

1903.
NEW ZEALAND.

EXTENSION OF COMMERCE COMMITTEE:

MILLERS' INQUIRY, &c. (REPORT ON), TOGETHER WITH MINUTES OF EVIDENCE AND APPENDIX.

Report brought up on Friday, the 20th day of November, 1903, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

WEDNESDAY, THE 9TH DAY OF SEPTEMBER, 1903.

Ordered, "That Paper No. 219H (Millers' Association, Telegram relative to) be referred to the Extension of Commerce Committee with instructions to inquire into and report on the matter: the said Committee to have power to call for persons and papers."—(Hon. Sir W. J. STEWARD.)

TUESDAY, THE 6TH DAY OF OCTOBER, 1903.

Ordered, "That it is advisable, in the interests of obtaining a full inquiry into the matters submitted to the Extension of Commerce Committee under date 9th September, that an inquiry into the following charges of Mr. T. E. Taylor against the New Zealand Flour-millers' Association be added to the Order of Reference." (Charges attached hereto.)—(Mr. T. MACKENZIE.)

[TELEGRAM.]

Rhodes, M.H.R., Wellington.

Christchurch.

For your own information: Millers' Association has no connection of any kind or nature with Christchurch or Lyttelton bakers, and has nothing whatever to do with price of bread directly or indirectly. All bakers are treated alike as far as we are concerned.

JAMESON.

MR. T. E. TAYLOR'S CHARGES AGAINST THE NEW ZEALAND FLOUR-MILLERS' ASSOCIATION.

1. THAT the constitution of the association, as set forth in the agreement signed by each miller joining the association, was designed to restrict the output of the flour-mills of the colony at the public expense.

2. That the number of flour-mills in New Zealand is greatly in excess of the requirements of the colony and of its export trade.

3. That the Millers' Association arranged to restrict the output of each mill and pool the product.

4. That the price of the pooled productions of the association mills was fixed to cover the cost of such reduced production, and to provide interest upon the capital invested in plant and buildings while such were lying idle.

5. That the Millers' Association has striven to establish a monopoly in the flour-milling business in New Zealand, and within certain areas has succeeded in doing so.

6. That unfair means have been used in Auckland and elsewhere to force free millers into the New Zealand Flour-millers' Association, such means including the sale of flour at prices fixed to render profitable trade by the Auckland and other millers difficult, if not impossible.

7. That the association has refused to sell flour to bakers who refused to charge for their bread the price fixed by the Bakers' Association, with which latter association the New Zealand Flour-millers' Association had a working agreement.

8. That the Flour-millers' Association has taken unfair advantage of its power to attempt to force free bakers into union with its ally, the Master Bakers' Union, in exploiting the public.

9. That the association was officially connected with the Master Bakers' Union in arbitrarily fixing the price to be charged for bread.

10. That as a result of the methods named, and others, the New Zealand Flour-millers' Association has deliberately "restrained trade," and endeavoured to force the public to pay

an excessive price for bread, so that the members of the Flour-millers' Association could escape from the consequence of their excessive investment of capital in the flour-milling business.

That generally the New Zealand Flour-millers' Association is calculated to inflict injury upon the public interests, and should be subject to control by legislative enactment.

REPORT.

YOUR Committee have the honour to report that they have taken evidence on the question of the Flour-millers' Association of New Zealand, and its relation to the public, as referred to it by your honourable House.

The special case in connection with the Lyttelton bakers, referred to in the telegram from Mr. Jameson to Mr. R. H. Rhodes, M.H.R., was not proceeded with, as the charges were not sustained.

Mr. T. E. Taylor, M.H.R., on the invitation of the Committee, formulated his charges, and upon them the following witnesses were examined: George Jameson, general manager, New Zealand Flour-millers' Association; Frederick Williams, master baker, Christchurch; Peter V. Buchanan, commission agent, Christchurch; William Dall, traveller, Steven and Co., Dunedin; Sydney T. Mirams, company-manager, Dunedin; Charles H. Beynon, baker, Wellington; John Mitchell, managing director, Laery and Co. (Limited), Wellington; William Isaac, baker, Wellington; James G. Laurensen, baker, Roslyn; Walter Newton, upholsterer, Christchurch; Mark W. Woodfield, secretary, Working-men's Co-operative Society, Christchurch; Ralph Gardener, miller, Cust; John Riley, miller, Dunedin; William D. Wood, miller, Christchurch; A. H. Blake, master baker, Christchurch; William Evans, miller, Timaru; William G. Aspinall, flour-miller, and director, Flour-millers' Association, Temuka; C. A. Loughnan, solicitor, and director, Flour-millers' Association, Palmerston North; T. E. Taylor, Esq., M.H.R.

Your Committee find the milling-power of New Zealand is greatly in excess of the requirements of the present population. If the whole of the mills were running twenty-four hours per day their producing-power would be about three times the amount required to fill the wants of the colony. Running an average of nine hours a day their output would be about sufficient to meet the ordinary consumption of the people of New Zealand. Many of the mills, however, were not constructed to run for more than one or two shifts.

Your Committee find that prior to the formation of the Flour-millers' Association the general business of flour-milling in New Zealand was on a most unsatisfactory footing. For many years there was an irregular outlet in Australia; in later years the exportation of flour to the Commonwealth has altogether ceased.

Your Committee find that for a time the Flour-millers' Association refused to supply flour to certain bakers who were not members of the Master Bakers' Union, the alleged reason for refusal being that the bakers had two prices—one for cash and one for credit. That condition of affairs, however, has ceased, and the Flour-millers' Association supply flour at a rate fixed by it from time to time to all bakers who can show they are in a position to pay for it. The Committee are of opinion that the system of cash payments should be encouraged, and the bakers granted the right to sell for cash or credit as they feel disposed.

Your Committee find that the Flour-millers' Association has not restricted the total output of the associated mills, but on ascertaining the total of the orders the association allocates them in quantities proportionate to the output of the several mills included in the association.

Your Committee find that, though the association is established for the purpose of protecting the millers who form it, there is no restriction so far as respects individual purchases by the millers of wheat from the farmers. The evidence goes to show that there has been no reduction in the price of wheat as the result of the establishment of the Flour-millers' Association.

Your Committee find that for a period the Flour-millers' Association acted in conjunction with the Master Bakers' Union—a union which fixes the price of bread. It is very difficult to estimate to what extent at times the price of bread to consumers has been unduly regulated. The Committee are of opinion, however, that unless unrestricted competition between bakers is again to be resorted to, with the consequential insolvencies which have been a characteristic of this trade, some form of organization is essential.

The Committee summarises the position as follows:—

- (1.) That the Flour-millers' Association was formed for the purpose of self-protection, and the Committee find they endeavoured to secure control of the sale of flour throughout the colony.
- (2.) Your Committee find that a number of the mills in the colony have never joined the Flour-millers' Association.
- (3.) Your Committee find that the export of the excess of flour to the Australian Colonies which formerly existed has ceased.
- (4.) Your Committee find that the price of flour to the public has not been increased by the Flour-millers' Association.
- (5.) Your Committee find that the Master Bakers' Union has shown a tendency at times to unduly raise the price of bread beyond what might be regarded as a fair profit for that class of trade.
- (6.) The evidence given before the Committee discloses the evils possible, on the one hand under unrestricted competition, and on the other under the iron rule of combination; but your Committee is unable to recommend a remedy for so difficult a problem, and submits the evidence taken by it to the House.

Friday, 20th November, 1903.

THOS. MACKENZIE, Chairman.

MINUTES OF EVIDENCE.

TUESDAY, 6TH OCTOBER, 1903.

GEORGE JAMESON examined. (No. 1.)

1. *The Chairman.*] What are you?—General manager of the New Zealand Flour-millers' Association.

2. Resident in Christchurch?—Yes.

3. *Mr. Taylor.*] Have you been connected with the Flour-millers' Association since its inception?

Mr. Hall (on behalf of the association): I would just like to ask whether Mr. Taylor's charges before the Committee are in harmony with the order of reference. I should like the Committee's opinion on that point. The order of reference is solely confined to the action or relation between the Flour-millers' Association and the Lyttelton bread-supply, and I do not think it can be said that Mr. Taylor's charges are in harmony with it. So far as the Flour-millers' Association is concerned it has no desire to burk the inquiry at all, and it would prefer to have the fullest investigation into its operations, but it would probably be fit and proper at this point, seeing that the inquiry hinges upon certain statements with regard to the Lyttelton bread-supply, that Mr. Taylor should be asked to substantiate his statements and bring his evidence before you for your consideration.

The Chairman: There are three distinct charges in the order of reference—(1) The connection, of any kind or nature, with Christchurch or Lyttelton bakers; (2) Has the association anything to do with the price of bread? and (3) Are all the bakers treated alike?

Mr. Taylor: It seems to me that the position is that the operations of the Flour-millers' Association, with their methods generally, are involved in the points raised by the discussion in the House, and that it was not so much the exact words of the telegram that were referred to the Committee for investigation, but rather the whole question of this particular organization and its methods, and their effect upon the trade of flour-milling. If this is to be an inquiry into the exact words and terms of that particular telegram, I may say at once that I consider my time and the time of the Committee will be wasted. If, on the other hand, the inquiry in the public interests is to go into the constitution of this association I am prepared to go on.

(After further discussion as to the necessity for application being made to the House for an extension of the order of reference, the examination of Mr. Jameson was continued.)

4. *Mr. Taylor* (to witness.)] On what date was the Flour-millers' Association formed?—On the 1st March, 1901.

5. When did you join the association?—Not until September of that year.

6. Who was in charge of the association from March until that date?—Mr. Thomas Meek, who was managing director.

7. Have you a copy of the agreement connected with the association which each miller on joining had to sign?—Yes.

8. Is that the form of agreement [produced, and handed to witness]?—Yes.

9. Is that the agreement the associated millers are now working under?—No.

10. There is a new agreement?—Yes; this is the old agreement [marked A]. There was a new agreement made afterwards [produced, and marked B].

11. What clauses have been amended in the new agreement?—There are several alterations, all of them more or less of a minor character. The general agreement is precisely as it was before.

12. Why was the amended agreement issued—for what reason?—So that it would be more workable.

13. Is clause 3 the same as it is in the new agreement?—Yes.

14. Is the preamble the same?—Yes; I do not think there is the alteration of a word, but there may be little alterations all through the agreement.

15. Is there any alteration in section 7?—Yes, there is a little alteration there.

16. What is the nature of the alteration?—It is practically the same. It says, "The general manager of the association for the time being, after consultation with each director, and with the consent in writing or by telegram of a majority of the directors, or with the sanction of a resolution of the board of directors, shall from time to time fix the prices at which flour shall be supplied to and purchased by the association, in manner aforesaid, in each of the towns or districts in which any associated mill or mills shall be situated; and in fixing the price in each town or district the cost of wheat and other matters that ought reasonably to be taken into consideration shall be considered so that as nearly as possible the price payable to each mill-owner shall be fixed on an equitable basis as between the mill-owners who are members of the association. When there is more than one associated mill in any such town or district the general manager shall apportion the local trade rateably between the said mills according to the fixed capacity of each such mill, provided that, where the directors have reasonable grounds for believing that any mill-owner or mill-owners is or are obtaining an undue advantage in any such town or district over other mill-owners in the same town or district in consequence of the value of such local trade or otherwise, they may adjust the same in such manner as they consider fair and equitable. This proviso shall apply whether or not there is more than one associated mill in any such town or district as aforesaid. After giving each mill its proportion of local trade as aforesaid the balance of the said mills proportionate monthly quantity shall be sold for shipment, and in the event of a difficulty being found in disposing of the said balance on account of the brand being unknown by buyers a reduction may be made by the directors in the price until the flour is introduced and approved of by buyers, and any such reduc-

tion in price shall be borne by the mill-owners who manufactured the said flour. The decision of the directors or a majority of them on the questions aforesaid shall be final.

17. Is clause 15 the same—the penalty clause?—There is a slight alteration there. The clause reads, “If any flour shall be sold, supplied, or gristed by or on behalf of the mill-owners contrary to the provisions of section 13 hereof, then and in such case the said mill-owners shall pay to the said association the sum of twenty-five pounds per centum on the value of such flour, calculated at the current rate at the time the said flour was sold, supplied, or gristed by or on behalf of the said mill-owners, and in default of payment thereof to the association on demand may, subject to any provision herein contained for the determination of differences, be sued therefor, and the amount thereof recovered from them by the association in any Court of competent jurisdiction. All moneys payable to the association under this paragraph or under paragraph 14 shall be deemed to be liquidated and ascertained debts and recoverable as such, and not merely as damages, and, in addition to any other remedy that may be available against the mill-owners, the amount thereof may be deducted from any moneys owing to them by the association. Should the directors at any time have reasonable ground for believing that a breach of or non-compliance with this agreement has been or is intended to be committed or is contemplated by the mill-owners, they may retain any moneys owing or accruing to the mill-owners by the association until the question of the breach or intended breach or non-compliance has been determined, and then deduct all moneys payable in respect of such breach or non-compliance from the moneys owing by the association to the said mill-owners.”

18. Then the association really dictated the production of each mill?—No; it does not dictate the production. The production is limited to the capacity of each mill.

19. How many mills were associated with the association in 1901?—I could not tell you how many at the beginning.

20. Say at the time you joined it?—About thirty-three.

21. Can you give us the list?—I would not be quite certain, but I think I have got the corrected list.

22. When was that?—In February last.

23. Of this year?—Yes.

24. I want to know the number from June to December, 1901?—I cannot give you the exact names, because I have not got them here.

25. I want to know what millers were associated in June, and what millers were associated at some other date, so as to get the reason for their seceding?—If you name any particular mill-owner I will tell you. I have not got the list here.

26. I want to know the mills that have been associated from 1901 up to a certain time, and the mills now associated, because I want to get at the secessions?—I can tell you the mills that are not in the association now that were in in 1902—William Evans, of Timaru; Steven and Co., of Dunedin; Milligan and Bond, of Oamaru; Ireland and Co., of Oamaru; Fleming and Co., of Invercargill. I think that is all.

27. Have you a list of the mills that have belonged to your association?—Yes. [List put in, and marked C.]

28. Can you tell us the normal capacity of the associated mills?—About 150 sacks per hour.

29. That does not include the secessions?—No.

30. That means each hour in the twenty-four?—Yes, I think that is somewhere near the mark.

31. Can you tell us what number of hours on an average they were working before the association was formed?—No.

32. Do you know what the total output was?—No.

33. Can you tell us what their output is now?—It varies from month to month.

34. Say, on an average throughout the year?—About 20 tons per sack per month.

35. You say they can turn out 150 sacks an hour?—On an average 20 tons per sack per month. If it was a ten-sack plant the mill would turn out an average of 200 tons a month.

36. What is the total tonnage on an average put out per month?—Multiply it by 20 and you will get it. It was about 4,000 tons per month.

37. What could these mills turn out supposing they were working at their full capacity?—10,000 to 12,000 tons if worked night and day.

38. *The Chairman.*] Can a mill go on continuously night and day?—Yes, it could for a time; but stoppages have to be made for repairs, inspection of boilers, and so on at regular intervals.

39. *Mr. Taylor.*] How do you regulate the output?—We do not regulate it, we sell as much flour as we can.

40. Take a mill like the Brookfield Mill in Christchurch: do you know how many hours that is working?—No.

41. Do you know how many hours any mill is working?—No; the association has nothing to do with that.

42. Can a mill produce as much flour as it likes?—Yes.

43. Will the association take all the flour that a mill will produce?—No.

44. I want to know how the association determines the amount to be produced?—Simply by demand. As we sell it it is allotted each month.

45. How do you credit the miller? Take the Brookfield Mill for a month: supposing it is working sixteen hours a day, will you take all the flour that is produced in those two shifts?—Not necessarily; the output is settled by the demand only. We sell as much as possible in the colony.

46. How do you arrange the proportion to each mill—do you pool the products?—We do not pool the products at all.

47. Do you indicate to each mill-owner what he has to produce?—No. We sell as much as

we can in the colony each month, and the quantity is allotted at the end of the month in proportion to the sack capacity of each mill.

48. How does Mr. Brown, of the Brookfield Mill, know what to produce?—He knows by his experience of over two years the average quantity of flour we sell, and he always keeps a certain quantity on hand.

49. Do you always sell a certain proportion of each brand?—Yes, as nearly as possible.

50. Supposing you sell 4,000 tons a month, do you indicate to each mill-owner connected with your association how much flour you require each month?—They know by the average. An associated mill-owner can work his mill twenty-four hours a day per month or produce the quantity required in eight hours a day. It does not matter to the association how he works his mill. He has simply to supply the orders we give him.

51. You indicate to him how much you want?—Yes.

52. How do you get possession of that 4,000 tons?—As the orders come to us they are passed on to the mills.

53. Do the orders always come for certain brands?—Not always.

54. If they do come for certain brands, do you always supply them?—No; sometimes the mills are shut down, or unable to supply for other reasons.

55. But supposing the mills are not shut down?—Then we adjust the quantities as far as we can. We cannot tell beforehand exactly what we shall want in any one month—it is impossible to do that.

56. Do you buy from the mills?—No; we sell on commission for the mills. But we do, however, buy a small quantity for stocks, and keep perhaps 50 tons on hand at various centres in the North Island.

57. Then, you are selling-agents for the mills?—Yes.

58. As selling-agents have you a board to restrict the output of those mills?—We do not restrict the output.

59. What does restrict the output?—Nothing but the demand.

60. Can you give me information as to what amount of flour you take in any one month—take the month of December, 1901, or the month of September, 1902?—I could not tell you without the books.

61. Can you get the information?—By telegraphing to Christchurch I can. (September, 1902—3,927 tons.)

62. What is the connection between these mills—how do they touch each other?—We simply sell for the mills. The orders come for the supplies, and we pass them on to the different mills.

63. Just as they come?—Yes, in nine cases out of ten.

64. Do you fix the proportion at all in connection with the brands to be supplied?—Occasionally.

65. How?—If one mill gets more than its proportion one month we try to adjust it the following month. It is impossible to know the exact proportionate quantity until the month closes, when we know how much tonnage has been sold.

66. On what basis do you fix the proportion?—On the bag capacity.

67. If you apportion the credits of each mill, you do control the output of each mill?—No; we regulate and distribute the sales in proportion to the capacity of each mill.

68. But, prior to that, do you not actually or practically determine the output of each mill in your combination?—No; a miller can sell as much out of New Zealand as he likes to manufacture.

69. Then, what do you mean by these words in clause 12 of the old agreement: "If during any one year during the said period of two years any flour manufactured in the said mill (whether the same shall have been manufactured before or after the incorporation of the association, and whether or not the same shall be sold, manufactured, or supplied in pursuance of contracts existing at the date of the incorporation of the association) shall be sold, supplied, or delivered by the said mill-owners to any person or company for consumption within the Colony of New Zealand other than the said association, or shall be gristed by the said mill-owners for or to the order of any such person or company for consumption within the said colony, all flour so sold, or supplied, or delivered, or gristed shall be deemed and taken to have been supplied by the said mill-owners in reduction of the amount to be supplied or required in accordance with this agreement"?—That is exactly what I said—that is, in New Zealand. Outside the colony he can supply as much as he likes.

70. What is the export trade?—There is at present no export trade.

71. Then, is not your statement with regard to selling outside the colony superfluous?—No.

72. Has there been any export practically during the last two or three years?—I believe flour has been sent to Africa.

73. What is the purpose of clause 12—the penal clause—unless it is to give your association power to control a mill?—In the colony it does. It says "in New Zealand." Outside New Zealand the miller can sell as he likes.

74. Then you do control the mills in the colony?—We sell as much as we can and we apportion what we sell.

75. Is that not practically controlling the output?—You can call it what you like.

76. But I ask you whether that is not practically controlling the output?—I say, No.

77. And yet you are willing that it should be so described if one sees fit?—Yes, if it suits you.

78. Will you give me an explanation of clause 15: "If the amount of flour so sold or gristed under the provisions of section 12 in any one year shall, together with the amount of flour supplied by the said mill-owners to the association during the same year, exceed the quantity which the

said mill-owners are to supply to the association according to this agreement, then and in such case the said mill-owners shall pay to the association the sum of twenty-five pounds per centum on the value of such excess, calculated at the current rate at the end of the said year, and in default of payment thereof to the association on demand may, subject to any provision herein contained for the determination of differences, be sued therefor, and the amount thereof recovered from them by the association in any Court of competent jurisdiction. All moneys payable to the association under this paragraph 15 or under paragraph 14 shall be deemed to be liquidated and ascertained debts, and recoverable as such, and not merely as damages; and in addition to any other remedy that may be available against the mill-owners the amount thereof may be deducted from any moneys owing to them by the association." Supposing one of the associated millers supplied flour to some one outside of the association, what would happen then?—There is a penalty attached to their doing so.

79. Then, they are not free?—They sell all they produce for sale in New Zealand through the association.

80. Are they free to sell whatever they can produce?—Yes.

81. Anywhere?—Outside of New Zealand, yes.

82. Then, in New Zealand they are not free?—They sell through the association in New Zealand.

83. To that extent and in that sense their freedom of trade is restricted?—My answer is that they sell all they produce in New Zealand through the association.

84. Their freedom of trade is only outside of the colony, and to that extent they are restricted?—The millers sell all their produce through the association in the colony under the agreement.

85. If the produce is more than the association is prepared to credit the miller with, what can he do with it?—Sell it outside the colony.

86. He is not free to sell it inside the colony?—He can only sell through the association inside the colony.

87. Will the association take all the product of his mill?—No, I do not think it would. It all depends upon the man—if he likes to work twenty-four hours a day we might not be able to take the whole of his product. We undertake to take all his produce if we can sell it. We might be able to take the product of twelve hours' working, and not take the product of twenty-four hours' working.

88. Can you supply the Committee with the amount of flour credited to each of the associated mills, say, in June, 1901, and in June, 1902?—I cannot tell you at a moment's notice, but I will look it up and hand it in (June, 1901, 4,338 tons; June, 1902, 2,743 tons).

89. Is a mill at the Cust owned by Mr. Gard'ner. Do you know when he joined?—I could not tell you from memory. I think it was in 1901, or it might have been later.

90. Have you any correspondence with Mr. Gard'ner at all in reference to joining the association?—No. I think he was a member before I joined the association.

91. He joined in March, 1902?—That was after my time.

92. Had you anything to do with the negotiations with him?—Nothing whatever.

93. Have you had any correspondence with him?—I have the letter-books here. There is a letter dated the 2nd May, 1902: "I have to inform you that your application of 2nd April for twenty-five (25) shares in the New Zealand Flour-millers' Co-operative Association (Limited) was placed before the directors on the 22nd April, and the shares were duly allotted to you. Arrangements as to payment of balance of calls can be made with our Christchurch agent."

94. Have you no letters of any kind until that one announcing to him that he is accepted as a member?—Not that I know of.

95. Did you see Mr. Gard'ner at any time in connection with his membership?—I do not recollect seeing him at all.

96. Who would see him?—It might have been the agent in Christchurch, Mr. Buchanan.

97. Would he negotiate a matter of that kind?—He would.

98. What is the financial basis of the association—how do you derive your funds?—The association is an incorporated company.

99. What is the basis of the association?—That each miller takes up shares in the company in proportion to the size of his mill.

100. What is the paid-up capital?—£5,900.

101. What were your profits the first year?—Nil.

102. And the second year?—About £500.

103. Is that your last published balance-sheet?—That is the last.

104. And your expenses last year—salaries, commissions, and so on?—I object to that question.

105. I have a special reason for asking it. I want to show the proportion that they bear to your capital?—I can give you the total. For last year the general expenses on account of salaries, &c., throughout the colony were £10,163 9s. 9d.

106. And your capital is £5,900.—Yes. [Balance-sheet of association put in, and marked D.]

107. How did you derive that income?—We charge the millers commission on the sale of their flour.

108. What steps have you taken at different times to induce the millers to join the association?—We have not taken any particular steps.

109. What general steps have you taken? What has been your policy with regard to competing mills?—When mills are outside the association and interfere with the trade of the association we sell at the same price as they do.

110. Have you sold below them?—We have in the case of Auckland.

111. The object being what?—The object is to retain our clients, the same as is done in any other business.

112. Was there any necessity for selling cheaper if the only purpose was to retain your clients?—That was our special reason.

113. Was there any necessity for it if your only purpose was to retain your clients?—That was the special purpose.
114. It was not to weaken your competitors?—Well, in the ordinary course of trade I suppose one does that.
115. Have you never avowed that as being the purpose of the special low price?—No.
116. Have you ever sold flour in any part of the colony at less than the current rates charged by competing mills? You say you have done it in Auckland?—Nowhere else.
117. Have you done it in Dunedin?—No.
118. Have you never threatened any one that it would be disastrous to a competing mill-owner if he did not join the association?—No, that has never been done.
119. What has been your policy with regard to supplying flour, say, in the Christchurch district, to bakers? Do you always supply what they are able to pay for?—Yes, we have; except in one or two cases.
120. What were those cases?—One was the Working-men's Co-operative Society.
121. Why did you not supply that society?—Because we were specially requested not to do so by our best customers—the bakers—who said the society was ruining their trade by cutting prices below what they could produce bread at.
122. Was that course not followed at the dictation of the Master Bakers' Association?—Yes; the members are our chief customers.
123. Was that not the outcome of an arrangement between the Canterbury Union of Employers and your association?—It was done at the request of the Master Bakers' Union.
124. Had you a working agreement with the union?—No.
125. Did any representative of your association ever sit with the representatives of the Master Bakers' Union to deal with such matters?—No representative ever sat on the bakers' committee. One or two of the millers did, but they were in no way representatives of the association.
126. Were they members of your association?—Yes; but they did not represent the association in any shape or form.
127. Generally speaking, did you not refuse to sell flour to any baker who was not a member of the Bakers' Union?—Generally speaking, no.
128. Only in specific cases?—Yes.
129. And at the request of the Union?—Not always.
130. Give us an instance where you refused to sell to a baker and the refusal was not at the request of the Bakers' Union?—I do not think it would be wise to mention names, because it was done in cases where we did not think we should get paid for the flour.
131. Was that always the reason?—Not always.
132. Take Mr. Williams, a Christchurch baker; did you refuse to sell him a large supply of flour when he offered cash for it?—Yes.
133. What was the reason?—Simply because he wanted to speculate against us. Last year, I might say, was a phenomenal year, and he wanted to buy 100 tons of flour for forward delivery. The Millers' Association refused to take the order, because of the difficulty in obtaining supplies of wheat. We gave Mr. Williams his ordinary supply of flour.
134. Did you ever decline to supply Mr. Williams on any other occasion?—I do not think so.
135. Did he always get the flour he wanted from you?—Yes, as far as I know.
136. Coming back to the Working-men's Co-operative Society, do you remember the circumstances when you refused to supply it—who saw you in reference to the matter?—The secretary of the society came to see me.
137. And asked you for how much flour?—I cannot remember the quantity.
138. Did he say anything about booking an order with the Irwill Mill?—I do not remember.
139. Did that mill ever belong to your association?—No.
140. Tell us the exact circumstances connected with your refusal to supply flour to the Working-men's Co-operative Society?—So far as I recollect, some one connected with the society came down to the office and asked to be supplied with flour, and we had been requested by the Bakers' Union shortly before that not to supply any of these men, as the society was selling bread at a very low price. I mentioned the matter to Mr. Woodfield. I told him if he wanted flour for his shop trade we would gladly supply it, but if he wanted it for the bakery we could not supply him with it, because he was undermining our customers in selling the bread at a very low price. Shortly after that they tendered the money for the flour, and we let them have as much as they liked.
141. How long afterwards?—We supplied them every month from January, 1902, to last month in varying quantities.
142. Did they charge the whole of that time the cutting rate for their bread?—I could not tell you that.
143. From January, 1902, up to the present time you have not been watching the price of bread?—No.
144. Since that time you have sold flour free from the influence of the Master Bakers' Union?—I would not like to put it that way. That is an admission that we did at one time sell the flour under the dictation of the Master Bakers' Union.
145. Have you any correspondence with the Federated Bakers' Union in regard to this "price committee" and its operations?—No.
146. Have you any correspondence as to the desirability of your acting with perfect freedom so far as your association is concerned?—Yes, we have. But I should like to finish what I have to say with regard to the Working-men's Co-operative Society, first of all. They were selling bread at a price which was ruining the bakers of Christchurch. I have the Christchurch Working-men's Co-operative Society's balance-sheet and report, dated the 11th August, 1903. The directors say

in their report, "Whilst the policy of 'cutting' prices obtains, it is out of the question to expect substantial profits." On their Revenue Account they show a balance of £3 9s. 10d., showing that they were not making much out of it.

147. You do not assert that the absence of profit was due to their baking account?—I am told that it is, but I cannot say positively.

148. Did you not first of all refuse to supply them with flour at all?—I say that we did.

149. How long did you refuse to supply them?—For a week—possibly two weeks.

150. Then, why did you remove the restriction?—We thought it was advisable to sell our flour when the cash was tendered.

151. Was that change in the policy of the association not made in consequence of the agitation that was carried on in Christchurch against you?—No.

152. Was not the policy of your association discussed publicly?—It was.

153. That had nothing to do with the altered policy?—No.

154. Coming back to the connection between your association and the Master Bakers' Union, were there not relations existing between that committee and your association in fixing the price of bread?—The Millers' Association had nothing to do with the bakers in fixing the price of bread.

155. But they were connected through members of your association with the price committee?—Millers were appointed by the Bakers' Union to sit on the price committee, but they were not there as representatives of the association.

156. Have you any letters that passed between you?—The only understanding we had with the Bakers' Union was that at one time we would not supply flour to people who were cutting the price of bread.

157. And the fair price of bread was to be determined by a number of your members and an equal number of bakers of the price committee: was there not to be an equal number of bakers and an equal number of millers on that committee? Do you know whether that was the actual fact?—The Bakers' Union decide the price of bread, the association never had anything to do with it.

158. Have you seen rule 11 of the Bakers' Union, which provides: "A price and appeal committee consisting of three millers and three bakers shall be elected to hold office for twelve months, and shall be elected by ballot from the whole of the members of the union, their duties being to determine the price of bread from time to time, and settle any disputes that may arise. The chairman of all meetings to be a miller"?—That has nothing to do with the association.

159. Did you know that such a rule was in force with the Bakers' Union?—Yes.

160. Had you any objection to the rule?—Certainly not.

161. Have you any correspondence referring to that?—On the 27th March, 1901, there is a letter addressed to Mr. Macarthy, as follows:—"DEAR SIR,—I have to acknowledge the receipt of yours of the 20th inviting representatives from this association to meet your union to discuss general trade terms and other matters. We would be pleased to do so, but at present our time is very fully occupied in getting matters arranged in connection with our association, and would suggest that meantime you get Mr. Virtue, our local agent, to meet you. He could then forward your views to us, which would then be fully considered by my directors. I might, however, state that it is the earnest desire and object of this association to further the interests of the milling and kindred trades, and the members of your union can rest assured that we will do everything we reasonably can to assist the bakers if they do the same towards us.—I am, &c., THOS. MEEK, Managing Director." Here is another, dated May, 1902.

162. Did Mr. Virtue see the Federated Association?—I could not tell you that.

163. Had you a report from Mr. Virtue?—I cannot remember.

164. Can you not tell us whether anything came of the negotiations?—I believe it was understood the association was not to supply cutting bakers, but it was done before I joined the association.

165. In any case, your association fell in with the suggestion?—We did not fall in with the suggestion. We refused to supply in one or two cases.

166. Did you fall in generally with it or not?—No.

167. In what terms did you convey your decision on the matter—had you any correspondence, or was it verbal?—It was generally verbal, I think.

168. Did you have any difficulty in supplying Mr. Hopper with flour in Christchurch?—No.

169. Did you ever refuse him supplies?—I do not think so. He quarrelled with our agent in Christchurch, and we did not supply him for some time.

170. Do you know what happened in Wellington with regard to an application by bakers for flour—whether any of the supplies were cut off?—We did not refuse to supply any one in Wellington with flour.

171. Do you know whether your local agent refused to supply Mr. Beynon with flour?—Our agent would not refuse to supply any one with flour if he thought he was able to pay for it.

172. Now, with regard to Dunedin, what has been the policy of the association there?—To sell as much flour as we possibly could.

173. Specifically with regard to Steven and Co., did you take any special steps to cope with their competition?—As they reduced their prices we followed them to their level as nearly as possible.

174. Would you have reduced your price to a non-paying point to meet their competition?—I am not bound to answer as to whether we might have done that or not. I cannot say what would be done under a certain set of circumstances. When they reduced their price we reduced ours.

175. Did you reduce the price of your flour to a non-paying point to meet their competition?—The association has nothing to do with the cost of flour. It has nothing to do with the manufacture of flour, and I do not know what price pays and what does not pay a miller. I do not know whether a price is a paying price or a non-paying price.

176. Were you selling flour at a low price in Dunedin in competition with Steven?—I think it was 5s. a ton cheaper in Dunedin than it was in Christchurch.

177. Would you consider it part of your general policy to sell it at a lower price in competition to flour sold in Dunedin?—I do not think it is fair to ask me what we should do under a certain set of circumstances. The Millers' Association has nothing to do with the cost of production.

178. Have you sold flour at a loss, counting the year's ordinary price, to meet the competition of free mills?—Not to the association.

179. How does that answer correspond with your admission about Auckland?—You asked me a specific question about Dunedin, and I gave you a direct answer.

180. I want a specific answer with regard to Dunedin, and I cannot get it?—I say, No. You asked me if we sold flour at a loss to the association, and I say, No, we did not.

181. And yet in the answer immediately before you said you did not know what would constitute a loss to the association?—I said to the millers.

182. Could the association make a loss on the sale of flour?—The association charges a commission on the sale.

183. Then, the association cannot make a loss?—No.

184. Did the association not sell on behalf of somebody else, or its members, flour at a price which represented a loss to meet the competition of free millers?—The association knows nothing about the price of manufacture. The millers fix their own price, and we charge a commission on the sale.

185. Who fixed the price of the flour that was in competition with Steven's?—The millers.

186. Do they meet together?—Yes.

187. Where do they meet?—In certain districts the millers fix the price themselves outside the directorate of the association.

188. Where is that district?—Dunedin.

189. Does your association not operate there?—Yes.

190. You fixed the price in Dunedin to meet the competition of Steven?—The association is advised by the Dunedin millers as to the price to be fixed.

191. Sometimes the association fixes the price, and sometimes the millers; the price may be determined at one time by the cost of production, and at another time to meet the competition of free mills?—The price is fixed by the association on advice by the millers.

192. Have all the millers done so voluntarily?—As far as I know, yes.

193. Do you know of any negotiations that have taken place with the view to compel or induce any of the millers to join the association?—Not since I joined the association.

194. Now about the brands: supposing a baker applies to you for a certain brand of flour, can he in all cases get that?—No, in all cases he cannot; in most cases he can.

195. Practically, on some occasions, he has to take what you give him?—If we cannot give him the brand he wants we give him a choice of others.

196. He is not free to choose his own brand of flour?—Practically he is; he is as free as he possibly can be. If we have not got the particular brand we give him the choice of other brands.

197. Did you only sell certain brands in Auckland below cost-price?—I do not know what brands you refer to.

198. The sales were made in accordance with your general policy, without regard to the quality of the flour?—All our flour is of guaranteed quality.

199. If any miller now belonging to your association says that he joined because some one representing you threatened to sell flour in his district under cost-price if he did not join, will you deny any knowledge of such methods?—Certainly, since the time I joined the association.

200. And you do not suggest that any such methods were in practice before?—No.

201. Or that anything was done to check the importation of American flour before the alteration of prices—no lowering of price took place when the flour was being imported?—It was not done with the object of checking importation.

202. Did you not alter your tariff at the time American flour was being imported?—I do not know.

203. Did you discuss the importation of American flour in regard to your prices?—I do not think so. It might have been talked of in a general way, but, as a matter of fact, last year we could not supply all the flour that was wanted. If it had not been for the American flour people would not have had sufficient.

204. But the matter of checking the importation or lowering the price was discussed at your meetings?—It might have been or might not. I do not remember.

205. *Mr. Rutherford.*] What was the object in forming the Flour-millers' Association generally?—Generally speaking, it was to try and better the condition of the flour-millers. The condition of the trade had been very bad for years.

206. Was the baking trade equally bad?—Yes, it was.

207. Both were bad?—Yes.

208. You told us in your evidence that there were thirty-three mills associated with your association in June, 1901—between June and September?—About that.

209. And five subsequently seceded?—Yes.

210. Do you know how many mills there are in the South Island altogether?—About fifty, I think.

211. And the maximum number that joined the association was thirty-three?—That is about right.

212. You spoke of the millers fixing the price of flour: do we understand that only millers belong to your association?—That is all.

213. Then, practically your association fixes the price of flour?—Yes.

214. There is no difference when you speak of the millers or the association fixing the price?—It is the association really.

215. With regard to Steven cutting the rates in Dunedin, you say that the flour was sold at 5s. less than similar flour in Christchurch: are we to infer from that that the flour was being sold at a loss?—That I cannot answer, because, as I say, the association has nothing to do with the manufacture of flour. It costs, I understand, some of the millers more to produce flour than it does others.

216. Do we understand that Steven began the cutting?—Yes.

217. It was not your association?—No.

218. *Mr. McNab.*] How many bakery establishments are there in Christchurch?—I think about sixty or seventy.

219. If that number were reduced to four or five, and the most modern machinery were introduced into the business, would it not be possible to very substantially reduce the price of bread?—Not being a baker, I could not tell you anything about it.

220. You would not challenge the statement, if it were made, that it would?—No.

221. You stated in your evidence that you refused to supply a certain company because they were selling under the cost of production: that would be under the cost of production with the conditions under which the bread was produced at that time?—Yes.

222. If it was possible to take the place of twenty of these bakers, and by establishing one central bakery effect great reductions in the price of bread, would your company refuse to supply people who did that on the ground that they were reducing the price of bread and were obtaining their supplies from people who were in competition with your shareholders and from whom you receive instructions?—You ask me whether we would do a certain thing under certain conditions. I cannot tell you that.

