has ever done in similarly situated countries. The New Zealand youth of the future may be expected, like young ducks, to take to the water, and with this disposition in them, taken in connection with our harbours and position, we have the elements that go to the building-up of a great maritime and commercial people. As years roll on, not the hearts of our youths only but the eyes of our statesmen will be turned towards the sea, and to the lands and markets which lie beyond. Thus, in the ever-surrounding sea we are not only presented with facilities for new developments in physique and character, but the prospect of vast interests, aspirations, sympathies which will be altogether unknown to the great bulk of the people of Australia dwelling away from the coast-line. The Commonwealth Constitution would never have been accepted by the people if it had contained a provision for the abolition of the local Parliaments. The security for the continued existence of the State Legislatures is to be found in the almost insuperable difficulties attending any effort that might be made to amend the Commonwealth Constitution. The great feature of the British Constitution is its elasticity. It can at any time be altered and shaped to meet the needs of the people. During the last century the laws relating to the representation of the people were amended several times. In Australasia there is not, so far as I am aware, one colony which has not amended the original document which was its Constitution. This tying-up of the future of a people in a document almost impossible to alter is a defect in the Commonwealth Constitution, but it is the price which has had to be paid for securing the States local governments. We in New Zealand have had some experience of Provincial Governments, our provincial system of local government, with the General Assembly over all, having been almost exactly on all-fours with the condition of affairs brought into operation in Australia under the Commonwealth Act. Like the people of Australia, too, it was believed in New Zealand that Provincial Government was secured by an Imperial statute—rested upon a rock—and could not be swept away. The old one-third-nominee Legislative Council of Victoria, when, in 1856, it framed a Constitution Act—evidently holding themselves much wiser than any body of men likely to come after them—inserted a provision that no amendment of the Constitution could be effected unless the amending Bill was carried by an absolute majority of both Houses of Parliament. This restriction, it was thought, would serve to keep the Constitution an absolutely sacred thing, impervious to all assault, the difficulty of securing an absolute majority in both Houses on any proposition being enormous. The Act had, however, only been two or three years in operation when it was amended—the section securing £50,000 annually for the support of religion being abrogated. Then followed a number of amendments—the reduction of the suffrage to manhood, an alteration of the basis of representation, the period for which members should serve, &c. Finally, the absurd restriction in the Constitution Act was itself swept away. No colonial Constitution has been more amended than this particular Constitution which was never to be touched. Is there finality in any human legislation? Was there ever an Act passed yet that was never amended or did not need amendment? Under a system of popular government the laws must be changed to meet the necessities, the needs, the wishes of the people. Do the securities in the Commonwealth Act actually secure? May they not be swept away on a popular issue, altogether apart from the question of the abolition of the State Legislatures? There are more ways of killing than by an open assault upon the throat. If the people of the large colonies under the Commonwealth get tired of maintaining a cumbrous, expensive, possibly effete, certainly many-headed system, and enthusiastically demand the abolition of the provinces, it will be very hard for them if they do not succeed; and it would be very hard for New Zealand if they did—New Zealand, of course, having joined the Federation. It is to be remembered in this connection that the act of federation is irrevocable; it is a marriage from which there is no divorce, and death comes not to relieve the suffering. Therefore every contingency possible should be closely scanned. The contingency that some time in the distant future the State Legislatures and Governments may be abolished is at least a possible one, and therefore one which should not be overlooked. In the event of such a change, New Zealand, being cut off from the seat of government by the sea, would be subject to inconveniences and disadvantages of which the other States would have no experience. At the beginning this would be productive of serious dissatisfaction; it would end by developing an intolerable sore. In the "Official Record of the Proceedings and Debates of the Australasian Federation Conference, 1890"—a volume which, I doubt not, is in the hands of members of your Commission—there will be found in the speech delivered by Mr. Deakin (pp. 81-83) reference to a point of some importance. He alludes to the sentiments of loyalty and pride which every one feels for his own colony. Under federation it is expected that these strong feelings shall no longer be



local—they are all to be concentrated upon the Commonwealth. Victorians, New South Welshmen, Queenslanders are all to disappear, and all are to remember that they are Australians, and nothing but Australians. No doubt, in process of time this will be achieved; local feeling will weaken, pride in the nation will develop. In Australia, contiguity and intercourse, and other things, have engendered jealousy, which again has been a factor in stimulating sentiments of pride and devotion; but it is doubtful whether in any part of Australia there is to be found a population more inspired with love for their adopted land, pride in past achievements, and hope and confidence in its glorious future than we have here in New Zealand. By federation it is required that these intense feelings shall cease, and our patriotic aspirations be concentrated on the Commonwealth across the sea—a Commonwealth which at present presents itself in a vague and unsubstantial form. Not improbably it is the—perhaps unconscious—feeling of the terrible wrench in sentiment which the people would be called upon to undergo which lies at the bottom of much of the present feeling of opposition to federation. It need scarcely be said that it would take a very long time to obliterate the almost passionate—it can hardly be said that they have yet had a fair opportunity of full display—feelings of affection and pride which New-Zealanders cherish for their beautiful land, and would take a much longer period for similar feelings to concentrate on the Commonwealth. It is easy for those who do not share these sentiments (being, probably, recent arrivals), and who look at the question from a standpoint of pure reason, to advocate federation; but to those who comprehend—realise—the feeling that lies deep down in the heart of every true New-Zealander the difficulty involved in this consideration is manifestly no slight one. From an early period in Australasian history there have not been wanting prophets, on both sides of the Tasman Sea, confident that the feeling of attachment to the Motherland would cease to have existence with the disappearance of the colonisers; that the generations native to the soil would be unable to recognise any bond of kinship or allegiance holding them to sympathy with England. The experiences of the past eighteen months conclusively prove how erroneous such ideas were. To remote generations, whatever their trials may be, however circumstance and exigency may shape their destiny, the people of the colonies will ever be ready to exclaim, “The land of my fathers and mine: the noblest, the best, and the bravest,” feeling deeply that their right to share in the glories which cluster round “Great England” is not an inheritance to be lightly cheapened or roughly cast aside. Having, then, a pride and glory in the dear old Motherland, for which no measure of sacrifice appears to be too great; having, then, a deep love for their own beautiful isles—a love which only some terrible crisis, such as impending invasion, would serve to reveal in the full extent of its passion—what is there to bestow upon the Commonwealth? What stores of pride, attachment, sympathy of any kind are there left that we can readily and cheerfully transfer to the body which it is proposed we should join? Some fifteen or sixteen years ago I sent to the committee of the Imperial Association in London, of which committee Lord Rosebery was the head, an essay on the subject they had at heart to promote. It may be mentioned that the scheme of federation embodied in the Commonwealth Constitution is almost identical with that which I submitted as a proper one for adoption by the Empire. I refer to this in order to show that long ago I gave thought to this branch of the subject, and I have given occasional thought to it since. I am an ardent believer in Imperial federation. The past few months have done much to bring such a consummation nearer. Whenever the time arrives that England engages in war with a first-class maritime Power our commerce will be threatened with paralysis, destruction will hang over our cities and our coasts, the sacrifices we have recently made will be as nothing compared with those we shall be called upon to render. The question presents itself, If New Zealand joins the Commonwealth, will such an act aid in bringing Imperial federation nearer still? And, having joined the Commonwealth, will her voice, when the question of Imperial federation is raised, be thereby rendered clearer and more forcible? I am of opinion that no act or thing taking place—or capable of taking place—between colonies in any way affects the question of Imperial federation. It is the people of the Mother-country that have to be moved to action in this connection, and the joining-together of colonies, the disintegration of colonies, the rise or the fall of colonies will fail to affect either the heart or the judgment of the people of England. Such events present themselves as matters of course in their every-day life. The sending of contingents moved. It was recognised at last that the colonies were sources of strength—thus the sense was touched; it was seen that they were making sacrifices—thus the heart was affected. To achieve any gain, therefore, in the direction of Imperial federation the action must be pertinent to England; she must be brought into it; it must press upon her people with an almost overwhelming force. With regard to Imperial federation, we apparently must be content to watch and wait until the coming of the time when from Land’s End to John o’ Groats the idea vibrates, and some great statesman with far-seeing eyes arises to grasp the dangers attaching to isolation, and propounds a policy fraught at once with security to England and justice to the outlanders of the Empire. With regard to the other question, I do not think that by joining the Commonwealth any voice which the people of New Zealand might desire to have heard in regard to Imperial federation will be rendered in any degree more potent. As the question of defence propelled to federation in Canada, so it proved a moving factor in the federation of Australia. The question arises, How will New Zealand stand in the matter of defence in the event of her joining the Commonwealth? Any attack upon the colonies must be made by sea; the fleet constitutes our obvious and first defence. The remark is somewhat trite. The Governor-General, advised by his Ministers, will have the control and direction of the fleet in these waters, so far as the Commonwealth is concerned. In population the cities of New Zealand stand about on a level with some of the suburbs of Melbourne or Sydney. The population of the whole of the cities and coast towns of this colony, taken together, does not exceed 200,000; the population of Melbourne being about 500,000, and that of Sydney some 450,000. Given a Governor-General living constantly in Sydney, and naturally more attached to Australia and to Australian people than to a land and people twelve

hundred miles away, whom—not impossibly—he has never seen, given also an Administration dependent for existence on the support of Australian members of the House of Representatives, what protection could New-Zealanders rely upon having extended to them in the event of attack? Under the circumstances which have been imagined, would it not be most natural for the authorities to keep the fleet skirting the Australian coasts, in order to secure the protection of the cities of largest population, greatest wealth, highest importance? Is there not a danger that, under such a condition of affairs, New Zealand would not obtain that attention which her people might conceive they had a right to expect? Of course, the Commonwealth Ministry would be held responsible for any *laches*; but would not the Australian members of the House of Representatives, constituting a large majority of the Parliament, be easily persuaded to condone and grant absolution when the argument was that the vessels of war were employed for the defence of their own shores? Surely there is a contingency here worthy of consideration. Even if the Commonwealth Administration, in the event of attack, were to do all for the defence of New Zealand that could reasonably be expected of them, it would matter little if the people of New Zealand—jealous of their rights—were persuaded that all had not been done for them that might have been accomplished. Dissatisfaction, bitterness, rancorous hatred of the Commonwealth and all connected with it might result. It is in connection with such questions that New Zealand, cut off by sea, stands in quite a different position from that of any of the Australian Colonies. On the other hand, if New Zealand does not join the Commonwealth, her Governor and Government occupy a position coequal with the Governor-General and Government of the Commonwealth. The influence of the little colony might not be so large, but constitutionally her right to affect the movements of Imperial ships would be just as great as that of her big neighbour. If, as has been emphatically asserted, joining the Australian Federation involves the loss of independence and national freedom, then, I take it, your Commission need not to proceed further. No savings in lighthouse expenditure, no reductions in the amount payable for interest on debt, no attainment of new markets or securing of old ones, no gains to particular industries or industries generally can ever compensate a people for the loss of liberty. Remembering how peoples in all ages have endured and suffered to maintain their freedom, how peoples have fought, and bled, and died to achieve their freedom, it is easy to realise that no gains conceivable can weigh against the loss of it. If, on the other hand, your Commission should hold that loss of liberty is not involved in the proposition—of which, I venture to think, the fact that your Commission still continues to sit affords some evidence—then other questions arise. Questions of production, of commerce, of trades and industries: these subjects I do not profess to know anything of, and if I did know anything of them I should still regard them as of doubtful importance for reasons already expressed. Of the subjects I have dealt with, one—that of defence—is partly of a practical and partly of a constitutional character; the others may be described as sentimental and, if I may use the term, philosophical; but all the points to which I have ventured to call attention have relation to the future, and are not such as would be likely to be brought under your attention by any other witness. Of one thing I feel assured: if New Zealand joins the Federation, and if from any cause—just or unjust—she becomes dissatisfied, no people could ever have been more unhappy—more miserable—than her people will become. Her isolated position exposes to the danger of such causes arising.

HENRY HURRELL examined. (No. 97.)

575. *Hon. the Chairman.*] You are a member of the firm of Rouse and Hurrell?—Yes, coach-builders. We have been established twenty-six years in New Zealand.

576. Have you considered the question of New Zealand federating with the Australian Commonwealth?—I have considered it a little from a manufacturer's point of view only, and I am decidedly of opinion that federation would prove very adverse to the whole of our manufacturers.

577. Why?—Both from a labour point of view and, so far as our trade is concerned, from a raw material point of view. The conditions of labour in Australia are very much more unfavourable to the workers than they are here. Here wages are higher and hours of labour shorter. Nine hours is about the average day's work in Australia, which, of course, is more than in our trade here. Leaving out kauri, we have to import most of our timbers from Australia, and you can actually buy some carriage parts made in Melbourne from Australian woods, and finished, for less money than you can buy the rough article for here.

578. What makes the difference in price: is there a duty?—I am sure I do not know; but there is the fact, and I have proved it over and over again.

579. Supposing New Zealand joined the Commonwealth, how would it be then?—It would depend a good deal on the question of tariff.

580. There would be free-trade between the States?—Well, I believe it would work very adversely, taking it as a whole.

581. Is your industry a large one?—It is the largest of the kind in New Zealand. We employ forty-two hands, and we are large importers as well.

582. Do you know the number of hands employed in the largest factory of the kind in Australia?—No; but I have reason to believe that Duncan and Fraser, in Adelaide, employ the largest number, which is a little under ours.

583. How is it, then, that you are not able to compete with Australia?—We have to pay more for labour, and we have to import a lot of raw material from Australia; and, although the factories in Australia are not, generally speaking, as large as ours, still they have far more people to cater for.

584. But if we joined the Commonwealth you would have all those people to cater for. Have you considered the question as to how federation would affect other manufactures than your own?—I have gone into the question of the furniture trade, of which I have had a little experience, and I am of opinion that federation would ruin our local furniture-makers, because there

are some establishments, in Sydney especially, that turn out immense quantities of particular lines of furniture, practically of one pattern, and they are distributed at a very low price over Australasia.

585. *Mr. Roberts.*] Do you know how much higher wages are here than in Australia?—The average is about 2s. per day.

586. *Mr. Beauchamp.*] With free-trade you think that, as you would have to import your raw material from Australia, the industries there would simply wipe you out?—Yes.

587. You say you have some knowledge of the furniture trade: do you suggest by that that some of the furniture is made there by Chinese labour?—I have heard a lot about Chinese labour in furniture-factories, and on a recent visit, two months ago, I went through the largest factory in Sydney, and I failed to see any sign of them. I have bought large quantities myself, and it is not made by Chinamen at all, but by white labour. The largest factories employ white labour purely.

588. Would that white labour be paid lesser rates than we pay for white labour here?—I think so. I cannot account for their being able to make it so cheap, excepting that they produce enormous quantities in the one pattern, which no New Zealand factory can do.

589. On the other hand, they have not as suitable woods for furniture-making as we have in New Zealand?—They use a lot of second-grade kauri, but they also have suitable woods, which mostly come from Queensland.

590. Would that not be more costly to take to Melbourne and Sydney than we have here?—Probably. Most of the common furniture is made from second-grade kauri, but it is turned out in enormous quantities.

591. *Mr. Leys.*] Do you think the wages here are too high?—No.

592. Is there a very great difference between here and Australia?—The average is about 1s. 6d. to 2s. per day here higher than in Australia.

593. Do you think the effect of federation would be to bring down the wages?—I do.

594. Did you come into contact with the workers in Australia?—I did.

595. How do their social conditions compare with those of the workers here?—Taking the large towns, I was very much disappointed with the moral and the social condition of the people in the large cities of Australia.

596. And you think it would prove injurious to our working-population to be brought into contact with them?—I do.

PETER ROBERTSON RUSSELL examined. (No. 98.)

597. *Hon. the Chairman.*] What are you?—A saddler, in the employ of Mr. Wiggins.

598. Have you considered the question of New Zealand federating with Australia?—Yes.

599. How do you think the industry in which you are engaged would be affected by federation?—It would not affect our trade in any way. In reference to this question, I think we should look further afield, and see how it would affect the colony generally, instead of any particular trade or industry. Some people are possessed of the idea that New Zealand can best attain her national development and destiny in isolation; it is one that time will prove erroneous, and would spell disaster to the colony of both influence and education in national government. Federation would benefit the colony for many reasons. We are now confined to a population of 750,000, but if we were federated with Australia we should then be working on a population of nearly five millions. In view of the great change that would take place throughout the whole of our social and political system, the question of labour is paramount to every worker in the colony, because we are not working at the present time under the best conditions—under a system where skilled labour is not divided. With this division of labour the work could be done much cheaper, and with greater advantages to the workers. We have, for example, in connection with the boot trade, by the division of labour under the improved methods and machinery, boots of a first-class grade manufactured in America and sent to England and sold at 3s. 6d. a pair cheaper than the same quality boot can be made in England, and the Americans can earn £2 10s. per week and upwards on the division-of-labour system, while the English bootmaker, under the old system, can only earn £1 2s. to £1 4s. per week. I look upon the New Zealand climate as the best in the world for manufacturing purposes. The hours of labour in Australia may be slightly longer than here, but if we take Coghlan's statistics we find the minimum wages paid in the different trades in Australia differ very little from what we have to pay here, when taken into consideration that house-rent and living is much cheaper, and that in the matter of imports and exports we depend upon Australia in a measure for the raw material; but, as a matter of fact, we can manufacture goods here and send them to Australia. Auckland has been doing the same thing, but there has not been sufficient demand to warrant us in going into the trade in a large way. I venture to say, however, that under a system of federation our trade with Australia could be worked on a large scale. Viewing the financial aspect of federation, under present conditions we are, roughly speaking, paying interest on forty-eight millions, and the annual charge in interest is about £3 17s. per head. We are not able to reduce that debt by a conversion scheme into a lower-price stock—the experience of Canada has clearly proved that under federation we could borrow  $\frac{1}{2}$  per cent. cheaper than the most solvent of any of the States belonging to the Commonwealth—because we have already pledged nearly the whole of our good securities; but under federation we could go in for converting our securities into a uniform 3-per-cent. Federal stock, with the security of Australasia behind us, and the amount saved by this process of conversion would go towards paying off the amount of the original debt by a  $\frac{1}{2}$ -per-cent. stock. If the 10s. per cent. saved was used as a sinking fund it would save our colony in time over £1,500,000 a year. It has been argued by anti-Federalists that we would sink our individuality if we joined the Commonwealth, but I do not think that such would be the case, because very few of the measures which have been passed during

the last few years would come within the province of the Federal Parliament. It would only be large questions such as those of immigration, or the old-age pensions, or the Shipping and Seamen's Act. All these will certainly come within the functions of the Federal Government. But outside of that we would be able to frame legislation on our own lines, the same as hitherto. Our banking legislation would come within the scope of the Federal Parliament, as our State bank does business outside the colony. It has been said it would be impossible for any Government to manage a State bank with any degree of success, and it has been proved, both in Queensland and New Zealand, that such institutions can be managed with wonderful success, and with advantage to the country. Under the Federal Government I would like to see the issue of Federal notes, which would mean a great saving to the Commonwealth. Year by year an enormous amount of money is drawn out of the country in payment of interest; but under the issue of Federal notes the heavy toll at present levied on the taxpayers would cease. Let us take, for example, the £1,500,000 for the advances to settlers borrowed in London about four or five years ago; it cost no less than £106,000, or thereabout, and on a long-dated currency, over 7 per cent.—it cost the colony more than any private individual would care to pay on a sum of £100 if he had freehold security to offer. This is a fair example of the disadvantage of a small country like ours. When we come to borrow we have to pay dearly for our loans. In my opinion, the matter of our distance from Australia is no disadvantage.

600. Do you not find that the question of federation hitherto has not occupied the attention of the people of New Zealand very much: how do you account for that?—I do not know; but very few have considered it seriously. It has not been a question that our public men have given any attention to. It is only when a new matter of this kind is brought before the public that the bulk of the people take it up, and think for themselves; at present they seem to have a very faint idea of the meaning of federation.

601. Is that because the people are not interested in the matter?—They look at it purely from the selfish aspect of how it will affect themselves.

602. *Mr. Leys.*] You gave the exports to Australia at £3,000,000: are you aware that our exports to Australia are only about £1,000,000?—The Year-book gives £3,440,000. I mean both imports and exports, including gold.

603. Did I understand you to say that we can send saddlery and harness to Australia at a profit?—We made an experiment, and we found we could make it much cheaper here than they could in New South Wales or Victoria.

604. I find from last year's returns that we imported saddlery and harness to the value of £654 from Australia, while we exported it only to the value of £532, so that it is apparently a mere exchange of no great importance?—The class of work that is manufactured in Australia does not suit this market.

605. But still they send us rather more than we send them?—There is very little difference.

606. Can you see any advantage in exchanges of that kind?—There is an advantage—it cuts both ways. The advantage gained is by the employment of labour, as the amount nearly balances, to my mind. It shows sound business.

607. Do you think the balance of trade would be in our favour?—I think it would eventually.

608. You do not apprehend that the very large specialised industries in Australia would swamp us?—I do not think so. The only thing we would have to be aware of is the Chinese labour and the cheap goods manufactured in Germany and elsewhere. But I think the Federal Government would attend to that. The first thing they would require to do would be to bring themselves abreast with all advanced legislation. If united to the Commonwealth our trade and commerce would benefit the whole community.

609. Is it not the case that the saddlery industry has been one in which the wages paid in New Zealand have been very low?—Yes, but only for incompetent hands. Good hands always received a fair wage.

610. Has there not been a large employment of boy-labour?—Yes, especially in Auckland, which has been the seat of all the trouble in our trade.

611. Those conditions are being altered, are they not?—Yes; but the result of them has meant an advance of from 15 to 20 per cent. in the price of the manufactured article.

612. How would that affect the possibility of our competing with Australia?—It does not affect it at all. As far as we are concerned, we have been paying the same wages all through; in fact, our wages have not advanced 5 per cent., yet we have been able to manufacture goods and export them to Australia with the usual margin of profit.

613. How are wages paid in your trade?—We work under a system of piecework, and one man employed on a certain class of work might make from £4 to £5 a week, and another man at the same class of work might make only £2 10s. a week. It is a question of the capabilities and methods of the workmen.

614. How do your wages compare with log rates in Australia?—The log rates in Australia are a shade lower, but there is not much difference.

615. How do the hours of labour compare?—In Sydney I think they are nine hours a day, and in Melbourne eight; in New Zealand they are eight also.

616. Do you think you could compete against this nine-hours labour in Sydney?—I think so, because our men seem to have more vigour and are able to work better, which may be accounted for by our more favourable climatic conditions.

617. With regard to the prospect of New Zealand becoming a manufacturing country, do you think the sea is against us?—I do not think so.

617A. Do you think the proximity of the markets to the big central factories of Australia is not a very material disadvantage?—I take it that with federation we should go in for developing the natural resources of this country in respect to the raw material. We would require to establish

national industries, so that we could develop and bring them to a greater degree of efficiency. By these means it would promote a greater demand for land-settlement; and all our requirements we could thus produce, and would not be dependent on any country outside the Commonwealth for raw material.

618. Do you think the prosperity that New Zealand has enjoyed for the last five years would be enhanced by federation?—I believe it could, because everything points clearly to the fact that we could develop our own natural resources, such as flax and leather, which is a very large industry, and could still be further cultivated.

619. But you are still importing leather?—We do not import much; most of our consumption is of colonial manufacture, and is equally as good as English.

620. I suppose there is nothing to prevent our becoming the growers of flax, whether we federate or not?—Nothing; but under a system of federation we would go in for producing everything we require ourselves, and sufficient to enable us to export as well.

621. You think there is no danger of our industries being swamped before we could develop them?—There is nothing to fear. The bootmakers have that fear, but I have had several chats with them, and they are all open to argument, although very few of them have studied the question.

622. *Mr. Beauchamp.*] Are you of the opinion that the raw material of Australia is not cheaper than our raw material here?—The raw material in Australia is equally as dear as it is here.

623. So that there is no benefit to the Australian in that respect?—No.

624. As to coal, is not that considerably cheaper in Australia than in New Zealand?—It is a little; but I suppose you know we imported coal to the value of something like £92,000 last year.

625. As to the tariff which is likely to be imposed by the Commonwealth, have you given any consideration to that question? Do you think it would be a moderate tariff for revenue purposes, or a protective tariff to encourage industries?—I understand that it is to be a protective tariff.

626. I notice that we export 92 per cent. of our produce to Great Britain and 8 per cent. to Australia. Of course, you are aware that if we did not join the Federation a protective tariff would exclude a very large quantity of stuff that we import from Great Britain: have you considered what effect that is going to have on our trade relations with the Mother-country?—Yes; with federation our market would expand, and we would have a nearer outlet for our produce. Take, for instance, the raw hides that are sent Home: Under a Commonwealth they would be absorbed in this country at possibly a higher price, because we would go into other branches of industries that are not touched now.

627. You do not think that limiting the trade between the Commonwealth and the Old Country by increasing the manufactures in Australia would be a disadvantage to New Zealand?—I do not think so. The Old Country is simply a huge workshop; and if we increased our markets we would use up the raw material she now gets, and returns them to us as manufactured goods. This, in a sense, is due to our much smaller population, which limits our production.

628. My object in putting the question is this: that by lessening the quantity of goods imported from Great Britain we should in time, by limiting the output of Great Britain, bring about a diminution of her consumption of produce from the various colonies?—I do not take that view.

629. It has been suggested that Australia might absorb the quota of Customs revenue to be contributed by this colony with their large public works, and that we should have to impose some further form of direct taxation to make good the amount she would have to contribute to the Commonwealth?—By striking out the present exemption in the land-tax we could easily raise all we require without undue pressure upon any section of the community. At present the land is taxed as much as it can bear.

630. But, apart from that, do you think that there are advantages which would warrant us in joining the Federation?—I think that, under the conversion scheme I have already mentioned, the immense saving to us by joining the Commonwealth would lighten our burdens of taxation and give us better facilities for production.

631. Have you noticed that the New Zealand  $3\frac{1}{2}$ -per-cent. stocks are £5 higher than the similar stock of New South Wales?—The rise and fall in the value of stocks is really no index to the state of the financial barometer or the commerce of any country. Like mining stocks, they boom for a time, and then recede, according to the state of the money-market. They are no indication of the financial position and real soundness of any country.

632. Have you considered how the difficulty is to be settled in the event of a disagreement between the two Houses of the Federal Legislature?—No; but I understand that we have equal representation in the Senate, and therefore equality of voting-power would meet any difficulty that might be caused in that direction.

633. But the two States of Victoria and New South Wales could outvote the whole of the other States in the Lower House?—I consider public opinion would be too strong for any one or two States to take an advantage of this kind.

634. Are you of the opinion that there is sufficient community of interest between the two countries to insure the proper safeguarding of our interests?—I should say that under a Commonwealth system we should safeguard one another, as the interests of the community are equal.

635. As to the provision made for voting in countries where women are franchised, are you of opinion that it is equitable to stipulate, as the Constitution does, that the total number of votes shall be divided by one-half where women are franchised?—That is a clause, I think, which requires to be amended.

636. You know also that the Maoris are excluded?—Yes.

637. In that case, would you suggest that before this colony entered the Federation some amendment of the present Bill should be suggested?—Yes; it would be very necessary to do so.

638. You would not take this Bill as it stands?—No, because our legislation is a long way in advance of any of the Federal States, and our desire is to bring them up to our standard. To join the Commonwealth under the present Act would be a step backward for us.

639. As you are aware, we cannot enter as an original State?—But I think some arrangement could be made to allow us to federate, say, in three years' time.

640. With regard to labour legislation, do you think that under federation we are likely to make as much progress as we have during the last few years under our own Government?—I see no reason why we should not make even better progress. If the Arbitration Act is dealt with as it has been suggested it should be dealt with, then the whole difficulty, as far as labour is concerned, is over.

641. Then, whilst still advocating federation, you would demand an alteration in the Bill before we join the Commonwealth?—As I have already stated, under the present conditions it would be against our best interests.

642. *Mr. Millar.*] What industries do you think federation would give an impetus to?—All kinds of industries, farming in particular.

643. In what way?—By an interchange of commodities.

644. What would Australia exchange with us?—Raw hides, fruit, timber, and many other things too numerous to mention.

645. Are you aware that they grow more than they consume?—In some things they do; and I consider, on that account, and for many reasons quite needless for me to mention at present, it would be more encouraging for us to join them.

646. Where would Australia get her stuff from then—from New Zealand?—That is a question hard to answer at present. We might in a measure be shut out by a high tariff.

647. So from that point of view we are just as safe without federation as we would be with it?—No. With federation we would have many advantages that we could not hope to have outside of the Union.

648. If they did not get what they require from New Zealand, where would they get it from?—I should say they would get it from the cheapest markets, where we are likely to go when we are in want of anything.

649. It is a question of price, is it not?—Undoubtedly.

650. Do you think they could buy it as cheaply from America as from New Zealand?—I see no reason why they could not, when taking into account the enormous carrying-capacity of the cargo-steamers now afloat.

651. How is it that they have never done it in the past?—Because they have had no need for it. There was not sufficient trade to be done with the colonies to encourage America to bid for our trade. Another matter we must look at in this case is that the means of production are cheaper in America than in most countries on account of the large collection of labour-saving machinery employed.

652. Is there any labour-saving machinery used in the colonies?—Yes, for many things; and their methods of working are different.

653. Do you think that California can export grain cheaper to Australia than New Zealand can?—I believe it could. If we are outside the Federation they might put on a tariff which would give others the same advantage as ourselves.

654. Do you think they could get freight from California to New Zealand for 10s. a ton?—There is no reason why it should not be done.

655. Is it not a question of what pays?—Now it is how it can be made to pay with the prospect of greater trade facilities.

656. But it is not likely that grain would be carried from America to Australia, seeing that, according to your own line of argument, it would be required only in a time of drought?—This we must examine in a wider aspect. It is not really what Australia takes from us or what we take from Australia; it is the commercial union that is established by the bonds of federation. We are better able to develop our resources, and sell in the open markets of the world what we do not require for ourselves. It is the first step to the building-up of the mighty Empire.

657. Can we satisfy the demand for land now for our own people?—Yes; but we have not got the people to put on the land.

658. Will federation give you any greater outlet, seeing that you import all your own rice at the present time?—If we had 5,000,000 to work on, with the natural conditions that New Zealand offers, it would be better for us, and we would have a bigger outlet. We could work all our industries with greater economy and larger profits to the employers and better pay to the workers.

659. But you seem to assume that you are going to have the whole of those 5,000,000 to yourself?—I think it is quite reasonable to accept it in that way under the same laws and conditions. The very nature of federation implies such.

660. As a matter of fact, the other colonies are producing more than they can consume themselves at the present time?—They can sell in the open markets of the world what they do not require, producing more than they can consume. To my mind, that is a very hopeful sign of what could be done under the Commonwealth.

661. To which particular colony are we increasing it?—To New South Wales and Victoria. The exports to Victoria in 1890 were £567,000, and in 1899 only £412,000. The exports to South Australia were £40,000 in 1890, and in 1899 £25,000; to Western Australia they were £2,000 in 1890, and £66,000 in 1899; to Queensland they were £84,000 in 1890, and £52,000 in 1899; and to New South Wales they were £885,000 in 1890, and £1,118,000 in 1899. Taken for a period of ten years, the exports to Australia have simply been pretty well standing still.

662. The figures you have just quoted offers a very strong argument for federation, if it were only from a commercial standpoint. What do you estimate the amount of saving to this colony would be under a system of conversion of loans?—Conversion into Federal stocks would save the



colony about £1,500,000 a year. I do not mean this saving to take place all at once; it is contingent upon our own efforts, and the class of men we send to represent us.

663. You are aware, I suppose, that we have a regular system of conversion into 3-per-cents now, and that it goes on automatically?—Yes.

664. Supposing we federated to-morrow, what good would we obtain in that direction?—The Federal Government would take up the question of conversion, and get the money on the security of the State, as I have already explained, and so many other things; and it is only when the Federal machine is set in motion that we should realise the great advantage and lasting benefit to the whole Commonwealth. As an illustration, look at the history of the United States or Canada on federation, and you will see the enormous saving to them.

665. Would you be surprised, if you worked it out, to find that it would only be £150,000?—That might be so under our present system; but with federation we offer better securities, and the result would be cheaper borrowing.

666. Now, out of that saving you say you would effect, what do you think the colony would have to pay for her share of the expenses to the Federal Government?—I have never estimated what it might cost, but if it cost us half a million a year we should benefit by the change in a few years.

667. If you pay that to save £150,000, would you call it a business transaction?—I look at the transaction from a different point. We pay, say, half a million to save a million; I call that good business.

668. You think that the social welfare of the people of this colony would be as well looked after by the Government as by the State Government?—I think so; we would not sink our individuality in any way by federation.

669. You are aware that they have had the same trade during the last ten years as this colony has had?—Yes.

670. They have legislated for the welfare of the people much on the same lines as this colony?—The legislation of the past in Australia has been in the same direction as here—that is, legislation for the classes rather than the masses.

671. You think that most of the people in Australia have sufficient cohesion to force upon the Government of the day their views of a social character?—Yes; if we federate, we federate under certain amendments that will work in harmony with our present advanced legislation. All reforms come from the people, and the Government of any country are only but a reflex of the people's desires.

672. We would require to have the Commonwealth Act amended to retain the rights and privileges we now enjoy as a separate community?—Not necessarily advantages. If we try to gain special advantages purely for ourselves we are introducing a selfish motive, which would be a dangerous element, and which would never work in harmony with the future development of our national life, industries, and the Commonwealth.

JOHN DUTHIE examined. (No. 99.)

673. *Hon. the Chairman.*] You are a merchant, residing in Wellington?—Yes.

674. And for a number of years you were a member of the House of Representatives?—Yes; I sat in three Parliaments.

675. And have you taken an interest in the federation question?—Of course, in a general way, but I have not given close attention to the subject.

676. Would you be kind enough to give the Commission the conclusions at which you have arrived in the matter?—Well, it appears to me that the most advantageous feature is the probability that under federation, with the Legislature chosen on a wider basis, that legislation would accordingly be more upon broad principles. I think we alter the laws too frequently. We are always amending upon special or petty excuses, and it would probably be an advantage to have legislation for the whole of Australasia. On the other hand, I think we are too distant. This colony is not coterminous as the other States in Australia are, and is so better adapted to the development of a national character of its own. It does not follow that we would always be in sympathy with a country with so great climatic differences, and I do not think our people would be long content; and my opinion is, seeing that we have so far stood out, that it would be well to still further wait and see the development of federation in Australia.

677. Probably you have considered as to how the public finances of this colony would be affected in the event of federation taking place?—I have only read the speeches of certain candidates as reported in the Sydney papers, and am unable to form any reliable conclusions. The statements are, of course, contradictory, and I have not been able to form conclusions to my own satisfaction.

678. Supposing Mr. Reid got into power, do you think the tariff would be based somewhat on free-trade lines?—Yes.

679. And if Mr. Barton remains in power what do you think the tariff would be as against external trade?—Well, of course, the financial position is such that it is impossible to bring about what is understood as free-trade. Mr. Barton is apparently in earnest, and, as promised, the tariff will probably be largely devised for revenue purposes. I do not think he has any intention at present to go to any extreme for protection.

680. Do you think it will be less protective than the tariff that exists in New Zealand?—I expect it will be lower than that existing in Victoria.

681. What about that of New Zealand?—I do not think it will be so protective as the New Zealand tariff.

682. That being so, how would the revenue of this colony be affected?—That is a question I have not been able to follow out. I have been away in England, and it was only when passing through Australia as I returned that I have been able to glance at the question. I have not had



time to mature any opinion regarding the conditions here. Since getting your subpoena I took out some figures regarding the volume of our exports to Australia. From them it will, I think, be seen that the public generally have a mistaken idea as to the value of the Australian trade to us. They are as follows:—

VALUE of AGRICULTURAL and PASTORAL PRODUCTS exported to Australia and Tasmania for the Years ending 1897-99.

| Items.                      | 1897.     | 1898.   | 1899.     | Remarks.                                     |
|-----------------------------|-----------|---------|-----------|----------------------------------------------|
| Animals, living—            | £         | £       | £         |                                              |
| Cattle ...                  | 307       | 1,532   | 2,165     | About balanced by imports.                   |
| Dogs ...                    | 9         | 51      | 315       |                                              |
| Horses ...                  | 3,133     | 6,188   | 4,799     |                                              |
| Sheep ...                   | 858       | 3,106   | 1,764     |                                              |
| Animal products—            |           |         |           |                                              |
| Bacon and hams ...          | 11,851    | 6,181   | 11,120    | Probably for transhipment.                   |
| Hair ...                    | 264       | 1,357   | 933       |                                              |
| Hides ...                   | 4,490     | 17,296  | 26,763    |                                              |
| Horns and hoofs ...         | 525       | 490     | 704       |                                              |
| Lard ...                    | 430       | 205     | 342       |                                              |
| Meats—                      |           |         |           |                                              |
| Beef ...                    | 100       | 558     | 292       | Probably for transhipment.                   |
| Pork ...                    | 8         | 9       | 29        |                                              |
| Potted and preserved ...    | 19,148    | 26,187  | 24,120    |                                              |
| Sausage-skins ...           | 83        | ...     | 791       | "                                            |
| Skins—                      |           |         |           |                                              |
| Calf and other ...          | 15        | 3       | 1,035     | "                                            |
| Rabbit ...                  | 649       | 5       | 1,838     | "                                            |
| Sheep with wool ...         | 1,477     | 674     | 3,432     | "                                            |
| " no wool ...               | 515       | 1,585   | 120       | "                                            |
| Tallow ...                  | 14,008    | 39,026  | 26,009    | "                                            |
| Wool ...                    | 13,996    | 7,789   | 25,460    | "                                            |
| Dairy produce—              |           |         |           |                                              |
| Butter ...                  | 82,603    | 75,728  | 47,223    | "                                            |
| Cheese ...                  | 19,639    | 53,914  | 57,985    |                                              |
| Milk, preserved ...         | 641       | 9,248   | 9,336     |                                              |
| Roots and plants—           |           |         |           |                                              |
| Onions ...                  | 9,852     | 14,455  | 6,876     |                                              |
| Potatoes ...                | 18,733    | 137,416 | 36,894    |                                              |
| " (tons) ...                | 7,213     | 21,970  | 24,401    |                                              |
| Plants, shrubs, &c. ...     | 277       | 388     | 283       |                                              |
| Grain and products—         |           |         |           |                                              |
| Barley ...                  | 5,046     | 330     | 17,007    | Unlikely exclude.                            |
| " (bushels) ...             | 32,955    | 1,969   | 119,765   |                                              |
| Beans and peas ...          | 5,541     | 4,613   | 4,975     |                                              |
| " (bushels) ...             | 22,809    | 18,569  | 24,485    |                                              |
| Maize ...                   | 1,933     | 12,390  | 24,917    |                                              |
| " (bushels) ...             | 17,825    | 9,514   | 187,139   |                                              |
| Oats ...                    | 151,144   | 84,566  | 180,712   | Might exclude; but, if so, small importance. |
| " (bushels) ...             | 1,444,071 | 787,947 | 2,243,930 |                                              |
| Wheat ...                   | 10,755    | 94      | 37,047    |                                              |
| " (bushels) ...             | 53,997    | 475     | 331,281   | Might exclude; but, if so, small importance. |
| Bran ...                    | 20,514    | 799     | 13,617    |                                              |
| " (tons) ...                | 6,250     | 238     | 5,370     |                                              |
| Chaff ...                   | 5,738     | ...     | 109       |                                              |
| " (tons) ...                | 1,618     | ...     | 44        |                                              |
| Flour ...                   | 96,767    | 2,564   | 8,272     | Might exclude; but, if so, small importance. |
| " (tons) ...                | 9,003     | 267     | 1,352     |                                              |
| Hay and straw ...           | 1,855     | 638     | 264       |                                              |
| " (tons) ...                | 720       | 246     | 97        |                                              |
| Hops ...                    | 10,285    | 6,236   | 25,378    | Unlikely exclude; must import.               |
| " (cwt.) ...                | 2,055     | 913     | 5,457     |                                              |
| Linseed ...                 | 2,449     | 185     | 514       |                                              |
| Malt ...                    | 30,962    | 25,868  | 41,253    | Unlikely try exclude.                        |
| " (bushels) ...             | 124,612   | 97,748  | 175,853   |                                              |
| Meal, oaten ...             | 18,969    | 16,983  | 16,924    | They must import.                            |
| Pearl barley ...            | 1         | ...     | 191       |                                              |
| Pollard and sharps ...      | 7,156     | 255     | 4,398     |                                              |
| " (tons) ...                | 2,112     | 85      | 1,302     |                                              |
| Seeds, grass and clover ... | 10,373    | 41,667  | 15,734    | They must import.                            |
| " unenumerated ...          | 508       | 1,874   | 982       |                                              |

## VALUE of PRODUCTS, MINE, FOREST, and OCEAN, exported to Australia and Tasmania, 1897-99.

| Items.              | 1897.   | 1898.   | 1899.   | Remarks.                                                  |
|---------------------|---------|---------|---------|-----------------------------------------------------------|
| Mine—               | £       | £       | £       |                                                           |
| Coals ... ..        | 3,651   | 5,419   | 4,638   | Suppose bunker-coals.                                     |
| " (tons) ... ..     | 5,090   | 7,477   | 4,823   |                                                           |
| Gold ... ..         | 374,692 | 502,976 | 645,850 |                                                           |
| " (oz.) ... ..      | 95,442  | 131,528 | 160,541 | Transshipments greatly reducing supposed value of market. |
| Silver ... ..       | 4,577   | 15,325  | 593     |                                                           |
| " (oz.) ... ..      | 40,594  | 136,006 | 5,102   |                                                           |
| Gum, kauri ... ..   | 1,007   | 5,670   | 1,966   | New Zealand only source supply.                           |
| " (tons) ... ..     | 33      | 133     | 56      |                                                           |
| Minerals—           |         |         |         |                                                           |
| Sulphur ... ..      | 4,703   | 4,097   | 5,483   | New Zealand most convenient source supply.                |
| " (tons) ... ..     | 1,481   | 1,765   | 1,227   |                                                           |
| Manganese ... ..    | 541     | 683     | 370     |                                                           |
| " (tons) ... ..     | 120     | 207     | 123     | New Zealand most convenient source supply.                |
| Scheelite ... ..    | ...     | ...     | 725     |                                                           |
| " (tons) ... ..     | ...     | ...     | 14½     | Ditto.                                                    |
| Unenumerated ... .. | 217     | 315     | 54      | "                                                         |
| Stone ... ..        | 207     | 219     | 208     | "                                                         |
| Pumice ... ..       | 3,382   | 4,505   | 748     | "                                                         |
| Forest—             |         |         |         |                                                           |
| Fungus ... ..       | 5,711   | 1,804   | 10,593  | Probably transshipments.                                  |
| " (cwt.) ... ..     | 3,623   | 1,283   | 7,012   |                                                           |
| Timber—             |         |         |         |                                                           |
| Logs ... ..         | 3,193   | 2,471   | 3,871   | New Zealand only source supply.                           |
| Dressed ... ..      | 6,283   | 12,363  | 19,212  | "                                                         |
| Undressed ... ..    | 114,423 | 132,492 | 155,316 | "                                                         |
| Ocean fish—         |         |         |         |                                                           |
| Cured ... ..        | 167     | 88      | 305     | "                                                         |
| Preserved ... ..    | 4,832   | 4,751   | 5,725   | "                                                         |
| Frozen ... ..       | 10,984  | 9,438   | 12,931  | "                                                         |
| Oysters ... ..      | 1,600   | 4,246   | 2,128   | "                                                         |

## VALUE of MANUFACTURED GOODS exported to Australia and Tasmania during 1897-99.

| Items.                      | 1897.   | 1898.   | 1899.   | Remarks.                           |
|-----------------------------|---------|---------|---------|------------------------------------|
| Agricultural implements ... | £ 3,474 | £ 1,849 | £ 1,176 |                                    |
| Machinery and machines      | 5,905   | 8,464   | 9,290   |                                    |
| Metal manufactures ...      | 159     | 167     | 545     |                                    |
| Pumps ... ..                | 15      | 210     | 272     |                                    |
| Carriages ... ..            | 15      | 206     | 136     |                                    |
| Woollen piece-goods ...     | 7,606   | 6,859   | 6,981   |                                    |
| " blankets ... ..           | 1,461   | 786     | 1,072   |                                    |
| Rugs ... ..                 | 2,667   | 1,670   | 2,384   |                                    |
| Cordage ... ..              | 489     | 12      | 886     |                                    |
| Phormium ... ..             | 15,644  | 28,954  | 28,524  | New Zealand only source of supply. |
| Tow ... ..                  | 423     | 577     | 922     |                                    |
| Binder-twine ... ..         | 2,748   | 5,401   | 3,524   |                                    |
| Woodware ... ..             | 632     | 194     | 860     |                                    |
| Furniture and upholstery    | 171     | 879     | 198     |                                    |
| Casks, empty ... ..         | 1       | 14      | 240     |                                    |
| Leather ... ..              | 5,925   | 16,733  | 14,683  | Probably mainly transhipped.       |
| Saddlery and harness ...    | 653     | 415     | 513     | England takes over £80,000.        |
| Boots and shoes ... ..      | 6       | 16      | 14      |                                    |
| Mats and matting ... ..     | 458     | 418     | 546     |                                    |
| Medicines ... ..            | 568     | 676     | 650     |                                    |
| Soap ... ..                 | 173     | 314     | 737     |                                    |
| Paper bags ... ..           | 443     | 435     | 420     |                                    |
| " wrapping ... ..           | 886     | 17      | 572     |                                    |
| Beer ... ..                 | 752     | 736     | 702     |                                    |
| Beverages, aerated ... ..   | 134     | 326     | 318     |                                    |
| Books ... ..                | 5,271   | 1,389   | 583     |                                    |
| Fancy goods and toys ...    | 364     | 168     | 114     | Doubtful if product.               |
| Pictures, drawings, &c. ... | 435     | 1,270   | 366     |                                    |
| Specimens, natural history  | 268     | 234     | 18      |                                    |
| Fruit, pulp ... ..          | 138     | 106     | 336     |                                    |
| " jams, &c. ... ..          | 225     | 150     | 353     |                                    |
| Provisions n.o.e. ... ..    | 482     | 97      | 65      |                                    |
| Paints and colours ... ..   | 276     | 57      | 42      |                                    |
| Ship-chandlery... ..        | 548     | 50      | 187     |                                    |
| Sugar ... ..                | 201     | 3,829   | 280     |                                    |
| Umbrellas and parasols ...  | ...     | ...     | 216     |                                    |

*Imports.*—General merchandise, produce manufactures about confined to books, hardwood, coals, fruit, wines, leather, tin, lead, sugar.

From these tables I conclude that Australia is not so large a consumer of our products as is generally supposed from the total value which we send. Then, a large proportion of our products now taken would still go there in any case, and I think there is so little hope of an increased market in Australia that we should not go in for federation for trade considerations. You will notice by these tables how large a proportion of Australian exports are gold and products for transhipment.

683. Have you considered the imports from Australia?—We get coal from them—that is the principal item—and to the value of about £80,000; we get hardwood, of which Australia is the main source of supply; we get a certain amount of fruit, although our main supply comes from the islands; we also buy wine, leather, tin, and lead, and Queensland supplies a proportion of our sugar. These items are Australian products; the rest that we get is mainly imported general merchandise. Large centres like Sydney or Melbourne always draw a certain amount of sorting-up trade. Of the merchandise we get from Australia two-thirds is transshipments from other countries.

684. Have you considered what the effect would be upon the manufacturing industry of this colony if we federate?—I think it would press somewhat adversely upon our local people. Our present tariff is largely protective against Australian industries. Working in small factories is here a disadvantage. If there is free interchange, the competition that would arise would probably be somewhat severe upon our local people. That, however, might still be for the general public good.

685. And how about the agricultural interests?—On most products we have to find a market for our surplus in London, and the value is consequently dependent upon that market. That we should get a market in Australia would probably be an occasional benefit, but it is not an advantage to the value of the goods, but only to the difference in price obtained, which is usually nominal. A margin of, say, 1d. a bushel on oats would immediately divert shipments.