223. You made it a point of refusing to supply flour to people who were alleged to be selling under the cost of production?—Yes.

224. And you took the statement of combined bakers and millers as to whether they were selling under the cost of production?—No; it was not combined bakers and millers, we took it from the bakers.

225. You took it from the bakers, actually, whom they were supposed to be undercutting?—Yes.

226. In your practice did you ever decline to supply when the bakers told you that they were being undercut?—We did refuse to supply.

227. Was there ever a case when you supplied flour after the bakers told you that they were being undercut by other people?—Yes.

228. Name the cases?—There were several—two or three, at any rate.

229. What determined you when you say in some cases you supplied and in other cases you did not supply, although the same parties told you they were undercutting them?—The persons came afterwards and offered us cash.

230. I understand you to say you never refused to supply a man when you were offered the cash?—I did not say that.

231. What did you say?—I said we did in one or two cases, in answer to Mr. Taylor, and then we altered the system.

232. Why did you alter it?—Because we thought it the better policy.

233. So you first of all refused to supply them on the ground that they were undercutting, and afterwards altered that decision?—Yes.

234. How many times did you alter your decision after making up your mind that you would not supply them—how many cases does that refer to?—One or two cases. These cases never came before me directly, but indirectly through the other office in Christchurch. We have two offices in Christchurch.

235. Would the final decision of whether you supplied a certain baker or not rest with you?—Yes; but there were cases in which they were supplied and refused that I do not know of.

236. Then, it is not the case that you finally decided?—Finally I did decide.

237. Who would be the man responsible for refusing in the first place?—Mr. Buchanan, who was in charge of the Christchurch retail office.

238. Were his decisions always sent up to you for review?—Not always.

239. But in the end they were all sent to you for review? Did you hear from the man in the street or from correspondents?—I used to hear from the office; Mr. Buchanan was very ill at that time.

240. But can you say whether there was any other point that entered into your decision as a question of policy that caused you to reverse your decision in regard to the supply?—The directors of the association decided all these points. I am only the general manager. I accept their decisions and act upon them.

241. Who are your directors?—They are mentioned in the balance-sheet.

242. Did any of those directors sit with the master bakers on the committee that has been referred to?—I could not tell you. I think it is very likely that one or two might have done.

243. At the time you were in charge they were not sitting on the committee?—They resigned just afterwards.

244. And from that time onwards they did not sit?—No.

245. You do not think any members of the association sit on the committee of the Master Bakers' Association?—Shortly after I joined the Millers' Association all the millers resigned from the Bakers' Union.

246. But after you were in charge did any of the members of your association sit on that committee?—Yes; some of them did for a short time, and then resigned.

247. Were any of those millers when they sat there members of your directorate?—Very likely; I believe Mr. H. Wood was one.

248. *Mr. Rutherford.*] At the present time do you supply any baker with flour who offers you cash for it?—Yes.

249. For how long past have you done that?—For about a year. If he is in a position to pay for it we do not always ask for cash.

250. *Mr. Duthie.*] With regard to the Auckland competition, you have a standard price, and you explained to us that to meet the competition at Auckland you reduced your price: how do you adjust that loss or difference of price—who bears it, is it the individual millers, or does the whole trust share it among them?—Individual millers sometimes bear the loss, and in other cases they share it amongst them.

251. It was the same in that case in Dunedin—the difference would be shared by the trust?—They did share the loss in one case in Auckland, but it has been done once only.

252. But it may recur?—I do not know what might happen.

253. From your experience in the past what would you expect to happen in such a case?—I cannot say what the directorate would do, but I suppose they would, as in an ordinary business, adapt their policy to the conditions of the trade.

254. But you are the manager, what would you expect to happen?—It would rest with the directors to say whether the association or the individual miller lost.

255. But in this particular case what would you think would happen?—I think the individual miller would bear the loss.

256. *The Chairman.*] Can you tell us what the total output of all the mills is?—No.

257. Have the Auckland millers sold flour cheaper than the Millers' Association?—Yes.

258. Do you know how much?—I could not tell you.

259. Was the 5s. less than Steven's quotation charged at the mill, or in Dunedin?—It is the Dunedin charge delivered to the bakers, except where it comes very long distances from town.

260. Could you supply to us a statement, showing wheat with the relative price it bears to flour, since the formation of the association and antecedent to the formation of the association?—Yes; I can go back five or six years, and you can then pick out the dates you like.

261. Can you tell me whether the aggregate output of all the mills in the association is greater than the total output of the free mills?—That I could not tell you; I do not know how many hours a day the free mills work.

262. Under normal conditions how many hours a day should a mill work?—The Government fixes eight hours as a day's work, but I do not know what would be the practice in the case of a mill.

WEDNESDAY, 7TH OCTOBER, 1903.

GEORGE JAMESON recalled. (No. 1A.)

1. *The Chairman.*] You desire to make a statement?—Yes. I was asked yesterday whether Mr. Heslop was a member of the Flour-millers' Association, and I said "No." I say so now—he never has joined the association. He certainly sells his flour through the association, and I think it occurred about the time that Mr. Williams says he had a contract with Mr. Heslop. Mr. Heslop came to me one day and said he had not been a member of the association and had had a great deal of difficulty in getting in money for the flour he had sold, and he asked whether the association would sell his flour in the same way as we sold it for other members of the association, and guarantee him the money. That is what we have done so far. He never has joined the association, and has never signed a document of any kind.

2. *The Chairman.*] You act as his agent?—Yes, and no more.

3. *Mr. Taylor.*] Did you have any conversation with Mr. Heslop in connection with the Christchurch Working-men's Co-operative Society's orders?—I do not remember any. I do not think so.

4. Was it the first communication you had with him when he came and asked you to sell flour for him?—No.

5. What was the previous communication?—It was some months previous, when I asked him to become a member of the association, and he declined.

6. Had you, directly or indirectly, any other communication with him?—I do not recollect any.

7. Had any of your officers any communication with him?—I do not know. I do not think it is likely.

8. Did you deliver R. Evans's flour on account of an order that Williams had booked with Heslop?—I do not recollect the exact details, but I understood that Williams had a contract with Heslop to deliver to him a certain quantity of flour. Mr. Heslop came to me and asked if we could supply the flour, as he had not got the wheat. I told him if he liked to take Richard Evans's flour at Kaiapoi, we would deliver it for him.

9. But you did something more for Mr. Heslop than simply to sell the flour?—No.

10. You sold R. Evans's flour on account of Mr. Heslop?—We sold it to Mr. Heslop. He was unable to fulfil his contract with Mr. Williams because he could not get the wheat, and we arranged to fulfil the contract with Evans's flour.

11. Did you apportion Evans's flour on a sack basis?—No.

12. This is another arrangement outside your association?—Mr. Heslop asked us to sell his flour for him, and we sold it, and charged him the commission.

13. Do you sell everything he produces?—I do not know. He is free to do absolutely what he likes.

14. Did you on any other occasion supply any other brand of flour to Mr. Heslop's customers?—Only on that one occasion.

15. Was that inferior flour?—We have only flour that is of first quality.

16. Then, if Mr. Wood, one of the associated millers, says that you sold inferior qualities of flour at cutting prices in Auckland, would he be wrong?—I say that the rules of the association are against it.

17. If Mr. Wood says that your reason for selling flour in Auckland at less than the prices charged elsewhere by your association was because it was inferior, he would be wrong?—It might apply to Auckland, because the millers are free to do as they like in Auckland.

18. *Mr. McNab.*] I understood you to say that Mr. Heslop was not a member of the association?—He is not a member of the association.

19. In August, 1902, was Mr. W. Evans a member of the association?—He was working under an agreement with the association.

20. Was he in the association?—He was not a member of the association, simply for this reason: that the Court of Appeal held that he could not be a member.

21. Was he working under an agreement with the association?—He was.

22. You therefore had, in addition to your membership of the association, a class of miller that was working with you, is that not so?—We had two cases of millers working in that way.

23. They formed a class that was working with you?—Yes.

24. They were not members of your association, but were working with you?—Yes; the Timaru Milling Company and the Atlas Milling Company. But the Atlas Milling Company and the Timaru Milling Company could not join because the Appeal Court held that they could not hold shares in the association, but they acted in the same way.

25. Is this statement in the Atlas Milling Company's letter correct: "We are at liberty to sell our output outside the association should we desire to do so, but have promised them we will not go outside them"?—I believe it is quite correct.

26. And to the second mill that you referred to as being on the same footing, would that remark equally apply?—The Timaru Milling Company's agreement was exactly the same as W. Evans and Co.'s, except that they had a right to sell wherever they liked.

27. What was the difference in the arrangement with the second one as compared with W. Evans and Co.?—W. Evans and Co. sold their flour through the association, while the Timaru Milling Company sold their own flour.

28. Does this part of the letter apply to them: "We are at liberty to sell our output outside the association should we desire to do so, but have promised them we will not go outside them"? Would that apply to the second agreement?—No; the Timaru Milling Company sell their flour to whom they like.

29. Then, what was the nature of the agreement which put them in the same class with the Atlas Milling Company?—The agreements were exactly the same, with the exception that one company sold their flour to whom they liked and the other company sold through the association.

30. And there were agreements entered into with those two companies?—Yes.

31. Have you copies of the agreements with you?—No; they are not in existence now, because they came to an end on the 28th February last.

32. What was the point you had to have an agreement on in regard to the second company if they were not members of your association and had not given any promise which prevented them selling outside of you?—They sold at our prices and on our terms.

33. *Mr. Rutherford.*] Did Mr. Williams ever complain about the quality of Richard Evans's flour supplied to him through Heslop?—I believe he did on one occasion.

34. And did other bakers occasionally complain?—Yes.

F. WILLIAMS examined. (No. 2.)

35. *The Chairman.*] What is your full name?—Frederick Williams.

36. What are you?—A master baker.

37. In business for yourself, or are you connected with any association?—I am in business for myself.

38. *Mr. Taylor.*] How long have you been in business in Christchurch?—About fourteen years.

39. Have you a pretty large establishment?—Fairly.

40. How many men do you employ?—Six.

41. Including yourself?—No.

42. I think you have one of the best-equipped bakery-shops in Christchurch?—Yes.

43. Do you remember the Flour-millers' Association being formed?—Yes.

44. Was there a Bakers' Union before that association was formed?—They were formed about the same time.

45. Did you join the Bakers' Union?—Yes.

46. Before the Millers' Association was formed had you any difficulty at any time in purchasing your flour or in getting supplies?—None whatever.

47. You say you did join the Bakers' Union?—Yes.

48. Are these the rules of the union you are a member of [produced] ?—Yes.

49. Have you since the formation of the Flour-millers' Association experienced any difficulty in getting your supplies of flour ?—Yes, I have.

50. Will you tell the Committee what the cause of the trouble was?—When the Bakers' Association was first formed there were two prices for bread, a delivery price and a shop price. Then they brought in a rule that there should be only one price.

51. Is that one of the rules in these published rules?—No. It was decided by the union that there should be but one price, and that the price over the counter should be the same as the delivery or cart price.

52. Did you protest against that decision ?—Yes.

53. What difference in price were you making as between the counter price and the delivery price?—1d. per loaf of 4 lb.

54. Did it pay you to do that ?—Yes, it is the best counter price.

55. Would you prefer to have a counter trade rather than sell bread at the cart for 1d. more for a 4 lb. loaf ?—Yes.

56. What attitude did the Bakers' Union take up towards you when you decided on the course you took?—Of course I had to resign, or I did resign, because I knew I should be breaking the rules if I did not do as they wished.

57. Before you resigned did they levy any fine upon you ?—Just after.

58. For that offence?—Yes.

59. *Mr. Hall.*] You say you were fined for that?—I was fined for having a shop price and a delivery price.

60. *Mr. Taylor.*] Was that the first intimation you received that the union fined you for having the two prices?—Yes, that was the first one.

61. That is where they say in a letter to you [Exhibit H] that they fined you £2?—Yes.

62. Subsequently, on the 16th October, 1902, you received the second letter [Exhibit G] ?—Yes.

63. That is notifying you that you had been fined £5, and subsequently, on the 21st October, you received a further communication [Exhibit F], notifying you that you had been fined £12?—Yes.

64. Did you pay those fines ?—No.

65. And they did not take any steps to recover them ?—No.

66. Had you any difficulty in getting your flour from the Millers' Association up to the time you left the Bakers' Union ?—None.

67. Did you have any difficulty soon afterwards?—Yes; the supply was stopped, bar what had to be delivered—a quantity brought forward.

68. The Flour-millers' Association refused to supply you with any flour, except what had been contracted for, after you severed your connection with the Bakers' Union ?—Yes.

69. Now, at the prices you fixed for the sale of your bread on the counter, were they profitable prices to you ?—Yes.

70. You could pay the full union wages and make a good profit ?—Yes.

71. Had you a considerable number of customers for your counter trade ?—Yes; the bulk of my trade was counter trade.

72. You had reasons for thinking then that the wishes of the union if complied with would have spoiled the best of your business?—It would have done.

73. And that was your reason for dropping out?—Yes.

74. What happened when you tried to get your supplies of flour after that? Did you apply to the Millers' Association in the ordinary way ?—Yes.

75. What kind of application did you make ?—I think I always went myself to the office.

76. Was that to see Mr. Jameson or Mr. Buchanan ?—I think I saw both.

77. Did you put in a written application for flour ?—No; I went myself, so as to avoid any bother.

78. What quantities would you apply for ordinarily ?—10, 20, or 25 tons.

79. Did the association decline to sell to you ?—Yes.

80. Did they give you any reason ?—The reason was that I was not a member of the Bakers' Association.

81. Had you any difficulty in knowing that that was the cause—that you refused to give up your cash trade ?—They knew.

82. You are satisfied of that ?—Yes.

83. Was it openly admitted by them that that was the reason ?—Yes.

84. By others ?—Yes.

85. How did you get your flour ?—We got it in all manner of ways for a time—in the best way we could.

86. Did you buy flour from the Irwell Mill ?—Yes.

87. Will you read this letter [produced]. Is that the letter you received from the owner of the Irwell Mill [Exhibit I] ?—Yes, from Mr. Heslop.

88. Did you get any flour from him at all ?—Yes, a good bit.

89. The letter reads: " Irwell, 13th October, 1902.—Mr. F. Williams.—DEAR SIR,—I will send to you on Wednesday sixty sacks of flour. The fifteen sacks you sent me have arrived. I don't know how I will act yet in regard to the Millers' Association. They have—or, rather, Trapnell, one of them, has—threatened to make prices so low that if done will either force me in or shut my mill for a time, as at the price of wheat I cannot sell less than £10 10s., 2½ off. He (Trapnell) says the association are going to help him run me off. However, I will let you know as soon as I can how it will affect me.—Yours, &c., GEO. HESLOP." Did you receive this also from Mr. Heslop later on ?—Yes.

90. Is that [Exhibit K¹] one transaction of flour with Mr. Heslop, or more?—That is the last one.

91. One order amounts to 290 sacks, of the value of £319?—Yes.

92. The second letter from Mr. Heslop [Exhibit J] reads: "Irwell, December 13, 1902.—Mr. F. Williams.—DEAR SIR,—I enclose you statement of account for the flour delivered by Mr. Evans. The association has requested me to come down and pay it, less 2½ per cent. for cash. I will call and see you on Wednesday next *re* this. Had I been a day longer to ask them to deliver it to you it would have cost £29 more. So if you will give me a little for expense I will be so glad, as I have had my troubles. However, Mr. Williams, I will see you. Did you send for the Lake of the Wood? After I got Elder to telephone to you I wrote, but got no answer from you, and have wondered if you got my letter.—Yours truly, GEO. HESLOP." I put the invoice in. Can you tell the Committee how, after the association blocked you, you got your flour partly from Heslop?—I got it partly from Mr. Heslop, partly from Auckland, and partly from Sydney.

93. Is this invoice for 250 sacks of Champion flour, of the value of £287 [Exhibit K], from Auckland?—Yes.

94. What was the Sydney flour?—American flour.

95. Manitoba flour?—Yes.

96. "27th March, 1903.—Mr. F. Williams, Christchurch.—DEAR SIR,—Your wire to ship 10 tons of Pillsbury's Manitoba flour to hand. The 'Lochthrool' commences discharging on Monday, 30th, and I hope the flour will be landed in time to catch the 'Mararoa' leaving on the 1st. If this is impossible it will catch the 'Zealandia' on the 8th. You will find this flour the best you ever received. The only brand that is perhaps better is the 'Gold Medal,' which I will be able to ship any time after the third week in April up to the end of May. Same quotation as last. Would strongly recommend you booking some of this brand.—Yours, &c., E. G. BARKER." [Exhibit L.] Is that the letter referring to the Sydney shipment?—Yes.

97. How long were you forced to get flour in this irregular way?—I should think for six or seven months.

98. During which time you were completely blocked by the association?—Yes.

99. Do you remember what dates that would be from?—It was about October. It was within a week of the Master Bakers' Association beginning to levy fines on me.

100. Did you try to get flour from other sources than the association?—Yes, various.

101. Did you succeed?—No.

102. Why? Have you any idea?—I could not get it from the Millers' Association.

103. Do you think they tried to stop you getting supplies from other points?—I do not know; but it was impossible to get a sack of flour.

104. Where did you apply to?—To Chrystall and Co., and also to Mr. Caverhill, but he could get none.

105. Was that immediately after you were fined?—Yes.

106. You could have got Auckland flour?—Yes; but it was higher in price.

107. Did you ever make application to the association at any time for a large quantity of flour—for 100 tons?—Yes, for 50 or 100 tons.

108. Did you tender the money for it?—Yes.

109. Did you offer cash for it?—Yes.

110. Do you remember the price of flour at that time?—No; but it would be about £10 10s.

111. Did they decline to take that order?—Yes.

112. What reason did they give?—Well, my not being a member of the Bakers' Association.

113. You have no doubt that they tried to control your business?—There is no doubt about that.

114. What effect would the taking-off of the duty on imported flour have? Would it free the bakers from the influence of the association?—Yes, it would bring things about right. During most years you could get it here as cheaply as the local article.

115. Did you apply to the Atlas Milling Company of Timaru for flour?—Yes.

116. I have a letter from the Atlas Milling Company dated the 8th August, 1902 [Exhibit M]. It is as follows: "Mr. F. Williams, Christchurch.—DEAR SIR,—Yours dated 4th inst. to hand, and should have been replied to before, but the writer has been in Dunedin, and only returned by to-night's express. *Re* delivery of flour: We are at liberty to sell our output outside the association should we desire to do so, but have promised them we will not go outside them, except they fail to let us have the output to which we are entitled. Just now they are trying to deal fairly by us, and we do not care to rail to Christchurch, for if we did so we would cause dissatisfaction with Christchurch millers. Have therefore to, for the present, decline to quote for Christchurch delivery.—Thanking you for your letter, I remain (for Evans and Co. (Limited)), WM. EVANS, Managing Director." Was that letter addressed to you?—Yes.

117. When did you commence to get flour again from the Millers' Association without difficulty?—I really forget.

118. Had it anything to do with the Bakers' Union breaking up?—No. The Bakers' Union has not broken up.

119. Do you know why they commenced to supply you again? Did they interview you at all?—I met two of them in the street, and they said we could get any flour we wanted.

120. They changed their policy?—Yes.

121. Did they tell you why they changed their policy?—No.

122. *The Chairman.*] What date would it be?—It would be about March of this year.

123. *Mr. Taylor.*] Did they give you any reason at all for being willing again to supply you

freely?—No, I do not think so. They might have said something to the effect that they had cut themselves adrift from the bakers.

124. You do not remember the exact words?—No.

125. Do you know anything about the "price committee" of the Bakers' Union?—Not much.

126. You are not on the price committee?—No.

127. You know there was such a committee?—Yes.

128. Do you remember that there were representatives of the Bakers' Union and representatives of the Millers' Association on that committee?—Most of the time millers were on it, but the latter part of the time they were not.

129. You do not know whether the withdrawal of the millers from the price committee was at about the same date as they commenced to supply you with flour again?—No; I think they were off some months before that.

130. Apart from Chrystall and Co., did you never have any reason given for not supplying you with flour?—No.

131. You have always paid your bills to Chrystall and Co.?—Yes.

132. And to the association?—Yes.

133. You have not defaulted with the association at all?—No.

134. You still continue to do your cash counter trade?—Yes.

135. Did any of the bakers at any time see you about your attitude?—No, I do not think so.

136. They never personally interfered with you?—No.

137. Your troubles were with the Millers' Association?—Yes.

138. Is there any other fact that you think the Committee ought to know that would be likely to help them in coming to a decision on this matter?—No.

139. Did the refusal of the Millers' Association to supply you involve you in expense and trouble?—Yes.

140. A great deal of trouble?—There is no doubt about it. I should not like to put in another six months like it.

141. Was your trade really endangered by their action?—Certainly it was. I did not know from one month to another when I should have to stop, because it was impossible to get flour.

142. That seemed to be their policy—to close you up because you insisted on running your business on lines that you thought would pay you?—That was simply the trouble.

143. Were there many bakers standing out against the association?—There would be about five.

144. Of whom you were the largest and baked most bread?—Yes.

145. You think that one of the means of preventing the Millers' Association forming a combination again that will restrict your freedom would be the removal of the restrictions on flour by taking off the duty?—Yes.

146. Some of the large millers have seceded from the association: do you think if they came into line and again joined the association there would be a prospect of their acting in the same way again?—I could not say.

147. But as a man of ordinary judgment would you think so?—I would not care to say.

148. *Mr. Hall.*] You say you had no difficulty in purchasing flour before the association was formed?—That is so.

149. But since you resigned from the Bakers' Association you had that difficulty?—Yes.

150. While you were a member of the Bakers' Association there were proposals at various times to put up the price of bread?—Yes.

151. That would be relative to the rise in the price of flour, of course?—Yes.

152. Was it generally known to the Bakers' Association that the price of bread was so exceedingly cut as to make the sale of it almost unprofitable?—Well, it has been at times.

153. At the time you seceded from the Bakers' Association what were you selling your bread at?—6d. and 7d. per 4 lb. loaf.

154. That would be 6d. over the counter and 7d. delivered?—Yes.

155. And you objected to the Master Bakers' Association fixing the one price?—Yes.

156. That was the reason of your resignation?—Yes.

157. Have you ever found the price of bread cut in such a way as to prevent the baking trade being profitable?—Cut to the extent that, say, there was only a bare living to be made out of it.

158. Has that frequently been the case?—Yes, very frequently.

159. Then, it was the endeavour of the Master Bakers' Association to put the baking trade on a healthier basis?—Yes, that was what they were trying to do, I suppose.

160. And they could only do that by regulating the price?—Yes.

161. After you resigned from the Master Bakers' Association you were refused flour by the Millers' Association?—Yes.

162. Do you remember on what occasion? Can you tell the Committee on how many occasions you were refused flour?—On about four different occasions.

163. Four different occasions on which you could not possibly get flour from the Millers' Association?—That is so.

164. Who did you see on those occasions—Mr. Jameson?—I saw Mr. Jameson once, and the other times it would be Mr. Buchanan.

165. Were there reasons given?—Through not being a member of the Master Bakers' Association.

166. That was the reason given by Mr. Jameson?—Yes; Mr. Jameson gave me that reason at the time I wanted to give an order for 50 or 100 tons.

167. You say that you were refused supplies for about six or seven months from the Millers' Association?—Yes, that would be about it.
168. You are quite sure about that?—Yes, I think so.
169. And on this one occasion you refer to you were refused by Mr. Jameson the supply of an order for 100 tons?—Yes, that is quite so.
170. When was that? Do you remember the date?—It would be in November or December, 1902.
171. What was the price of flour then?—I think it was £10 10s. when I gave the order.
172. Was there a rising market? Was flour going up about that time?—Yes, I think it was.
173. About 25 tons was your usual monthly order?—About 25 to 30 tons.
174. And when you gave an order for 100 tons and were refused, the market was rising?—I said it was for 50 or 100 tons.
175. You evidently gave that order to protect yourself as far forward as possible?—Yes.
176. What reason was given to you for the refusal?—Because I was not a member of the Bakers' Association.
177. You do not think the reason would be that the millers wanted to avail themselves of the advantage in the rising price of flour as well as you did?—They might.
178. Do you not think that would be a good reason?—No.
179. You do not think that in the face of the rising market they would do that?—No; I do not think that was the market price, and 50 or 100 tons would be nothing to them.
180. You say that the occasions when you were refused supplies of flour extended over six or seven months?—Yes.
181. Will you glance through this return [Exhibit N]. You will find the supplies of flour granted to you from September, 1901, to August, 1903?—Yes, that is correct.
182. You will see that there were only three months in which you got no flour from the association?—Yes.
183. During the months of December, 1902, and January, 1903, there was no flour delivered to you through the association?—The reason of that is that the association had taken over Heslop's flour to deliver to me; and another reason is that, I believe, the association gave a certain miller an opportunity to sell his flour. The flour was not of very good quality, and caused some trouble, and they said, "You sell it if you can," and, being pushed, I bought off that man through the association. That is the reason why it does not show in that return.
184. You say you also got flour from Auckland and Sydney?—Yes.
185. Would it cost you above the price you could get flour in Christchurch at?—The expenses and duty cost £2 to bring it over.
186. What was it landed here to you for?—At the early part I thought it was about the same price as we were paying here for it, but then it went up over there and became very expensive.
187. You say you have no doubt that the Millers' Association tried to control your business?—Yes, I have no doubt about that.
188. When you met these millers in the street, what reason did they give you for saying that they would supply you with flour again?—They said something to the effect that they had cut themselves adrift from the Bakers' Association, and would supply any one who brought the money.
189. On how many occasions did you tender cash to the Millers' Association and were refused supplies of flour?—It would be three or four times. I never took the cash with me.
190. That would probably be in December, 1902, or January of this year?—Yes, about that time.
191. Did you know anything about the deliberations of the price committee?—I did at the time, but I have mostly forgotten. I was not on the price committee myself.
192. Did you know what influence the millers had on the price committee?—I do not know, but I think we got on better while the millers were on the price committee.
193. What was the reason for that?—Well, I think the millers were rather in favour of the two prices—or the one miller that was on the committee.
194. You are aware of certain statements that were made by Mr. Taylor in the House with regard to the Lyttelton bread-supply?—Yes.
195. Now, you can clear this matter up a good deal. Did the association have any influence whatever on you in the action you took in regard to the supply of bread in Lyttelton?—None.
196. Absolutely none?—None.
197. You admit that you got flour during the time you referred to through the association from Mr. R. Evans?—Yes.
198. He was an associated miller, was he not?—Yes.
199. That was during the period you say you were refused flour by the association—during the six or seven months referred to?—Yes.
200. You say you did purchase flour from Mr. R. Evans?—Yes, on the one occasion; but I could not have got that flour if I had gone to the association.
201. You are cognisant of the fact that Mr. R. Evans was a member of the association?—Yes; but I think what he did was hardly aboveboard. I do not think Mr. Evans would have been allowed to sell it if it had been known where it was going to.
202. Was it invoiced by the association?—I think it was.
203. Do you not think, if that were so, that Mr. Evans would have been brought to book for supplying you?—Yes; but they gave him a free hand, for about a week, to sell his flour where he liked.

204. *Mr. Taylor.*] Was there anything the matter with it?—Well, it was not tip-top. I would like to say something else. When the association took over Mr. Heslop's quantity of flour he had to send it to me.

205. How do you mean "took it over"?—I had a certain quantity of flour to come in from Mr. Heslop, and when he joined the Millers' Association the association delivered this flour that was to come to me from Mr. Heslop.

206. They completed his contract?—Yes; but they would only complete it with one miller's flour; they would not let me have the choice of brands.

207. Whose flour did they deliver?—It is hardly right to say.

208. Does this invoice [Exhibit K¹] show it?—Yes, it does.

209. It was sold through Mr. Heslop by Mr. Evans and delivered by the association?—Yes.

210. *Mr. Hall.*] Did the association deliver that?—Yes.

211. You have no actual knowledge of it?—If they did not I do not know who did.

212. *Mr. Taylor.*] In regard to this transaction of Mr. Heslop's, you say that Mr. Heslop told you he had joined the association?—Yes.

213. Did he give that as a reason why he did not himself deliver that flour to you?—He said the association would take it over.

214. But did you pay him for the flour?—I think I paid Mr. Heslop—either Mr. Heslop or the association—but Mr. Heslop, I think.

215. Did you take it for granted that the association was connected with the balance of Mr. Heslop's contract?—Yes.

216. What did you understand when you got that invoice from Mr. Heslop stating that he was charging you for so many sacks of Evans's flour?—What I wanted to point out was one of the greatest things I have against the Millers' Association, which is that they were not giving a baker the choice of flour—that is, with regard to quality. They made me take, I reckon, an inferior brand of flour.

217. You had no power to order a particular brand?—Yes; but I had to take what they gave me or none.

218. How do you explain to yourself the appearance of Evans's name on that bill—simply that you had been forced to take Evans's flour?—Yes, that is the position.

219. And you were charged for it by Heslop?—Yes.

220. Did you understand you had been forced to take over Evans's flour because the association had taken over his business?—I did.

221. When you applied for 50 or 100 tons did Mr. Jameson refuse you because he said he would not allow you to speculate on a rising market? Was that the reason given?—No.

222. *Mr. Rutherford.*] You said that you applied on one occasion for 50 or 100 tons of flour, while your normal order was about 25 tons per month?—Yes.

223. Would you be prepared to contradict Mr. Jameson if he stated that you asked for 100 tons on that occasion?—Yes.

224. If Mr. Jameson swore that you applied for 100 tons you would be prepared to deny that?—Yes, it was for 50 or 100 tons. I left it to themselves as to which they would accept.

225. Did they offer to supply you or did they supply you with your usual quantity?—No.

226. If Mr. Jameson swears that he did offer you your usual quantity would you deny that?—Yes.

227. It was given in evidence that there are about fifty mills in the colony, and that twenty-three joined the association, five of which have since seceded: could you not have got your flour from the remainder of those mills—say, the twenty-seven non-associated mills in the colony?—Mr. W. Evans is non-associated, in Timaru.

228. You did not try any other non-associated miller than Mr. Evans?—Yes, I did; but some of them were not making flour.

229. Did you try Dunedin?—No, not as far as Dunedin, because I believe they were all in the association.

230. In fixing the price of bread did the bakers fix the price, or the Bakers' Union?—The Bakers' Union.

231. You have complained, have you not, that the millers' trust had something to do with it?—Well, the millers stopped the supply of flour.

232. At whose instigation?—The bakers.

233. Did you cut prices as against other bakers?—Never; I never broke a rule over that. I might say that it was impossible to buy a sack of flour in Christchurch or Canterbury.

234. *Mr. Witheford.*] I notice you stated that about November or December the association refused your order for 50 or 100 tons because the market was rising: if the market had been falling would you have given that order?—It would have been for 30 or 40 tons, then.

235. *Mr. Hardy.*] Dealing with the trade generally, do you consider the bakery trade a profitable one?—There is not a great lot in it, but at times there is.

236. Are there many insolvencies in it?—There are as many in it as in most trades, I think.

237. Is it within your knowledge that a greater number of insolvencies took place before the bakers formed themselves into an association than have taken place since?—There have been more since, because they could not get the credit.

238. Have you looked up the records in the *Mercantile Gazette*? Do the records there show the exact position so far as the insolvencies occurred?—I think more bakers have gone out of the business since.

239. I am speaking of those who have gone into the Insolvency Court?—I should say that.

240. You believe more have become insolvent since the bakers formed themselves into a union than before?—Yes, I do indeed.

241. You were speaking about getting supplies, and complained that you were hampered: do you know that Jackson's mill in Timaru was not in the Flour-millers' Association?—Yes.

242. And you could have got your flour from him, could you not?—No, I could not. I spoke to Jackson about it in Colombo Street one day, and he said he would not send flour to Christchurch.

243. Is it within your knowledge that he supplied flour to storekeepers in Christchurch?—No, I have never seen a sack of Jackson's flour in Christchurch.

244. Take the Wakanui Mill, which sends a large amount to Christchurch: have you applied to Mr. Rollitt?—He is an associated miller.

245. At the time you referred to he was not?—I think he was.

246. I am speaking with a knowledge of the facts, or I would not have put the question to you?—Well, it is a great surprise to me.

247. It is since the date that you were supposed to have been refused flour by the association?—I could have staked my life that he was an associated miller.

248. *Mr. McNab.*] When the market was rising, I presumed you claimed the right of getting in a fairly large supply of flour, the same as any other person?—Yes, the same as millers do with wheat.

249. Is it the case that you wanted to get in 100 tons in order that you would be able to retail that out to some other men when the market rose?—No.

250. Any man who suggested that to this Committee would suggest what was not true?—Yes, quite so.

251. *The Chairman.*] Did you not order that flour as a speculation?—No, I should not call it a speculation. It was rather on a rising market; but, of course, you do not know how the flour-market is going, and it might not last long. It was not above three months' supply.

252. You say that the price of the flour landed from Australia would be about equal to the Christchurch price?—Yes.

253. And then, how much did the price reach?—It would cost about a couple of pounds a ton more.

254. Can you take much more out of a ton of Australian flour than out of a ton of New Zealand flour?—Yes, a great deal.

255. Can you tell us how much?—It would average about four or five 4 lb. loaves.

256. That is about two loaves and a half to 100 lb.?—Yes.

257. How much would that work out at in proportion to the increased cost of £2 per ton? You would get about £1 more in the result from the Australian flour?—No, not quite so much as that. It would depend upon the price of bread.

258. Taking the price of bread at 6d. per loaf?—That would be £1. At 5d. it would be much less.

259. Were you always considered a good mark at paying?—Yes, I always was so.

260. Can you give us a list of the relative paying-prices per loaf with flour at certain prices?—When we were getting 6d. and 7d. for bread, and flour was at £10 10s. per ton, I think we were doing well.

261. If you could make out a list of relative prices at your leisure it would be of value to the Committee. You might take flour at, say, from £8 10s. to £12 10s. per ton?—I think you will find it worked out in the documents I now put in [Exhibit O]. There is the delivery price and the shop price.

262. The bakers' price committee would not agree to have a counter price as well as a delivery price, but wanted to make it one price, and that the delivery price?—Yes, the one price.

THURSDAY, 8TH OCTOBER, 1903.

PETER V. BUCHANAN examined. (No. 3.)

1. *The Chairman.*] What is your full name?—Peter Vosper Buchanan.

2. What are you?—A commission agent at present.

3. *Mr. Taylor.*] When did you join the staff of the Flour-millers' Association?—Two years ago last March.

4. Would that be from its formation?—Yes.

5. Were you in entire charge of the association's business in Christchurch until Mr. Jameson came up from Timaru?—I was the local agent.

6. At that time Mr. Jameson was resident at Timaru?—At the time I joined Mr. Jameson was not in the association.

7. Who occupied the position he now occupies?—Mr. Meek, of Oamaru.

8. Was Mr. Gardiner, of the Cust, a member of the association when it was formed?—No.

9. Do you remember when he joined?—He did not join until 1902.

10. About March, 1902?—Yes; I would not say the exact date.

11. Did you ever sign letters on behalf of the association?—I always signed my letters as local agent.

12. Are the letter-books produced those you used for your correspondence?—No.

13. Was there any correspondence copied in your letter-books other than what referred to retail sales?—The only copies taken referred to the conduct of my office.

14. Did they refer to produce only?—It was simply correspondence referring to the conduct of the office.

15. Did you have any correspondence at any time with Mr. Gardiner?—I have written to Mr. Gardiner.

16. That would be copied in the other letter-books that are not here?—Yes; if I had any correspondence it would be there.

17. Did you see Mr. Gardiner in reference to his joining the association?—I did.

18. Where did you see him?—I saw him in Rangiora.

19. Did the association desire that he should come into the combination?—Yes.

20. Who would express that desire—the directors to you?—I had no particular instructions with regard to Mr. Gardiner.

21. Then why did you see him about the matter?—Because he was outside the association.

22. And the association wished him to come in?—Yes.

23. And in furtherance of their wish you saw him at Rangiora?—Yes.

24. What was the nature of the interview?—I pointed out to him the advantage of coming into the association.

25. What happened? Did you indicate to him on behalf of the association what would be done in the event of him not coming in?—I am not aware that I did.

26. Did you discuss with him the possibility of the association selling flour at forward rates in his district if he did not come in?—Not that I am aware of.

27. Tell us the nature of the conversation that you had with him at Rangiora?—As far as I remember it, I pointed out to him the advantage of coming into the association, and, further, that if he stopped outside it he would reap no benefit by it, and I showed him the benefit he would reap by coming in.

28. You say again that you did not in any way threaten him that the association was strong enough to make him come in? Was that not one of the arguments you used—that the association was strong enough to compel him to come in, and that it would pay him to come in quietly?—No; the expression I used was that if he did not come in I would most likely travel in his district.

29. What did you intend that to convey to him?—That we would sell flour where he was selling it.

30. At a price?—There was no price mentioned at all.

31. You proposed to attack the special district he was operating in?—Only by personal visits.

32. Did any of the directors or millers go up with you?—No; there were some bakers up there at the time.

33. Did they also join in urging Mr. Gardiner to join the association?—Not that I am aware of.

34. What were the bakers doing there?—Some of the Christchurch bakers went up to see the bakers in Rangiora about joining their association.

35. Did they succeed in getting them to join?—They did.

36. What did Mr. Gardiner say in reply to your suggestion?—He said he would think the matter over.

37. Is that the only interview you had with him?—I had had a prior interview with him.

38. Where was that?—When I was there before.

39. On the same subject?—Yes.

40. Under what circumstances did he join the association?—I had no communication with Mr. Gardiner from that time until he had joined.

41. Did he join by writing?—I do not know.

42. Were you not an officer when he joined?—Yes; but he did not see me again on the subject. I believe he saw a director in town and joined voluntarily on his own account.