686. You think that the power of local administration would be much greater if we federated with Australia?—I do not think, as far as I recollect the Bill, that such would be the case; it seems to me from the Bill that the subjects more immediately local will be left to the State Legislature.

687. You are aware that we cannot go in as an original State?—Yes, I am aware of that; but still I think there would be no great difficulty in getting in if we wanted to.

688. On the whole, what is your opinion of New Zealand joining or not?—I think we ought to wait several years, and see the outcome of it in Australia.

689. Do you anticipate there will be any difficulty in the Australian States settling matters amongst themselves?—Oh, no.

690. *Mr. Beauchamp.*] You are of opinion that the tariff imposed by the Federation will probably be lower than the New Zealand tariff?—It is one of those matters on which I do not like to express an opinion, not having looked into it.

691. Supposing it were, then our industries would suffer a double blow by competition with goods from Germany and America in addition to the goods that would come in from Australia, or those houses in Australia that can specialise and produce them at a cheaper price than us?—Possibly.

692. Then, as to the representation, we should have fifteen in the Lower House, and an even number of members in the Senate: do you think that those members would sufficiently safeguard the interests of New Zealand, or do you think Australian influences would dominate adversely?—The Australian influence would dominate, but not necessarily adversely; it is very surprising how little intercourse there is between New Zealand and Australia—how little they now know of each other. Australian people are busy with their own affairs, and do not pay much attention to us. I do not think you would ever get them to take a real interest in our affairs. Living in a different climate, and part of a compact continent, they would continue to be almost strangers, and we would not get much sympathy from them.

693. Do you think the climatic differences will produce a different type?—Yes, probably.

694. As to the class of people who will represent us in the Federal Parliament, do you think the distance would be a bar to our getting good men?—Scarcely; I think you would still find sixteen good patriotic men in New Zealand.

695. You have seen a calculation made by which we might have to contribute £600,000 to the cost of the Federal Government: what would be the effect of that loss to the revenue of New Zealand? Do you think the land-values would stand more taxation?—I have seen the calculation, but would not like to express an opinion without knowing the grounds for it. Land will probably have to bear more taxation before many years, and values will proportionately decline.

696. Do you think we stand any chance of being able to negotiate satisfactorily for reciprocal treaties?—The general desire in Australia seems to be to get us to join in the Federation. There is, however, so little of our produce that could be excluded that I do not think it would be worth while bothering about a treaty.

697. In the case of adverse climatic conditions prevailing they must have our produce?—Yes; they must take certain lines of our produce.

698. *Mr. Luke.*] Do you think it possible to preserve a white Australia, as indicated by Mr. Barton?—I think not; it is scarcely possible to cultivate sugar-cane without coloured labour.

699. With reference to the intercolonial trade, do you anticipate any great expansion of our trade with Australia?—No; they are more and more supplying their own wants. Fifteen years ago Australia was our chief market for butter; now they not only provide that themselves, but export more largely than we do.

700. Then, do you not think that, even if we did wait for several years, as you suggest, there would still exist that difficulty arising from the community of interest amongst the States of the Australian Continent against our insular position?—Probably so.

701. Then, you also think that we have national characteristics apart from those of Australia?—We say so. I think there is truth in it, and that they will become more accentuated with years.

JOHN KAYS, J.P., examined. (No. 100.)

702. *Hon. the Chairman.*] What are you?—I am engaged in the drug trade, and in wholesale chemistry.

703. How long have you resided in New Zealand?—For the past eleven years.

704. I believe you have resided for many years in Australia?—Yes.

705. How many years?—For the greater portion of my life. I did trade in Australia for fourteen years, where our turnover was half a million a year.

706. Have you considered the question of federating with the Australian Commonwealth: have you perused the Commonwealth Bill?—Yes, some four months ago.

707. Are you of opinion that it would be in the interests of New Zealand to federate?—Speaking broadly, I would not be prepared to adopt the present Bill without amendments being made to it. I think the Bill is a very good one as it stands for Australia and Tasmania, but I believe that, with our Maori population, and the extension of the franchise to the women, it would be absolutely necessary, before New Zealand enters the Australian Commonwealth, that some amendment should be made. But, speaking from my own knowledge of the Australians—and I am intimate with many of the leading men who are now in the Federal Parliament—I feel that they would always readily accept any fair and honest suggestion that was to be put by the people of this colony, and they would gladly consent to make any amendments in the Bill that New Zealand requires.

708. But in the case of South Australia the women have the vote at present?—Yes; but if an amendment was made in the Bill South Australia would enjoy the privilege that we seek.

709. They have not given it to South Australia?—No.

710. Why, then, give it to New Zealand?—I think it is only a matter of time when the whole of the six colonies of Australia will extend the franchise to the women.

711. As the Constitution is at present, New Zealand should not join?—Not under the present Constitution. I believe that New Zealand, being, as she is, a food-producing country, would greatly benefit by joining in the Federal movement. There would be intercolonial free-trade between the seven colonies, with a fairly moderate tariff against the outside world.

712. Do you not think that the effect of that moderate tariff would be to inflict a very serious loss on the public revenues of this colony in the matter of Customs duties?—I think not. I feel that a great deal of shoddy stuff goes into the six colonies of Australia from America and Germany, and our goods and produce that go across to Australia would be infinitely superior to a great deal of the shoddy goods they receive at the present time.

713. Are you aware that America commands a large portion of the boot trade of this colony and the other colonies?—I am.

714. Under this moderate tariff that you spoke of, do you not think that America would still more largely command that trade?—Certainly not. I think the trade that goes from New Zealand to America would go to Australia. They have means of turning out the article, and their goods would come upon the markets here, and the people would rise to the occasion and realise the fact that they were one nation and one people, and would support their own country instead of going outside.

715. *Mr. Leys.*] You think that federation would be an advantage to the country?—Speaking broadly, I should say so. I think the Federal Government could develop many industries which at the present time are entirely undeveloped, such as sea-fisheries.

716. Is the social legislation of Australia on an equality with ours?—The conditions of the masses are not so good, although I believe the wages in the commercial lines are pretty well the same as in New Zealand. The hours of labour there are, I think, longer.

717. What about mechanics?—At the present time they are better off here, but that is only temporary. Many mechanics have left here because of the war, and that has caused a scarcity of labour.

718. You think that the wages must come down?—I should say so, in certain branches of trade.

719. Would Australian competition tend to precipitate that?—No, I should say not. Australian people look upon New Zealand as part of their own country, and under federation I think they would regard New Zealand as their holiday resort.

720. *Mr. Luke.*] How do you account for so few visiting this colony, with all its advantages?—I can only say that, unfortunately, New Zealand has been very poorly advertised.

721. Is not that rather a powerful argument that Australia knows very little about us, and are not they as likely to know as much about us without federation as with federation?—No; we become kith-and-kin with them under federation.

722. Do you think it possible to have the same intercommunication with the people of Australia as they will have amongst themselves, there always being a coterminous, and having the trans-continental railway?—They can never reach Western Australia in less time than it takes to reach New Zealand, not if they ran at the rate of sixty miles an hour.

723. You think that New-Zealanders will visit as often and intermix as freely with the people of Australia as do the people within the continent?—More so, I believe, because of the greater attractions over here.

724. I understand you to say that the wages were higher here as far as skilled artisans were concerned: do you not think the standard wage might be lowered to a level nearer their own?—I should say not.

725. They are older colonies than ours, and yet they are behind us socially?—It is rather a mistake to imagine that they are older than we are. There is only New South Wales and Western Australia older than New Zealand.

726. From a governmental point of view, do you think our fifteen or sixteen men are likely to influence the whole body of the Australian Parliament in such a way that New Zealand would get a fair and equitable share of public money?—Yes; I recognise the fact that party politics can never be absolutely abolished. In an assemblage of that kind different States should combine to get their rights, and Western Australia or Queensland would be just as likely to suffer at the hands of the Federal Government as New Zealand would be; or even more so, as their representation would not be so high as ours would be.

727. Do you think the centralisation and specialisation which is possible in big communities would have a deterrent effect on the manufacturing interests of New Zealand?—Not to any great extent; but some would suffer slightly.

728. Take boots and shoes?—I do not think there would be any serious effect, because if you are going to build up industries with protection you make the industries not self-supporting. I believe in making each industry stand on its own bottom.

729. What are the advantages under federation for developing the fisheries? Will not the Commonwealth develop their own fisheries, and shall we not develop those connected with our own shore?—Yes, now; but it has not been the case hitherto.

730. *Mr. Beauchamp.*] You have a knowledge of both New Zealand and Australia: what advantage or otherwise do you think would accrue to the importing houses of this colony by competition with Sydney and Melbourne houses?—I do not think they would be affected much one way or another. New Zealand houses could hold their own with the wholesale houses of Australia.

731. You think the importing houses of this colony would be able to hold their own against Australia?—Assuredly.

732. Do you think that federation would have the effect of levelling up or levelling down wages?—Levelling up.

733. Bringing the wages of Australia up to the level of New Zealand?—Yes, and to get a uniform wage.

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WEDNESDAY, 27TH FEBRUARY.

THOMAS LYNCH examined. (No. 102.)

734. *Hon. the Chairman.*] What are you?—Wharf-labourer.

735. And you are here as a representative of the Trades and Labour Council?—Yes.

736. How many members are represented by that council?—Well, the whole of the unions of the city. I could not say how many that collectively represents.

737. How many labour unions, then?—I could not even tell you that.

738. Has the question of New Zealand federating with Australia been considered by the Trades and Labour Council of Wellington?—Yes. Last Thursday night we considered it, and the meeting was almost unanimously against it.

739. How many members were present?—About forty, I suppose.

740. And those present were unanimously against New Zealand joining the Federation?—Almost unanimous—there was one in favour of federation.

741. Can you express to us the reasons why the council came to that decision?—I can try. In the first place, we believe that the only thing of vital importance to the working-man when any subject is brought up is, will it have a tendency to raise wages or to lower the expenses of the working-man? We have failed to get any one to give us an argument on that subject—that it would raise the wages or lower the expenses by joining the Federation. In the second place, when the representatives go away to represent the masses the people lose control of them. There are outside questions mixed up with home questions, and the average man does not follow them up, and so they lose track of them, and they do things which are against the interests of labour.

742. Well, now, are you able to give us any opinion, or was the matter considered, as to the effect federation would have on the manufactures of this country?—Well, in business, the only way with regard to the products or manufactures is, if we can make goods cheaper or better than the rest of the world, they will buy our goods no matter what the tariff is.

743. Your union appear to have looked at it in the light of the tendency to increase or lower wages?—Yes.

744. If wages are kept up to the present rate, do you think it is possible for manufacturers in this country to compete with manufacturers in countries where wages are lower?—Yes.

745. Why?—In this country I have seen evidence complaining about the eight-hour day. Any one who has given the subject any thought knows that a man in eight hours' work has got more energy; he has got more leisure for his brain to think; and he can produce more work in that eight hours than any other man could in ten hours.

746. Do you not think that increased wages increases the cost of the production to the manufacturer?—No. The lowest-paid workmen on top of the earth are the Hindoos or the Chinese, probably. They cannot pretend to compete with high-priced labour. High-priced labour is generally intelligent labour, and low-priced labour is not.

747. Do you not know it has been matter of complaint amongst labouring-classes in this colony that in Melbourne furniture has been produced cheaper on account of the employment of Chinese labour?—The Chinaman, unless he adopts the tools of the modern working-man, cannot compete.

748. Have you considered the question in any other aspect except in so far as it affects the matter of wages?—Yes. In the first place, the tendency of things in Australia, according to Mr. Barton's ideas, would simply mean a repetition of the trusts and combines of America. The tariff cannot benefit, for this reason. Take the manufacturer: If he has to compete with the rest of the manufacturers in his own country he has got to bring it down pretty low. Men find that, instead of competing, it is better to join together and regulate the price of the products and wages. Combinations are better for the manufacturers, but they are not good for the workmen.

749. Assuming for a moment that the wages of the workmen were the same in Australia as in New Zealand, would you be in favour of New Zealand joining the Federation or maintaining her present political independence?—We are better off as we are.

750. *Hon. Captain Russell.*] Have you considered the question as affecting the future of the colony, say, fifty years hence?—Yes. Take it in the course of fifty years from now: What we really want, and what the tendency of things is, is to give labour the full product of its labour. If they adopt a protective tariff in Australia it will not take twenty years to develop trusts and combinations. There is another point that it seems to me the people in large bodies do not sufficiently think of—what the effect of any proposal will be. The next thing will be a large navy and a standing army in Australia. It will start small and gradually increase. Then comes an aggressive policy: that means expense, and simply of no benefit to any kind of labour.

751. *Mr. Beauchamp.*] As regards conditions of labour, do you think the conditions in Australia are worse than those obtaining here?—In Australia I find there are often a number of men unemployed. Wherever there are two men looking for one job wages must be low; wherever there are two jobs, and only one man available, wages must be high.

752. We have seen it stated pretty frequently that an effort will be made to pass an Arbitration and Conciliation Act: do you think that Act will have the effect of levelling up or levelling down?—I do not think any Conciliation and Arbitration Act will raise wages if there are more men than here are jobs.

753. You have lived in America?—Yes.

754. And you speak of trust and combines there: are you of opinion that the wages ruling there are lower than here?—In the last twenty years the wages in America have dropped very much. First-class workmen have been glad to get a job at 8 dollars a week—less than £2. Men there are in a far worse position than here.

755. You are not apprehensive of competition from Chinese or Japanese?—No.

756. Do you not think they could readily adapt themselves to our methods?—If they do so, and adopt the latest tool, why not?

757. So far they have not adapted themselves in that way?—No.

758. Do you think federation would have a serious effect upon the industries of this colony?—No. In this country, if you have an intelligent workman, and give him good tools, why should he be afraid of any other man on the top of the earth?

759. Do you think the Australian workman is in any way inferior to us?—No, I cannot say he is; but the man who works longer hours is not as bright and active as the man who works shorter hours.

760. By specialising, do you not think the factories in Australia would be able to compete with our industries here?—Well, we must specialise here, that is all. I will take a man and put him on one particular section of an engine, and if he is kept doing that work day in and day out he can turn out more of that product than any other man going right round the circle.

761. You think that in time New Zealand will become an exporter of manufactured goods?—If adapted for the particular manufacture, yes.

762. *Mr. Luke.*] Does it not follow that where labour combines, and so gets advantages, manufacturers and others who control the great industries should also combine?—Certainly.

763. On moral grounds, do you object to trusts and combines?—Certainly, because they are monopolies.

764. Is it your opinion that labour gets better terms under combines?—No. Take the case of the Sparrow Point Mill, of Baltimore—a mill that employed about 2,500 men: When the steel combine took place there were certain mills that had to be shut down, in order to limit the price. This firm received so-much per month for closing their mill, and these 2,500 men were thrown out of employment, and had to look for employment in the rest of the mills which were working. You can plainly see what the result would be.

765. Are wages generally higher in New Zealand than in Australia?—Well, there is a great deal of boy-labour in New Zealand.

766. Does that exist in Australia?—Yes, certainly; it exists more or less all over the world.

767. Do you think that these large cities would manufacture things adapted to them and export the surplus to New Zealand if we federate?—I do not think that would be a paying business. I know it is done. They keep up the price in the nearest market, and send the surplus at a lower price to outside markets.

768. Do you not think that might arise under federation?—If they would give us the things it would not injure us much. I would like some one to give me a suit of clothes.

769. What about the sugar industry?—That is a matter of large mistakes. The whole idea of these men is to get the cheapest possible labour on top of the earth. With regard to white labour not being able to work there, I say that if we give the white man the proper conditions and remuneration for his labour he can live anywhere that a black man can.

770. Do you not think in time that the climate would have an effect on them—not on the man perhaps, but on the coming generation?—It does not have that effect on the black race.

771. You think that federation is generally against the interests of New Zealand?—Yes.

772. *Mr. Reid.*] What parts of Australia have you resided in?—Melbourne, Sydney, and Adelaide.

773. I think you told us there were always a large number of unemployed there?—Yes.

774. In the cities or in the country?—In the cities.

775. What class do these unemployed represent?—All trades, including labourers.

776. Is that modified by seasons?—Oh, yes. In Sydney there was a demand for men to go up country and fell bush; men went up, and that lessened the number of unemployed.

777. It exists from time to time as a constant thing?—Yes.

778. You think it cannot be avoided in the present condition of things?—Yes.

779. Why?—By breaking up the large estates and by taxing the land-values you will very soon end it.

780. *Mr. Leys.*] You think there is no danger of the creation of trusts in New Zealand?—We can watch that point. We have a pretty close touch on our representatives, and if they go in that direction we can pretty soon jump on them.

781. You attribute the creation of these trusts to a protective policy?—Yes.

781A. Do you think a free-trade policy is superior?—Yes, certainly.

782. You do not hold with the protective policy of New Zealand?—No; I cannot conceive how a man can expect that it would benefit him. Take any industry that has three items of raw material, and each of these three has got a 20-per-cent. duty on it. Every man sells his goods for the highest price he can possibly get, and if the three items have 20 per cent., that is 60 per cent. he has to pay for the article; that is not its real worth. He has only 20 per cent. on the production of the finished article, so that there is three to one against him. If you give him the raw material free, and let him get the tools, there is no reason why he should not compete, unless he is an inferior man; and the sooner the inferior men close up the better for the whole community.

783. Do you think federation with Australia would tend towards free-trade, in the way of widening the free-trade world?—If you abolish your tariff you can federate with the whole world.

784. Do you think our present industries could survive under a free-trade policy?—Why not, if you get your raw material at the open market-price, and you have the workmen and the tools to put it into shape?

785. Can our manufacturers, paying a high wage and working short hours, compete against the system that obtains in America?—If the United States were to abolish their tariff, I am afraid that, unless other places changed their ideas, the United States could beat anything, because of the specialisation.

786. Is it not a fact that the Chinese and Japanese are employed in the timber-mills of western United States?—I suppose they are, more or less.

787. Is there not a danger of their coming to New Zealand in that trade?—If you compare Chinamen and white men in labour there is no fear of the competition. One has got energy, the other has not.

788. Do you think the American workman does not turn out more work in ten hours than the New Zealand workman in eight?—You could not answer that generally, Yes or No. It just depends on what the work is.

789. But is not the tendency in America to use men up and to get a fresh supply?—Is that the tendency? Do you want to do that?

790. No; we are raising the question whether they cannot get more work out of their men, and therefore compete unfairly with New Zealand?—If they wish to run men down they can do so, and get a larger product that way, but that is not very good policy.

791. *Hon. Captain Russell.*] I understood you to say that the Anglo-Saxon can work in any climate?—I said the white race.

792. Can you give us any example of where white men have worked continuously in the tropics?—Yes; in South Carolina.

793. That is not the tropics?—Well, it was a place of which it was said that no white man could possibly work in, and therefore they must have slaves to do the work. That was the argument given out at the time, but white men are working there now.

794. You said that white men could inhabit the tropics and compete with black labour there: give us one instance where that has been done for two generations?—White men refuse to go into a tropical country and compete with men who simply get a pound of rice to live upon.

795. You said that white men could compete with Chinamen anywhere?—Yes.

796. Why, then, are you afraid of their coming here?—I am not afraid of them.

Major WILLIAM MADOCKS examined. (No. 103.)

797. *Hon. the Chairman.*] What is your official position in New Zealand?—Staff Officer to the Commander of the Forces.

798. You belong also to the regiment of Royal Artillery?—Yes.

799. You have lately seen service in South Africa?—Yes.

800. For how long?—Fourteen months.

801. Colonel Penton, Commander of the Forces, is not in Wellington, is he?—No, he is away.

802. In your opinion, do you think it would be a benefit as a matter of defence for New Zealand to be federated with Australia?—I do not think that New Zealand would derive any benefit at present by federating.

803. Do you think that New Zealand would be able to defend herself against a hostile attack?—With the assistance of the navy.



804. Perhaps you would not mind stating your reasons for coming to that conclusion?—I look upon the navy as undoubtedly the first line of defence for New Zealand, and, whether New Zealand is federated or not, the duties of the navy would be precisely the same. They would not alter their strategy or tactics in any way, whether we federated or not. So that in the matter of their assistance we would not gain any benefit by federating. Then, if we federated we should be under the command of the chief officer commanding the Australian troops, and we should be administered and organized by him; and I cannot see that the organization and administration would be facilitated or expedited in any way by doing so. Also we would have to assimilate our forces to the forces of the other States, and make them uniform, which would mean an alteration of conditions that would not probably suit us. We might have to be organized and equipped under conditions favourable to Australia and not favourable to New Zealand—which would not be suitable. Then, in the case of a national emergency, if New Zealand was invaded or attacked, the forces of Australia would be fully employed in looking after their own interests, and would not be able to give us much assistance. We would have to rely on ourselves and the navy. Then, again, if Australia was attacked, we would require all our men here, and would have none to send to her assistance. I think where we might derive some benefit from federation in the future is that Australia may have a navy of her own from which we probably would not derive any benefit unless we were federated.

805. Do you think the cost of defence in New Zealand would be greater or less under federation than it is at present?—I think it would be about the same.

806. Assuming that we were sufficiently protected from a naval point of view, is there any reason, in your opinion, why the land forces of New Zealand should not be made efficient for the land-defence of New Zealand?—No; I think there is no reason why they should not, provided we have enough arms and ammunition in the country.

807. *Hon. Major Steward.*] You contemplate that the only danger likely to arise in Australia from a European foe would be through complications with Great Britain?—Yes.

808. In the event of there being hostilities between Britain and a first-class Continental Power, would it not follow that both Australia and New Zealand would be equally objects of attack to the enemy?—Yes.

809. Therefore, under those circumstances, if we were attacked, both Australia as well as New Zealand must endeavour to do what each could for the protection of their coasts?—Yes.

810. Under such circumstances, is it at all probable that Australia, if we were federated with her, would have any ships to spare to send down to assist New Zealand?—At the present time she owns practically none.

811. You hardly conceive any possibility of there being an Australian navy that would be able, while protecting its own coasts, to send vessels to help New Zealand?—I suppose they might do so if they got a big enough navy.

812. Is that likely to happen within any reasonable time?—I do not think so.

813. Consequently, we are not likely to get any special benefit through federating with Australia from that point of view?—I think not.

814. And, supposing we do not federate, I think you have held that the duty of the Imperial navy would be the same as at present—that is to say, that they would have to protect New Zealand as well as Australia?—Yes.

815. *Mr. Leys.*] *Mr. Barton* has recently stated that New Zealand would benefit through the construction of the trans-continental railway, seeing that the troops could then more easily be concentrated for the general defence of the Commonwealth: can you see any force in that argument?—No; I do not think the railway would benefit New Zealand much.

816. Do you think a large standing army will be created in Australia?—No. I think it will be a larger one than they have at present, but on the same footing, mostly Volunteers.

817. You do not think that by means of these railways a large expeditionary force could be concentrated, say, at Sydney for despatch to New Zealand?—Oh, in that way, yes, the railways might be of use; but I do not think they would despatch any forces here, because in the case of an emergency they would want all their own troops to look after their own interests, and would not be able to spare them to send to New Zealand. If they could spare them I am sure they would send them in case of trouble, whether we federate or not, should New Zealand be attacked.

818. You do not think it probable, in the event of an enemy landing in New Zealand, that we could look for a Federal assistance from the standing army of Australia?—We would, I think, undoubtedly get what assistance could be spared, whether we federate or not. If we were not federated we could not demand it.

819. *Mr. Luke.*] Is it not the case that New Zealand, by reason of the configuration of the coast-line, is easier of attack than Australia?—I think so.

820. And, if it could be more easily taken possession of than Australia, would not the ragged coast-line of New Zealand be rather an element in favour of our being able to defend it?—There are so many bays, and there is so much smooth water where a foe could make a sudden raid, that I think it would be rather open to attack. This country is also richer than Australia, and if a foe landed he could live on the country better than he could live on the country in Australia.

821. From your experience in South Africa, do you not think the natural advantages of New Zealand are such that comparatively few men could defend the colony as compared with the number of men required to defend some parts of Australia?—I have not seen much of Australia, but certainly New Zealand is very advantageously configured in that respect; and from the country I saw in Australia I should think the advantage lies with us.

822. *Mr. Beauchamp.*] In configuration and formation generally, how does this country compare with that portion of South Africa in which we have recently been fighting?—I think our country is more difficult, and on the wild parts of the coast it would be a very difficult country for a foreign military force to operate in.

823. *Hon. Mr. Bowen.*] Do you think it is at all likely that, in the event of complications arising, a foreign enemy could land a dangerous force on our coast?—It is within the bounds of possibility, but I think it is extremely improbable. What we have to fear most is a sudden raid on the ports by a few ships.

824. The defence of the navy would be really that of the whole of the Pacific Ocean, would it not—following the enemy wherever he might be, rather than to defend particular coasts?—Yes.

825. *Hon. Captain Russell.*] Then, I presume that naval strategy in these waters would not be to watch the ports, but to watch the enemy's fleets?—Yes, undoubtedly; to watch his fleets.

826. Then, under these circumstances, so long as England has the command of the sea, we need not anticipate more than, say, ten thousand men at the outside being landed on the coast?—No; I think we need not expect more than that so long as we have command of the seas.

827. Then, under those circumstances, the local forces of New Zealand ought to be more than sufficient to prevent an enemy doing anything more than raid one or two seaport towns?—Quite so.

828. And federation with the Commonwealth would not affect naval strategy in any degree whatever?—No; while New Zealand remains a dependency of the Empire we are as safe as if we were part of the Commonwealth.

WILLIAM CABLE examined. (No. 104.)

829. *Hon. the Chairman.*] What are you, Mr. Cable?—An engineer, and president of the Engineers' Association.

830. Is that a numerous body?—It is composed of the local employers.

831. Has the association considered the question of federation as a body?—No.

832. Will you give the Commission the benefit of your individual opinion as to the wisdom or otherwise of New Zealand federating with Australia?—I do not consider it desirable from a trade point of view. The wages in New South Wales are at least 10 per cent. under the local rates, and if we federated the duties would be taken off, and it would simply mean that in competition with Sydney people wages would have to come down here. Under existing conditions we are unable to compete with them, as they not only pay lower wages, but coal costs them 30 per cent. less than what we pay here. Then, again, on account of the large population there, and the large importation of raw materials from, say, England, they are brought into Sydney at a much lower rate than they can be brought into the small seaport towns of New Zealand. These two points alone would tend to reduce wages very much there.

833. Are you speaking in respect to the ironfounders of New Zealand?—Yes.

834. You think they would be prejudicially affected by federation?—Undoubtedly.

835. Have you considered the matter as regards manufactures generally in New Zealand?—The same remarks would apply to a lot of them. In the large centres of Australia they go in for specialising their work; thereby the cost of output is very much reduced. With our smaller markets and smaller demand, specialising is an impossibility.

836. Have you considered the matter from any other point of view than that of trade?—No, except in a very general way. I really do not see any advantage that we should obtain by federating.

837. Do you not consider that having four million people additional to trade with on the other side would be an advantage?—But the trade would be done by the other side.

838. Then, you are against federation?—Oh, yes.

839. *Hon. Captain Russell.*] I presume you think that the population of New Zealand will be a considerably large one in the course of a few years?—Yes, undoubtedly.

840. And that, acre for acre, we might maintain a larger population than any portion of Australia?—Yes.

841. Under these circumstances, viewing federation not from the standpoint of to-day, but from the standpoint of generations to come, shall we not be able to hold our own and compete favourably with Australia in regard to our manufactures?—Well, we have got to get the generations unborn yet to work on.

842. But federation means an alliance for generations to come, and not only for to-day?—I cannot see that there is any advantage in federating with Australia.

843. But do you not think we shall be able to hold our own in any part of the world when we grow into a big nation?—I am simply viewing this matter as I find it to-day, and not from what might happen fifty or a hundred years hence.

844. You would not give any opinion as to the likely effect of federation?—No, I am not much of a prophet; but, generally speaking, New Zealand is getting along very nicely as it is, and it would be a pity to upset things by joining this Commonwealth.

845. You attach importance to the price of coal, I understand?—There is no doubt it is an important matter.

846. And should we not be able to establish manufactories alongside some of our coalfields, which would assist us in our manufactures and in competing with Australian goods?—That might be done; but, unfortunately, the coalfields of New Zealand are where the harbours are bad.

847. Take Dunedin, for instance: is there not coal very close to Dunedin?—There is a brown coal.

848. There is another point which perhaps may be of some importance: We believe that the motive-power in the future may be electricity, and when that comes about shall we not, by reason of our enormous water-supplies, have a great advantage over Australia in regard to producing the motive-power?—I cannot speak from personal knowledge as to what natural motive-powers the Australian Colonies may be able to develop, as I have never been through Australia.

849. But we have enormous water-supplies throughout New Zealand, have we not?—Yes.

850. Could we not in some way or another convert them into power?—There is no doubt that the main streams could be brought in.

851. Would not that fully compensate us for the want of cheap coal, and give us the same advantages they have in Australia?—Of course, they have the advantage in Australia of cheap coal; but, as to their water-power and their main streams, I know nothing about them.

852. Is coal any cheaper in Victoria than it is in many parts of New Zealand?—I dare say it will be, but I do not know for certain.

853. Do you not think there is a possibility of establishing works at Parapara, in New Zealand, of a payable nature, which will affect our manufactures very materially for good?—The Parapara ore might be made payable in the course of another century, but I am afraid it will not be done till that time, or, at any rate, for fifty years.

854. Then, you decline to consider the question from the standpoint of, say, a hundred years hence?—Yes.

855. *Mr. Roberts.*] Your main objection, as a manufacturer, to federation is, I understand, on account of the additional price of labour and the additional cost of production in New Zealand?—Yes.

856. Do you not consider that the workman in this colony gives very much better service for his wages than the workman on the other side?—I am not in a position to know, because I do not go to the other side; but there is this fact: that even with their bad climate their manufactures can compete with New Zealand now.

857. So that you do not believe that the workman of this colony can, working eight hours a day and at the present wages, give as good a value for his work as the workman can in Australia with longer hours and lower wages?—I do not think so.

858. Then, if you are opposed to federation, and you consider that the cost of production is so great here, do you not look forward to the time when we shall be able to export our manufactures from this colony to other parts of the world?—It will not be done in our lifetime.

859. Then, you think that we shall continue to produce in New Zealand enough for New Zealand only?—Yes.

860. And not to export?—No, considering the existing wages and short hours that are involved.

861. *Mr. Beauchamp.*] You are protected down to the extent of about 5 per cent., are you not?—Yes.

862. Even with that protection, and with the extra protection you have in the shape of the transit-charges, you are well met with competition from Australia?—Yes.

863. And you think that competition will greatly increase if we federate, in consequence of the free-trade between the colonies?—Yes.

864. Do you not think that under federation there will be a very strong effort made to bring the Australian rate of wages up to the same level as wages in this colony?—I am doubtful if it could be managed, because in the large centres of Australia there is always a large floating working population seeking work, and they take it at lower rates than the men get in the smaller towns.

865. You refer only to manufactures that are not what you might call indigenous to the colony?—Yes.

866. *Mr. Luke.*] Do you think that there is no prejudicial difference in the quantity of work a man can turn out in Australia as compared with what a man can turn out in New Zealand?—So far as our trade in this colony is concerned, a man here can turn out more work in ten hours than he can in eight, and the same remark applies to Australia.

867. And you think that, as regards a comparative estimate between the workman of Australia and the workman of New Zealand, there would be little or no difference?—No.

868. Has it been your experience that raw material, especially bar- and pig-iron, comes any cheaper to the big centres of Australia than it does to New Zealand?—It does.

869. We had evidence in Dunedin that a large quantity of pig-iron is brought out from Home as stiffening, at a nominal charge, and at no freight at all: does that ever happen in New Zealand?—No; but I can get material in Sydney much cheaper than I can get it at Wellington here direct from Home.

870. Is not coal considerably cheaper in New South Wales than it is in New Zealand?—Yes.

871. And generally cheaper in Australia than in New Zealand?—In the seaport towns it is.

872. Is not coal a very important element of manufacture in your line of business?—Yes.

872A. Do the Australian manufacturers go into the iron trade very much?—Yes.

873. In what particular?—In dredging machinery.

874. Do you think it is possible, in reference to the manufacture of woollen goods, that they could be exported from New Zealand at a profit?—We could export woollen goods, provided that the wages were as high on the other side as they are here.

875. And in certain lines of industry you think it is possible that we might find a market for them in Australia if there were equal conditions of wages and hours of labour?—Yes; but they can just as well manufacture those things as we can.

876. *Mr. Leys.*] Is not competition in dredging machinery from Australia due to the fact that the New Zealand foundries could not take the work at the time?—Of course, there might be something in that. But the Sydney and Melbourne people secured a lot of orders that engineers in the North Island never had a chance to compete for.

877. Were not all the engineering shops in New Zealand pretty busy at the time?—Oh, no. Foundries in Sydney and Melbourne were busy with dredging material when the foundries in the North Island were slack.

878. Is the price for dredging machinery lower in the Australian shops than the price in New Zealand?—Yes.

879. Can you tell us why there were no tenders in New Zealand for the Government railway-wagons?—That might be due to a variety of causes.

880. Is it not a fact that there was no tender accepted on the first occasion of the tendering?—The Government advertised for four or five hundred trucks, and they were all placed in Invercargill.

881. Was that on the first invitation for tenders or on the subsequent occasion?—I cannot say; I did not tender myself; and I take it that, as far as the Wellington foundries were concerned, the reason our men did not tender was that they were hampered for room in their premises, and therefore were unable to tender at any price.

882. Is it not a fact that the New Zealand agricultural-implement makers are successfully exporting their implements to Australia?—Not now; but they did a bit of business with Christchurch years ago, when there was a different tariff. But I believe the amount sent now is merely a nominal thing, or they may export a specialty that is not made over there.

883. *Hon. Major Steward.*] I take it that, from your special knowledge of your own industry, and from your independent knowledge of the industries of the colony, you are of opinion that to join the Federation would have an injurious effect upon the industries of New Zealand generally?—Yes.

884. Then, that opinion is based upon two conditions—namely, that the price of material in some instances, and the price of coal and the price of labour, is less in Australia than in New Zealand?—They are.

885. Consequently, if New Zealand joined the Federation, you apprehend that under these circumstances the trade that is now done in these industries in New Zealand would be transferred to Australia?—Otherwise the wages would have to be reduced here.

886. But supposing the wages were not reduced, but present conditions were maintained, the result would inevitably be that business would go from here to where it could be done more cheaply?—Yes.

887. If that were the case, and it continued for a period of years, would it be possible, in your opinion, supposing conditions altered in our favour subsequently, to bring back the business to New Zealand?—It is always a difficulty to pick up lost trade.

888. Then, if that is so, and even supposing that in years to come the conditions altered in our favour, would not New Zealand then have a very uphill fight to get back her business?—She would.

889. That is to say, if there is any possible advantage in future years from federation it is a problematical advantage, but in the meantime it would be a positive disadvantage to New Zealand?—Exactly.

890. I presume your feeling is that you prefer to stick to the bone you have rather than to grasp at the shadow you see in the water?—Very much so.

891. *Mr. Luke.*] As regards the dredging machinery, have our shops been capable of turning out the dredges as soon as the companies have been able to pay for them?—Very much sooner.

892. Has it not been a question of financing with some private companies to some extent?—Yes.

JOHN PEARCE LUKE examined. (No. 105.)

893. *Hon. the Chairman.*] What are you?—An engineer, and one of the directors of Luke and Co.

894. Will you give the Commission the benefit of your views on the question of New Zealand federating with the Australian Commonwealth?—I do not know that I can add much to what Mr. Cable has stated. I am very strongly against federation, and not altogether from the trade point of view. I do not take the gloomy view that some manufacturers do, of what would happen to this colony if we federated, because I do not think that, with regard to manufacturing under the federation of this country with Australia, the conditions would very much alter from what they are at the present time, as we do not now get a great deal of competition from the other side. Certainly in respect to our own business we do get some competition; but from my personal observation in New South Wales and Victoria two years ago I can say that the industries of New South Wales under free-trade are on a better footing than those of Victoria, which is a protective colony. I do not believe in a very high protective tariff, and I also consider that the conditions of life for the worker in New Zealand are very much superior to what I saw in Victoria. In the iron trade it was lamentable to see in Victoria the number of works that were practically closed. Those works had been fostered by a long period of protection, and that, I consider, would be a very bad thing to introduce into the Commonwealth.

895. When you said just now that you did not believe in a highly protective tariff, did you mean that you did not believe in a highly protective tariff itself, or that you did not believe that there would be a highly protective tariff imposed by the Commonwealth?—I do not believe in it myself. At the present time there is not much difference in the matter of the tariff between New Zealand and Australia. We will not send for goods that we can produce ourselves, and they will not obtain them from us, even if we federated with them, when they can buy them nearer to their own doors. I look upon the relationship of New Zealand to Australia in this matter in the same light that England bore in the early days to the Continent. If you take the Scotchman you will find that, although there are only four million of people, yet their grit and determination have permeated the whole Anglo-Saxon race. They have gone out into the whole of these southern colonies, and are now at the head of our industries, and the same remark applies to the Scotchman in America. What is true of the Scotchman is also true of the people of New Zealand, and I feel that if we parted with the freedom we have to-day we should simply lower the tone of national life in New Zealand instead of keeping it up to the present high standard. As a nation, we have a strong national character and ambition in life. No doubt at the start of this Commonwealth there

will be some people who will suffer, but I do not know who is going to suffer but the manufacturers whose business has got to be fostered; and if that is the case, that in order for them to keep going they have got to be fostered and coddled, the sooner some of them are killed off the better. That is my opinion after twenty-seven years' experience in New Zealand, and twenty-one years in business. In New Zealand we can produce enough for the requirements of the colony, and little over. We are too far away from a market for our engineering goods, and I do not see how we can expect to enlarge that market. Another thing is that there is no desire on the part of the youths of this colony to go into any other trade than that of engineering, and after these young fellows serve their time at the engineering they get distributed all over the globe. After one of them has served his time in our shops he can command a position in that line in any part of the British Empire.

896. I take it that your opinion is against federation?—Strongly.

897. I should like to ask you whether you think we have anything to fear from the manufacturers on the other side in the event of federation?—No; and in the dredging business I do not fear the competition from the workers' point of view; but I view this question from a financial point of view, and I say it is manifestly unfair that we manufacturers in New Zealand should be bound under certain conditions of finance in regard to the supply of dredgers—that is to say, that 25 per cent. of the contract price should be held over from the contractors, whereas in Australia contractors get the cash on the delivery of the documents.

898. But do you think that your establishments in this colony can compete against the larger ones on similar lines in the Australian Colonies?—If they cannot compete they must go to the wall; but I say it is far better to build up a farming and pastoral industry generally if our manufacturing industries cannot progress without heavy protection.

899. Do you mean to say that you do not think New Zealand will ever become a great manufacturing colony?—I do not see how it will, because if we federated Australia will not accept our goods unless we can manufacture cheaper than they can themselves. I do not see how federation is going to enable us to produce cheaper than the Australians can now.

900. Have you considered this matter from any other point of view than that of manufacturing?—No, only generally. I have, in common with most people, given it a good deal of thought, and, with others, I look upon the proposal of the Australian Government to spend £100,000 on receiving the Duke of York as undemocratic, and I only cite that as an instance of what will occur under this Commonwealth. If we join them, this colony would be taxed simply to exalt the position of gentlemen in public life on the other side, and it would be a very wrong thing, in my opinion, to encourage.

901. *Hon. Captain Russell.*] You think we cannot compete with Australia in the manufacturing of machinery?—I have seen the workers in Australia at work, and I must say that they work just as well and do as much as we do in New Zealand, and my observations convinced me that Australian workmen were equal to the New-Zealanders.

902. You think the Australian is not inferior to the New-Zealander in the same class of work?—I do not think so. I was unable to tell from personal observation whether or not the maximum would be kept up if distributed over the same number of years, but a man would become older at fifty in Australia than a man in New Zealand at sixty.

903. Is it not possible that the whole of the islands of the Pacific may gravitate to the Commonwealth?—That is a political question I have not gone into.

904. But it may affect the question of our federating?—I would rather see this colony remain independent, and fight out its own destiny, than be associated with the people over there.

905. If there were a large federation of Australasia, including Polynesia and Melanesia, could not New Zealand compete with Australia in supplying these islands?—We compete with Australia now in some things, and I can only say that I am strongly against this scheme, and I should not be prepared to give up our independence for any advantage we might gain in that respect, because I do not see how the conditions would alter even under federation; it would be a matter of supply and demand.

906. But if we were not federated with Australia would we not be able to supply all those islands with machinery on better terms than Australia?—I do not know that federation would make any difference to us in that respect. I do not know of machinery having been sent to the islands.

907. I had in view the matter of sugar-mills and coffee-mills; you drew a comparison between New Zealand and Scotland?—Yes; I said that we are an exactly similar people, and working out a similar destiny.

908. And you said that the Scotchmen permeated practically the whole of the Anglo-Saxon world?—I say that the engineers who are turned out in this colony go forth and take the same position in the world as Scotch engineers have done in the past. Every lad who serves his time as an engineer has got an open market in the world, practically, if he wants a position.

909. Do you not think it is rather an argument in favour of federation than against it?—Not at all.

910. Does it not lead to the supposition that the New-Zealander, being an equivalent to the Scotchman, will be able to compete favourably with the Australian in other parts of the world?—I do not think that there is any argument in that. I think that federation will lead to the detriment of the New-Zealander, and I think that if it leads to what one of our friends spoke about this morning—combinations and trusts—it would not be to the advantage of our workmen.

911. Have you considered the question of the ultimate possibility of federation?—My opinion is that this colony will have a very dense population, almost as dense as that of England. There is a lot of land about this colony that will carry a lot of population.

912. When we come to that position, should not our manufacturers then be able to compete?

—We have got nothing at all to fear from the manufacturers' point of view by keeping out of federation. New Zealand will for a number of years make all she needs. I am not speaking of woollen goods or boot-making only, but of the engineering business generally. We have no particular natural advantages that are going to stand us in any stead—not for many years to come—and on that account we shall not have, in respect of manufactures, much to expect. Mr. Cable said that it would be another generation before we could manufacture iron; but I would go further, and say that we will not manufacture iron in New Zealand under present conditions at all. With our iron-deposits we cannot do like they do on Lake Superior—scoop up the raw material into the big steamers, with very little handling. Everything is done at a minimum of cost there; and how can we compete against them with the small market like we would have in New Zealand? The iron industry, in respect of the production of the raw material, is only one that can be dealt with in this country by the State nationalising the iron-ore and working it.

913. *Mr. Roberts.*] You mentioned that you had in your business competition with Australia in the building of dredges: was that open competition or not, or was it through your shops being full?—I do not know. The tenders were not considered in Wellington, to my knowledge.

914. Were they considered in other places?—I think so; but I am under the impression that they thought we were all full up, and the companies thought they could get the dredges cheaper in Australia. It was not the case that there was no competition in Wellington, because we did not fear competition with Australia very much; but I feel that if the New-Zealander is given the eight hours, other things being equal, the Australians will not be long before they get it. In the larger shops of Australia I heard they were working the eight hours, and certainly their wages were not very much less than they were in New Zealand.

915. *Mr. Beauchamp.*] I judge from your remarks that you are a Free-trader at heart?—I am. I think we only want just as much protection in this colony as will prevent the people sending away for the things they require. We want more patriotism here; we want to make the people feel that we are as good as our neighbours, and that we have a right to get our clothing, and so on, made in the places where we are getting our living.

916. Have you had much to fight against in the matter of dredges?—Yes.

917. With inter-free-trade in your industries, do you think you could survive and carry on business profitably?—I do not see how it is going to affect us.

918. You are protected now?—Only 5 per cent. on dredges, *plus* the cost of importing.

919. Have you heard it suggested that, in the event of federation, some of the largest iron-founders in this colony would establish themselves in Sydney and Melbourne?—I think, if they had had as much to do with iron-foundries as I have had during the last twenty-one years, they would not want to establish themselves anywhere at all.

920. You spoke just now of the inability of this colony to work some of the iron-deposits we have here: had you in your mind the vast iron-deposits at Parapara?—I do not see how you are going to work those deposits profitably, because when you start the blowing-furnaces you must keep them going continually for long periods.

921. Do you know that alongside these deposits there are the natural fluxes?—I do not think that any individual could take up that matter; it would have to be done by the State. If the capitalists take these deposits up and work them they must manufacture several grades of iron, or certain foundries must import.

922. With State aid for a number of years, do you not think that this industry could then get along without the State aid?—I do not think you would be able to manufacture iron in this colony with any prospect of commercial success for at least a quarter of a century.

923. Through losing a large portion of our revenue by federation, do you think it would be unwise to subject ourselves to taxation by people who know very little as to our requirements?—One of the business objections to federation is that they are going to draw about half a million of money from this colony for administrative purposes and give us very little in return for it, and therefore it is going to be a dear bargain for New Zealand.

924. How do you think that money can be made up?—You will have to squeeze the manufacturers. Those are the only men you can squeeze.

925. And not by lowering the exemption under the land- and income-tax?—I am not up in those questions.

926. As to representation, we should have fifteen members in a House of ninety, and would that enable us to make ourselves heard?—We should be the younger brother, and should have very little influence. I would not depend upon the elder brother.

927. *Mr. Leys.*] Is it not the fact that you can find New Zealand artisans all over Australia, seeming to indicate that we are bringing up artisans in a restricted market where they can find no employment?—While we turn out perhaps twenty engineering apprentices who are good workmen, during that time we would not turn out two blacksmiths, and certainly not one boilermaker. All the Wellington boys want to be engineers, and after the engineering apprentice is out of his time he can find employment on the steamers in every sea, or on the tea-plantations or sugar-plantations, or in freezing-works and woollen-factories—in fact, there are a thousand and one avenues for the employment of his services.

928. Do you attribute their ability to get employment to the superior character of the men or to their superior training?—I say we have a superior youth in this colony.

929. You think that our industries would be able to produce mechanics who would regenerate the industries of the world?—I say that we shall produce in our industrial life sufficient for our own requirements, and what we should look for is that such artisans as are turned out in New Zealand shall have an open market for their labours.

930. And you think that that would be facilitated by federation?—I do not think federation will make any difference in that respect.

931. Am I to assume from that answer that you object to this labour legislation as rather restricting the operations of manufacturers?—Speaking as an employer, I might say that, of course, it does press heavily sometimes, but that will adjust itself in time; but labour at the present time, after having had a good deal to put up with for a number of years, is righting itself, and is making the most of its chance. I think, however, it has got to the maximum of its claims at the present time.

932. You think it would be an injury to the country to bring us down to the Australian level?—Yes, I think so.

933. Federation would tend to bring it down?—We would run a big risk of that.

WILLIAM CRABTREE examined. (No. 106.)

934. *Hon. the Chairman.*] What are you?—An engineer.

935. How long have you resided in New Zealand?—Twenty-six years.

936. Have you lived in Australia?—Yes, for twenty years.

937. Would you give the Commission, shortly, your views on the question of New Zealand federating or not with the Commonwealth of Australia?—My views are favourable to federation; I believe it would be a good thing for us. It certainly would give us an open market, and we could compete with any manufacturers for the northern Australian trade. Anything that we could manufacture here that would suit them we could supply in competition with all the southern parts of Victoria and Tasmania.

938. Do you think we could successfully compete with the difference in wages that now exists?—I think so. I am not speaking generally of engineering. In engineering I do not anticipate that we could do anything with the large centres in Australia, and I do not think that they could compete against us here.

939. What were you referring to when you said we could supply Australia?—I was referring to boots, shoes, jams, and that class of goods. In those matters we could supply the northern part of Australia just as well as Adelaide or Victoria could.

940. Do you know anything about the boot trade?—I do not know much about it, but it is a trade that is rushed.

941. We have had evidence that the boot trade is a declining one?—I suppose the reason is that they have not got a market.

942. Do you know that the trade is very seriously attacked from America?—That is very likely; but if we joined the Federation we would have a market of a few millions more than we have now.