43. Do you know who the director was? Was it Mr. Allan?—I know by hearsay that Mr. Allan did see him.

44. Had you anything to do with the "price committee" of the Bakers' Association?—No.

45. Did you know that there was a "price committee"?—Yes.

46. What members of the Millers' Association used to sit on it?—I could not say, except from memory.

47. As far as your memory goes who were they?—Mr. Wood was one. I do not remember the other two.

48. Is Mr. Wood a director of the Millers' Association?—Yes.

49. Was it part of the policy of the Millers' Association when you were an officer of it to refuse to sell flour to any baker who declined to join the Bakers' Association?—No.

50. Did you sell flour to any one who came along for it?—If they were not in the trade I would not sell.

51. Supposing a baker came along, if you knew he was financially sound would you sell to him?—I would ask him if he belonged to the Bakers' Union.

52. And if he did not?—I endeavoured to get him to join.

53. Did you at any time decline to sell a baker flour unless he joined?—I have done so.

54. Do you remember any particular instances?—I cannot call any particular instance to mind. It was the general way.

55. It was part of the policy of the association?—It was part of my policy. I received no particular instructions.

56. You understood that that would meet with the approval of those whose interests you conserved?—Yes.

57. Do you remember anything in connection with Mr. Heslop's mill at Irwell?—I interviewed him once about joining the association.

58. Did you suggest to him that you might travel his district in the interests of the association?—No; I only saw him once.

59. What did he say?—That he would think the matter over.

60. Was there any correspondence with him?—I had business correspondence with him, but not on the subject of his joining the association.

61. You had correspondence with Mr. Gardiner about joining?—To the best of my belief, no.

62. You did not put anything into writing?—No.

63. Did you think it wiser that these things should be discussed and not written about?—I did not think anything about it.

64. Were you connected with the association when Mr. Heslop joined it?—I am not certain; I think he joined just after I had severed my connection with the association.

65. Were you an officer of the association when the Christchurch Working-men's Society tried to buy flour from it?—Yes.

66. Did you refuse to supply them?—I refused to supply a certain quantity.

67. Was it a certain size of bags that you refused—200 lb. bags?—Yes.

68. Why did you refuse?—Because they were cutting prices and did not belong to the Bakers' Association.

69. Did your association take any steps to ascertain what would constitute a fair price for bread, or did you simply take that course at the dictation of the Bakers' Union?—It was supposed to be a fair price for bread which was fixed by the Bakers' Union.

70. Then, you took that course at the desire or wish of the Bakers' Union?—Yes.

71. Did you have anything to do with the refusal to supply Mr. Williams at any time?—I did not refuse flour to him.

72. Did you always supply him when he brought his orders along?—No. When he ordered a certain quantity he did not get it. That is the only time when he was not supplied.

73. Is that the only time that he gave you an order for flour and you did not execute it?—Yes; I referred that particular matter to the general manager.

74. Had the bakers any actual choice in the selection of brands of flour that he wanted?—Yes.

75. If he gave you an order for a certain brand he always got it?—If a man demanded a certain brand of flour I never refused him, but for the purpose of apportioning the flour I might ask him if he could do with another brand. If he refused that brand he got what he asked for.

76. Are you selling the association's flour now?—I have now no connection with the association.

77. You are selling flour now from other mills that are not connected with the association?—Yes.

78. Are you getting the same price for it as for the brands produced by the associated millers?—I get more for it if I can. I have sold it at a little higher rate—say, 5s. a ton.

79. Can you tell me why any baker should be prepared to give 5s. a ton more for flour manufactured at Timaru than for flour manufactured in Christchurch?—It depends upon the quality.

80. Are not the bakers prepared to support these free millers, some of whom you represent, with a view of preventing the association getting a firm grip of the trade again? If I produced a baker who said that, would you deny it?—I would not deny it.

81. As a matter of fact, are not the bakers in Christchurch now willing to pay a little more for their flour coming from non-associated mills in the hope of keeping the association in the position it is now in?—I am not prepared to say what the bakers will do. I have been in the trade some twenty-six years, and am well known, and my personality might have some influence.

82. Do you think they would give you 5s. more for flour from the non-associated mills from pure sentiment?—No; not unless the article was very good.

83. Have not the bakers given as a reason for their buying non-associated-mill flour that they do not desire to see the association get a grip of them again?—It has been mentioned in a general conversation.

84. Have not some of the bakers stated straight out that they think their interests warrant them in supporting those millers who run non-associated mills, even if the flour is sold at a slightly higher rate?—I have heard certain bakers express that view, but have heard other bakers express themselves differently.

85. *The Chairman.*] You have heard opinions expressed both ways?—Yes.

86. *Mr. Taylor.*] The fact remains that you are getting more for non-associated-mill flour than the association is selling it for at Christchurch?—I am.

87. During your connection with the association what was its policy with regard to the Auckland mills?—I do not know. I had nothing whatever to do with the shipping.

88. You had only to do with the local trade?—Yes.

89. How did your association meet the competition of the free mills? You said you proposed to travel Mr. Gardiner's district?—Yes.

90. Did that proposition indicate generally the policy of the association with regard to free mills?—I never had instructions from the association as to a policy.

91. Did you understand what was the policy?—Certainly it was the desire of the association to get all of them to join.

92. Did you always supply flour that Mr. Hopper asked you for?—I did.

93. Were you connected with the association when it declined to any longer comply with the requests of the Bakers' Union?—I was.

94. Do you know what the reason was for that change in policy?—It did not emanate from my office.

95. Generally speaking, you endeavoured to induce the outside millers to join your association?—I did.

96. Even to the extent of threatening to specially work their districts?—Yes.

97. Did you not tell Mr. Gardiner that working his district might mean working at a lower price than he was selling at?—I did.

98. You did not threaten to sell at a lower price?—No.

99. And if he says that you did, he will be wrong?—To the best of my belief he is wrong.

100. *Mr. Rutherford.*] You said that in your interview with Mr. Gardiner—at the last interview—you told him that unless he joined the association you would travel his district?—Yes.

101. Did you receive instruction from the association to coerce Mr. Gardiner into joining, or did you do it on your own motion?—I did it on my own motion.

102. *The Chairman.*] What was the quantity of flour, Mr. Buchanan, that you declined to supply Mr. Williams with?—The transaction I referred to took place when there was a rising market. I had no particular instructions, but 25 tons was the limit I always sold in one parcel to a man before he got another.

103. Do you remember the quantity that Mr. Williams required to buy?—Fifty tons or 100 tons I think he said he would take.

104. *Mr. Loughman.*] I gather from you, Mr. Buchanan, that in your experience of the association you know of no instance in the nature of coercion being brought to bear on an outside man?—None by overt act.

105. That suggests a distinction. Do you know of any instance of any sort, overt or otherwise, by which the association coerced any miller to come into the association?—I cannot say I do.

106. What you do say, and what the association also says, is that they desired all millers to go into the association because they think association is good for the trade, and consequently for the good of all who join the association, is that so?—Yes, naturally.

107. That, then, formed the matter of your argument with these gentlemen whom you were urging to join the association?—Most certainly.

108. And in your opinion the association is a desirable institution from the millers' point of view?—Most certainly.

109. Your personal interest at the present time, if I understand you, if anything, is adverse to the association?—If the association keeps in existence I have no chance of following my occupation, which I have followed for the last twenty-six years; so it must be.

110. With regard to the question of price, you say that for certain brands of flour produced by non-associated millers you get some increase in price?—I have got an increased price for flour I have in the market.

111. You suggested that the cause of that was quality?—A great deal has to do with the quality.

112. Do I understand that what you wish the Committee to understand is that where you get an increased price you induced the purchaser to believe that he was getting better value for that brand than for other brands he could get from the association?—A baker will soon tell you what flour best suits him, and he would not look at 5s. a ton more if the brand suits him.

113. Is that the reason you give for getting a better price for the flour of some of the non-associated millers—because it is of better quality?—I must answer, certainly, because I do not think a baker would give 5s. more for flour if it were against his own interests.

114. You argue that he gets a better article?—I might use other arguments as well.

115. Is there not another reason, that you probably have overlooked, that you may charge a little larger price? But do you not in many cases grant easier terms?—I do not grant easier terms than the association.

116. You adhere entirely to the terms of the association?—All the sales I have made were made on association terms.

117. I think there is a little inaccuracy about your statement that Mr. Heslop joined the association?—I think he joined a little before I left.

118. I am quite sure you think so, but, as a matter of fact, he never joined at all?—This is the first time I knew it.

119. Are you sure that he joined the association?—No; only from hearsay—from what I was told.

120. Then, as a matter of fact, we may take it that you do not know personally anything about it?—No, I do not.

121. You are representing outside millers, and consequently you conduct your business on the ordinary lines of trade unregulated by any association?—Yes.

122. Would you supply a cutting baker now?—I should be very chary about it.

123. Why?—If he gave me cash I would supply him.

124. But you would be chary about supplying him?—Not if he offered cash.

125. Otherwise you would not supply him?—If I thought he was financial I would. The fact of his being a cutting baker would not affect me.

126. Except from the assumption that his cutting the price might result in his own loss, and that would be your loss?—Yes; but I should be most chary because possibly it might interfere with my other customers.

WILLIAM DALL examined. (No. 4.)

127. *The Chairman.*] What are you?—Traveller for Messrs. A. Steven and Co., of Dunedin.

128. *Mr. Taylor.*] You represent Messrs. A. Steven and Co., of Dunedin?—Yes.

129. Does your firm belong to the Flour-millers' Association?—Not now; they did.

130. Did they join when the association was originally formed?—Not immediately; we were some weeks behind the majority of the others in joining.

131. Did your firm voluntarily join the association?—Well, no, there was considerable persuasion used before they joined.

132. In what way were they approached—what inducements were held out to your firm?—The inducements held out were that there would be a great saving in the cost of distribution by the association.

133. Was anything said about the price to be charged by the association?—The price, it was argued, to the consumer would not be enhanced by the association—that is, the price of flour to the consumer.

134. What reason did the association urge for its existence—what was its principal purpose?—The principal reason was that the majority of the larger millers said that the business was not paying, and that it should be put on a more remunerative footing.

135. A number of the millers said that?—Yes.

136. Prior to the formation of the association was your firm carrying on an unprofitable business?—No.

137. What is the normal capacity of Steven's mill?—The capacity of our mill running full time—twenty-four hours—would be about 530 tons a month.

138. Had you been in the habit of running full time?—We had previous to joining the association—or nearly so.

139. Shutting down at what intervals?—We never shut down. We might work two shifts instead of three if stocks were accumulating.

140. You did join the association?—Yes.

141. What was one of the immediate results—did it restrict your output?—At once.

142. To what extent?—As nearly as I can give it to you, I think our quota in the association would be about 180 tons a month.

143. As against over 530 tons that you used to produce under normal circumstances?—That is so.

144. And how did your firm propose to cover the interest upon the cost of your plant while it was not working—where did you expect the interest to come from?—Naturally, I suppose, it would come out of the raising of the price of flour.

145. Was there any other way of providing for it?—None other than I know of.

146. Is the milling machinery greatly in excess of the consumption requirements of the colony?—Yes; as far as it is reckoned there is about three times the milling machinery that is required for the population.

147. There is not much export trade?—Not now, the export trade to Australia has virtually vanished.

148. Before this association was formed the loss connected with the excessive investment of capital in milling plant would fall on the mill-owners?—Yes, those of the large mills especially.

149. And you think that one of the purposes for the formation of the association was to discover some means to unload that loss on the users of flour?—That is the natural deduction.

150. That was the intention of the association in coming into existence?—It was not put so, but no doubt it was.

151. Did all the Dunedin millers join the association?—Yes.

152. They were all members?—Yes, after we joined.

153. Can you tell the Committee anything as to the policy of the association in regard to free mills? While you were members what did you regard as a legitimate policy towards free competing mills?

Mr. Loughman: I object to that question. I submit that the witness can be asked questions as to his knowledge of the policy, but not as to what he considers to be a legitimate policy.

154. *Mr. Taylor*.] I will put the question in a definite form: Do you know anything of the policy of the association towards free mills?—I do.

155. What was the policy?—I can speak better of the policy towards Steven and Co. after they withdrew from the combine.

156. Whilst you were members of the combine did you know anything at all about the means taken by the association to cope with the competition of free mills? What do you consider were the legitimate means taken.

Mr. Loughman: That is the question I object to.

157. *Mr. Taylor*.] Do you know what policy the association pursued in regard to the competition of free mills whilst you were members of the association?—As far as I know, it was one of coercion.

158. How do you know it was one of coercion? If a free miller had been working in Otago, say, as members of the association would you have considered it a legitimate policy on your part to sell at a lower price in order to break down that competition?

Mr. Loughman: I object.

The Chairman: I think that question is quite right.

159. *Mr. Taylor*.] What would you consider your policy in the event of a free miller working, say, in Otago?—As individuals we should have objected to sell at a loss; but what the association would have done I can hardly say. They might have done as they have generally done—get several members to sell at a loss, as they have done since Steven and Co. left them; but some of the members refused to supply at a loss.

160. At the reduced price?—Yes.

161. Would you consider a policy of coercion on the part of a firm towards a free mill, to get rid of his competition, antagonistic to the purposes of the association, as you understood them?—As individuals we had no right of action. It was the association that had the whole right of action.

162. Then, would you have resented the policy of coercion on the part of the association?—We did clearly when it was towards the Auckland mills.

163. Was such a policy followed in regard to the Auckland mills?—Yes.

164. Did you protest against that?—Yes.

165. Why?—We thought it an unfair means of doing business.

166. And did the association discontinue these tactics, or were they part of its policy right through?—It discontinued them considerably against the Auckland mills after they had lost a lot of money. It may be continued to-day, but I cannot say definitely now.

167. When did you withdraw from the association?—At the beginning of March of this year—1903.

168. What policy has the association followed in regard to your firm since you ceased to be members?—One of absolute coercion.

169. Have the prices charged for association flour been regulated by the cost of its production and with a fair profit?—No; the condition of things is now entirely altered.

170. Will you tell the Committee some of the details connected with their policy? Have they asked you to rejoin at any time?—Yes.

171. Has that been by correspondence or by personal interview?—Both, but chiefly by personal interview.

172. Do you know whether there was any actual correspondence on the topic?—Yes; with individual members of the association, not from the association as a body.

173. Do you know whether part of the policy of the association is sometimes to act as an association and sometimes to act through individual members of the association?—That is so; it is difficult to define the regular course of policy that they have pursued.

174. Their policy is entirely determined by the necessities of the situation?—That is so.

175. In regard to what happened soon after your firm ceased to be members, how has the price of flour been regulated in Dunedin?—The supply of baking-flour—that is, bags of 200 lb.—has been regulated by the Millers' Association, but the price of small bags has been left to the various millers. Unfortunately the bakers refused to do business with us when we left the association in Dunedin, and we endeavoured to do business where we could, and we did it in small bags to the grocers and produce-merchants. Consumers were asking for it in that direction, and we supplied it. As we were doing a lot of the trade, and the association found we were getting rid of our flour in this direction, they gave liberty to their members to vend the small bags direct themselves to the buyers. Ordinarily the difference between the fifties and two-hundreds is 15s. a ton. The difference is to make up for the cost of the bags and so on.

176. Under the special circumstances of the struggle with you, what prices were charged?—To-day in Dunedin fifties are being sold at £1 a ton less in value than the two-hundreds. That is an actual price of 5s. per ton below the two-hundreds, while they should be 15s. more.

177. Is that going on just now?—Yes.

178. Then, they tried to prevent you doing the special trade in 50 lb. bags developed by you to meet the coercion of the millers' trust?—Yes.

179. There is no secret about it at all?—No. There was an affiliation between the bakers and the association, and the association is doing a lot more business with the bakers than we are doing; but, as I say, we are getting an outlet for our small bags, and to meet us they have supplied these small bags at a lower price.

180. You did some business with the bakers?—Yes; because we threatened to start baking on our own account if they did not consume some of our flour.

181. Has there been a special canvass by the Millers' Association of the customers for 50 lb. bags that you succeeded in obtaining?—Yes; for the 200 lb. bags there is not, but in the small bags every miller is putting in his canvass now.

182. Then, is flour to-day in Dunedin being sold in some cases below cost?—Yes; but it is a difficult job to get at the cost to the individual miller, because one is able to produce cheaper than another.

183. Have any of the millers supplied the two-hundreds at a price which makes it pretty certain that they are producing at a loss?—In Canterbury, yes.

184. And in Otago you think the association has secured the trade in 200 lb. bags by the co-operation of the bakers?—Yes.

185. And they are specially attacking your other trade in the way that you have described?—That is so.

186. How was the quota allotted to each mill by the association?—As far as I understand it, and I think Mr. Jameson will bear me out in this, they never did allot the quota correctly. It was done on the sack capacity of the mill, and they endeavoured to keep as near as possible to the consumption for the month's supply in the district, and they divided that *pro rata* according to the output of the mill.

187. What would your quota be if your normal capacity was 500 tons a month?—It is difficult to say definitely. The quota we were entitled to was about 180 tons, but we went over that because our flour was in demand, and then we frequently had to buy the quotas of the under-delivered mills at so much per ton.

188. You were oversold?—Yes, some months.

189. How was that adjusted?—There was a proposed adjustment every three or six months. I cannot say definitely how it was done, but we got down a notice from the association stating that we were oversold to a certain extent. We had no means of checking it to see whether we had or not.

190. You could not check it because you did not know the total consumption?—Clearly; and

we were asked then whether we were willing to buy so many tons. There would be so much under-delivered, and we were asked to pay for so many tons of the under-delivered mills.

191. If you did that would it mean further restriction to you?—No; the man who was under-delivered this month would be remunerated by us paying him so much per ton.

192. Were the bakers free to select any brands of flour they chose?—No; there was friction over that, especially at the initiation of the association.

193. Practically they had to take whatever brand the association chose to send in in fulfilment of an order?—Practically.

194. And the freedom of the baker to buy was to that extent restricted?—Clearly. To meet that they endeavoured to give them as much as possible of what they wanted, especially to the fractious ones.

195. But to that extent the right of the baker to choose the quality of his flour was restricted?—Yes.

196. Giving evidence the other day, Mr. Jameson said the association had severed its connection with the Bakers' Union for over a year?—I have no desire to contradict Mr. Jameson, but to my certain knowledge there existed an understanding between the association and the bakers in Dunedin.

197. From your knowledge of the association's methods can you say that the association and those who were working with it are sometimes tangible and sometimes not—that their arrangements are sometimes made by correspondence and sometimes verbally?—Yes, they are very elastic.

198. Have you any figures to show the relative prices of flour prior to and after the operations of the association—say, from September, 1902, to September, 1903?—The price of flour in Dunedin last year in September was £11 10s.

199. What is it now?—£10. You can understand that the difference in the price of flour does not show out in the value of the products, because you have to take the by-products.

200. Are the by-products relatively of the same value now as last year?—No; both bran and pollard would be about £2 10s. dearer last year than this year.

201. And flour was £1 10s. dearer last year?—Flour would bear about £2 5s. to £2 10s. more profit to the millers last year than this year, and there is not much difference in the value of wheat per bushel.

202. Was wheat last month relatively of the same value as the year before?—Very nearly.

203. But the difference in the value of flour, because of the by-products, would be £2 5s. to £2 10s. more in 1902?—Yes.

204. If the price of wheat is relatively the same in September, 1902, and September, 1903, how do you account for the fact that flour was £2 10s. more value in 1902, including the by-products?—Because Messrs. A. Steven and Co. left the combine. We were told that there would not be a shilling made in flour this year. In other words, the reduction in the price of flour this year compared with the price last year is due to the existence of free millers.

205. I understand you to say that some one said that as the result of your having left the combine there would not be a shilling made on flour this year?—Yes.

206. Was that a general or a specific statement?—It was not made direct, and therefore it would not be evidence for me to give it to you. It was from a member of the combine.

207. Was the profit being made by the associated mills in 1902 excessive in view of the then price of wheat?—I shall have to qualify my answer to that. It was not excessive taking the total output as the basis, but it was excessive if we were running our mill all the time.

208. If you had been doing all you could with your machinery, the price then charged for flour would have been exorbitant in view of the then price of wheat?—Yes.

209. In other words, the public were then being made to pay for the expense of your plants while they were not producing in 1902?—I suppose you will have to put it that way.

210. If the flour-millers under existing conditions are losing money, what reason would you give that they are working their plants and making no interest?—It would be to endeavour to make the free millers join the association again.

211. That is to say, they are carrying out the very policy which they say they came into existence to stop?—Clearly.

212. Have you any hesitation in saying that the association has indulged in tactics that were intended to restrict your freedom of trade?—I have no hesitation in saying that.

213. It has been systematic?—Clearly; that is its very foundation.

214. Do you know what the association charges the millers for selling their products?—They charge 5 per cent., but 2½ per cent. of that is given to the customer. They are working on the rate of 2½ per cent., giving 2½ per cent. as a rebate to the customer.

215. That ought to afford the association good profits?—Yes.

216. Now, if I were to say that the products of the associated mills were pooled, that would be a proper expression, would it not?—Yes; I suppose it would be quite applicable.

217. Do you know what profits the association made this last year?—We left in March of this year, and consequently I would not know.

218. At the present time you are selling against the association wherever you can?—That is so.

219. *Mr. W. C. Buchanan.*] You stated that you necessarily lost money by having your output reduced from 530 tons to 180 tons per month, and that you did not know any source from which that loss could be recouped except by raising the price of flour, did you not?—Yes.

220. Was the price immediately raised after you joined the association?—Yes, I think it was, so far as I can recollect. It was a gradual rise, you understand, and wheat began to rise. It was a gradual rise from £6 10s. to £13.

221. If wheat began to rise concurrently with the raising of the price of flour, could there be any increase in profit per ton on the flour produced?—No; but the ratio between the price of £6 10s. and £13 was altered—that is, there was a much greater profit to the manufacturer at £13 than at £6 10s.

222. Would not the loss on the very decreased output be recouped by the saving of travellers' and other expenses incidental to the business as formerly conducted?—I do not think so. I think the expenses connected with the association have been more to the miller than they formerly were with travellers. That is my opinion.

223. It has been stated in evidence that instead of the members of the Flour-millers' Association each selling their own output that duty was undertaken by the association: is that correct?—That is so.

224. Do you mean, then, to tell the Committee that the Flour-millers' Association could not save expenses as compared with the sales being made by the different members of the Flour-millers' Association?—I say that our firm will be glad to do it at any time for $2\frac{1}{2}$ per cent. We can do it for less.

225. I wish to put the question in a profit sense: do you give it as your deliberate opinion to the Committee that an association covering the greater number of the mills in New Zealand could not conduct the sales of flour at a saving as compared with each member of the association conducting his own sales separately?—I do not think so, taking into consideration the expense of office staffs in the various centres.

226. But taking it as a matter of business broadly?—You ask me whether it is not cheaper for each individual miller to put his goods through the association than to sell direct himself to the consumer?

227. Yes?—Well, I do not think so.

228. You said the reduction in the price of flour since last year was caused by the action of the free mills?—Being outside, yes.

229. Did you not say a little later that the Flour-millers' Association was endeavouring to force back the free millers by cutting the prices?—That is so; but I have always debited the association with the cutting of the prices.

230. The two statements cannot be correct?—I shall be very pleased if you can put them side by side. I hardly understand.

231. I asked whether you had stated that the reduction of price in flour last year was caused by the action of the free millers?—I do not remember saying so. There was nothing further from my intention if I did say so.

232. *Mr. Duthie.*] You said your output under the association was 180 tons a month on the average?—Yes.

233. What are you putting out now?—We have been running full time since we left the combine—about 500 tons, running pretty nearly full time.

234. Then, you have extended the scope of your operations?—Not more than they were before we joined the combine. We picked up our old customers wherever we could. We have a connection all over New Zealand.

235. Then, to what extent have you driven the association to accept this lower rate of prices?—The shoe is on the other foot.

236. Have the association to accept this low price right over the South Island?—Yes; all over New Zealand.

237. Then, their losses must be enormous as compared with yours?—It all depends upon how you look at the loss. They may not have lost much actual cash, but the difference between what they would have made if it were not for the competition must be very serious.

238. Then, you are still making it pay you and can continue the battle?—We hope so, and when we cannot we shall shut down.

239. *The Chairman.*] You are making it pay now?—Yes, I think so.

240. *Mr. Duthie.*] But the loss to some of the millers must be great?—Yes.

241. And it does not affect you so seriously?—We are not paying this $2\frac{1}{2}$ per cent. to the association. We are doing our business for less money.

242. Your position is similar to the shipping trouble that existed some years ago, when an opposition company to the Union Steamship Company ran the old "Jubilee" and another vessel in the intercolonial trade and brought about a serious reduction in the Union Company's rates until an adjustment took place?—I do not know anything about that.

243. *Sir Joseph Ward.*] What was your experience in connection with the association—was it adverse to the interests of your business?—We looked upon it as such.

244. From what cause?—Chiefly from the restricted output.

245. You are of opinion that it would be more satisfactory to have no association at all—that all the mills should run independently and work out their destiny in their own way?—Yes; that is speaking for ourselves. I cannot speak for others.

246. Has there been a lowering in the price of bread since you seceded from the association?—No, not much.

247. What has been the drop in the value of your selling-price to bakers as between the time you were in the association and since you left it?—£3 a ton in Dunedin.

248. And concurrently with that drop in Dunedin there has been a reduction in the price of bread?—There has been a reduction, but I do not know that it has been equivalent. You can understand that the bakers' view of the question and the millers' view of the question are difficult ones for me to give evidence on. The bakers are naturally our customers, and we have to be very careful not to offend them.

249. Has the establishment of the Millers' Association enabled you to keep up the price of your flour both when you were a member of the association and since?—We could keep it up before, but not since. It has been all the other way since. It has been a process of gradual reduction.

250. But when you were a member of the association the price was £3 a ton more?—Wheat being proportionately the same in September last year and September this year, the difference in the value of flour and its by-products would be from £2 5s. to £2 10s. per ton.

251. What is the total milling-power of the mills running an average time per month or per day?—As near as we can apportion it, it is generally accepted that the milling-power is sufficient to provide for three times the present population. I think the chairman of the association, Mr. Meek, stated that that was so at the annual dinner last year.

252. Then, if you were all running, from the nature of the competition it would resolve itself into a question of the survival of the fittest?—There was always an understanding as to the price, and there was before the formation of this association.

253. And independently of the association, without an understanding as to the price, under a natural competition it would be a case of the survival of the fittest?—Yes.

254. *Mr. Rutherford.*] In your opinion the reduction in the price of flour has not resulted in a reduction in the price of bread generally?—I think it has. The price of bread in Dunedin is 6½d. I cannot speak for the other centres.

255. What was it last year?—It went up as high as 7½d. That was the highest figure.

256. Then you think your action has had the effect of reducing the price of bread?—Yes, the price has come down.

257. *The Chairman.*] Can you tell the Committee what the export of flour formerly was before New Zealand lost its export trade in that product?—No.

258. You said there was a milling-power for three times the population of the colony: do you think the export trade formerly was three times what it now is?—I could not say.

259. You say you had no opportunity of checking the quota awarded to you: but had you any information that it was not absolutely fair?—We were not working in very good harmony with the association, and we rather thought— I do not wish to make any reflection upon the management—but we rather thought that in some cases favouritism was shown.

260. You thought the prices of 1902 were not excessive on the restricted output basis, but in taking an individual mill such as yours it was?—Yes.

261. Having the producing-power of the mills in view, if the whole of the mills were working and only getting their share, there was only a third of the producing-power to be allotted: do you think the price under those circumstances was excessive, speaking for the whole of the mills?—I would not like to say that it was.

262. Do you know how many years ago it was before the association started when bread was 7½d. a 4 lb. loaf in Dunedin?—Not within the last sixteen or seventeen years, I think.

263. Can you tell us what the price of wheat was at that time?—No; I would not like to state definitely what it would be.

264. Would you be surprised to know that wheat was far higher sixteen or seventeen years ago, when bread was at 8d., than when bread was at the present price?—No.

265. Does that not point, then, to an undue price being charged to the consumer?—Perhaps it does.

266. Then, it is evident that either the millers or the bakers are getting that difference?— It is certainly not the millers.

267. That is the point I am trying to get at, whether it is the miller or the baker that is getting it: how would you allocate it?—That is exactly my difficulty.

268. You would not like to deal with that?—No.

269. Do you not think the price of bread at 7½d. is excessive when wheat is about 4s. a bushel?—It was more than 4s. a bushel when bread was 7½d. It was about 5s. 3d.

270. Do you not think when bread is 7½d. and wheat is 5s. 3d. it is an excessive price for bread?—I think it could be done for a shade less.

271. At that time who got the most profit, the baker or the miller?— That time they got about equal profit, but just now the baker is getting all the best of it.

272. Wheat is about 4s. per bushel now?—About 4s. 2d. in Dunedin.

273. What was the position of the milling trade before the association was formed—was it successful or the reverse?—Speaking for my own firm, it was fairly successful. My firm is a comparatively young one, doing business during the last eight or nine years, and they have had no reason to complain about the remuneration they have been getting.

274. Was that due to better management on the part of A. Steven and Co., and to keener knowledge of the trade?—Perhaps it was, to some extent.

275. Were the large mills in Auckland over-capitalised?—I think so.

276. And have not been worked with that knowledge employed in a smaller mill?—I think so. It was the larger mills that were suffering.

277. *Mr. W. C. Buchanan.*] The price of wheat remaining the same, you say that the price of flour has fallen some £2 5s. to £2 10s. since last year?—That is so.

278. Does that mean the disappearance of all profit to the flour-miller?—Just about it.

279. So that the public or the bakers have a great advantage?—Some one is getting the profit, not the millers.

280. *Mr. Loughnan.*] You say that the flour-millers had a profitable business before the association started—that is the experience of your firm?—Yes.

281. Your firm signed this agreement. Let me read the recitals: "Whereas for many years

the business of flour-milling in New Zealand has been carried on practically without profit and very frequently at a loss largely owing to heavy expense of distribution in consequence of each mill-owner in the past having separately disposed of the products of his mill to buyers residing in various parts of the colony, and having for that purpose to maintain a separate staff of travellers, agents, and others, and to incur other expenses which considerably increase the price at which the manufactured articles can be placed upon the market, which circumstances together with over-production have rendered the business not only practically profitless but frequently a source of loss: And whereas unless the cost of distribution is lessened and the output made proportionate to the needs of the community for consumption in this colony a large number of the persons now engaged in the business will incur further heavy loss and have to retire from it, leaving it in the hands of those who are longest able to bear the loss resulting from the unsatisfactory condition of the trade, and other consequences detrimental to manufacturers and consumers alike will follow." Those are the recitals in a document which bears the signature of your firm: are they true, or are they not true?—They would be true taking the whole of the mills together, but individual cases must stand out.

282. You spoke for your own firm?—It is impossible for me to speak for the others.

283. But you have been speaking for the others. You say that, in your opinion, when each miller did his own business through his own office and through his own traveller he could do it cheaper than the association. The association charges $2\frac{1}{2}$ per cent. It charges 5 per cent., but it gives away $2\frac{1}{2}$ per cent. to the customers?—That is so.

284. Then, it follows that the association charges no more than $2\frac{1}{2}$ per cent. to the producer?—That is so.

285. And the association bears all the racket of bad debts: have you forgotten that?—No.

286. Do you say that if the trade reverted to the original condition it was in before the association started a miller could stand the racket of bad debts, pay for travelling and office expenses, and loose the interest on the money not paid to him on $2\frac{1}{2}$ per cent.?—We would be delighted to do it to-morrow.

287. Do you think there are many millers in the colony that are in a similar position?—Some of them are stronger. I can only say that I would be very pleased to do the business on a $2\frac{1}{2}$ per cent. commission and provide against all bad debts.

288. Are you not speaking of the trade as it exists under present circumstances? What you say is true at the present moment because the association makes it pay?—Of course.

289. Do you not consider that the secret of the financial success of the association in showing a dividend on its $2\frac{1}{2}$ per cent. commission is due to the fact that it does not book the trade—that it has practically reduced the trade to cash?—I do not think that has anything to do with the earning-power of the association. They are simply agents.

290. What were your terms of payment prior to the inauguration of the association?—The terms of payment were that a man might book flour forward and pay for it as he got it, or it might be delivered for cash, and the purchaser would get a bigger discount.

291. What were your terms for credit?—Seven weeks, less $2\frac{1}{2}$ per cent., or a three months bill in Dunedin.

292. And now the terms of sale — — ?—Are very similar.

293. Forward sales?—Not large forward sales, but something more than they should be.

294. That is to say that you make forward sales?—The conditions just now in the trade do not warrant forward selling. To a great extent buyers are chary about booking forward.

295. I am trying to direct your attention to the economy of the association—the advantages from a trade point of view—and am now dealing with the forward-selling aspect. Forward selling has been discountenanced practically by the association?—I think so. I think that is one of the good features of it.

296. It was a great evil?—Yes.

297. That, then, helps to cover that item of loss interest on the idle plants?—Well, they are making the consumer pay it all the same, whatever way you like to take it.

298. Not at all, the miller saves it?—If he saves it, then the consumer has to pay it.

299. You throw the fact of the idle plants in the teeth of the Millers' Association because the miller has to pay the interest. I am pointing out to you that the association saves money in the other direction and makes it up in the other way. Is not that logical?—If the miller makes it the other way he makes the consumer pay for it. Instead of selling 100 tons, say, he only sells 10 tons on a rising market. He gets the advantage of the rising market, and the consumer has to pay for it.

300. That is not the point. He has not now to lose money on forward sales, therefore he can afford to sell his flour cheaper, generally speaking?—I do not understand that.

301. If an element is removed, which enables him to guard against a particular kind of loss, he can sell his product cheaper, can he not?—If he does not sell forward on a rising market he is making more all the time.

302. Have you considered this aspect: You have been criticizing the relative price of flour and the by-products compared with what it was a year ago. Have you done this: have you compared the relative price of wheat and the relative price of flour for four, five, and six years or more prior to the inauguration of the association?—No; that appeared to me to be rather beyond the range of the present inquiry.

303. *The Chairman.*] It is quite within the range of our inquiry. If it can be shown that the consuming public are paying more than they should, or the reverse, the matter is worthy of consideration?—Do I understand that I am asked to give a comparison between the prices of wheat and flour for five or six years previous to the formation of the association?

304. *Mr. Loughnan.*] Yes, with the price during the existence of the association?—I should say that the price of flour as compared with the price of wheat was higher during the term of the association than it was previously.

305. Have you gone into figures on that point, because I have?—No; but on the face of it the evidence is this: the association was formed to make things better, and if things were good enough before the formation of the association, and the association has not improved them, there was no necessity for the association.

306. In the face of the assumption that they make a large economy—that is what they say in the recital—you say the result must have been that flour showed a higher proportion?—I am quite prepared to prove it by our books.

307. I want to find out whether you know anything about the subject yourself. Do you know of your own knowledge that the price of flour was relatively higher in proportion to the price of wheat during the first year of the association than it was before?—I would not like to give a definite answer to that without going into the figures fully. If I had been asked to produce the documents I could have done so.

308. You have accused the association of bringing about this lamentable position of low prices that at present exists in Dunedin that you have described?—I have.

309. This is how you put it: you say the price of the 200 lb. sacks is fixed by the association, and you appear to suggest that the price of the two-hundreds was satisfactory to you. Is that so?—Yes.

310. That was due to the action of the association?—Yes.

311. The next step you arrived at was this: that the bakers refused to give you orders for flour in two-hundreds?—Yes.

312. You say to your certain knowledge there was an arrangement made between the association and the bakers producing that result?—Yes.

313. When pressed as to your knowledge as to that, you said it was scarcely evidence because it was something you had heard from a third person?—I understood that was relative to another question altogether, to a statement that there would not be any money made this year.

314. But you did use the words “certain knowledge.” Have you certain knowledge of it?—Yes.

315. Why do you not produce it?—I have not been asked.

316. Can you produce the ground of your “certain knowledge”?—Yes, I will produce it now. “Dunedin Master Bakers’ Industrial Union of Employers, Dunedin, March 24th, 1903.—DEAR SIR,—I have to inform you that the position of the flour trade has given your committee grave concern, and after mature consideration it was deemed advisable, provided satisfactory arrangements could be made with Messrs. A. Steven and Co., that members should be open to do business with that firm. Such arrangements having been completed, you are at liberty to give them a share of your trade should you so desire.—I am, &c., B. T. RINGER, Secretary.” That is a proof that there was a boycott existing against A. Steven and Co.’s flour immediately they left the association.

317. Who is B. T. Ringer?—He was secretary of the Dunedin Bakers’ Association.

318. Do you suggest that this was written by Mr. Ringer while he was in the employ of the association?—Yes, the Bakers’ Association.

319. That letter is merely a statement of the Bakers’ Union to its members. We all know there is a combination between the members of the Bakers’ Union. Where is the proof of your “certain knowledge” that there was an arrangement between the Flour-millers’ Association and the Bakers’ Association?—The proof of my knowledge is that the bakers said to us “Put your sales through the association and we will buy from you.”

320. That is what the bakers said to you?—Yes.

321. There is a copy of a letter signed by the same gentleman, Mr. B. T. Ringer, dated the 10th March, 1903, as follows: “Messrs. Allan Steven and Co., Dunedin.—DEAR SIRS,—Your favour of the 7th instant to hand. I am instructed to inform you that no resolution was ever passed by this union as is suggested in yours under reply, nor had we previously received any intimation from you that your firm had withdrawn from the Millers’ Association. You must be well aware from your past connection with the Millers’ Association of the methods adopted by this union in purchasing flour. In the interests of the consumer we are bound at all times to purchase to the best advantage, and therefore cannot be dictated to by any firm or trust. You are also aware of the action this union recently took in purchasing Manitoban flour, showing to you that the union is quite alive to its best interests.—I am, &c., B. T. RINGER, Secretary.” You got that letter, did you not?—Yes.

322. In the face of that written document, how do you explain your evidence on the subject?—It is a reply to a letter which Messrs. A. Steven and Co. wrote. There is another letter written by the firm to Mr. Ringer, dated the 14th March, 1903: “DEAR SIR,—We beg to acknowledge receipt of your communication of the 10th instant, and on perusal find it is no reply to our letter, but simply a carefully worded evasion of the whole matter. We do not appreciate quibbles in business—for instance, you say that your union had not received notice of our withdrawal from the Millers’ Associations. We fail to see what purpose this could have served; we advertised the fact in the papers. If your union did not know of our withdrawing, why did it refuse to buy our flour? We wrote you in an open, courteous manner, and your reply is neither one thing nor another. Why not state openly what you mean? You say your union buys in the best interests of the consumer. Does any man of common-sense believe this? We believe that an ounce of practice is worth a ton of theory, and no matter by what name you call the restriction put upon us by the members of your union in not buying our flour as usual when it is of undisputed quality, and the same price (or less) than the combine’s article, the effect is the same as a boycott, and this

effect is what we are dealing with, and not any carefully disguised resolutions of your union. We would much prefer that you said openly that your union had resolved not to purchase our flour because we had withdrawn from the millers' trust. We would again ask a plain, straightforward answer to this question, as then we would know definitely the position and how to act to meet the case.—Thanking for an early reply to this, we remain, yours, &c., A. STEVEN and Co." If there was no boycott, why was that letter written to each individual member of the union stating that he was now at liberty to deal with A. Steven and Co. if he so desired.

323. That was the beginning of the trouble—that correspondence?—Yes.

324. The association was cutting the price on you, you say?—Yes.

325. And yet in your letter of the 14th March you quoted prices lower than the association, did you not? You told the master bakers that your article was as good as that of the other millers in the association and the price quite as low, if not lower?—Yes.

326. And have you not been quoting lower prices ever since?—I absolutely deny that we have quoted lower prices ever since. I say that the association have gone below our prices. We never touched them at £9 f.o.b. at Lyttelton.

327. Do you say that that is the only time you have offered to sell below the association?—At that particular time we might have done it cheaper.

328. Who commenced the cutting—you or the association? Did they cut before you wrote that letter?—Yes.

329. When? Do you not say that you will sell lower to the bakers than the association will?—It is a general term in the letter; there is no quotation to the general secretary.

330. You say that the price the association did fix was satisfactory, and you go on to say that you developed a trade in small bags with the merchants, having been driven away by the bakers?—Yes.

331. Then, you say that liberty was given to a certain number of its members to take a free hand and give you orders if they chose?—Yes.

332. And so it is individual competition between the millers in Dunedin to get the small-bag trade?—Well, it is an extraordinary position for a miller to sell small goods himself and the 200 lb. bags through the association. There was no other construction that we could put upon it.

333. Your objection is that they tie people's hands and would not let them loose, but when they let them loose your objection is that they did not tie their hands and let you run that small-bag trade of yours?—Not at all.

334. Well, please explain why you object to the association not restraining individual millers from cutting into your small-bag trade?—I am not objecting to it. All I am pointing out is the methods of coercion practised by the association to force A. Steven and Co. to rejoin the association.

335. What has the association got to do with the individual action of certain millers in your district in running the small-bag trade in opposition to you?—Everything to do with it, because formerly the small bags were sold through the association, and then suddenly they were taken out of the association's hands, and each miller allowed to vend them himself. I am speaking of facts that I do know.

336. Is it not a fact that the millers who are cutting in now have been cutting you during the whole of your existence down there? Have you not always been trying to cut each other for the purposes of trade?—I take it that that is the general rule in business.

337. What is the difference now?—The difference is that formerly there was a profit, and now there is none.

338. That is because the cutting has become a little sharper?—Quite so.

339. And the cutting is done by individuals outside the association?—We have never known whether they are in the association or not.

340. Do you not know this: there is a loss on that small-bag trade? Who is standing the loss, the individual miller or the association?—I do not know.

341. If you satisfied yourself that it is the individual who is making a loss, and not the association, then you would admit that the contest is purely one as between individuals?—I cannot; because, if the miller is losing on the small bags and making it up through the association, the association is supporting him.

342. With regard to the returns of the outputs, while you were in the association did you not receive every month, the same as every other miller did, a return of the sales during the month, and the supplies by each miller in the association—that is to say, the amount supplied, the amount over-supplied, and the amount under-supplied, including every mill in the colony?—We did get that return, but Mr. Jameson told me personally that the returns were not reliable.

343. *Mr. McNab.*] When you joined the association, I understood you to say, your output per month fell off from 530 tons to 180?—That is about it; but I will have to qualify that somewhat. That would be a correct quota, possibly; but, as I understand, we were over-delivered sometimes, and we had to buy the undelivered amount from other mills.

344. To what extent would that affect the cost of production in your mill per ton?—I could hardly tell you that without going into it thoroughly.

345. Could you give the Committee a general idea?—Possibly it would be from 5s. to 7s. 6d.

346. It would mean that the cost of production per ton of flour would be increased from 5s. to 7s. 6d.?—Yes, I should say so.

347. Would the advantages which the association claim they gave you, and which are alleged to be comprised in the guaranteeing of debts, a better system of selling, and, covering interest on the idle plants, amount to from 5s. to 7s. 6d. per ton on the flour you turned out?—Yes, I should say so. I am not speaking definitely on that, because without going into the figures thoroughly I could not say; but I should say from a casual glance that that would be about it.

348. Do you know if the effect on your mill was singular, or whether there were other mills in the colony connected with the association that were in the same position and were affected similarly—that is, to largely reduce the amount of flour produced without a corresponding increase of cost?—It would do on the larger mills, but not on the smaller.

349. And, again, a small mill, where the owner of it had not secured a good trade for whatever reason, would be guaranteed by the association an output that would be larger than what it was previously getting at the cost of the successful mills?—Very likely it would.

350. So that the general average produced by the association was got at the cost of the successful millers, and consisted of an advantage given to the comparatively unsuccessful millers?—Yes, to a certain extent it was that way.

351. Some questions were asked you in regard to the price of flour and the cost of wheat: in considering any two given periods, are there any other elements that must be considered beyond the market price of wheat and the market price of flour before you can form a correct conclusion?—None other than the by-products are included with the price of flour.

352. And are not the by-products a material factor in the question?—Very material.

353. So that in making any comparison we must have, first of all, the cost of wheat, the cost of by-products, and also the price of flour?—Yes.

354. Outside the question of competition, by the amount of the price quoted for the article, do I understand you to say that, in connection with the association's dealings, there was a further element introduced in the nature of a boycott by the association making arrangements with bakers and others that they were not to take the produce of certain mills regardless of the price?—Yes; I can fairly say that from my own experience.

355. If that were so, then, the mere question of whether, in the price charged for the article, there was any undercutting would not decide the question as to whether there was fair competition or not?—No.

SIDNEY THORPE MIRAMS examined. (No. 5.)

356. *The Chairman.*] What is your occupation?—Company-manager.

357. Resident in Dunedin?—Yes.

358. *Mr. Taylor.*] Are you secretary of the Master Bakers' Union in Dunedin?—I am.

359. Have you been secretary for long?—No, only for a matter of six months.

360. And the union has been in existence longer than that?—Yes.

361. Have you the rules of your union with you?—Yes.

362. Have you a rule there similar to Rule 29 of the Canterbury Master Bakers' Industrial Union of Employers, as follows: "No member shall do any business with any miller who does not belong to the union and also to the New Zealand Flour-millers' Co-operative Association (Limited); and a purchase of flour by a member of the union from any other person or firm shall be deemed a breach of the rules, and he shall be dealt with in a similar manner as if he had sold bread at less than agreed prices"? Have you any rule to that effect?—No; we have no rule bearing on that with regard to the Flour-millers' Association.

363. What is the practice of your union—to deal with the Flour-millers' Association only?—No. Our Rule No. 23 says, "No miller or merchant shall be prohibited from supplying any baker or pastrycook with flour till said baker or pastrycook has been proved guilty of underselling, or otherwise breaking the rules of the union, when all the millers and merchants shall be notified in writing by the secretary, and must at once stop supplying the defaulting baker or pastrycook. The letter of notification to each miller and merchant shall be registered, and the receipt thereof shall be deemed sufficient proof of service." Then, Rule 24 says, "No member of the union shall do any business with any miller, merchant, or flour-salesman who has been proved to have supplied any one that undersells, whether a member of the union or not, without permission of the union in writing." In other words, members of our union can buy from whom they like.

364. As a matter of practice, do they not confine their business to members of the Millers' Association?—No.

365. From whom else do they buy?—From A. Steven and Co. I cannot mention others at present, but they have bought Manitoban flour, and I believe they have bought flour from other non-associated millers.

366. And the business with Steven and Co. is not restricted in any way?—Our members, by resolution passed, have the right to purchase their flour from Steven and Co. if they like.

367. What was the custom before that resolution was passed?—That I do not remember.

368. Why should they be given that right by resolution?—Because it was complained that Stevens and Co. were not getting a fair share of the trade.

369. Have you a copy of that resolution?—Yes. [Minute-book referred to.] "March 18, 1903.—Resolved, That the members of this union are open to do business with Messrs. A. Steven and Co., provided that firm give a written undertaking that they agree to sell flour at association rates and terms, to stop supplying all cutters, Mr. Peterson excepted, provided he sells at not more than ½d. below tariff, and that they desist from all advertising and newspaper correspondence."

370. That was the official decree of your union?—Yes.

371. When Steven and Co. left the Millers' Association, did any correspondence take place between the Millers' Association and your union with regard to Steven and Co.?—I believe there was. There was a lot of correspondence. Following up that resolution Steven and Co. wrote to us some time in August, and we replied to them. [Letter read.]

372. What I want is correspondence between your union and the Millers' Association in regard to Steven's secession?—This letter is in reply to Steven and Co.'s letter asking us for our support. Mr. Steven was verbally informed that the bakers had a free hand in the matter when he said he was not getting a fair share of the business.

373. The fact remains that this mill is doing a very small amount of business with the bakers

in Dunedin?—They are doing a small business, but they have been informed that the stumbling-block is their own representative.

374. Are you aware that there was one reason given one day and another reason given another day?—I have only heard of that one reason.

375. Will you give us the correspondence relating to Steven and Co.'s secession about March, 1903, which took place between the Flour-millers' Association and your union?—There is a letter dated Dunedin, 7th April, 1903, from A. Steven and Co. to Mr. B. Ringer, secretary of the Master Bakers' Union, as follows: "DEAR SIR,—In reply to your favour of yesterday, we beg to inform you that we were in no way responsible for the last reduction in flour, as the position was forced upon us by the action of some members of the Millers' Association, who were apparently allowed to do as they pleased, being both in and out of the association. We have never been made aware of the correct association price of flour, and we were being undersold in small bags at least ten days before we took action. Previous to reducing both small bags and sacks we pointed out to your president the position we were placed in, and what we would be compelled to do, and he took no exception to our action as bearing on your association. We also informed the Millers' Association, but did not even get a civil reply. You will see from this the position was forced upon us, and we could not help ourselves, as fifties at £10 15s. and two-hundreds at £10 10s. would be absurd. However, we trust the reduction will be a gain to your members, as it is not sufficient to affect the price of bread."

376. Did Mr. Meek correspond with you about Steven and Co.'s secession?—These letters are copies of correspondence between A. Steven and Co. and Mr. Meek. They were sent to us for our information. [Letter-book referred to]. There is a letter to Mr. W. Evans, dated the 23rd May, 1903, from Mr. Jameson, general manager of the Flour-millers' Association, which says, "At a meeting of my directors held yesterday the question of the sale of your flour was again considered, and it was decided to advise you that as all the Dunedin millers had (by special arrangement) the option now of selling their small bags outside the association if they wish it, that you should be placed in the same position if you are still willing that the association should have the sale of your sacks from the Crown Mills. Kindly let me know your wishes."

377. Have you any other letters about the freedom of millers to sell their small bags at what price they liked?—Personally, I do not know that I have anything to do with these letters, they belong to Mr. Jameson.

378. Did the association inform your union generally as to what policy it was pursuing in regard to its business?—We were generally advised by the local representative of the association.

379. Was that because there was a working agreement between the Bakers' Union and the Flour-millers' Association?—There was a mutual understanding in regard to the position between the two unions, but there never was any agreement.

380. But there was an understanding?—Yes, as to how we would work with Steven and Co.

381. If a baker chose to fix a cash price for bread sold over the counter and it was lower than the price your union chose to fix, would you try and stop that baker getting flour from the association?—If he were a member we should immediately put our rules into operation. If he were not a member we should not have anything to do with the miller who supplied him.

382. That is to say, you boycott men who do not conform to your views with regard to the price you fix for bread?—I would not say "boycott," because he could buy flour elsewhere.

383. But you made it difficult for such a man to get flour?—That is provided for by our rules.

384. Were there any bakers in Dunedin who were undercutting?—Yes.

385. Have you any idea where they got their flour?—No, I cannot say that I have.

386. They would not be able to get it from a Dunedin miller?—They did on several occasions.

387. And what happened?—They got the flour, and when that avenue was closed—

388. Who closed the avenue?—I do not know.

389. Who is supposed to close the avenue for these free bakers?—If the association were supplying the bakers as a whole, and found that a baker was underselling, it would be their policy to supply the majority of the bakers in preference to one man, would it not?

390. And close up the avenue of supplies to the underseller?—I do not know whether they did so or not.

391. But you assume they did?—I suppose they would.

392. What is the price of bread in Dunedin?—6½d. delivered, all through.

393. That is to say, you have no counter or cart price?—No.

394. Supposing a baker was agreeable to charge 6½d. for what he delivered by cart and thought that 6d. would pay him in cash over the counter, that would be a breach of your rules if he sold for 6d. over the counter?—Decidedly.

395. And you would do all you could to stop him getting flour?—No, we would not do that; I would see him and remonstrate with him.

396. And if he persisted?—Well, we know what the rules say and what the penalties are; but I never had a case where it actually came to a breach.

397. You keep them up to the mark?—That is so; they have been amenable to reason.

398. What are you paying for flour in Dunedin?—I do not know.

399. Is it lower than it was a year ago?—I cannot tell you.

400. Is it lower than it was six months ago?—I do not know.

401. Do you know whether the price of bread has followed the fluctuations in the price of flour?—I know that; but there has been no alteration in price since I took charge of the secretarial duties.

402. I ask you again, have you any correspondence with the Millers' Association bearing on the question of Steven and Co.'s secession?—[Letter-book referred to]. There are no letters here bearing on it.

403. Do you remember Steven and Co. seceding?—No. I have all the letters connected with the Flour-millers' Association, and A. Steven and Co.'s letters are mixed up with them.

404. Have you any letters from the Flour-millers' Association with regard to Steven and Co.'s competition?—No.

405. Did any of the letters refer to the competition going on in Dunedin in connection with the sale of flour?—That is rather a wide question. I shall have to go through the whole letter-book for that. There are no letters indexed to the Flour-millers' Association or to the local representative. There is a letter of the 6th April to Steven and Co., directing their attention to a breach of the agreement recently made by reducing the price of sacks, signed by Mr. Ringer; and there is a reply dated the 7th April, in which they say they were not responsible for the reduction in the price of flour.

406. Has there been any financial transaction between the Flour-millers' Association and the Bakers' Union?—None whatever.

407. No sums of money voted?—No; none from the Flour-millers' Association.

408. How did you communicate in Dunedin with the Flour-millers' Association—by correspondence or verbally?—As much verbally as by writing.

409. More verbally?—It would be about equal, I should say.

410. *Mr. Hardy.*] Is the baking business a profitable one?—I do not hear of any of our members making a fortune out of it, but they now say that they are getting a price that pays them to make bread.

411. How long have you been connected with the Bakers' Union?—About six months.

412. Have you heard that there were a great many insolvencies taking place in the past?—I have heard them say frequently that previous to the union being formed there was so much cutting that it was impossible to make a livelihood, and that now that the union is loyal to the prices fixed by the union they can make a fair competence.

413. At the present time there are not a greater number of insolvencies than in other trades?—No; I should say the business was on a sound basis.

414. You do not know of your own knowledge what profits the bakers make?—No.

415. Do you know of any mills outside the Millers' Association?—I know of mills.

416. Do they keep up a supply of flour?—I believe it is always available, and that any one can buy it.

417. Any one can buy flour outside the millers' trust?—Yes, certainly.

418. Can the members of the union purchase sufficient flour outside the millers' trust if they so desire it?—I should say so, undoubtedly.

419. Are bakers who are not in the Bakers' Union in any way curtailed with regard to supplies outside the Millers' Association?—Why, I cannot say, but it frequently happens that a baker who is not in the union is rather a weak mark, and millers do not care to supply him.

420. Can he get sufficient supplies for his trade outside the trust?—That I cannot say.

421. You know that there are millers outside the association?—Undoubtedly; Evans and Co., of the Crown Mills, and Steven and Co. They both have large mills.

422. And they are in a position to supply the amount of flour required?—I should say so, undoubtedly.

423. *Mr. Rutherford.*] Who fixes the price of bread?—The Bakers' Union.

424. Then does the trust or association have anything to do with the fixing the price?—No; it is purely a question of the price of flour. The bakers fix their own price for bread, not the flour-millers.

425. *Mr. Hogg.*] In fixing the price of bread, of course it varies in different parts of New Zealand?—Yes.

426. Is the price fixed by the union in the different localities or by the branches?—Each union stands on its own bottom. There is a Dunedin Union and a Christchurch Union, but they have nothing to do with fixing each other's prices.

427. How many different unions are there? There are also the Wellington Union and the Auckland Union?—Yes; I do not know the number.

428. Do they fix the price for the small townships?—No; twelve miles out of Dunedin they fix their own price. We have members of our Union who live in Lawrence, but they are not bound by the price charged in Dunedin, because they have to allow for the cost of railage and so forth.

429. Has the price of bread been increased or lowered since the Millers' Association was formed?—Well, it has fluctuated.

430. But taking it over a number of years?—From the minute-book I gather that it has been lower and much higher than it is now.

431. Take the average over a period of three or four years: can you tell us whether the price has gone up or down?—I know that it has fluctuated backwards and forwards.

432. And wheat and flour have fluctuated in the same way?—Quite so.

433. And so has the cost of manufacture, the wages, rent of premises, and everything else?—Yes, wages have been increased.

434. And what about the other items of cost?—That is a question more for a baker to answer; it does not come into my department at all.

435. *The Chairman.*] Can you tell the percentage of increased cost in making bread now compared with what it was five or six years ago?—No, I have never gone into that question with the bakers; mine is purely an administrative office.

436. You cannot tell us what effect the increased wages and shorter hours have had upon the cost of the producing mills?—No; I cannot answer that question.

437. *Mr. Loughman.*] Were you with the union when that correspondence commenced in April between Steven and Co. and your union?—I was appointed on the 22nd April, and was not there at that time.

438. Then, you know nothing as to why the union refused to take their flour in March, if they refused to take it at all?—No, further than the resolutions I referred to. They wrote to the president of the union complaining about the union not keeping the arrangement with them, and I and the president waited upon Mr. Steven. Mr. Steven said that all they wanted was peace, and if the members of the union would take some of their flour from him he would let well alone. Some of the members said the question was not one as between the union and A. Steven and Co., but as against Steven and Co.'s representative.

439. Who is the representative of Steven and Co.?—Mr. Dall.

440. Is he an employee of that firm?—I understand so.

441. The arrangement referred to in the letter from Steven and Co. is the same working-arrangement which exists between your union and the Flour-millers' Association, is it not?—Exactly the same.

442. And the terms of that agreement are simply these: that members of your association agree to buy from the millers or associated millers, provided neither party act against their own members?—That is so; we endeavour to adhere to our registered rules.

443. But your agreement with Steven and Co. is that they must not cut the prices of other mills?—Yes.

444. Otherwise you will not deal with them?—That is so.

445. And they must not deal with any baker who undercuts the members of your union?—Yes.

446. That is the agreement you make with any miller who comes within your operations—that is the working-agreement, is it not?—Yes, so far as I know.

447. *Mr. Taylor.*] Did the Flour-millers' Association ever contribute to the funds of the Bakers' Union by way of a gratuity?—I said before, that to my knowledge, No; but there is a minute stating that the millers had given a gratuity of £50. It does not say "the association at all." That was in January, 1903.

448. At that time were not all the millers in Dunedin members of the Flour-millers' Association?—That I cannot tell you.

CHARLES HENRY BEYNON examined. (No. 6.)

449. *The Chairman.*] What is your occupation?—Baker.

450. Resident in Wellington?—Yes.

451. *Mr. Taylor.*] You are a master baker?—Yes.

452. When did you start business in Wellington?—About eighteen months ago—last Easter twelvemonth.

453. What was the price of flour then?—£9 per ton.

454. Do you know what the price of bread was at that time?—6d. the 4 lb. loaf.

455. Did you start a cash business?—I did.

456. No carting?—No carting.

457. What did you charge for your bread?—2½d. per 2 lb. loaf—that is, 1d. below what was being charged for the 4 lb. loaf at that time.

458. Did you find that that paid you all right?—Yes; it paid me very well.

459. Did you have any difficulty in getting flour then?—Not at all then.

460. You bought from whom?—Laery and Co.

461. How long had you been in business before you had difficulty in getting supplies of flour?—About three months after I started. I could not tell you exactly the date.

462. What happened then?—I ordered my flour from Laery and Co., and it did not arrive. I then saw Mr. Mitchell, the representative of Laery and Co., and he informed me that unless I raised the price of bread I could not be supplied by his firm with any more flour. I said, "What is the reason of that?" and he replied, "I have orders from Mr. Virtue, the representative of the Millers' Association, that unless you raise the price of your bread I am not to supply you. He thought it was hard that he should have to refuse me.

463. Do you remember what brand you were using?—The "Atlas" brand.

464. The Timaru brand?—Yes.

465. Do you know whether Mr. Evans was a member of the Millers' Association at that time?—I believe he was then.

466. What did you do?—I went with Mr. Mitchell, Laery and Co.'s representative, to see Mr. Virtue.

467. Who is he?—The representative of the New Zealand Millers' Association.

468. You asked him what?—I asked him the reason why I was not to be supplied with flour, and he said he had received instructions not to sell to any undersellers. I said, "Do you term me an underseller? I do not deliver bread, nor do I book any." He said, "Of course, that has nothing to do with me. I think you are in the right in doing what you are doing, but we will ring up Mr. Kellow." Mr. Kellow is the president of the Federated Master Bakers' Union, and also president of the Master Bakers' Union in Wellington. We rang him up, and his answer was that I was to receive no flour whatever until such time as I had raised the price of bread to 6d. for a 4 lb. loaf.

469. Now, if you had raised the price of bread to 6d. the 4 lb. loaf, would not that have given you an excessive profit?—It would have been a very good profit. I would not like to say it would have been excessive.

470. It was 20 per cent. better than you were getting?—Yes.

471. What followed that statement?—Well, of course, I merely had to raise the price of bread to get my flour, because I was stuck and could not do anything. So I raised the price of the bread to a uniform price, and, in consequence, my trade went away to nothing. People would not come to my shop and pay cash for their bread when they could have it booked at the same price.

472. You were compelled to raise the price of bread higher than what you considered would give you a fair profit for your work?—Yes, quite right.

473. After that had you any difficulty?—No; I got in a fair lot of flour, and lowered the price of bread again. Of course, I had the flour, and they could then go to Hongkong. After that the millers began to secede from the association, and I have had no trouble since.

474. Supposing the millers joined the association again, you would not be able to get flour again?—No.

475. Would you be in bondage?—Yes.

476. We had it in evidence that certain bakers were paying 5s. a ton more for their flour to a free miller than they could buy it at from the Christchurch Association?—Yes.

477. Do you think bakers are wise in doing that?—I think they are fools.

478. Do you think it would be sound policy to do that—to keep the free mills going?—I do not think I would pay more than any one else. I would fight for it.

479. Do you know if there were any other bakers that were treated the same as yourself?—Yes.

480. Can you give their names?—Mr. W. Taylor, of Adelaide Road.

481. Was he a cash baker?—He was; but he now delivers and books.

482. Are there any others?—Mr. Isaac was in the same position.

483. Were you all three forced into the running?—Yes; but Mr. Isaac sent away to Auckland and got his flour there. I was not in a position to do that, being a beginner.

484. You had no doubt that what happened was the effect of a combination between the Millers' Association and the bakers?—I have no doubt about that.

485. What are you charging for bread?—3d. the 2 lb. loaf, but 5½d. for two 2 lb. loaves.

486. Does that 5½d. for the 4 lb. loaf give you a fair return?—For a cash business it is all right, but it is a small return.

487. *Mr. Loughnan.*] With regard to these prices of yours, you said you get a small profit at 5½d. for the 4 lb. loaf and 3d. for the 2 lb. loaf?—Yes.

488. Then, you got no profit at all when you were paying £1 10s. more for your flour?—I was paying less. It was £9 a ton less 2½ per cent. before, when I was selling at 2½d.; now it is £10 10s., or £1 10s. more.

489. Are you quite clear that it was Mr. Virtue who said you could not have the flour?—Yes; the man was standing there along with his brother when he spoke to me.

490. You told us you were getting your flour from Laery and Co.?—Yes.

491. What had the association to do with Laery and Co.?—Laery and Co. had to get certain brands for their customers. If I wanted Atlas flour I had to go where I could get it.

492. There were millers outside the association then?—Not that I know of; there might have been some—I could not say.

493. Were not the Timaru Milling Company—The Brentwood Mills—selling flour in the market?—I believe the Timaru Milling Company were, but I did not want their flour.

494. They probably would not have supplied an undercutter like you. Steven and Co. say that they have the very same arrangement under which you would have been blocked in Dunedin to-day?—You say that if I wanted flour from Steven and Co., and I was an undercutter, I could not get it?

495. Not in Dunedin?—You can get as much here as you would take.

496. If Mr. Virtue said he never refused you flour at all at any time on behalf of the association, would you contradict him?—My word! yes; quick and lively. I have witnesses in proof of that. Mr. Mitchell was present.

FRIDAY, 9TH OCTOBER, 1903.

JOHN MITCHELL examined. (No. 7.)

1. *The Chairman.*] What are you?—Managing director of Laery and Co. (Limited).

2. *Mr. Taylor.*] Do you know Mr. Beynon, baker, of Tory Street?—Yes.

3. Has he ever bought flour from your firm?—Yes, on several occasions.

4. Do you remember him coming down to see you about the non-delivery of an order?—I am not aware of it.

5. Have you ever seen him in connection with flour?—Yes; I have often seen him and booked an order, but not lately.

6. Do you remember his seeing you on one occasion about flour that did not arrive?—No. I think I had a conversation with Mr. Beynon, and told him that several bakers in the city had decided that if we continued to supply him with flour they would withdraw their patronage from us.

7. Did the bakers give you any special reason for that decision?—I believe it was because he was cutting the price of bread.

8. That he was not selling bread at the same price as they were?—Something of that sort.

9. Did you tell Mr. Beynon that?—Yes.

10. Did you tell him that Mr. Virtue, the representative of the Flour-millers' Association, had practically confirmed the bakers' decision?—No, I did not tell him that.

11. Did you go with him to see Mr. Virtue?—Yes.

12. What occurred there?—He agreed with Mr. Virtue to raise the price of his bread.

13. Tell us exactly what took place there?—It is such a long time ago that I cannot remember.

14. Give us the general sense of the conversation that took place preceding Mr. Beynon agreeing to raise the price of bread?—I could not say what took place without running the risk of perjuring myself.

15. Why did you go to Mr. Virtue at all?—At Mr. Beynon's request.
16. What to do?—He asked me to go along with him, and I went.
17. If he had asked you to go to, say, Victoria, would you have gone?—Probably I would; I am fond of going there.
18. What did you go to Mr. Virtue for?—To see Mr. Virtue, at Mr. Beynon's request.
19. What happened then?—I sat and listened.
20. Did Mr. Beynon ask Mr. Virtue why you were not allowed to sell to him association flour?—I cannot remember.
21. You cannot remember what you went to see Mr. Virtue for?—I went at Mr. Beynon's request. It is a long time ago, but I remember that Mr. Beynon agreed in my presence to put up the price of bread.
22. Did you hear anything preceding that?—I cannot remember.
23. Can you not remember a word of what Mr. Virtue said?—I might if I had it before me.
24. You cannot remember the sense of what he said?—No.
25. Your memory is a perfect blank as to what took place between Mr. Virtue and Mr. Beynon, except as to one thing, that Mr. Beynon agreed to raise the price of his bread?—That is so; there was a lot of conversation, but I cannot remember what it was.
26. Had it any reference to the difficulty Mr. Beynon had experienced in getting flour?—I do not know that there was any difficulty about Mr. Beynon getting flour, because there were hundreds of others from whom he could have got it—they are Thomas and Co., Paterson and Co., and others.
27. Do you know of your own knowledge that Mr. Beynon could have got flour elsewhere?—I presume so.
28. I do not want your assumption: do you know whether he could have got it?—He could have got it from Paterson and Co. and Thomas and Co.
29. How do you know?—I could have got it there.
30. You are assuming that Mr. Beynon could have got it there because you could: I want to know whether, of your own absolute knowledge, you can say that Mr. Beynon did not try to get flour elsewhere and failed?—No, I cannot say.
31. After Mr. Beynon agreed to raise the price of his bread what happened?—I could not tell you.
32. Did you go away with him?—Yes.
33. Did he buy any more flour from you?—I could not tell you without reference to our books, but I may tell you that he has been a customer of ours ever since.
34. For flour?—For general lines—sugar, and so on.
35. But for flour?—I could not say without reference to our books.
36. Did you consider the interview was simply between Mr. Beynon and Mr. Virtue?—I thought so, yes.
37. *Mr. Hardy.*] Do you know whether bakers who are in or out of the union—bakers generally—could have got flour without going to the Millers' Association—whether supplies of flour are kept up in Wellington that are not sent along by the Millers' Association?—Yes, so far as I know. If any baker in town wants flour all he has to do is to plank down his cash and he gets it. You cannot refuse to supply a man with flour.
38. But supposing the Millers' Association refused to supply flour to a man because he was cutting prices, could that baker get flour elsewhere?—Yes; he could get it through the stores in town.
39. Do you mean from the auctioneers and large stores?—If a baker's supply of flour was stopped he would be able to get it through a merchant.
40. But, I suppose, all the popular brands could only be had through the Flour-millers' Association?—No, I do not think so; there was the Golden Gem and other brands.
41. And supposing a baker's supplies were stopped, he would have no difficulty in getting supplies from elsewhere?—So far as I know, no difficulty.
42. Could he get a sufficient variety of flour to carry on his business, because I understand bakers require different brands for blending?—I am not a baker, but I think a baker could always get Silver Dust and Golden Gem.
43. He could always get plenty?—Yes, as far as I know.
44. *The Chairman.*] You do not mean to say that you do not know why Mr. Beynon went to Mr. Virtue: he says you invited him to go with you?—There is a Master Baker's Association here, and one of the members had spoken to us about Mr. Beynon, and had said that if we supplied Mr. Beynon with flour they would withdraw their custom from Laery and Co. When we went to Virtue's they said they knew nothing of the matter—it was a master bakers' proceeding.
45. *Mr. Loughnan.*] You mean that Virtue and Co. told Mr. Beynon that they had nothing to do with it?—Yes; that they had no control over the Bakers' Association.
46. The whole proceeding was the action of the bakers' president?—Yes; it had nothing to do with the association, so far as I know.

WILLIAM ISAAC examined. (No. 8.)

47. *The Chairman.*] What are you?—A baker in business in Wellington.
48. *Mr. Taylor.*] How long have you been in business here?—About thirty-six years.
49. Had you ever experienced difficulty in getting your flour before the Millers' Association was formed?—No.
50. You remember the New Zealand Flour-millers' Association being formed?—Yes.
51. Had you any difficulty after the association started operations in getting flour?—There was a stoppage for a while, because they said I was selling bread under price, and I could not get

it from the association ; not only that, but they wrote to merchants in this city and told them not to supply me with flour or they would not supply them.

52. Who told you, first of all, that there was to be any trouble about your getting flour?—Mr. Mitchell, of Laery and Co., was one.

53. Did he tell you why?—Yes.

54. What did he say?—That the association was formed, and they were not going to let those have flour unless they kept in line.

55. In line with the Bakers' Union price?—Yes.

56. You were told that the Millers' Association were really working with the Bakers' Union to make you charge a certain price for your bread?—Yes.

57. What price were you charging for the 4 lb. loaf?—I think it was 5d.

58. Was that the cash price?—Yes.

59. You did a cash trade?—I did both.

60. You sold for 5d. cash?—Yes.

61. Did you charge any more for booking?—Sometimes we did, but I cannot remember whether we did at that particular time. I think the price booked was 6d.

62. Were you carrying on your business at a loss at that time?—No.

63. You always paid your way?—Yes.

64. And always got your discount?—Yes ; I paid every month.

65. What did Mr. Mitchell say?—As near as I can tell you, I have told you that they could not supply me with any more flour.

66. Why?—Because the association would stop supplying them with flour.

67. Did he tell you why the association would stop supplying them?—The reason was well known.

68. What was it?—Because it was trying to bring those who were outside the Bakers' Union into the Bakers' Union.

69. Did you get any more flour immediately from Laery and Co.?—No.

70. What did you do?—Well, a traveller from Auckland came round just about that time—Virtue and Co.'s traveller—representing the Northern Roller Mills.

71. Did you manage, by one means and another, to get all the flour you wanted?—Yes.

72. Did you buy any flour outside New Zealand?—Yes.

73. Where?—I bought it from another merchant, Baldwin and Co., and from Reeves and Co. I got some Manitoban flour.

74. Was that from Sydney?—Yes.

75. Did you get South Australian flour?—Yes ; from Adelaide.

76. And you were put to the trouble of going to an outside market through the action of the Millers' Association?—Yes.

77. Since some of the mills that were formerly in the association have started running as free mills have you had any difficulty in buying your flour?—No.

78. You can buy it anywhere now?—Yes.

79. You never have had any difficulty with your merchant in paying for your flour?—No ; but two of the mills outside the association would not supply me with flour on account of the combination.

80. Which were they?—Paterson and Co. and Thomas and Co.

81. They are two merchants?—Yes ; they are agents. One is agent for Golden Gem, and the other for Silver Dust.

82. Then, you could not get the Golden Gem and Silver Dust flours?—No.

83. Then, if Mr. Mitchell said that any baker could have got any amount of Golden Gem and Silver Dust flour, what do you say to that?—They would not sell to me. They simply said they had not the flour to supply me with ; but Paterson's told me straight out that they could not supply me.

84. Why?—Because the association had agreed with them or written to them in reference to the matter.

85. Something had happened?—Yes ; I could not get it from them why they would not supply me.

86. You have never defaulted in any of your payments for flour?—No.

87. You have always paid for it?—Yes.

88. Did you make any close inquiries into the operations of the Flour-millers' Association?—No, I did not.

89. You simply did the best you could in the interests of your business?—Yes.

90. *Mr. Rutherford.*] Is there a Bakers' Union in Wellington?—Yes.

91. Do you belong to it?—No.

92. *The Chairman.*] What do you consider is the extra value of Adelaide flour as compared with New Zealand flour?—Very often there is no difference in value—New Zealand is equal to Adelaide flour.

93. It has been given in evidence that you can get four or five more 4 lb. loaves out of a sack of Adelaide flour?—Yes, there would be a little advantage in that way.

94. That would be about £1 on the total number of sacks in a ton?—I dare say it would come to that.

95. When you could not get flour here, and had to buy Sydney or Adelaide flour, how much had you to pay for it?—I think they reduced the price to nearly the New Zealand price, as far as I can remember. There might have been a little difference, but not much.

96. Was it a loss to you, then, in not being able to get New Zealand flour?—I suppose it was not much loss, but it was rather awkward when we had sometimes to wait until the flour came in.

97. You thought, at any rate, that 6d. per 4 lb. loaf was a fair enough remuneration for your bread?—Yes.

98. Do you remember what you paid for your flour then?—I cannot remember now.

99. *Mr. Loughnan.*] You say that you were told by Laery's people—by Mr. Mitchell, I suppose—that the Flour-millers' Association had told them not to supply you?—Yes.

100. Are you not making a mistake on that point? We have had Mr. Mitchell here, and he says that the Flour-millers' Association did not stop the supply. Was it not the Bakers' Union stopped them from supplying you?—They were both working together.

101. Do you know anything about that?—Yes.

102. What do you know about it?—I had a long conversation with Mr. Kellow, and I was to decide whether I would come up to the bakers' price, and, if not, they would give me a certain time in which to do so. They said they were determined to put a stop to it.

103. Mr. Kellow is chairman of the Bakers' Union?—Yes; and I telephoned to him next morning that I was determined to take my stand. He said, "I am very sorry—you will regret it." "However," I said, "I mean to try and get my flour at any rate."

104. Then you tried to get your flour?—Yes.

105. And Mr. Kellow, on behalf of his union, wrote those letters you referred to, telling the merchants that if they supplied you with flour the Bakers' Union would not deal with them: that was the position, was it not?—I believe it was something of that sort. I did not see the letters. I do not know what letters they wrote to the association, but I know they stopped me getting flour.

106. That was the Bakers' Union—Mr. Kellow?—I did not go to the Bakers' Union, I went to the association.

107. Do you say that you went to the association?—I never bought any flour from the master bakers. I had nothing to do with them, but they tried to interfere with my trade.

108. Do you know anybody else who tried to interfere with your trade besides the master bakers?—No.

109. You do not suggest that the Flour-millers' Association directly interfered with your trade?—Certainly.

110. How?—By stopping me getting flour.

111. But you explained to me just now that it was Mr. Kellow, the president of the Bakers' Union, who stopped you getting your flour?—But he could not stop me unless they were willing.

112. Who were willing?—The association.

113. Did you ever apply to the association for flour?—I cannot say that I did.

114. You never applied to Mr. Virtue for any flour during all the time you were in trouble?—No, I knew it was no use.

115. Why was it of no use?—I think I have stated what I mean; they would not supply me. I knew the stream was cut off, because I could not get it from the other places.

116. From the merchants?—Yes.

117. The merchants' reason was that the Bakers' Union had told them that if they supplied you the Bakers' Union would not deal with them: I think that was your answer?—I am not quite clear.