943. Do you know that a great quantity of fruit-pulp is imported here from Tasmania?—Yes; I should imagine that would be stopped now that they have the Victorian market.

944. It still comes into this colony?—I think they could get rid of it in Victoria to a large extent.

945. You think the manufacturers of this colony could compete with Australia?—For the trade of the outlying parts we could.

947. Have you considered what the difference would be to New Zealand from a financial aspect?—I have not personally considered it.

948. Have you considered the sentimental question of sacrificing our independence: do you attach any importance to that?—None whatever.

949. Then, I take it that you are in favour of federation?—Yes.

950. Have you any other reasons to state than those you have given us?—For one thing, we have not enough population to develop any manufactories; and, supposing the iron and other mineral deposits of ours could be worked, it could not be done profitably without having a market to send it to. We have not got sufficient manufactures to employ all the mechanics we have, and they have to go away when their time is out. That they will continue to do unless work is found for them.

951. Do you think New Zealand in the future is likely to carry a large population?—Unless it could become an exporting nation, I do not think it will.

952. Do you think the effect of the Commonwealth will be to attract population from Australia to New Zealand, or the other way about?—I think, as it is so near, and the population always goes where it can get the best wages, that they will go to Australia.

953. But the wages are higher in New Zealand?—They are now. A few years ago they were much higher in Australia; it all depends upon how busy a country is.

954. *Mr. Leys.*] Do you think that great manufacturing-works will be established in Australia near the coal?—That is very possible.

955. Do you not think big boot- and shoe-factories in Australia and New South Wales will not only supply all their own wants, but swamp our boot-manufactures here?—Victoria is certainly not better off for manufactures than we are. Coal is little or no cheaper there than it is here.

956. Do you not attach any importance to specialising?—That is the whole trend of the work of the world; we shall have to specialise too.

957. Do you think we can do so to the same extent in our small factories?—The factories will get larger.

958. If we federate, do you not think we should get swamped before the specialising got to work?—The only thing that could swamp us is more capital, and I do not think they have that.

959. Do you know that the Victorian factories are already competing in this market notwithstanding heavy protective duty?—They have heavy duty in Victoria, and it is possible they get rid of their overproduction by sending it here.

960. You think we would better keep our people here under federation than otherwise?—Yes.

961. You do not think these boot-factories in Australia would attract them on account of the superior facilities for obtaining employment?—No, I do not think there is anything in that.



962. *Mr. Beauchamp.*] With inter-free-trade under federation, would it not be possible that our markets would be further swamped by these boots and shoes which would come from the big factories in Sydney and Melbourne?—I do not think it. There would be a further large protection duty against goods coming from America to make up for the loss to the Customs through inter-colonial free-trade. I do not think it is possible to have a tariff lower than the one we have now.

963. Generally, you are of opinion that our industries would not suffer by federation?—Yes.

964. *Mr. Millar.*] Have you any idea of what value free-trade with New South Wales has been to the products of New Zealand?—No.

965. Do you think that under the system of specialising, and considering the size of some of the establishments in Australia, it would be possible to compete against these men with free-trade? Supposing tenders were called for ten railway-engines, do you think any firm in New Zealand could compete against Hudson's, in New South Wales?—Yes, I certainly think so; there are shops quite as well equipped as Hudson's.

966. How do you account, then, for the fact that when the Government called for tenders for iron trucks there were no tenders from this colony at all?—The foundries in the colony have lately been fairly busy, and certainly there is not a foundry with sufficient land in Wellington to take the trucks in hand; that is a trade that suits Hudson Brothers better than any place in our town.

967. If they have the plant in Australia they could manufacture sufficient to supply the whole of Australasia if worked to its utmost extent: do you think that New Zealand manufactures would be able to compete with those manufactures?—We shall have to compete against it.

968. If that is the case, how can you say there is a prospect of exporting boots and shoes from this colony?—If clever men or syndicates took the business in hand they could make boots as cheaply as America can.

969. Has not Melbourne got an immediate population of half a million?—Yes.

970. Could not these boots be distributed amongst that population at no cost at all?—That is so; but they make a certain amount for the home market, and all they make above that they have to export.

971. Do you not think the population of Melbourne will increase as rapidly as the four centres of New Zealand?—A good deal depends on the market. I do not see what is to make a big increase in Melbourne.

972. Do you see what will make an increase in Wellington?—Yes; I think Wellington will grow very largely.

973. More largely in proportion than Melbourne?—Yes.

974. You consider it would be in the interests of manufactures of this colony to federate?—I do.

975. Independent of what we would have to pay for it?—I do not see that we should have to pay much for it.

976. Would you support federation at any cost?—I would not say that, but from what I can see I am in favour of it. I think we ought to try and make a big nation; it did not do much harm to the German States, or to England and Scotland.

977. You are not prepared to federate unless the price is not too high?—I am in favour of federation on equal terms.

978. Do I understand you to say that you are not in favour of federation unless this colony will gain as much as she will lose?—Unless this colony has equal terms with the others.

979. *Mr. Leys.*] Would you be in favour of New Zealand going into federation under the present Commonwealth Act?—I really do not properly understand the Commonwealth Act, but I am prepared to go in, all fair and equal.

980. If admitted as an original State on the same terms as the others, you think it would be advisable for New Zealand to go in?—Yes.

DAVID ROBERTSON examined. (No. 107.)

981. *Hon. the Chairman.*] What are you?—An engineer.

982. Are you representing the Engineers' Association?—No.

983. How long have you been in New Zealand?—About thirty-eight years.

984. What are your views of New Zealand federating with Australia?—I think we have everything to lose and nothing to gain—we have too good a country to give away to them.

985. You think New Zealand should maintain its own independence?—Certainly.

986. What are your reasons for that?—All the reasons I know are against federation, both in the engineering and other trades. Climate is a great consideration.

987. You think it would have a bad effect on the other trades of New Zealand besides the engineering trade?—Certainly.

988. You think we should not be able to compete with the larger concerns in Australia?—We could not at all. We left England because the competition was keen there, and because of the crowded population, and by federating with Australia we should simply be going back to all that again.

989. Do you not see any advantage in the greater population for trade purposes?—I do not think that we will ever do a large trade with Australia, except in times of drought.

990. That is the agricultural interest?—Yes, and that is the only one that will ever get much advantage from Australian trade.

991. Have you studied the Commonwealth Bill?—I have had a read at it, and I do not think there could be any advantage for New Zealand to federate. We are too far away from them for one thing, and the small voice we should have in the Commonwealth Parliament would hardly be heard unless we had some great man, like Mr. Seddon, composing the whole fifteen. If we had fifteen Seddons to send over we might make some impression.

992. Have you any other reasons to adduce to us?—No; only I think that the competition we would receive would give New Zealand a very great check even in the manufactures we have got. We have had a great struggle to get them up to the pitch they are in, and even the workmen would be at a great disadvantage from the competition.

993. Have you any opinion as to their passing a Conciliation and Arbitration Act?—I think they will have great difficulty in getting that through the Commonwealth Parliament.

Rev. WILLIAM ALBERT EVANS examined. (No. 108.)

994. *Hon. the Chairman.*] What are you?—A Congregational minister.

995. Residing in Wellington?—Yes.

996. Have you given consideration to the federation question?—I have in some of its phases.

997. Will you please state to the Commission the result of that consideration?—The conclusion to which I have come is that it would not be wise for New Zealand at the present time to join the Federation—in the first place, because of the insular character of New Zealand. If New Zealand were related to the other States of Australia as New South Wales or Queensland is, I should say decidedly, yes, federate, because then there would be a homogeneous country, and that, to my mind is a very important factor, but, as New Zealand is separate by sea and has a geographical character of its own, it would be better if New Zealand did not federate, because it seems to me that the difference between the distance created by sea and that created by land is a very important one. Insularity has a great effect on the social and moral character of the people, and is of great importance in moulding the social and political life and character of a nation. It seems to me to be very much better for New Zealand to have freedom to work out its own destiny and character. If New Zealand were to federate it would only have a minor voice in the Commonwealth, and, in view of the contiguous part of Australia, the probabilities are that the same interest would not be taken in the well-being of New Zealand as would be taken in the other States of the Commonwealth. Then, it seems to me that a country situated as New Zealand is situated—placed under a more or less rigid Constitution—has not the same liberty to work out its own possibilities as if it were under a Constitution that was perfectly elastic. It seems to me that the success of the Old Country is very largely to be found in the freedom of the Constitution.

998. Have you considered the question from a financial point of view—as to what the loss would be to New Zealand through federating?—No, only to a certain extent, but my opinion is of no value; I do not wish to express any opinion on that subject.

999. *Mr. Leys.*] Have you resided in Australia?—No.

1000. *Mr. Luke.*] Do you think the effects of federation on the social conditions and characteristics of our people would be detrimental?—I do. I cannot see that they would have exactly the same freedom of conditions.

1001. Do you think that our distance from the Continent of Australia would prejudicially affect us at all, either on those accounts or on account of commerce?—I have just stated that we should not loom as largely as we should loom in the imagination and consideration of the various representatives in the Senate and House of Representatives.

1002. Do you think that our joining the Australian Commonwealth would hasten Imperial federation?—I do not think it would, simply because it seems to me that that has been in the air for some time, and there is a movement in that direction.

1003. Do you think it possible under federation for a community of interest to grow up between these States that would be detrimental to us?—No, I should not think so.

1004. *Mr. Beauchamp.*] Do you think Imperial federation would be in some way retarded by our federating with Australia, and so encouraging the importation of Australian manufactures against English manufactures, which would be to some extent shut out by tariff?—I can quite see the possibility. It will be very much more satisfactory to all the dependencies of the Empire to have Imperial federation rather than Australian federation.

1005. Do you think, as far as Britain is concerned, it would be better to have two great forces in these seas—New Zealand and Australia?—I do not think it would make any great difference.

1006. Do you think that under federation we would progress as rapidly in legislation for the mass as we have done in the last few years?—I do not think so.

1007. Then, as to the character of the men sent to the Federal Parliament, do you think we should get as good men as now?—That could be overcome.

1008. At the present time you do not favour federation because it is not opportune to join?—Yes, that is so.

1009. *Mr. Millar.*] Have you looked at the question of coloured labour—as to how it will affect us in years to come?—Yes; it seems to me that that is one reason why we should not federate, because, I suppose, the Federal laws would supersede any State laws that may have been enacted with regard to coloured labour, and I cannot see how parts of Australia could be developed without coloured labour. Once coloured labour is allowed there, I cannot see how the line is to be drawn as between the States that are federated. That would be very prejudicial to the social conditions we have in New Zealand now. Under federation intercourse would be much more frequent than now, in so far as facilities would be created for undesirable people in Australia to come over to New Zealand and mix with our people—it would act detrimentally on their morals. I do not think that a ring of law can be created around a country which would keep it pure in morals.

1010. On the whole, you do not think New-Zealanders are more moral than Australians?—I have not been over to Australia, and therefore do not know first hand.

1011. *Hon. Mr. Bowen.*] I suppose you understand by Imperial federation absolutely one Crown governing every part of it?—Yes.

1012. You would not put that on the same level as federation which means amalgamation of government?—No.

## WILLIAM BOOTH examined. (No. 109.)

1013. *Hon. the Chairman.*] Where do you reside, Mr. Booth?—At Carterton, in the Wairarapa.

1014. And you are a timber merchant?—Yes.

1015. Do you hold any office in connection with any society or company?—I am a director of the Wellington Meat Export Company, and have been eighteen years a director of the Carterton Building and Investment Society. I have also been a member of the Wellington Harbour Board, for the last fifteen years. I have also been a director of the Bank of New Zealand.

1016. Have you given any attention to the question of New Zealand federating with the Australian Commonwealth?—I have read what has appeared in the public papers in New Zealand, and also a good deal of what has appeared in the public papers of Australia, on the subject.

1017. To what conclusion has that reading led you?—That New Zealand should not federate at present, except for defence purposes.

1018. Will you state the reasons why you have come to that conclusion?—I think New Zealand is, from its size, its climate, and its racial characteristics, designed rather to stand alone. It has a prospect of becoming a large and powerful nation, and I think it is too far from Australia to make federation reasonably successful. I do not think the results to the trade and industries of the colony will be so serious a disadvantage as the restrictions arising from federation might be to the development of the New Zealand character.

1019. Will you explain how you think it might have a restrictive effect upon the New Zealand character?—I think the feeling of independence which is growing to possess—and usefully to possess—the minds of the people of New Zealand would be injuriously affected.

1020. What do you think will be the effect on the industries and workers of this colony supposing New Zealand federated?—I think, on the whole, the influence would be unfriendly. We do not look to any great extent to Australia for a market at present, and I see no likelihood that in the immediate future, at any rate, we shall be doing so.

1021. Have you considered whether the balance of trade would be in favour of New Zealand?—I think, on the whole, it is and has been so for some time since the ports of New South Wales were opened, but not to such an extent as would justify any interference with the healthy development of character in our own people as an independent people.

1022. What do you think would be the effect upon the agricultural and pastoral industries of this colony if New Zealand federated with Australia?—I am not as competent to judge of what the effect on these industries would be as the gentlemen you have met in the South Island, and I think you will be more likely to find from the public documents, and from other gentlemen who are greater authorities on the subject than I am, what that effect is likely to be. They can give you more information upon that subject than I am able to do.

1023. Have you considered what the effect of federation would be upon the colonial finance of New Zealand—first, the effect on our revenue?—No, I have not gone into that subject. To do so would require a great variety of detailed information, which I think only public offices for the most part possess.

1024. Do you think that New Zealand joining the Federation would enable the loans of the State of New Zealand to be negotiated upon more advantageous terms than at present?—I think it would be the fault of those who have charge of New Zealand finance if New Zealand is not able to borrow as cheaply as the Australian Commonwealth.

1025. Will you tell us something about the timber trade: how do you think that would be affected if New Zealand joined the Australian Commonwealth?—The timber trade would be affected in regard to white-pine timber, for which we would find an easy access to the markets in Australia, but I doubt if federation would be any advantage to the traders in New Zealand.

1026. Is white-pine subject to a duty in Australia?—I do not know that it is. We send the timber in the rough state. They object to manufactured timber.

1027. But dressed white-pine timber is carried into Australia from New Zealand?—I am not aware that it is to any great extent. The export is one which would not be interfered with, I think, as white-pine timber is required for butter-boxes, fruit-cases, casks, and purposes of that kind. They have no timber in Australia which will answer those purposes as well as our white-pine, and I do not think they could import timber for such purposes to compete with ours.

1028. Have you studied the Commonwealth Bill?—I have read carefully those portions of it which have appeared in the public papers. I have not seen a copy of the whole Bill.

1029. Have you considered whether the Constitution proposed is a desirable one for New Zealand to go into?—My impression is that it would not be advantageous to New Zealand. I think we are too far removed, and especially too far separated by water from Australia. I think the larger and more immediate interests of Australia would operate in the Commonwealth Parliament, on the whole, to the disadvantage of New Zealand. I do not mean that there is any disposition on the part of the Australian people to be unfriendly to us, but the tendency of the arrangement would be, on the whole, unfriendly to us.

1030. Do you think New Zealand would in any way suffer from the want of knowledge on the part of the representatives of Australia of the wants and conditions of New Zealand?—I think that is likely to be the result to a certain extent.

1031. Then, I take it that, on the whole, you are against federation?—At present I strongly think it would be undesirable for New Zealand to federate, excepting for defence purposes.

1032. What advantage do you consider we should gain in the matter of defence?—It seems to me that the great battles of the future—the battles likely to affect the destinies of the British Empire—will be fought in Europe, and with the navies of European Powers. I think it would be a great advantage that there should be one common system of defence, under one Government, for the whole Empire, so far as relates to the navy.

1033. Do you not think that the first line of defence would be the navy?—Yes; the fighting would be chiefly at sea, and in Europe. I am not an authority on this matter, and do not claim to speak with any authority upon such a subject. I do not suppose that, the Empire being at war, we should have to face here any attack beyond what we could largely provide for ourselves.

1034. Taking it all round, do you think that there would be any difficulty in New Zealand protecting herself?—Judging from the experience of the present war in South Africa, which has been continued for more than fifteen months, I do not think we should be called upon to do anything beyond what we could easily provide for.

1035. *Hon. Captain Russell.*] Under these circumstances, is there any necessity for a federation with Australia?—No, not a federation with Australia—federation for mutual defence only.

1036. You think there is a necessity for federation for defence purposes?—I think it is desirable.

1037. But, seeing the vast area of country that Australia covers, would not New Zealand enjoy the advantage of having their own system of defence if we were combined with Australia in that matter?—That would depend upon the arrangement made as to the disposition of the fleet.

1038. I am alluding to your last answer as to the defence of land?—I do not think that federation need much affect the position so far as the land forces are concerned.

1039. That is to say, with an Imperial federation, would that, in your opinion, deal with the question of naval defence?—I should think it would.

1040. And do you think that the federation of New Zealand with the Australian Colonies would advance or retard Imperial federation?—I do not know; but I should think, on the whole, it would be likely to advance it.

1041. I mean, supposing New Zealand remains a State by itself and Australia is federated, is that more likely to lead to Imperial federation, or do you think the alliance of New Zealand with Australia would in itself do more to advance that Imperial federation?—I do not think that it need have much effect either way.

1042. You said that you do not think it would be desirable to federate at present: have you thought of the possible condition of things a hundred years hence?—I look at the matter as it appears at present. It may be a long time before the mass of the people of New Zealand would be favourable to that change.

1043. Do you know Australia yourself?—I was over as representative of the Government at the Exhibition of 1888, and I was there two or three months, travelling about Australia.

1044. Did you never live there?—No.

1045. Do you imagine that the difference in our surroundings, the one country being continental and the other insular, is liable to lead to the development of a different type?—I think so.

1046. Do you think that there will be, say, in the course of five or six generations a marked variation?—I think so. If the people are cared for, as there is every prospect of their being, as compared with the way in which people have been cared for in the past, I see no reason—in fact, I think it is highly probable the population of New Zealand will be a very advanced and superior population.

1047. To that of Australia?—I would not like to say, or to make any comparison between ourselves and the Australians. It might be thought unfriendly; but I see no reason why the population of New Zealand should not constitute a great and powerful nation, one of the most advanced of modern times, in the not distant future.

1048. But do you think that there would be differentiation of type between the New Zealanders and Australians, without drawing a comparison as to which is the best?—I think there would be striking differences, the result of marked difference of environment, not such differences as exist between the Latin and the Teutonic races.

1050. Have you considered the question at all from the racial aspect—as to the possibility of the peopling of Australia by a coloured people?—No.

1051. You mean the one being a country of plains and hills, and a tropical climate, and the other of a temperate climate?—I mean the influences which go to make up the national life and character of a people owing to their habitual environment.

1052. Well, that being so, in five generations or more, do you think it would materially affect the question of federation?—I do not know; but I think it is very likely that the character of people evolved in New Zealand will have marked differences from the people of Australia.

1053. About the coloured-labour question: have you thought of that aspect of the matter at all?—I hope the mass of the people in Australia will have sufficient strength of character to make the best use of the country by white labour or coloured, or both. It seems to me that they ought to become equal to a position which demands that they shall regulate and control the natural productions which are suitable for the country, and not to leave the country unprofitable because coloured labour is found necessary.

1054. Where would you suggest drawing such a line?—I could not say. That would have to be left to those who had the matter in hand at the time when the crisis arrives and a decision has to be taken.

1055. Do you think that that decision will be taken by man or by destiny—by Providence?—I do not know. I think before it becomes a question of Providence or destiny it will become a burning question in Australia, and I hope the people there will be wise enough to provide that where white labour cannot be used coloured labour may be, and that they will so deal with the question that the waste lands of the country are used in such a way as to secure all possible production.

1056. Would you suggest the 13th parallel of latitude as the line about where it would be difficult for the Anglo-Saxon to live and to breed?—I do not know what the latitude might be, because in

different countries the latitude is not the only factor in fixing the nature of the climate. The English climate, for instance, is much modified by the Gulf Stream.

1057. Do you know an instance of any other country where the Anglo-Saxon has been able to labour successfully in the tropical belt?—I do not know of one.

1058. Do you know what portion of Australia is within the tropical belt?—I do not.

1059. There is more than one-half of it. Then, do you not think, however great the law of man may be, or however great his lawgiver may be, that the law of nature will prevail, and that the whole of the Northern Territory will become peopled with coloured people?—That may be the case, but I take it that the Commonwealth will have to decide that question.

1060. Under the law of nature?—I think the law of nature is likely to be modified there. The Commonwealth will have the power, I take it, to settle that question, within limits.

1061. Even if it opened up the territory to the prospects of the incursion of the 400,000,000 of Chinese we hear are waiting for an outlet, would you not think that that would constitute a very serious danger?—Yes, it may come to be a serious danger in the not very distant future.

1062. But do you not think it would operate on the Northern Territory?—It depends to what extent the Australians are prepared to and are capable of keeping the Chinese out, and other coloured races out.

1063. Is it not going to be a problem in the future of vast importance?—I think it is going to be a political problem of great moment.

1064. And if the coloured races get into northern Australia, Australia being a Commonwealth, their manufactures and productions will of necessity travel through the whole of the Commonwealth?—Yes.

1065. Then, is it a disadvantage or an advantage to federate?—I am afraid it is impossible to say what might arise from the unforeseen. We know that so many powerful sentiments arise among nations, and great changes come—sometimes very suddenly—and they exercise a most powerful influence upon the destinies of nations, that I think it will not be prudent to even attempt to prophesy what will happen in respect to these great eastern peoples.

1066. *Mr. Beauchamp.*] I understand you place considerable importance on the first line of defence—the navy: do you consider that the advantages we would derive in respect of the navy from being federated would compensate us for the disadvantages accruing under federation?—No, because it would be quite open to us to make a separate arrangement, as we grow richer and stronger, with the Imperial Government, or we might establish a navy of our own.

1067. Would not the Imperial Government be bound to protect us, seeing that we contribute to the cost of the Imperial navy?—Yes, it would be bound to protect us as an outlying part of the Empire. Britain could not allow even a small part of her Empire to be endangered without being prepared to use all her strength to save it.

1068. At the present time we export to the United Kingdom 92 per cent., as against 8 per cent. to Australia, and in the event of federation, and consequently with free-trade to Australia, it is possible that there would be a quantity of manufactured goods sent into this country from Australia to the exclusion of British goods: do you think the exclusion of British goods would in any way retard Imperial federation?—I think, if the Customs regulations which govern our trade relations with the Old Country became offensive, there might be a change in public sentiment at Home that would be very difficult to deal with. Britain takes everything we send her without imposing duties, and if we were to impose any duty by way of a barrier against her trade, or if restrictions upon it of an offensive character were to become popular in this country, I would not answer at all for the effect on the public sentiment at Home.

1069. Have you thought of the effect on the industries of this colony of inter-free-trade—I mean to say the competition which would probably arise through the establishment of large industries in such centres as Melbourne and Sydney?—It has a very indirect bearing, but I have no fear for the safety of New Zealand industries. We are not likely to have for a long time more than is needed to supply our own population. There is not much prospect for many years to come, even with free-trade in Australia, of our being able to do an export trade in manufactured products, beyond such products as butter and cheese.

1070. You refer more particularly to products that are indigenous to the soil, with regard to which our climatic conditions are such that there is no probability of competition arising?—Yes.

1071. As to our securities, you cannot see that we would derive any benefit by raising our loans through the Commonwealth?—I think it would be quite the fault of those who have charge of New Zealand finance if any disadvantage arises in that respect.

1072. *Mr. Luke.*] Do I gather that we would not be at any disadvantage under federation in the matter of finance, but rather that you object to federation on political grounds—that is to say, that by living an insular life we could develop ourselves to a greater extent than would be possible under the Commonwealth?—I think so.

1073. Do you not think we stand in relation to Australia much as Great Britain does to Europe?—That might happen many generations hence. You will probably have changes in New Zealand which will inevitably bring the two countries together at some future time.

1074. Then, you think that federation would greatly restrict the evolution that should be possible to us by living an insular life?—I think so. I think we are, as a nation, sufficient to ourselves at present, and are likely to be so for some generations to come. There is no possibility of any considerable export trade in manufacturers' goods, inasmuch as in cotton and woollen goods we cannot compete with Europe, and we cannot compete against Europe in the eastern markets. We cannot look for much of a market in Australia for some generations, and our development will rather be in the direction of the natural products of the soil, and a larger proportion of export of those productions to European countries.

1075. Then, you do not think any difference in the conditions of labour here as compared with Australia would put us at a disadvantage in competing for the trade of Australia?—I think those conditions would soon find their natural level. The inequalities—whatever they may be now—will in course of time adjust themselves.

1076. Then, your opinion is that we have greater opportunities for evolving our own destiny by keeping apart from Australia?—I think so.

1077. *Mr. Leys.*] When you spoke of federating for defence purposes, did you contemplate an independent agreement between the Government of this colony and the Government of the Commonwealth, apart from Imperial federation?—I meant a joint agreement between the Government of this colony and the Government of the Commonwealth with the Home Government.

1078. You think that would be easily effected?—Yes.

1079. And it would meet all our requirements?—Yes.

1080. Would federation have any effect on the meat industry?—Not an unfriendly effect.

1081. *Hon. Major Steward.*] Will you kindly make clear what you meant when you said that New Zealand should not federate excepting for defence purposes? Did you mean that if New Zealand joined the Federation she could be better defended than if she stood out?—That would depend on the arrangement that might be made. I think, when the Commonwealth is completely established, this question of Federal defence might, and I believe will, arise. In the event of serious danger threatening the Empire in Europe it would arise at once; but I take it that there would be found sufficient patriotism in the Commonwealth people, and in the New Zealand people, and in their Governments to agree at once upon some basis on which the defence of the country would be provided for.

1082. Is it not the fact that any possible danger from an outside enemy really arises not from possible complications with New Zealand and Australia, but with the Mother-country?—Yes.

1083. Then, if the Mother-country is at war, say, with a first-class Power, would it make any difference as to the disposition of her fleet, whether we were members of the Australian Federation or not? Would not she in any case send such ships as she might be able to the support of New Zealand?—I think so.

1084. Then, so far as the danger arising from complications between a European nation and the Mother-country is concerned, are we not in as good a position as regards obtaining assistance from her as we would be if we were federated with Australia?—Yes; but if there were not a united sentiment between the two Governments, complications might easily arise.

1085. It is to be assumed that self-interest to a certain extent governs us all, and that it would not be to the advantage of Australia for an enemy to effect a permanent lodgment in New Zealand: therefore would not Australia, in her own interests, come to our assistance?—Probably she would.

1086. Is it not likely that there would be a bond of sympathy between us, such as prompted the colonies to go to the assistance of England in South Africa?—No doubt.

ROBERT KIRKPATRICK SIMPSON examined. (No. 110.)

1087. *Hon. the Chairman.*] What are you, Mr. Simpson?—A farmer.

1088. Where do you reside?—In Rangitikei.

1089. How long have you resided in New Zealand?—For forty-two years.

1090. Will you give the Commission the benefit of your opinion on the question of New Zealand federating or not with the Australian Commonwealth?—I must admit that such an important question has not received the consideration from me that it deserves, and I am afraid I am scarcely in a position to give you any positive information on the subject. I only received your summons yesterday, two or three hours before I left, and therefore I had no time to really look the matter up. Looking at federation from an agricultural point of view, I might say that the information I have had has enabled me to arrive at a decision to support federation. That is my first impression, but I feel that I would rather prefer to wait to see how federation works out in the Australian Colonies. I have not even had an opportunity of perusing the Commonwealth Bill, and of knowing what its conditions are, or how it would bear on our finances. My answer to your question is that I should prefer to wait and see how it works out on the other side.

1091. Have you considered how the agricultural interests of the colony would be affected?—I have to a certain extent only. I thought, probably, if we federated we might have a tariff that would be more favourable to our agricultural interests than it is now. I do not think that Australia is a very large market for New Zealand; but I do know that the very heavy protective tariff in Victoria has certainly operated against our agricultural interests.

1092. Are you aware that in Victoria they can now produce more than they require for their own needs?—I know that in a bad season of drought they require to draw from us, and that is my only reason for thinking that federation would prove a good thing for the agricultural industry.

1093. How do you think it would affect the pastoral industries?—I do not know that it would affect them very much. Three years ago I went to Melbourne, and I found there the market for beef was so good that I determined to try a shipment on my own account; but when I discovered that I should have to pay £1 10s. per head protective tariff to land beasts in Victoria I abandoned the idea. I would have tried it but for the import duty in Melbourne.

1094. When you say that you think that we should not federate at present, do you mean that you have not fully considered the subject, or is it because you think it would be better for New Zealand as a whole to wait?—I think it would be better for New Zealand as a whole to wait, apart from my own consideration of the matter, and I certainly think we should not take a leap in the dark or go into this matter before we have obtained the fullest information as to how it will work.

ARTHUR EDWARD RUSSELL examined. (No. 111.)

1095. *Hon. the Chairman.*] You are a farmer, residing in Palmerston North?—Yes; and I have resided in New Zealand all my life—fifty-five years.

1096. Have you considered the matter of New Zealand federating or otherwise with the Australian Commonwealth?—I have got an opinion on the matter, which, I suppose, every intelligent man has; but I only received my subpoena two days ago, and I have not read the subject up. Until one has read the Federation Bill, and formed some idea as to how their legislation may affect this country if we joined the Federation, one cannot give a very definite opinion on the matter.

1097. Have you not read what has appeared in the public Press of Australia and New Zealand upon the question?—Yes.

1098. What conclusion have you arrived at on the matter?—I am opposed to federation.

1099. On what grounds?—I do not see what we have to gain by it. There is only one possible gain that I can foresee, and that is in regard to the agricultural interest, but the gain would not be a very large one. In favourable seasons they produce as much in Australia as they want, and in bad seasons they take from us. But they have not lately had a bad season, so they have not required to come to us for produce. Of course, I am a Free-trader, and we know that if Australia puts on a duty against our produce they have to pay it when they want our produce; therefore in any respect federation would not be a very great gain to us.

1100. You are aware probably what portion of our export trade goes to Australia?—I cannot quote the figures, but I know it is, proportionately, very small, because London takes the chief portion.

1101. Do I take it that, as an agriculturist, you do not consider that the agricultural interest would be materially benefited by federation?—I think it would be benefited, but not to such an extent as to outweigh the other disadvantages.

1102. What about the sentimental aspect of the question—of New Zealand's giving up its independence?—Well, I do not think it is a matter of sentiment; it is a very practical one. We have men up country here on land that we call the back blocks, and, in my opinion, we should be the back blocks of Australia.

1103. Have you considered the financial aspect of the question?—No, I have not.

1104. Do you know of any other advantage which will arise to this colony through federation?—None at all. In defence matters we are entirely dependent upon the fleet of England, and if it were once defeated we should have to reckon with a very great Power; but probably, while we have the assistance of a fleet in being, we need have no fear of being unable to resist any force that would be likely to come to this country.

1105. *Hon. Captain Russell.*] Are you aware that Australia produces 8,500,000 bushels of maize, against 500,000 bushels produced in New Zealand?—No, I am not.

1106. Are you aware that Australia produces 40,000,000 bushels of wheat to New Zealand's 8,500,000 bushels?—I do not know the figures, but I know it is a very great industry.

1107. Does not that indicate the possibility of their being able to supply us with wheat instead of our sending wheat to them?—Undoubtedly.

1108. I might tell you that in other crops Australia can produce twice as much as we can—they produce seven times as much hay, twice as much potatoes, and it is only in oats where we can beat Australia: therefore can you say that there can be any great gain to the agriculturist?—Yes; eventually there would be some gain, but not a very great one.

1109. *Mr. Beauchamp.*] I suppose you, like a great many others, consider that Australia only takes produce from us when the climatic conditions are adverse?—Yes, to any great extent.

1110. *Hon. the Chairman.*] Is there any other matter you wish to speak on?—The only other reason why I am strongly opposed to federation is because of the racial difficulty. It is a matter of very great importance to Australia. The Americans started by importing a few slaves, and now they have eight millions; and I very much question whether Australia will be able to do without coloured labour in one-half her territory. They will find the force of circumstances too much for them, and I think we have a very compact population of Europeans here, and we should keep it so.

MYER CASELBERG examined. (No. 112.)

1111. *Hon. the Chairman.*] What are you, Mr. Caselberg?—Chairman of the Masterton Chamber of Commerce and managing director of the Wairarapa Farmers' Co-operative Association. I reside in Masterton.

1112. Has the question of federation been considered by that association as a body?—No; I have thought of it personally, but it has never been considered by us as a body.

1113. Will you give the Commission the benefit of your opinion on the matter?—Speaking as a man who has been trading in the Wairarapa for some thirty-six years, and doing business largely with the farmers in the Wairarapa, the products of which are frozen meat, dairy produce, and wool, I should say federation will not affect us beneficially in the least degree. Occasionally we ship butter to Australia, but that has been in an abnormal season, because in ordinary seasons Australia produces, and even exports, everything we grow here. I heard statistics given before this Commission which startled me, as I had no idea that Australia grew wheat in such large quantities. The only thing we can really export in the shape of cereals to Australia is a little oats. Then, again, there is the danger of our being inundated with cheaper flour and manufactured articles. Consequently, taking one thing with another, the advantage would not be on our side. On the other hand, the only product outside of farm produce that we can send there is a little white-pine timber, and it is really no advantage to New Zealand to export it, because it is a timber that cannot be reproduced, and it is becoming so very scarce that we shall require it all ourselves in a very few years, and



then we shall not have it. Coming to the political aspect of the question, I have not really heard it discussed, and I do not think I could throw any further light on that matter by giving the Commission the benefit of my opinion. To sum up the matter, I consider nothing is to be gained by entering into federation with Australia just now.

1114. Have you considered the financial aspect of the question?—I have to a small extent only; it is a question that has not come into consideration amongst the people generally, excepting, probably, the politicians and statesmen. The ordinary rank and file, of whom I am only one, have not, I think, really looked into the question at all. On the whole, I should say we have nothing to gain by federating, but everything to lose. The question of combining for mutual defence, I should say, is a very simple one, because, while we are all part of the British Empire, in the case of war arising we should have to contribute our quota of men towards the defence of the Empire, and we should have to be prepared to defend this country also, and probably to pay our share towards the fleet, whether we joined the Commonwealth or not. That is a question that requires no argument at all, as it is self-evident that we should have to protect ourselves.

1115. Have you discussed this matter with other persons engaged in the agricultural or pastoral pursuits in your district?—I can only say that I have discussed it for a few moments with people who are engaged in agriculture, and they have simply looked upon it from a business point of view—as to whether it will open up a better market for their produce, and, if so, they would like to join; but if there is not likely to be any increasing advantage they prefer to remain as they are—in other words, they would not sanction any experimental legislation or go into partnership with people we know nothing about.

1116. Then, they look at it entirely from the view that affects their particular work?—Certainly, that is the view nine-tenths of the people will take. The psychological view is one that only very few will go in for.

1117. You would rather see New Zealand remain independent as at present?—That is my view.

1118. *Mr. Beauchamp.*] This question is not a real live one yet?—Not yet. I expect it will be worked up shortly. I was reading an article in our local paper, and it advocated federation, but simply from a selfish view—that we would get a better market for our produce.

1119. Amongst those who have considered the question, and with whom you have discussed it, they think it would be a leap in the dark if we federated now?—Yes; they think it would be premature.

1120. Do you consider this colony sufficiently self-contained to work out its own destiny?—Yes, I do. We have every element to enable us to do so.

1121. *Hon. the Chairman.*] Have you anything further that you wish to state, and upon which you have not been questioned?—Yes, only this: I have heard the matter discussed of our being twelve hundred miles away from Australia. I think that is a very great obstacle to federation for this country. You may say that the position of England to Europe is analogous to New Zealand and Australia; yet, while England is only two or three hours away from Europe, by retaining her insularity she has retained her very high position as a nation; and, taking nation for nation, there is more liberty and prosperity in England than in any other nation on the Continent. I think it is due to her insular position. In the second place, I think we have nothing to fear by being left out in the cold.

1122. Do you think, in the event of New Zealand federating, she would suffer in the matter of governmental administration from being such a distance from the centre of government?—I do, for the reason that it would have the effect of centralising everything to the Federal capital. It would also have the disadvantage of drawing all our talented and capable young men away to wherever the headquarters of the nation is.

ANDREW COLLINS examined. (No. 113.)

1123. *Hon. the Chairman.*] What are you?—Baker by trade.

1124. You are a representative of the Wellington Trades and Labour Council?—I am one of three to come here and give evidence.

1125. Will you state to the Commission your own views upon the question of New Zealand federating with the Commonwealth of Australia?—I think, from a labour point of view we have nothing to gain by federating, but we have practically everything to lose. Wages are higher in New Zealand and hours of labour shorter, and we have practically solved one of the bugbears of the labour question—the boy-labour question—through the Conciliation and Arbitration Act.

1126. Have you considered whether under federation the conditions of work, pay, and hours would be assimilated in New Zealand and the Commonwealth?—I think it would have the tendency to lower wages and extend the hours of work.

1127. Have you thought of the matter from any other point than that of labour?—No. The manufacturers can take care of themselves.

1128. Have you any other reasons to state than those you have mentioned?—Yes; we object to federate with any other country or continent that brings us into competition with black labour. I think it is a blot on our civilisation that they should still have this ‘blackbirding’ system that they have in Queensland. They call it black labour, but I put it down as slavery. They tell the Labour party on the other side that they could not do without the black labour. They told us that in Auckland, but they do without it. They told us that white labour could not work in a hot climate. Chili is one of the hottest places, and yet white labour works there. Klondike is one of the coldest places, and white men work there. White men can work anywhere when you make it worth their while.

1129. Do you think that white labour can work in Queensland?—Yes; if not, the sugar industry could go. We have other objections too.

1130. What are they?—Competition is too keen. Passing through Sydney in 1898 on my way to the Old Country, I saw a lot of furniture being put on board the "Waikare." I made inquiries and went to the factory where it was made. Now, with all our heavy duty on furniture, that stuff was consigned to "J.R.K.," Wanganui. There were seven pieces of furniture, and cost over in Australia £2 10s. That was not made by Chinese labour at all, but by boy-labour and by sweated labour in the factories. That furniture would be landed here at a cost of £3 10s. or £4, and I was given to understand that they would get £9 10s. or £10 for it in the colony. Then, there is the matter of the Chinese labour. I was through a Chinese factory there, and I found that Chinese were employed for seventeen hours a day, making articles of furniture which were as good as European manufacture. We all recognise that the Chinese are a very industrious race, and that is the very reason why we are against them. We cannot compete with Chinese labour. On the other hand, on the other side everything seems to be in the direction of combinations and trusts, and wherever you find these the workers suffer, and we do not want to see that brought about in this country. I am sorry to say it is even coming about in New Zealand. I may say that organized labour on the other side is not in favour of the Commonwealth Bill, and they do not know how it is going to pan out.

1131. Did you hear Mr. Lynch's evidence?—No.

1132. He said that no workmen in New Zealand need fear a workman on the other side?—I say the same—that is, as far as the workmen are concerned. But if the Union Steamship Company have done anything acceptable for the workers, they have done something by keeping up the fares. If there were cheap fares from here to Sydney, there are sufficient unemployed over there to swamp the labour-market here, if they only got the chance to come across.

1133. *Mr. Leys.*] From your observations in Australia, do you not think the condition is likely to be improved very soon under the labour legislation of the Commonwealth?—If we take the past for it, no. Take the Labour party in Sydney: they are practically all single-taxers and Free-traders, who have held the balance of power for years past, and practically got no labour legislation on their statute-books.

1134. Are things any better in Victoria?—Very little. I am not an out-and-out Protectionist. I believe in protecting industries up to a certain point until they get a proper footing, and if they cannot run alone after that they should shut down. I find the tendency in this colony is to pocket all the duties and lower wages. If that is to be brought about, then protection ought to be withdrawn.

1135. Do you think that if New Zealand threw in her lot with Australia the differences would be overcome?—I think we would be outweighed.

1136. *Mr. Luke.*] When were you last in Australia?—I was over at the Commonwealth inauguration.

1137. Did you find from your inquiries that there was a wide difference in wages?—In some cases, not in others; but they work longer hours.

1138. What are the number of hours over there?—No fixed quantity, only in some trades.

1139. But they have a statute on the subject?—Victoria has the finest Factory Act in the world.

1140. Is it a question of having a good law, but not enforcing it?—Yes; it is no good getting labour measures on our statute-book if the administration is wrong.

1141. Is it a fact that there is no penalty provided?—I understand there is a penal clause.

1142. You consider the social status of workers in New Zealand is better than that of the Australian workers?—Yes; and it is not perfect here.

1143. You consider that New Zealand would not be able to elevate the social conditions of wage-earners in Australia to the level of those in New Zealand?—We would stand a great chance of losing what we have got.

1144. *Mr. Beauchamp.*] They have a Minimum Wages Act in Australia?—It only affects four or five dangerous trades.

1145. In those trades does it operate beneficially?—Yes.

1146. Under the Commonwealth, do you not think it likely that there will be a strong endeavour to bring the labour legislation into line with ours at an early date?—No; I have no hope of a Conciliation and Arbitration Act passing there for years.

1147. Do you think our industries would be adversely affected by federation?—Yes.

PATRICK JOSEPH O'REGAN examined. (No. 114.)

1148. *Hon. the Chairman.*] What are you?—Journalist and law student.

1149. You have been in the House of Representatives for this colony?—Yes; I was a member of the New Zealand Legislature for six years.

1150. Have you given attention to the question of New Zealand federating with the Commonwealth of Australia?—I have given it considerable attention, and I have read a great deal of literature on the subject, including the Commonwealth Constitution itself.

1151. Will you tell the Commission the conclusion at which you have arrived on the matter?—I am prepared to admit that there are arguments against it, but, on the whole, I am strongly inclined to the colony joining the Commonwealth. I think the objections we most frequently hear are based on misconceptions arising from inaccurate information.

1152. Will you give the Commission the conclusions at which you have arrived on the matter?—One of the most common objections to our joining is that the colony would become merged in Australia, would lose its identity, and its representation, be practically lost in the Australian Parliament. Well, I think that idea arises from the fact that those holding that opinion have not carefully studied the question. If members of the Commission will look at section 51 of the Commonwealth Act they will find that the powers of the Federal Parliament are clearly prescribed.

The best way to arrive at a conclusion as to what position we would occupy is by going back some years, and ascertaining to what extent our legislative functions would have been reduced had we been in the Commonwealth. I have gone into that, and I find that in 1897 we passed forty-four statutes, including public, private, and general Acts, and out of that number only one would have passed from the control of the New Zealand Parliament to the Commonwealth Parliament—that dealing with patents, designs, and trade-marks, which is referred to in subsection (18) of section 51 of the Constitution. Coming to 1898, we passed in that year seventy statutes, and out of that number only five would have passed from our control—namely, the Defence Act, Divorce and Matrimonial Causes Act Amendment, the Industrial Conciliation and Arbitration Act Amendment, the Old-age Pensions, and the Bank of New Zealand Act Amendment Acts. I may say that the Constitution empowers the Commonwealth Parliament to deal with banking legislation only in so far as it relates to banks doing business beyond the State in which they have their headquarters, and thus it would deal with the Bank of New Zealand. In 1899 sixty-four Acts were passed by the New Zealand Parliament, only three of which would have passed to the Federal Parliament. Those were the Immigration Restriction, Pacific Cable, and Shipping and Seamen's Acts. Then, coming to last session—a record session as far as the bulk of its statute-book is concerned, with one exception—namely, 1882—last session we passed 110 statutes, and out of that number only seven would have passed from the control of the New Zealand to the Federal Parliament. Those Acts were the Customs Duties, Defence Act Amendment, Industrial Conciliation Amendment, Old-age Pensions Act Amendment, Pacific Cable Authorisation, Post Office Act Amendment, and Weights and Measures Acts. Thus in four years fifteen Acts out of 288 passed by our Legislature would have gone from its control to the Parliament of the Commonwealth. If that fact were brought before the people of the colony they would find that, although the objection to which I have referred is a very widespread and plausible one, it does not stand the test of investigation. I venture the opinion that every one of these thirty-nine subsections of section 51 deals with subjects that can be dealt with more advantageously by the Federal Parliament than by the State Parliaments. It would be most advantageous for the defence, for instance, to be controlled solely by the Federal Parliament. Take, for instance, the question of sending troops to South Africa: My own opinion is that we have overdone it; that it is highly disadvantageous to this colony to be depleted of so many young men for purposes that are quite unnecessary. The local Parliaments are too susceptible to ephemeral outbursts of popular clamour, but the Federal Parliament could withstand these. You may take a hundred and one other questions, and the conclusion will be the same. I am sure there are a number of questions affecting the commercial unity in respect of which it is exceedingly desirable to have uniformity of law as between this colony and Australia. Take banking legislation, weights and measures, bills of exchange, promissory notes, and kindred matters: it is highly desirable that we should have complete uniformity concerning them, and the absence of uniformity must cause grave inconvenience to commercial men under present conditions. Take, again, the position of lawyers who pass in New Zealand: they have no status whatever in Australia. Now, I would like to refer to another objection arising out of the same question. From my interpretation of the Constitution, assuming that we were represented in the Commonwealth Parliament, we should have six members in the Senate out of a total of forty-two, and twelve in the Lower House, out of a total of eighty-four—of course, the representation is liable to be altered by the Federal Parliament—but, taking the Act as it is, that would be about our share of representation. I do not admit that we would lose our identity simply because we have only one-seventh of the total representation. The Commonwealth legislation will necessarily be restricted to certain things in which the States have a common interest, and if you read section 99 of the Act, you will find that the Constitution prevents the Federal Parliament from differentiating between the different States. The position is, therefore, that no legislation should be introduced into the Federal Parliament dealing with one particular State that did not apply equally to all the States. Now, look at section 128, which deals with the alteration of the Constitution, and you find that any such alteration affecting all the States equally has, after passing the Parliament, to be referred to the people. Then, read the last paragraph: "No alteration diminishing the proportionate representation in any State in either House of Parliament, or the minimum number of representatives of a State in the House of Representatives, or increasing, diminishing, or otherwise altering the limits of the State, or in any manner affecting the provisions of the Constitution in relation thereto, shall become law unless the majority of the electors voting in that State approve the proposed law." Thus it is quite clear that any alteration affecting a particular State must first be ratified by the people of that State; while any general curtailment of State rights, since it would affect all equally, would have to be referred to all the electors of the Commonwealth for acceptance. What better safeguard for State rights could you have?

1153. *Hon. the Chairman.*] Read the third paragraph of clause 7: "Until the Parliament otherwise provides, there shall be six Senators for each original State. The Parliament may make laws increasing or diminishing the number of Senators for each State, but so that equal representation of the several original States shall be maintained, and that no original State shall have less than six Senators." New Zealand would not be an original State?—Of course, if she joins she should be admitted as an original State, and there are numerous details in which the Constitution would have to be amended before New Zealand could join. But I maintain that the section quoted is covered by the last one—that point has been emphasized by several Australian papers dealing with the misconceptions that have arisen in New Zealand in connection with the question. If these points are fairly considered it will be obvious that there is really not so much in the objection as to our losing our autonomy. The next objection that we most frequently hear is that we are too far away from Australia. I think that objection, however, entirely disappears; and, indeed, the objection on the score of black labour is considerably

modified, in the light of our own action in regard to Fiji. If we are to stand out of the Commonwealth because we are twelve hundred miles away we should have nothing to do with Fiji, which is very much further away—about eighteen hundred miles. And if we cannot become associated with Australia because of the black-labour difficulty we should have nothing to do with Fiji, where black labour predominates. I would ask you also, in considering the question of distance, to remember that, although we are twelve hundred miles away, the sea is the cheapest, safest, and easiest highway known. As for the alleged racial difference, are we not of the same stock as the Australians? Federation has been a decided success in Canada, but there you have two races and two languages, even in the Canadian Parliament—French and British. If it were not for the Federation of Canada the French people there would not be so devoted to the Empire as they are, and this goes to show that federation is a most desirable method of smoothing race differences where they exist, and it accentuates the argument in favour of federation generally. As to the question of trade, I quite admit that this colony can get along with Australia without federating, and, in fact, can even do without Australia; but that argument cuts both ways. Australia can also do without us; but there are mutual advantages in allowing trade the freest play possible, and, as far as I am concerned, I would make trade as free as modern steam communication and the winds of heaven could make it. I would also point out that the same objections in respect of the tariff have been used in every Australian Colony against federation. One of the recent Premiers of Victoria “stumped” the country against federation, and his sole objection was that he would lose £1 10s. per head stock-tax; but the people came to the conclusion that federation was not to be thrown on one side because a few pastoralists would lose the benefit of the stock-tax. There must be some sacrifice on somebody’s part; and, indeed, the same can be said of every great national undertaking. Take the question of railways, for instance: Nothing so conduces to the public good as the railway, and yet individuals sometimes suffer through the making of a railway, or, more correctly, they imagine they will suffer. The total Customs revenue derived from goods imported from Australia is now about £228,500: it would be paying a very poor compliment to our own industrial resources if we were to believe that because of the remission of less than a quarter of a million Customs duties our factories would be closed and certain industries ruined. Experience has taught me to take all these predictions of evil with the proverbial grain of salt. On the other hand, if we look at the figures of our trade with Australia we shall find that by far the greater portion of our trade is with New South Wales, and the reason is that Sydney is practically a free port. Our exports to Victoria have fallen from £527,500 in 1893 to £400,773 in 1898. Our exports to New South Wales have risen from £678,904 in 1893 to £901,416 in 1898. Our imports from New South Wales in 1899 were £641,804, and from Victoria they were £332,422. Our total exports to Australia in 1899 were valued at £1,475,157, and our imports amounted to £1,158,865, leaving a balance of exports over imports of £316,292. These figures, taken from the parliamentary records, go to show that our trade with New South Wales is rapidly increasing, and I think the really serious question for us, whether we join or stand out of the Commonwealth, is that of trade. Free-trade as between this colony and the Commonwealth would be of immense mutual advantage. Now, the question of free-trade has yet to be fought out in Australia, and until it has been decided we cannot know what is to be the tariff. It is impossible to say, for instance, until then, how much Customs revenue we would lose by joining the Commonwealth, but, of course, the amount of £228,000, already quoted, would have to go. Probably, however, the Federal tariff will involve a considerable modification of the free-trade policy of New South Wales. Again, I think it must be borne in mind that less favourable social conditions in Australia are due to other causes as well as differences in legislation. To begin with, there is there a greater centralisation of population. One reason why our people are better socially is because of the more general distribution of population. But in any case it is bad policy to refuse closer association with one’s fellows on the score of their inferiority. If federation is to be sacrificed to protection, I think protection should show some better justification for its continuation in New Zealand than the continual disputes which are taking place before the Arbitration Courts. As for our not being able to join as an original State, I think the people of Australia are so anxious for us to unite with them that they would gladly offer us reasonable facilities. If we had been represented at the Commonwealth Conventions the restriction in regard to the franchise and aborigines would never have applied to New Zealand. That restriction is quite necessary in Australia if injustice is to be avoided in connection with those electorates which contain a large proportion of blacks.

1154. I understand you to say that, although you favour the federation of New Zealand with Australia, it is distinctly upon the condition that New Zealand joins as an original State?—I qualify that. I do not mean that we should occupy the same position in regard to every little detail as the other original States, but that we should occupy something approaching an equality with the other States.

1155. You say that you consider it a blot upon the Commonwealth Bill that the Maoris should not be counted in reference to the quota of the constituencies?—It would be a blot if it was intended for the Maoris; but we cannot blame the framers of the Bill. It should be amended before we could join the Commonwealth.

1156. Do you think, at this early stage, the Federal Government would begin to tinker with their Constitution?—They must be willing to alter it, else why are they desirous that we should join them?

1157. Do you think they would tinker with it just to get New Zealand in?—Yes, I think they would.

1158. If they began to alter their Constitution, might they not be liable to demands being made from other States which they have not now?—I do not think so, because other States cannot legitimately make other claims, having accepted the Act as it stands.

1159. You referred to the advantage of federation in regard to commercial law: are you aware that there is no difference in that law?—I am not prepared to specify all the differences. In

many conversations I have had with commercial people I have heard frequent complaints at the difference between the laws of this colony and those of the other colonies, especially, I believe, in connection with companies. But, even if there is no difference now, there is nothing to prevent differences in future.

1160. Do you think these are advantages that could not be brought about without going the length of joining the Federation?—Most decidedly, these advantages could be obtained without our joining.

1161. Have you considered the amount of revenue that would be lost to this country by federation?—It is impossible to estimate it.

1162. Sir John Hall said he had seen a calculation, which he believed to be correct, putting the amount at something like half a million?—I am not prepared to question that without knowing the source of the information; but until the tariff is finally decided I fail to see how any one could tell how we shall be affected in the matter of revenue.

1163. Assuming free-trade, are you aware what we should lose in sugar duties alone?—That depends upon what you mean by free-trade.

1164. Supposing that we are in the Commonwealth?—We would, of course, lose £228,000—the amount of revenue derivable from our Australian imports—but nobody can tell to what further extent we would be affected until the Federal tariff is known.

1165. It has been stated that we should lose £160,000 on sugar alone by a competent authority?—That is quite correct, and I would welcome the change, because I think one of the blackest blots on our tariff is that sugar duty. The New Zealand Sugar-refining Company recently raised the price of sugar immediately after declaring a handsome dividend, and the people are therefore required to tax themselves to the amount of £160,000 in order to provide the company with dividends.

1166. Assuming that Sir John Hall is right, and that we should lose £500,000 of revenue—it has been stated by other witnesses to be a great deal more—how would that be made up?—It will have to be met by direct taxation largely, which also would be a welcome change.

1167. A single-tax?—You will always get the best government and the most economical administration under direct taxation, and sooner or later this colony must adopt direct taxation, because we cannot be great without external trade, and heavy Customs duties are in the way of external trade.

1168. You know that Mr. Barton has said that he must have £8,500,000?—I have seen that statement, but that goes beyond the question of the expense of mere administration. The expense of government will be about £500,000 annually altogether—that is to say, about £70,000 for each State, including New Zealand, otherwise about £83,000.

1169. Have you considered the question of the proportion of our export trade to Australia as compared with the total export trade of the colony?—It is, of course, very small compared with the total export trade, because the bulk of our trade is necessarily with Britain, where we send the most of our goods.

1170. You spoke of the legislative independence of the colony, and you instanced a number of measures which were passed last year of which only a certain number would have been passed had we been federated with the Commonwealth; but, supposing the Federal Parliament legislated upon all the thirty-nine matters that are reserved to it by the Federal Act, you are aware that any laws they passed upon those subjects would supersede any laws which any of the States passed?—Certainly.

1171. Would not that interfere with our legislative independence?—Certainly not, because these thirty-nine articles refer to matters in respect to which I think it would be better for us to have one uniform system.

1172. Supposing they passed an Arbitration and Conciliation Bill, would it not be impossible for the State of New Zealand to pass one?—That is so, but only in so far as the State Act applied to disputes extending beyond our State boundaries.

1173. We shall have to accept it?—It would not supersede our legislation.

1174. Is it not the tendency of the central authorities to increase their powers?—To a certain extent, yes; centralisation is the inevitable rule in every department of life, politically, commercially, and socially.

1175. Do you not think that the tendency of the Federal power will be to aggrandise its powers at the expense of the State Legislature?—I have no doubt that in the course of years political parties will be differentiated between a States-right party and a centralisation party. I think that is to be expected; and consequently, if any alteration is to be made, it must apply equally to all the States, because the Federal Parliament derives its authority from the States, and I am certain the States would give no mandate to do that which would be detrimental to their interests.

1176. Do you look forward at all to the time when the Constitution may be altered, when the States may be blotted out of existence?—It is possible, but it could only be done by the consent of the people, and it is possible that it would be advantageous to do it at some future time.

1177. You are aware that there is power under the Constitution to create new States?—That is so.

1178. And that a large part of Northern Queensland may be divided and created into several new States?—Yes.

1179. In that case, assuming that New Zealand was entitled to equal representation in the Senate, would not her representation be proportionately weakened?—Yes; that is a possibility upon a possibility.

1180. *Hon. Captain Russell.*] Do you not think there is a danger of the States' representatives being overruled by the majority of the people—that is to say, that the vote of the Senate may be overruled completely by the vote of the majority of the people?—That is possible, but I do not think it is very probable.

1181. Under the 57th clause, whenever there is a difference between the two Houses of Legislature ultimately they vote together: cannot you conceive, under such circumstances, that our State representatives might be completely overridden by the stronger numerical vote of the people of New South Wales and Victoria?—That is possible; but, as I have said already, in a question of this kind you must be prepared to make some sacrifice, and, while what you suggest is possible, I think it is exceedingly improbable.

1182. Do you not think it is possible that coterminous States will have a community of interest which will not apply to Western Australia, Tasmania, and New Zealand?—That is possible, and probable.

1183. In which case the greater numerical majority would swamp the State votes of those belonging to the other States?—Not in a matter affecting the Constitution. It is not likely that the larger States would interfere with the interests of a distant State, because it would not be to their interests to do so, since any such interference would have to be sanctioned by such State. Of course, these possibilities would have to be provided against by some safeguards—by amending the Constitution—assuming we were to join.

1184. You think we could not accept the Constitution Act as it stands at present?—Certainly I would not accept it without amendments.

1185. Do you think it is at all probable that they would alter their Constitution for the sole purpose of protecting New Zealand?—If they would not we should stand out.

1186. About the coloured-labour question: do you attach much importance to that?—I do; but I think the importance of it is greatly exaggerated. Remember that the majority of British subjects are black. With all our aversion to the black people, we turned out the other day to do honour to the Indian troops, of whom we were very proud. Some of our statesmen are anxious to annex Fiji, and if we want the black to leave us alone we should leave him alone. If the black man is left on his own lands he will not, as a rule, desire to compete with white labour in industries. Speaking of the coloured-labour question in Queensland, I do not speak authoritatively, but it is said that in many cases the kanakas are brought from their islands against their will. That, of course, should not be allowed; and I am sceptical, too, as to the alleged advantages of coloured labour.

1187. Do you imagine that tropical Australia will for the future be allowed to lie unproductive?—I think not.

1188. Can it be cultivated by the Anglo-Saxon race?—I believe it can.

1189. Can you give us any illustration where the white man has engaged in such work in the tropics and has been successful, and has perpetuated his race?—I do not know that it would be safe to take my opinion as authoritative, but there are certain very hot countries in South America where white men work just as well as black men.

1190. Not Anglo-Saxons?—I think they can do whatever anybody else can do, although I am not an Anglo-Saxon.

1191. Can you give me any illustration of it?—I cannot.

1192. Taking the Southern States of America, is not the coloured-labour question a very vital problem indeed there?—I think it is so largely on account of the wrong-headedness of the white man.

1193. But might we not have wrong-headed men in the Commonwealth of Australia?—I hope not to the same extent as in America. In the Southern States of America, where feeling is exceedingly strong against the negroes, it is, I think, largely explainable by the fact that the whites there were until recently a slave-owning population, and they look upon the blacks as having the social status of slaves still. Of course, we have no such conditions here.

1194. But the feeling of antagonism is as strong in the North as in the Southern States, is it not?—It is not nearly so strong as in the Southern States.

1195. Is it not a fact that the negroes in the Southern States are increasing enormously in population, while the Europeans are not doing so?—That is due to the fact that the negro pays deference to the vital law of nature, whereas the progressive white man is learning too much, and he is going to cut his own throat unless he mends his ways.

1196. Do not the vital statistics prove at the present time that the birth-rate of the white people of this colony is steadily diminishing?—Yes; and it will serve them right, therefore, if they get swamped by the blacks. Those who behave themselves have a right to possess the land, and how can those who exterminate themselves complain?

1197. Does not that bring you to the conclusion that the black people must do the work in the tropics, and that they will increase, but that the white people will not?—I do not profess to know much about the question of the coloured race in Australia; but it is quite possible that in certain industries black labour would be preferable in tropical Australia, but it would have to be under proper safeguards.

1198. You think it probable, then, that the northern part of Australia will be peopled by coloured races?—I think it is likely.

1199. Then, they, being members of the Commonwealth, will be allowed to send their manufactures into every part of the Commonwealth?—Why should they not? We do not object to buying bananas from Fiji.

1200. Is it not possible that, the whole of northern Australia being occupied by coloured people, that they will become a strength there, and in time dominate the whole of the northern part of the Commonwealth?—All those things are possible, and they should be taken into due consideration in discussing the question of joining the Commonwealth.

1201. I understand that you approve of federation in the abstract, and that, apart from any political tendency, you think the tendency is towards aggregation?—That is so.

1202. Is it not a fact that the feeling in the Canadian Confederation now is inimical to any further federation with the Empire?—I think the Canadian people have done more in the direction

of Imperial federation than we have. We allow, in the case of goods coming from Britain, no preference to goods coming from Russia, China, and Japan, whereas Canada gives 5 per cent. preference to all British goods.

1203. Have you read the debates in the Canadian-Parliament, where the principal men have stated that they were afraid of any further closer alliance?—I believe that the French population of Canada are less enthusiastic about expansion than we; but they are more friendly disposed to the British Empire than they could possibly be if they were not federated, and in any case the analogy does not apply to these colonies, because we are all one people.

1204. Well, has the federation of Austro-Hungary been a great success?—Perhaps it has not been a great success, because federation is not based on the free-will of the people, and there are restrictions in the matter of franchise. Then, what is more important, you have a very acute racial feeling, which does not exist in the case of Australasia.

1205. Take Sweden and Norway: do you consider that there federation is a complete success?—I think it would naturally be more successful there, because they are practically the same people, and speak the same language, and have similar ideas and interests.

1206. But it is said that the two peoples may fly at one another's throats at any time?—The same thing was said about Scotland and England, and Ireland and England, but there is really nothing in that except talk.

1207. Do you consider the federation of England and Ireland a complete success?—No; I do not think that the analogy is fair, because the so-called Union is no federation. Still, the Union has put an end to cut-throat tariffs between the two peoples, which is a great advantage, and the troubles which exist are more due to economic evils than to the Union.

1208. Take the German Federation: have they not Russia on one side and France on the other?—Very likely the sense of a common danger tends to the integrity of that Federation.

1209. Is there nothing but the sense of a common danger that binds them together?—At first such was the case, but the other advantages of the Federation have strengthened it; and, after all, a sense of common danger is nothing but a sense of common interest, which must underlie federation.

1210. In this Federation that we have been discussing, are not the States coterminous?—That is so.

1211. Can you give any illustration of a federation of two countries lying so far apart as New Zealand does from Australia?—No; but Prince Edward Island is not joined to the Canadian mainland.

1212. Do you not think that the distance which separates us must prevent any intimate fusing of our respective peoples?—I think not, because the distance is becoming a less important factor every day. When we are improving the facilities for travelling the intervening distance is becoming lessened, and, as a matter of fact, you can send goods cheaper to Australia by sea than if it were possible to send them over a bridge laid right across the Tasman Sea. You can send them cheaper by steamer than you can by rail.

1213. Is there not a potentiality of New Zealand becoming a country with a very large population?—Most decidedly.

1214. Is it not allowable to assume that it will carry a population half as large as that of the United Kingdom?—It ought to carry as large a population. New Zealand is more than three times as large as Ireland, and Ireland has supported eight millions of people, and could support them again.

1215. Is there not a potentiality of this country being a great country independent of any connection with the Australian Commonwealth?—Most decidedly, but the more intimate with the outside world the better.

1216. Under these circumstances, should we not rather work out our own destiny instead of being a dependency of a larger country?—While we shall inevitably become a great nation standing by ourselves, I think we should become a greater nation by having the closest contact with the rest of the world, and therefore by forming part of a great nation like Australia we would rise to a higher degree than by remaining alone.

1217. By remaining alone, should we not also, for all practical reasons, be a part of and one with the great English Empire?—Yes, we should; but still I think federation would accentuate the Imperial sentiment.

1218. You are a Free-trader?—Yes.

1219. Is it not possible that a federation with Australia will check the possibility of free-trade coming about?—I do not think so. I think the result would be rather the other way, because federation would afford indisputable advantages in the matter of intercolonial free-trade, and the people would begin to see that, if free-trade were good intercolonially, it would be a good thing to apply it to the rest of the world.

1220. Do you think the Commonwealth is likely to emulate the American system of having a protective tariff simply with a view to protecting their own industries?—I do not think it is probable, because America is a world in itself; but it may be some years before public feeling will run in favour of free-trade.

1221. *Hon. Mr. Bowen.*] Your argument is that it would enlarge the minds of the people of this colony if they belonged to a larger Commonwealth than that of New Zealand?—Yes.

1222. Why should it not tend to enlarge their minds by belonging—as they really do belong—to the British Empire, and by being connected with it in every way by bonds of kinship and blood? Why should not connection with the British Empire tend to enlarge their minds more than if they belonged to an Australian Commonwealth?—Because, I think, to belong to the Commonwealth would afford a more practical broad-mindedness; the feelings which bind us to the Empire are largely sentimental.



1223. Do you think the tightening of the bonds in a technical way will tighten the real bonds that bind us to the British Empire?—I think so.

1224. With regard to the insularity of this country, do you not think that insular countries make a character for themselves?—Yes; and that, is one of the disadvantages we have to fight against—one of our greatest dangers is our insularity.

1225. Do you think the insularity will be removed by federation with another country twelve hundred miles away?—It would certainly be modified.

1226. With regard to the coloured-labour question, I think that you misunderstood Captain Russell's question on one point, as you seemed to consider that the question was one of antipathy or non-antipathy between the coloured and white races?—It is largely that.

1227. I rather think that Captain Russell was alluding to the question of semi-slave labour which might arise where there is a coloured race?—Well, I do not look upon cheap labour as the best by any means. I think people that utilise cheap labour are the largest sufferers by it ultimately, and that the best-paid labour is really the cheapest. Experience has shown that the highly paid intelligent worker is the cheapest in the long-run as compared with the dull inferior-paid labourer, and I conclude, therefore, that the white labourer has nothing to fear from the black labourer under proper social conditions.

1228. Then, you see no difficulty in the extent of sea between this country and Australia?—I think that is a difficulty; but I contend that it is largely one of sentiment, and it is not by any means an insurmountable obstacle to the consummation of federation.

1229. Is not this case, as far as distance is concerned, very similar in the matter of federation to one between an American and a European Power?—I do not admit that, because we are of the same race as the Australians, whereas that is not the case as between the Americans and the people of any European nation.

1230. *Mr. Millar.*] Can you tell me of any practical benefit that the workers of this colony are likely to receive from federation?—Of course, my position is this: I have every sympathy with the workers, and I consider anything that is good for the colony would be good for them.

1231. But they represent a very large portion of the population of this colony, do they not?—They represent the great majority. I take it that I am a worker myself, and a very hard worker.

1232. I refer to the manual labour of this colony: are there any practical advantages to be gained by federation for these men?—If there were no advantages to them in it I should be the first to strenuously oppose it.

1233. I believe your argument, summed up, is this: that under certain conditions, if we were going to gain a practical advantage, you would be in favour of federation, and federation would be a good thing, but otherwise it requires consideration before going into it?—Yes; but the arguments of a great majority of the people against joining the Commonwealth are not based on a sound foundation. They do not arise from a practical acquaintance with the Act, and I do not think the subject has been ventilated as well as it might have been in this colony. Had it been discussed in Parliament there would now be a much more intelligent public opinion on it than there is to-day.

1234. Did you not endeavour to bring the question of federation up in the House during the time you were in Parliament?—During the last three sessions I was in Parliament I gave notice of motion to discuss it, but the feeling of the House generally was unsympathetic, and certain gentlemen took care to prevent my getting an opportunity to move the resolution.

1235. *Mr. Luke.*] You alluded to the distance between Australia and this colony: how do you account for there being so little interchange between the people of Australia and the people of New Zealand?—That is accounted for by the great obstacles there are in the way in the shape of Customs duties. Notice the difference in reference to New South Wales, which allows us free-trade. I think intercolonial free-trade would incidentally expedite travelling, and therefore be the means of promoting a greater bond of sympathy between us.

1236. What do you think is the value of the produce they take from New Zealand for their own consumption?—I have not checked the figures, but we exported approximately in 1899 £1,475,157.

1237. Have you taken into consideration the fact that a very large portion of those goods are sent there for reshipment?—No.

1238. Well, you can estimate that the value of the produce they take from this colony for home consumption in Australia would be approximately £600,000?—I do not think that is a fair way of putting it. I do not think we should be concerned with what they do with our goods after they get them. You have the plain fact that they have got them, and we ought not to be concerned more with what they choose to do with them afterwards.

1239. Do you think that amount of trade is a sufficient set-off against the cost that it would be to New Zealand in the matter of the loss of independence, and for the pleasure of having her affairs administered by the Federal Parliament?—I do not admit that any of those disabilities would arise. A larger trade would, of course, be developed under federation, and that means more than mere buying and selling; it means social intercourse and good-feeling.

1240. Do you not think it possible that under federation, with the means they have got in these large centres to specialise and centralise their manufactures, that they would swamp this colony with manufactured goods?—We would be foolish to refuse goods from them if they were better and cheaper than ours; and do you believe they would send us these goods without getting goods from us? I cannot admit that the argument implied in your question is a valid one. But innumerable instances could be cited in favour of free-trade. Take timber: We possess no timber comparable to Australian hardwood for such works as bridge- and wharf-building, and the Australians could do well with some of our softer timbers.

1241. But federation is not necessary in order to get that duty removed?—I have answered that point already: I consider that if you have complete free-trade between the two countries you have got federation.

1242. There is no reason why we should not have a reciprocity tariff without federation, is there?—Reciprocity might mean anything—it might mean intercolonial free-trade, or it might mean a retaliatory, prohibitive tariff. I do not think much of the reciprocity aspect of the matter, but I do think a great deal of unconditional free-trade.

1243. You do not fear the effect of federation upon the labour-market?—No. I am willing to admit, not that some one must make a sacrifice in connection with every great national undertaking, but some one will always imagine that he is likely to be prejudicially affected.

1244. Are you prepared to admit that we should not enjoy better social conditions if we were federated with Australia than we do now?—No. Our better condition is due to our environment more than to anything else. Here we have not got our population concentrated in large centres as they have in Australia.

1245. Do you think that if we federate we could elevate the conditions of labour in Australia to the level they are at in New Zealand?—I think that, on the whole, the tendency would be to widen the area of social betterment.

1246. How long do you think it would take?—That is impossible to estimate. But the consummation of the Commonwealth must certainly hasten universal suffrage in Australia; and there is no reason to doubt that the general tendency of the whole movement will be to raise political and social conditions generally.

1247. There are over 49,000 persons employed in the factories of New Zealand, and do you suppose that their interests in the process of elevation would be prejudiced?—I think not. There may possibly be disadvantages to some, but I wish to repeat that these things are inevitable in connection with every movement, and the same arguments were raised in the Australian Colonies and in Canada.

1248. Taking the boot and shoe trade, there is one factory in Australia employing thirteen or fourteen hundred, while in New Zealand the whole number is approximately between three and four thousand: can you conceive of that factory dumping down its surplus stock here, and so swamping the local industry?—If any industry cannot stand here on its merits, then it is not worth subsidising.

1249. Take the furniture trade: can you conceive of that trade being seriously affected by federation?—The principle on which I would go in dealing with such matters is that, if the trades and industries concerned cannot stand the test of competition in the open market, then the people engaged in them had better devote themselves to something else.

1250. If our labour cannot stand that strain, you are of opinion that they should do something else?—Yes; I think our people should be able to get cheap boots rather than have to pay excessive taxation in order to enable the manufacturers to keep four thousand operatives in employment at low wages, which are a source of discontent.

1251. You do not think the effect of federation would be to dislocate the manufacturing interests, and to affect adversely the labour portion of the whole community?—Not excepting in so far as it would be advantageous to do so, because if industries cannot exist without special taxation they should not exist. It is bad policy to force industries artificially. Would it pay us to grow oats in a greenhouse?

1252. Could these people readily adjust themselves to the new conditions that might be imposed on them?—I think you could have framed just as strong an argument against the employment of the linotype machines, or any labour-saving invention.

1253. You think there is nothing in the argument as regards conserving our political independence and working out our own destiny ourselves?—No; I do not think there is any objection to federation on that ground. Patriotism is a grand thing, but it can be overdone. Patriotism that deludes people into an overweening opinion of themselves is empty conceit and a dangerous prejudice, and the more dangerous because of its nice name—"patriotism."

1254. *Mr. Reid.*] Have you considered the position of the High Court in Australia?—Not carefully.

1255. They have the jurisdiction in appeal?—Yes.

1256. Do you know the number of Supreme Court Judges there are in New Zealand?—There are six.

1257. You know that they constitute a Court of Appeal in New Zealand?—Yes.

1258. Do you think it would be an advantage to have a Court of Appeal of, possibly, three Judges to hear State appeals that are carried from New Zealand?—Speaking as a layman, I should say not; but, of course, that is more a matter for legal opinion to decide on. Personally, I think the minimum is rather low, but there is nothing to show that it will not be higher.

1259. Is there any advantage in going to the Australian Court of Appeal, seeing we have a Court of Appeal in New Zealand?—I should think not, although in respect of some cases there might be an advantage in obtaining a change of venue. But I think that the benefits of the Privy Council are exaggerated, because it is too expensive, and enables a rich man to browbeat a poor man, and for that reason, if for no other, I should prefer the Federal Court of Appeal.

1260. Did you notice the other day that it was proposed to reconstitute the Court of Appeal?—I understand that an amendment in that direction is contemplated.

1261. Are you aware that of late years they have added a colonial Judge to the Privy Council?—Yes; but I may say that I am not at all in a position to deal with this aspect of the Federal question. Broadly speaking, I should prefer the appeal to the Federal Court to that of the Privy Council, as the former would be an advantage in many ways by removing, say, very contentious cases from here to Australia, where you would get at least an equally competent decision free from all local feeling. As for the Privy Council, it is too expensive, and I am afraid distance induces an exaggerated idea of its excellence. *Mr. H. W. Lucy* some time ago stated that in deciding a most important case affecting a self-governing colony—presumably it was the Midland Railway case—the majority of the Judges were asleep.

1262. *Mr. Leys.*] Do you think that we really lose anything by a complete surrender of our local self-government? I have said at the outset that we must lose something; but certainly I deny that we are going to surrender everything, or, indeed, anything, without a greater corresponding gain.

1263. We completely surrender our self-government, do we not?—I do not admit that.

1264. We cease to exist as a colony?—As a colony we would cease to be a separate national entity, and we would become a State of a Commonwealth; but I do not think we surrender any function of self-government that we cannot advantageously surrender. Independence in the widest sense is an idle chimera. To live to ourselves is quite impossible.

1265. You think we lose nothing?—In minor matters we must be prepared to make some sacrifices.

1266. You stated that the cause of the trouble in Ireland was not so much the connection with England as the bad land-laws: do you think that those bad laws were deliberately enacted by the British Government from motives of injustice to Ireland?—Not necessarily always, but certainly in more remote times.

1267. Do you think, then, that they mainly arose because English statesmen did not understand the requirements of Ireland?—I will not put it that way either. They arose in this way: In the first place, there came an incursion of Norman-French bandits who had conquered England. In due course these people became Englishmen, and they looked upon Ireland with the contempt that a ruthless conqueror always entertains for those whom he gets under him. Out of these conditions you have a series of abnormal political conditions which utterly destroy any comparison with Australasia.

1268. Do you think the remedy in Ireland would not proceed more rapidly if Ireland had obtained self-government?—I think the difficulty is largely due to mutual misunderstanding. One of the best friends of Ireland was William Pitt, as far as intention was concerned. He foresaw the desirability of promoting good-feeling between the two nations, and he offered to give the Irish people free-trade, which the so-called Parliament refused. The Union was brought about at first by very unfair means, but it has conferred the benefit of free-trade on the two peoples. As for the other difficulties—the social difficulties existing—these are but a local phase of the same thing elsewhere, and are largely connected with the land question. Anything outside of that is largely one of sentiment. Settle the land question, and the problem would be simplified.

1269. Are you a Home-Ruler?—Of course I am; and the real solution of the Home Rule difficulty is federation—a Home Rule that would extend the benefits of self-government to the component portions of the United Kingdom, the Imperial Parliament becoming a Federal Parliament.

1270. You think that by the institution of self-government in Ireland all these troubles would be remedied?—Well, if you gave them self-government to-morrow you would still have the land question, and that is the root of the problem.

1271. Do you regard the centralisation of government in Great Britain as an evil or a benefit?—As an evil, of course. The House of Commons has far more work than it can do, and the result is that domestic questions are greatly neglected, and India and Ireland are neglected. That is why I believe in Home Rule as a general principle.

1272. Is not this Federal movement a movement really in the direction of centralisation?—Not centralisation merely. The whole strength of the British Empire lies in the principle of self-government, and without self-government the central or Imperial idea would crumble. It is the neglect of this cardinal fact which has broken other empires.

1273. You have stated that you believe the Federal Government would gradually assume larger powers: why do you say that?—Quite so, because the conditions alter from generation to generation; and, specialisation being the tendency, it is reasonable to expect higher development of it in future.

1274. Do you not think that a number of the Australian States may see that they have sufficient community of interest to hand over their powers to the Central Government, and by their majority vote may force on a system of centralisation greatly to the disadvantage of New Zealand?—I think that is guarded against in the Constitution Act, section 128, which says that no change can be made affecting any particular State without the electors of that State being consulted. As far as the laws applying to the States are concerned, I should say the majority must rule, and if we join we must take our chance in matters of that kind.

1275. You think there is not a serious danger of some of the large Australian States having a common interest amending the Constitution in a direction adverse to New Zealand?—I think not.

1276. Have you considered the effect upon our power of self-development of handing over the whole of our Customs revenue to the Federal Parliament?—No, I cannot say that I have, excepting on broad principles. I consider the Customs duties are an impediment to healthy social development.

1277. Do you think the State Government of New Zealand could carry on the works it has been doing for the development of the country, such as the purchase of land, and the subdivision of it, if it had not any control of its Customs revenue?—I do not think the Customs revenue affects the question of purchasing land for settlement in this colony, because the money comes from another source. At any rate, we do not surrender our right to raise money for purchasing land for settlement by surrendering our Customs revenue. Further, we do not surrender our revenue, because it is distributed *pro rata* amongst the States; and as for curtailing borrowing, while that would not eventuate, I would not be sorry if it did effect such a change. Borrowing has been one of the greatest curses of this colony, and we shall realise some day that such is the case.

1278. Do you contemplate the time when the Federal Government will take over the whole of the debts and railways, and take the power of borrowing from the States?—The Act provides for

the taking-over of State debts, but it does not say that the States are to be denied the right to borrow. The Act affords facilities for taking over the State debts by the Commonwealth, and for consolidating and converting loans, which I think would be a great advantage.

1279. If the Government assume liability for the public debt, would they not necessarily take over the railways for part security?—Very likely that would be part of the arrangement.

1280. In that case would the railways be as well administered?—Yes, I think so.

1281. And do you think the other administrative departments of the Government would be as well administered?—I do.

1282. *Hon. the Chairman.*] Do I understand you to say that you approved of the appeal to the Federal Court of Appeal rather than to the Privy Council because it removed the appeal from the area of local influence as regards New Zealand?—I said that, as far as this colony was concerned, I would prefer appeal to the Federal High Court, because it would involve a change of venue, which is often desirable.

1283. How about appeal to the Privy Council?—Another reason in favour of the Federal Court was that the Privy Council is too costly for a poor man.

1284. How about Australian appeals to the Court of Appeal, and the liability for partial decisions there?—I do not make it an important objection, but I point out that it is possible for questions to arise where a change of venue is necessary. Australia, however, is a larger community.

THURSDAY, 28TH FEBRUARY, 1901.

WILLIAM GRAY examined. (No. 115.)

1285. *Hon. the Chairman.*] You are the Secretary of the Post and Telegraph Department of New Zealand?—Yes.

1286. And you have held that office for considerable number of years?—Yes.

1287. Part of our commission, Mr. Gray, is to inquire as to how postal matters would be affected in the event of New Zealand federating with Australia: can you give us any statement of facts upon that point?—Well, I think the service would not be so economically administered if federation did take place as under existing conditions, through New Zealand being too far removed from the Central Administration; and, further, I may say that our administration at the present time appears relatively on a cheaper basis than that of the other colonies—or, at least, those whose business I have been able to review.

1288. That is, as to the revenue over expenditure?—Yes; contrasting the revenue with the expenditure, we are in a more favourable position than some of the other colonies.

1289. In what way would distance handicap the administration?—The head office, instead of being in some central position in the colony, would be twelve hundred miles away.

1290. And I suppose that that would require the frequent use of the cable?—Undoubtedly.

1291. Do you think that in the matter of revenue New Zealand would suffer by being federated with Australia?—I think it probably would, as there no doubt would be a desire to apply part of our surplus to those colonies which now show a deficit.

1292. There seems to be a prospect of universal penny-postage being adopted in Australia, does there not?—I think it will probably be agreed to when the Federal Parliament meets. Victoria is on the eve of having penny-postage within its borders, and I do not think it will be very long before the penny rate will be extended to the other States, and no doubt to New Zealand as well.

1293. Can you tell us of any advantage which you think would be likely to accrue to this colony through federation taking place?—In regard to postal matters, I do not see any advantage except uniformity of practice throughout the whole of Australasia.

1294. In what?—In administration, and in rates, and dealings between the Post Office and the public.

1295. How will it affect the Classification Act?—That I can scarcely answer, because the whole of the services on the other side are not classified. Victoria is classified, and New South Wales, but the Victorian classification scheme has lately undergone, or is now undergoing revision. The desire was that the revision should take place before federation, but that, I think, has not been accomplished. I assume that the control of the post and telegraph services of Australia will be taken over on the 1st March by the Commonwealth.

1296. What would be the effect of federation in respect to the over-sea contracts for mails?—I do not know that the services would be carried out much more economically than under existing arrangements. There would be very little difference, and what difference there would be would be scarcely worth considering.

1297. Would there be any difference, do you think, in the salaries of the officials under federation?—It is quite likely there would, as there is a great diversity in the rates of pay now.

1298. Are they more highly paid in Australia than here?—In some instances they are. In Victoria the pay is higher, but not so high as in New South Wales.

1299. Are you acquainted with the various systems of administration in the several States of Australia and Tasmania?—Yes, in a general way.

1300. Does the administration in those States in regard to postal matters recommend itself as being in any way better than that in vogue in New Zealand?—No; I think I might say that we are a little ahead of them.

1301. *Mr. Beauchamp.*] What was the last year's profit of our Post and Telegraph Department?—About £97,000.

1302. Net?—That was the difference between revenue and expenditure; but then if you take into account the value of the work we do for the Government it would bring up the credit balance to over £200,000.

1303. Roughly speaking, about £100,000 free work is undertaken by the Post and Telegraph Departments?—Yes.

1304. In the event of federation, I suppose each State would have to bear its own charge incurred in that direction?—I think probably that what is now sent free would be charged for.

1305. So that each State would have to contribute its own cost in respect to Government work?—No doubt.

1306. Can you tell us the percentage of expenses to revenue in New Zealand as compared with other colonies?—Yes; the following return, which I will read, gives it in a general way:—

COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURE, ETC., OF NEW ZEALAND AND SEVERAL AUSTRALIAN STATES, 1899.

| —                     | Revenue. |    |    | Expenditure. |    |    | Percentage of Revenue to Expenditure. | Percentage of Expenditure to Revenue. | Percentage of Salaries to Revenue. |
|-----------------------|----------|----|----|--------------|----|----|---------------------------------------|---------------------------------------|------------------------------------|
|                       | £        | s. | d. | £            | s. | d. |                                       |                                       |                                    |
| New Zealand ...       | 488,245  | 16 | 4  | 390,448      | 1  | 7  | 125·05                                | 79·97                                 | 49·33                              |
| New South Wales ...   | 789,657  | 5  | 11 | 734,547      | 10 | 10 | 107·5                                 | 93·02                                 | 49·89                              |
| Victoria ...          | 606,957  | 0  | 0  | 534,005      | 0  | 0  | 113·66                                | 87·98                                 | 51·95                              |
| Queensland ...        | 298,800  | 17 | 6  | 347,712      | 18 | 1  | 85·93                                 | 116·37                                | 50·11                              |
| Western Australia ... | 203,962  | 5  | 1  | 230,700      | 7  | 7  | 88·41                                 | 113·11                                | 74·15                              |

NOTE.—The foregoing figures are extracted from the annual reports of the Administrations of the States of Australia, the revenue and expenditure being shown, as far as can be ascertained, on the basis of that entered against New Zealand.

1307. In this balance as regards New Zealand, do you take credit for the amount of work you have done on account of the Government?—No, that is excluded.

1308. What is the practice obtaining in the other colonies in that respect: is it the same as ours?—To some extent it is. In New South Wales I think they take credit for a proportion of the value of free telegrams, and this is the case in Victoria.

1309. Under the Commonwealth Bill our post and telegraphs would be taken over altogether, and we get no revenue in the shape of returns even from the profit arising on this department?—I assume that they would take the total earnings of the several colonies, and strike a balance, and whatever it might be, either debit or credit, would be divided probably on a population basis.

1310. And you think it is probable that our surplus might be appropriated to make up for the deficiencies of other colonies?—Yes.

1311. *Mr. Leys.*] Can you tell us whether, in the aggregate, there is a profit or a loss on the Commonwealth Post Offices?—I should say that there is a small profit just now, assuming the figures in the return I have quoted are correct, and assuming that New South Wales takes credit for a proportion of their free post and telegraph work, which we do not do. If this is done their revenue is swelled to that extent as compared with our own.

1312. Deducting that amount, do you think that there would still be a profit?—I think there would be. There are only two deficits, amounting to £70,000, as against nearly £127,000 of profit, so that there is a difference in favour of revenue of over £50,000.

1313. And relatively our profit is very much greater than that of the other colonies?—Yes.

1314. There is a provision in the Commonwealth Bill for crediting each State after five years with the balance in its favour: have you noticed that?—That is to say, that we would practically remain as we are financially for five years.

1315. Would you assume from clause 2 of the Bill that each department would be credited with its own revenue?—I think so.

1316. Looking at clause 93, do you think that that would govern the Postal Department?—I think it would.

1317. So that for five years we should not lose our postal revenue?—No.

1318. But after five, apparently, it would be taken into a general account?—Yes.

1319. *Hon. Major Steward.*] In connection with your replies to Mr. Beauchamp about free services, did you mean that under federation the State departments would have to pay postage?—I cannot say what the policy would be, but I should assume that the Government would attempt that.

1320. As the free services represent about £100,000, would not that increase the post and telegraph revenue by that amount?—Yes; but, of course, Government would have to pay all the same—it would be taking money out of one pocket and putting it in the other.

1321. But under the section which has been quoted, whereby the balance to the credit of the Postal Department would be credited to the State by the Commonwealth, would not they credit that £100,000, although the department have to pay it in another way?—That would be so.

1322. So that it is as broad as it is long?—Yes.

1323. *Hon. the Chairman.*] Are the Postal and Telegraph Departments united as here?—Yes, in all the colonies.

1324. *Mr. Beauchamp.*] What was the estimated loss of revenue by the establishment of the penny-post?—About £80,000.

1325. Are our telegraphic rates cheaper than those provided in the other colonies?—They are cheaper.

PIERCE CHARLES FREETH examined. (No. 116.)

1326. *Hon. the Chairman.*] You are a journalist, residing in Wellington?—Yes.

1327. Have you ever resided in Australia?—Yes, for different periods of over five years; but I am a native of New Zealand.

1328. Will you kindly state your views on the question of New Zealand federating or not federating with Australia?—Yes. I have been studying the question from the point of view of one of the native-born. Shortly, I am in favour of a Commonwealth of our own. I contend that here is a people absolutely self-contained and self-containing, capable of living up to the best traditions of its ancestors, living in a land self-sustained and self-sustaining. I am of opinion that there is nothing that our people require or will require hereafter in the way of necessities of life which this colony and the adjacent islands cannot provide; and I contend that the people here are peculiarly adapted to nation-making. Some of the best blood of all nations is in the veins of the pioneers of this country, and it is within the knowledge of those present that it is becoming transmitted with most gratifying results to the second and third generation. My observation is that the Australians differ from us in character, disposition, and sympathies, and that the probable tendency will be to widen the gap between us in this respect. I have arrived at the conclusion that the Australian is not of the same robust, moral, vigorous type as the New-Zealander; and it seems likely to me that in Australia the type will degenerate, while here it will become more distinctive for physical and mental development, independence of character, moral stamina, and high ideals. My reason for saying this is that the Australian tendency is to crowd into cities; the New Zealand tendency is to spread out and take a strong hold upon the soil. The Australian climatic influences and natural conditions breed pessimism, wantonness, desire for luxury, and prodigality. New Zealand climatic influences and natural conditions tend to foster industry, shrewdness, thrift, and the spirit of self-help. I assert that Australia is not necessary for us as a market, but that climatic influences operating on natural conditions frequently make us necessary to them. If we retain our independence we shall only be one degree worse off than before. We shall lose the allegedly free-trade port of Sydney, and, instead of "all but one," all Australian ports will be closed against us. If we lose our independence we shall gain free entrance to Queensland, New South Wales, Tasmania, Victoria, South Australia, and West Australia, and throw our markets open to the untrammelled competition of the cheap labour in those places. I am of opinion that Australia will never be a market for our principal products—meat, butter, cheese, grain, and wool—and that federation will never make her so. If Australians want our products, no tariff devised will keep them out, and their buyers will have to bear the brunt of the Customs duties imposed. New Zealand will lose by joining the Commonwealth: her independence; a considerable portion of her self-government; the control of her principal means of revenue; such sums as may be devoted to Commonwealth administrative purposes; such sums as may be required (as a *pro rata* contribution) for establishing and maintaining the Federal Parliament, with its staff and accessories; the amount to be paid for salaries of our representatives and Senators, and their expenses; and the large sum of Customs revenue, which will have to be made up by some form of special taxation. Besides, we will have to maintain a State Parliament, just as expensive as the present one, for local-government purposes. We shall get in return trade with Australia. This trade abler men than myself have already shown to you to be not such a very great thing to sacrifice, if such a sacrifice is the price to be given for national liberty. I realise that it will be easy to get into the Federation, but that it might cost bloodshed to get out again. As for defence, I do not think Australia will help us very much in that. As the captain of the warship "Archer" said at a public dinner the other night, the sea-fight which will decide the fate of Australasia will be fought in the English Channel. Personally, I think too much is made of the defence question in the federation argument. As a matter of fact, if it comes to fighting, New Zealand would be precious little use to Australia, and *vice versa*. Personally, I think, if we guard our harbours and coal-supply, Providence will do the rest. The coal problem is our safeguard from invasion from without. If an enemy surmounted that obstacle and gained a footing, he could never gain the mastery if we were efficiently armed, and pursued Boer tactics. If attacked we should probably have to do as the pioneers of old times did: discard the British officer, and do the "chucking-out" ourselves. I refuse to believe that Australians could govern us as well as we can govern ourselves. I venture to say our legislators are, on the whole, of a better type than the Australian, and that our legislation in the past has added in no small measure to our reputation as an altruistic, yet shrewd, far-seeing people. I have arrived at the conclusion that only by remaining untrammelled can we pursue a broad, progressive, enlightened, commonweal policy. I am satisfied that if the workers permit the sacrifice of the colony's autonomy they will never cease to regret it. I think the trend of our future action should be, in order to strengthen our position, to encourage State control of all essential public services; to strongly counteract all attempts at formation of trusts and combines; to arrange for periodical conferences (*in camera*) of the Cabinet for the time being and a given number of leading business-men in the community as to the best methods of exploiting foreign markets; to increase, if necessary, facilities for enabling young colonists, the sons of settlers in particular, to go upon the land; to press every opportunity of cementing the Imperial connection; to recognise Volunteering as a disciplinary measure from the schools upwards; to encourage horsemanship and prize-shooting, but discourage militarism and excessive wasteful expenditure on orthodox training, permanent forces, and coastal defences; and to cease to import military experts (so called), training instead men of our own community to administer our defences and public services with sympathy, judgment, and efficiency.

1329. You say that you would discourage coastal defence?—I meant to imply that I would discourage excessive expenditure on permanent forces and coastal defence.

1330. But you recognise that certain fortifications are necessary for some of the harbours in the colony, in order to allow ships to load and unload with safety?—Yes. You will notice I referred to that matter in my statement.

1331. Then, I understand you to say that you are distinctly against New Zealand federating with Australia?—Yes.

1332. And as a journalist you have studied the question, and have read the Commonwealth Bill?—Yes.

1333. *Mr. Leys.*] You say you resided in Australia: from your residence there, do you think our population are better off, on the whole, than the Australian population?—Yes, because in Australia there is a tendency to concentration in the cities, while here the population is spread out on the soil, and they have better opportunities for relaxation and enjoying life in the best and most desirable way. They live under better climatic conditions, and they have a more healthy moral and physical tone.

1334. Do you think that the social condition of the working-population here is better than in Australia?—Yes, I am certain it is. That is the aggregate of my experience.

1335. Do you think that there is more poverty in Australian cities than in New Zealand cities?—Relatively, of course there is. It is very seldom that you see a beggar in the streets of New Zealand—you do in Australia—and, of course, that is owing to the fact that we provide for our beggars and poor better than they do in Australia; but it is a fact that obtrudes itself on any visitor that there is a great deal of poverty there, and the conditions of life are not so desirable as they are here.

1336. Do you think that the congestion you speak of will tend to keep the population on a lower level?—Yes. My opinion is that the congestion in the Australian cities will increase, and that while that goes on the population will not be so well off, and that the people in the States will be more and more dependent on a country like New Zealand for their supplies as time goes on.

1337. Under these circumstances, do you think that the adoption of the Arbitration and Conciliation Act and similar measures could raise the working-population to the level of the New Zealand population?—On the whole, it would raise it no doubt; but whether it would raise it to the level of the New Zealand population, considering that we are constantly improving our social surroundings, is somewhat doubtful. There is a very much larger field for these measures to operate in over in Australia, and they will consequently take longer to bring them into operation; but not only cannot these problems be approached with any certainty in Australia, but the question becomes harder as the population is larger.

1338. Is it your impression, then, that the first effect of federation would be to bring some of these ills to our own shores through the competition that would then arise?—Yes; and any inequality of labour conditions arising in this way will rather tend to push us downhill than to lift us up.

1339. *Mr. Beauchamp.*] In the matter of defence, I suppose you are quite prepared to admit that the Australians and New-Zealanders would assist one another, in the event of any trouble arising, just as readily as both of them have assisted England in South Africa during the present trouble?—Theoretically, their sympathies would be with one another, of course; but I do not see very well how they could assist one another, because if Australia were attacked it would be by an outside foe, and New Zealand could not go to her assistance, for to do so would be to leave her own shores unprotected and open to attack.

1340. Do you contemplate that the attacking force would be sufficiently large to invade both countries simultaneously?—I do not say that it would be necessarily so; but I do say that if New Zealand were attacked the Australians would be unable to spare any number of men from their own shores to assist us, with the chance of having them seized in mid-ocean.

1341. When you spoke of the undesirableness of our joining the Commonwealth, and made a reference to the adjacent islands, did you allude to the possibility of New Zealand federating with the islands of the South Pacific?—Not necessarily; but I had in my mind the fact that we would have an open market in the islands of the Pacific under any conditions if we took the right steps to see that we secured them while the islands were still in a state of transition between one ownership and another.

1342. Have you given any consideration to the question of whether white labour can be employed in the cultivation of the soil in tropical and sub-tropical Australia?—I am unable to persuade myself, after the observations I have made, that these tropical places where the sugar-cane is grown are places where white men can labour. I am of opinion that they must be developed by kanakas.

1343. It is stated by some politicians in Australia that they intend to have a white Australia, and, if so, would it not affect very disastrously large industries in Queensland, such as the sugar industry?—Inevitably so.