118. Is this not a fact: that your merchants, when they refused to supply you, told you that the Bakers' Union had given them notice that if they did supply you the members of the Bakers' Union would not deal with them?—I am not so sure about that.

119. Well, what did they tell you?—I think I have stated already what they did.

120. State it again?—They would not supply me with flour. Laery and Co. and Paterson and Co.—neither of those two—would not supply me with flour. I believe the master bakers were really at the root of it.

121. You are quite clear about that—you are not confused, are you?—No.

122. Amongst other people who refused you were the agents for Golden Gem flour?—They did not refuse, but they did not supply me all the same.

123. You applied to them?—Yes.

124. And they did not supply you?—No.

125. They were in active opposition to the Flour-millers' Association at that time, were they not?—Yes.

126. You suggested to Mr. Taylor that the reason they did not supply you was because the Master Bakers' Union had blocked you?—Did I say that? In reasoning with Paterson and Co. about their attitude in not giving me flour I said, "You are in the same position as I am, and I am surprised that you will not supply me with flour."

127. That is, they were, like you, in opposition to the Flour-millers' Association?—Yes.

128. Did they explain to you that it was the master bakers who were blocking you?—I could not say.

129. It is in the notes of the evidence that you said that Patersons "told you straight out"?—Yes; but I did not say that they had received the order from the master bakers. I understand it was from the Miller's Association.

130. But you argued with them that they, like you, were in opposition to the Millers' Association?—Yes.

131. Do you not know perfectly, and did they not tell you, that it was the Master Bakers' Union that stopped them supplying you with Silver Dust flour?—It might have been.

132. Do you not know that it was?—No.

133. You said you never knew of any trouble in getting flour until the Millers' Association was formed: when was the Master Bakers' Union formed?—I could not say.

134. Can you not remember approximately?—No.

135. Do you know when the Flour-millers' Association was formed?—No, I did not take any note at the time.

136. When was the first occasion that you found a difficulty in getting flour?—As soon as the combination started.

137. You told me just now that you did not know when it started?—I do not know when it started, because it was not publicly announced.

138. Was it not publicly announced when the Bakers' Union was started?—Well, one concerned me and the other did not.

139. The Bakers' Union did not concern you?—No.

140. Can you give me approximately the dates when you say that you were refused those brands of flour?—Not from memory.

141. Was it last year, the year before, or the year before that?—It was the year the association started.

142. It would be some time in 1901?—Yes.

JAMES GIFFORD LAURENSEN examined. (No. 9.)

143. *The Chairman.*] You are a baker, residing in Roslyn, Dunedin?—Yes.

144. *Mr. Loughnan.*] You are president of the Master Bakers' Union of Dunedin?—Yes.

145. For how long have you been in that position?—For three or four years.

146. You have had transactions, negotiations, and correspondence with Steven and Co. relative to members of your union getting some of their supplies from that firm?—Yes.

147. Are there any occasions upon which the Master Bakers' Union have had to prevent members of its association taking flour from Steven and Co.?—Yes.

148. Will you tell me the first occasion when that took place?—Immediately after Steven and Co. withdrew from the Flour-millers' Association.

149. That was in March of this year?—That is so.

150. Will you be good enough to tell me the reasons that resulted in your union refusing to take flour from Steven and Co.?—Certainly. The day after Steven and Co. withdrew from the Flour-millers' Association they committed a distinct breach of our rules—that is, Rule 24 of our registered rules, which prevented any member of our union doing business with them.

151. What was the breach?—They supplied a man who was cutting our prices.

152. Did you notify to them the decision of your union on the subject?—They were aware of it. They told us they were quite prepared to abide by the consequences.

153. Then followed a letter which we have had in writing by your association on the 10th March, telling them that your members were free and were prepared to be supplied by them?—Yes; that was in reply to a threatening letter saying what was going to be done to us. They sent a very threatening letter saying that they were going to start a bakery against us, and would bring us to our knees and make us lick the dust.

154. Was that in writing?—No.

155. When did they say that?—Mr. Dall told several of our members that they were going to bring us to our knees.

156. Then you wrote to say—the letter is already in—that the union was untrammelled and would deal with them?—Yes.

157. The next communication is in August, when you had occasion to pass a resolution setting out the terms on which you were prepared to deal with Steven and Co.?—Yes.

158. The necessity for that resolution was some complaint contained in a letter from Steven and Co. to your union, because they did not get a fair share of your business?—That is so.

159. Will you, please, as far as you know them—not as a matter connected with the union's action—give me the reasons adduced by the bakers, or some of them, in Dunedin to deal less with Steven and Co. than with the association?—In the first place, the firm made themselves unpopular. They simply tried to bully us into doing business with them, and, of course, that is a very unpopular way of getting business.

160. Secondly?—Their salesman, Mr. Dall, is very unpopular. In fact, some of our members to-day will not take a pound of flour from that firm while he remains connected with it. We, as a union, cannot control our members and say that they must take flour from Steven and Co., while Steven and Co. look to the executive of the union to do the business for them. We say that we cannot do that unless they are willing to give us 2½ per cent. As a matter of fact, I told the representative repeatedly that he did not solicit business in the proper manner. He went round to a man once, and because he did not get orders he came to the conclusion that his firm was being boycotted. Well, of course, a man does not buy flour every day in the week, and Mr. Dall ought to have been prepared to receive refusals.

161. In addition to the first reason you gave us—that of supplying cutting bakers, and also the unpopularity of their representative—have you any other reason to offer?—Another reason why our members did not do business with them is this: that we found it more convenient to do business with the association. I sometimes buy 25 tons of flour at a time, because there are certain concessions given. I ring up the association's office, and they ask what I want. I say 4, 5, or 6 tons of So-and-so's flour of different brands, and it is sent. I receive my account, covering all the brands I have ordered, and give my cheque. Another reason is that with the association we do not have travellers coming round to us every day. The association does not do that, and it is far better to have one man coming round occasionally than to have half a dozen men bothering you from time to time.

162. You put these reasons forward as accounting for Steven and Co. not getting more of the Dunedin bakers' trade?—Yes.

163. Is there any arrangement—written, verbal, or implied—between the Flour-millers' Association and your union under which you are limited or restricted in your dealings with Steven and Co.?—Not the slightest, so long as they comply with Rule 24 of our registered rules.

164. That rule applies to all flour-millers, merchants, or salesmen, does it not?—Yes.

165. You have had opportunities for observing the contest which has been going on in Dunedin between Steven and Co. and the Flour-millers' Association?—Yes.

166. Now, on the question of reducing the price of flour, from your observations—you have seen the quotations which have been put before you—in your opinion who is responsible for the reduction in the price of flour to its present low level—the Flour-millers' Association or Steven and Co.?—As far as I can see, since Steven and Co. withdrew from the association the association has been on the defensive all the time.

167. Do you mind explaining that a little more fully?—A few days before the expiration of the agreement Steven and Co.'s salesman was out on the line offering bakers little side inducements in order to obtain business. At that particular time there was a drop in wheat, and flour was brought down in price, and then these little inducements came in again—such as paying railage, cartage, and so on. These inducements were not being offered by the association, as they sold f.o.b. train. Mr. Dall said, "We will pay railage; and if the association offer you anything more we will do the same." The last drop in flour was made by Steven and Co. They said the competition in fifties was too keen—that there was not a proper margin between fifties and sacks, and consequently they reduced sacks by 10s. a ton.

168. Then, your observation is that the association acted on the defensive?—Yes. That ten-shilling drop was not made in the interests of the public, because Steven and Co. knew full well that we could not afford to reduce the price of bread in sympathy with that 10s. It was simply a cut, and the association was forced to follow suit.

169. Will you explain that?—Supposing there was a drop of 10s. a ton in flour and we were to reduce the price of bread by $\frac{1}{2}$ d. on the 4 lb. loaf, then we should be 18s. per ton out of pocket.

170. The smallest fraction by which you can reduce or increase the price of bread is $\frac{1}{2}$ d. on the 4 lb. loaf?—Yes.

171. And consequently a drop of 10s. does not enable you to go up or down $\frac{1}{2}$ d. in price?—No.

172. There has been a suggestion made that the association forces certain brands of flour upon the bakers who cannot get the brands they want?—Our experience has been the reverse. I have always got the brand I chose except, I believe, on one occasion, when we were on what we call a "spurt." At that time every one wanted to buy, because things were booming. I went up to the agent of the association and said, "I want another 25' tons." He said, "I do not know about that, Mr. Laurenson. Whose flour do you want?" I said, "I will take the usual brands"—that was Steven and Co.'s, Evans's, Harroway's, and Hudson's. He said, "Some of these will not supply"; and I said, "Whose can you sell?" and he named the mills that would sell, and I accepted them.

173. What has been the effect of the formation of the Flour-millers' Association, according to your observation, upon the price of flour and the quality of the flour generally?—I am not in a position to compare the prices, because I should have to go into the price of wheat, and that, of course, is out of my line. I would rather confine myself to the quality. The quality has been materially improved in this way: that the millers have endeavoured to work up to a higher standard since the formation of the association than they did before; so much so that there is practically no difference in the several brands of flour. From that I take it that, getting a payable price, they do not require to grind fowl-wheat, but grind first-class wheat, and consequently we have got better flour, and the public have been getting the very best bread. Under the cutting system a man is often compelled to use wheat which is not fit for human use, because he is forced to try and make ends meet.

174. *Mr. McNab.*] Under your rule which prohibits a miller selling to a man who cuts prices, would it not operate in a case like this: that where a baker, through improved methods, is making a profit quite equal to yours, but is underselling you, your rule would prohibit the flour-miller selling to that man?—We do not prohibit the miller selling to such a man at all. If he likes to take up such people he is welcome to do so.

175. But would you not withdraw the custom of your members from him?—Yes.

176. And that would apply to such a case as I have mentioned: where the customer who causes the trouble is making a profit equal to your own but does not always sell at such a high figure?—It does not always follow. With our arrangement with Steven and Co. there was one particular firm that always undersold us, and a condition was set out that that firm should be allowed to sell at $\frac{1}{2}$ d. per 4 lb. loaf less than our price. If there was any other special case I have no doubt Steven and Co. would have embodied that also.

177. But under the rule as it at present stands the case would not be covered?—No.

178. *Mr. Rutherford.*] If a baker started with improved machinery whereby he could turn out bread $\frac{1}{2}$ d. cheaper than you, would not all the other bakers follow his example?—They might do so.

179. Do you think they would still retain their old-fashioned method of bread-making?—Well, we are a poor lot, and not in a position to put in improved machinery. The machinery in bakehouse-work is very expensive for men of small means, like the majority of us, to get.

180. Would not municipal bakeries pay, seeing that municipalities can provide the means for obtaining improved machinery?—Of course, that is a moot point. We fear no fair competition from municipal or co-operative bakeries; but what we object to is this: that bread should be made a leading article and sold at cost-price. If that were done by any large grocer or co-operative society, how should we be able to get a living?

181. In the event of a municipal bakery being started, and, through improved machinery, being in a position to sell bread $\frac{1}{2}$ d. per 4 lb. loaf cheaper than you were selling it at, where would you come in then?—Perhaps it would then resolve itself into a question of the survival of the fittest.

182. But you would not be the fittest?—We might or might not be. Experience shows that in every instance where a man has been working by himself, and has not been hampered by conditions of labour, and could work as many hours as he chose, such a man can compete with all your machinery.

183. *Mr. Buchanan.*] Supposing baker A got an advantage of $\frac{1}{2}$ d. in the loaf over baker B through the lessening of expense by means of new machinery, and baker A gave the public the advantage of that saving of $\frac{1}{2}$ d. in the loaf, would baker B call it fair competition?—It is a question, of course, that would have to be worked out to see whether it was fair competition. Sometimes such a thing as this will happen while a man is trying to build up his trade. Supposing a man tried to start on the lines you indicate, he has to make his trade. He might say, "I can sell $\frac{1}{2}$ d. or 1d. under you," and he may have a few hundreds of pounds to lose. He might say that it paid him all right, but in such a case who is going to decide whether it pays him or not? Some years ago the trade was very bad in Dunedin, before the association started. Bread was actually sold in Dunedin at $2\frac{1}{2}$ d. the 4 lb. loaf, and everybody concerned was losing money, and the larger firms almost decided to give up business. There is a resolution in one of our minute-books showing that we decided to petition the Government to provide means whereby prices should be regulated. We did not draft that petition, because the Premier came along, and we decided to wait upon him, which we did. Our idea was to have a Board provided that would regulate the price of bread, so that both we bakers and the public should be protected. We considered it only fair and just that, owing to the way in which we were hampered with labour laws and all sorts of conditions in carrying out our business, we should have a little protection, and that the public should be protected at the same time. Mr. Seddon was very cordial and sympathetic with us. He said he knew our difficulties, and had experienced the same sort of trouble himself—that was, by the storekeeper trying to ruin the baker. He said there was another feature to be considered, and that in another part of the colony he thought they were charging too much. He said he had been watching the bread riots in Italy very closely, and the legislation which had been passed in other countries dealing with these matters. He promised to lay the matter before his colleagues. There were also several members of the Employers' Union present with us when we waited upon Mr. Seddon. Some time afterwards we received intimation that the Cabinet had considered the matter, but could not see their way to introduce legislation to overcome the difficulty. Consequently, as the Government declined to help us in any shape or form, we came to the conclusion that God helps those who help themselves, and we endeavoured to put the trade on a better footing by starting the Master Bakers' Union on the present lines.

184. *The Chairman.*] Was it Mr. Seddon who suggested on the top of that that the millers and the bakers could settle the price of bread themselves?—That was the inference we drew from his reply, that the millers and bakers should settle the question among themselves.

185. You told us that at one time the price of bread was $2\frac{1}{2}$ d. the 4 lb. loaf?—Yes.

186. Why is bread now so much higher than it was some time ago, when it was selling apparently at a remunerative price both to the miller and the baker?—We are making a fair living out of it now, whereas previously we were not—we were losing money.

187. It has been given in evidence that out of a ton of wheat something more than £2 10s. was made last year than this year—that is, including the by-products: out of that £2 10s. is the miller or the baker getting an undue proportion?—I should say the miller, but I cannot speak on that question. I would like to explain that our price for the last two years has compared very favourably with the price that has been obtained throughout the Commonwealth in the various States, and that sometimes we have been rather under their prices.

188. When bread was $7\frac{1}{2}$ d. recently in Dunedin, and wheat was about 5s. a bushel, do you not consider that $7\frac{1}{2}$ d. was too high a price for the public to pay?—I do not think so.

189. And you think the bakers are not getting the most out of it?—When flour was at a lower price we were working exactly on the same basis.

190. What is the difference in money-value between 200 lb. sacks and 50 lb. bags? Under normal conditions what would you charge for fifties?—They reckon for first-class flour 15s. a ton difference on account of the cost of the small bags. But a man may put inferior flour into the fifties.

191. At the time you could not get the brands you wanted did you want the flour for speculative prices, or was it under normal conditions?—It was a speculation.

192. Do you consider that Adelaide wheat is equal in quality to New Zealand wheat?—I never had any experience of Adelaide wheat. They always tell us that Adelaide flour gives us a greater percentage of bread than New Zealand flour.

193. *Mr. Taylor.*] When did Steven and Co. withdraw from the association?—At the end of February, I think.

194. You say they committed a breach of your rule?—Yes.

195. In selling to a man who was undercutting?—Yes.

196. Do you know if they sold to him below the association prices?—I could not say that; in fact, I never asked the question.

197. In regard to the price charged for bread by the Bakers' Union, you did not allow the Millers' Association to interfere with the price of bread?—Not in any shape or form.

198. Do you know that there has been an actual combination between the millers and bakers in Canterbury to regulate the price of bread?—No.

199. Read Rule 11 of the Canterbury Master Bakers' Union [rules handed to witness]. That provides for a price committee with a miller as chairman?—Yes; but we fix the price of bread in Dunedin ourselves.

200. Your policy is that if a miller sells to any baker who charges a lower price to the public than the Bakers' Union fixes you will not buy flour from that miller?—That is so, according to our rules.

201. Whether the price you fix is exorbitant or reasonable, under your rules you would still have to refuse to buy flour from a miller if he did not support that price?—That man has got his remedy. He can become a member of our union, and if he thinks we are charging too high he can talk the matter over with us and show us that we are acting wrongly.

202. How many bakers are there in Dunedin who are not members of your union?—Two.

203. Are they cash bakers, or do they deliver?—They do both. One is a baker, and the other is really a grocer.

204. And what charge do they fix as compared with your union?—They are like insects—they are parasites.

205. What do they charge?—Anything they can get. For instance, in the case of one man his own foreman was charged our full price, whereas people in the next street were being charged 1d. a loaf less. This man is not the grocer I referred to.

206. Steven and Co. left the association in March last?—Yes.

207. Do you know whether before they left the association your union had a good deal of comment about it?—Yes.

208. You knew they had to give three months' notice, of course?—Yes.

209. You stated that one reason why you had trouble with Steven and Co. was in consequence of Mr. Dall?—Yes.

210. Has the trouble over Mr. Dall's personality occurred since Steven and Co. left the association?—No.

211. Did it exist before, or how did it find expression?—The members who have a personal grievance against Mr. Dall did not have a chance of coming in contact with him while his firm was in the association.

212. And before the trouble with Steven and Co., did you have any trouble with Mr. Dall?—No; he is a personal friend of mine.

213. Then, you only know of his unpopularity by hearsay?—Yes.

214. Did you find anything objectionable about him at all in the way of transacting business?—Not as far as I am concerned.

215. Has not the objection to Steven and Co.'s salesman really arisen only since they severed their connection with the trust?—No.

216. And yet you do not know, of your own knowledge, of any objection to him existing before?—The objections I have heard I should be very sorry to give here.

217. Is he the only objectionable salesman calling on the bakers in Dunedin?—Yes.

218. He is the only man outside the association?—Yes, in the city.

219. You are on fairly good terms with the Flour-millers' Association, I suppose?—Yes.

220. You are working very harmoniously together?—Yes, as far as I know.

221. Have you waited on the association on account of the undercutters at any time? What would you do in such a case? What kind of communication would you have with the Flour-millers' Association?—We would go down to see Mr. Morton, and have a word with him; then, he would go and reason with the man complained of, and show him the error of his ways.

222. Would he not tell the man that he would not supply him with flour? What would you expect him to say?—We should expect him to go and advise the man. We believe in equality for all.

223. Equality for all except undercutters?—Yes.

224. Has your union had any financial assistance from the association?—No.

225. Mr. Mirams stated in evidence, and showed us by his minute-book, that the union had received in the aggregate £50 from the Millers' Association?—That is not so.

226. From whom, then, was the subscription?—The Otago millers.

227. Were there any of those Otago millers who were not members of the Flour-millers' Association?—I could not tell you that if I tried. The cheque came from Mr. H. Harroway on behalf of the Otago millers.

228. What was it supposed to be for?—We were in financial difficulties. It takes a considerable amount to run our union, and we were very poor. We had not sufficient money to pay our secretary. Another reason was this: that in years gone by when we were trading independently it was the usual custom for a miller to give his customers a little Christmas-box, but under the association that custom was done away with. The result was that the millers made up that £50 for us. We said it was only fair that they should give a little assistance to our union.

229. When did you tell them that it was only fair that they should give a little assistance to your union?—We told them so last year.

230. Where were you when you told them this?—In Mr. Harroway's office.

231. Were any other millers there?—Mr. Gow might have been there.

232. What mill did he represent?—His own mill; and Mr. McGill was also there.

233. What mill did he represent?—His own mill.

234. Did any one represent the Flour-millers' Association?—I do not think so.

235. When did you get that cheque?—I could not give you the exact date.

236. Was it not in March, 1903?—No, it was not in March.

237. When was it?—I could not tell you.

238. As a matter of fact, was it not after Steven and Co. had withdrawn from the combination?—I do not know. If you had asked Mr. Mirams, he could have given you that.

239. Your memory has been pretty clear this morning: I will ask you whether you do not remember that that contribution from the Otago millers was made to the Bakers' Union after Steven and Co. had notified their withdrawal from the association?—It might have been. They had to give three months' notice of their withdrawal.

240. Give me a straight answer?—I dare say it was within the three months.

241. Was it understood that the members of the Bakers' Union were going to be loyal to the association in its struggle with Steven and Co.?—Yes, I dare say it was.

242. Since the Flour-millers' Association was formed has not the price of bread in Dunedin been uniformly higher than it was, say, for the two years preceding?—Yes, very much. Of course, we could not have existed at 2½d. for the 4 lb. loaf.

243. How many loaves of bread do you get out of a sack of flour?—About an average of sixty-six.

244. Can you not always get sixty-eight?—Well, I was told of a man yesterday who got seventy-five, but it all depends upon the weight of his bread.

245. Would not sixty-eight be a very fair number of 4 lb. loaves to take out of a sack of flour?—It would all depend upon what they were weighed at.

246. How many do you take out of a sack of flour?—I do not take particular notice.

247. You do not keep records?—I have records sufficient to enable me to know whether I am making a living. There is a discrepancy in the weighing of bread by different men. I am invariably weighing a couple of ounces heavier than others.

248. What are you paying for a sack of flour?—19s. 6d.

249. If you took sixty-eight 4 lb. loaves out of a sack of flour would it not leave you a very high margin of profit?—I think not.

250. What are you charging for bread?—6d. and 6½d.

251. From a sack of flour you will take at least £1 15s. in bread?—That is near enough.

252. Do you sell your bread on an average of 6½d.?—No, the average price would be 6¼d.

253. That would be about £1 15s. a sack?—Yes.

254. And if you pay 19s. 6d. for your flour that leaves —?—14s. profit; but there are the expenses of manufacture and delivery to be taken into account.

255. How much does it cost you to bake?—I have not got the statement with me, and I cannot give you that off-hand.

256. You say that Steven and Co. made themselves unpopular and bullied you?—Yes.

257. Can you give us instances?—They told us that they were going to become bakers, and to run us.

258. Was not that after you had refused to purchase their flour?—I do not know about any refusal.

259. Had not your association agreed not to buy Steven and Co.'s flour while they were fighting the Millers' Association?—There was no resolution passed not to buy Steven and Co.'s flour.

260. Then, why did you pass a resolution saying that the members of your union were now free to buy Steven and Co.'s flour if they chose, if they had not been prevented before?—They were not free to buy flour from millers who supplied undersellers.

261. Were you not helping the association to bring Steven and Co. into line generally?—We told the association that it was their business and not ours.

262. You say that the bullying began by their threatening to start a bakery?—Yes.

263. Why did they say that?—Because we were not running after them with orders. They simply thought that because we were taking a large quantity of their flour before they joined the association we were going to chase them with orders after they had seceded from the association.

264. There is a letter dated the 7th March from Steven and Co. to the president of the Master Bakers' Union in reference to that resolution: did you receive that letter?—Yes.

265. What happened to that letter?—I passed it on to the union.

266. Did you not pass a resolution on receipt of that saying that your members were now free to deal with Steven and Co. if they wished?—That was not the resolution. There never was such a resolution carried as they accuse us of. That letter of theirs is a kind of iron hand in a kid glove. In fact, that letter put the backs of our members up properly. The resolution was to this effect, so far as I can remember it: that on Steven and Co. complying with our Rule 24—they had been annoying us a good deal by advertising and by various other methods, bear in mind—we were open to do business with them.

267. What had they been advertising?—About the price of flour. Their object was to burst up our union so that the old order of things would prevail. The resolution was that they were to desist from supplying cutters, keep to the association prices and terms, and to stop advertising and newspaper correspondence. Those were the terms, and they willingly accepted them. I have got that letter.

268. They did accept?—Yes.

269. In your examination this morning you said that you could not control your members?—We cannot direct the business of our members or dictate to them where they should get their flour.

270. But under Rule 24 you did control them?—If a man supplies a cutter we can control our members in buying from that man.

271. Then, what you said before was wrong?—No; I say that we cannot tell our members to go and buy from any particular miller.

272. You said that you told Steven and Co. that if they paid you 2½ per cent. you would sell their flour?—That was when they came to us complaining. They were always "squeaking" about our executive not buying off them, and I said we could not bare all the blame for our members not buying off them.

273. The Millers' Association would have sold for them at 2½ per cent.?—Yes.

274. And if they paid you that amount they might just as well have become members of the association?—Yes.

275. How many times did you see the executive of the Flour-millers' Association?—I have seen them on various occasions.

276. What was the understanding with the Flour-millers' Association when you saw them about Steven and Co.'s opposition to the trust?—I cannot answer a vague question like that.

277. Have you ever discussed with them about Steven and Co.?—Yes.

278. What kind of conversation did you have? Was it understood by yourself, as a representative of the Bakers' Union, and the millers' representative whom you saw that the two organizations were going to stand in together as against Steven and Co.?—I am not aware of anything of the kind.

279. Was that the understanding?—At what time?

280. I do not know the dates of your meetings: I want to know whether that was the general understanding between the two organizations?—I do not know that it was.

281. Will you swear that it was not? Was there not at this conference between yourself, as the representative of the Bakers' Union, and the representative of the Flour-millers' Association an understanding that the two of you were standing together in the fight against Steven and Co.?—I never interviewed the Millers' Association officially or privately to enter into any negotiations as against Steven and Co.

282. Was there not an understanding between you, as the representative of the Bakers' Union, and the representative of the Flour-millers' Association that you were going to work harmoniously with the millers?—We were willing to work harmoniously with Steven and Co. or any other millers. Our attitude was that we were quite willing to do business with Steven and Co., or any one else, so long as they gave us what we asked.

283. As the representative of the Bakers' Union and the representative of the Millers' Association, did you not understand that you were going to stand in together as against Steven and Co.? Was not that understanding existing?—No.

284. What used you to talk about?—Do you want private conversations?

285. What used you to talk about?—If I had had a reporter there I should have been able to give you that, but I cannot remember now.

286. You cannot answer?—I said there were no negotiations between us whatever.

287. At the interview at which you were present, as president of the Bakers' Union, with the representatives of the Millers' Association was it not understood between you that the two organizations were going to stand in together in this contest with Steven and Co.?—No.

288. Was it understood that you were not going to help the Millers' Association?—No, that was not understood.

289. What was understood?—It was understood that the millers could fight their own battles. It is not our quarrel.

290. You were asked the question, "What has been the effect of the association upon the quality of the flour?" and you said that it has been materially improved, and that the millers have worked up to a higher standard, and no bad flour is produced at all now?—Not so far as I know.

291. And if a witness said he had been compelled to take second-quality flour through the millers' organization, what would you say?—That he had his remedy—that he could have told them to take it away.

292. You said that the millers could afford to buy first-class wheat?—I do not think they could now.

293. Are they buying second-class wheat new?—I do not know that they are.

294. Do you not think that you have said a great deal too much on behalf of the millers?—I said I presumed they could afford to pay more.

295. Then, they must be able to force higher prices from the public if they always buy first-class wheat?—They might.

296. Supposing a baker who was not a member of your union, but was a capable business-man, had better organization and more modern machinery, and was able to produce bread at 1d. a loaf lower than you were producing it, and was giving the public the benefit of that, your Bakers' Union would still try and prevent that man getting flour, would it not?—That man should come to our union and say, "This price is quite good enough for me," and endeavour to get our members to conform to his price.

297. But if he ignored you altogether would you not try to prevent him getting flour from an associated mill?—So far we have not had such a case to deal with. When we have a question of that kind to settle we shall no doubt find a solution of the difficulty.

298. Would the removal of the import duty of £1 per ton on flour be of benefit to the bakers?—No.

299. Would it affect the operations of the millers' trust, do you think?—Yes.

300. Practically it would make the bakers free?—It would throw the millers into direct competition with the Commonwealth, and probably the farmers too.

301. Had you any complaints at all to find in connection with Steven and Co.'s flour, or with their representative, while they were members of the Millers' Association?—We did not come into contact with either Steven and Co. or their representative during that term, because we dealt solely through the association.

302. You had no complaints? You did come into contact with their flour?—No. Generally speaking, their flour has given satisfaction.

303. Since Steven and Co. withdrew, the association has been on the defensive, you say?—Yes.

304. Do you know anything about the association giving a free hand to their members to sell fifties to meet Steven and Co.'s competition?—Yes.

305. Do you know that fifties are being sold at 15s. a ton less than 200 lb. sacks?—Yes; but quality has to be considered in that.

306. You said that the last drop in flour was made by Steven and Co.?—Yes.

307. That is to say, they were being pushed very hard?—Yes.

TUESDAY, 13TH OCTOBER, 1903.

WALTER NEWTON examined. (No. 10.)

1. *The Chairman.*] What is your occupation?—Upholsterer.
2. Resident in Christchurch?—Yes.
3. *Mr. Taylor.*] Had you, as a member of the Trades Council of Christchurch, any communication with Mr. Gardiner, of the Cust Flour-mill?—Yes, we had communication with him.
4. What was the nature of it?—In the first place, it came to the knowledge of the Trades Council that Mr. Gardiner was having pressure brought to bear on him to join the Flour-millers' Association and that he refused. We had a wire from him to that effect. We wrote to him, and he replied to the effect that he intended to stand out of the trust.
5. Have you the telegram with you?—No; you have the letter sent in reply.
6. Is that the letter [produced]?—Yes. The secretary of the Trades Council wrote to Mr. Gardiner with reference to his action in connection with the Flour-millers' Association, and he forwarded this letter in reply.
7. Is that a copy of the letter sent to him [produced]?—Yes. "March 6, 1902.—Mr. A. Gardiner, Cust.—DEAR SIR,—My Council has been informed through Mr. Etheridge of the stand you are taking with reference to the millers' trust, and also of your willingness to have your mill converted into a co-operative mill. While it is not at present in a position to take into consideration the formation of a co-operative mill, it wishes me to inform you that if it should be able to render you any assistance it will be most happy to do so. If the trust should be using coercive measures towards you, and also if they should endeavour to secure a corner in wheat, you might be good enough to supply us with the information.—I remain, yours, &c., F. Y. WILSON, Secretary." Mr. Gardiner, on the 8th March, 1902, forwarded this reply: "Mr. F. Y. Wilson, Christchurch.—DEAR SIR,—Yours of 6th instant to hand, and contents carefully noted. From the first we decided to stand out from joining the Flour-millers' Co-operative Association, and are no more inclined to join now than we were formerly. We wish to offer our thanks to your Council for its assurance of assistance, and should the necessity arise we will ask you to assist us in keeping our stand.—We remain, yours, &c., R. GARDINER AND Co." Information came to us subsequently that more pressure was being brought to bear on Mr. Gardiner—coercive pressure—and the Trades Council appointed a deputation of four of its members to wait on Mr. Gardiner with regard to the matter.
8. Where did you meet Mr. Gardiner?—At the Cust Hotel.
9. Do you remember the date?—It was the 23rd March, 1902—on the Sunday.
10. Did you further discuss the question of his position in regard to the Millers' Association?—Yes, we discussed the matter with him, and he told us that he had been strongly pressed to join the association, and that special inducements had been offered to him to join in the way of concessions in contributions to the association.
11. That is, the contribution would be a special one in the way of inducing him to join?—Yes.
12. Did he tell you what course the association threatened to pursue if he refused to join?—Yes; but he said he had been given to the following Tuesday—it was then Sunday—to decide whether he would join the association or not; and, in the event of him refusing, the association had made arrangements with the whole of his customers in the Oxford district to supply them with flour at less than cost-price for twelve months.
13. That was with the view of forcing him to go into the association?—That is so; and he put it to us whether we could help him to maintain his stand, and we assured him that we would do what we could. But he said that as a business-man he would have to consider the matter, for if the association carried out its threat he would be ruined, as he could not stand twelve months of that sort of thing.
14. Did he say who interviewed him with regard to the association?—No; he said that that was the intimation he had. I could not say whether he said it was by letter or interview.
15. Had you further communication with him after that date?—Yes. Before we left him on that Sunday he said he would wire to us his decision. He wired his decision, and stated he had decided to join the trust. That was the result of our interview with him.
16. You are in no doubt at all as to Mr. Gardiner having told you what course the Millers' Association had threatened him with?—Absolutely none.
17. Who was with you on that occasion?—Mr. S. Billcliff, Mr. Charles Taylor, and Mr. J. Fisher.
18. All members of the Canterbury Trades Council?—Yes.
19. And as a result of discussions over this inquiry you say that these three members are prepared to corroborate your statement?—That is so. Of course, Mr. Gardiner stated that he still wished to stand out, but the pressure brought to bear was too much for him.
20. He told you that he might have to capitulate?—That is so. We could not offer him sufficient inducement to stand out. At that time his mill was the only mill of consequence in Canterbury that had not joined or was working with the association. He said the whole of his customers were practically in the Oxford district, that most of his output went there, and he would be in a very awkward position if they offered to supply his customers as they threatened to do.
21. *Mr. Rutherford.*] You say that Mr. Gardiner, when the deputation met him at the Cust, told you that special inducements were offered him to join the association: do you mean greater inducements or just the ordinary inducements?—Exceptional inducements.
22. He did not state what nature they were, but spoke generally?—Generally. They offered him greater inducements than the others, and concluded by threatening him.
23. *The Chairman.*] Did Mr. Gardiner tell you what the pressure was, other than that they would go round to his customers and sell to them under cost-price?—No, he did not say definitely.

24. That was the only pressure he defined?—Yes, that was the only definite statement he made.

25. Why did the Canterbury Trades Council wish Mr. Gardiner to keep outside the trust?—Because we feared that if they obtained sole control of the industry in Canterbury the price of flour, and consequently bread, would be at their mercy.

26. Has your experience been that since the flour-millers combined flour has gone up in price to the user above what it ought to be?—I could not answer any question as to what price flour ought to be, not being a practical miller; but at the beginning of the operations of the trust, when they had secured a certain amount of power, the price of flour did go up to what we thought an inordinate price.

27. Did the Trades Council go into the question at all to find out whether it was inordinate compared with the price of wheat?—We did make inquiry, but it was of a superficial character, I must admit. The only thing that guided us to a large extent was our knowledge of the fact that while the millers were selling flour in Canterbury at a certain price, similar flour was being sent to Auckland at a considerably reduced price.

28. You did not go into the relative merits of the prices before and the prices after?—No.

29. *Mr. Loughnan.*] It is no use following up that line with you: you really do not know anything about the relative prices ruling between wheat and flour?—That is so.

30. With regard to the conversations you had with Mr. Gardiner, are you quite sure that Mr. Gardiner told you that the association threatened to introduce flour below cost-price in his district?—Quite certain—quite positive.

31. Now, if Mr. Gardiner positively denies that, will you retain your recollection against his statement?—Most assuredly I will.

32. If Mr. Gardiner says that what he told you was this: that some of his customers—the bakers—had voluntarily left him to deal with the association, and that was the reason he was contemplating joining the association, would you contradict him?—I certainly would. He made no statement, as far as my recollection serves—and I am perfectly sure upon the point—in reference to his customers leaving him in the way you suggest.

33. Did he not explain to you that the joining of some of his customers with the Bakers' Union resulted in them doing business outside of him?—I have not the slightest recollection of his speaking in that way.

34. Did you offer him, on behalf of your Trades Council, any inducement to stop out of the association?—We endeavoured to do so, but, of course, we were not in a position to guarantee any inducement. We said we would do our best to get shares sold for him in his mill if he decided to turn it into a co-operative mill, but the outlook was not sufficiently promising to him.

35. Then, your only knowledge of any pressure being brought to bear upon him by the association was Mr. Gardiner's statement to you?—The only direct knowledge that I had, yes. It came to the Council that such was being done.

36. By hearsay from outside?—It would be hardly outside. It came to us indirectly.

37. But the only direct knowledge you gained on the subject was Mr. Gardiner's own statement?—That is so.

38. What inducement did you actually offer Mr. Gardiner?—The inducement I have mentioned was the only thing. We had no power to offer him anything; it was only a promise.

39. Was it an offer of monetary assistance?—No; that we would assist him to the extent of our power in disposing of his shares in the event of his attempting to turn his mill into a co-operative company.

40. Was he trying to sell his mill to you?—I certainly think if we had been able to deal with him he would have done so.

41. Did he not offer it to you?—I think he did.

42. Did he not try to induce you to buy it and turn it into a co-operative mill?—Yes.

43. That was what he was trying to do?—No; I hardly think that. We were discussing the matter generally, and that came into the discussion.

44. That was his proposal to you?—Yes; there was some such proposal.

MARK WILLIAM WOODFIELD examined. (No. 11.)

45. *The Chairman.*] What are you?—Secretary of the Co-operative Society, Christchurch.

46. *Mr. Taylor.*] Have you at any time had dealings with the Flour-millers' Association, Christchurch?—Yes.

47. When your society started baking first did you apply to the association for a supply of flour?—Yes.

48. Whom did you see?—We saw the secretary of the association, Mr. Buchanan.

49. Did you get the flour that you applied for?—Not in all cases.

50. Were you refused flour by them?—Yes.

51. What grounds did they give you for the refusal?—We were invited to become members of the Bakers' Association, and because we did not join that association they refused to supply us in quantities that we required.

52. They would not supply you with bakers' flour—the sack flour?—Yes, 200 lb. sacks.

53. Did they offer to supply you with 50 lb. bags?—Yes, for the grocery department.

54. They are 15s. a ton more?—Yes, that is so.

55. Did your management consider that matter?—Yes.

56. Is that the letter that was sent by your management [produced]?—Yes. "October 15th, 1902.—The New Zealand Flour-millers' Co-operative Association (Limited).—GENTLEMEN,—At a meeting of directors held last night it was unanimously decided to adhere to our present prices of bread—5½d. cash at end of week, or 6d. if credit given till end of month. The directors think this a fair price, and certainly think some distinction should be made for cash, as

they believe in cash trading. Kindly book our order for 25 tons of flour at current rate, sending us a letter or sale-note before to-morrow midday.—Yours, &c., MARK W. WOODFIELD, Secretary.”

57. Did you get any reply to that?—No reply in writing. We could not get any reply in writing.

58. Did you take steps to get them to put it in writing?—The letter I have read was the step.

59. Was that letter sent to the association [produced]?—Yes. “November 1, 1902.—To the Secretary, New Zealand Millers’ Co-operative Association.—DEAR SIR,—Mr. Calder having delivered a message which he received by telephone to the effect that your association cannot execute our order for 10 tons of flour, and as Mr. Calder does not attend committee-meetings, we shall deem it a favour if you will reply in writing.—Yours, &c., MARK W. WOODFIELD, Secretary.”

60. Did you get any reply to that?—No.

61. Did you send that letter [produced and handed to witness]?—Yes. “March 18th, 1903.—General Manager, New Zealand Flour-millers’ Association.—DEAR SIR,—A few days ago we received two price-lists from your association *re* the price of flour—one marked ‘Bakery Department,’ and the other ‘Grocery Department.’ The one for the bakery has the discount erased, and is marked ‘Net cash.’ We think this must be an error, or are you putting bakers on a different footing to grocers? An early reply will oblige.—Yours, &c., MARK W. WOODFIELD, Secretary.”

62. Did you get any reply to that?—No.

63. You did not succeed in getting the association to reply in writing during the whole of the transactions?—Never once.

64. After some time they commenced to supply you with flour, did they not?—Yes, in small quantities.

65. Have you ever joined the Bakers’ Union?—Never.

66. Then, they changed their policy at some time?—Yes.

67. Was it Mr. Buchanan or Mr. Jameson who told you that they would not supply you with flour unless you joined the Baker’s Union?—It came through the secretary, Mr. Buchanan.

68. Did he tell you personally?—No, it was sent through the telephone to Mr. Calder.

69. Did you ever see Mr. Jameson yourself?—Yes, Mr. Calder and I interviewed Mr. Jameson once.

70. What was the nature of the interview?—I think it was about the time we wanted to place a 25-ton order with the association, and it was just about the time we were not receiving the quantities we wanted. We waited upon Mr. Jameson, and he decided then to allow us a little to go on with, because at that time the bakers were holding a conference in Christchurch—the whole of the bakers in New Zealand, the Federated Baker’s Association—and probably there was something being done about the matter. Anyhow, we got small quantities at that time.

71. Of your own knowledge, you do not know that that conference resulted in the bakers and millers separating?—I do not know.

72. When you could not get flour from the association where did you try to get it from?—From any one we could.

73. Did you apply to Mr. Heslop, of Irwell?—Yes.

74. Is that a copy of the inquiry you made from him [produced and handed to witness]?—Yes. “October 20th, 1902.—Mr. G. Heslop.—DEAR SIR,—Will you kindly quote for flour in sacks delivered at our store in Colombo Street?—Yours, &c., MARK W. WOODFIELD, Secretary.”

75. That order followed the inquiry, did it not [produced and handed to witness]?—Yes. “October 30th, 1902.—Mr. G. HESLOP, Miller, Irwell.—DEAR SIR,—Kindly send to our address, Colombo Street, Christchurch, 1 ton of flour in sacks.—Yours, &c., MARK W. WOODFIELD, Secretary.”

76. Was that ton of flour supplied by Mr. Heslop?—Yes.

77. Is this another order [produced and handed to witness]?—Yes. “November 8th, 1902.—Mr. G. Heslop.—DEAR SIR,—Kindly book our order for 6 tons of flour in sacks, delivering 2 tons per week, commencing the week after next.—Yours &c., MARK W. WOODFIELD, Secretary.”

78. Did you get that flour?—Only 2 tons of it.

79. What happened in connection with that?—We received a letter from Mr. Heslop in reply to that.

80. Have you the letter you received from Mr. Heslop?—I think it is the one where he says he is joining the association.

81. Dated 22nd November [produced and handed to witness]?—Yes. “22nd November, 1902.—Mr. Woodfield, Working-men’s Co-operative Association—*Re* yours of 21st for pollard and bran, I cannot now supply you. I have joined the Millers’ Co-operative Association, and any orders must now be through them. I have come to the conclusion that it was the best thing for me to join the association.—Yours, &c., GEORGE HESLOP.”

82. Now, if Mr. Jameson says that Mr. Heslop never joined the association, can you reconcile his statement with that letter?—No; I could not on the face of that letter.

83. Did you write that to Mr. Heslop in reply [produced and handed to witness]?—Yes. “November 28th, 1902.—Mr. G. Heslop.—DEAR SIR,—Yours of the 22nd to hand, which came as a surprise after the conversation we had only a few days previously, and, while we see no advantage to yourself and much to the other party, we recognise that you have a perfect right to please yourself on the matter. Kindly send the 4 tons which are still needed to complete our 6-ton order.—Yours, &c., MARK W. WOODFIELD, Secretary.”

84. Did Mr. Heslop reply to that effect?—Yes. “Irwell, 29th November, 1902.—Mr. Woodfield.—DEAR SIR,—Your letter just to hand, asking me to send 4 tons flour. I cannot send any more orders unless through the association. Try them, and if they allow me I will send you what I can.—Yours, &c., G. HESLOP.”

85. And yet you will be surprised to know that Mr. Jameson says that Mr. Heslop never belonged to the association?—I should be surprised.

86. Is that the reply you sent to Mr. Heslop's letter [produced and handed to witness]?—Yes. "December, 3rd 1902.—Mr. G. Heslop.—DEAR SIR,—Yours of November 29th to hand, in which you say you cannot send the 4 tons unless through the Millers' Association, and invite us to ask them to allow you to send the same. I am instructed to reply that we have nothing whatever to do with the millers' trust and have no intention of approaching them *re* this order. As you accepted our order for 6 tons in the terms of our letter of November 8th by the fact of sending the first 2 tons, therefore we expect the remainder of the order completed, or proceedings will be taken for breach of contract.—Yours, &c., MARK W. WOODFIELD, Secretary."

87. Did you receive that from Mr. Heslop, dated the 1st November, 1902 [produced and handed to witness]?—Yes. "Irwell, November 1st, 1902.—Mr. Woodfield.—DEAR SIR,—Yours of 30th October to hand this morning. *Re* flour, the minimum I can send is 1½ tons. If you can make your order up to this I will be glad to send it. *Re* price, it will be £11 a ton, less 2½ per cent. 20th of month after order—that is, order in November you get to the 20th December. If you can give me the order as above please write and I will send it at once.—Yours, &c., G. HESLOP."

88. He was quite prepared to supply you with flour then?—Yes; that is an earlier date.

89. The only reason he could have for refusing to fulfil your orders afterwards was that he had joined the association?—That is right.

90. And then he would not supply you with any more flour unless you got permission from the association for him to do so?—Yes, that is so.

91. You have continued to bake, and have carried on your bakery right along?—Yes.

92. It has been suggested that you are doing it at a loss?—I cannot say we have made a loss but, it being a new department, we have not made so much, but I think we have done very well.

93. The object of the co-operative society is not to make profits, but to give your members the benefit of the administration?—Yes, that is so.

94. Where are you buying the flour now?—We have no difficulty now, we can buy it anywhere and at the best terms.

95. Does that indicate that the association is not operating so closely as it used to do?—I take it to be so.

96. There has been a great deal of criticism in connection with the Millers' Association in Christchurch?—Yes.

97. Were you one of the deputation that waited on Sir Joseph Ward in reference to the matter?—Yes.

98. You laid the facts before him then, did you not?—Yes.

99. And you think the association has been working better since?—Yes; I think it has been working a little better since.

100. *Mr. Laurensen.*] The reason, I believe, the association had for not supplying you with flour was because you were not in the Bakers' Union?—That is so.

101. Have you any objection to state why you did not join the Bakers' Union?—The reason was this: there was a difference in the price, and bread was varying from 4½d. to 6d. the 4 lb. loaf; either one price was too small or the other was too large, and an agitation was commenced in Christchurch and was worked up until people got us persuaded to build our bakery, and when we started it we got into difficulties with the Bakers' Union soon after.

102. Did you employ union bakers in your bakery, pay union wages, and keep union hours?—Yes; in fact, we paid more than the union wages.

103. Did you keep accounts showing the receipts and expenditure for each of your departments?—Yes.

104. I suppose you kept the bakery account separate from that of your other business?—Yes.

105. Did the bakery show that it cleared itself?—For the first three months it cleared itself except for about £3, which we thought very good for a department just started. In an association like ours, which is always charged up to the hilt for expenses, we cannot work it so cheaply as a private individual would.

106. Did you charge against that department the proportionate amount for expenses and delivery?—Yes; we have separate bread-carts, which, of course, are all charged to the bakery.

107. How long have you been running the bakery department now?—Close on twelve months.

108. Your balance-sheet, then, shows a loss of £3 on that?—Yes; but that does not say that the loss was entailed in the bakery department.

109. But I understood you to say that your separate accounts in your balance-sheet show a loss on the bakery of £3?—Yes; but that loss on the balance-sheet was not from the bakery alone. That is made up from the whole of the departments.

110. Did you keep receipts and expenditure for each department?—For my own use, not for the public.

111. Did the bakery show a loss on this department for six months?—It showed a slight loss. Our last balance-sheet ended on the 30th June, and there was a balance-sheet for the previous six months.

112. That would seem to indicate that if a private baker had started with no other business he would actually be showing a loss on his bakery business?—Not necessarily; because if I had been running that bakery department as a private individual I could have run it so that it would not have shown a loss, but an association cannot do that.

113. Do you charge anything for management?—There are charges for management and clerical work, and taxes of different kinds. You must have a system of book-keeping in an association like ours that bakers do not necessarily keep, or that many of them do not; and there are different ways by which a private person could have run it and would not have shown a loss.

114. What do you charge for bread now?—5½d. cash, I think.

115. What are the other bakers charging?—I do not know; they seem to me to charge all prices. We do not go by them at all; we charge what we consider a fair thing.

116. You do not know what the other bakers' charges are?—No.

117. *Mr. Rutherford.*] You say that the co-operative association cannot work so cheaply as private people?—That is so.

118. What was your object in starting an association, then?—So that we could share the profits.

119. And in this case you divided your losses?—That is so.

120. Have you found the other branches that you have been running profitable or otherwise?—Unfortunately, the grocery department was the worst. The profits are so very small and the expenses so great that it is really a department where there is little chance of making anything.

121. Is there any department of your business that shows a satisfactory profit—say, a 10-per-cent. profit?—Yes.

122. Taken altogether, is the business satisfactory, including all the branches?—Yes.

123. You think it is?—I am sure it is.

124. *Mr. Duthie.*] Your balance-sheet shows a loss: have you looked into your bakery department up to date?—Yes.

125. What is your more recent experience in that department?—That we have to curtail our expenses in some form or other. The position is like this: In starting a new department, especially in the bakery department more than any other perhaps, you find that one cart and one baker will do, but the business gradually grows until you have too much for one and not enough for two. It probably goes on growing until you have too much for two and not enough for three. And we have had to get another cart and another horse. And then there are the wages and wear-and-tear, and so on. I have not the least doubt that when we are thoroughly established that department will pay much more than the grocery department, because there is more in it.

126. That is to say, that that department with its relative cost will be more profitable, with the experience you have before you?—Yes.

127. Will it do anything more than hold its own?—Yes.

128. *Mr. Rutherford.*] Is the Millers' Association supplying you with flour now?—Yes.

129. For how long have they been supplying you?—Since very soon after the deputation to Sir Joseph Ward. We have gradually dropped into an easier position since then.

130. That was in December, was it not?—Yes.

131. Since then you have had no difficulty in getting your flour?—No.

132. *Mr. Buchanan.*] The Committee understands you to say that you commenced with one baker?—Yes.

133. When you extended your business to three, did you have to increase the size of your bakehouse, and obtain other appliances?—Yes; we have now got two big ovens and a big bakehouse and loft, at an expenditure of £700 altogether.

134. Working on that increased scale, would not the expense per loaf, apart from distribution, be increased because of the increased scale of your operations?—It will as trade increases, but we have accommodation now to turn out, roughly, three times the quantity we now turn out. Therefore it means that we have a certain amount of capital lying idle that we have to pay interest on.

135. *The Chairman.*] I am very anxious to get the relative values of wheat and bread: do you know what the price of flour was when you sold at 5½d. per 4 lb. loaf cash—that would be about October?—Those were the association rates when Mr. Heslop quotes 200 lb. sacks at £10 10s.—about the 1st October.

136. When Mr. Heslop refused to deliver that 4 tons he contracted for?—That is so.

137. What was the result of your threat to him about taking legal proceedings?—Nothing came of it.

138. You never got the 4 tons?—We never got the 4 tons, and put the matter into our solicitor's hands.

139. Did your lawyer not think he had a case against Mr. Heslop?—Well, he did; but we did not wish to make the position hard for him in any way.

140. Through not getting that 4 tons were you stuck for flour?—We were never stuck, only from getting association flour at that particular time.

141. Could you get other flour as good, and at a reasonable price?—No; that was the trouble. It would probably cost us a little more by the time we got it delivered from the outside mills.

142. You got it outside of Christchurch?—Yes.

143. Did you get it outside New Zealand at any time?—No; it was reported that we had Californian flour, but that was untrue. We never got that for baking purposes. We only got one bag to try it.

144. Do you think it would not be such good flour?—I would not say that. It is darker flour; but is only a matter of taste, I believe.

145. You were not absolutely blocked for flour?—We were put in an unfortunate corner, and it was not the association's fault that we were not blocked at that particular time.

146. In reply to Mr. Taylor, you said that you did not want to make a profit out of the bakery, but wished to give your customers the benefit of the lower-priced bread?—Yes.

147. How would that act on the private baker? Would not that lead to a loss on his part?—Yes; but the loss we show is after allowing for wages and interest on capital. A private person would allow himself interest on capital and good wages.

148. I thought co-operation was cheaper?—As a rule it is, but it does not always work out that way.

149. What was the relative price between the private baker's charges and your charges for bread?—Where the trouble arose was that in the first place the president of the Bakers' Associa-

tion and Mr. Buchanan waited upon us and asked us to become members of the Bakers' Association, and to charge 6d. per 4 lb. loaf cash or booked. We never took up a position of that sort because our trade is a cash trade, and we reckon that you cannot beat encouraging a cash trade. Therefore, we say we give people the benefit of $\frac{1}{2}$ d. a loaf, and our price is $5\frac{1}{2}$ d. paid at the end of a week, or 6d. if booked. The baker's price was 6d. delivered irrespective of cash.

150. That is a cardinal feature, and you reckon it is worth $\frac{1}{2}$ d. a loaf to you?—Yes.

151. Can you show the Committee by the balance-sheet how it worked out to you?—Yes, when I go back.

152. How many loaves do you get out of a 200 lb. bag of flour?—That is just according to your bakers and according to your flour. The Californian flour will probably make you seventy-two loaves if you have a good baker; if not, it will only be sixty-eight.

153. Your whole business has shown a loss during the last twelve months?—That is after paying all interest on our capital.

154. That is the ordinary course?—Yes.

155. Taking it all over has it not worked out at over £400 loss? You have paid a bonus out of previous earnings to your customers?—That balance-sheet is for the half-year ending the 30th June, 1903, and it shows a profit of £3 9s. 10d.

156. It shows that £3 9s. 10d. on the revenue account, but coming to the profit and loss account you show bonuses on members' purchases, £172 15s.; on wages, £20 17s. 4d.; on non-members' purchases, £11 5s. 4d. You had brought forward from the previous half-year £452 7s. 10d., which enabled you to pay these bonuses on the current half-year out of the previous half-year's profits?—But it is not all brought forward.

157. But £452 is brought forward, and you spent £204 on bonuses, so if you had charged that to the previous half-year you would have been to the bad?—Yes; but that is never done.

158. *Mr. Aitken.*] You stated that you charged $5\frac{1}{2}$ d. cash for your bread, and 6d. if booked: do you not book weekly accounts?—Yes.

159. Have you not as much trouble in booking weekly accounts as monthly accounts?—There is more trouble in a way, but if you give an encouragement of $\frac{1}{2}$ d. in 6d. your customers are encouraged to pay, and we find it a very good inducement.

160. It is a discount for prompt payment, not for cash?—We look upon it as cash; they may look upon it as discount.

161. *The Chairman.*] Which department would pay 10 per cent.?—Drapery.

162. And the grocery showed a loss, I understood you to say?—Yes, that half-year.

163. Did you expect to attract custom by selling bread at $5\frac{1}{2}$ d., or did it pay you to sell at $5\frac{1}{2}$ d.?—We reckoned it paid us at $5\frac{1}{2}$ d.

164. You said that the bakery will pay you better than the grocery?—It will when established.

165. Then, you say the grocery shows a loss?—Yes, it may do for one period.

166. But you think, taking it altogether, that if you get cash you can afford to sell bread at $5\frac{1}{2}$ d.?—Yes.

167. Do you think the Flour-millers' Association charge more for their flour than they ought to charge, or do you think it a reasonable price considering the price of wheat?—That is the point; but that did not interest me so much as getting the flour.

168. What we want to get out is what the association has been doing to the public; do you think the association has been charging too much?—I think the association was charging sufficient at the time, and probably in excess; but it was not concerning me at all how they bought their wheat. That was a matter for their buyers.

169. You think they were charging a little more than they should have done, or would you rather not express an opinion on that?—I would rather say they were charging sufficient, and a little more.

170. How did the association's charges correspond with the prices you had to pay to the outside free mills?—All the outside mills quoted association rates, but when you took the quality of the flour outside it would not be so good as that coming through the proper channel, and that is how I account for the loss. But for that there would not have been a loss on the bakery.

171. It cost your society more because you could not get the flour through the association?—Yes.

172. *Mr. Lawrenson.*] Did the Bakers' Association ever ask you to join them?—Yes; Mr. Blake, the president, waited upon me, and invited us to become members. He waited on me with Mr. Buchanan, who was its secretary.

173. *Mr. Loughnan.*] At the period of these letters—in October—you were buying largely from the association. In that month of October, 1902, you purchased to the value of £180 15s. 3d. That was the largest item until February of the next year, when it reached £183. The only time when that amount was increased was in July, when it reached £183; and last month your orders amounted to £266. Consequently when you wrote that letter in October you had one of your largest month's orders supplied?—But is that just the bakery, or does it include the whole of the business.

174. That is the total: you do not suggest that you bought a hundred and eighty pounds' worth of small bags?—I do not know what we had bought from memory. We have often bought flour and sold it again.

175. Does it not strike you as significant that you broke all previous records in that month—that you only exceeded that record in three months long after?—We go in for buying and selling if we see a chance of making a pound or two.

176. It does not matter to the association, but the fact is that you bought it. The fact is that you say that at that time you say you could not buy from the association, and I have pointed out that you had your biggest sale during that month, barring two or three subsequent months?—I did

not say that. I said we could not buy in 200 lb. sacks from the association, which is quite a different thing.

177. Will you commit yourself to saying that such an order, amounting to so large a sum, could be entirely for small bags?—It might be. I could not tell without looking up my papers. Mr. Calder, the head of the department, had a free hand to buy as much as he liked.

178. Did you experience any difficulty at that time in getting flour from any of the mills that were not associated?—Only a difficulty in this way: that the cost would be very much more, and it is all a waste of time, which is humbugging an association.

179. I want to know whether any of the outside mills refused you flour?—None that did not belong to the association.

180. You are familiar, of course, with the constitution of the Bakers' Union?—Partly. I only knew they were established. Do you mean the employees' union?

181. The Master Bakers' Union?—No, I am not familiar with it. We have never interested ourselves in that at all, because we told them at the start that we were going to be free.

182. Do you know that their policy is not to deal with flour-mills, and that they prohibit their members from dealing with flour-mills that supply undercutting bakers? Do you know that?—I believe that to be correct.

183. Also that the members of the Bakers' Union are quite the largest customers the association have in Christchurch?—I do not know that.

184. You would take them to be the largest customers?—I would take them to be good customers. I am not prepared to say the largest.

185. If the Master Bakers' Union did withdraw their custom as a body, it would be a very disastrous thing for the association, would it not?—That is according to the rule or way they are working together. I do not see why it should be.

186. I will put it in a different way: your bakery was a small affair at that time—you were just beginning?—Yes; we started with one oven.

187. This was the position of the association: it had to elect between supplying you and losing the whole trade, perhaps, of the Master Bakers' Association?—I do not know. I certainly do not see why it should be so.

188. But you know it was the position?—I know now.

189. You see that it was quite likely to be the position, can you not?—I do not see why it should be the position.

190. There is a rule to that effect?—The rule reads: "29. No member shall do any business with any miller who does not belong to the union and also to the New Zealand Flour-millers' Co-operative Association (Limited); and a purchase of flour by a member of the union from any other person or firm shall be deemed a breach of the rules, and he shall be dealt with in a similar manner as if he had sold bread at less than agreed prices." That seems to be a kind of conspiracy between the two, in a form.

191. That is the position, is it not: that it is the Bakers' Union which makes this condition, and says to its members and to the association that if you supply non-unionists with flour we will not deal with you?—If the association bind themselves under the Master Baker's Union's rules, it certainly works out that way.

192. Are you aware that this rule has been amended by the omission of all reference to the Flour-millers' Association?—No.

193. I have a record of the total amount of flour supplied to your association by the Flour-millers' Association, and it shows a continuous course of transactions?—No.

194. Is there a break of any month?—No; but there are times when it could have been nearly double what it is. If we had been getting all our flour from your association there would have been times when our orders would have been nearly double.

195. It is admitted at once that the association declined to sell you flour at one period, but I am pointing out to you that your supplies from the association have never been entirely cut off?—As far as the bakery was concerned, I think we are right in saying that they were entirely cut off.

196. At what period?—At the time this correspondence took place.

197. How long would that continue?—It would be about October, but how long I cannot say. It would be for several weeks.

198. But for that period of several weeks you have experienced no trouble whatever in getting your flour from the association?—This is the position: When we first began getting flour we wanted to buy big lines for the purposes of saving the cash discount, but we could not buy except in small quantities. We were not allowed to get the same quantities even as some of the small bakers. We wanted to buy 25 tons, and we could not get a reply to our order.

199. Was your order accepted?—No.

200. I ask you whether, with the exception of that period of a few weeks, you had experienced any difficulty in getting your usual supplies from the association? Have they ever refused you flour for your usual quantity of supply except during that period?—Not for the usual supply.

201. That means that the association have occasionally refused you orders for large lines?—That is right.

202. Well, I suggest to you that that was when there was a rising market and you wanted to protect yourselves?—I do not think it was always then. At one time, if I remember aright—Mr. Jameson will remember better than I can—there was a special discount for such-and-such a quantity for cash; I think it was 1½. It was in 1902, and I think we wanted to take advantage of that.

203. That special discount was for 300 tons taken during the year?—Yes.

204. You make no charge at all against the association of charging an undue profit on the manufacture of flour from wheat?—I do not know sufficient about the manufacture of flour. I would not like to express an opinion on a matter of that sort.

205. I am asking you whether you make the charge or not; you can very easily say you do not?—I do not make any charge.

RALPH GARDINER examined. (No. 12.)

206. *The Chairman.*] What is your occupation?—Miller.
207. *Mr. Taylor.*] You are the proprietor of a flour-mill at the Cust?—Yes.
208. Do you remember, before your joining the Flour-millers' Association, who was the representative that interviewed you about joining?—Yes.
209. Who saw you about it?—Mr. Buchanan saw me once or twice.
210. Did Mr. Allan, the miller, see you?—Yes.
211. Any other miller?—Mr. Wood.
212. You never saw Mr. Jameson?—No; I do not think I ever met him.
213. Was there any other miller besides Mr. Allan and Mr. Wood?—Yes; there was Mr. Brown, and others.
214. And all urged you to join?—Yes.
215. Mr. Allan and Mr. Wood drove up to your district?—Yes.
216. Did they speak on behalf of the association?—I do not think they had any direct authority from the association.
217. Did you not practically regard them as representing the association?—No.
218. How did you look upon them?—I thought they only came up to suit their own interest.
219. As members of the association?—Probably so.
220. Did Mr. Buchanan speak as representing the association?—Well, he was in the employ of the association at that time.
221. Had you any doubt about his representing the views of the association? Could you have any doubt that his representations to you were practically on behalf of the association that sent him?—He did not say the association had sent him.
222. Could you have any reasonable doubt that he spoke on behalf of his employers?—I should think he spoke to urge me to join the association.
223. Did you join when the first suggestion was made that you should do so?—No.
224. Why did you not join?—The principal reason was that most of the bakers in my district that I was supplying were non-members of the Bakers' Union, and I was led to believe that if I joined the association they would deal with mills outside the association.
225. Do you know whether the members of the Master Bakers' Association came up to your district?—They were in my district, but I did not see them.
226. But did you not know that they were there?—I understood they were.
227. Working the district?—Not working the district; but I understood they did ask several bakers.
228. When did Mr. Buchanan come up there?—I saw him several times.
229. What were the inducements he offered you to join the association?—He offered me no particular inducement, but just pointed out the advantages of joining the association.
230. Did he offer you any special inducement to join the association?—No.
231. Did he ever say anything about travellers for the association travelling your district for the sale of flour?—No.
232. Do you remember seeing some representatives of the Trades Council?—Yes.
233. Where?—At the Cust.
234. Why?—I understand they were a deputation of the Trades and Labour Council to induce me to stay out of the association.
235. Did not that lead to correspondence between you?—Yes, I believe it did.
236. Did you say you had interviews from members of the Flour-millers' Association urging you to join the association?—I dare say I did.
237. Do you remember who were there from the Trades Council—Mr. Newton, Mr. Bilecliffe, Mr. Charles Taylor, and Mr. J. Fisher?—Yes.
238. Did you not tell these men that the Millers' Association's representatives had told you that if you did not come in they would specially operate in your district amongst your customers for a year?—The representatives of the association told me that?
239. Yes?—I do not remember.
240. If these four men swear that you told them that the Millers' Association had threatened you that they would sell flour in your district for a year, will you deny that that threat had been made by some members of the association?—I would deny that the threat had been made by the association.
241. By whom was the threat made?—By a miller.
242. Tell us now what threat was made?—He said he would take contracts, I suppose, for a yearly supply.
243. At what price?—He did not mention any price.
244. Did you not understand it would not have been at the market price?—I had sufficient experience of milling to know that he would go below me, and that I should have to go below him, and so on.
245. Who was the miller?—Mr. Allan, I think.
246. Was Mr. Allan not one of the principal promoters of the Miller's Association?—No.
247. Is it not within your knowledge that he was?—No, I do not think so, as far as I know.
248. Where did that threat take place?—One day when he was talking to me.
249. Where?—In the Cust.
250. As a matter of fact, had not that something to do with your joining the association?—No; I told him I would be willing to fight him.
251. And you told these members of the Trades Council about this incident at the hotel on the Sunday you saw them?—Yes.
252. How many days after was it that you joined the association—about three days, the following Tuesday, was it not?—It would be about that time.

253. Why did you decide to join ultimately? Was it to avoid the threatened competition?—No.

254. Was it not to avoid the threatened conflict?—No.

255. What did you join for?—They asked me to stand out, and explained that they would support me.

256. The members of the Trades Council?—Yes; and they said I would have the moral support of three thousand trade-unionists if I stood out. I said I wanted something more substantial, and I offered to sell my business at a price.

257. Do you remember writing this letter to Mr. F. J. Wilson, of Christchurch: "Cust, March 8, 1902.—DEAR SIR,—Yours of 6th instant to hand, and contents carefully noted. From the first we decided to stand out from joining the Flour-millers' Co-operative Association, and are no more inclined to join now than we were formerly. We wish to offer our thanks to your Council for its assurance of assistance, and should the necessity arise we will ask you to assist us in keeping our stand.—We remain, Yours, &c., R. GARDINER and Co. (R. G.)"? Do you remember writing that?—Yes.

258. Three days after you saw them you decided to join: did you not telegraph to them?—Yes, I think I did.

259. Can you not tell the Committee what influenced you, between the date you saw these men and the following Tuesday, in deciding to join the association? Did you get more for your flour?—No. I think in the meantime one of the Christchurch bakers had heard that I was likely to stand out, and I think one or two of them came up, and one wired to me for quotations for forward sales, and I did not feel inclined to enter into a contract for forward sales.

260. What did you base your ultimate decision upon? What reason had you for joining the association after resisting so long?—A day or two after the deputation from the Trades Council saw me I met two or three of my principal customers, and they told me that they had decided to join the Bakers' Association, because they believed it would be a good thing for the bakers.

261. Did you know of the rule of the Canterbury Master Bakers' Union to the effect that they would not buy flour from any miller who sold flour to a baker who was not a member of the Bakers' Union? Did you know that was their policy?—No.

262. Do you think the decision of the bakers in your district to join the Bakers' Union would affect you?—They simply said that they thought it would be a good thing to be members of the Bakers' Union, as it would do away with the people who got flour and started cutting.

263. How would that affect you?—They said they would have to get their flour from the association mills.

264. And therefore you decided to join the association?—That was one of the reasons. My principal reason was to do away with the forward sales. I had an idea at the time that wheat would rise. I had a good stock on hand, and if I had made these forward sales and wheat had risen I should have been selling my flour, which would have given them the advantage of my buying wheat instead of myself.

265. I suppose it was a number of these things combined with Mr. Allan's threat that decided you?—No. Mr. Allan's threat did not cause me to join. I told him that if he offered a certain price I would go one better.

266. But was not that one of the considerations that influenced you?—No; I do not think that would have made me come in.

267. Are you now a member of the association?—Yes.

268. What was your output per month before you joined?—It varied. Some months I sold about 100 tons, and other months I sold less.

269. What would be the average?—About 50 tons a month.

270. Since you joined?—Yes.

271. What is it now?—The average would be about the same—perhaps a little less.

272. Have you got a good price for your flour since you joined the association?—Taking it right through I have got less profit since I joined the association, because since last year flour has sold for less than it used to do.

273. Less than for what you would have sold it if you had been a free miller?—No; I should have sold it at the same price as the other mills.

274. Do you know that the association has been selling flour in Auckland for less than the market rates to meet the competition there?—I understand they have at times.

275. Do you know that the millers of Otago have been selling at a low figure to meet the competition from free mills there?—I know that flour has been very low in Dunedin.

276. Do you know that it is the result of the fight between the Millers' Association and the free mills? As a miller do you not take an interest in the fight in Otago?—I do.

277. And do you not know that that fight has been caused by the fact that Steven and Co.'s is a free mill?—I have always understood that Steven and Co. led the fight against the association.

278. I am asking you whether you do not know that the low price of flour is due to the fight that is going on in Otago?—I do not know that it is specially due to that.

279. You are quite satisfied now with your membership of the association?—Yes.

280. *Mr. Rutherford.*] When that deputation from the Trades Council interviewed you at the Cust did you tell them that you had been offered special inducements—that is to say, inducements not offered to others—to join the association?—I do not remember telling them that.

281. You would not swear that you did not tell them?—I do not remember any special inducements myself. The association did not offer me any special inducements.

282. It was so stated by a witness to-day that a representative of the association had offered you special inducements outside others to join the association?—No; I do not remember any

special inducements. I suppose that I probably asked for what I would consider a fair output, and they would probably say, "We will see that your output shall not be cut down in any way."

283. *Mr. Loughnan.*] You say that you had no special inducement offered to you at all, as a matter of fact?—As a matter of fact, I did not consider I had any special inducement offered. I may have asked for an output which I considered equal to my own, but there was no special inducement offered.

284. *Mr. Rutherford.*] As a matter of fact, your output has been materially affected?—No.

285. *Mr. Loughnan.*] I suppose your capacity was tested?—Yes; my capacity is three sacks an hour, but under the association I get two sacks and a half.

286. As a matter of fact, your agreed-upon output is rather less than your actual capacity?—Yes.

287. That does not appear to be much of an inducement: as a matter of fact, you have lost half a sack?—Yes.

288. I am holding in my hand a letter of yours, dated the 13th March, 1902, and addressed to Mr. Buchanan: "DEAR SIR,—Will you please furnish us with particulars of how we should go about to join the New Zealand Millers' Association, what quantity of flour would be allotted to us per month, and where it would be delivered; also how would gristing be arranged?—Yours, &c., R. GARDINER and Co. (R. G.)." That was written by you preliminarily to your coming in?—Yes.

289. That indicates that you were seeking admission?—Yes.

290. Voluntarily?—Yes.

291. Now, as a matter of fact, apart from that suggestion of Mr. Allan's that you told us about, was any pressure brought to bear upon you at all by the association or by any of its members that you should come in?—Not at all—no actual pressure. I have heard a great deal from people who seem to know more about it than I do myself that there was pressure, but there was not.

292. It has been stated by a witness that on this occasion, when you saw the delegates of the Trades Council, you told them that the Flour-millers' Association had given you three days within which to make up your mind to join the association or not, and that if you did not join within three days they would put flour into your district and sell it to your customers below cost-price: did you make that statement?—No; I never made a statement of that sort. I can understand, though, how the "three days" came about. I might state that I had a partner in my concern at that time, and she was away. It would take me three days to get a reply from her about joining the association, and I had promised Mr. Wood and Mr. Allan that I would let them know in three days' time whether I would join. That would be where the three days came in.

293. If you had made such a statement it would have been absolutely untrue, would it not?—Yes, certainly.

294. *The Chairman.*] Can you tell me whether you discussed with the association the maintenance of your output before joining?—Yes.

295. And was it to be sustained?—They promised me that my output would remain about the same, according to their outputs. They showed me a list of their own outputs with the sack capacity. I had a list of my own, and that would be about the same.

296. *Hon. Sir J. G. Ward.*] Does that mean that the outputs of the millers who were in the association had been proportioned on the same footing after they had joined, or were you going to be treated exceptionally?—No; I think some of the millers kept their mills running full time. I used to keep mine running about sixteen hours a day on the average, and, comparing my output with theirs, theirs would be lowered and mine would be raised, and all of us would be brought into line, on account of some millers running twenty-four hours.

297. You mean that if they reduced their running-powers yours would be raised?—Yes.

THURSDAY, 15TH OCTOBER, 1903.

JOHN RYLEY examined. (No. 13.)

1. *The Chairman.*] What is your occupation?—Miller and grain-merchant.

2. Resident in Dunedin?—Yes.

3. *Mr. Loughnan.*] How long have you been engaged in the milling industry?—About twelve years, on and off.

4. Your mill is situated in Dunedin, I believe?—No; Shag Valley. My business is chiefly in Dunedin.

5. What was the condition of the flour-milling industry prior to the formation of the association—1901?—It was thoroughly demoralised—as rotten as any business could possibly be.

6. What were the principal causes producing that result?—Too much competition and the cutting of prices.

7. Was there any other cause?—Forward sales and bad debts.

8. Did you become a member of the association at any time?—No.

9. You are a free miller?—Yes.

10. And always have been?—Yes, as far as this association is concerned. We had a little association on and off all the time, but it was thoroughly rotten. Millers would meet and fix the prices and terms that were to be binding on all the members until the next meeting; but no sooner were the prices fixed than some of the millers or their agents would go round and sell as they liked. They would issue invoices with the current price on their face, but when payments were made they would allow a bigger discount or put in flour for the stipulated amount. That was the state of matters then.

11. In your own case have you been approached by the association at all with a view to induce you to join them?—Not as such; individuals have spoken to me, but never as an association. Mr. A. Steven, of Steven and Co., who was a member of the association, frequently urged upon

me to join, stating that it was a capital thing for the millers who had had to suffer bad debts, forward sales, and other things previously.

12. That was, of course, during Mr. Steven's connection with the association?—Yes.

13. He appeared to consider the association a desirable institution?—Yes; all the conversations I had with him went to show that he highly approved of it.

14. Do you remember when he seceded from the association?—Yes.

15. About that time others seceded too?—Yes.

16. What was the effect upon the trade and prices?—The trade rapidly drifted into the old state of matters before the association was formed. Cutting again commenced.

17. Did it come under your observation in Dunedin from what side the cutting commenced?—I have no doubt whatever that it was Steven and Co. who commenced the cutting. I know that from this fact: that they went amongst my own customers—customers that had stuck to me all through the period of the association—and offered flour at a reduced price, and actually made sales.

18. You have been carrying on your business ever since then, have you not?—Yes.

19. How have you regulated your prices?—Of course, I have dropped them to the level of others.

20. And what is the position in regard to the trade and prices in Dunedin at the present time?—Most mills are working at an absolute loss—that is, a miller who has to pay for every item in the manufacture of his flour is now working at a loss.

21. Do you know whether the association, as an association, has taken any active part in the contest that is going on down there?—Yes; they have had to reduce their flour to the level of others. They would have made no sales if they had not done so.

22. It has been given in evidence before this Committee that it was the deliberate action of the association which brought the prices down in Dunedin: what is your observation?—That is absolutely incorrect, and if any one swore it on oath I would say that it was not true. I have facts to prove the reverse.

23. If you can, give us any facts—that is what we want?—I can give you plenty of facts.

24. Will you give them to us?—Facts to prove that the association did not originate the cutting?

25. Yes?—Very well. Steven and Co. went to certain of my own customers and actually made sales below the current price, and the association had to follow suit. In fact, it was known that A. Steven and Co. wrote to the Bakers' Association and offered to sell flour at the association's price or under. Their letter is in existence. There is no getting away from the fact that they originated the cutting.

26. Are there any other millers in Dunedin except yourself that are not members of the association? It has been stated that all the millers excepting yourself are members of the Millers' Association?—No; there are a large number outside.

27. Name some of them?—Fleming and Gilkison, Shand, Ireland and Co., Milligan and Bond, Mether; they are all out of the association.

28. It has been suggested that the Master Bakers' Union of Dunedin united to effect a boycott of the free mills in that district: what observation have you to make upon that statement?—I say that is not correct, because I have been a free miller—absolutely free in every sense—and the bakers have never boycotted me; in fact, I could have sold three times what my mill put out during the existence of the association, and I know for a fact that the bakers have been taking Steven and Co.'s flour since they left the association.