1344. You anticipate that there will be trouble in respect to that question in tropical and sub-tropical Australia?—Yes; history shows that where the body politic and vested interests are at issue bloodshed often results, and that may probably occur in a case like this if the matter is pressed.

1344A. Are you of opinion that our industries could be better developed by not federating?—Yes; I think we are quite capable of becoming a nation in ourselves, working on our own lines, developing our own industries, producing all we require, and finding markets for our surplus produce, if not in Australia, in other parts of the world.

ALBERT ARTHUR CORRIGAN examined. (No. 117.)

1345. *Hon. the Chairman.*] You are the manager of the D.I.C. in Wellington?—Yes.

1346. How long have you resided in New Zealand?—Twenty-six years.

1347. Have you ever resided in Australia?—Not at all.

1348. Have you considered the question of New Zealand federating or not with the Australian Commonwealth?—No, not particularly. I have been asked to come here, and I did not offer to



come. I have not regarded the question of federating with Australia as a practical thing at all, as it seems to me that anything that will upset our industries here would not be seriously considered by our people.

1349. Are you of opinion that federation would upset the industries here?—Yes. That is as a general opinion; but it is not the outcome of any special study of the matter on my part. My opinion, as a business-man, is that if you do anything to upset the industries of New Zealand it will affect practically the whole of the people.

1350. Are you of opinion that New Zealand federating with Australia will have that effect?—Yes. If we were levelled down to intercolonial free-trade, and had to compete with the stocks traders could dump down on New Zealand at any time, it would be a very disastrous thing for the colony.

1351. You mean that the revenue of the colony would be seriously affected by any alteration of the Customs duties?—We have a Customs tariff to protect our industries, and if you bring our people into competition with other people who are working at reduced wages, and possibly longer hours, our position would be very bad.

1352. That is, as far as the workers are concerned?—Yes.

1353. Have you considered the position as far as the manufacturers are concerned?—Yes; I buy largely of boots, shoes, drapery, clothing, and other goods of New Zealand manufacture. If we had to compete with the Australians on their cheaper markets our buying, as a company, would be very much smaller from the New Zealand manufacturers.

1354. You mean that the manufacturers of New Zealand would not be able to compete with the larger concerns commanding the greater amount of capital in Australia?—Yes; and New Zealand manufacturers would also have to compete against lower wages and longer hours.

1355. Have you considered at all how the revenue of New Zealand would be affected by any alteration in the Customs tariff?—No.

1356. What is your opinion on the sentimental side of the question—as to New Zealand sacrificing its independence?—I think we are very much better as we are.

1357. Why?—I do not think it would be advisable to become a province of Australia, as practically we should be if we federated; and I should be very sorry to see it.

1358. Is there any advantage that you think would accrue to New Zealand from joining the Commonwealth?—Not as we understand the Commonwealth now. We would simply be absorbed by Australia.

1359. Do you not think it would be to our advantage to have four million extra people to trade with?—I do not think so, as we cannot supply our own people yet.

1360. But you must not look at the matter from the point of to-day, but, say, from fifty years hence?—I would not like to express an opinion on that point; but I consider that at the present time federation would be a disadvantage.

1361. *Mr. Beauchamp.*] In the past Australia has been subjected to greater financial crises than this colony, and I suppose you assume that, in the event of a future crisis through having intercolonial free-trade between the colonies, it would simply mean that New Zealand would be a dumping-ground for surplus and bankruptcy stocks?—That has happened before, and is what I endeavoured to make clear in my previous remarks.

1362. Apart from any competition that would arise from the big industrial concerns in Australia?—Quite so.

1363. Do you do anything in furniture?—Yes.

1364. Have you come into competition with the cheap furniture of Australia, which it is said is manufactured by Japs and Chinese labour?—Yes, we have experienced that competition in past times, but it is not so marked at the present time; business is rather good throughout this colony, and competition is not so marked.

1365. So that with the present duty and the better condition of affairs in Australia you are not suffering now?—No.

THOMAS WILLIAM HISLOP examined. (No. 118.)

1366. *Hon. the Chairman.*] You are a barrister and solicitor, practising in Wellington?—Yes.

1367. And you have been a member of the Legislature of New Zealand and Cabinet Minister?—Yes.

1368. Do you know Australia at all?—Only by reading of it, and by looking at the statistics occasionally.

1369. Will you be kind enough to give the Commission the benefit of your views upon the advisability or otherwise of New Zealand joining the Commonwealth of Australia?—Well, I have not followed the question very closely lately; but in the year 1876, when the question of separation and federation was being discussed in the House of Representatives, I gave the matter a good deal of attention. I studied the movement in Canada and in other places, and have continued to give the question some attention, and I have come to the conclusion that federation is essential to the well-being of these communities, and to the solution in them of the big questions which underlie the development of humanity. I believe that many large questions can only be properly solved if federation is carried out. I have read the Commonwealth Act, and I am distinctly of opinion that most of the questions mentioned in section 51, as questions over which the Commonwealth Parliament has paramount power of legislation, could be best dealt with by a federated Parliament. In regard to most of them there is nothing affecting the independence of the State or local patriotism. The question, for instance, of bankruptcy and laws regulating the interchange of commodities, and a great many other questions mentioned in the section, can certainly be far more advantageously dealt with by the federated Parliament than by each Parliament locally, and I am quite satisfied that if we had general provisions for the whole of the Australian Colonies dealing

with these questions trade would be facilitated to some extent. I do not wish to exaggerate the importance of this, but certainly it would be of considerable advantage. With regard to several matters which have been mentioned by witnesses—for instance, the labour Conciliation Act and labour laws generally—as likely to be interfered with, the Act only gives power to the Commonwealth Parliament to deal with them, and we may take it as certain that they would not deal with them except in a progressive way, and therefore that the laws in force in New Zealand would remain in force until they were advanced enough in the Commonwealth to pass a general law something like we have. I have seen it mentioned by some of the witnesses that the shorter hours here and higher wages necessarily mean dearer work. My reading has led me to the opposite conclusion. In Canada, when experimenting with shorter hours, it was demonstrated, particularly in the tobacco-works, where machinery was used, that the shortening of hours from 10 to 9, instead of increasing the cost of production, decreased it. So I, for one, do not accept the statement that it is necessary at all that the cost of an article will be increased by the shortening of hours and increasing of wages. Of course, there is a limit to that, as to everything else. The general conclusions to which I have come is that, within limits, better conditions bring about better and cheaper work. I have also seen references made to the cost to the colony of joining the Commonwealth. One witness stated that it would cost the colony £600,000. I do not know how he arrived at that conclusion, because the total cost of all the departments in Australia which are taken over by the Commonwealth are something like £3,000,000; that includes the Post Office, and so on. If you deduct the revenue of the Post and Telegraph Office, the total net cost of the departments taken over would be about £1,000,000; and if you divide that by seven, after adding the cost of our departments, you will see that the cost to the colony would not be anything like what is stated. The only power about which I would have any hesitation in handing over to the Commonwealth is the power to deal with our railways. There is power given to the Commonwealth to make railways in Australia which might not be of any very direct advantage to New Zealand. The Commonwealth has power to charge the interest to any State in respect of railways by which it is specially benefited. Some provision should be made to charge interest specially against particular States in respect of which more than one but not all the States are benefited. I think our railways might be left to ourselves, and that we might be freed from any burden in respect of the Australian railways.

1370. You said you did not understand how the loss of revenue was arrived at?—It was the cost I said. I did not understand the reference was to revenue.

1371. That is probably in the shape of loss of revenue?—Revenue not collected?

1372. Yes?—Then, the colony cannot use money not collected.

1373. Do you understand that if Mr. Barton remains in power the Federal tariff will be a higher or lower one than the tariff at present in vogue in New Zealand?—I notice that Mr. Barton used the words “moderate protection.” If he takes the mean between Victoria and New South Wales it would be just about what we have now.

1374. We are told that the duty collected on sugar in this colony is £160,000 per annum: does it occur to you that the whole of that revenue on one item alone would be lost to New Zealand?—I am not at present sufficiently acquainted with the particulars of where our sugar comes from to express an opinion on that.

1375. It comes from Queensland?—Some comes from Germany and Fiji, and if we federated with Fiji there would also be a loss.

1376. Supposing we federated with Australia, we are told that there would be a loss of the whole of that £160,000 of revenue which we now receive from sugar duties?—Even so, I do not look upon that as calamitous. The people would have the benefit of it, and they could pay it in some other form.

1377. But there are other commodities, such as tobacco and spirits, on which revenue would be lost, and it is in that respect that the £600,000 is calculated?—The country within which the commodity was consumed would get the benefit of the loss of duty. That can always be corrected by excise duties, as at Home.

1377A. You have referred to the thirty-nine matters that the Commonwealth may legislate upon: if they legislate upon the whole of these, what would there be left for the State Parliament to legislate upon?—I do not know that I can tell you right off. There are a great number of things left.

1378. Do you not think that the legislative independence of the colony would be very seriously curtailed?—I would not regard as a calamity the fact of our local legislation being curtailed. Our representatives would take a part in the legislation of the Commonwealth. I think any loss of what is called independence would be quite compensated for in our having a voice in the solution of problems in which we have at present no voice, and which are of great importance, and by bringing about uniformity in regulation on many subjects.

1379. You are aware, also, that if a law is passed by the Commonwealth which is inconsistent with a State law the Federal law prevails?—Yes, I understand that.

1380. Therefore, if the Commonwealth legislated upon the thirty-nine matters, the State would be debarred from passing any law inconsistent with that?—Yes.

1381. Well, now, supposing they passed an arbitration and conciliation law, to begin with, which is distasteful to this colony, we would have to put up with it?—I do not anticipate anything of the kind, for this reason: The first Act passed was by the South Australian Parliament. There is a large proportion of the people in New South Wales and Victoria in favour of similar legislation; and even in West Australia, where the franchise has been restricted hitherto, there is a considerable party having views in the same direction. I anticipate that they will never pass a law which will abrogate what is in force in New Zealand until they pass at least an equally good Act for the whole of the Commonwealth. I may say I do not look upon our Act as perfect by any

means, and I do not anticipate that an Act of that kind will be passed which would be less useful than the Act now in force.

1382. Do you consider it a matter of any importance that the Native population of this colony are not taken into consideration in the matter of elections to the Federal Parliament?—I did not notice that. I do not think it is just.

1383. You know, too, that New Zealand could not now join as an original State?—It would have to come in under an Act.

1384. Do you see any disadvantage in reference to administration in the distance that New Zealand is from the centre of the Federal Government?—In some departments there would be a disadvantage; in others there would be an advantage, I think.

1385. Have you ever known of a country separated so far by sea as New Zealand is from Australia federating?—I do not know of any so far away by sea, except it is the western States of America, which were practically only approachable by sea for all commercial purposes for a great many years after they joined the Confederacy.

1386. Do you not think that where people are on the same continent they know more about one another and of each other's interests than those who are separated by such a large extent of sea?—I should say that the Californians, when they first joined the States, knew a great deal less about other parts of America than we do of Australia.

1387. You think that we might suffer somewhat in administration, but not to a large extent?—No.

1388. Do you think that the people of the Chatham Islands, who are not nearly so far away as Australia, do not suffer in administration by reason of their distance from New Zealand?—The Chathams are visited once in two months, and have no cable.

1389. In the matter of a grievance, do you think they would have the same attention paid to them as if they were fifty miles from New Zealand?—I know some districts in New Zealand quite as neglected as the Chatham Islands. But the cases are not analogous. They are not represented as we should be, and they are not connected with cable. Newfoundland is a considerable distance from Canada. Originally a number of States refused to go into the Canadian Confederacy, but ultimately all came in except Newfoundland, which is rich in minerals. They raised the same objections as New Zealand is doing, and their development has been very slow, and they are certainly not a progressive community.

1390. Do you think it is probable that in the course of years the different States of Australia will be abolished?—I do not think it at all likely. I think, as the Commonwealth develops they will settle down to specialising their functions, as they have done in other Federations.

1391. Does not all history prove that it is the aim of Central Governments to increase their powers?—It depends upon who are administering them. In America under certain administrators that has been the case.

1392. *Hon. Mr. Bowen.*] But, on the whole, has not the tendency been to usurp the powers of the State?—The tendency of Governments under ambitious rulers is to increase their powers.

1393. *Hon. the Chairman.*] And that was our experience in New Zealand in the abolition of the provinces?—I do not think they interfered much with the local legislation.

1394. They absolutely wiped them out. Do you not think that the same line of conduct is likely to be followed in the Commonwealth of Australia?—No, I do not think so; and they could not do it without the concurrence of the State Legislatures. This did not obtain in our provinces.

1395. With a majority of the States and the people it can be done?—Yes.

1396. *Hon. Captain Russell.*] Have you considered the question from the point of view of the possible condition of Australia and New Zealand in the future—say, a hundred or two hundred years hence?—What I meant to indicate was that the questions which underlie the well-being of States can best be dealt with by general legislation. Even if some of those joined with us are behind in some things, it is better that we should be helping along our neighbours, for if they do not improve they will ultimately tend to degrade us, whether we are federated to them or not.

1397. You drew a comparison between New Zealand and Newfoundland: is there not the possibility that New Zealand will be the most populous of all colonies in these seas—that is, area for area?—It all depends upon what area you take. I should question it very much if you take Victoria by itself.

1398. Except Victoria, I suppose New Zealand will be the most populous State?—I think it likely.

1399. We may have, at any rate, a population equal to half that of the United Kingdom?—I should doubt that.

1400. What population do you think it would be possible for New Zealand to maintain?—I have never been able to satisfy my mind on that subject; but, as long as we continue sending out rents, interest, and suchlike, we shall not be able to support a population anything like half of England. Instead of drawing incomes from other places, as England does, we are sending one-third of our exports Home to pay interest.

1401. And you, like myself, hope that that will terminate in the course of time?—I do not see how it can so long as we carry on the present system.

1402. Then, in the course of two or three hundred years, do you think our climatic conditions and the configuration of our country may lead to a difference in type between the New-Zealander and the Australian?—There will be differences, but I do not know that Australians will be inferior. We see persons of the third and fourth generation from Australia, and in physique we find they are quite equal to ourselves. At all events, we find a body of Victorian poloists coming over here, and, although they are Victorian-born, they wipe us out.

1403. Assuming, for the sake of argument, that the European population of New Zealand and the present occupied portions of Australia remain practically identical, what do you think will become of tropical and sub-tropical Australia?—I do not think that the question of whether the

white race can become used to a hot climate has been solved yet. We know that white people are healthier in India now than previously; but if, as is supposed by some, the people in the hotter regions will not have very much vigour, then, as a consequence, although they may have lower wages, they will not produce so much work per man per day.

1404. But, taking India as your own illustration, do you know of any families that have been reared in India?—I have known some people who have been brought up entirely in India, but not many, of course.

1405. Do you not think that experience points out that European populations do not exist as workers in the tropics?—Generally that has been so, but how far that has been due to facilities for getting black labour has not been demonstrated.

1406. Does not all history prove that a particular race of people must work under the burning sun, and that those born in the temperate climates cannot from generation to generation live in the tropics?—It must be harder to get used to hot climates than to cold.

1407. What is to become, then, of northern Australia?—I do not recognise that its possible future affects the question of the advisability to federate.

1408. Will China demand equal trade with Australia?—I cannot tell; but I do not know that affects the question of our joining the Federation. So far as the products of these people are concerned, they will be products that cannot be produced in New Zealand, and therefore they will not enter into competition with the New Zealand article. Then, so far as their social conditions are concerned, I should think it would be better for us to be in the Confederacy, for then we should be able to help to control these things, whereas if we were outside we should be helpless.

1409. If more than half of that colony could not be occupied by white, must it not be occupied by some other people?—That is so, if the pressure keeps up and there are no checks.

1410. Suppose they represented fifty or sixty millions of people in northern Australia, mostly coloured people, will not the whole policy of the Commonwealth be affected by them?—Probably.

1411. Is it desirable that we should ally ourselves to a country more than half of which will be dominated by coloured people?—But Victoria, New South Wales, Western Australia, and South Australia will be quite as aware of and alive to that as we are, and they will have to meet any difficulty as it arises.

1412. You imagine there will be a difficulty?—No doubt the thing would have to be regulated as it arose.

1413. Even supposing it is regulated, if there are millions of coloured people, will they not produce all sorts of articles and reduce the standard of life all over the Commonwealth?—We heard that long ago—that the Chinese, Japanese, and the Indians were going to wipe us all out. It does not matter what the rate of wages in a particular place is, natural conditions being alike, the cost of production is the same. Machinery is so much entering into work that we cannot produce successfully with a low class of labour. The difference between a good man and a bad working a machine is even greater than the difference between a good and bad workman without a machine.

1414. Is it not a fact that numerous spindles have been stopped in Lancashire and started in the East?—I understand that they are very busy in Lancashire now. When you look at statistics you find that the volume of trade is increasing.

1415. Take the Town of Dundee: has not the jute trade migrated from there to the banks of the Hoogli?—It is quite natural that its manufacture should be carried on effectively at the source of supply.

1416. Does that not point to the fact of coloured labour being a very serious problem in the course of a few hundred years?—Of course, it will be; but even the coloured labourer is not stationary. Even in India in the wheat districts he is developing.

1417. If millions of coloured people come into Australia, will it not affect the characteristics of the whole race?—Not necessarily of the white people.

1418. Not in the course of three or four centuries?—It is hard to say.

1419. Can you tell of any practical benefit that would accrue to the manual workers of this colony by federation?—I do not think we ought to look upon the matter exclusively from our home Island point of view; I think we should look at it more from a national point of view.

1420. You are aware that industries are more fully developed in Australia and on a much larger scale than in New Zealand?—Some of them.

1421. You are aware that that would minimise cost of production?—Up to a certain point. But you will find in Victoria and New South Wales hundreds of small factories carrying on alongside large industrial undertakings. It does not mean that because there is a large manufactory in one line that small manufactories cannot live.

1422. If that is the case, how is it that New Zealand, with a protective tariff, could not compete with America in, say, boots?—I do not think that the imports of boots from America are very large.

1423. I understand that it is only special classes of boots that come from America?—Perhaps it is, too, that the manufacturers here have been resting on their protection, and have not been getting the best class of machinery. If that is so, then it does not matter what amount of protection you have; to get the best machinery is the best means of protection. I am better acquainted with the woollen industry, and with that it was always a necessity to get the latest machinery, and when that was done there was no difficulty in producing so as to enable us to compete.

1424. Do you look forward to that trade increasing?—It depends on the development of this and neighbouring communities.

1425. Has the New South Wales market been of much advantage to New Zealand trade?—Not much; but I think when you begin to specialise it will be of value.

1426. I think you said we should have a share in solving some of the problems in which we

have no voice : what are the problems?—One of them was referred to by Captain Russell dealing with the coloured labour of northern Australia. Then, there is the question of the Pacific islands.

1427. Do you not think that would be solved by the British Government?—I do not know. Power is given under the Bill for the Commonwealth to deal with some aspects of it.

1428. As a matter of fact, is there not just now a difference of opinion between the Commonwealth and New Zealand with respect to some of these islands?—Yes, Fiji.

1429. Do you think that this colony is as likely to be as well developed under a central form of government as under the local government?—I think, under the combined system we shall develop more satisfactorily. Our own improvement is involved in that of our neighbours.

1430. Do you not think it probable, when the Commonwealth Parliament has legislated on those thirty-nine articles, that there will be a growing feeling amongst people that they have practically reduced the State Parliament to a Road Board?—No, I think not.

1431. You have had an extensive knowledge of public life : take the Commonwealth Parliament as it stands, and the Federal Ministry, what would be more likely to influence them—sixty-five representatives from Australia or fifteen from New Zealand?—It depends largely upon the character of the representatives. But Australia is not one State, and has not one interest—it is just as divided; and I think the spirit of rivalry between States is quite as strong there as in our local Parliament.

1432. Has it not generally been a question of votes in the New Zealand Parliament?—I have known Ministries which would not allow votes to interfere at all. But I do not think it at all likely that there would be a combination against New Zealand.

1433. Taking the question of a big railway policy developed for the Commonwealth, do you think New Zealand would get the same share as Australia would?—I think, proportionately to its revenue it would. I think, roughly speaking, that revenue would be made the basis for the determination of these matters.

1434. According to you, if that policy were carried out New South Wales and Victoria would get the bulk of the expenditure?—New South Wales and Victoria are interested in the construction of railways beyond their borders.

1435. What would the revenue of Western Australia be compared with New South Wales?—I do not know. One of the questions is the construction of the trans-continental railway. That may be considered by Victoria and New South Wales as of importance to them.

1436. Would you consider that we should join the Federation if we have to bear our share of the public-works expenditure of Australia?—I said it was advisable that some modifications should be made in the Act to meet these matters. I said it was one of the weak points.

1437. *Mr. Beauchamp.*] I judge you would not accept the Bill in its present form?—I have said that modifications are necessary.

1438. If we could get no modifications, would you go in under that Bill?—I should prefer to wait and try to have modification.

1439. Do you think it would be wise to increase the direct taxation in the colony to make good the amount we would have to contribute to the Federal Government by way of Customs duties?—I do not think it is advisable, but if it is necessary it will have to be done.

1440. Even if it is a sum of £600,000 per annum?—That is only the amount of our surplus.

1441. The representatives might say that there should be a black Australia; we might recognise that it would be very undesirable to have anything to do with a country where black labour was recognised : do you not think that, in spite of our opposition, the protest of New Zealand would be ignored?—It is less likely to be ignored if we are part of the Federation.

1442. By not federating we can protect ourselves?—No, I say not. We cannot possibly escape the influences of bad surroundings if they exist. Certainly not merely by not going into the Commonwealth.

1443. With regard to our industries, do you think they would be affected by specialisation in Australia?—Some of them may be, but the industries do not necessarily flourish most in large centres of population; other things influence their development.

1444. It is from a political standpoint you favour federation mostly : you do not attach much importance to the trade aspect?—I do. Many branches of our trade will be developed largely if we have a market in Australia. There are many pursuits better carried on here than there which would be developed more rapidly under federation.

1445. You remarked to Captain Russell, I think, that New Zealand could never become a great or densely populated country so long as we sent so much money away to pay for loans; but do you not look forward to the time when we shall be able to pay off our indebtedness?—I do not think it is in the nature of things—certainly not until the country is more fully developed, and it will take a long time for that to come about.

1446. If such a thing could be obtained, would you favour a reciprocal treaty rather than federation?—I prefer federation. I do not know that anything has ever been obtained by reciprocal arrangements; we have tried them, but they have never lasted.

1447. *Mr. Luke.*] Do you not think we enjoy a higher social condition in this colony than on the other side?—I have not heard Australians say so. I think you find the Victorians are rather glad to get back to Victoria.

1448. The hours of labour are shorter and the wages higher?—I do not think that is so. I understood that they had the eight-hours system in Victoria, and I think the hours in South Australia and New South Wales are about equal to our own.

1449. Do you not think we shall develop characteristics peculiar to ourselves as compared with Australia, owing to climate, &c.?—I do not know. I think, where there has been competition the Australians have done very well.

1450. Is not our standard of education higher than in Australia?—I have not heard it so stated; I think they have the same standards practically that we have.

1451. Our system of education is freer than it is likely to be under federation?—I think not.

1452. You say we do not lose anything by sacrificing our independence?—We do not lose our independence at all. You might as well say that a person in the north of Scotland has lost his individualism because he is one of forty millions instead of one of three millions.

1453. He is much nearer the centre than we are?—He was not a hundred years ago. He was then practically further from London than we are from Perth at the present time.

1454. Do you not think it possible that community of interest will grow up unconsciously between the Australians, and, the Government being on the spot, they might possibly unite to make their voice heard?—The interests are just as divergent amongst the different Australian States as they are between New Zealand and the States of Australia.

1455. *Mr. Reid.*] Have you considered clauses 73 and 74, relating to the judicature?—Yes.

1455A. Those clauses give an appeal to the High Court of Appeal from the Commonwealth Court?—Yes, I think so.

1456. Would you consider it an advantage that we should appeal from a Court possessing six Judges to one possessing three?—I do not think the number of Judges is of very great importance: they would be specially fitted for the duties.

1457. In any case, you do not see any disadvantage?—No; the chief advantage of appeal is getting the case reheard, with the further light given by time. I think three is a very good Court of Appeal. I do not think it is a disadvantage, but, on the contrary, it may be an advantage if the Judges are specially fitted for the work, and the work especially assigned to them.

1458. From whom do you think such Judges would be appointed?—Probably they would be men who had shown themselves specially fitted for that work.

1459. Have you considered the point as to whether the Privy Council appeal is excluded by section 73?—I do not think it is.

1460. In that case there is still the appeal open to the Privy Council?—Yes.

1461. Would there be any advantage in going to this High Court compared with the Privy Council?—There would be the saving of time. One disadvantage of the Privy Council is that, in regard to Native matters especially, it is very difficult to get the matter properly understood.

1462. Would you consider there is any anomaly in the fact that an appeal from our Court of Appeal to the High Court would be limited by Federal legislation: do you see any difficulty in that?—Not in the slightest.

1463. *Mr. Leys.*] You referred to the American Constitution: is it not the case that the security under the American Constitution against the absorption of the powers of the States by the Central Government is greater than under this Commonwealth Constitution?—It requires a bigger majority to alter it—I think, the concurrence of two-thirds of the States.

1464. Under this clause 128, providing for the alteration of the Constitution, is it not the case that a bare majority of the States and of the electors of the Commonwealth could make any alteration in the Constitution?—Yes, subject to the reservations in the section.

1465. Is it not the case that in America the Central Government has absorbed a very large amount of the original power of the States by liberal interpretation of the Constitution?—They could not do that, because the Constitution must be interpreted by Judges. If any question arises between the States and the Central Government it has to be decided by the Judges.

1466. Was it not the case that originally the States were practically independent Governments, paying very little attention to the Central Government?—That is so.

1467. Have they not now sunk into a very subordinate position in regard to their legislation?—No; I think they pass more laws than any other people in the world. Bryce tells us so.

1468. Does not Mr. Bryce hold the particular view that the Central Government has absorbed large powers through liberal interpretations?—I do not remember that, and I do not see how it is possible, because the Federal Judges have to determine the question as between the relative rights of the Central Government and the State Government.

1469. But do you not think there would be a liability, under these circumstances, for amendments to be made in the Constitution in the interests of the Australian Continent that might be to the disadvantage of an outlying State like New Zealand?—It is possible, but I do not think it is likely. It is not a matter that I should regard with any degree of concern, because I feel certain that our interests would receive due attention, and that the administration of the whole of the Commonwealth would be carried on with justice to all concerned.

1470. You think that placing ourselves at the mercy of a population vote in which the Australian voters would have a preponderance is not attended with any risk?—Everything is attended with a risk. There is risk in government by ourselves. It is a very difficult thing to protect ourselves from evils committed by ourselves through legislation.

1471. To put a case, do you think that this might arise: that the administration of the public lands of Australia might be transferred to the Federal Government?—That could certainly not be done without the concurrence of a majority of the States and a majority of the people.

1472. Do you not think it likely that, considering the condition of three-quarters of the Australian people, they will make an amendment in that direction?—I should not think so, but I have not considered the question, and I do not know what the conditions would be.

1473. Perhaps you have noticed that Mr. Barton has already announced as a part of the Federal policy the development of tropical Australia and the construction of irrigation-works: do you not see that there are many works of that kind which may be advantageously carried out by the Federal Government for the benefit of Australia, but which would be of no advantage to New Zealand?—Well, I think the effect in that direction probably would be to increase our trade, and such works would certainly not be done unless there was reason to expect a commensurate advantage which would bring in the necessary revenue to recoup the annual cost, either directly or indirectly.

1474. You think that they will not borrow very largely for works that are practically unremunerative, but which might indirectly be beneficial to the whole of Australia?—I think very likely they would borrow, I do not say largely, to develop the country; and I should also think the probability is that they would borrow for matters of importance to New Zealand. There are many things which a federated Australia could do which could not be done by an individual State.

1475. In these things do you not see a community of interest in Australia in which we should not have any share at all?—I do not see that the Victorian or the present South Australian people have a much greater interest in developing northern Australia than we should have if we were part of the Commonwealth.

1476. You think that they have no more practical interest in extending the area of settlement in north Australia than we have?—If we develop our sea-carrying facilities the possibilities are that we could compete with them in northern Australia.

1477. In what way?—The cost of taking articles from other parts of Australia to the north is very little, if any, less than the cost of taking them from here.

1478. Even with trans-continental railways developing the interior?—They could not compete with the sea-carriage. I noticed the other day that a witness stated that the cost of carriage for exporting from this colony was greater than in any of the other countries. I wish to say that there was a return prepared by Mr. Maxwell some years ago showing that the cost of taking our produce to the coast in New Zealand was very much less than it was in any other part of the world.

1479. Is it not the case that they have already a very fine line of steamers trading between Australian ports and ports of Northern Queensland, and no such lines exist from New Zealand to northern Australia?—We could develop, I think, such a line in a little time. Not very long ago there was no line from Wellington to Sydney; now we have a fairly good service, and as the colony becomes more populated we shall develop other lines.

1480. Do you really think that we are as likely to develop as many lines and as good a service between here and northern Australia as they have now between Sydney and Melbourne and northern Australia?—I am not sufficiently acquainted with those lines to answer the question; but, take potatoes and other produce at present sent to Sydney, we shall, when the demand becomes sufficiently great for them in northern Australia, be able to compete.

1481. I suppose you know that potatoes are a very erratic article of export?—Yes; but the potato trade has never been properly looked after. For instance, if you establish, as probably you could establish, farina works in the potato districts in New Zealand, so as to be able to take advantage of the market when potatoes were low, instead of having a varying production it could be regulated. I am sure that potato-growing could be more largely developed, and then you would always be able to take advantage of the market in Australia, from parts of which you are now practically excluded.

1482. But even the New South Wales market is a very uncertain one, because they are dependent on the seasons?—Well, it is practically the only one we have; but the market for potatoes is a very large one, and their profitable production could, in the way I have indicated, be made very much steadier.

1483. Do you think there is any risk of our becoming a discontented State with a Government far removed from us?—I do not say there is none, but I think it is a very small one indeed, and it has been no hindrance to the Federations which have taken place. In the case of the Swiss and other Federations the same argument was used.

1484. Is it not the case that in those Federations the Central Government is gradually increasing in power and the States Government is gradually declining?—I cannot answer that question straight off by specific examples, but there have been very few alterations in the American Constitution, and, I think, none in the Canadian; and, in any case, I do not think that any of the States comprising the Canadian Union would like to withdraw from the Federation. Manitoba was one State which did not enter the Federation at once, but it did so after very careful consideration, and I am perfectly satisfied, from what I have read, that none of them would like to withdraw now.

1485. You can see no essential difference between the isolation by sea and the isolation by land distance—by nominal boundary?—No; I think the cost of going from Quebec to Vancouver is probably considerably greater than that of going from here to Sydney.

1486. You do not think insularity tends to develop different characteristics and different aspirations?—They may, but they may also tend to develop an egoism and other qualities that are perhaps not desirable. I do not think that insularity develops a better type of human being.

1487. Do you think that our existence as part of the British Empire is not sufficient to give us the power of expansion?—You have no practical power as a part of the British Empire.

1488. *Hon. Major Steward.*] You are in favour of federating on the broad principle that social and political questions could be better dealt with by federation than by the States separately?—I think they can be dealt with more permanently, and especially there would be better progress all along the line. There may not be as much progress in one individual State as there is now, but there will be better progress all round, and that must, of course, beneficially affect the development of the whole country.

1489. That is a general theoretical argument in favour of federation *per se*, also it may be said that one advantage of federating would be to secure unanimity of legislation on such subjects as marriage, divorce, and currency; but is it not possible that a State may be called upon to pay too much for the advantages which it would obtain?—Quite possible.

1490. Taking the Commonwealth Act now before us, you are aware that at present we cannot claim to join the Federation as an original State: do you think that if New Zealand determines that she will embark in the Federation she ought rightly to ask to be admitted on terms not inferior to the terms given to the original States?—Certainly.



1491. Referring to the suffrage, the Constitution states that we cannot count our Maori population: do you not think that if we decided to join we should make a special stipulation with regard to that also?—I think so.

1492. Then, do you not think it will be expedient that some provision should be made with regard to charging to the various States their proportion of the cost of works executed by the Commonwealth?—I have said that already.

1493. If these three points were provided for, are there any others that you think we should require to specially stipulate for in the interests of New Zealand?—I do not know of any.

MATTHEW GAWTHORP HEELES examined. (No. 119.)

1494. *Hon. the Chairman.*] What are you, Mr. Heeles?—General manager of the Wellington Woollen Company.

1495. How long have you resided in New Zealand?—Thirty years.

1496. Have you ever resided in Australia?—I have only been there as a visitor.

1497. Will you kindly give the Commission your opinion as to how federation with Australia would affect, first of all, the wool industries?—I would ask the Commission to accept as my evidence the facts given to the Commission by Mr. John Ross. I entirely indorse everything Mr. Ross said. He seems to cover in his letter the whole of the ground industrially, socially, and politically on this question of federation, and I cannot do better than ask you to accept his letter as my views also.

1498. But we want some evidence, if you can give it to us, as to the woollen industry: how do you consider the woollen-manufacturing industry would be affected by federation with Australia?—I think injuriously, because we cannot compete with the labour conditions there. As an illustration, I might say that a pair of trousers in Australia costs 10d. to make for labour, while here they cost from 1s. 8d. to 1s. 9d.

1499. Have you read Mr. Morrison's evidence in Dunedin?—Yes.

1500. He was of opinion that the woollen-factories of this colony could successfully export to Australia?—Well, it was done, but they have not done any considerable export trade for the last few years; we tried it and failed, and the Kaiapoi Company tried it and failed. I do not anticipate that we should do much trade with Australia supposing we did federate.

SAMUEL KIRKPATRICK examined. (No. 120.)

1501. *Hon. the Chairman.*] Where do you reside, Mr. Kirkpatrick?—In Nelson; I have lived in New Zealand twenty-three years.

1502. I believe you have resided in the United States?—Yes.

1503. Are you acquainted with Australia at all?—I was only there a month about twenty years ago—in Sydney.

1504. What is your business?—I am a jam-manufacturer, and I have also a coffee and spice business. We employ forty hands. I would employ more, but I cannot get them. I advertised for hands a short time ago in Nelson, and received no applications.

1505. What, in your opinion, would be the effect of New Zealand federating with Australia?—I will confine myself to my own business, and I might say it would very seriously affect the jam trade, and that, of course, would affect the fruit-growing industries. Taking the first item of solder, which is used in tin-making, they can get block tin and lead cheaper in Sydney than we can in New Zealand, because it is produced there; also tin plates, because the freight from England to Sydney is very much less than it is from England to New Zealand. Then, again, you can get fruit cheaper in Australia than in Nelson; but that is a disadvantage which would be likely to decrease when more fruit is produced in New Zealand. Then, the cost of labour here is higher than it is in Australia. If you take raspberries grown in Nelson last year, we bought them at 3d., whereas we used to get them at 2½d. This year more was grown than we could have arranged for. We bought all we wanted at 3d., and we took the balance of the crop at 2d., thinking we could send them over to Australia; but I got a cable from Hobart offering me them at 1½d. f.o.b. Hobart; so that if we federated our fruit-growers would have to come down to the Hobart price. In Tasmania they had a very heavy fruit-crop, and the fruit-growers only got 1d. for raspberries. My quotation was not from a grower, but from a manufacturer; so that he would have to make his profit, and he would have to reckon his expenses of putting the fruit on board the steamer.

1506. Are there any other disadvantages that occur to you if New Zealand federated?—In New Zealand the merchants and manufacturers are at a very great disadvantage owing to there being so many ports. The larger output a factory can produce the cheaper it can do it; and in Australia—in Melbourne and Sydney—the factories are all concentrated in those two towns. In New Zealand the manufacturer and importer has got to provide a branch establishment practically in five ports, and we have no large population concentrated in one place that would take our output for local consumption. Everything has got to go by sea to other ports, and, as I said, this involves a manufacturer having branches in all the towns, involving additional clerical staff and the keeping of big stocks in every place. If I had a factory in Sydney I should only have to keep the one stock, and I should work it with the one staff; and therefore we are at a decided disadvantage as compared with the Melbourne and Sydney factories, where they also have much cheaper labour, and where they work a greater number of hours. I consider that federation would put a stop to our fruit- and fish-preserving. In the jam-making we have to put the fruit through immediately it comes into the factory to avoid fermentation; and in that respect I might say that the labour laws handicap us, in this respect: Under the old Act we were allowed eight Saturday afternoons during the twelve months; but under the Act introduced last session, which did not pass, but which is likely to pass next session, we will have to stop all work on Saturday afternoons. Therefore, as the fruit has to be picked when it is ripe, if we do not put it through on

Saturday morning, when it arrives at the factory; it would be bad by Monday. They have not that to contend with in Australia.

1507. Is there much fruit-pulp imported to New Zealand?—Very little now. The fruit they bring into Dunedin is what they call sulphured; it is not pulp.

1508. Have you considered how federating would affect manufactures other than yours in New Zealand?—I think it would affect them in the same way on account of the difference in the wages and the quantities produced on the other side. In tin-making we could get automatic machinery for making tins that would turn out 20,000 tins a day; but, of course, with our limited output, you would not require to work it more than a few days in the year. With our present plant we can turn out 6,000 a day. This shows what can be done in a large concern like they have in Australia, and how their larger output would practically swamp ours.

1509. Supposing federation came about, what do you think would happen to such manufactures as yours in New Zealand: would they establish themselves in Australia and leave this colony?—As we have our plant and buildings here, we should probably have to shut up. Given the same conditions as prevail in Australia as regards labour and the facilities for getting fruit, we could hold our own; but until the conditions become equal we cannot.

1510. Are there any advantages which you can see would accrue to New Zealand from federating with Australia?—I see none; and I consider that there is no community of feeling between Australia and New Zealand. We are an island and Australia is a great continent, and where there is a great continent there is a friendly feeling between the countries comprising that continent, and there is more feeling between those than there is between them and an outlying island.

1511. Do you think that, in the matter of government, New Zealand would suffer from being twelve hundred miles distant from the Continent of Australia?—I think it would, because the legislation which would suit New Zealand would not suit Australia, and *vice versa*. In the matter of railways, harbours, &c., our interests are also entirely diverse. In reference to the question of black labour in Queensland, I can understand that it is very difficult for white people to cultivate the sugar-canes, because there is no draught between the sugar-canes, and the atmosphere is stagnant, and the work is practically impossible, or very trying indeed, to white labour.

1512. Do I take it that your opinion is against New Zealand federating?—Yes; I think it would be a decided disadvantage to New Zealand; but I look upon the matter from my own point of view, having never studied the political aspect of the question. If it came to war with any other nation I do not see how Australia could help New Zealand. If any nation was going to fight New Zealand they would be strong enough to attack Australia at the same time.

1513. *Mr. Leys.*] Is the fruit industry of great importance to the settlers of New Zealand?—It is now a big industry in California.

1514. Is the industry extending now in New Zealand?—Yes; the people here are going in for a better class of fruit. In the past the growers have not been growing as good a variety of fruits as they ought to, but the Government experts have done good in explaining to the people how to fight the various pests, and to grow fruit generally, and this has improved the industry.

1515. Do you think we shall be able to develop the industry to such an extent as would not only supply our own wants, but also to export?—I do not see how we can compete with the fruit in Tasmania, because whatever fruit we can grow here they can also grow there, and California grows enormous quantities; and they also can grow fruits in a large way, and send them from 'Frisco to England.

1516. There is still, I understand, a very large field for expansion in the New Zealand jam industry?—Yes.

1517. Irrespective of foreign markets?—Yes.

1518. And it will, you think, provide employment to an increasing number of people?—Yes.

1519. *Mr. Luke.*] Do you think that the effect of federation would be such that the Nelson District could not compete with Australia?—Not under the present labour conditions prevailing in Australia.

1520. Is it the question of the factory law that affects the picking of the fruit?—It only affects it when it comes into the factory.

1521. Cannot small fruit be kept from Saturday to Monday?—No, because it ferments practically when it is put in the casks.

1522. Do you not think that under federation you could not only supply the market, but with superior appliances and superior fruit, and by the centralisation of the industry, you could then compete against the big people of Australia?—You cannot centralise here, but you would have to go to Australia in order to get cheap labour.

1523. *Mr. Beauchamp.*] Would you describe New Zealand as being a good fruit-raising country?—Yes.

1524. Despite the blight?—Yes; they have the same blights in America that we have in New Zealand, but New Zealand has been more slow in fighting them. The first idea of planting orchards in New Zealand was to dig a hole and put a tree in it. They used to take the largest trees they could get, and, of course, the result has been that their orchards have not been planted properly, and they cannot get the proper results. In America the whole of the ground is first of all trenched, and they take the best varieties of trees. We have the same conditions here as regards the climate as they have in California, and we ought to get satisfactory results.

1525. How do our wages compare with those in Tasmania?—I know they are cheaper in Tasmania than they are here.

1526. You mentioned the fact that raspberries were offered to you at 1½d. at Hobart: what did they want in Nelson for them?—They would be satisfied with 2½d.

1527. Is the cheap fruit in Hobart due to the fact that most of the growers have the benefit of

conveying their fruit to the market by water-carriage?—They cannot be grown for 1d. We have to pay ½d. per pound in Nelson to get the fruit picked. I believe they can manufacture it cheaper in Tasmania than we can.

1528. Is fruit-growing on the increase in New Zealand?—In my district it is considerably.

1529. How does the fruit grown in Nelson compare with the southern fruit in Otago?—I have not seen their fruit. I have imported black-currants from Otago, but I found they would not carry.

1530. Can the jam-manufacturers in Australia distribute their jams to various ports in New Zealand as cheaply as you can from Nelson?—About the same.

1531. So that if the labour is cheaper, and they can produce their fruit more cheaply, you are at a serious disadvantage?—We are paying £1 5s. freight from Nelson to Dunedin per ton, as compared with £1 2s. 6d. from Melbourne to Nelson.

1532. *Hon. Mr. Bowen.*] With regard to the pulp, does it not pay to pulp for export?—No, not at present prices. The raspberries are worth more here than in London.

1533. *Hon. the Chairman.*] You are aware that hops and barley for malting purposes are largely grown in the Nelson District: how would those industries be affected by federation?—I do not know, because I do not know what quantities are shipped to Australia; but it would injure the Nelson hop-growers if they had to pay a duty to get into Australia and Tasmania.

1534. *Mr. Millar.*] Do you know of any hops being shipped from Nelson to England?—There have been some shipped, but I do not know whether the experiment proved a success.

ALBERT HUNTER COOPER examined. (No. 121.)

1535. *Hon. the Chairman.*] What are you?—I am a bootmaker resident at Wellington, and I have been in New Zealand twenty-eight years.

1536. You attend here, I think, as president of the Trades and Labour Council at Wellington?—Yes.

1537. And you attend as delegate from your association?—Yes.

1538. How many members are there in that body?—There are sixty-two delegates, representing about two thousand unionists in Wellington.

1539. Has your council considered the question of New Zealand federating with Australia?—It has.

1540. At what decision did they arrive?—They are very strongly against federation.

1541. Is that a unanimous opinion, or is there division about the matter?—There was only one voted in favour of federation.

1542. Do you agree with the views of the majority of the unionists?—I do.

1543. Upon what grounds?—I consider that the intercolonial free-trade which would come about under federation would prove very injurious to the various manufacturing industries. There has been considerable progress in labour legislation during recent years, and the labour organizations which are represented by the trades council are in hopes of making further progress in the future, and they consider that if the barriers of protection were thrown down between this colony and Australia it would tend to nullify to a large extent the advanced legislation we have already got, and also prevent us making further progress for some years, at all events, in the future.

1544. Have you any hope of the wages in Australia being raised to the level which obtains in New Zealand?—Not for some considerable time, at all events.

1545. Do you consider that the manufactures would be prejudicially affected by federation?—I do.

1546. Is there any other disadvantage you can mention under federation?—I do not see that we should gain any advantage whatever.

1547. I gather, then, that you and your union are decidedly against federation?—Yes.

JOHN TAYLOR DALRYMPLE examined. (No. 122.)

1548. *Hon. the Chairman.*] You reside in Rangitikei?—Yes.

1549. What are you?—I am a farmer and grazier. I have resided in New Zealand for fifty years, and have been engaged in farming pursuits most of that time.

1550. Have you considered the question of New Zealand federating or otherwise with Australia?—Not very much. I have not seen the Commonwealth Bill, and I am not in a position to express a very decided opinion on the matter, further than to say that I think the great benefit that would accrue to New Zealand would be that she would have an open market for her produce; and, apart from that, it would be a great step in the direction of bringing about free-trade between Great Britain and her colonies.

1551. Do you not think that could be brought about just as well if New Zealand remained out of the Commonwealth?—I do not think so, because there would be no union.

1552. Do you know what proportion of our agricultural exports go to Australia?—No.

1553. I suppose you are aware that the greater part of them goes to England?—Yes; I am aware that there is prohibitive duty on all our agricultural produce in every State but one in Australia which prevents it going there. We could compete with Australia if it were not for that, because we grow a much larger quantity of grain per acre than they can.

1554. Are you aware that a good deal of wheat at the present time comes from the Canterbury District to Auckland?—Yes.

1555. If there were free-trade with Australia, would there not be a danger of the northern mills being all supplied with wheat from Sydney?—Perhaps as regards wheat, but the oats is a larger item, and I think we could compete very well with them if there were free-trade.

1556. Do you not know that Victoria is at present a very large exporter of oats?—That is only one portion of Australia.

1557. Have you considered the matter in any other aspect than as regards agriculture?—I have not.

1558. Do you think federation would be a benefit?—I think so.

1559. *Hon. Mr. Bowen.*] Do they use any maize in place of oats in Queensland and New South Wales?—They do when they cannot get oats.

1560. *Hon. Major Steward.*] If the result of federation, by reducing the Customs revenue, were to necessitate the doubling of the land-tax, would the farmers then be benefited?—Not if it were doubled; but I cannot see that that would happen. But if we had free-trade throughout the colonies we might then double the land-tax, and I, for one, should be very glad to pay it.

1561. *Mr. Leys.*] Do you mean that for free-trade you would be willing to submit to the doubling of the land-tax?—I would if I could get free-trade; but when I speak of free-trade I do not mean free-trade in tobacco and spirits, but only as far as agricultural products are concerned.

1562. *Mr. Beauchamp.*] In addition to the extra land-tax which might be imposed on the farmers, there is the question of competition from Australian wheat and other products: such being the case, would you still advocate federation?—Yes. I think the quantity we can grow here gives us the advantage. We can grow three times more wheat per acre than they can in Australia, at much the same cost as far as labour is concerned.

1563. We are told that in Australia the cost of cultivating the land, and also harvesting the crop, is very much cheaper than it is here, and that in regard to wheat they produce something like 40,000,000 bushels of wheat per annum as against our 8,000,000: how does that affect your opinion?—The harvesting is cheaper, but not the cultivation.

1564. I understand that in South Australia they simply scarify the soil before putting in the seed: is that so?—Not at all. My opinion may be wrong, but it is contrary to that.

1565. Then, you say that the cost of cultivating the land there is as great as it is in New Zealand?—Yes.

HENRY FIELDER examined. (No. 123.)

1566. *Hon. the Chairman.*] What is your occupation?—Cabinetmaker and upholsterer.

1567. You reside in Wellington?—Yes.

1568. How long have you lived in New Zealand?—About forty-five years.

1569. Have you considered the question of New Zealand federating with the Commonwealth of Australia?—Yes, I have been seriously thinking over it.

1570. Will you give the Commission the conclusion at which you have arrived in the matter?—I have come to the conclusion that if we federate with Australia we give our birthright away.

1571. Then, you are against it?—Decidedly so, inasmuch as we have got a profitable country, and we are going to give it to a country of which two-thirds is a barren waste.