29. At any rate, they have taken your flour, have they not?—Yes.

30. What is your opinion with regard to supplying cutting bakers with flour?—I would say that in nineteen cases out of twenty it is very hazardous to supply them. I will give you two examples of what has happened in my own experience. A baker in Gore wrote to me for flour, complaining bitterly about the treatment he had received from the association. He got friends in Dunedin to call upon me, and the result was that I sent him flour to the value of £80. Of that baker's money I have never received a penny, and never will. There will not be as much in his estate as will pay the assignee's expenses. Another case was that of a baker at Waitahuna, whom the association would not supply. He got into me to the extent of £150. He had a great complaint to make against the association as well, but, unfortunately, I lent my ear to his cock-and-bull story, and gave him flour to the extent of £150. I got notice just before the day I left for Wellington from the Official Assignee that there was a first and final dividend being paid out of that baker's estate of 3s. 9½d. in the pound. I might state that I afterwards found that the baker at Gore had been selling bread at 1d. a loaf cheaper than any other baker in the town. I also lost £60 through another baker, and I have resolved, on moral grounds as well as from self-interest, never to supply a cutting baker again if I know it. A man who cuts prices has either no money at his back—it is a hit-or-miss game with him—or if he has money, he is trying to take an undue advantage of his neighbour. That is my firm conviction after experience.

31. It has been suggested that through supplying cutting bakers certain bakers in Dunedin have refused to buy flour from Steven and Co.?—I know that some bakers, not from any aversion to Steven and Co., or from any feeling because they left the association, have refused to take their flour, but because of the antipathy they have towards their traveller, Mr. Dall.

32. Do you know that of your own knowledge?—Yes, I know one baker who told Mr. Steven in the presence of Mr. Dall that so long as he retained him in his service he would never take a sack of his flour.

33. Do you remember the millers in your district making a money contribution to the Bakers' Union down there?—Yes.

34. Were you a subscriber to that?—I am not absolutely certain whether I subscribed to that or not, but I know I have been in the habit of making an annual contribution to the Bakers'

Union, just as I am in the habit of making an annual contribution to the Trades and Labour Council for their Labour Day sports.

35. You have no recollection of contributing to that particular fund?—Yes, I think a certain amount was given by the local millers.

36. You cannot remember whether you contributed?—I could not be absolutely certain—I believe I did. I remember Mr. Harroway, who used to take an interest in it, ringing me up. I remember that distinctly.

37. What is your opinion of the effect of the operations of the association upon prices?—My decided opinion is that the association has been instrumental in keeping down the price rather than raising it.

38. That is, to the consumer?—Yes, to the consumer. I remember that ten years ago the price of wheat rose to 5s. a bushel in Dunedin, and flour rose to £13 a ton. Last year, or during the existence of the association, wheat rose to 5s. 9d. a bushel in Dunedin, while flour was never higher than £13 a ton. Thus, although there was a difference of 9d. a bushel in wheat as compared with the time I referred to ten years ago, during the existence of the association flour did not rise above £13.

39. Have you had an opportunity of seeing a list that compares the figures during the period of the association's existence and immediately after?—Yes.

40. How do they compare?—I consider the prices the association charged are considerably under; at any rate, they are under the prices that obtained before—I mean for flour compared with the price of wheat.

41. Taking the year 1902, was that a prosperous year, or otherwise, from the millers' point of view?—It was a fairly prosperous year.

42. The association practically controlled prices during 1902, did they not?—Yes.

43. Did they rise to an undue level during that year?—No, certainly not—that is, considering the price of wheat. The price of wheat always regulates the price of flour, just as the price of flour regulates the price of bread.

44. Do you know the terms of the association—that they charge 5 per cent.?—Yes.

45. Do you know what that 5 per cent. covers?—Yes; it covers commission $2\frac{1}{2}$ per cent. and the purchaser $2\frac{1}{2}$ per cent. The purchaser gets $2\frac{1}{2}$ per cent., so that all the association gets to cover bad debts, working-expenses, and losses is $2\frac{1}{2}$ per cent.

46. It has been suggested that that is an excessive price?—I consider that no private miller could do it for that. I know I could not, considering the bad debts I sustain. Besides, I do not think any miller has ever done it so cheaply. Before the association was formed each miller had his agents all over the colony, and as a rule those agents were paid $2\frac{1}{2}$ per cent. for selling, and the miller ran the risk of bad debts in addition.

47. It is one of the charges, in fact, against the association that there is more milling machinery and plant in New Zealand than is required for the local trade, and that the result of the association's operations is to cause the millers to charge interest upon their idle plant?—But the same amount of machinery, or nearly so, existed before the association was formed, so that the association is not responsible for that. Besides, I suppose in most trades there is surplus machinery. Take the woollen trade for example: their machinery is more expensive than the millers' machinery, and they do not want to run their mills twenty-four hours.

48. Is there any reason why flour-mills should be running for twenty-four hours?—I do not know of any reason, one mill has as good a right to run twenty-four hours as another; and supposing that all the mills were to run twenty-four hours where would they be in a month? The market would be glutted just as it would be in other businesses if they ran twenty-four hours, and the whole market would be demoralised. There is a certain amount of business to be done by the flour-millers in New Zealand. The consumption amounts in round numbers to eight hundred thousand 200 lb. sacks per annum. That allows a sack for every individual—man, woman, and child—and comes to about £1 per head for the population of the colony per annum.

49. *Mr. Taylor.*] That is sixty-eight 4 lb. loaves for every person in the colony?—Yes; there are from sixty-six to sixty-eight loaves in a sack of flour.

50. *Mr. Loughman.*] You put it that that is the entire demand for flour?—Yes; there is no market outside New Zealand at the present time. Supposing all the mills were run twenty-four hours, a cut-throat business would set in. There would be no profit for anybody, and it would be a question of the survival of the fittest—the longest purse would carry the day. Then you would have a monopoly pure and simple. Surely it is better in the interests of labour and every one else that the milling business should not be handed over to, say, twelve or fifteen of the largest mills. The large millers do not want to monopolize the trade with one or two exceptions, they simply want an equitable distribution of the business.

51. I presume you are referring to the large millers connected with the association?—Yes.

52. Do you think if the mills of the colony were restricted to eight or nine hours a day it could be fairly said that the capacity would be excessive?—No; I should say the consumption would be brought into harmony with the output, and the mills would be working rational hours. There is not more milling-power in this colony than is required if only eight or nine hours per day were worked.

53. Addressing your attention to the question that interest is being provided upon idle plant, do you think that is correct?—I do not think so, for this reason: that every miller's property has been immensely depreciated owing to the cut-throat business that has been going on.

54. You mean, I suppose, by that that it has been written down?—Yes.

55. Can you give us any instance of the depreciation of milling property—actual sales of your own knowledge?—Take my old mills, the Crown Mills, in Dunedin. They cost us about £24,000, and were sold to Messrs. Evans and Co. for £7,000.

56. How long was that after their installation?—About five or six years.

57. What was their condition at the time of sale?—The mill was in thorough working-order; but I understand Evans and Co. laid out a large sum of money on it. I know they recently sold again to Turnbull and Co., and came out with £150 loss on the transaction, and yet Mr. Evans thought he got the property very cheap. I know of other properties, too, which have been sold at a third of their original cost. Milling property, owing to the cut-throat policy which is going on, has been a drug in the market, and you can scarcely sell it at any price.

58. There has been a suggestion that the duty should be taken off flour and wheat: what would be the result of that course being adopted?—I think whoever advocated that would not know much about the business. One of two things would inevitably follow: either wheat would have to come down equal to the duty taken off—say, 6d. a bushel, and the farmer would have to lose that—or if the farmer kept up the price of wheat then the mills of the colony would be shut down, and the whole trade would be handed over to the Australians. One or other of these two things would eventuate. Millers could not afford to work for nothing, and it is well known that as a whole wheat in the Australian Colonies is cheaper than in any other part of the world. I know that; I brought a cargo from Victoria—there was plenty of wheat in this colony, but we could not get it at a price to leave a margin of profit—and we landed that wheat, after paying freight, insurance, 5½d. of duty, and other charges, in our mill at 3d. a bushel cheaper than we could have brought it from Oamaru. Other millers did the same thing.

59. *Sir W. R. Russell.*] What year was that in?—It was about eight or ten years ago.

60. *Mr. Loughnan.*] With your experience have you ever met an instance of the association using means to coerce millers to join the association?—Never, so far as I know. I know they have never attempted to coerce me. I have been on the best terms with them. We have had a little bantering, but no attempt has ever been made at coercion. As I have said, I have never had any difficulty in selling my flour to the bakers of Dunedin.

61. Have you refused to supply cutting bakers?—Certainly; and, as I said, on moral grounds as well as self-interest I would refuse to supply them. If a man cuts he has either no capital or he wants to take an undue advantage of others.

62. *Mr. Laurensen.*] What is the capacity of a mill like Mr. Meek's, of Oamaru—how many tons of flour could he turn out?—He has a capacity of fourteen sacks an hour, so you can easily calculate that. That is a ton and four sacks—ten sacks to the ton.

63. That is in one mill?—No, in both mills. He has two.

64. What about Mr. Wood, of Riccarton?—I think he has a capacity of fifteen sacks an hour. He has the Ashburton mills as well as the mills in Christchurch.

65. How many mills are connected with the association?—I really could not answer that question. Mr. Jameson would know. Mr. Jameson says there are thirty-three.

66. Can you tell me how many mills there are outside the association?—I think there would be more outside.

67. At that rate there are about seventy mills in the colony?—Yes.

68. You say the flour used in New Zealand amounts to eight hundred thousand sacks?—Yes; but there are a large number of mills which have only three- or four-sack plants.

69. You said that if the duty were taken off flour one of two things would happen, either the mills would have to run at a loss or the farmers would have to take a reduced price for their wheat?—Yes.

70. Do you mean to tell the Committee that the local market fixes the price of wheat?—Certainly not.

71. Does not the price in London always fix the price here except for a short period?—It did not last year or the year before, nor does it fix the price this year.

72. Are we to understand that as soon as the trust was formed the price was fixed locally?—No; but the drought in Australia fixed the price.

73. How would taking off the duty give the farmer a less price per bushel?—He would be shut up to London. Some of the wool ships from the other side will take flour from Australia to Wellington at a cheaper rate than we can send it to Auckland.

74. After all, the farmer would not be affected in the price he would get for his wheat by any alteration in the duty, because the price is not fixed by the demand here, but by the London market?—But as a rule the farmer gets better prices locally than he can possibly get in London. The local price is always better than the price in London.

75. The price is fixed, not by the local price, but by the London price, so that after all the duty would not affect us?—Certainly the duty would affect us, because the farmer would be shut up to the London market.

76. Or any other market outside?—Certainly; and he would be a decided loser. I have had twelve years' experience, and know that any farmer who has shipped has become a loser unless he has hit on a rising market. The charges are enormous.

77. *Mr. Rutherford.*] You have been milling for twelve years?—Yes, off and on.

78. Were your profits greater previous to the formation of the trust, or since its formation?—I believe that in certain years the profit outside the trust was greater, but during the time of the trust the price has been steadier and more certain. Bad debts and forward sales have been avoided, and a lot of evils that had crept into the milling industry have been prevented. One year I sold for forward delivery. It was a common thing then to enter into contracts with bakers for twelve months, and at the time I had a contract at £7 a ton, when flour suddenly jumped up, and for most of the period it was £13 a ton, so you see what a terrible loss that was to the miller. The moment flour comes down it becomes bad to the baker; he tries to wriggle out of his contract, and if you make him stick to it he coolly tells you that he will never take another sack of your flour after the contract expires.

79. You said you had suffered severe losses on account of cutting bakers, and resolved never to supply any more of them : have you ever made losses on account of bakers who did not cut?—I do not think I have. My memory cannot call up a single instance where I lost in a case where the baker kept up the price.

80. You told us that you had not joined the association : you were not working with an understanding with the association?—No.

81. Are you a large miller?—I have a five-sack plant. I erected a new plant not long ago. Formerly it was a two-sack plant.

82. How many hours do you work?—On an average twelve hours the year round.

83. You have no idle machinery?—No.

84. It has been suggested that one of the objects of the millers' trust was to make the public pay interest on the capital sunk in idle machinery : working reasonable hours you have no interest to make up on idle machinery, and therefore it follows that your profits must be greater than those of millers who have to provide interest on capital sunk in idle machinery?—If rational hours were worked there would be no idle machinery.

85. How many hours do you have to work so that you will have no idle machinery?—It depends entirely upon my sales. If I were pushing my business I could work twenty-four hours and get rid of all my flour.

86. You have stated that wheat was cheaper in Australia than it was here : do we understand that taking it as a usual thing wheat rules cheaper in Australia than it does here?—Yes.

87. *Mr. Hogg.*] Do you think that the association has accomplished its object in Dunedin and Otago?—I do not think it has accomplished its object, because there are so many mills outside of it ; but I am satisfied that if it did accomplish its object it could supply flour cheaper than any individual miller could possibly do it, because it saves so many expenses—cross-railage, bad debts, and so on.

88. You do not say its object is to reduce the price of flour or wheat?—They know their own object, and what it is I cannot say ; but so far as I have studied their articles their object appears to be to put the milling industry on a fair, sound basis, which it has never been on before, not to exploit the public, but to get a fair profit for their labour—in fact, a living wage.

89. Has the association improved the position of the millers?—I believe it has—those who are connected with it. I believe it has considerably, without raising the price of flour.

90. And it has improved their position in Dunedin?—Yes.

91. But you told us that the trade there is thoroughly rotten?—Just now it is, it is worse now than it was before the association was formed.

92. Then, the association has not improved the position of the millers?—It did during the two years.

93. But, contrasted with the past, the trade is worse now than it was before?—Yes, I believe it is, owing to cutting prices.

94. You have also told us that it would be better to distribute the work over all the mills than to have a monopoly amongst the large mills?—That is my opinion.

95. Is it not the case that milling machinery is being largely improved from time to time?—Yes.

96. And that old machinery is liable to become rapidly obsolete?—That is quite correct.

97. Do you think it would be desirable to prevent men with capital and experience introducing the best labour-saving machinery into the colony?—Every miller has to do that. However small his mill, he must do that to enable him to compete in the market.

98. Is every miller in a position to do it?—I have had to do it. I have had to put in a new plant furnished by Henry Simon. Every miller who remains in the trade feels that he must have his mill up to date.

99. With regard to the price of Australian flour, is it not the case that a considerable quantity of Australian flour has to be introduced into New Zealand?—Not necessarily. It had to be introduced during the last two seasons owing to the fact that a large proportion of our crop was damaged by wet.

100. Does not that occur continually—that New Zealand wheat is of such a character that it requires Australian wheat to improve it?—No. I know that in ordinary years we can produce as good wheat in the Oamaru district, and at Ashburton and elsewhere, as you could wish for, and that no outside wheat comes in except in a special season.

101. Then, New Zealand millers are not in the habit of mixing Australian wheat with New Zealand wheat?—Not so far as I know. They had to do it during the last two wet seasons.

102. You say that the New Zealand farmer should not be required to compete with the farmers of Australia—that is, that it is not desirable that Australian wheat should be introduced into this country?—I did not say that. I gave my opinion as to what would happen if the duty were taken off wheat and flour.

103. Do you think that in a grain-growing country like this it is desirable to have a duty on wheat and flour?—That is a matter of opinion. We are shut out from Australia, and if the duty were removed our colony would be made a dumping-ground.

104. You have been speaking of moral grounds, and I wish to have your opinion as to whether you think the consumer should have moral grounds against competition in this way?—Certainly ; I have always been a Free-trader, but I believe in reciprocity— not to have free trade on one side and protection on the other.

105. Being a Free-trader, do not you think it would be wise to take the duty off? Do you not think that farmers who are growing 33 bushels of wheat to the acre are able to compete with any colonies outside?—We ought to, but the farmers should be the best judges. Besides, we are not on equal terms as far as expenses of labour are concerned.

106. Under those circumstances, do you think it right to keep wheat up to fictitious rates?—As far as the miller is concerned the price of wheat is not a matter of so much importance to him as a fair profit for his work. If wheat is dear flour must be dear, and if wheat is cheap flour must be proportionately cheap. So that the miller is not very much interested in the duty being taken off or kept on. The farmer is most interested.

107. *The Chairman.*] Did Mr. Evans add good machinery to the Crown Mills?—He added machinery, and it is a very perfect mill just now. He spent a considerable sum of money upon it.

108. Would you propose that the Government should fix the price of flour and bread?—Certainly. I think every miller would be pleased if a Board were appointed to fix the price of flour and wheat.

109. Assuming that the Government fixed the price according to a scale—wheat at so much, and flour and bread in proportion—do you think the millers would be willing to support that?—I think they would all be delighted.

110. That has been a suggestion which has been made very frequently in this colony?—I know that the bakers in Dunedin had an interview with Mr. Seddon, and that that was one of the things they urged, that the Government or Parliament should fix the price of bread according to the price of flour.

111. Do you think such a thing possible?—I think it is.

112. There are only about two by-products out of wheat—bran and pollard?—Yes.

113. So that the whole of it could be fixed by an adjustable scale?—I do not see why it should not. As far as I know the mind of the millers, all they want is a fair profit for their labour. I have never met a miller, except one, I can honestly say, who wished to monopolize the trade or to get an undue advantage at the expense of the community.

114. Can you say what ratio the shortness of hours and the increased wages of the workmen bear to the price of flour?—I scarcely follow you.

115. I am anxious to find out if the flour is charged and the bread is charged at a fair value to the public: can you tell us how much per cent. the increased cost has been through the shortened hours and increased wages?—It simply means eight hours out of the twenty-four, and in addition to that there has been an increase in the wages—about 15 per cent.

116. Can you work that out for the Committee?—Yes, I will work it out and let you have it (as stated above, 15 per cent.)

117. You referred to cutting bakers: have you noticed what the bakers in Auckland have been fixing as the price for bread?—I noticed that when flour was at £7 the 4 lb. loaf was to be 5d.

118. The ratio fixed was: Dunedin—flour, £9 15s.; bread, 6½d.; Wellington—flour, £10 2s. 6d.; bread, 7d.; Auckland—flour, £10 7s. 6d.; bread, 7d.; Christchurch—flour, £9 10s.; bread, 6½d. We have it in evidence from a baker in Wellington that if flour was £10 it would pay him to sell bread for cash at 5½d.?—There may be special circumstances in connection with that gentleman's business that I do not know about. In Dunedin it takes 1d. per loaf to cover delivery alone.

119. Do you think it is an unwise thing to have a cash price and a delivery price?—I do not think you can help that very well, because there are some people who will not go to the shop or send for it. If it has to be delivered at their homes it is only right that they should pay for the cost of delivery.

120. You do not think it is fair that the person who goes or sends a child to a shop and pays cash should bear the cost of the delivery of the bread?—Certainly not.

121. Do you not think 1½d. in the loaf is a big increase in the price for delivery, and that a man might well afford to sell cheaper for cash?—He may have a different way of doing business. I am not a baker. I am merely giving the opinions I have heard expressed on the subject. The cash baker has no books to keep and has no bad debts.

122. *Mr. Taylor.*] You said a good deal about rational hours for mills?—Yes.

123. What is the custom with the flour-millers in America and Great Britain as far as the number of hours per day is concerned?—I do not know. I know that the Americans work in a big way, but I do not think it would be desirable to introduce the American system into New Zealand. I do not suppose the bakers would be prepared to do it.

124. Do you know whether in Great Britain and America it is customary for mills to work twenty-four hours a day?—Yes, I know that is so; but in those countries they have big populations to supply, and are not hampered by much labour legislation.

125. Was that the custom in the large mills in New Zealand until the formation of the millers' trust?—Yes; they worked twenty-four hours as long as they could, and then shut down and paid off their men.

126. Do you work your mill six or seven days a week?—I do not work on Sunday.

127. On moral grounds you do not work on Sunday?—Yes, as well as physical.

128. How many hours do you work a week—sixty-six hours?—Yes.

129. You produce about 33 tons a week?—Yes; we could produce 66.

130. What millers besides Harroway spoke to you about joining the trust?—Steven and Co. frequently asked me to join.

131. Who else?—There was Mr. Harroway and Mr. Lough. The association never attempted to interfere with my business.

132. Yours is a very small business compared with other mills in the colony?—Yes; but there are others as small and smaller.

133. Do you charge association prices?—As a rule I do.

134. Do you always charge association rates for your flour?—Not always.

135. Do you cut under them?—I give concessions for cash.

136. You cut on a discount?—It is recognised that 3¼ per cent. is the discount for cash, and that is what I have been giving.

137. What does the association give?—I think $3\frac{3}{4}$ per cent. if a certain quantity is bought.
138. Evidence has been given that they never give more than $2\frac{1}{2}$ per cent: what do you know about the association?—I have studied their rules.
139. Are there any rules?—Yes, there are rules.
140. Have you a copy of them in your office?—I believe I have a copy of them at home.
141. Are you speaking of the agreement or a document called "Rules"?—Perhaps I am confounding the two things.
142. Are you thinking of the Bakers' Union rules?—No.
143. Have you never had discussions with any of the Dunedin millers in reference to your cutting the association on discounts?—No.
144. They have never objected to your doing this?—Never, so far as I can remember.
145. Have you ever told any of those millers that if your custom was interfered with you would cut prices—that you were all right if left alone, but that if you were not left alone you would do so?—I do not know what you are referring to.
146. In your conversations with representatives of the Millers' Association have you not suggested that if you were not left alone as a small miller you would cut prices?—I have said over and over again, because I have only a small number of men employed and do so much of my own work that if cutting was to go on I should be able to hang out as long as most of the millers.
147. Do you not think they have let you alone on that ground?—Certainly not. As I have said, we have had a little bantering frequently, but they have never attempted to interfere with my work in any way.
148. You have got on very nicely with them?—Yes, as far as I know.
149. You say that you believe you subscribed to the £50 given to the Bakers' Association?—I believe I did.
150. Did you also subscribe your usual donation?—If I subscribed to one I did not subscribe to the other. I have always given a subscription to the Bakers' Union.
151. You told us that Steven and Co. were responsible for cutting the prices in Otago?—So they are.
152. Have you ever discussed Steven and Co.'s competition with others?—I discussed it in the public Press.
153. You think they inflicted injury upon you and upon other mills by breaking away from the association?—Certainly I do, and upon themselves as well.
154. As a matter of fact, who first cut the prices?—As a matter of fact, I know their traveller went round to the bakers before withdrawing from the association—knowing that they were going to withdraw—and offered flour at a reduced price.
155. Now, give us your fact?—Mr. Charlton, of Seacliffe, is one case.
156. And the others?—I know they sold to others, and gave larger discounts than I had given, and for the time being I lost my trade before I came down in price.
157. You have reason for feeling personally aggrieved with Steven and Co.?—Well, they injured me, as well as others.
158. Was it within your knowledge that the association cut to meet Steven and Co.'s competition?—It was Steven and Co. who originated the cutting, and when the association dropped down to their level they wrote to the papers complaining that it was the association who did so, and said there was no reason for it, except to ruin them. I wrote to the papers, and exposed Steven and Co. in a way they will probably not forget for some time to come.
159. Do you put up 50 lb. bags?—Yes.
160. What is the price?—They are selling at £10 15s.
161. Are you selling them for 15s. per ton more than the 200 lb. bags?—Yes.
162. Then, you have not cut the price of the fifties?—I have had to do so since Steven and Co. started cutting.
163. Did they start to cut the price?—Yes.
164. Do you know whether Steven and Co. and the millers' trust both charge the same now?—I do not know what they are charging. I know as a fact that Steven and Co. have sold fifties at £10 15s., less 10 per cent.
165. Do you know that fifties are being sold at 5s. a ton less than sack flour is?—I know that they are being sold at 10s. a ton less.
166. What price are they being sold at?—£10 15s., less 10 per cent.
167. What is flour being sold at?—£10 a ton nominally.
168. You say that 50 lb. bags are being sold at £10 15s., less 10 per cent.?—That is nominally.
169. But if it has been given in evidence that they are being sold at £9 15s. per ton, how would you reconcile that?—It is quite possible.
170. Do you know what is being charged in Dunedin to-day?—I cannot tell you, because every man has his own price.
171. You have had very considerable experience in mills, have you not?—I have had, unfortunately.
172. Do you think the action of the banks in Auckland encouraged excessive investment of capital in mills?—I do not know.
173. Well, in Otago?—I do not know whether they encouraged excessive investment in capital, but they have advanced money for investment—I will not say excessively.
174. One baker doing a fair business, and employing, say, three or four hands, would practically keep your mill going, would he not?—Certainly not. He would only bake 6 or 8 tons per week.
175. Where do you sell most of your flour?—In Dunedin and suburbs.
176. More in the suburbs than in the city?—No, more in the city.
177. You gave us a list of outside millers, and mentioned Fleming and Gilkison, Milligan, and Bond, and others?—Yes.

178. Did you wish the Committee to understand that these men were free millers since the association started?—No.

179. When were they free?—Since March last.

180. As a matter of fact, was not Fleming a member of the association for two years?—I said that since the 1st March they were free millers. I was asked how many free millers there were in and about Dunedin, and I understood that that referred to the present time.

181. You know for a fact that the bakers in Dunedin have taken Steven and Co.'s flour since Steven and Co. left the combine?—Yes.

182. Can you give me the names of them?—Yes, there is William Wright and Co., Harrison, Stewart, Gollan, Mortimer, and a dozen of others I could name.

183. Is William Wright a member of the Bakers' Union at Dunedin?—Yes.

184. When did he take Steven and Co.'s flour?—I know that he has been taking it.

185. Since last March?—Yes.

186. How do you know that?—I know it because the manager told me. I sold to him 25 tons of flour, and he told me he had been buying from Steven and Co.

187. Do you know that Steven and Co. had considerable correspondence with the Bakers' Union over the boycott that was placed on them?—Yes.

188. Do you not know that it was after Steven and Co. threatened to open a bakery in Dunedin that some of the bakers agreed to take flour from them?—I know it was after that threat that some of the bakers put up their backs and would not take a sack of flour from them.

189. Give me the names of them?—There is one firm, Searl and Eberhart.

190. That was after Steven and Co. made the threat?—Yes. The feeling they had was towards Steven and Co.'s traveller, Mr. Dall.

191. Supposing a baker, having a splendidly equipped bakehouse, tells the Committee that he can sell bread for 5½d. for cash and make a handsome profit out of that with flour at £10 10s., what do you say to that?—I say I am not a baker, and do not know the man's business, or how he pays his employees.

192. If he pays Arbitration Court wages and complies with union conditions, and pays £10 10s. a ton for his flour, and declares that under these conditions he can make a handsome profit at 5½d. for cash, will you contradict him?—Well, he runs no risk with the cash business, and might be able to do it; but, unfortunately, other bakers run a very great risk—their accounts are small, and they cannot sue for them, as to put the law as it stands in motion would be utterly useless.

193. You would not contradict him?—No; I do not know the facts.

194. You say that the reason why the association saved money for the millers was because they refused orders for forward delivery?—Yes.

195. You think forward delivery is to be deprecated?—Yes.

196. Do you think if flour was rising in price, and a baker came to purchase it for cash, that a miller would be justified in refusing? Is not a miller barred from giving forward delivery even if the market is threatening to rise?—I do not know.

197. Do you not know that the association has practically stopped forward sales?—Yes; and I think it is a good thing.

198. Do you know that the association refused to sell to a baker for cash, excepting a limited quantity to supply his ordinary demands?—I have refused bakers again and again myself in such circumstances.

199. Do you know that that is part of the policy of the association?—No; I know that forward sales have been a great source of loss in the past to millers.

200. Do you buy wheat if you anticipate a rise in the price?—If I can, but it is not always that I can.

201. You do if you can, as a matter of policy?—Yes.

202. And you think the association is right in refusing a baker who wishes to do the same thing?—Your analogy is not correct. I try to buy, but the farmer has the right to refuse. On a parity of reasoning the miller surely has a right to refuse if he thinks he can get, say, £1 more for his flour by holding it for a short time longer.

203. If the association had control of the output of flour in New Zealand would not all profit upon a rising market be monopolized by the millers belonging to the association? Would they not control them?—Of course they would, and in a falling market they would have to bear the loss.

204. Do you think the association intended to get all the millers in New Zealand into the trust when they started?—I do not know what was in their mind, but I think it would be a good thing if they were.

205. If the millers' trust were to embrace all the millers in New Zealand would not the trust practically fix the price of wheat to the farmer?—Certainly not.

206. Why?—The London market would fix it, except in special seasons.

207. You say that the London market fixes the price of wheat?—Usually; not always.

208. You want to qualify that now?—Certainly. Times might certainly arise when it would not.

209. You say that the large millers manifest a fair spirit in this matter—they simply want a fair profit?—Yes.

210. It has been stated in evidence that wheat was 4s. 6d. in September, 1902, and that in September this year, when wheat was about the same price, £2 5s. to £2 10s. more was being made by the millers in 1902 than in 1903, taking the same months?—In 1903 they are losing money. Besides, when the prices existed that you refer to the millers might have had large stocks of dear wheat on hand.

211. What is a fair profit on flour per ton?—It just depends upon circumstances. What might be a fair profit to me might be a loss to others.

212. But what is a fair profit to yourself—£1 a ton?—Yes, an absolute profit; but we never get that.

213. What would you consider a fair profit?—If we got 10s. a ton I would be satisfied, but we do not get that, because the cost of manufacture in different mills varies. It is difficult to say, because what would be a profit to me might not be a profit to my neighbour.

214. If the New Zealand millers were to work their mills only eight hours a day out of the twenty-four in comparison with the twenty-four hours a day worked by the American and British millers, the price of flour and bread must be necessarily much higher here?—Of course it would. But in America and Britain they have a large population to work on, and require large mills and long hours to meet the demand.

215. It has been given in evidence here that the amount of New Zealand milling machinery running full time is sufficient to produce three times as much flour as could be consumed in the colony—that is, 3,200,000 sacks a year?—That is quite correct.

216. If the association restricted the running to eight or nine hours a day the interest on the capital invested in the machinery would have to be obtained somehow?—Exactly, as it had to be obtained before the association started.

217. And it must be obtained through the price of flour?—Of course it must. But nearly all the milling machinery existed before the association was formed, and the association cutting down the hours of working has not raised the price of flour higher than it was before.

218. Did the operations of the association keep flour at one price—did a uniform price exist throughout the two years of its operations?—Flour, considering the price of wheat, was not higher during the time of the association than it was before.

219. You tell us that any farmer who shipped Home himself would say that it would have paid him to sell locally?—Yes. When he deducts the hundred and one charges in connection with the expense of shipping Home he finds that he would have been the gainer if he had accepted the local price. Farmers have told me that scores of times.

220. Can you give me a concrete case in support of your statement?—I sent a shipment of oats Home myself one year. They were sold at £1 7s. a quarter in London, and when I got my account-sales out I was £270 to the bad.

221. But many of your speculations have proved bad?—I dare say I am like other mortals in that respect—some good and others bad.

222. Do you know if the bakers in Dunedin have been co-operating with the millers' trust?—There may have been some understanding between them, but I am not aware of any formal agreement.

223. Did you have an agreement with them never to supply to a cutting baker?—No.

224. Do you think there would be any understanding between the bakers of Dunedin and the association in that respect?—I do not know to my special knowledge, but one rule of the Bakers' Union is that they will not patronise millers who supply cutting bakers.

WILLIAM D. WOOD examined. (No. 14.)

225. *The Chairman.*] What is your occupation?—A miller.

226. Resident in Christchurch?—Yes.

227. *Mr. Loughnan.*] How long have you been milling in the Christchurch district?—About forty-seven years, I think, in New Zealand; and I was in the milling industry before I came to New Zealand. I think it was 1855 or 1856 when I first started milling in Christchurch.

228. You describe the condition of the milling industry prior to the formation of the Millers' Association in 1901?—It was in a very unsatisfactory state. That was why I was induced to join the association—to try to put things on a better level. For instance, the gambling transactions in the flour trade required to be put down, in my opinion. I also was anxious to do away with the large credits which were given to bakers and others, and suppress the bad debts, also to minimise the cost of the distribution or selling of flour.

229. What do you refer to as gambling transactions?—They were these: Owing to the large amount of competition in the flour trade when the export trade had ceased to be of any great extent, and all the millers were anxious to compete in the local market, a system of gambling transactions was introduced and acted upon. For instance, buyers would come to the millers and ask them to supply them with flour for twelve months. This generally took place about February; and I may say that our firm had on several occasions sold large quantities of flour—what they called "forward sales," but which were nothing else but gambling. The baker or buyer would ask us to supply him with flour for twelve months at the then quoted price, but he did not take delivery of the flour—he did not pay for it—and every facility was given him to gamble; and we were obliged to follow suit, for if we did not some one else would get the business. I have a memorandum here showing that these gambling transactions amounted to about 4,342 tons previous to the association being formed, and that flour varied at times in value from £11 to £6 and £7 a ton; but, taking it on an average, it would amount in value to about £40,000.

230. Over what period?—Three or four months; but the contract sales would have to extend for the twelve months.

231. You mean that those were forward contracts for an annual supply?—Yes, in one year; but sometimes they extended into the next, because the buyers would not take delivery. I estimate that the gambling transactions in the flour trade amongst all the millers of the colony would amount to at least a quarter of a million sterling.

232. Per annum?—Yes.

233. Did the association stop that practice?—They did; that was one of the objects for which the association was formed.

234. Do you think one of the effects of the association has been to raise the relative prices of flour compared with the prices of wheat?—Certainly not.

235. You have had a set of comparative tables prepared from your own books, have you not?—Yes; I think I gave it to Mr. Jameson.

236. This is a printed copy of your return [produced and handed to witness]?—Yes.

237. That table shows the prices paid by you according to your books?—Yes. I would like to mention that it might appear as if it wanted correction here. The wheat bought in February was not used in February. We would be using old wheat, which would not make it a favourable comparison. Flour in one year appears to be very high in proportion to the price of wheat in the month of February; but at the same time we were not using the wheat bought at the low price for the flour.

238. You have given each month for each year?—Yes; but when we buy wheat from the farmer we probably do not get the delivery until the next month; and then when our price appears for that month it may appear to be a very large profit, whereas that would not be so, seeing that the wheat cost us considerably more.

239. That applies to the purchase of wheat in the early months in each year throughout the records?—Yes.

240. These tables are designed to show the difference between the actual cost of 48 bushels of wheat and the actual gross returns of the manufactured article—that is to say, bran, pollard, and flour—each month?—Yes.

241. Do you put these figures forward as accurate?—I believe they are. The statement was got out by our chief accountant, and I believe he has taken everything from the books correctly.

242. It is easy for anybody to compare the results in each year—they are all there?—I think so.

243. The year 1902 was the most prosperous since the association has been formed, I understand?—Yes; the association has only been in existence for two years, and 1902 was the more favourable year.

244. During that year did the prices of bran, pollard, and wheat vary materially from the prices of previous years?—I think not; but you will see by that statement put in. You will get all the information from that.

245. Assuming that the prices were not materially different from what they were in previous years, what was the result of those operations compared with prior years when there was no association?—It was a more favourable year regarding profits, and our bad debts were much less. The expense of distribution was much less, as we were not obliged to employ agents in all the different towns.

246. There were no bad debts at all incurred by you as millers?—No; but we had to write a little off for previous years.

247. Is that how you account for the increased profit to the miller?—Yes. We were prevented from making a loss on our forward sales, because there were no forward sales in that year.

248. What was the practice before the association started in regard to cutting prices?—Well, it was not a practice, but it was done. If a buyer came to us and said he could buy flour for 5s. a ton less than we offered it at, we had either to do the same as others or leave the order to some one else. We were forced into this gambling position by the competition.

249. Do you consider that the tendency of the association is to restrict the output generally?—Not at all.

250. But it regulates the output?—It regulates the output according to the local demand.

251. It is suggested that the result of doing that is to render idle a large proportion of the milling plant and machinery in the colony: have you any observations to make on that statement?—I do not think it in any way restricts the output of the mill. We used to do a business with Queensland, Sydney, Perth, and other places outside, but owing to the duty of £2 a ton being put on by the Federal Government of Australia, and also owing to the increased charges in manufacture, we have been restricted to our own markets. We have not been able to export, and that has led up to the competition. Not being able to export, there has been a greater desire on the part of the millers to sell in the local market.

252. *Mr. Buchanan.*] A necessity?—Yes; you may call it a necessity.

253. *Mr. Loughnan.*] Is there any necessity for working flour-mills twenty-four hours?—Not unless you have a demand for the flour. If you have a demand exceeding what you can produce in eight hours you naturally work longer hours; but the necessity has not existed during the last three years. We probably have worked our mill twenty-four hours, owing perhaps to stoppages. We might have been obliged to stop for cleaning-up purposes, repairing and cleaning out the boilers, and things of that sort. Then we would have to work longer hours to make up the quantity of flour we required.

254. During the existence of the association have you ever had any of your machinery idle except for the purposes that you suggest?—No.

255. Can you give us an idea of the hours you have been in the habit of working since the association was formed?—We have two sets of plant—a 10-horse plant and a 5-horse plant. Sometimes we would have to work eight hours only, and sometimes we would be working sixteen hours; and when, in the event of a breakdown, we could not work the mill we would have to make up for lost time.

256. Do you know any mill that has been actually idle?—No, not any roller mill.

257. It is suggested that sometimes there is a large amount of machinery lying idle, and that the interest on the capital invested in that machinery is charged in the price of flour: do you think that is a correct deduction?—No, I do not think it is.

258. Give us your views on the subject. It is suggested that the miller increases the price of his flour for the purpose of making up the interest on the excessive value of his plant?—Decidedly

not. If you will look over the figures in the statement put in, you will see that a very small margin has been obtained by the miller as his profit both before and since the association has been formed.

259. Have you written down the value of your milling plant during the last year or so?—Yes.

260. Materially?—Not materially. The Government returns allow only a small percentage to be written off for repairs and increased wear-and-tear, and we have not written down our plants very much more than that, because we were always in hopes of selling out, and it would not have done to show our plant in the balance-sheet at a much less cost than it really did cost if an opportunity occurred to sell.