1572. Looking at it from a manufacturer's point of view, how do you think the manufacturing interest in this colony would be affected if we federated?—I think practical business-men could hold their own here against any of the decent manufacturers of Australia; but, of course, we would have to contend with Chinamen both in Melbourne and Sydney. In Sydney there are over seventeen hundred Chinamen employed in our trade, but only in one branch of it. Chinamen do not do upholstering-work, but they manufacture dressers, drawers, sideboards, tables, and all that sort of thing. But that class of work is not exported from Sydney. Sydney, however, at the present time has two or three white Chinamen working there. One of the witnesses the other day said that he did not see any Chinamen working in Sydney; but I know that he bought a lot of white Chinamen's furniture to recoup him for his expenses, and he brought it over here, and it is in Wellington now.

1573. What do you mean by "white Chinamen"?—White men that are worse than Chinese.

1574. In what way?—The Chinamen will not work all night, and the Chinamen in Sydney take good care that they get a living-wage when working as journeymen.

1575. You think that with federation you would be exposed to that competition?—Smaller manufacturers would.

1576. You spoke of New Zealand manufacturers not being afraid of competing with Australia: how would it be with intercolonial free-trade between New Zealand and Australia?—It would never do for us to have free-trade.

1577. In what way would it be disadvantageous to you?—They could land so much cheaper in Sydney from England than we could in New Zealand, and therefore they could put their stuff on the Sydney market at considerably less cost than we could. In Wellington to-day there are ten or twelve Sydney commercial travellers.

1578. Do you think that other industries besides your own would be prejudicially affected by federation?—Yes; I think the engineering trade would be very much affected, and the boot trade too.

1579. How about the tailors and drapers?—Well, the tailoring trade I do not wish to say anything about, but I know we cannot compete against them at present.

1580. Are you aware of any advantages that would accrue to New Zealand through federation?—No; it would be a serious loss to New Zealand.

1581. Do you think New Zealand would progress by herself in contest with the large population of Australia?—Very much indeed, if our labour laws were only a little less stringent.

1582. What do you mean by that?—That we are very much hampered by the labour laws in New Zealand; in fact, if it goes on much longer, in another ten years' time we shall not have such a thing as a New-Zealand-born mechanic; we shall have to import them.

1583. Do you mean that the wages should be less?—No.

1584. What is the direction in which the reform should go?—In allowing us to pick our men, and pay them what they are worth. We are not allowed to take boys into our employ except one to every five men: what are you going to do with the other 75 per cent. of them?

1585. Have you considered the question of federation in any other aspect than that of trade?—No, not particularly; we should have a very large influx of undesirable people coming to New Zealand if we federated.

1586. Do you think that people would be attracted from Australia?—Yes.

1587. What by?—By the profitable country which we are in.

1588. You consider that New Zealand should retain her present political independence?—Yes; and we can do it.

1589. *Hon. Captain Russell.*] Have we not white Chinamen in New Zealand?—Yes, we have one or two.

1590. Would federation affect that question: is not human nature the same whether in New Zealand or Australia?—Of course, the population is much greater over in Australia, and the one or two "sweaters" here in New Zealand are just a mere trifle to what it is in Australia. They do not affect us so much.

1591. What do you think, from your experience, is the relative value of a New Zealand and an Australian workman?—It is always said that when a New Zealand mechanic goes to Australia he gets the preference over any other man.

1592. Would not that be in our favour and to the benefit of our men going over and competing with the Australians?—Our young men do not like the place well enough. I have forty or fifty men working for me. They repeatedly go over to Australia, but they come back again, and say that a man can live and breathe here.

1593. Then, you think that, on the whole, New Zealand would be able to compete with the Australians in any enterprise they went into?—Yes; in fact, in the higher classes of manufacture of goods, especially in our line, we could, vulgarly speaking, "knock spots out of them."

1594. What are you afraid of?—I am afraid of nothing. I am speaking for the others.

1595. If New Zealand can "wipe spots out of them," why should they be afraid of federation?—They have got all the syndicates and combinations.

1596. Do you not think that in fifty years' time there will be equality of wage throughout New Zealand, whether we federate or not?—Yes, that is true.

1597. Would not our men have the pull?—If we are not making mechanics, where are they going to get the pull?

1598. Why do we not make mechanics?—The laws do not allow us.

1599. The Masters and Apprentices Act limits you to what?—One boy to five men.

1600. Would not the employment of boys tend to drive men out of the trade?—No; boys make men.

1601. To what extent is the trade protected through the Customs?—To 25 per cent.

1602. With that protection, and with the protection you have through the transit-charges, are you meeting with any competition from Australia, England, or America in the shape of manufactured furniture?—With America and Sydney.

1603. Is this furniture from America and Sydney manufactured by Chinese?—By these white Chinamen.

1604. That competition would be accentuated by free-trade?—Yes.

1605. And with cheaper wages ruling in Australia they could make up furniture and supply New Zealand to the detriment of the New Zealand manufacturers?—Yes. I may state that a first-class mechanic in England and Australia can earn better wages than in New Zealand. Our standard wage is 9s. a day. I pay 10s. and 11s. to a decent man. I sent over to Australia to get men, and they wanted 10s. to 11s. a day to come over. It is only those who are kicking up a row about the wages that cannot earn these wages.

1606. In regard to white Chinese in the colony, does not our labour legislation prevent such a set of men working?—You cannot stop a man working all night and all Sunday.

1607. At that sort of business run by one or two men?—Yes; the proprietors of shops.

1608. The amount of stuff they turn out would not be felt by men of your standing in business?—No.

1609. As regards wages, do you pay higher than in Australia, generally speaking?—Generally speaking, the wages are higher here than in Australia.

1610. *Mr. Leys.*] Do you think the labour laws have been injurious in any respect except in the restriction of apprentices?—Yes, in many ways.

1611. Mention some?—There is this conciliation business that is carried on. We are never safe. Only last week a young fellow was working for me who is nineteen years old and has been eighteen months at the trade. He started with a man in this city at 7s. 6d. a week. He left and came to me, and I gave him 12s. 6d. per week, and last Christmas I raised him up to £1 16s. per week. His union came to me and have demanded that I get a permit for him to work, and that I pay him 7s. per day. He has only been two years at the trade, and you cannot make a mechanic in two years.

1612. Has your trade been before the Conciliation Board?—It has.

1613. And are you working under an award of the Arbitration Court?—Yes.

1614. Upon the whole, was that award a fair one?—In some ways to the men, not to the masters.

1615. But you say you could hold your own in certain work?—In high-class work I could hold my own with any man in the colony.

1616. Is it desirable that we should produce that low class of work?—Certainly not.

1617. Are we not likely to produce it if we put no check on sweating by our labour laws?—No, I do not think so. Our men here do not care much about sweating.

1618. As a matter of fact, were there not cases of boy-labour in a great many trades before it was placed under restraint?—No, I do not think so. I reckon that we ought to have three boys to five men. I have forty-five mechanics in my factory, and only one boy.

1619. Why have you not more?—They are not worth picking up. Boys know they have got the law made for them and they will stand by it.

1620. It would appear from that that the trouble arises from the intractability of the boys themselves?—Yes.

1621. Is that not because they can get so many openings?—I suppose it is.

1622. If you could get really industrious boys, would you put them on?—Yes; I would put on half a dozen to-morrow.

1623. What do you think is the condition of the industrial population of Australia compared with that of the working-population of New Zealand? Do you think they have equal comfort, or, on the average, are so well paid?—No, not to take them on the whole; in Australia they are not as well paid and are not housed as well as in New Zealand.

1624. Do you think that the effect of free-trade would be to lower the condition of labour here?—Yes, very quickly.

1625. *Hon. Major Steward.*] Have you any competition from America in your trade?—Chiefly chairs and rolled-top desks. The whole of the furniture that is sent to New Zealand is not very great in quantity; it is not serious competition, and is the lowest class of goods—a class of goods that would not sell in any respectable shop.

#### E. MELLAND. (No. 124.)

The following written statement was accepted from Mr. E. Melland as his evidence, as he could not appear for examination:—

“I have taken considerable interest in the subject of Australasian federation since the idea was first mooted, but more from the point of view of comparative politics than from that of the actual financial benefit or otherwise to New Zealand. It is a matter for regret that this colony was not represented at the second Conference at which the Commonwealth Bill was framed, as the influence of our representatives would no doubt have been in the direction of maintaining the power of appeal to the Privy Council inviolate, and would also in several minor matters have tended to improve the Bill from our point of view. To give one instance only: Instead of the Maoris being placed on the same level as the black fellows of Australia, it might have been possible to have had New Zealand excepted from the clause which forbids the Native races being counted in the population for Federal purposes. I will not, however, dwell on these minor objections to the Act, because I have come to the conclusion that on the whole it would not be wise for New Zealand to join the Commonwealth. Of course, there is much to be said on both sides, but I will endeavour to be brief in discussing the *pros* and *cons*, as they appear to me, on the lines on which most of your witnesses have been examined. I am surprised to see that apparently a majority of our New Zealand manufacturers, both employers and workmen, are evidently unwilling to run the risks of free-trade with Australia. When in Australia last winter I listened more than once to Melbourne and Sydney men discussing federation, and nothing struck me more than their almost unanimous agreement that climate is of the first importance in this matter, and that men would do as much in Melbourne in eight hours as in Sydney in ten. If this is so, surely our climate here should give us a similar advantage over Melbourne. Moreover, climatic advantages of this sort become intensified with each succeeding generation, and are therefore of the greatest importance. Even now I am unwilling to believe that our workmen are inferior to those of Australia. I consider that we have already proved our superiority in regard to woollen manufactures. On the whole, while federation would no doubt cause some dislocation of industries—some being more profitably carried on in one colony and some in another—I believe that the balance of advantage from the manufacturing point of view is in favour of New Zealand joining the Commonwealth. There can be no doubt that from a farmer's point of view federation with Australia would be a distinct gain. What this gain would amount to it is impossible to estimate, even roughly, until we know what the Federal tariff is to be. With free-trade we should export oats to all ports of Australia, and probably dairy produce to the northern colonies; with a low tariff we should still send over large quantities of oats in dry seasons; while a high tariff would practically kill the trade, as maize and other substitutes would be largely used. Under free-trade with Australia, also, our fish-export trade would be benefited, and the fruit which we now import in the face of a high tariff would reach the consumers at a much lower price than at present. I cannot see that union with Australia would benefit us in respect to defence, financially or otherwise. What we need is to look to ourselves for the encouragement of Volunteering and rifle-practice in time of peace, and to England for the presence of one or two cruisers in time of war. As your knowledge and calculations on the subject of finance must be far more complete and accurate than my own, I will say nothing except to point out that much of the financial benefit this colony would receive from free-trade with Australia would be neutralised by the extra cost of government. I do not think our own Government would cost much less than it does now, while our share of the Federal Government would be a large and no doubt constantly increasing sum. The advantage from the political and social aspect of the question is no doubt of more importance than all the others, and it is, at the same time, the one which shows the most formidable balance of argument against the proposed Federation. The Commonwealth Act, although admirably adapted for the purposes of Australia, implies a union far too close to be desirable—I had almost said practicable—between countries separated by twelve hundred miles of sea, and so widely different in many ways. No doubt centralisation of legislation, especially on matters of first importance, has many obvious advantages and very few drawbacks; but centralisation of administration tends to bureaucracy and extravagance, and is, moreover, fatal to the true idea of a democracy. John Stuart Mill long since pointed out how essential local administrative institutions are to the political education of the people. Of course, it will be said that the Federal Government is only taking over the Defence, Customs, and Post and Telegraph Departments, and

that these are safeguards to protect the States. But, passing over the fact that the Customs duties would doubtless be arranged to meet the wishes of Victoria and New South Wales rather than of New Zealand, and that we should often find it very inconvenient to have our post and telegraphs administered from some remote town in Australia, I should like to ask, as a political student, what are these safeguards worth? There is no written Constitution that cannot be interpreted in different ways, and that cannot be widened in its scope by Supreme Court decisions. In the words of John Morley, 'It is the well-known nature of every political assembly to increase its powers'; and if we look to Switzerland, Canada, or the United States we see the Central Government continually gaining power at the expense of the federated States, and in spite of safeguards. Similarly with the Australian Commonwealth, I have no doubt that the constant tendency would be towards the further centralisation of administration, and that this would be very detrimental to the best interests of New Zealand. On the whole, therefore, though I grieve for the New Zealand farmer, who would most probably profit by federation, and though I think the fears of our manufacturers and of their workmen are baseless, still I consider a wise caution should deter us from sinking our own individuality and becoming, politically, a part of a country so far away and so different from our own. I will give only one instance of how we possibly may be affected by merging our political identity in that of Australia. The idea of what is loosely called 'Imperial federation' has long been 'in the air,' and may some day be an accomplished fact. Each colony is to have a representative, either in a reformed House of Lords or in a new Imperial Chamber to be specially created for the purpose. As we are at present, New Zealand would have its own representative, but if we were a State of the Commonwealth I presume we should only have a small share of the representative or representatives to be nominated by the Federal Government. I will not follow the argument further or into more detail, as I am well aware that my opinions have no particular value or novelty, and may, indeed, have been already laid before you, and more forcibly expressed, by other witnesses."

JOHN ROSS. (No. 125.)

Mr. Ross, resident partner of Sargood, Son, and Ewen, New Zealand, in lieu of being examined, handed in the following memorandum on the question of federation:—

"In common with most of our people, on the first flush the sentiment of federation seemed fetching, but on reflection, and looked at commercially, I came to the conclusion that it would place us at a disadvantage in many ways. Inasmuch as New Zealand is a self-contained colony, with a grand climate, numerous resources, fertile soil, and a vigorous and robust race, hence it is quite capable of standing alone and working out its own destiny, whilst any advantages to be gained by federation are distant and problematical. In fact, I am of opinion that, for a considerable time at least, our manufacturing industries would suffer severely. Even now we find it difficult to hold our own in many lines, and with a low uniform tariff competition would be still keener, and lead to an all-round reduction in workmen's wages, so as to assimilate with the low rates ruling in congested cities like Sydney and Melbourne, not to speak of the Home-country, America, and Germany. I am strongly in favour of workmen getting a fair wage for a fair day's work, but it must be obvious even to the unions that a fixity for a reasonable period, and at a rate that permits of fair competition, is imperative, as uncertainty as to price of labour, constant chopping and changing, and asking for more—like *Oliver Twist*—hinders progress, locks up capital, opens the door to outside competition, and spells ruin to existing industries and to the workmen themselves. The progress motto should be on the principle of the three F's—"Fair wage"; "fixity of tenure"; "freedom of contract." The latter would give merit a show against the dead-levelism which unions impose on their members. Nor do I see that our agricultural productions would advantage much by federation, as it is only when hard pressed through droughts, &c., that Australia buys of New Zealand. Hence, under similar circumstances, they would not shut their doors against us buying in the nearest and cheapest market in the future, simply because New Zealand declined to enter the Commonwealth. A point worthy of consideration is that New Zealand holds a unique position among the colonies—apart from her climatic, resourceful, and racial advantages—in that her advanced legislation, grappling with and giving effect to political and social problems for the betterment of humanity, has brought her prominently and favourably before the world as eminently progressive. There is no reason why she should sacrifice this proud position. Only now is New Zealand beginning to reap the full fruits and advantages of years of hard toil and much expenditure by the early settlers, and wise legislation by many able statesmen at the helm, since its initiation as a colony. We should not, therefore, lightly barter our independence, right of self-government, and merge and lose our identity in that of the Commonwealth of Australia. I further hold that, in the interests of Australia and New Zealand, they should not federate, as a healthy friendly rivalry acts as a stimulus, and will aid the progress of both politically, commercially, and socially; and should outside trouble arise they will loyally stand by each other. Reciprocity should meet all that is required. Finally, the importance of this question of federation will be a sufficient excuse for my venturing to offer a suggestion to the Royal Commission—namely, that, to my mind, it would greatly facilitate their work of inquiry if the people were educated in advance of the Commissioners' sittings by publishing in the newspapers the nature and scope of their inquiries, and giving a short synopsis of the salient points of the Federal Constitution; the basis upon which New Zealand would be admitted and stand; its power and representation in the Federal Parliament; and the power the Federal Parliament holds of taxing the various States to make good deficiencies in the Federal revenue, and for levying money to carry on Federal works, &c., in all States. To federate with our present limited knowledge of commitment is too risky, bearing in mind that, once wedded, divorce would be difficult. Better wait developments by Australian Federal Parliament, even if it costs us more to join in later on."



CHARLES PHARAZYN. (No. 126.)

The following written statement was accepted from Mr. Charles Pharazyn as his evidence, as he could not appear for examination :—

“ Featherston, 27th February, 1901.

“ As it is impossible for me to attend and give evidence before the Commission, I trust I may be allowed to express my views in writing. I can really sum up the conclusions at which I have arrived in the one word ‘ wait.’ I am as strong an advocate of the principle of federation as any one living, but I regard it as very like the question of matrimony—marriage is desirable in itself, but any prudent man attaches great importance to the question as to when it will be wise for him to choose a wife. There is one important difference between matrimony and federation—viz., that in the former the bond will certainly be severed by death, and possibly by divorce, but with regard to the latter the step, once taken, is irrevocable. It appears to me that the difficulties of the States in Australia are enormous before they will get everything to work smoothly, and that these difficulties would be much increased if the peculiar conditions of New Zealand were allowed to complicate the problem. The wise course appears to be to wait events in the most friendly spirit, making it quite clear that we have every wish to join when it becomes desirable to all concerned for us to do so. In the meantime there are a number of questions on which common action with the Commonwealth should be easily arranged—such as defence, post and telegraphs, and possibly finance. If this can be done in a thoroughly friendly spirit we may gradually grow together, and the first act of joining may become very simple. The great secret of success in the English character is that in great things we are content to leave things to a process of evolution, which, though perhaps slow, is far more certain to be satisfactory in the end than any precipitate action. I trust that the Commission will advocate this course in its report, and particularly that it will see the importance of making it quite clear that it is merely a question with us of the right time to do what we fully recognise will in all probability be ultimately the right thing to do.”

JOHN DUNCAN. (No. 127.)

The following written statement was accepted from Mr. John Duncan as his evidence, as he could not appear for examination :—

“ Unfortunately your sittings in Wellington are coincident with the despatch of the San Francisco mail, which always entails a very considerable amount of work at this season of the year ; and I find it quite impossible to attend to give evidence before the Commission, as my time is more than fully occupied with the work above referred to. I had not devoted much attention to the question of federation beyond feeling that it would be prudent on the part of New Zealand to wait until such time as the regulations of the Australian Commonwealth had been settled, so that it might be seen clearly to what we were committing ourselves, instead of dealing with the matter now, when it is quite uncertain what regulations may be framed by the Commonwealth. But, if the figures given to the Commission by Mr. Nicholas Reid are correct, then it is difficult for me to see how you can avoid pledging the country to federation at as short a date as possible, if the object of your considerations is to advance the interests of the greater against the lesser number. Mr. Reid indicated that under federation there would be a reduction of duty on sugar, salt, tobacco, boots, &c., to the amount of about £550,000—in other words, a reduction of the duties on the necessaries of life to the extent named. Now, this boon would be reaped almost entirely by the small farmers, the artisans, and the labouring-classes, and would represent a very large saving in the cost of their living. For some years past it has been given as a reason why wages should be higher in New Zealand than Australia that the cost of living here was considerably more than in the other colony ; and, admitting that to be correct, you will see that if such a reduction in the cost of living here was made as is indicated by Mr. Reid the argument above quoted would cease to have effect, and, whether there was a levelling-up of the Australian rates of pay or a slight levelling-down on the part of New Zealand, we might hope to secure an equal wage in the entire Federation. This would do away with all the difficulties which we have had in securing an outside market for the labours of our artisans ; and, given equality of wage and equality of cost of living, I see no reason why New Zealand should have anything to dread in joining the Federation. In point of fact, with its better climate, its more productive soil, and better type of settler, I should think that it would be a mere question of time when it would be able to take a leading position in the Federation.”

WILLIAM THOMPSON GLASGOW examined. (No. 127A.)

1626. *Hon. the Chairman.*] What is your official position, Mr. Glasgow?—Secretary and Inspector of Customs, and Secretary for the Marine Department.

1627. We want some evidence as to the probable effect upon the revenue of the colony if the Commonwealth Government imposed a tariff of, say, 15 per cent. on goods that are exported from New Zealand to Australia?—I suppose you mean on goods that in New Zealand are liable to an *ad valorem* duty, such as textiles and apparel.

1628. And produce too?—That is not liable to an *ad valorem* rate of duty—for instance, the duty on grain in New Zealand is 9d. a cental.

1629. If our duties that are at the rate of 20 per cent. were reduced to 15 per cent., what would be the loss?—The loss would be very considerable.

1630. Supposing it was a uniform duty of 15 per cent., what would the loss be?—Do you mean on goods liable in New Zealand to *ad valorem* rates of duty?

1631. Yes?—I will furnish a return showing the result. [See end of evidence.] I would like to say that under the New Zealand tariff a duty is charged on almost everything that is imported at 20 per cent., for revenue purposes, on goods that are not manufactured in the colony ; but the tariff of Victoria discriminates to a large extent. For instance, we charge duty on

all hardware and ironmongery at 20 per cent., but in Victoria only metal manufactures that are manufactured in the colony are chargeable with duty. Cutlery, for instance, is free. If the Federal Government adopts the principle underlying the Victorian tariff—the protective principle—it will increase our loss of revenue, because a large quantity of goods on which we get 20 per cent. will be free if we federate. A rough estimate can be made on simple lines, just simply taking our present *ad valorem* duties and calculating what they would amount to at 15 per cent.

1632. Can you tell us, approximately, what is the revenue derived in the year on sugar imported from Queensland?—£31,633.

1633. And on the sugar from Fiji?—£101,318.

1634. How would our federating with Australia affect that duty?—We should have to admit the Queensland refined sugar free, and we would probably get all our sugar from there.

1635. *Hon. Mr. Bowen.*] What would be the actual effect?—It would shut up the Auckland refinery, and seriously affect the island trade.

1636. *Hon. the Chairman.*] We had it put to us by one witness that we should lose over £100,000 duty: is that so?—I think so.

1637. Why?—Because we would get all the sugar from Queensland. I think that the establishment by the Union Company of a regular service with Fiji has been brought about by the development of the sugar trade; and I think also that statistics will show that the export trade from New Zealand to the islands has grown a great deal since sugar began to come from Fiji, because the company do not like their boats to go back empty, and they place the freight as low as possible in order to insure getting a cargo.

1638. *Hon. Major Steward.*] Then, do I understand that you think we shall practically lose the whole of the duty that we are getting on the sugar now?—Yes, as far I can see at present. Next to Fiji and Queensland, the largest quantity of sugar is imported from New South Wales. It is probably refined sugar.

1639. *Hon. the Chairman.*] Just tell us, please, what sum we should lose on other articles?—I take it, Mr. Chairman, that nearly all the sugar consumed in New Zealand would, if we federated with Australia, come from Australia, and we should get no duty on it at all. At present we get £156,000 revenue from imported sugar. There is a very small quantity, probably crystallized sugar, imported from the United Kingdom, and there is a little imported from Victoria, Hongkong, and China.

1640. *Hon. Mr. Bowen.*] Is there not some imported from Mauritius?—No.

1641. *Hon. the Chairman.*] What would be the loss of duty, if any, on spirits imported from Australia under federation?—The Victorian rate of duty is 14s. a gallon, and, assuming that the Federal tariff will be at that rate, instead of 16s. a gallon, which is the New Zealand rate, I hand in a return showing the loss in respect to spirits, wine, and tobacco. [See end of evidence.]

1642. Could you give us some idea of what the loss of revenue to the colony would be through joining the Commonwealth?—It would be very difficult without making some assumption as to what the tariff of the Commonwealth would be.

1643. Could you give any idea of what the loss of duty would be to this colony through the manufactures from Australia coming in free, and which now pay duty?—I do not think it would amount to very much. Assuming that we had to admit the present dutiable Australian fruit free, that would be a serious item.

1644. They would be free?—And would Australian wines be free?

1645. Yes?—An important element comes in there: if Australian wine comes in free we will get very much less wine from England and Spain. I think they will practically shut out the foreign wines except those of an expensive kind. Then, there is a probable loss on tobacco of a large amount.

1646. Do you think there would be a loss of £100,000 on tobacco?—I hardly think it would amount to that, but I think it could be fairly well arrived at. We know from the Victorian statistics the total amount on which import duty and the amount on which excise is paid, and we may assume that if the same advantages exist in New Zealand there would be the same proportion of Australian tobacco used. I think that would be the most reliable way of getting at the loss.

1647. You say you believe the loss on spirits would be £100,000?—I have not made any calculation at all.

1648. Do you think it probable or possible that there would be such a loss?—It seems to me to be a very large amount.

1649. What are the matters on which you suggest we should inquire in the other colonies in respect to the tariffs there?—The difficulty seems to me to be this: that there are very few lines of produce of Australia charged with duty in New Zealand that are imported to any extent into New Zealand. Those lines are: wine, spirits, fruit, tobacco, coal, bark, and timber. Those are the outstanding exports of the indigenous produce of Australia.

1650. What are the indigenous articles we export to Australia?—Nearly all agricultural produce, and animal matter, such as frozen and preserved meats.

1651. *Mr. Leys.*] I would like to ask you, Mr. Glasgow, whether our tariff, taking it all round, is not very much higher than the Victorian tariff—that is to say, is it not in result likely to draw from the people a very much larger amount of revenue than the Victorian tariff?—That is so.

1652. Table 65 of "Coghlan's Statistics" shows the amount per head of the various colonies contributed to the revenue through the Customs—import duties and excise: In Victoria the amount per head is £1 19s., whilst for New Zealand it is £2 18s. 1d. per head; so that really if the Victorian tariff were adopted we should lose 19s. 1d. per head of our Customs revenue. How much per head of the population do the reductions made last year represent?—I make it 3s. 10½d. I might

say that, notwithstanding the reductions made last session, the revenue will be higher this year than what it was last year.

1653. Is it the case, Mr. Glasgow, that New Zealand draws a very much larger amount per head of population from the Customs and excise duties than is levied in the Commonwealth as a whole?—Yes.

1654. Can you tell us from recent statistics the amount of Customs and excise duties actually received by the Commonwealth?—I have no doubt the figures given by Coghlan are correct. The total import and excise duties for 1899–1900 in the Commonwealth amounted to £7,629,027.

1655. How much did that average per head of the population of the Commonwealth?—£2 1s.

1656. Was that amount very much below the amount levied in New Zealand per head?—The amount for New Zealand is £2 18s. 1d. per head, so that it is 17s. 1d. less than New Zealand's.

1657. I notice from a statement made by Mr. Barton that the Federal Government contemplate raising from £8,000,000 to £8,500,000 for Federal and State purposes: can you tell us what amount per head he would have to raise per head of the population over the population of the Commonwealth to obtain that amount, on the basis of the population for 1899–1900?—Taking the amount required at £8,500,000, the taxation per head would be £2 5s. 8d. instead of £2 1s.

1658. Can you inform us what loss there would be to New Zealand under federation if a Customs tariff in that proportion were brought into force?—It amounts to £469,000 approximately.

1659. Do you think that is, approximately, a fair way of estimating the loss of revenue which is likely to accrue to New Zealand under federation?—I should like a little time to think about it; but as far as I can see at present it is a very fair way.

1660. Can you suggest any other way?—Not at present.

1661. *Mr. Beauchamp.*] I suppose it would be quite impossible to form anything like an approximately correct idea of the amount of loss we should be likely to sustain through inter-free-trade with Australia in respect to the duties on spirits and tobacco produced in Australia?—It would be extremely difficult unless we have some means of estimating what amount of Australian produce, tobacco, and spirits would come in under the new conditions.

1662. *Mr. Millar.*] Under the Commonwealth Act you are aware that the Federal Parliament can take the power to deal with the lighthouses, and that we might have to hand over to them the whole of our light dues: is there any profit from the Marine Department now?—No.

1663. So that there would be no loss of revenue from that source?—No loss of revenue.

1664. Can you differentiate the amount of excise duty from the Customs duty?—Yes.

1665. Could that be done in regard to the other Australian Colonies as well?—Yes; it is given in the statistics, and I will show it in the return.

1666. *Mr. Roberts.*] In addition to the loss on sugar, a loss would also occur on molasses and saccharine?—Yes; I think all the molasses imported would come from Australia.

1667. And you also think that the loss of duty on the importation of Australian wines would be £11,600?—Yes.

1668. Can you form any opinion as to what the probable loss on tobacco would be?—No; but, as I said, I could make a calculation.

1669. Could you make a similar statement with regard to spirits?—You see, I am met with the difficulty I stated before; I do not know whether to take the Victorian excise rate or that of New South Wales.

1670. *Mr. Beauchamp.*] Is there any duty on raw sugar imported from Fiji to any part of Australia?—Yes; 3s. raw, 4s. refined.

1671. *Hon. the Chairman.*] Part of the duty of this Commission is to endeavour to ascertain whether a reciprocal treaty could be entered into between Australia and New Zealand in respect to certain articles of commerce: could you suggest to the Commission the lines on which they should proceed?—It seems to me that if we abolished the duty on wine and fruit, and possibly genuine brandy distilled from Australian grapes or wine, we should get in return free entry for our agricultural produce, or get it in at a reduced rate.

1672. Would we not be giving them a great deal more than they would be giving us?—Yes. By agricultural produce I mean hams, bacon, malt, grain, cheese, butter. It seems to me that we have more to send to them than they have to send to us.

1673. In quantity, not in value?—In value.

1674. If they have a good season in Australia Victoria can produce all that they want?—I still think New Zealand would be able to compete with Victoria. But really this is a matter upon which I do not think I should express an opinion.

1675. *Mr. Roberts.*] Do you think there is any possibility of a reciprocal treaty on any other basis to include only the natural products of the soil?—Yes; I think if woollens and blankets were entirely free in Australia there would be a large export to Australia.

1676. It would open a very dangerous door?—They would demand reciprocity for their manufactures.

1677. Is there any other suggestion you can make in regard to a reciprocal treaty?—Beer, and the natural products of the soil, and woollens and blankets—that is all.

1678. *Mr. Leys.*] Can you give us any estimate of the extent to which the Federal Government would relieve the revenues of New Zealand by the departments they would take over and pay out of the Customs and excise duties which they would be entitled to take under the Commonwealth Act?—I could only speak of the Customs Department. The cost of collecting the Customs and excise duty in Victoria is £3 per cent.; in New Zealand it is just about £1 10s. per cent.

1679. Can you explain the difference?—Greater economy. The salaries here are lower. The head of the Customs in Victoria receives £1,200; I only get £650, and I manage the Marine Department also. In Victoria they have a Marine Board for the marine work.

1680. Do you know whether this higher scale prevails in New South Wales as well as in Victoria?—I think so. The officers are very much better paid there. I think the Collector gets £1,000 a year.

1681. Do you assume from that that the Federal administration will be very much more costly than the New Zealand Civil Service administration?—I think it is a fair assumption.

1682. *Hon. Major Steward.*] Referring to the suggestion that it might be possible to enter into a reciprocity treaty to take sugar as one of the items to be admitted free, do you not think there would be serious difficulty if we admitted Queensland sugar free as regards our relations with Fiji, inasmuch as Fiji is penalised to the extent of  $\frac{1}{2}$ d. per pound?—I pointed out that it would seriously affect the Fiji trade—I mean the trade from New Zealand to Fiji.

1683. *Mr. Roberts.*] In mentioning the article fruit, which might fairly be included in a treaty, did you include dried fruits?—No; but the question of dried fruits is a matter in connection with South Australia. The imports of raisins and currants from there is very small at present.

1684. Can you tell the Commission why currants are assessed at such a large duty—equal to tobacco?—It arises from the fact that the duty of 2d. per pound was imposed when the value was greater than now.

1685. In reference to wines and brandy, you would only propose, under a reciprocal treaty, that the provincial duty should be made in their favour?—Yes; I do not think that these should be free altogether.

1686. What allowance do you think should be made in favour of Australian wines and brandy—half-duty?—Not more than that.

1687. *Hon. the Chairman.*] Is there anything you can suggest to us that you have not been asked upon?—Of course, the Commission will take into account the interests of the local production in connection with fruit and wine.

#### RETURN OF ESTIMATED LOSS OF REVENUE.

|                                                                                                                                                                                        |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Estimated loss of revenue in New Zealand in the event of a Federal tariff operating in New Zealand, altering present <i>ad valorem</i> rates to 15 per cent. ... ..                    | £152,000 |
| Estimated loss of revenue in New Zealand on spirits, wine, and tobacco on the assumption that the import and excise rates of duty would be the same in New Zealand as now in Victoria— |          |
| Spirits ... ..                                                                                                                                                                         | 127,000  |
| Wine ... ..                                                                                                                                                                            | 12,000   |
| Tobacco ... ..                                                                                                                                                                         | 65,000   |
|                                                                                                                                                                                        | 204,000  |
| Estimated loss of revenue in New Zealand on fresh fruit if Australian fruit is admitted free ... ..                                                                                    | £4,000   |

#### AUCKLAND.

MONDAY, 4TH MARCH, 1901.

Hon. WILLIAM ROLLESTON examined. (No. 128.)

1. *Hon. the Chairman.*] You reside in the Provincial District of Canterbury?—Yes.

2. And you have been for many years a member of the colonial Legislature?—Yes.

3. And a Cabinet Minister?—Yes, for some years.

4. We understand that you have taken considerable interest in this question of Australian federation, and you have been good enough to hand a paper to the Commission on the subject?—Yes; I was afraid I should be prevented by circumstances from appearing before the Commission, and I ventured to place a statement before them, and I am here to-day to ask that they will take that as the statement of my views, and I will also answer any questions, so far as I am able, that may be put to me.

5. You would like to put this statement in and have it read?—Yes. It is a statement of my views on the question of Imperial and Australian federation prepared by me when I was a member of the House of Representatives. I submit it, with some modifications, to the Commission:—

At the time of the Jubilee celebrations I put forward the view I then held of Imperial federation, and I do not know that I can explain myself better now. The federation of the Empire, as Mr. Chamberlain wisely says, must be a matter of gradual development. Common interests and common obligations may grow up simultaneously with the fostering of a feeling of kinship between the colonies, and concurrently with the growth of a desire for closer union with the Mother-country. The greatest of common obligations, that of defence, has been the basis of all federal unions in the past. We have advanced a stage towards federal union by the recognition of our responsibilities in this respect, and by the fact of our contributing to the maintenance of the Imperial navy. Whether any, and what, approach can be made through trade, which is the greatest of common interests, remains to be seen. The problem will require a good deal of patience in its solution. Our trade and commerce, of course, depend on the maintenance of the naval supremacy of Great Britain. The maintenance of local independence and autonomy, together with the promotion of a closer alliance with the Mother-country, are the great principles which have to

be kept in view in helping forward the growth of the Imperial tie. We must be satisfied with establishing common bonds of union from time to time as occasion arises. As has recently been the case with the Judicial Committee of the Privy Council, on which an Australian Chief Justice has been placed, some sort of representative Council will, as Mr. Chamberlain suggests, grow up to represent the common obligations and interests which we create; but so far no suggestion of a practical character has been made which would bring federation under the Imperial parliamentary system or make it a mechanical union. Representation on the Board of Trade suggests itself as a step towards dealing with the common interests of trade, and on a Council in connection with the War Department for dealing with the common obligations of Imperial defence. The idea which has been mooted of representatives in the Upper Chamber of the constituent parts of the Empire, though at first sight appearing attractive, has not taken practical hold of men's minds, and I do not think it likely that it will. The connection which is maintained through the appointment of colonial Governors by the Queen, and the fact that our legislation is in a number of matters subject to the approval of the Imperial authorities, constitutes for the present a very real bond of union, both in legislation and in administration. It is possible to conceive a considerable change in the condition of this bond as independent Commonwealths grow in strength and changes come over the whole system of representative and Responsible Government. The change need not weaken the ties of kinship, but the possibility would seem to indicate the wisdom of maintaining the Federal tie as general and as comprehensive as may be. It need not be the less real because it is more general, and the tension may be less in the event of strained relations. Mr. Freeman, speaking of a federal union, says each of the members of the union must be wholly independent in those matters which concern each member only. On the other hand, all must be subject to a common power in those matters which concern the whole body of the members collectively. Thus each member will fix for itself the laws of its jurisprudence, and even the details of its own political Constitution, and it will do this not as a matter of privilege or concession from any higher power, but as a matter of absolute right, by virtue of its inherent power as an independent Commonwealth; but in all matters that concern the general body the sovereignty of the several members will cease. Each member is perfectly independent within its own sphere, but there is another sphere in which its independence—or, rather, its separate existence—ceases. The tie between Imperial Great Britain and her colonies or groups of colonies may vary, and will vary, in the closeness of this bond, according to circumstance, local autonomy being an essential condition in each case. Africa will probably be a group of federated republics under the suzerainty of the Empire, with common tariffs, railway connections, and post and telegraphs, appeals in law, common coinage, and the first and foremost link of common defence. They will probably have common bonds between themselves other than those they have with Great Britain, but there will be the same Federal ties with the Empire—ties which will tend to the maintenance of peace, and the cementing of the union of English-speaking people such as obtain between the Canadian and Australian groups and the Mother-country. You will gather from what I have said my views as to Imperial federation. It is not, and cannot be, so far as we can see, at present to any extent an administrative or parliamentary union. But it is a tie, uniting people speaking the same language, with the same sympathies and the same aspirations, giving effect by treaty and otherwise to their common efforts in the interests of peace and progressive civilisation. This, I take it, is the ideal which patriots and statesmen and philanthropists have in view. As to the establishment of an Australian Commonwealth, including New Zealand, I cannot give an unqualified answer. It is, I think, to be regretted that the original proposal of a Federal Council with well-defined functions was not more favourably regarded. For purposes of defence and the common interests involved in trade, and a number of other subjects, it would tend to the advantage of both Australia and New Zealand that there should be a Federal tie mutually agreed upon, but without any surrender of local autonomy. This is the same tie, differing only in degree and closeness, which will ultimately obtain between different colonies, or groups of colonies, and the Home-country. The defence question has already been put on a fair footing. I cannot believe that, as between Australia and New Zealand, common interests cannot be regulated by commercial treaty. Federation in this sense I regard as a most desirable thing. But there seems to be generally a good deal of confusion in the minds of those who are discussing the question. Federation is "a blessed word," conveying a grand undefined idea. Till recently I do not think a dozen members of Parliament had read or studied the Commonwealth Bill, and even now there is a general haziness as to the precise effect of a number of its provisions. This is not unnatural, considering the necessity for compromises which arose after the adoption of the resolutions upon which it was originally framed. The history of the Bill is too long to enter upon now. It is, on the whole, a wonderful monument of ability and patience, and, with the exception of the confusion arising from the compromises I have referred to (principally in the financial clauses), it is a model of lucid arrangement. The question, however, is, what is the general effect of this Bill as bearing upon the possibility or advisableness of New Zealand joining the Commonwealth? I may premise my remarks under this head by saying that it appears to me a pity that New Zealand was not represented in the final Conference. Both as a matter of expediency and of courtesy between two neighbouring colonies it would have been desirable that one or two of our leading men should have been there. It is not impossible that in certain large questions like those of defence and trade a common understanding might have been come to, the terms of which might have been embodied in the Act, without committing New Zealand to come in under the same parliamentary government. If I am not mistaken, the Canadian Constitution provides for a difference in the terms of union in respect of several of the States. I think, too, that it is a pity that the Parliament of New Zealand should not have set up a Committee of the best men of both Houses during the last session to inquire into the whole subject. It would have prevented any possibility of the idea arising among Australian statesmen that we were unsympathetic with them, or that we would not go great lengths to cultivate the kindest relations with them, and the closest union consistent with the maintenance of our

independence and existence as an autonomous State. The objects of the Bill were defined, I think, in one of the drafts in an early stage as being to "enlarge the powers of self-government of the people of Australia, and to create a Federal Government." (I quote from memory.) The ultimate outcome of the Bill is rather a unification or amalgamation of the local Governments of Australia than the creation of a Federal union, in which other countries like New Zealand, desiring to maintain their own autonomy, could advantageously join. Whether the Bill will work out advantageously to Australia I have not sufficient knowledge to form a trustworthy opinion. Nothing but experience can show. It properly recognises that universal suffrage is the only permanent basis upon which the democracy of the future can be built. Its framers also seem to recognise that the hope of a democracy rests with localisation of Government, keeping the people in close touch with their Government, and giving them a potent influence in the administration. I approach this subject with natural instincts on the side of the maintenance of the power of the States (the democratic side in America). The provisions for the constitution of the Senate are supposed to secure this by giving each original State an equal number of Senators (six), whether the State be great or small, but the provisions of the Bill defining the thirty-nine articles of legislation, in respect of which there are powers concurrent with those of the Federal Parliament and the State Legislatures, giving at the same time an overriding power to the Federal Legislature (sections 106-108), leave doubts as to how far the safeguards may ultimately prove effective. It will, I think, prove necessary very soon to bring under review the clauses defining the mode of altering the Constitution, and when once the central power is instituted the tendency will be in the direction of overriding the local Governments by the Federal authority. Lord Tennyson, in South Australia, and Sir Henry Norman both seem to be impressed with this danger. I observe that Mr. Barton thinks it a matter for congratulation that "the provisions of the Commonwealth Constitution as to proposed amendments are simpler and easier than those of the Swiss, and are undoubtedly more liberal and less cumbrous than those of either the German or the American Federal Constitution." The same is true of the Constitution of Canada, which can only be amended by the Imperial Parliament. There, too, the range of subjects to be dealt with conclusively by the States is larger and more clearly laid down. The mixed system of finance under which the States and the Commonwealth dip their hands into the same purse will have the tendency to promote conflict between the local and Federal Government, and, as was the case in New Zealand as between the colony and the provinces, the central power will be likely to prevail. Federation should rather be the delegation by groups of States of some of their common functions to a central power, as occasion arises, than the constitution of a central authority with powers of overruling and absorbing the legislation and administration of the States. Of the clauses with regard to finance and trade I do not profess to see the issue. One of the foremost of Australian statesmen says, "the problem of Federal finance is insoluble until we gain experience of the course of commerce, and of the changes in industry under the new and unprecedented conditions of intercolonial free-trade." And the same writer (Mr. Wise) anticipates that a period of financial disorder will ensue upon the initiation of the Commonwealth, and says, "We have not yet sufficient data for any useful calculations as to the incidence of Federal taxation." This, coming from an advocate of Australian federation, is not encouraging to New-Zealanders, who do not seem to appreciate the financial difficulties ahead which will be the outcome, under the most favourable circumstances, of the "unprecedented" proposals of the Bill. The powers given for making laws for the regulation of trade and commerce by the 1st subsection of section 51 and by section 100, for constituting an Inter-State Commission for interpreting and administering such laws, are, as Dr. Quick, a member of the Commission, says, "enormous." They give control over every form of traffic, intercourse, and communication between States, and throughout States, including roads, railways, rivers, and other waterways; also control over shipping and navigation. It enables the Federal authority to follow trade and commerce throughout the Commonwealth, to supervise and protect it, promote and encourage, increase facilities, and remove impediments and obstructions that interfere with freedom and equality of trade. I may here refer to what was the English *Times'* correspondent's statement of the causes which led to the Federal movement being revived about the year 1894. It was, no doubt, owing to the financial difficulties which had arisen with the banks and monetary institutions, and a desire to consolidate the credit of Australia and facilitate their borrowing-powers. Here, again, the Bill provides for the conferring of enormous powers on the Commonwealth in respect of borrowing money on the credit of the Commonwealth, and also (section 105) in respect of taking over the debts of the States. Visions of what took place in New Zealand over the consolidation of provincial loans, and subsequently over the Bank of New Zealand troubles, and the almost infinite possibilities of log-rolling and intrigue, come before one's mind in this connection. If the effect of these features of the Bill are such an unknown quantity in respect of Australia itself, whose statesmen have framed the Bill, the possible effect upon New Zealand is surely a matter for the gravest consideration before we commit ourselves to the irrevocable step of joining the Commonwealth. As to whether Australasian federation is a step to Imperial federation, I do not think it is. At any rate, not necessarily so; and I can imagine circumstances under which it might lead to an opposite result. I believe the late Mr. Dalley, one of the foremost of Australian statesmen, thought this would be the case—that is, that the tendency might be in the direction of a desire for independence. It will be gathered from what I said before that the Imperial tie should be as comprehensive as possible, embracing not only what we understand by colonies, but possibly States, like those in Africa, bound by treaties in respect of great national interests under the suzerainty of Great Britain. Imperial federation as it already exists will only suffer by any attempt to draw the bonds too closely, or to deal with subjects other than those of the largest magnitude, such as common defence. It is a matter of slow development as between autonomous States. Like the training of a fruit-tree on the wall, each branch will have its own connection with the parent



stem, will get its own interconnection through its union with the Empire. This will be pre-eminently true in regard to defence. It is to the Imperial navy we shall have to look for safety as against external aggression, and that safety will depend upon the wisdom of the arrangements that are made as between the Empire and these colonies in respect of this greatest of Federal obligations. The importance of providing against divided control and management in case of active warfare is obvious. This will be a matter for treaty as between the Imperial Government and the several States, or groups of States. The dealing with the question as between Australia and the Home Government would doubtless be simplified by negotiating with one instead of a number of States; but, if points of difference arose, these differences might be more difficult of adjustment. The Constitution of a parliamentary union which might involve questions of taxation, and possibilities of friction, such as led to the secession of the States of America, is too remote to be considered within the range of practical politics. The Australian Commonwealth is not a federation in the proper sense of the word, but a unification or amalgamation of Governments. It will create a Government with enormously increased powers for good or ill, for increased internal developments, and for wider influences in its dealings with the outside world, but it is open to grave question whether it will increase the sentiment inspired by the Crown and sceptre of Great Britain. Temporary frenzies and impulses are liable to seize upon a young people, and the feeling of reverence for the traditions of the past may at times be insufficient to prevent antagonism to the Old Country. A few years ago the *Daily Telegraph*, in Sydney, was writing of Australian independence. Looking to the not-far-off future, New Zealand will occupy an unrivalled position. From its climate, the fertility of its soil, the physical character of its population, and its position as a maritime Power, occasions might arise when its power as a separate State in these seas would exercise an enormous influence in maintaining the Imperial union and guiding public opinion should popular outbursts run riot elsewhere in these seas. As to how federation with Australia would affect New Zealand—(a) commercially, (b) as regards our powers of self-government: I think, with regard to (a), that what I have said above explains generally my views so far as they have been formed. The effect on commerce is hard for men with much more knowledge than I can pretend to have to foresee. Nothing but experience over a course of years will enable us to judge. Meantime we should be surrendering our powers of control, and in a manner which might prove prejudicial to us. I have quoted Dr. Quick above as to the enormous powers which will be wielded by the Federal Government and Inter-State Commission in respect of trade and commerce, and we cannot forget in how small a proportion New Zealand would be represented in the Federal Parliament, and how its powers would be exercised far from popular control and criticism. The effect of intercolonial free-trade upon our manufactures is hard to estimate. It might (I do not say it would, for there is not sufficient information to go upon) lead to our industries being seriously affected by competition with Australian goods. The effect upon our export of farm produce is equally hard to foresee. We cannot, to begin with, do more than conjecture how far Australia is, by the progress of settlement, going to make itself independent of those articles of produce (potatoes, onions, oats, and dairy produce) of which we have always a surplus. It is certain that there will be periods of drought when its own supply will be entirely inadequate. Will it then be content to forego the advantage of New Zealand trade by putting it under the disabilities of protective or prohibitive duties? A statement of the different ways in which the trade of New Zealand with Victoria and New South Wales has been affected by the protective and free-trade policies of the two States would be instructive. The market has been very fitful over a number of years. For example, the potato trade varied between the years 1894 and 1897 from £2,758 to £102,800, and the butter export varied from £455 to £51,055 in the same period, and then, singularly enough, dropped to £17,154 in 1899. Australia, so far as a cursory view enables one to form a judgment, will partly, under the impulse of federation and inter-State free-trade, become self-supporting, and trade will be governed by the laws of supply and demand, not by tariffs. These are points upon which it seems to me we ought to have the best information which could have been collected by commercial and financial experts. We should then be in a position to approach the Federal Government and discuss the question of a reciprocal treaty on fair terms. I cannot but think that our present attitude towards the great movement of our sister-colonies is not a worthy one, and is liable to be interpreted as one of indifference. My own belief is that, apart from any question of federation, our interests must ever be closely bound up with those of Australia, and that mutually satisfactory arrangements could be arrived at. On the other hand, from the Australian point of view, I do not see what advantage would accrue to Australia by New Zealand being driven by trade considerations to enter into administrative and political relations, which might not work out harmoniously, and might, indeed, be embarrassing to the Commonwealth. As regards our local powers of self-government (b), I hold strong views that the hope of democracy rests in the development of local self-government, and that centralisation of power in the hands of a far-distant Government, removed from the vision and the prompt and close criticism of those governed, might lead to very unsatisfactory results. Our present democracy is assuming very curious phases in which "the people" are often little concerned. There is an idea afloat that you would get a better class of men interested in legislation and government. I do not believe it. I have no belief that we should be better represented in the Federal Parliament. One thing is certain, the Parliament would occupy six months of the year. The members must be either wealthy men who could afford to leave their business, and to whom a seat in the Federal Parliament would offer attractions from the speculative openings which would present themselves in connection with finance, or they would be a class of men who are described by the term of professional politicians. The settler class who are represented here would be less and less represented, and the influence of wealth and speculation—potent factors in the decay of democracy—would assert itself to an extent hitherto unknown. The provision of £400 a year in a Constitutional Act as an honorarium is a curious feature.



6. Before I ask the members of the Commission to question you on this statement, do you wish to add anything to the paper that has been read?—No, I cannot say that I do, though I do not for a moment think it a complete presentment of the case.

7. In the paper you say that our attitude is one of indifference to the Australian States?—I did not quite intend to convey that impression. I was speaking there rather of the attitude of the Legislature of New Zealand, and that the setting-up of a committee would have prevented the possibility of such an idea being entertained. The question was never discussed in the Legislature under the lead of the Government, and my own opinion, as stated in that paper, is that both Australia and New Zealand lost a great opportunity in the practically falling through of the original Federal Council Bill, and we might, if we had taken a larger part in the deliberations that led up to the present Commonwealth Bill, have secured a modification of the provisions of that Bill, either, in respect of New Zealand, where these present conditions affect New Zealand unfavourably, or we might have generally modified the provisions of the Bill in the direction of making it rather a Federal Bill than an amalgamation of administrative bodies and the creation of a parliamentary union.

8. The Federal Council sat every two years continuously up to 1898, did it not?—Yes, I think so. That was the intention.

9. And it only passed out of existence, as it were, when the Commonwealth Bill became practically a certainty?—Yes, that is the case. I regretted that, if a modification of that Bill was necessary, it was not attempted rather than the establishment of the present form of Commonwealth, into which, according to my ideas, New Zealand cannot wisely enter.

10. New Zealand was represented at the Conferences of 1890 and 1891?—Yes, I believe it was.

11. It was after the Conference of 1891 that Sir Samuel Griffiths, as Chairman of the particular Committee, brought up a complete Commonwealth Bill to be submitted to the Parliaments?—Yes.

12. Is it not a fact, as Coghlan says, that no parliamentary sanction was sought to the provisions of that Bill in any of the colonies?—I believe so; at any rate, no active steps were taken to give it practical effect.

13. In that year, or for four years afterwards, nothing was done in the Australian Colonies in the way of obtaining legislative sanction for that Bill?—I cannot speak positively, but it was in 1894 or 1895 that the present legislation was drafted.

14. But the present movement, was that not the outcome of popular action rather than of legislative action?—I cannot say.

15. I am only asking this because you seem to think that our Legislature might be deemed to have been indifferent in the matter, and I am putting it as a reason why our Legislature should not be blamed with indifference if the Australian Legislature allowed the matter to sleep for four years, and were only spurred on to acting by popular feeling?—I can hardly express an opinion on that.

16. You cannot say whether it will work out satisfactorily for Australia or not?—No.

17. Is it not a fact that after the Bill was submitted to the Parliaments in 1898 the Legislative Council of New South Wales objected to it?—I do not remember that particular fact.

18. Do you not remember that twelve new members had to be appointed to enable Mr. Reid to carry it—he had to swamp the Legislative Council?—That does not occur to my memory just now.

19. I would like to ask you what you think the effect of the Commonwealth will be upon the legislative independence of the colony supposing we were to federate, having regard to the thirty-nine articles of legislation which are reserved to the Federal Parliament?—I tried in the paper I have submitted to indicate, so far as I was capable of forming a judgment, what would be the result. My own opinion is that New Zealand would be in a minority in the Commonwealth Legislature, and that the general tendency of the Commonwealth Legislature as constituted under this Act would be to ultimately override the State powers, and that New Zealand, being at the distance it is, might be very prejudicially affected by that state of things.

20. What do you think would be the effect upon the State Governments: do you not think they would be diminished very much in political matters?—I should not look upon that as an advantage. I think they would drop in importance in a manner prejudicial to the general interest, and that is the opinion, I see, of prominent men in Australia—that the local legislation would be liable to be superseded by the central legislation.

21. You have noticed, probably, by the public prints that the Federal Government has already taken over the Customs matters and the defence?—Yes.

22. And that in Melbourne, at all events, the Premier is not filling up the portfolio represented by Sir George Turner?—Yes.

23. That points in the same direction, does it not?—Yes. There are larger considerations than the effecting of departmental economies.

24. Have you considered what would be the effect of federation upon the colonial revenue of, say, New Zealand as a State?—I have no accurate figures. I have studied anything that came before me in that way, and the most valuable paper I have seen on that subject is one by Mr. James Allen, M.H.R., a gentleman you have, I think, had before you.

25. Do you agree with the views expressed by Mr. Allen?—Yes, I do. The general result is that New Zealand would suffer in her revenue under the operation of a uniform tariff on the population ratio to the extent of over half a million.

26. Do you think there would be any effect, and, if any, what, upon the mental condition of the inhabitants of this colony by our joining the Commonwealth?—I do not quite understand what you mean by "mental condition."

27. That the thoughts of the New-Zealanders would be upon a higher plane, for instance?—I have no sympathy with that feeling at all. I notice that it has been put forward in somewhat grandiloquent language that our minds would be raised to a higher plane, and that we would have a higher idea of government; but I do not sympathize with that at all. This is quite a different matter from our connection with the Empire in the forefront of civilisation, to which we, no less than Australia, are bound by ties of race and tradition and affection. The idea of Imperial federation has an elevating influence.

28. I notice in the paper that you have handed in to the Commission no opinion is expressed upon the question of coloured labour in Australia: have you any views on that which you would submit to the Commission?—I have not given that question much attention. It seems to me, broadly, that certain parts of Australia will continue to employ coloured labour, but what effect it may have on trade in Australia and New Zealand I do not feel qualified to speak with any sufficient knowledge. It will continue a vexed question.

29. Have you considered the question of the institution of a Federal Court of Appeal?—I was present in England during the debate on the Bill, and listened to the debate on the second reading, and I confess that I came away from the debate without any clear idea as to the precise practical result of the alteration that was effected—by the compromise, as it was called—in the Bill. It seems to me that, whatever change was made, it was a restriction to a certain extent of a right of appeal on the part of the subject in Australia.

30. That it was the alteration of appeal only on questions affecting the Constitution?—Yes, it was that, but I am not clear that it stopped there. Of course, of that you are better qualified to judge than myself, but it is not clear to a layman.

31. If the result is to restrict the right of appeal to the Federal Court of Appeal, and to limit in any way the right of appeal to the Privy Council, do you approve of that?—Certainly not. Speaking generally, I would not approve of any act that restricted the British subject from appealing to the highest Court in the Empire. The matter is to be the subject of further developments, as promised by Mr. Chamberlain.

32. In your paper you have advocated the establishment of a Federal tie without the surrendering of local autonomy: do I take it that you consider our local autonomy will be prejudicially interfered with if we join the Australian Commonwealth?—I think, undoubtedly, that might be so. When I speak of a Federal tie, I mean a tie established by treaty rather than by administrative union.

33. You advocate here and recommend a reciprocal tariff between Australia and New Zealand: do you think that is possible?—I think that is an object to be aimed at, and I should think would be the outcome of common-sense dealing between the Commonwealth and New Zealand.

34. *Mr. Leys.*] Do you regard the greater facility for amending the Constitution, as compared with that of America or Canada, as an evil, and not as an advantage?—I think it might be. I think the relation of the States in America to the Central Government has been maintained by the difficulty imposed of any alteration in the Constitution.

35. You think that would facilitate the Central Government absorbing the powers of the States?—I think it would be used in that way as opportunity arose.

36. I suppose you have considered clause 128, which enables a majority of electors and a majority of the States to make any amendment to the Constitution: do you think that nullifies the security supposed to exist in the Constitution under equal representation in the Senate?—It seems to go in that direction.

37. Do you regard that as practically putting amendments to the popular vote over the heads of the Senate?—It does undoubtedly to some extent. I would say, incidentally, that I do not think the popular vote is altogether a satisfactory solution of the intricate questions that would arise in regard to alterations of provisions in the Constitution.

38. Do you think it likely there would be such community of interest in Australia that they may make amendments of the Constitution through the popular vote transferring powers to the Central Government that would be to the disadvantage of a State like New Zealand?—I think only experience will show that. But I would be sorry that New Zealand should subject itself to the possibility of that taking place.

39. Do you think, for example, that the public debts and the railways will be transferred to the Central Government without the consent of the Australian States?—I do not think I have thought that question out enough; but I think, myself, that the Inter-State Commissions are merely intermediary steps to the ultimate absolute absorption of the railways—that that is a concession to the States temporarily, and ultimately there is no doubt the Railway Department will be taken over by the Commonwealth.

40. You see that the Federal Government have already announced that railway-construction is part of their programme—the trans-continental railway?—Yes; and the whole question of dealing with the debts and the raising of moneys with the guarantee of the Commonwealth will sooner or later be dealt with more directly by the greater power.

41. Do you think the taking-over of the Customs and excise would interfere with our raising money for State purposes? In other words, do you think the fact of the Federal Government taking over our Customs and excise, and so lessening the security New Zealand has to offer to the London bondholders, would interfere with States like New Zealand raising money for such purposes as lands for settlement, &c.?—I think that, so far as we understand the matter at the present time, the finances of New Zealand would be very seriously affected. I think, in the paper by Mr. Allen, to which I referred, he shows that we should be affected to the extent of over half a million annually; and, of course, our power of borrowing on our share of the Customs will be much diminished.

42. Do you think we shall be materially restricted in our power of developing our own resources?—I think we might be, or we should have to apply to the Commonwealth Legislature to help us to get money if we wanted it.

43. If through the loss of this revenue we had to largely increase the direct taxation in the colony, do you think that would have a mischievous effect on capital and industry?—Of course, that would depend very much on the manner in which it was done. I think our Customs duties are high enough at present, and any additional revenue that would be required would have to be in the way of direct taxation.

44. Do you think there would be a loss of administrative efficiency in the departments taken over by the Federal Government as far as this colony is concerned?—I saw the evidence given before the Commission by an officer of the Government. He is a gentleman I respect very much, and, speaking for his own department, he seemed to think there would be a diminution of efficiency and economy. It seems obvious that, where there is a less perfect knowledge of the subject through the administration being conducted from a distance, the control will be less efficient.

45. You seem to regard this dipping into one purse as a very serious blot on the Federal Constitution: did we not have the same experience in the days of the Provincial Governments?—Yes.

46. It did not work well then?—No. Of course, the necessities of the provinces entailed the increase of the Customs in order to increase their individual share, and I am afraid the same result will take place in this case.

47. *Mr. Luke.*] You mentioned that you thought distance would prejudicially affect us under federation—you do not lose sight of the fact that the distance has been very much shortened, and will be so in the future, and that we will be as close to the Federal Parliament as some parts of the Commonwealth: do you not think that that objection therefore breaks down in the light of development?—I do not think it does. By distance I do not mean only mileage. I think that, whatever may come of this matter, we are going to be a population here separated very much from the population of Australia in regard to our common ideas on many public matters, and our power of discussion will be limited by many causes. I am not at all sure that in the States of Australia, as, for instance, between Queensland and the seat of government, distance will not be found a great disability, but I think the disability for the same and other reasons would be greater here.

48. Will not the infusion of the ideas, conceptions, and characteristics that mark New Zealand be an advantage to the Commonwealth, and afford us a wider field for the development of those characteristics in the same sense that the infusion of their aims and objects would probably be an advantage to us?—I think that is rather in the region of speculation. I think the mutual advantages you speak of will accrue without our joining the Commonwealth.

49. Is there not a danger of our becoming contracted in our conceptions if we live an insular life such as we shall live if we remain outside the Commonwealth?—No, I do not think so. By keeping up our national character, as we are keeping it up by education and progressive legislation, I do not fear that New Zealand will ever become contracted. Our insular position gives us the greatest facility of communication by the great highway of the sea.

50. You also said that you thought we should lack efficiency of administration under federation: would it be an advantage under federation to have the various departments of the State controlled more particularly by the heads of departments, without any interference on the part of any Government of the day?—I do not think we have had experience enough to judge of what the effect will be over such a huge area as the Commonwealth would be.

51. *Mr. Beauchamp.*] I understand that you would advocate Imperial federation, or the establishment of a zollverein, in preference to the idea of a Commonwealth?—I would.

52. By our joining the Commonwealth, and admitting a large quantity of Australian-manufactured goods free of duty, and trying to shut out English goods, do you not think the establishment of a zollverein would be somewhat retarded?—I think that would be a question of the terms of the union.

53. Do you think we should get money cheaper if we federated than we do at the present time?—Of course, the security would be greater; but, so far as I can see now, the security is sufficient for borrowing on fair terms by the State.

54. Have you noticed that New South Wales  $3\frac{1}{2}$ -per-cents are very much lower than New Zealand  $3\frac{1}{2}$ -per-cents?—I have not noticed that.

55. At the various Federal Conferences to which you referred, but at which New Zealand was not represented, do you think that, if New Zealand had been represented, and our representatives had advocated federation strongly, Tasmania and Victoria would have exhibited the same eagerness to join the Commonwealth?—I cannot say. I scarcely think the question of New Zealand produce—taking our onions and agricultural produce—will be a question that will last very long. I take it that the production of Australia will shortly enable it to more than overtake its own wants in any but times of drought. The question of joining the Commonwealth seems to me to depend on larger considerations than the fiscal changes that will take place in respect to these common products.

56. Your opinion is that the various States of Australia are becoming sufficiently self-contained in the matter of manufacture and produce as to obviate the necessity of any of those States coming here for our productions, unless when adverse climatic changes prevail?—Quite so.

57. Do you consider there is a real community of interest between New Zealand and Australia, or do you think the national type is so different in Australia as to prevent the encouragement of that feeling?—I do not think so. I hope to see in the future the closest community of interests established; it is only a question of time and common-sense.

58. With regard to our State representatives, do you think we should get under the Commonwealth as good men to represent us in the State Governments as we have had in the past in New Zealand?—It is doubtful; and I think there would be a deterioration of State Government. They would not have the same objects and aims.

59. *Hon. Mr. Bowen.*] Do you consider the integrity of the Empire would be best consulted in the future by there being one great British Power in these seas or two?—I think, undoubtedly,

it is to the Imperial interest to have two Powers rather than one, and I have in my paper indicated the manner in which the influence of a second Power might be an advantage. I am very strongly of opinion that, in the interests of Imperial federation in the future, it is of great importance that there should be two Powers rather than one in these seas.

60. *Hon. the Chairman.*] Does the fact that New Zealand cannot now join as an original State affect your judgment in the matter, or is your objection to New Zealand joining the Commonwealth independent of that fact?—I do not know what the result would be of our not joining as an original State. I can scarcely think that the Australian Colonies would impose any penal conditions on our joining otherwise than as an original State, or that we would be placed at any greater disadvantage by not so joining.

61. No; but probably one of the chief disadvantages in reference to representation in the Senate lies in section 7 of the Act. There you see that the number must always be maintained in respect of original States; and I would ask whether the fact that New Zealand cannot now join as an original State affects your opinion in the matter—whether your opinion was based upon matters independent of that?—Quite independent of that.

62. I would like to ask you whether you have any opinion to give us upon the question of how the defence of the colony would be affected by our federating with the Commonwealth?—That question involves consideration of a number of questions with which I am not sufficiently conversant, and in respect of which I should hesitate to express an opinion.

Dr. RICHARD LAISHLEY, LL.D., Ph.D., M.A., &c., examined. (No. 129.)

63. *Hon. the Chairman.*] You are a barrister and solicitor, practising in Auckland?—Yes.

64. I believe you have given some consideration to the question of New Zealand federating with Australia, or otherwise?—Yes; and have publicly spoken and written on it to a considerable extent.

65. Perhaps the more convenient course would be to ask you to favour the Commission with the conclusions at which you have arrived on the matter?—So far as my opinion goes—but, of course, I am a mere groper after information on this matter, and am aware that no person can come to a sound conclusion without much closer investigation than I have given to it—I think the arguments against Australian federation as for New Zealand are overwhelming. I will state them now, according to my view, in sequence, placed in their relative importance. The first consideration is the irrevocable nature of the compact—the fact that the *status quo ante* can never be regained. The next factor is the ignoble surrender of our independence; and this surrender seems to me a vital consideration. As far as I can see, although nominally there are certain rights reserved to the States, practically there are none, inasmuch as the 5th, 105th, and 109th sections of the Act override everything—that is to say, they place the paramount power in the hands of the Federal Parliament. In addition to this, even supposing we joined, the number of our representatives would, of course, be absolutely insignificant; for we would be entitled, probably, only to six out of forty-two in the Senate, and, say, to fifteen out of eighty-four in the Lower House. That must result in great neglect of New Zealand interests, and practically means our political submersion. Moreover, the impotence of our voting-power would be especially significant; for we are not only remote, but insular and we would have comparatively few sympathies in common with the Australian Continent; and one effect of our insular position must be that our needs would be largely unknown to the very great majority of members from the other Australasian districts. Another likely result is that our insularity would probably involve the deterioration of our members, inasmuch as we could only hope to send capitalists or professional politicians. Further, the constituencies here would have very little opportunity of communicating their needs to their representatives by reason of our sea remoteness; and thus the constituencies would be largely out of touch with and without influence upon even the small batch of their members. Consequently, for the reasons I have given, by joining the Federation we would really not only give up our power of government, but would be practically submerged. But there are other important considerations under this heading. For instance, there are large undertakings which are looming up, such as trans-continental railways, huge irrigation-works, and the creation of a capital, which would be practically valueless to us; but to their cost and maintenance we would have to contribute very largely—probably one-seventh. This, to my mind, is a grave consideration, as far as federating with Australia is concerned—that is to say, the surrender of our independence, and the rendering of ourselves really a very insignificant feature in the government. The next consideration to which I invite your attention is the fact that the inauguration of free-trade, or modified protection, to which we would be enforcedly a party, would do us great harm; for we would probably have to compete against lower freights from Europe and Asia to Australia, larger capital, and cheaper labour; for my information is that labour in New South Wales is at least 25 per cent. cheaper than it is here, and that the labourer works there longer hours than here. We would also have to contend against increased facilities of transit for produce and manufactures, and the fact of vast areas of land, good land, coming into cultivation, to which cheap labour and easy transit would, of course, apply. All these things, I apprehend, would enable goods to be manufactured and produced and brought into New Zealand at rates with which we could not compete. The third consideration is the direct annual cash cost that New Zealand would have to incur. I estimate it at £318,061 a year, made up of two main features—viz., the loss of import Customs revenue (£228,536), and the contribution towards the Commonwealth expenses of about £89,525, plus the loss of rebate refunds, and plus our recurrent contributions to extraordinary expenditure of Australia, such as for a trans-continental railway of a thousand miles, huge irrigation-works, and the creation of a capital. The result, to my mind, would inevitably be to increase the cost of living here (for those who could at all get a living) by reason of the extra taxation required, and by reason also of the higher price for commodities imported from places outside the Commonwealth, which might be subject to a heavier tariff than now—that is to say, the higher price payable for commodities imported from England

and elsewhere. The fourth consideration against federation is the abolition of the Privy Council appeal, or, at all events, the possible abolition; for, of course, the taking of an appeal to the Federal Court under section 73 would not remove it from the possibility of local influence, as is the case in the taking of an ultimate appeal to England, and is therefore objectionable *pro tanto*. Of course, the removal of an appeal to England is an absolute removal from all local influences, whereas an appeal to Australia would be merely a system of partial removal from local influence. As an instance, I might give a case of an appeal which took place, and of which the members of this Commission will probably be aware—that was the case of *Murray-Aynsley versus the Union Bank of Australia*, which is a very significant appeal. I might respectfully point out in this connection that the question has arisen that it may be cheaper for the Commonwealth to borrow than for New Zealand to borrow, but I consider that that suggestion is entirely irrelevant, inasmuch as the pooling of debts is expressly barred by the Act. There can be no pooling of the debts. In this connection I would respectfully refer the Commission to the 5th section and 109th section of the Act, which are paramount, and seem to me to destroy absolutely any independence that might be otherwise left to New Zealand. And the fifth objection to New Zealand federating is the Maori questions involved, which I need not dilate on here. There is, moreover, another and it may be an important question which arises—it was hinted at in the Hon. Mr. Rolleston's examination—if New Zealand federation took place, and that is, how the surrender of a part of our securities—viz., the Customs duties—would affect us with our State creditors and our State credit; in other words, whether we are justified, as far as our State creditors are concerned, in surrendering to the Commonwealth that security. In concluding my statement, perhaps the Commission will pardon me if I mention that I have written somewhat extensively on New Zealand federation, and I would respectfully refer the Commission to some of the articles—namely, “What Surrender of our Independence to the Commonwealth means” (*Auckland Star* of 4th November, 1899); “What Federation means to the Farmer here” (*Auckland Star*, 20th October, 1899); “What Federation means to the Working-man” (*Auckland Star*, 7th September, 1899). Other articles of mine will be found in other issues of the *Auckland Star* for August, September, and November, 1899, and in the *New Zealand Herald* of the 12th August, 1899. Supplementing what I have stated as to how federation will affect the farmers, it seems to me that there would probably be a very direct taxation on land in order to make up the £315,000 I have referred to. Secondly, there will be the risk of free ports; thirdly, very likely a fall in land-values; and, fourthly, the farmers would have, in common with every other resident in New Zealand, to face the increased cost of revenue. In favour of New Zealand federation there seem to me to be three main arguments used—that is to say, a free-trade or modified protective tariff, the benefit of Australian resources for defence, and the advantages of our being a part of a neighbouring and powerful Confederation. But these are largely outweighed—in fact, I might say are simply overwhelmed—by the arguments *contra* which I have given you this morning.

66. What did you say the advantages were in favour of federation?—A free-trade or modified protective tariff, the benefit of Australian resources for defence, and the advantage of our being part of a great Confederation of the same language, rights, and aspirations. But I would point out specially as regards defence that a standing army in Australia could be of no value to us in the case of a crisis, and that by joining an Australian Confederation we would probably forego the *ægis* of the Imperial navy, and be dependent on an Australasian navy; and if a war crisis occurred probably it would be in Australia and Tasmania, *plus* New Zealand, so that we could not look for much help from an Australasian navy in view of the extensive seaboard outside New Zealand in the Commonwealth requiring protection.

67. What do you understand will be the tariff of the Commonwealth if Mr. Barton comes into power: will it be a lower or higher protective tariff than we have at the present time in New Zealand?—I cannot say.

68. Is it not to be expected that there will be intercolonial free-trade, and that our farmers and manufacturers will have a bigger market?—What is beyond doubt is that if we do not federate there will be a protective tariff levied against our oats and other produce, and therefore we should by federating avoid that protective tariff being imposed against us.

69. You have given us an opinion as to what New Zealand would lose if she did federate—namely, the loss of Customs revenue that we would have to part with: what tariff have you taken as a basis for that computation?—I have prepared a paper on the question of direct financial loss, and I have worked the direct loss out at £318,061 in detail; but that paper has not been published.

70. What is the rate of duty upon which you based your calculation?—The Hon. Major Atkinson worked it out at £400,000, but I have worked it out at £318,061, which includes £89,525 cost of contributions to the Commonwealth expenses; therefore the balance (£228,536) would be loss of revenue in Customs duties.

71. Would you favour us with that paper?—I will give it to you presently. Before leaving the question of finance I wish to mention that there is not much difference between my estimate and Sir Harry Atkinson's estimate—in fact, you will see in *Hansard* how he arrived at this estimate of £400,000; whilst a further estimate has been made by a member of the present House of Representatives, Mr. James Allen, of £658,000, which, of course, is very much greater.

72. You said that one of the objections to the workers here would be that they would have to compete against the longer hours worked in Australia?—My opinion is not from my own knowledge, but is simply derived from workers, that the hours are longer in New South Wales, and that there is now a difference of 25 per cent. in the wages in favour of New Zealand workers.

73. Are you aware that they celebrate the eight-hours movement over there?—I am not speaking from my own knowledge, but what the workers have told me about the ten hours a day worked in Australia. A little while ago the Labour Council here requested me to address them on the subject of New Zealand federation, and I was then informed that in New South Wales the rate of wages was 25 per cent. lower than ours, and that the hours were longer.

74. Do you know the amount of sugar duty we should lose?—No.

75. About £158,900. I understand you to say that you consider the agricultural interests would suffer if we federated?—Yes; the farming community.

76. How?—By reason of the large areas of land which have been gradually brought into cultivation, in Australia and cheaper labour, which would enable the cost of production to be cheapened, and to export it to all the States of the Commonwealth at a very much cheaper rate than we could do it at.

77. Are you referring to any particular commodity?—Wheat, for instance.

78. Is not flour-milling an important industry in this district?—Yes.

79. Have you considered that probably wheat would be imported from Australia here, and that it would interfere with the market in Canterbury?—Yes, at a price we could not compete with the Australians at; and the same observation applies to flour.

80. Do you consider that population would be attracted from New Zealand in the event of federation?—As far as I can see, depopulation would probably ensue, and there would be stagnation, the same as there is in Tasmania now. In addition, I would like to say, to show how insignificant a part we would play, the Commonwealth Act is entitled "The Commonwealth of Australia Constitution Act," not "Commonwealth of Australasia." Of course, that may be a very minor matter; but I would point out that it is a little significant, at all events, in respect of our submersion.

81. You stated that our representation in the Senate would be only one-seventh of the whole; are you aware that under the Act the Federal Parliament has the power to establish new States?—Yes, under section 121.

82. And it has been suggested to us that probably new States may be carved out of Northern Queensland?—Yes.

83. Supposing three new States were formed there, which would, of course, have representation in the Senate, would not that proportionately reduce our representation?—Yes.

84. *Mr. Roberts.*] You said you considered that the farmers of Australia with federation could successfully compete with the farmers here, and that our farmers would not be able to export their produce to the other side: is that so?—I think the farmers in Australia would be able to more than compete with the farmers here, and for the reasons I have already given.

85. Do you not think that the large production of cereals in Australia during the past few years has been entirely the result of the heavy import duties they have there?—Yes.

86. Do you not think that the yield that the farmers have here per acre is sufficient to enable them to compete with the Australian producers?—I fancy not; but I am not a farmer, purely a doctrinaire in expressing any opinion on the subject.

87. *Mr. Millar.*] How do you think the social condition of our people here would be affected by the legislation of the Federal Parliament: do you think that as much interest would be taken in it as is taken at the present time?—I should say not.

88. Have you in the course of your reading found any evidence that the Australian Parliaments have paid as much attention to social legislation as the New Zealand Parliaments have?—My own idea is that they have not paid as much attention to it. Of course, the twelve hundred miles of sea is a very serious consideration, as it makes us remote and insular.

89. Have you given any study to the black-labour question?—No.

90. On the question of finance, have you noticed that Mr. Lyne, the Premier of New South Wales and a member of the Federal Parliament, has said that the Customs tariff would be from 10 to 15 per cent.?—That can only be purely speculative.

91. Have you assumed that tariff when estimating the loss to the revenue of New Zealand?—I have not considered what the effect of a 10- or 15-per-cent. tariff would be on New Zealand specifically.

92. Would that increase your estimate of the effect of federation on New Zealand?—The article from which I quote will give you full information respecting how my calculations were arrived at, and that article I will hand to you presently.

93. *Mr. Beauchamp.*] In the financial estimates which you made, did you take into consideration the loss of Customs revenue to this colony by our admitting free from Australia a very large quantity of goods on which excise duty had been paid hitherto there—I refer to such goods as tobacco and spirits?—No; I reckon direct loss on import duties alone at £318,061 annually, *plus* the loss of rebate refunds, and also *plus* any contributions for extraordinary internal expenditure in Australia.

94. I believe it is provided that for a certain time the State to which the goods are brought shall be credited with the excise duty, and therefore we shall get no benefit at all. At the present time the works and distilleries where the tobacco and spirits are manufactured pay an excise duty to the States in which the manufactures are produced. With inter-free-trade for a time they would admit these manufactures entirely free, which would naturally mean a loss of revenue to us?—I have mentioned that I have considered the loss of rebate refunds as a *plus* to the £318,061.

95. With regard to the Fiji sugar, we should lose the duty that we at present collect from that source, because under federation I suppose that we would import all our sugar from Queensland: have you considered that?—That I have not taken into account.

96. So that if you take all these things into consideration, and the estimate comes to £600,000, you would not consider it unreasonable?—My own estimate amounts to £318,061, *plus* the loss on rebate refunds and the expenditure on extraordinary internal works in the Commonwealth.

97. Have you considered what extra taxation the farmers would have to pay in order to make up their share of the loss in the Customs revenue?—They would have to bear their share in the cost.



98. And would that be an offset to the advantages they would derive from having an open market in Australia?—That would be one of the offsets.

99. You have not come to any conclusion as to whether the tariff in Australia would be likely to be a moderate one for revenue purposes, or a protective tariff?—It might be anything. It is purely a matter of speculation.

100. In the event of there being a moderate tariff, our industries would suffer another blow, would they not, by the competition which would arise by the lower duty?—I should say so; from the competition of the factories in Australia.

101. *Mr. Luke.*] You seem to attach very great importance to the question of political independence?—I do. I consider it of paramount importance.

102. Will not you be surprised to find that, in the list of the thirty-nine articles which are reserved for the Federal Parliament to deal with, taking them as a basis in connection with the Acts which were passed in New Zealand last session, only four of these Acts would have been taken over by the Federal Parliament: does that not alter your opinion?—No; because, as I pointed out to you, we do not know what the Federal Parliament would be likely to do if New Zealand entered the Federation.

103. But have we not to deal with what they are likely to do?—I cannot say what they are likely to do.

104. Do you think the Federal Parliament would be aggressive to New Zealand as against the other States?—I do not think so; but I think that very little interest would be taken in New Zealand by the Federal representatives, other than those from this colony.

105. But do you not think they would rather show a tender regard to New Zealand because of the distance?—I do not think so. I do not think there would be any vindictiveness or tenderness shown towards us, but simply neglect and indifference.

106. Do you not think they would be especially considerate to New Zealand in order to show that they were not vindictive?—I do not think so. I do not think we should assume that they would exhibit special consideration or vindictiveness, because I do not think that these factors would enter into their conduct at all in any appreciable degree.

107. Then, you stated that you thought the effect of federation would be depopulation and stagnation of trade?—That is purely speculative.

108. Do you not think our superior climate would be a factor?—Have we a superior climate? As far as Auckland is concerned, it seems to me that this is a very inferior climate—it is a climate that saps one's energy, usefulness, and vitality.

109. But it is not inferior to Queensland, is it?—I have not been in Queensland; but I would think that a steamy climate like Auckland is very much inferior to a dry tropical climate.

110. Then, you have no sympathy with the statement that we in this colony produce a physically stronger type of people than they do in Australia?—I do not know what the south is like, but I think the climate of the north here is very enervating physically, and therefore mentally.

111. Do you think that Australia would afford us a much larger field for our energies and a field for our legislative capacity, and also as a market for our produce and manufactures?—I would imagine that Australia will absorb everything they can grow there, and I should say that they could grow more than sufficient for their own requirements, especially with increased areas of land that are being called into cultivation every year.

112. Following up the question of Mr. Roberts—namely, that our yield per acre is so much greater than theirs—would not that overcome any disability there might be by reason of distance?—I think not.

113. You think the effect of federation on our manufactures would be very disastrous?—I should say so.

114. *Mr. Reid.*] I understand you are of opinion that the right of appeal to the Privy Council is taken away by this statute?—I think so; but I believe there are very few men in the world who can intelligibly read that clause. It seems to me, however, that the effect of the clause is that we have to go to Australia instead of England.

115. Do you not think that the jurisdiction of the Privy Council is preserved?—I am aware that eminent lawyers on both sides contend one way and one another in respect of this question.

116. Have you read that work of which Messrs. Quick and Garran are the authors?—I have read Mr. Garran's work, but I have not read the work to which you refer by two authors.

117. They hold that this right is not taken away?—As you are probably aware, there are eminent men who hold the other view.

118. Can you tell me who holds the other way?—No, I cannot; but I judge, from my reading of the clause, that the appeal is absolutely taken away from the Privy Council in respect of certain specified questions, and, as far as private questions are concerned, that we have to go to Australia.

119. Are you not somewhat confusing the provisions in the 73rd section and those in section 74?—I am speaking now of the private ultimate power of appeal under section 74—that, instead of going to England, I read it we have to go to Australia. Assuming that my argument is correct, then I think we are at a disadvantage in having only a semi-local removal.

120. At all events, your conclusion is that the right of appeal is taken away?—Assuming that my interpretation is correct, my reply holds good—that is to say, there is only a semi-removal from local influence, as of right. That is the removal to Australia instead of a removal to England.

121. *Mr. Leys.*] You spoke of federation as an ignoble surrender of our independence?—Yes.

122. Do you not think that is rather strong, considering that we would have the same



voice individually or collectively as any other State?—Yes, that is quite true. There is no disputing the fact that now we have forty-two voices, and if we went into the Commonwealth we would only have six. We have now a whole voice, but in the Commonwealth we should have only, say, the seventh of a voice.

123. That is in Commonwealth questions; but in State questions we should still have a complete voice, would we not?—No; I consider we would have no State powers reserved to us. The Act makes any law passed by the Commonwealth paramount.

124. Do you think the Federal Government are likely to enlarge their powers at the expense of the States?—I do not think they require to enlarge their powers. I think their powers are now absolutely unqualified and unlimited. If it had been intended to reserve powers to the State the clauses would have been qualified accordingly; but, not having been qualified, it appears to me that the powers of the Commonwealth are undoubtedly paramount.

125. According to Mr. Luke, only four Acts that were passed in the New Zealand Legislature last year could not have been passed had we been in the Federation?—I can only point out that clause 109 says that when a law of a State is inconsistent with a law of the Commonwealth the latter shall prevail, and the former shall, to the extent of the inconsistency, be invalid. Matters not expressly reserved for the Commonwealth to deal with are left out merely as a sop, but can be overridden by the 5th, 105th, and 109th sections. It is stated that education laws are left to the States to deal with; but that is a pure fiction, because, as I respectfully point out, under the sections already referred to, should there be any disagreement between the laws, the Commonwealth laws prevail; and therefore, in regard to education, if the Commonwealth make a law on the subject, it will supersede any law that may be passed in this State.

126. Do you think it is probable that the Federal Government will take over such functions as education?—I should think it very likely.

127. Do you look forward to the gradual expansion of the States?—By joining the Federation you are putting yourself in the hands of the Commonwealth, and the expansion of the individual is possible.

128. Do you regard that provision for equal representation in the Senate as an effective protection of the States?—I should say not, seeing that now, carrying the simile out, we have forty-two votes—that is to say, we have the whole of the Legislative Council vote for the benefit of New Zealand, whereas we will only have a seventh if we join the Federation.

129. Do you not think the tendency of the Senate will be to conserve the State rights?—It may or it may not; I cannot say.

130. It has been suggested that the more outlying States will be inclined to join together for mutual advantage: do you think there is anything in that?—It seems to me that the States on the continent have the most in common. We are isolated and remote.

131. With regard to these big public-work schemes that are looming ahead, do you think they are such as the Commonwealth will go in for more and more to our disadvantage?—Yes, I think so.

132. Yet, do you think the Commonwealth Parliament would be so regardless of New Zealand's interest as to charge us for such works without giving us an equivalent?—It amounts to this: You put your head into the lion's mouth trusting he will not bite; but he often does bite; and it seems to me that by joining the Commonwealth we simply become a new joint in the kangaroo's tail to be wagged as and when he pleases.

133. Do you think the lands of tropical Australia will be taken over by the Government and developed?—I cannot say. I cannot tell what the Federal Government will do. I can only point out that we give them power to do these things.

134. But you imply that the community of interest in Australia will tend to make them do it?—I contend that, whatever the community of interest in Australia may be, we are distinct.

134A. Do you think that the insularity of New Zealand is likely to lead to a distinct type of people in this colony?—I know it is held by some New Zealand statesmen that there will be a distinct type created in time, but I have not been able to form any opinion on that.

135. Have you considered the question of coloured labour in Australia?—I have not.

136. Do you think it is probable that the Federal Government will be moved to great military and naval schemes, making necessary the imposition of special taxation?—I cannot see how a Federal great naval and military scheme can help us, because, if a great crisis occurred, it seems to me that the standing army raised or kept in Australia would not benefit us. We would especially require naval defence; but if we belonged to the Federation we would, I conceive, have to rely on an Australasian navy which would, I apprehend, be, relatively to the other navies of the world, insignificant.

137. You would regard special taxation for such purposes in Australia as being a disadvantage to us?—I think so.

138. *Hon. the Chairman.*] Do you consider that the right of appeal to the Privy Council is taken away by the Act, excepting upon constitutional questions?—I am inclined to think so.

139. Look at section 74, "Appeal to Queen in Council": does not that seem to limit the power of appeal?—It seems to me to leave the whole thing *in nubibus*. It is left to the Parliament to decide.

140. But, if the matter is left *in nubibus*, how do you arrive at the decision that the right of appeal is taken away?—I should say that the right of appeal is taken away.

141. Do you not think the Imperial Government would still be a protection to us, federation or no federation?—It may be that the Imperial navy would be withdrawn from Australasian waters if the Commonwealth formed a navy of its own.

142. In what period do you think it would be possible for the Commonwealth to establish a navy of their own?—I should think that the expense would be so great as to make it prohibitive for them ever to do it.

## PETER VIRTUE examined. (No. 130.)

143. *Hon. the Chairman.*] You reside in Auckland?—Yes.

144. And you are manager of the Northern Roller Milling Company?—Yes.

145. How long have you lived in New Zealand?—Thirty-two years.

146. Have you resided in Australia?—I lived there when I was very young.

147. Will you give the Commission your opinion as to the probable effect the federation of New Zealand with the Commonwealth of Australia would have on this colony?—I will furnish a few particulars referring to the trade of this colony with Australia which has come under my notice, and which I think will assist in proving that it is not to the interests of this colony to become a State of the Commonwealth, but I think a reciprocal tariff would work admirably. This colony has shipped to Australia a large amount of produce, sometimes owing to drought there, and more often to overproduction in New Zealand. I think, if the bulk of the New Zealand merchants were asked if they had benefited financially by shipping to Australia during the last fifteen years, I would be quite safe in anticipating their reply by answering "No." New South Wales four years ago was importing wheat, flour, produce, &c.; now she is exporting, practically closing her doors to our produce, and if we are to wait for droughts, which occur about every six years, it will be a blue outlook for this colony to go on overproducing for a drought, and even if one were to take place a tariff would not stop importations from America or elsewhere. Tasmania and Victoria are now supplying potatoes, &c., quite equal to what New Zealand can produce. My experience of consigning produce to New South Wales and Queensland over a period of fifteen years was a disastrous one. When a drought occurred supplies poured in from all quarters, causing a glut, and reducing prices of the imported articles below cost, as they were bought at an advance by merchants; and even when shipped on farmers' account the results were likewise bad. We must bear in mind that once an Australian drought breaks it soon changes the aspect of the markets, and there is nothing more deceptive than a weather market. The Australian farmers have certain advantages in the shape of water-carriage to their shipping ports which our New Zealand farmers do not enjoy. I think our railrage rates on produce are excessive; for instance, a fifty-mile New Zealand railrage on wheat is 3d. per bushel; and yet you can bring the same article from the Bluff to Auckland, or send to Sydney, for less. Against the water-carriage it may be argued that the New Zealand farmers' yield of wheat, &c., per acre is much larger; but I suppose it may be said, in reply to that argument, that the New Zealand farmer's land costs him considerably more per acre than the Australian's. Australia's shipping outlet consists of five large ports, which is an inducement for ships from all parts of the world seeking employment to make for any of those ports (more particularly Newcastle or Sydney), knowing that there will always be a load for somewhere, which at once puts Australia far ahead of New Zealand in securing lower rates of freight for either wheat, produce, wool and tallow, &c. If you will kindly refer to the southern shipping registers, I think you will find that the bulk of the sailers who loaded wool and grain for London were brought across from Australia with coal at ballast rates. How many ports has New Zealand compared with Australia? Why, New Zealand is all front, side, and back doors, with heavy port charges, and vessels will never come seeking this way. What is the difference in population? I think, if a return were prepared showing the amount of coal, bark, sugar, salt, timber, manures, wines, and fruit imported from Australia during the last three years, it would compare favourably as regards value to what we exported to Australia during the same period. No doubt before long there will be a large number of ordinary-sized sailers and steamers, only fit for carrying coal and timber, that have been employed carrying coal to South Africa and the East, making for Australia to get employment; and it was their absence from Australian waters that caused the scarcity of tonnage and advanced rates of freight for coal and timber. At present the tonnage is keeping pace with the demand; but, if the tonnage is doubled, freights must fall for both coal and timber. Naturally there will be a glut of both articles in both colonies; but if a cheap timber freight could be relied upon (without flooding our market with coals) it would assist in meeting a tariff if it were imposed on New Zealand timbers by Australia. For your information, I would also like to place before you the following compilation, showing the world's harvest dates:—

"January: Harvest is ended in most districts of Australia, and shipments have been made of the new crop. Chili, New Zealand, Argentine Republic.

"February: Upper Egypt, India.

"March: Egypt, India.

"April: Coast of Egypt, Syria, Cyprus, India, Persia, Asia Minor, Mexico, Cuba.

"May: Persia, Asia Minor, Algeria, Syria, Texas, Florida, Morocco, Mid China, Japan, Central Asia.

"June: California, Oregon, Southern United States, Spain, Portugal, Italy, Hungary, Turkey, Roumelia, Danube, South Russia, South of France, Danubian Principalities, Greece, Sicily, Louisiana (North and South), Tennessee, Virginia, Kentucky, Kansas, Arkansas, Utah, Colorado, Missouri.

"July: Southern, Eastern, and Midland English Counties, Oregon, Nebraska, Minnesota, Wisconsin, Iowa, Illinois, Indiana, Michigan, Ohio, New England, New York, Virginia, Upper Canada, France, Germany, Austria, Hungary, Switzerland, Italy, Russia, Poland.

"August: United Kingdom, France, Germany, Belgium, Holland, Manitoba, Columbia (British), Lower Canada, Hudson's Bay Territory, Denmark, Poland.

"September: Scotland, England—Hops and roots. America—Maize. Athabasca—Wheat, barley, &c. Sweden, North Russia, France—Beet-root and buck-wheat.

"October: Scotland, America—Maize-crop. France, Germany—Vintage.

"November: Australia (North), Peru, South Africa.

"December: Australia (South), Chili, Argentine Republic."

I refer to my experience by way of explanation. I was in the employ of the Bank of New Zealand and Estates Company for eighteen years, looking after their interests in several firms and managing trading companies.

148. *Mr. Millar.*] How do you think federation will affect the milling trade?—It would not assist it.

149. *Mr. Beauchamp.*] In respect to consignments, are you of opinion that there will still be large quantities of produce exported to New South Wales on consignment?—In regard to the market over there, when there is a likelihood of the potato-crop failing the farmers here put in a large amount of potatoes, but they also do the same in Victoria, and there is no outlet for New Zealand produce. I sent over 3,000 tons of potatoes in all at various times, and they took them outside the Heads and dumped them.

150. Australia produces something like 40,000,000 bushels of wheat against New Zealand's 9,000,000, and I also notice that flour, generally speaking, is cheaper in Australia than in New Zealand, so that with inter-free-trade would we not look for competition from the Australian flour-millers in this colony?—Yes.

151. They could export the flour as cheaply to New Zealand as we can from Dunedin to Auckland?—Yes, and they do.

152. That is the source of competition we would have to fear?—Yes.

153. *Mr. Luke.*] You referred to these large fleets of shipping that would apply for the carrying trade in Australia?—Yes.

154. Do you not see in that an advantage, inasmuch as we could put ourselves into communication with the various markets which we otherwise could not get at?—It would harm our coal trade, for ships would run down here from Newcastle with coal for 3s. to 5s. a ton. They can take coal outwards from there for anywhere.

155. Are we not quickly overcoming our own wants, and require an outlet for our products?—I think we are reducing our products; the acreage is less than it used to be.

156. You are speaking of one line of produce, I am speaking of exports generally: is there not a large market looming up in the East by reason of the opening-up of China and other places?—No, I think not. We cannot compete against the low freights from Australia.

157. You do not think the more prolific nature of our soil and our larger yield will enable us to get over the opposition from the other side?—We can ship butter and mutton much better than they can in Australia.

158. I see you exported from Auckland last year nearly six thousand pounds' worth of butter?—Most of that would be for transshipment, I expect; no doubt to West Australia or the East.

159. A large amount of hides are sent out?—We import hides from Australia now, and are still short of our requirements.

160. I see you export a great amount of maize to Australia?—Yes.

161. Will not that market be affected?—No; they only take it when they must have it.

162. But you have a steady market for maize now, have you not?—No; the stores up here are full for six months sometimes.

163. From a producer's point of view you see no advantage in federation?—None at all. The fault just now is overproduction, and if a tariff is put on the farmers will know that there is no outlet for that produce, and they will have to alter their farming to suit it.

164. Do you not think we will become very narrow in our views if we remain outside?—I think we can manage all right. We go ahead here quite fast enough.

165. Does not federation give us possibilities that we have not now?—I do not think so.

166. *Mr. Leys.*] How do wages and hours here in your trade compare with Australia?—They are about the same.

167. How do you account for the low price of Australian flour?—It costs less to mill Australian wheat. If the tariff was taken off wheat, as much wheat as flour would come in.

168. How would that affect the Canterbury growers?—It would affect them more than it would us in the North Island.

169. Do you think wheat would come in for milling purposes?—I think it might come in at Dunedin, Wellington, or Auckland.

170. But do you think a large quantity of both wheat and flour would come into the North Island especially?—Yes.

171. *Hon. the Chairman.*] In a return I have before me of the wages paid in the various Australasian Colonies it is stated that the flour-millers of New Zealand get from 5s. to 10s. per day, and that in New South Wales they get from 2s. 6d. to 18s. 4d. per day?—I suppose they employ more boy-labour.

172. In New Zealand the maximum wage is 10s., and in Australia it is 18s. 4d.?—Boys are paid 2s. 6d., though, in Australia. 18s. 4d. must mean mill foreman; if so, we pay at the same rate in New Zealand—*i.e.*, according to size of mill.

173. You do not think there is much difference in the wages?—No.

JAMES PARK examined. (No. 131.)

174. *Hon. the Chairman.*] What are you?—Manager of the Onehunga Woollen-mills.

175. How long have those mills been working?—Fourteen years in August.

176. How many hands are employed?—About eighty-four.

177. How long have you been living in New Zealand yourself?—About seventeen years.

178. How would the woollen industry be affected in the event of New Zealand going into the Commonwealth of Australia?—We are so contented with our own local market in connection with the woollen trade that we would have nothing to do with federation at all.

179. Supposing New Zealand did federate, would you be able to compete with the woollen-mills of Australia?—Yes, if they make the same value of goods as we make. But I am well acquainted with the trade in Australia, and we must take into consideration the fact that there are thousands of people there and elsewhere who are wearing clothes which have been worn three and four times before. We make pure articles here; they do not.

180. Do they use cotton?—They use shoddy on cotton warps.

181. If they use wool all through you could compete with them?—Yes.

182. You could go into Australia?—Yes.

183. And you would not be afraid of their interfering with your trade here?—I would not be a bit afraid if it was not for their shoddy trade. Supposing some thousands of pieces of these shoddy goods were put on our market over here, it would affect us.

184. Do you think the New Zealand mills would be tempted to go into the shoddy line?—Decidedly not.

185. Do you think the trade here would be distinctly prejudiced by federation?—I do.

186. Apart from the quality of the goods, have they in Australia any advantage over you in the hours of labour and rates of pay?—They have a little in the rates of pay, but not in the hours of labour, so far as I know. The lowest wages we pay here for children is 11s. per week; over there it is 6s. 8d., I think.

187. *Mr. Leys.*] You have come in contact with the working-population over in Australia: how do they compare with New Zealand workers in the matter of energy?—Very much the same.

188. Do you think, on the whole, that the pay in Australia is much about the same as in this colony?—No, not on the average; it is better paid here.

189. Where was your experience?—I was engaged in the Old Country to come to a place called Warrnambool. I was there seven years, and was then employed at the Yarraville works. That was almost a shoddy factory. I used to keep three sets of machines going on it. It is very detrimental to the general public that such goods should be allowed to be made, for you do not know who has worn these garments before.

190. Why do you not think New Zealand should go in for that class of trade if there is a demand for it?—There is no demand for it here, nor even Victoria. They go in for it simply because they want a cheap thing.

191. Then, how would its importation interfere with the local trade?—Simply because people will buy cheap goods. They look well, but do not wear well.

192. Is there much cotton used in Victoria in woollen-manufacture?—In one factory there is.

193. Have the mills in Australia any advantage in point of size—that is, in quantity of production?—I do not think so. I think we produce more than they do.

194. Do you think they would be likely to have a surplus that they would want to clear in this market?—Yes, I think so, because two of their mills have been standing idle for a very long time, and some one might take them up and work them.

195. *Mr. Beauchamp.*] Does not this shoddy undergo antiseptic treatment?—All the antiseptic treatment it gets is that an acid is sprinkled upon it to kill any vermin that it may be infested with.

196. It would not be sufficient to kill the germs of disease?—Some germs might remain in the clothes for years. I believe consumption is spread broadcast by means of this.

197. You think that with inter-free-trade we would have to face competition from this shoddy material?—We are so thoroughly convinced and satisfied with our trade at the present time that we will not run any risk; we think it is premature, and want to let well alone.

198. Is the woollen industry flourishing?—Yes; they are working night and day.

199. *Mr. Roberts.*] Do you know if cotton has been used of late in Australia?—Yes, it is used every day.

200. I suppose you know that the price of cotton is about the same as that of low-quality wool?—I know it is much higher than it was.

201. Do you think there is any quantity of shoddy made in Australia?—I think there is a great quantity.

202. I suppose you know that a great many cheap tweeds are made here too?—Yes, but they are made of pure wool.

203. But the quality must be very low for suits to be sold at 18s. 6d. a suit. There cannot be much quantity or quality there?—They are of good quality and wear well, but only go 7½ oz. to the yard.

ARTHUR CECIL WHITNEY examined. (No. 132.)

204. *Hon. the Chairman.*] You are manager in Auckland of the Colonial Ammunition Company at Mount Eden?—Yes, manager and attorney.

205. That company supplies the New Zealand Government with small-arms ammunition?—That is so.

206. Do you know whether it supplies all that is used by the Colonial Government, or is some imported?—There has been some imported, but the company is able to supply all that the Government requires. The amount that was imported was at the time an emergency order on account of the South African War.

207. Your company has an establishment in Australia, has it not?—Yes.

208. Supposing New Zealand federated with Australia, how would the supply of small-arms ammunition be affected?—I suppose the works here would be merged in the Australian works. We would take the works from here to there; we can get cheaper labour over there, and by conserving our operations at one point could produce at a larger profit.

209. Of course, the Government might have something to say to that?—Yes; I am speaking, of course, on the assumption that the company had a free hand.

210. Supposing that were so, would there not be certain difficulties with ammunition from Australia in time of war?—Probably the Commonwealth over there would see that they were well supplied first, and New Zealand would come last.

211. Assuming that they were willing to let us have an equal quantity, would there not be great difficulty and danger in having it brought over here?—We would be open to danger by our transports being captured by ships of war.

212. Would there be any other disadvantage to New Zealand beyond what you have said?—Of course, there would be the loss of the industry to New Zealand.

213. How many are employed in the industry in New Zealand at the present time?—Eighty-five.

214. What is the maximum number of hands you have had?—101. Our busiest season is generally March, April, and May.

215. How many hands are you capable of employing, supposing the New Zealand Government took all the small-arms ammunition they require from the factories?—That depends upon the quantity required. We have machinery to manufacture 4,000,000 rounds a year of .303, besides other ammunition.

216. At present you are supplying about 2,000,000?—About 2,500,000.

217. Are you prepared to express any opinion on the question of federation, apart from the particular matter I have asked you about?—I have not studied the question enough to be able to express an opinion.

218. *Mr. Roberts.*] Do you not think the effect of federation, if carried out, would be to equalise the cost of wages all over?—It might.

219. So that it is just probable your company would not be in a hurry to remove to Australia until they found what the effect of federation on wages would be?—That is so.

220. *Mr. Millar.*] Is your factory in Australia able to turn out the whole of the ammunition required for the Australian Colonies?—It is not at the present moment. We supply all the colonies but one. We are the only manufacturers of ammunition in the colonies, and we anticipate being made the Federal factory for the supply of small arms and ammunition.

221. Then, even outside the question of wages, you would centralise your work?—Yes; it would reduce the cost of production.

222. A certain portion of the labour here would either be unemployed or follow you over to Australia?—Yes. It would be the same in many industries—we would sink our identity.

223. *Mr. Beauchamp.*] Do you employ mixed labour—male and female?—Yes.

224. What is the maximum wage?—£4 5s. for male mechanics, and 12s. to £1 10s. and up to £2 for females.

225. Do you not think that under federation there is a possibility of the factory remaining in New Zealand, and enlarging its output to meet the growing needs of New Zealand?—That would depend upon what the New Zealand Government decides.

226. Would not the Federal Government insist on the factory being retained in this country?—Considering that New Zealand would have so small a say in the matter, probably they would not.

227. Would not it be to the interest of every State in the matter of defence to put New Zealand in such a position that they would insist on the factory being in the Colony of New Zealand?—Yes, perhaps that is so.

228. Is not it running a great risk that we should depend upon our supplies coming from Australia?—Yes.

229. *Mr. Leys.*] When you say that wages are cheaper in Australia, were you speaking from a comparison with what is paid in your factory over there and what you pay here?—Yes; and we find greater ease in getting hands over there than here.

230. Under the Commonwealth Act defence is a Commonwealth matter, and I presume New Zealand would have no say in determining whether your factory should remain here or be taken away?—Not unless a special condition should be made if federation takes place.

Rev. JOHN CHAPMAN ANDREW examined. (No. 133.)

231. *Hon. the Chairman.*] You are a clergyman?—Yes, of the Church of England. I am also a landowner and settler. I have resided in New Zealand since 1857. I was a member of the Provincial Council at Wellington from 1870 to the abolition of the provinces, and for six years I was a member of the General Assembly.

232. Have you given attention to the question of New Zealand federating with the Australian Commonwealth?—Yes. The following are my views on the matter: A strong argument for the freedom of Corcyra (Corfu) from the mainland of Greece, recorded by Thucydides, is its self-sufficing position. Changes in facility of locomotion, and the many appliances of civilised life, have altered the relative positions of Corfu and Greece, and they are now, by the liberality of the British Government, united. But what was ages ago the relative position of Corfu and Greece is still that of Australia and New Zealand. We are too far off to be intimately united and virtually one country—as Wales and Scotland are with England. We are too small not to be overborne, if our interests clash, by the mass of the Australian Continent. By uniting ourselves to it we should put out of our own hands the solution of problems which we can, I think, best determine for ourselves—*e.g.*, the question of free-trade and protection would pass beyond our scope. The position, the privileges, and restrictions on aboriginal and dark races will have to be settled in Australia for itself. Here we have admitted the Maoris to equal or greater privileges than our own. Exceptional legislation might be required by the Australian Federation if the Maoris are to retain their present equality with us. As for defence, if the Empire or New Zealand were in danger from outside enemies our position in the southern seas is a safe and dominant one, quite superior to that of Great Britain on

the coast of Europe. Our silver streak is twelve hundred miles across, and beyond it is not an historic enemy, but our fellow-subjects and kinsmen. Australia, in case of foreign war, would, from self-interest, be obliged to aid us as much as if we were formally united to her, in the same way as Great Britain is to defend Jersey and the Channel Islands. The expense to this country of union with Australia would probably be not less than half a million sterling per annum. The benefits would be the gain of a small sum per bushel on oats, and perhaps some other products of our colder climate, provided the price of such articles should be raised by protective duties in Australia. We should also gain by union some 10d. a bottle on Australian wine, and more on brandy, and we should get tobacco cheaper. The loss to our revenue from all these sources would have to be made good by extra taxation of some sort on persons, many of whom neither drink Australian wine nor smoke, and are perhaps teetotalers. I came out to this country forty or fifty years ago hoping to establish a home for the children and grandchildren whom Providence might give me. I should be sorry to see them deprived of a part of that independence we at present enjoy; part of that independence would certainly, I think, be lost by a union with Australia.

233. Have you considered how federation would affect the finances of this colony?—I have not considered it much in detail, but my impression is that it would lead to considerable extra taxation in the colony.

234. Are you a Free-trader or a Protectionist?—In either case my opinion would be the same as I have expressed in my address. As a matter of fact, I am a Free-trader; but if even I were a Protectionist I think it is far better that the question should be settled by ourselves, among ourselves, for ourselves, than by outside people who might outvote us in the Federal Parliament.

235. Do you think the question of free-trade in New Zealand would be more satisfactorily settled by New Zealand remaining a separate State or by its federating with Australia?—I think it would be very much better settled in New Zealand by ourselves for ourselves.

WILLIAM McLAUGHLIN examined. (No. 134.)

236. *Hon. the Chairman.*] You are a farmer?—Yes, residing at Papatoitoi. I have lived in New Zealand thirty-eight years.

237. Are you acquainted with Australia at all?—Yes; I have been up country both in New South Wales and Victoria.

238. How do you think the agricultural interests of this colony would be affected by New Zealand federating with Australia?—I think we would be better left free by ourselves than be joined to the Australian Colonies. With good seasons those colonies can produce most of the cereals we can produce at a cheaper rate than ourselves, and in a bad season they must take our stuff no matter what the price is, and they have to pay the duty themselves if they put it on. Twelve years ago, during a very bad drought, I was up country four hundred miles from Sydney, and there the station-horses were being fed from New Zealand chaff and oats, which had cost the people £10 a ton, while in New Zealand the price was only £4 a ton. Apparently they were willing enough to pay the extra £6 in freight in order to keep their horses from starving.

239. Does it not occur to you that in the event of federation there would be a much larger market for New Zealand agricultural produce in Australia?—I do not think so.

240. Can you see any advantage that would accrue to New Zealand from federating with Australia?—I can see none at all. We should lose our independence; we are too far away, and would be left out in the cold.

241. *Mr. Beauchamp.*] You say you know some parts of Australia pretty well?—Yes.

242. Do you think that produce can be put into the market there at a cheaper rate than it can here?—Yes; in South Australia they can make 4 bushels of wheat to the acre pay as against our 20—that is, at 2s. 6d. a bushel.

243. Do you fear the competition that would arise from the Australian wheat-growers in the event of federation?—I do not think it would make very much difference, because the price here is ruled by the Home market.

244. Is it a fact that a larger area of land every year is being brought into cultivation in Australia?—Yes, and here too.

245. *Mr. Luke.*] Is it the high price in New Zealand that requires the 20 bushels to the acre to make it pay?—No, but climatic influences.

246. Does 4 bushels to the acre pay the cost and leave a profit in the case of wheat?—They keep growing it there, so I suppose it pays. Harvesting is cheaper there, because they can take a stripping-machine and at one operation put the grain into the bag.

247. What difficulty is there against our doing that?—Our wheat is too soft, and we could not use the machine on it. Our wheat requires to be put into stooks and stacks six weeks before you use it.

248. What is the average yield in the Auckland District?—In our district about 40 bushels.

249. Would not that give a considerable advantage as against the 4 bushels, or even the 8 bushels, in Australia?—I think so.

250. In any case you say we would not be able to compete against Victoria?—We do not grow enough to supply ourselves.

251. But, looking to the future, when you can more than supply local needs, will you not then want an outside market for your surplus?—I think England would be our market.

252. Would not the market in Australia afford us a better market than England?—I do not think we can grow wheat as cheaply as they can in Australia. When I said that they require 4 bushels to the acre to make it pay, I did not mean to imply that they can only grow 4 bushels, because they average about 16 in New South Wales as against our 40, and in Adelaide the average has gone down to 2½ and up to 10 and 12 bushels.

253. *Mr. Leys.*] As a matter of fact, do they not sometimes export wheat from Australia to New Zealand now?—We import from Australia because we do not grow enough ourselves.

254. So that we have no prospect of a market there?—No.

255. Do you think the protective duties in Victoria have had much to do in excluding New Zealand produce from that colony?—I do not think so, because I do not think that they require any of our surplus produce—either wheat, oats, or potatoes, which they grow at Warrnainbool, in Victoria, better than we grow them here. In old times we sent potatoes there, but for the last few years I do not know of any having been sent to Melbourne.

256. In that case the repeal of the duties would have no effect?—No.

257. From your visits to Australia, have you found that the Australians know very much about New Zealand affairs?—Speaking of the general population, I do not think they do; but, of course, the intelligent people do. But when you go up country you find that the people know very little of any other place beyond their own continent.

258. Did you find that they had a better knowledge of other States of the continent than they had of New Zealand?—Yes.

259. You think there is a community of interest there that does not exist towards New Zealand?—An Australian can talk to you about any of the Australian Colonies, but he cannot talk to you about New Zealand.

260. You think that this separation by sea is a very essential difference from a separation by simply a land-boundary?—Oh, yes, very.

THOMAS HADFIELD examined. (No. 135.)

261. *Hon. the Chairman.*] What are you?—A bootmaker.

262. And you are the president of the Bootmakers' Union in Auckland?—I am not at the present time. I hold no official capacity now, but I did at one time.

263. Can you tell us whether the question of federation has been lately considered by that union?—I cannot say it has been considered to any great extent, but I believe the feeling amongst the men is that they are afraid of the tariff question. That is the all-absorbing topic amongst them.

264. Are they opposed to federation on that ground?—I am not speaking officially for the union, but only giving the opinions of individual members with whom I have come in contact.

265. What is your individual opinion?—That it is a very important question as a national question, and looking at it from beyond the point of our individual trade. I could not have ventured to come here had I not been summoned to appear.

266. Well, have you not formed any opinion on the matter as a national question?—I cannot arrive at a very clear conclusion; but I consider we have capable men here in our trade equal to those of Australia, we have as good machinery, and I am of opinion that to do away with these tariff strifes would be a good thing. I am not advocating free-trade or protection, but to do away with the tariff strife between the colonies. It would be a good thing for the Australian and the New-Zealander to be one people.

267. Do you know that if New Zealand federated with Australia there would be free-trade between there and New Zealand?—So far, I believe that that policy would be a correct one.

268. If there were free-trade between Australia and New Zealand, do you think the boot-making industry in New Zealand could successfully compete with Australia?—The great fear is Sydney, not Melbourne.

269. In the larger establishments in Australia we are told that they are able to specialise their work, and therefore to produce goods at a less cost and in larger quantities than New Zealand can: do you agree with that or not?—I believe that is the case in Sydney; and, speaking for Melbourne, I think the wages there are as good as they are here.

270. Are you aware of how the trade in New Zealand is affected by goods imported from Melbourne?—Yes; but I am prepared to say that I believe we are more affected by American goods than we are even by Sydney trade.

271. These goods come from America notwithstanding that you have a highly protective tariff, and, if New Zealand federated, is it not to be presumed that the tariff would be lower?—Yes.

272. Then, if that were so, America could very easily compete with New Zealand?—Yes, I am prepared to admit that as an industry we might suffer; but, looking at federation from a broader standpoint—from that of the unity of the British people of these colonies—I think we should lose sight of our one little industry.

273. But are you any less a part of the British people or the British Empire by remaining an independent colony as you are now?—No; we are all under one flag, and in a sense federated with the whole Empire at present.

274. Then, I take it that you are in favour of federation?—There are two great questions before the Australian Confederation that I would like the New Zealand people to watch—namely, the black-labour question and the tariff question. I think it would pay us well to wait and see how those two great questions are solved before we go further into the question. I advocate delay for the present.

275. *Mr. Leys.*] Have you worked in Australia?—No.

276. You do not know, then, how the wages compare with ours?—I believe that they compare favourably with ours in the case of Melbourne, and are slightly lower in Sydney.

277. It has been said that Victoria has sufficient bootmaking machinery now to enable her to supply the whole of Australasia with boots: have you heard that?—I would not dispute it. I think that New Zealand has more than enough to supply all she wants at the present time.

278. Do you think that the Victorian bootmakers, working on a huge scale and specialising, would send their surplus stocks to New Zealand?—They would send their goods wherever there was a market for them.



279. Do you think our industries, being comparatively small, could contend against that kind of competition?—I do not think the tendency of the age is to absorb industries. They can generally manage to struggle on, and it is only a struggle to-day in New Zealand in the boot trade.

280. You do not think the tendency is to aggregate into large factories?—As far as my opinion goes, wherever there is a very large establishment in America it takes the whole of the time to make these establishments pay.

281. Do you think that with our small population we can create these great factories and specialise the different lines?—No, not at the present time.

282. Under those circumstances, do you think we could hold our own against such factories?—They could not attempt it; and, as far as the boot trade is concerned, federation might affect it; but I look at federation from the broader national standpoint of getting rid of this tariff strife.

283. Is not England the best market for our produce?—Yes; not for New Zealand boots.

284. Do any New Zealand goods go to Australia?—I am not aware of any.

285. Should we not be able to introduce free-trade better if we maintained the control of our own affairs?—I am not advocating free-trade, but uniformity between the colonies, so as to do away with tariff strife.

286. I understand you to say that you want to get rid of these tariffs within the Empire?—The tariff strife; and, by that I mean the strife between New South Wales and Victoria, which is constantly going on in these two small colonies.

287. That is a case of border duties, and does not affect us here. Do you think that other industries besides the bootmaking would suffer from the same cause—the want of population?—I would rather leave other industries to speak for themselves.

288. Is there any specialising amongst the different industries here?—The tendency is that way.

289. Is that found practicable with our small markets?—No; orders are too small.

290. With regard to social legislation in New Zealand, do you think that what has been passed has been beneficial to the workers or otherwise?—The men that I have talked with consider we have had advanced legislation here, and some are afraid that they might lose that if we federated, but personally I do not; the tendency is rather to go upwards. I think our social legislation has been beneficial.

291. Of course, you know that such legislation does not exist in New South Wales?—I do.

292. Well, if we federated, do you think we should be prejudicially affected through the lower conditions of labour there?—I do not.

293. You think the fact that they are not under any labour restrictions would not make any difference to us?—I am taking the promised legislation of the Commonwealth, and I do not see that we have anything to fear from it, because we shall get those things passed in the Commonwealth Legislature—such as the Old-age Pensions, the Arbitration and Conciliation Act, which have been promised.

294. Do you not think that it is more difficult in a large population, such as Melbourne and Sydney, to enforce legislation of that kind, seeing there is a greater struggle for employment?—I always consider that the larger the population—take Europe, for instance—the harder it is to get legislation passed. It is so in England, and many men come out to the colonies for that very reason.

295. In that case, is it not likely to be a long time before legislation of that kind can be brought into operation in Australia?—We should look to the future of the British race, and to the time when we shall be one united people in these waters; and I see great results which are likely to accrue through combinations, but disastrous results are likely to arise from division.

296. Do you apprehend that, if we do not federate, hostility will arise between Australia and New Zealand?—I hope not; but I cannot say what will be brought about in the future. I will not depreciate my brothers in Australia to the degree of believing that they entertain any animosity towards us. We are one under the same flag, and it is that sentiment we are constantly applauding. I believe our brothers in Australia would rush to our aid if we were invaded, and likewise we would go to their aid in case of necessity. In fact, there is already a spirit of federation in existence.

297. Do you not see any practical disadvantage in having to go so far away to get measures passed to benefit the colony?—A distance always involves certain difficulties; but I read some time ago that the distance is constantly decreasing, and certainly we are as near to the centre of government as some of the affiliated colonies.

298. I suppose you know that Western Australia was very reluctant to come in on that account?—I think it is very necessary to be cautious as to how we proceed, and by exhibiting caution Western Australia did herself credit.

299. *Mr. Luke.*] What industries did you refer to as struggling now?—To my own trade.

300. You have no knowledge of the condition of other trades in the colony?—I think the tailoring industry has a struggle also.

301. You think that under federation that struggle would be diminished?—No, I cannot say it would; but I want to see this tariff strife done away with, as it is absurd for a few of our people to put prohibitive tariffs against others.

302. How is it that, if these factories are too great in Victoria, the boot business has not extended itself to New South Wales, where there has been a free tariff so far?—We have not been capable of doing it.

303. Do you not think that under federation that possibility would still exist?—Certainly; but, looking at the matter from the broad standpoint of the unity of these colonies, I should be in favour of it; but still I should like our Government to first ascertain what is likely to be the outcome of the struggle on the two important questions I have mentioned.

304. You would prefer a reciprocal treaty rather than pledging ourselves to federation?—I am thoroughly in favour of it.

305. Will you tell me what interests you think will be promoted by federation—looking to the future, and losing sight of how a particular trade might be affected injuriously at present?—The strengthening of the bonds of a common people. I would not support breaking away from the Imperial authority for one moment.

306. Do you think that federation would help to bring about the early federation of the British Empire?—I think that if we were federated at present it would be a step in the right direction, and one towards that greater federation we all desire.

307. Do you not think that two Powers existing in these southern seas might not bring Imperial federation about earlier than one nation knocking at the door, for instance?—I cannot answer that question; but I feel satisfied that the Imperial Government appreciates both of these countries.

308. Do you not think that we as a people have different aspirations, aims, and objects to the Australian people?—I do not.

309. *Mr. Beauchamp.*] In what condition is your trade at the present time here?—It is not flourishing.

310. You are met with considerable competition from America?—Yes.

311. And the protective tariff is 22½ per cent.?—About that.

312. It has been suggested that the tariff which would be established by the Commonwealth might be about 15 per cent., in which case you would have still greater competition from the outside world, added to which you would have the internal competition from the other colonies through inter-State free-trade: do you not think that that would have a prejudicial effect on your particular industry here?—I do not want my trade built up by that miserable process. I am not speaking for my fellow-workmen. Many of our men are half-starved now—under protection.

313. So that, viewed from the trade standpoint, you do not care what might happen to our industries under federation?—I would not like to say that with regard to our industries, although they are small. I cannot believe that any of them would go down.

314. But with a lower tariff than the present, under inter-free-trade between the States, would not the competition be much keener?—After all that is said about the Australian cheap labour we do not get our towns flooded by it, and, if this is such a wonderful place for the workers, it is a wonder they do not come over here.

315. *Mr. Millar.*] I think you said that you looked at this from a national point of view. I would like to know how you applied the word "national": do you mean from the point of view of a New-Zealander, or from that of a Britisher?—I mean looking at it from a broader standpoint than that of one individual industry.

316. Are you viewing it from the point of view of a New-Zealander?—Yes.

317. Can you tell me what practical benefit is going to accrue to the worker through federation?—I am speaking from the national point of view. "Unity gives strength"; therefore it would be beneficial to us as a people, and I think the workers would be benefited on the whole.

318. Do you not think that there is the makings of a nation in the country without an alliance with any other Power?—Yes, there might be; but I am confident that if the whole of Australia were to propose to our Premier and to the New Zealand Government that they should come in under our Government, they would take it on at once.

319. You have been twenty-six years in New Zealand?—Yes.

320. Do you know what has been done during that period for the wage-earners of this colony?—Yes.

321. Have you seen anything of that sort in Australia for the last twenty years?—We are further in advance than they are.

322. Have you seen a copy of the Conciliation and Arbitration Act of New South Wales?—No.

323. Coming to the question of black labour, you said we ought to wait before federating until such time as that question was settled?—I think it would be wise.

324. Do you anticipate that there will be anything else but black labour in Northern Queensland?—I am not a believer that the white man is going to dominate black labour also. As a worker, I say we need not be afraid that black labour is going to compete with white labour. A black man has as much right to live on this earth as a white man; and those gentlemen who say that black labour is necessary, I hope will treat them as human beings, and not as slaves.

325. You admit that, as far as the tropical portion of Australia is concerned, black labour will have to be used there, or else the land will have to remain a desert?—Black labour must be used in some portions of the earth; this is their home, and they ought to be treated properly.

326. Would you give them any special rights?—I want them to have a good living, to be comfortably well housed, and not whipped.

327. Would you draw a hard-and-fast line over which the whites should not cross?—Not at present.

328. If we federated, and Australia admitted black labour, you could not object to black labour coming here, could you?—Certainly not.

329. If it came here, what is it going to do?—We have any amount of coloured labour employed on our vessels, and the British Empire has as many coloured people as white people under its flag.

330. How many British people do you find sailing under our flag now?—I cannot answer that. I do not believe that black labour will supplant white in this colony.

331. You still believe, in the interests of the colony, it would be advisable to federate?—I stated, and I still hold the opinion, that it would be advisable for us as a colony to wait and see if

the Commonwealth can settle those two important questions before federating. If they can be solved to the satisfaction of New Zealand, I should have no fear about New Zealand joining the Commonwealth.

332. What is your opinion as to the solution of those two great questions?—I think wiser men than myself will have to settle those questions.

333. Do you think, if those questions were satisfactorily settled, that we ought to federate, independently of how it would affect the industries of this colony?—If it were a free-trade policy it would be all right, or if the policy of the Commonwealth Government continues as is now announced I do not think we should suffer very much.

334. If there were no work in this colony in those industries which will be affected by the tariff, what would become of those people who are depending on those industries?—I am not assuming that. I could not assume that we should get no work if we federated with Australia.

335. The volume of trade would be reduced by the extra amount of stuff imported owing to the lowering of the tariff, consequently a certain amount of labour would be displaced: what is to become of that labour?—It will become absorbed in other channels. We have had too much labour in our industries for many years. Men have to go gum-digging because there is no scope for them in their particular industries.

336. I am talking about all industries generally: do you think it would be an advantage, from a national standpoint, for our population to be driven over to Australia?—No; but you only assume about their being driven over.

337. Do you know that labour always follows the work, and that if the work drifts to the Australian Colonies from New Zealand the men would have to go to Australia after the work?—Yes, of course they would.

338. And that reduces the population of New Zealand?—In times of boom they have gone to Australia and got work there.

339. And when any business gets into a certain channel it is very hard to attract population back again?—Yes, I suppose so.

340. Therefore it would be a national loss to New Zealand if the trade were once diverted to Australia?—I think I stated earlier that I have every confidence in the competency of our men and in the quality of our machinery at the present time. Of course, our establishments are on a smaller scale.

341. And the larger the scale the less the cost of production?—Yes, but ours will be larger in time.

SAMUEL VAILE examined. (No. 136.)

342. *Hon. the Chairman.*] What is your occupation?—Land agent.

343. Until recently you were president of the Chamber of Commerce in Auckland?—Yes, up to the 27th February.

344. During your presidency, was the question of federation discussed by the Chamber as a body?—Yes; it came up incidentally more than once or twice, but was never thoroughly discussed. In my address on the 27th February I dealt with it more fully perhaps than it had been dealt with before in the Chamber of Commerce.

345. Was any resolution come to by the Chamber on the matter?—I really cannot recollect.

346. What is the conclusion at which you yourself have arrived?—I am thoroughly averse to New Zealand entering the Federation.

347. Will you please give the Commission the reasons which have led you to come to that conclusion?—I may say that I have studied this subject with, at any rate, all the care that I have been able to devote to it. I have here before me the Act, and I have watched the discussion, and paid all the attention I could to the subject, feeling it was one of the utmost importance; and I must say that the more I study the matter the more thoroughly I am opposed to New Zealand joining this Federation. I say so because I believe it would be very bad public policy. I think it would be a most fatal step for us to take to join a Federation that we could not by any possibility get out of, except perhaps by civil war, in which we should stand a very poor chance. I think that to join the Federation would have the effect of entirely destroying our national life, and that is a thing we should take the utmost care to preserve. I think that New Zealand would scarcely ever be heard of or thought of if we joined. I would again draw attention to the fact that in the first place the Act was to be called "The Australasian Federation Enabling Act," but now it is not even called "Australasian," but "Australian." So that it appears to me that if we joined the Confederation we should simply cease to exist as a separate community. I do not think we should even be a portion of Australia, but simply a dependency. I think if we joined this Confederation we could not possibly ever expect to produce any statesmen in this colony. I do not see how we could produce governing men here at all, for the simple reason, as it appears to me, that all the power is taken out of our hands. A perusal of this Act leads me to the conclusion that there would be nothing but country affairs, at the outside, left for our Parliament to deal with. If you turn to Part V. you will see that this Act takes thirty-five subjects, now dealt with by our Parliament, out of our command, including our control of the railways. I take it that after we join the Confederation we shall have no power to construct or extend railways. That will lie entirely with the Commonwealth Parliament. Then, clause 69 takes possession of the naval and military defence, marine matters, and some other items. Clause 72 takes away from us the power of appointing Justices and Judges, and clause 98 takes away from us the power to make laws affecting trade, commerce, navigation, and shipping. Well, I ask, if you take away all those powers, what is left to us as a people? It appears to me that there is nothing at all left by which we may develop leading men. It seems to me to be absolutely certain that after all these things are taken from us it will be a question of a very few years when either our Parliament or the County Councils must cease to exist, as there will be nothing left for

them to do. As I read the Federal Enabling Act, it strikes me that the Federal Government have power to legislate for still further things. We have no power to retain anything for ourselves. I think, as regards things of our national life, the position of Australia and New Zealand would be entirely different. If you look at the map of Australia, and bear in mind that it is proposed to fix the Federal capital somewhere in New South Wales, you will see that the most urgent necessity that will arise in Australia will be the connecting of the various States by railways with the Federal capital. When those States are connected there will be a vast number of Australians living within a few hours' ride of the Australian capital. They can be constantly meeting each other and discussing political and social problems. They will have all the elements there to develop national leaders and statesmen; but where should we be? Our nearest men would be at least thirteen hundred miles from the capital, and how could we possibly take part in things that were going on there? It appears to me that we should drift back in every way, and that all our rising men would be placed at an enormous disadvantage. I think the net result would be that the Government of New Zealand must fall into the hands of the Australians. I think we should have little or no chance of sending leading men into the Federal Government. I think it would be a very long time before a New Zealand Premier would be there. It appears to me that the total effect would be to make New Zealand a dependency of Australia. I think that it would have another very bad effect—namely, that our men who could take any part in the government of the country must necessarily be professional politicians. Certain mercantile men and professional men in this country could not take any part, because of the distance and their inability to make themselves cognisant with what is going on. Then, again, so far as the immediate effect on New Zealand is concerned, a good many of us here in Auckland remember what was the effect of removing the capital from Auckland to Wellington. If the capital of New Zealand is to be removed not to "somewhere in Cook Strait," but to somewhere in New South Wales, what will be the effect on Wellington? I think that that city would be pretty well ruined by the transfer. The immediate commercial effect on New Zealand would be something disastrous. I am speaking from personal knowledge of the effect of removing the capital of New Zealand from Auckland to Wellington, and I think the effect of removing the capital from Wellington to New South Wales would be even more disastrous. Another reason why I object to New Zealand joining this Confederation is the question of the coloured population. I think that is a very important matter indeed. If my memory serves me right, one of the States joined Great Britain in the treaty with Japan. I am inclined to think it was Queensland, but I am not sure; but, if so, how is it possible to get out of the difficulty of allowing the Japanese to overrun the colony? If it became one of the federated States of Australia, New Zealand clearly would be open to all the coloured population allowed to enter Australia. There are to be no State barriers, and the probability is that New Zealand would be overrun with Japanese. New Zealand, so my reading tells me, is very much the duplicate of Japan, and, I think, very soon we should be completely swamped by them. That alone is, I think, a reason for our not joining the Confederation as things stand now, and I do not see how that position can be altered. Then, there are in Australia a great many other Asiatics domiciled there, and they would have the right to come here, and we could not keep ourselves anything like a white community. Then, in connection with this fact of the coloured people, clause 127 would deprive the Maoris of the franchise. That would be a monstrous injustice to inflict upon the Maori people. Coming to the question of finance, I object to entering the Federation on the grounds that the finance would be very much against us, and I think it would be increasingly against us. Clause 87 of the Act provides that for the first ten years the Federal Government is to have the right to expend a quarter of the net Customs and excise revenue. I call your attention to the word "net," which appears to me to throw the expense of collecting the Customs and excise on New Zealand, and I think the cost of collecting these duties from Australia would certainly exceed the cost of collecting them here. The cost last year was within a few pounds of £80,000, speaking from memory. Then, we have to bear in mind that after the ten years the Federal Government has the right to do what it likes with the Customs and excise, and, judging by our experience of the General and Provincial Governments, we may make sure that the whole of that revenue will be absorbed. Thinking it over, I feel sure that even the whole of the Customs revenue will not be sufficient to meet the requirements of the Federal Government, and other means of raising money will have to be devised. In this Act no limit of levying taxation is put on the Government. They may put on taxation to the utmost power of the people to bear it. Having some trifling knowledge of Australia, I feel certain that one of the very first things to be done there is to put down railways to connect the various States with the capital. It is quite certain that £100,000,000 will not construct the railways that are to be constructed in Australia. What benefit would we get from that? We should have to bear our share of the expenditure, and when constructed the railways would work against us. It is quite clear to me that the Federal Government will immediately have to impose taxation over and above what their share of the Customs and excise will bring to them, and in all probability that taxation will be direct on land, and my experience leads me to believe that the taxation on land is now as heavy as the country can bear. I believe, myself, that the financial requirements of Australia for the next twenty years would be quite sufficient to crush us. That is just roughly and briefly my opinion of the way federation with Australia would affect us. The inducements that are offered to us to enter the Confederation are two—defence and free-trade with Australia. As for defence, for my own part I look upon it as nothing at all. I do not regard it as worth being taken into consideration. In the first place, I may say that Englishmen, no matter wherever they are placed, will always be ready to help each other, federated or not federated. But I am quite satisfied about this: that in time of war, looking at the great area of Australia and the great interests there to protect, Australia could never spare any men to come down to New Zealand, and we would have to take care of ourselves. But, if federated, the great danger to us would be that a great many men would be drawn from here to protect Australia. I

think we should act very wrongly in putting ourselves in a position which might lessen our powers of defence. Talk has been made about an Australian navy: If an Australian navy is constructed we should have to bear our share of the cost of that, but it would be another thing whether we would get a share of the help. We should also have to pay our share of the cost of the Federal army. Then comes the question of free-trade: A good many people fear the loss of our export trade to Australia. Our export trade to Australia last year was 14 per cent. of our whole export trade; so that the export trade to Australia is really comparatively trifling. It is certain that Australia only buys from us what she is obliged to. There are two things that make Australia buy from us: (1) Bad seasons there, and (2) superior quality. Well, superior quality will always be paid for, and no protective tariff will shut it out. Now, I would like to call your particular attention to clauses 101 to 104 of this Act. To me they seem very dangerous clauses. Those are the clauses which set up the Inter-State Commission. I may tell you that, in conversation in Australia with an ex-Minister, when I mentioned this Inter-State Commission, he said, "You have put your finger on the blot in the Constitution." He said that the provision for the Inter-State Commission never should have been there. The Inter-State Commission is to have the sole right to say what is unreasonable and just. Of the composition of this Commission we know nothing, except that there are to be more than one. There is no provision for the different States being represented on this Commission, which is given the fullest and most dangerous powers; and it is specially provided that there shall be no appeal from its decisions, except on questions of law. They would have absolute power over the New Zealand railways, and could fix whatever rates they think proper. I say that to give that power to the best men that ever lived would be most dangerous indeed. Perhaps my chief objection to our entering this Confederation I have left to the last. I object to it emphatically on the ground that my study of the subject leads me to believe that, so far from its helping on the federation of the English-speaking races, it would be an absolute hindrance to it. So far back as the 6th September, 1899—between that and the 5th October—I published in the *New Zealand Herald* five letters on this subject. I think they were the first that appeared in Auckland on the question of federation. I then expressed this view as to the effect that it would have on the federation of the Empire. It appears to me as clear as can be that if we stand out of this federation with Australia we—that is, Australasia—would have two voices in the settlement of this question, instead of only one. If we go into this Federation we become in some sense part of Australia; but, if we stand out and do not join, then there will be the greater reason why the British Government should move in the matter, and bring about Imperial federation as quickly as they possibly can. This question of Imperial federation is of infinitely more importance to us than federation with Australia only.

348. You have spoken of this Inter-State Commission: their functions would be restricted to matters of trade and commerce?—Yes.

349. But what, do you take it, would be the particular matters that they would have to deal with in trade and commerce?—I think they would have entire control of all matters affecting trade and commerce.

350. But they would be a sort of board of trade, would they not?—I am sure I do not know exactly what their powers would be. The whole question of the Inter-State Commission appears to me to have been slipped in in a hurry, and without any consideration. Clause 102 defines some of their powers; clause 103 says how these people are to be appointed, and for how long they are to hold office, and the remuneration they are to receive; and then clause 104 goes on to define some more of their powers. It is very bad drafting, and has the appearance of haste about it. Clause 101 says, "There shall be an inter-State Commission, with such powers of adjudication and administration as the Parliament deems necessary for the execution and maintenance, within the Commonwealth, of the provisions of this Constitution relating to trade and commerce, and of all laws made thereunder."

351. I suppose Parliament, when setting up the Commission, will have to state what the functions are?—Do you not see that we must always bear in mind that this Act is the Constitution, and it confers certain powers on the Commission, and that to take away these powers the Constitution must be altered?

352. It would not be necessary for the Parliament to alter the Act to declare what are the functions of the Inter-State Commission?—One function here is defined: "But no preference or discrimination shall, within the meaning of this section, be taken to be undue and unreasonable, or unjust to any State, unless so adjudged by the Inter-State Commission." It is a most serious power to give them, and it is given in the Constitution.

353. You have spoken of free-trade between the States of the Commonwealth: how do you think that will affect the agricultural and pastoral interests of this colony?—I think, only to a slight degree, if at all. Australia only buys of us when obliged to, or because of our superior quality, and 15 or 20 per cent. will never affect either of those things.

354. We have been told that a large percentage of the exports of this colony are for the purpose of transhipment?—I cannot say that I have ever gone into that.

355. You probably have not considered whether the balance of trade from New Zealand to Australia or from Australia to New Zealand is in favour of Australia or New Zealand?—I know that our exports last year were £80,000 more than the imports.

356. Did that include specie?—No.

357. What is your opinion as to how federation would affect the manufacturing interests of this colony?—I have very little doubt that it would swamp our manufacturing industries.

358. What is your opinion as to how the raising of loans by the State Government of New Zealand would be affected if we federated?—I do not think it would improve our position at all. The financial requirements of Australia during the next few years will be so great that it may

depreciate their stock very much, and I think it would increase the cost to New Zealand of raising its loans.

359. A very large number of the electors of this colony are Free-traders: how do you think our standing out of the Federation would affect the bringing-about of free-trade with this colony?—I do not think it would have any effect at all. It is a question we should have to decide for ourselves.

360. *Mr. Leys.*] You have met a good many New-Zealanders in your travels, have you not?—Yes.

361. Have you not found that they are able to hold their own anywhere?—I am in the habit of meeting all sorts and conditions of men, and, of all the men who come into my office to drive a bargain, for persistency commend me to the Auckland-bred man.

362. Why, then, are you so apprehensive that New-Zealanders will not be able to hold their own in the Federal Parliament?—I do not say they would not be able to hold their own if they get there, but the opportunities of getting there are so small, and the opportunities of fitting men for the position would be so remote.

363. But we must return, proportionately, as many representatives as any other State, and, if New-Zealanders are the men you describe them to be, would not they count relatively more than one for one?—I say that federation would destroy us nationally. We should not be equal to what we are now.

364. You do not think that the opportunities of playing a part on a larger stage would really extend to the borders of New Zealand?—I do not believe we could play a part on the larger stage.

365. Of course, they would take part in the Federal Government of the whole of the Australian Continent?—I think, situated as we are and at the distance we are from Australia, that our representatives there would not be our best men by a very long way. I think, for instance, that Wellington gets more of its best men into Parliament than Auckland does, and that position would be increased by sending representatives to Australia. We should not get our best men to go there.

366. What do you think would be the effect on the State Parliament?—I do not believe there would be a State Parliament; I think it must cease to exist, for all its work will be taken away. Either the State Parliament or the County Councils must cease to exist.

367. Now, with regard to the proportion of the Customs duties, you notice that, although the Federal Government may take one-quarter of the Customs and excise duties, it is bound to return to the States the surplus not used: why do you assume that they are going to use up the whole of that £600,000?—Because my investigation of the subject leads me to the belief that one-quarter of the Customs duties of Australia and New Zealand will not nearly suffice for the wants of the Federal Government. They are aware of that. When I was in Australia they were already discussing the question as to how other taxation was to be raised.

368. From the information you gleaned while in Australia, what character of works do you think they propose to undertake?—I do not think there was anything defined at all. They were very reticent about saying what was proposed.

369. Do you think, then, that the other States of the Commonwealth would surrender their powers without a struggle to the Federal Government?—Yes.

370. Why?—If I had been in any part of Australia I should have been an ardent Federalist. I think they are quite prepared there to make any sacrifice that may be necessary.

371. But do you not recognise that there is such a difference of interest amongst the States as will cause them to maintain a struggle against the Federal Government?—I think so. I think there will be a good deal of fight on some questions, and I have no doubt there will be a strong fight to retain more power in the States, and there will be an effort made to reduce the number of departments that the Federal Government have power to take over. I certainly would fight for it if I were a member for one of the States.

372. When you said that the Federal Government are going to take over the whole of the Customs revenue, did you contemplate that they would starve the States out ultimately?—I think what will occur is this: that the Federal Government will really take over as many items of government as are now controlled by the local Parliaments, and, having done that, they naturally require more revenue to carry out their functions. There will be very little left for our Parliament to legislate upon, and if they take over the work they must take over the funds.

373. *Mr. Reid.*] Even assuming that the Federal Government take over the whole of these thirty-nine articles, do you not think there will still be a great deal left for the States to do? Take, for instance, the criminal law, the ordinary land-law, goldfields, taking land for public works, the ordinary administration of the railways—all these are left to the State Parliaments?—I also notice that the Federal Government has power to take to itself the power to make laws affecting trade and commerce.

374. Then, think of all the local laws?—That is what I say—it will leave us local work, and local work only. Most of them appear to be such laws as may be controlled by the County Councils.

375. I understood you rather to emphasize the fact that the local Parliament would cease to exist altogether?—What I believe will take place if we join the Federation is that the Councils will cease to exist, and the Parliament would have to take up the county work. I do not think it would be a good change.

376. I understood you to assert that Parliament would cease to have any work at all?—I think what I said was that Parliament or the County Councils would cease to exist.

377. You do not compare the Parliament to County Councils?—Not Parliament as it is now, but Parliament when shorn of its powers under the Federal Act.

378. A great many of the powers are concurrent, and would remain in the hands of the local Parliament?—What appears to me, in the general reading of the Act, is that the power of



the Federal Parliament overrides every power that the States exercise, and all that will be left to the States will be just so much as the Federal Parliament chooses to leave to them. That is the impression the reading of the Act conveys to my mind.

379. Did not our Provincial Councils constantly get increased powers from time to time?—We know that the power vanished in the end altogether.

380. But in the beginning Provincial Powers Extension Acts were a constant feature of our legislation?—So far as the Provincial Governments were concerned, they expired before I took any part in public affairs, and therefore I have not much knowledge of the powers, and what was done under the Provincial Governments.

381. *Mr. Luke.*] Are you aware of the number of Acts passed in the last session of the New Zealand Parliament?—I know it is a very large volume.

382. When I tell you there were 110 Acts, how many of those do you think would come under the jurisdiction of the Federal Parliament supposing we federated?—I suppose, the whole of them.

383. No; it has been shown to us that only seven of that number would come under the jurisdiction of the Federal Parliament?—Is that so?

384. That is the opinion of one well versed with the laws of New Zealand?—Many of the writers on this Act have failed to notice Part V. of the Act, and have told us that all that will be taken from us is Customs, lighthouses, and so forth. I do not know whether it is the same with this gentleman.

385. Do you not think the powers the Federal Government have under the Constitution would so tend to grow upon them that they would be very glad to relinquish some of the powers they have?—No; I think the tendency of modern times is centralisation. I think that is the curse of our day.

386. You have made railway matters a special study?—Yes, I am credited with having done so.

387. You said that the Federal Parliament would take over the management of our railways?—That is not what I meant to say. Speaking from memory, I think practically it is so—that the Federal Parliament will have the right of appointment of the people connected with the railways.

388. You do not think they are confined to the construction of new railways?—No; I am sure their power is not confined to construction.

389. Why are you apprehensive that in the carrying-out of any national railway-construction New Zealand would suffer in the expenditure of public money for that purpose?—Because I think that they might very safely, and wisely, and justly maintain that the first consideration of all was the connecting of the various States with the capital; and they will outvote us certainly, and there is a great deal to be said in favour of the argument.

390. You said that you thought the effect of federation would be that we should not produce the high type of statesmen that we can do under existing circumstances?—Yes.

391. Cannot you conceive that the larger field, higher purpose, and bigger body of people to deal with may cause us to produce a very much higher type of statesmen than under the present conditions?—I should expect that over in Australia where, as I say, the large mass of people have opportunities of travelling to and fro to the capital in a short time, that there they certainly will produce a higher class of statesmen than they have produced before; but we do not share the same facilities, and therefore we cannot have the same development.

392. Do not our statesmen compare favourably with the statesmen in Australia?—Yes, I think so; but the conditions which have developed them have been totally different from the conditions which you propose to bring about, and if those conditions which are proposed are brought about they will tend to dwarf men rather than to elevate them.

393. But will not the conditions which will help to develop the high type of statesman you refer to be also the conditions which will develop them in our own colony?—I do not think so. Seeing that we should have so few great subjects to deal with, the tendency must be to dwarf men.

394. How do you account for the little interest taken in the question of federation in New Zealand?—My experience since I have taken a part in public affairs here is that it is next door to impossible to arouse a public opinion on anything in this country. I think the reason is that here the people here are too well fed, too well clothed, and too well housed. I think a period of adversity in New Zealand would do us a great deal of good.

395. *Mr. Beauchamp.*] As compared with New Zealand, do you think there is any real difference in type in Australia in regard to the national character?—I do not know that I am at all competent to answer that question, but my impression is that there is. I hold the theory, and have expressed it more than once, that the first men who found a community leave their impress on that community for all time. If you study our people in New Zealand, I think you will see that there is considerable difference between the Auckland people, the Canterbury people, and the Otago people, and I think this is entirely due to the men who first founded the different settlements. I think there was, again, a different class of men who founded most of the settlements in Australia; and I think most certainly there will be a national type developed there different from ourselves. You have it also in the New England States of America, and in the Southern States, where you see a vast difference in the people, which has been inherited from their founders.

396. And that difference would probably become accentuated as time went on?—I think so.

397. In making a calculation as to the amount we would be called upon to contribute towards the cost of the Federal Government, how did you arrive at your estimate?—By taking a fourth of the Customs and excise duties, and allowing a proportion of the cost of collecting them. It is net revenue that they have the right to take. I think the cost of collection under federation will be considerably increased, and that it will certainly not be so cheap to collect the Customs and excise duties of this colony from Australia as it is on the spot.