261. As a matter of fact, milling machinery and plant have been very much reduced in value?—Very much.

262. Would that apply to all new machinery?—Yes, it would apply to all kinds of machinery.

263. You yourself bought a mill not very long ago, did you not?—Yes.

264. What were the figures?—The price of the mill stood in the books at £24,000 as cost-price.

265. In the books of the Bank of New Zealand which had taken over the property?—Yes.

266. What mill are you speaking of now?—The Ashburton mill.

267. You bought it?—Yes.

268. What was the price to you?—We gave £6,000 for it, including a large store in the Ashburton town which we subsequently sold for £2,000, reducing the actual cost of the mill, including warehouse, machinery, dwellinghouse, and about 14 acres of land, to £4,000. There were stables and every convenience, a steam-engine in good order, and two turbine wheels, which were all included in the purchase.

269. Do you know the particulars of the sale of the Auckland mills?—I cannot speak confidently as to that. I have heard it reported that the Auckland mills cost over £100,000, and that they were sold for a very low price. I believe that almost every mill in New Zealand could be purchased to-day at considerably less than cost-price.

270. It is suggested that the association has refused to supply cutting bakers by an arrangement with the Master Bakers' Union. What has been your practice as to supplying cutting bakers?—I have always found that it resulted in bad debts. I have a list of bad debts that were made before the association started. During nine years we wrote off £2,789 7s. in bad debts.

271. *Mr. Rutherford.*] I see the returns show a profit on a ton of flour, for January, 1898, of £2 2s. 9d.; for January, 1901, £1 10s. 6d.; for January, 1902, £1 8s. 9d.; and for January, 1903, £2 13s. 6d.?—Yes.

272. Then, the result of the Millers' Association has been to increase your profits, the object for which it was ostensibly designed?—No.

273. Then, although the gross returns do not show a profit, will you maintain that your profit is greater on the net returns than you made before the association was formed?—Yes, I think so, because we have done away with so many expenses.

274. *The Chairman.*] What profits have you made from milling?—I really could not answer that question, because we do a great deal in the produce trade. We sell wheat as well as mill it.

275. You do not keep separate accounts?—We have not kept elaborate accounts so far as the working-expenses go. The working-expenses of the establishment have all been put down together.

276. You have given us what the relative price of flour is to wheat: can you give us what the relative price of bread should be to the cost of flour?—No, I have had no experience in the bakery business.

277. If a non-union baker said he could sell bread at 5½d. the 4 lb. loaf, while a member of the Bakers' Union wanted 7d., could you say whether the one was reasonably low, or whether the other was unreasonably high?—I should say that one was unreasonably low and was cutting prices, which I found always resulted in bad debts. I have had bakers ask me to supply them with flour, when perhaps £30 or £40 would be as much as they had to start them, and they would get credit for almost any amount.

278. But take a company like the Working-men's Co-operative Society at Christchurch: their secretary stated that it paid them to sell bread at 5½d. when flour was at £10?—I think if you worked it out with the bakers themselves you would find that it would not pay. I do not see how it possibly could.

279. We had it in evidence from a baker in Wellington that if he got his flour at £10 10s. a ton he could sell for 5½d. over the counter?—There is a great deal of difference between cash over the counter and delivering the bread. I could not say that he was not correct, as I am not up in the bakery business.

280. You must acknowledge that such a price would make a great difference to a working-man's family?—Of course it would.

281. Have you any idea as to how much the milling plants of the whole colony have been written down?—No.

282. Can you tell us what proportion of loss the bad debts on your flour written off came to?—No.

283. Is it paying you to sell your flour now?—No.

284. Do you make a loss by selling it now?—Well, if we do not make a loss we do not make a profit.

285. *Mr. Taylor.*] Then, you are selling flour now at cost-price?—Pretty well so.

286. You say that if you are not making a loss you are not making a profit?—It depends entirely upon how we have bought our wheat. If you take the present price of wheat and the present price of flour you will find there is no profit; but if I had bought wheat at an earlier part of the season, and at a lower price, I should be making a profit.

287. The price has gone up, then?—Yes.
288. What would you consider the early part of the season?—January and February.
289. Wheat in February of this year was 4s. 9d.?—That was old wheat.
290. Is not this the average price of wheat given in your return?—No.
291. What have you quoted in these figures?—The prices at which we bought.
292. Does it represent the prices of wheat in the months quoted, or something else?—It represents the price we paid for wheat in the month mentioned; but you must understand that wheat bought in February, if bought for immediate delivery, would be old wheat.
293. Is this table reliable? You quote here a period of several years, and you have stated under each month the price of wheat at a certain figure: is that reliable, or is it incorrect?—It is reliable as far as our books are concerned. It was the price we paid for it in those months.
294. Then, in February, 1903, you paid 4s. 9d. for wheat?—Yes, for old wheat.
295. Was this the market price in February, 1903?—I do not say it is the market price.
296. Do you say clearly that this return does not indicate the market price of wheat for the months given?—The figures represent the market price of wheat that we paid.
297. Very well, in February the market price was 4s. 9d. per bushel?—That was for old wheat. There was a great difference between the price of old and new wheat. The old wheat we were able to use immediately, while the other wheat we did not get delivery of perhaps until March or later.
298. In September, 1903, wheat was quoted at 3s. 10d.: is that old or new wheat?—That would be new wheat.
299. In September, 1902, the price of wheat was quoted at 4s.—2d. more than this year in the same month?—Yes.
300. The difference in the figures in your return for September, 1903, is given at £1 10s. as compared with a difference of £2 11s. for September, 1902: can you tell us what the net profits would be for those months?—I could not say.
301. You were making more profit in 1902 than in 1903?—Yes.
302. The competition between the free mills was not so keen in 1902?—Not to the same extent as it is at the present time.
303. What is the normal capacity of your mill?—Fifteen sacks an hour.
304. Running twenty-four hours a day that is its capacity?—Yes.
305. Your output running full time would be over 13,000 tons per annum?—Yes.
306. What are you turning out now on an average?—Somewhere about 5,000 tons a year.
307. And you could turn out if running twenty-four hours a day over 13,000 tons a year?—Yes.
308. Before the association was formed you practically worked twenty-four hours a day?—No.
309. How many hours did you run on an average?—I could not tell you; I have no data to go by.
310. Before the association started did you put out more than you are doing now?—Some years we did.
311. On an average how much more?—About 1,000 tons more in the year.
312. Then your output has been restricted to the tune of about 1,000 tons a year through your joining the association?—Yes, it has; and other mills have reaped the advantage of my smaller output. The association has reduced my average output in order to give some of the other mills a fair share of the work.
313. Do you know Steven and Co., millers, in Dunedin?—Only by name.
314. Their representative gave evidence that their normal output was 530 tons monthly, but that they were restricted to 180 tons per month?—I should doubt the correctness of that statement.
315. Assuming the statement to be correct, do you not think the association unduly restricted the output?—No, I do not; I think they have worked fairly for all the mills, giving them all a proportion of the requirements of the trade.
316. Supposing that in your case the operations of the association have only restricted your output by one-sixth of what it was formerly, and in the case of Steven and Co. they have reduced it from 530 tons to 180 tons a month, how can you explain that, because the quota should be evenly distributed?—I do not believe the association have done that.
317. Are you a member of the Millers' Association?—My firm is, and I represent the firm.
318. Were you ever on the price committee of the Bakers' Union in Christchurch?—No.
319. What member was?—I do not remember that any member of my firm was.
320. Do you know that one of your sons sat as a representative of the millers with the price committee of the Bakers' Union?—No, I would not say as a representative of the millers.
321. What did he sit as—a representative butcher?—He would not represent the butchers.
322. He would probably represent the millers?—I do not think the millers were represented in this way, that they had a vote in regulating the price of bread.
323. I am reading now Rule 11 of the Canterbury Master Bakers' Union: "A price and appeal committee, consisting of three millers and three bakers, shall be elected to hold office for twelve months, and shall be elected by ballot from the whole of the members of the union, their duties being to determine the price of bread from time to time, and to settle any disputes that may arise. The chairman at all meetings to be a miller." Did you know of that rule?—No, I was not aware of it.
324. Now being aware of it, do you say that any miller sitting there would not represent the millers?—Well, I would suppose that he would represent the millers if he were sitting there.
325. Do you know that your son sat there?—I believe he did, but I do not know that he did. I should suppose that he did.

326. Did you ever see Mr. Gardiner, of the Cust, in regard to joining the association?—No.

327. Did your son?—I do not know, but I do not think he did.

328. You say that under the existing arrangement you save money on your turnover, because you do not require an agent in each centre?—That is so.

329. Have not the association an agent in each centre?—Well, I am not a director of the association, and could not possibly say.

330. Do you not know that they have a representative in each centre?—No, I do not know. I believe they have, but I do not know it.

331. What is the custom in America and Great Britain—do not the flour-mills there as a rule work twenty-four hours a day?—I could not say.

332. You do not know what the custom is in Great Britain or America?—No; but I believe they work to produce all the flour they can sell.

333. Do you tell me that you do not know that the millers of America and Great Britain are in the habit of working their mills twenty-four hours a day?—I know they can if they like, but I do not know that they do it. The speculation in America and Great Britain is very much greater than it is here.

334. You say that you did not write down the cost of your plant in your balance-sheet so much as you might have done, because you thought you might want to sell your plant?—That is so.

335. So that your balance-sheet might be misleading, as showing the exact value of the plant?—I think every one's balance-sheet would be like that, because I do not think it would be possible to sell any milling plant in New Zealand at its true value.

336. May I ask if this statement that you have put in to-day is a statement of actual fact, or whether it has been prepared for this inquiry?—It is a statement of actual fact.

337. In what year did you buy the Ashburton mills?—I think about 1901.

338. The condition of the milling trade up to this year had been bad?—Yes.

339. And yet you went in for buying mills?—Yes, I bought that mill. It was offered at so low a price that I thought it was worth buying.

340. You say that you never attended meetings of the association, and cannot tell us anything about the working of the association?—No.

341. Do you know anything about the cost of making bread?—No.

342. Then, any opinion that you have expressed as to whether a baker can sell bread at 5½d. or 7d. the 4 lb. loaf is really valueless?—Well, I suppose it is.

343. *Mr. Buchanan.*] At the time when some of the mills were working full time, or much longer time than others, when the association came into existence, was there any export trade in flour?—Yes.

344. Did the export trade in flour practically cease at or about the time when the association came into existence?—Somewhere about that time. It ceased, so far as Australia is concerned, when they put on the duty there. I do not exactly remember the month or the year, but they put on a duty of £2 a ton.

345. Would one be correct in making the general statement that a restriction in the number of hours worked by the mills generally throughout the colony would necessarily have come about—association or no association—because of the impossibility to export flour at a profit?—Yes.

346. In other words, the reduction in the number of hours that mills have been working since the association came into existence has been owing not to the coming into existence of the association, but because of the new conditions, under which it became impossible to export flour at a profit?—Yes.

347. Can you give us any approximate date as to when it became impossible to export flour except at a loss?—I should suppose the date commenced from the time when the duty in Australia was put on flour; I think about 1901 or 1902—I could not exactly say.

348. *Mr. Taylor.*] You say that prior to the Commonwealth putting a Customs duty on flour New Zealand did a large export trade with Australia?—Yes.

349. Very large?—Yes.

350. We were able to compete in the market with Adelaide prior to the Commonwealth putting on that duty?—We were able to compete with Adelaide in the Sydney market, and in Queensland, and in Perth, but not in the Adelaide market.

351. Do you want the Committee to believe that the smaller production of flour since the association commenced its operations is due to the loss of the export market?—I am certainly of that opinion—the Committee can believe what it likes. I am quite sure that it was the cause of a great falling-off in our business. We were doing business with Western Australia, Sydney, and Queensland; Perth and other mills were doing the same.

352. Can you tell us what quantity of flour was exported in 1895?—No.

353. In 1900?—No.

354. Or in 1902—you have no figures of any kind?—No; I could not tell you anything about the general exports.

355. I will give you a concrete case: Your output has been decreased by one-sixth. Did the reduction in your output represent what you otherwise might have exported?—I think so.

356. Then, you say that last year you would have exported 1,000 tons of flour if the association had not been operating?—In 1897 our output was 7,000 tons; in 1898, 7,054; in 1900, 7,238; in 1901, 6,200; in 1902 it was 5,531.

357. Did you not tell us that your output had been reduced so that other mills might have a fair share of the total trade?—Yes.

358. You first of all told me that your reduced output had been agreed to so that the association could have a larger share of the total trade; now you tell me that your lower output is due to

the loss of the export trade?—I said that when we were exporting flour our sales amounted to 7,000 tons. That was including the local and the export trade together.

359. To-day are you selling locally, as members of the association, as much as you used to sell before the association was formed, when you made as much as you liked and sold as much as you could?—No, I do not think so.

360. If Steven and Co.'s output has been reduced from 530 tons to 180 tons a month, do you think the decrease in output has been in consequence of the loss of the export market?—I cannot say.

FRIDAY, 16TH OCTOBER, 1903.

A. H. BLAKE examined. (No. 15.)

1. *The Chairman.*] What is your occupation?—Master baker, of Christchurch.
2. *Mr. Loughman.*] You are president, I believe, of the Master Bakers' Union in Christchurch?—I am.
3. How long have you held that position?—About sixteen months.
4. How long has the Bakers' Union been in existence?—Two years and four or five months—from memory.
5. Was it in existence before the Flour-millers' Association?—Yes; but it was only nominally in existence.
6. You have a rule in your union relating to members doing business with the Flour-millers' Association?—Yes.
7. Will you explain how that provision came to be inserted in your rules?—The master bakers met and considered that by asking the millers to join them they would be more likely to get a reasonable profit on their bread, for this reason: we thought that those cutting the price would be prevented from doing so, which would enable others to get a living wage for their work.
8. That relates to the clause about the price committee?—That is a different thing. The millers were waited upon and asked to join our association, because it was thought they would help us to maintain a fair and equitable price for our bread. Consequently we asked them to sit on our price committee. The reason for doing that was because a majority of the bakers might be wanting to charge an exorbitant price, while others would be in favour of cutting, and we thought that if we had millers on the committee we should have a medium price fixed; and the result proved the last view to be correct. The millers sat on our price committee, and were rather inclined to prevent a high price than otherwise.
9. The effect of the millers sitting on the committee was to keep the price down?—Yes. For instance, it was proposed that bread should be raised 1d. a loaf on one occasion, and the chairman of the price committee advised raising the price $\frac{1}{2}$ d. rather than 1d. It was proved afterwards that $\frac{1}{2}$ d. would not be sufficient. The tendency of the millers has been rather in the direction of the bakers having a fair price for bread and not an exorbitant one.
10. *The Chairman.*] What was the decision of the committee—that it should be raised 1d. or $\frac{1}{2}$ d.?—It was 1d., and that was due to our own initiative.
11. *Mr. Loughman.*] Did the millers sit on your price committee before the inauguration of their association?—No.
12. Are you sure that is so?—Yes.
13. The millers do not now sit upon your price committee?—They do not.
14. Since when did they retire?—About twelve or sixteen months ago—perhaps more than that.
15. Is there now anything like a working-agreement between you and the association?—None whatever.
16. It is suggested that the bakers cannot select their particular brands of flour in dealing with the association: is that so?—I can only speak personally when I say I have never experienced any difficulty in getting any brands of flour I wanted.
17. Have you ever heard from other bakers complaints as to the difficulties they had in getting special brands that they might require?—Yes, I have heard them complaining that they were asked to take—but not compelled—different brands; but those bakers were in a larger way of business than I, and would have less difficulty in getting whatever brands they wanted. I had no difficulty, and I am in a smaller way of business. I only heard of one case.
18. Have you heard of any instance of interference by the association in the way of inducing bakers to join the union?—I think their action generally tended in that direction. That was the reason for asking them to join, so that they could assist the bakers in getting fair prices for their bread, consequently I dare say their action would be in that way.
19. What do you mean by "their action"?—Their salesmen would probably ask the bakers to join the union.
20. Do you know of any instance of actual coercion having been brought to bear on any individual baker?—I do not.
21. Do you know whether any such case has existed?—If it had existed I think I should have known, but I do not know of any.
22. Since the inauguration of the Millers' Association has there been any improvement in the quality of flour generally?—A slight improvement. Speaking for myself I have been better pleased with the way I have been served with flour than before. I had the advantage of getting any brand of flour I wanted at the one office.
23. *The Chairman.*] You say that the bakers were free to select what brands of flour they liked from the association?—I never knew anything to the contrary. I always got any brand I

liked. I might have been approached in this way: would I mind taking some other brand of flour if of good quality, and I have said I would, and if I did not find it of good quality I would get a rebate.

24. It has been given in evidence that some bakers could not get the flour they wanted?—I do not know of any such case.

25. Regarding the price of bread, we have it in evidence that at £10 10s. a ton bread can be sold at 5½d. per 4 lb. loaf over the counter for cash: what is your opinion?—We cannot do it—we should make a loss at it.

26. It has been stated by a witness that he does not think 7d. too high for bread with flour at what it is now in Wellington or Dunedin?—I do not think that is too high. There are many things in connection with Dunedin that do not apply to Canterbury. The difference in cost of delivery would make a lot of difference in Wellington also.

27. Let us take Christchurch: at £10 10s. per ton of flour, what would be a reasonable price for bread?—A reasonable price would be 6d. delivered.

28. Do you not think there should be a different rate charged for cash, to encourage cash trade?—I dare say. It has been mooted, but has never been arranged.

29. Would you be opposed to allowing ½d. difference for cash, if the purchasers came to your shop and took the bread away?—Certainly not. Cash on delivery and cash in your store are two different things.

30. *Sir W. R. Russell.*] What is "cash on delivery"? It does not mean cash at the end of the week, but ready cash?—Many people think that weekly payments are cash.

31. *The Chairman.*] The bakers' conference have resolved at Auckland that when flour is £10 2s. 6d. in Wellington the price of a 4 lb. loaf should be 7d.: do you not think that excessive?—Not at all.

32. And what for cash on the counter?—I think it could be sold at 6d., because the cost of delivery is more than people think who have not worked it out.

33. Do you think it would be possible for the Government to fix the price of bread or flour?—I would like to see it brought about, but I do not know that it is possible. They might have to arrange the price of bread according to the price of flour, but in any case I think it would be a very good thing.

34. In your opinion the rates charged for flour before the association was formed were fair: do you consider that the price since has been above what it should be to the bakers?—I do not think so. Before the Millers' Association started it was always noticed that the price in London ruled the price here, but since the Millers' Association started it appears that the market has changed a good deal, on account, I suppose, of the drought in Australia. Before the association started we could always reckon on getting flour at £1 a ton dearer than it was in the Australian market, but since the association started it has been fluctuating in all manners of ways.

35. Do you think the members of the Millers' Association charged you an excessive price for your flour?—I do not think so, relatively to the price of wheat.

36. Then, you have no personal complaint to make?—No.

37. Have you heard others complaining about the price being excessive?—I think the principal complaint was that they could not buy for forward delivery. Of course, no one is pleased with the price of flour if it could be got for less.

38. *Sir W. R. Russell.*] Has the fluctuation in wheat and flour been greater or less since the association started? Has that difference been increased or diminished?—To-day we buy flour at £9 10s., and in Australia it is £11 10s.—that is, £2 difference; and before the association started we generally reckoned that Australian flour would be £1 dearer. Now it is £2 dearer.

39. *The Chairman.*] Have you always got the supplies you wanted?—Yes.

40. You have worked in unison?—Yes; had no trouble at all.

41. Do you know of any bakers who have been blocked from getting the supplies they required either from the association or from outsiders? We have had it in evidence that such has been the case?—There are one or two cases where persons could not get flour from the association.

42. But could they get it from anywhere else?—I think so.

43. Would it be possible for you to supply us with a scale of reasonable charges for bread both for cash and delivery for the different towns in the colony or for Christchurch?—I might do so for Christchurch, but for different towns there are different circumstances. The delivery of bread in Wellington would be very much more difficult than in Christchurch. I am perfectly confident that the best bakers have not been making so much out of the sale of bread as a bricklayer or carpenter would make out of his daily work.

44. You think there is not much in it even at the present ruling price for bread?—No.

45. What is the price in Christchurch now?—Sixpence delivered.

46. Do you think there should be a difference between the delivery charges of Wellington and Dunedin and those of Christchurch?—Yes. They pay more for their flour in Wellington, and there is more difficulty in delivering bread in Wellington and Dunedin than in Christchurch.

47. Can you tell us what the increased cost has been to the baker in consequence of the increase in wages and the shortened hours, together with the necessity for employing men in place of boys in some instances?—It has made a very great difference in the cost of production.

48. Could you put it down in money-value—could you put it down, say, at ½d. a loaf?—It would be as nearly as possible ½d. on a large loaf.

49. *Mr. Taylor.*] The policy of your union was to see that the Millers' Association did not do business with cutting bakers?—Yes.

50. You thought you were justified in saying that if a baker did not charge your price he should not have flour?—We did not go that far at first. We tried to get the millers to induce these men to sell their bread at a paying price.

51. How many men do you employ?—Two.

9—I. 10.

52. Supposing a capable business-man with a good bakehouse declares that he can sell bread at 5½d. per 4 lb. loaf over the counter when flour is £10 10s. per ton, and make a handsome profit, would you dispute that?—No, not if he sold over the counter and did not book a loaf. I would require 6½d. to sell a similar article for delivery.

53. You say it requires 1d. a loaf to deliver?—Yes.

54. The bakers' conference at Auckland have decided that with flour in Christchurch at £9 10s. a ton the price of the loaf shall be 6½d.?—That is their opinion, and they are not far out of it. It should be nearer that than 6d.

55. That covers the baker substantially?—Yes.

56. With flour at £9 10s. formerly, you have delivered bread at 5½d.?—No, 6d. delivered; and to meet the undercutters I am selling it at 5d. over the counter to keep my connection together.

57. With flour at what?—£9 10s., subject to discount.

58. You did not sit on the price committee?—Yes, on every price committee.

59. Which of the Mr. Woods was the miller who sat on that committee?—Mr. Henry Wood.

60. The young Wood?—Yes; the head of the firm.

61. Did the price of bread always follow the price of flour?—When flour went up bread went up, and when it went down bread went down. Our practice was not to increase or lower less than ½d. on the 2 lb. loaf. It would be 1d. on the large one.

62. And if a fall in the price of flour justified a fall of ½d. in the large loaf you would ignore that?—Yes.

63. You still have a price committee?—I do not think we have since the millers resigned from it. We determine the price now through the general committee of our association.

64. Rule 29 of your association says, "No member shall do any business with any miller who does not belong to the union and also to the New Zealand Flour-millers' Co-operative Association (Limited); and a purchase of flour by a member of the union from any other person or firm shall be deemed a breach of the rules, and he shall be dealt with in a similar manner as if he had sold bread at less than agreed prices"?—We have not acted upon that for some time now. We have ignored all those arrangements.

65. But these are the last rules?—Our arrangements with the millers were settled long ago.

66. You are still working in harmony with the Millers' Association?—Yes; but they are not members of our price committee. We are not acting upon that Rule 29 now.

67. Supposing the Flour-millers' Association were covering all the millers of the colony, as they aim at doing—at the annual dinner of the Millers' Association the president declared that a few months would see all the millers in New Zealand belonging to the association—do you think that would be a good thing?—I do.

68. If that came about it would be almost impossible for a baker to be an undercutter?—I think so, and I should be very glad.

69. And no baker would be able to fix his own price for bread, because it would be fixed by your union?—Yes.

WILLIAM EVANS examined. (No. 16.)

70. *The Chairman.*] What are you?—A miller, of Timaru.

71. *Mr. Loughnan.*] You are a flour-mill proprietor?—I am managing director of a milling company.

72. You have a large mill at Timaru?—Yes.

73. And until recently you had another mill at Dunedin too?—Yes.

74. Which was recently sold?—Yes.

75. You were at one time largely engaged in the export flour trade?—Yes.

76. Where to?—The Australian Colonies and South Africa.

77. When did that trade to Australia cease?—Some years ago, when the duty was put on the flour.

78. That was about 1900, was it not?—Before that.

79. Was there no export trade in 1900?—I think we sent away about 1900 tons to Durban at that time.

80. At the present time production for export purposes is practically at an end?—Yes.

81. The association came into existence in 1901?—Yes.

82. Since then has there been any export trade?—Not any for flour.

83. You were a member of the association at one time?—Yes.

84. Then, the decision of the Court of Appeal was given to the effect that, according to the articles of such companies as yours, you were *ultra vires* of your articles in being a member of such an association?—Yes.

85. And then you entered into a working-agreement with the association?—I did.

86. Putting yourself as far as possible on the same level as the members of the association?—Yes; the association sold our output.

87. On the same terms with regard to the capacity of your mill as the other members were on?—Yes.

88. In March of this year your agreement ran out, and you did not renew it?—That is so.

89. And since then you have been a free miller?—Yes.

90. What was your reason for standing out?—My reason was that our neighbours had not come in. In Timaru we were not members of the association, and in Dunedin Steven and Co. and others did not come in, so we stood out in order to be in a position to compete with them.

91. Have you been competing with them ever since?—Yes.

92. In Dunedin?—In Dunedin and Timaru.

93. We have no evidence as to any coercion in Timaru, but it has been suggested in evidence

that the association adopted practically a system of coercion in Dunedin as against Steven and Co. to force them into the association: will you give us your experience of the nature of the contest which has been going on in Dunedin and to which you are a party?—We have been competing with Steven and Co. and with the association. When Steven and Co. brought down the price of small bags, of course we followed suit, and we were selling lower than the association for some time.

94. That is, you and Steven and Co. in the small-bag trade?—Yes, in both small and large bags we were both competing keenly. It is nothing unusual. We did the same for years past, long before the association started.

95. And what has been going on since is merely reverting to the old condition of things?—Yes, and the survival of the fittest.

96. You say that Steven and Co. brought the prices down?—We are both equally guilty so far as that is concerned. We both brought the prices down.

97. It has been suggested by a witness—in fact, by Steven and Co.'s traveller—that part of the system of coercion adopted by the association towards free mills was to get certain bakers to refuse to take flour from free millers, and particularly from Steven and Co.: now, in your experience have the Dunedin bakers refused to take flour from you?—No, they have not refused me.

98. You have nothing to complain of in that direction?—They certainly preferred dealing with the association to dealing with outsiders, but still we always managed to do business with them.

99. So that there was no boycotting of free mills as far as your experience went?—No.

100. And you have not suffered?—Well, as I have said, they were more in favour of buying from the association than from outside millers.

101. I am putting it strongly, because it has been put strongly before: was there anything in the nature of a boycott?—No; I was selling to the associated bakers all the time. I can give you names.

102. Will you give us the names?—I supplied Mr. Wood all through, who is a large baker in Dunedin, also William Wright, and several others.

103. You have had a long experience in milling?—About fifteen years. I have been about twenty-eight years in the grain trade.

104. Will you tell the Committee the condition the flour trade was in prior to the inauguration of the association?—The principal reason why we joined the association was because previous to the association coming into operation there was considerable forward selling, and the association was established principally to prevent forward selling. At the beginning of every season wheat is usually much cheaper than it is later on; this was the time when bakers went in for forward contracts, and some of the millers used to supply them up to the end of the year. The object of millers accepting these contracts was to keep their mills running full time. Many times I objected to this practice, and we very seldom sold forward, because we looked upon it as throwing money away, and on several occasions we shut our mills down for months, because we knew that those millers who sold forward would be heavy losers if wheat went up. At one time we shut our mill down for about six months, while other mills were running alongside of us, and later on that season we made a good profit out of our grain speculation, while they lost money. The forward selling was the most objectionable part of the business.

105. What about the bad debts?—Another result of the forward selling was this: that numbers of young men who ran bakers' carts have gone to millers who were anxious to do business and got stocks of flour from them in order to start on their own account—buying forward. Eventually some of these people would have to retire from business and call meetings of their creditors. A good deal of money was lost in that way, and we found that it was poor business to supply that class of man. For ourselves, long before the association was formed, we as a rule refused to serve these unreliable customers.

106. During the period that you had a working-agreement with the association, and were practically a member of the association to that extent, did you find that the output of your mill was materially curtailed?—No doubt it would be curtailed.

107. I am going to place in your hands a list of figures with which I think you are familiar, because it was placed in your hands yesterday: you have gone through that list, have you not, chiefly in regard to the prices of wheat?—Yes, I think those prices generally are similar to the prices paid in Timaru. Those are the Christchurch prices. I would have made up a list of the Timaru prices if I had known they would be wanted.

108. From your observation of the trade while you were working with the association, do you consider the action of the association was to put up the price to the consumer?—No; but the working-expenses were so much less than they used to be. For instance, every miller had to keep a traveller in days gone by, and travellers were expensive luxuries, and when the association was formed they were done away with with the exception of an agent in each town and one or two travellers employed for the whole of the milling community. Of course, it was a great saving of expense, and by cutting the expenses down in that way the public got the benefit.

109. One of Mr. Taylor's charges is that the interest on the excessive value of milling plants is being charged against the consumer?—As far as I know that is not so. For instance, any year when we make money—which is only done through grain speculation if at all—we write down the plant and premises.

110. Do you think generally that the plant and premises have been written down to meet the depreciation in values?—Yes, in my company's case.

111. To what extent have you written down your plant and premises?—I think we have written off the Atlas Mills about £12,000 or £13,000.

112. Off a cost-price of what?—Say £33,000 or £34,000. We have written it down to about

£21,000. We also wrote down the Crown Mills this past year. This year there was written off the Atlas Mills Plant Account £1,011 4s. 8d., and off plant £936 1s. 2d. On the Crown Mills we wrote off—office furniture, £71 4s.; Wagon Account, £122 9s. 9d.; Horse Account, £231 14s.; milling store, £1,048 7s. 9d.; and Plant Account, £776 11s. 9d.: total, £2,250 8s. 3d. I may say that we were not in a position to write off much for some time past. Whenever we do get a good year we write down. That mill has since been sold. We bought it from the Bank of New Zealand a few years ago, and it was supposed to be a gift. The bank had it down for about £26,600 in their books, and I bought it for £7,000. We spent £3,650 in new machinery, plant, &c., and sold it the other day for £10,500. At the present time it would take over £20,000 to put the property there. But milling has come to that stage that I was too delighted to get out of it, and shall only be too happy to sell the Atlas Mills on similar lines, so that if milling was a good "spec." I do not think I should be willing to do that.

113. Then, your reply is that values are being written down rather than that interest is being charged on the different plants?—That is so.

114. A good deal has been said about the different prices of wheat last year, the prices having been very much more fluctuating: what is your explanation of that?—Last year was a phenomenal year. There was a drought in Australia, and we had a small crop here in New Zealand, so that we had no wheat for export. In fact, had it not been for a certain proportion coming from San Francisco we should hardly have had enough to pull us through until the new crop came to hand.

115. What class of harvest had you down South?—Very poor.

116. How did the prices in New Zealand last year compare with the London prices for wheat?—The prices here were very much higher than they were in London. The price was about £1 9s. to £1 10s. a quarter in London, while here it went up to 5s. 3d. and 5s. 4d. a bushel. I paid 5s. 3d. for it in North Canterbury, and railed it down from Waikari at the beginning of the past harvest. The prices went down immediately afterwards; the price went back to 4s. 3d., and it now stands at from 3s. 6d. to 3s. 9d. This is an illustration of the ups and downs in the grain business.

117. From 1901 to 1902 do you consider the price of flour was at any time disproportionate to the price of wheat—that is, since the beginning of the association?—No; except in certain cases. In our own case we held a stock of wheat for two years or more which had cost us 2s. 3d. or 2s. 5d. a bushel. We held that stock until we got equal to 4s. or 4s. 6d. for it.

118. What I mean is: was the price of flour disproportionate to the ruling price of wheat?—Not at all.

119. *The Chairman.*] What was the output of the competing free mills in Timaru at the time you were working with the association?—It was just as it is now. It is only when we can get something like a fair profit that we sell. We shut down when we cannot sell at a profit.

120. What was the position of the other companies?—They were often running three shifts against our one.

121. What would that mean in quantity?—It would mean about two-thirds more output.

122. What number of sacks?—It would depend upon the sack proportion. One of ours was a sixteen-sack mill, and the other a ten-sack mill, which would be about twenty-six sacks an hour output when working.

123. Regarding the price of flour in London, was it £1 9s. a quarter last year?—About £1 9s. or £1 10s.

124. When wheat was 5s. a bushel here?—Yes.

125. And it costs about a shilling to put it on the market in London?—Yes; perhaps a little over a shilling.

126. *Mr. Taylor.*] The export trade of flour has ceased for many years, practically?—Yes; with the exception of the special trade in South Africa.

127. For six or seven years past we have been without any export of flour?—There has not been much. We used to export about 3,000 to 5,000 tons a year to Sydney and Queensland before the duty was put on.

128. When was that?—In the nineties.

129. Practically for the last six or seven years the export has ceased?—Yes.

130. If Mr. Wood, the Christchurch miller, said the export trade had only ceased since the Commonwealth imposed the duty, he is wrong?—It was long before the Commonwealth imposed its duty that export of flour from New Zealand to Australia ceased.

131. What is the nominal output of the Atlas Mill running full time?—Sixteen sacks an hour, and the Crown Mills ten sacks.

132. Roughly speaking, the output of the Atlas Mill [† Atlas and Crown Mills] [* Atlas and Crown Mills] running full time is 11,000 to 12,000 tons a year?—Yes; but we have to stop from time to time. [See memorandum annexed hereto.]

133. During the time you had a working-agreement with the association did your plant produce your quota?—We produced all that was required by the association.

134. What was the difference between your output before the association was formed and the quota you supplied when working with the association?—At times when prices were fairly high we used to run, perhaps, day and night when mine was a free mill [* when mine was a free mill] [§ when mine was a free mill], and when prices were low we shut down. [See memorandum annexed hereto.]

135. Did it reduce your annual output by one penny?—Not one penny. [This question and answer were deleted by Mr. Evans, and restored for the information of the Committee by the Chairman. See Exhibit ZA.]

136. Was Mr. Meek right when he said at the annual dinner at Oamaru the other day that there were three times the milling facilities in New Zealand that the population warranted?—

There is not three times the quantity of plant if the milling business was worked in the same way as other businesses are worked, but if they worked day and night there would be.

137. Is it not the custom in America and Great Britain for the mills to work the whole twenty-four hours?—I could not say. If there is the outlet for the production I have no doubt they will work three shifts.

138. Do you not know, as a matter of fact, that it is the practice to run milling machinery twenty-four hours a day?—Most millers would prefer to do it [† if demand existed for the output] [** if demand existed for the output]. [See memorandum annexed hereto.]

139. That is the most economical way of running milling plant, is it not?—No doubt it is, but we have not the outlet in this colony for the production.

140. But if you had only one-third of the present milling plant would you not find it economical to run the mills the whole twenty-four hours?—Yes, no doubt.

141. There has been a great deal more money invested in milling plants in the colony than is required?—Yes [† and in Australia also. (See article in *Melbourne Age* of the 12th February, 1901, headed "Unprofitable Milling")] [** and in Australia also. (See article in *Melbourne Age* of the 12th February, 1901, headed "Unprofitable Milling")]. [See memorandum annexed hereto.]

142. If the total output of the milling plants of the colony is restricted by one-half, do you not have to get interest on the machinery which is not running?—But there is not the demand. If one mill is run day and night other mills will have to stop.

143. The excessive plant in the colony means that you are running rational hours, say nine hours all the year round; but you must get interest from your investments in some way, and you must get a reasonable price for your flour?—No doubt. [* No doubt] [§ No doubt]. [† All millers are anxious to make their businesses pay if possible.] [** All millers are anxious to make their businesses pay if possible.] [See memorandum annexed hereto.]

144. And that was the object of the association?—Yes. I only wish there was an association or trust. I would be delighted to join anything that would improve the milling trade.

145. Since March, 1903, you have been a free miller?—Yes.

146. Have you been producing since as much as your plant would allow you to?—No.

147. Are you not selling practically the association's quota?—No.

148. Do you sell now to anybody you like?—Yes, and I am working a good deal more than I did when in the association [* and I am working a good deal more than I did when in the association] [§ and I am working a good deal more than I did when in the association]. [See memorandum annexed hereto, and see also Exhibit ZA.]

149. You have had no connection with the association since March, 1903?—In no way. About April, for a few weeks, I allowed them to sell our output, and found we could not pay them 5 per cent. for it and compete with the outside millers, so we withdrew altogether.

150. You say that the Dunedin bakers have never refused to buy your flour because you are a free miller?—I have given instances.

151. As a Dunedin miller, have you not always charged association prices?—No; I have gone under association prices several times.

152. Did you resent Steven and Co.'s withdrawal?—If Steven and Co. and the others had joined the association I would have come in too, but when they withdrew I withdrew.

153. Did you discuss their withdrawal with any of the members of the association?—It is very likely I did, but I have had very little to do with the members of the association since I left it.

154. When Steven and Co. withdrew what steps did you take to meet their competition—did you see them at all?—I cut down my prices to their level.

155. Did you interview Steven and Co. at all?—I saw Steven and Co. on several occasions.

156. Did you see them in March last about their withdrawal?—I do not remember.

157. Did you take any steps to protest against their withdrawal?—I told them that if they and I and the others did not combine together for our mutual interest we would go on losing money, and we have been doing so ever since.

158. Did you take any steps to coerce Steven and Co. into joining?—None at all. In what way do you mean?

159. You did not use anything like pressure?—Well, I was selling below them, and they were selling below me.

160. But did you sell below them with a view to compel them to rejoin the association?—I do not know that I did. Steven and Co. were always cutters since they started milling in New Zealand.

161. Did you use any pressure of any kind with a view of forcing Steven and Co. to rejoin the association?—No.

162. Do you remember sending this telegram to Mr. Steven [produced and shown to witness] ?—"Timaru, 17th March, 1903.—A. Steven, Miller, Dunedin.—Now retired from association through you and other millers withdrawing. Intend quoting £9 to-morrow, meantime will hold off if you, Eibey, and Jackson come in to-day on equitable terms.—EVANS." Is that your telegram?—That is very likely.

163. And yet you say you used no pressure?—I do not consider that pressure—that is a business method. I was independent of the association at the time.

164. But you had a working-agreement with it on the 17th March of this year?—No, I had not.

165. When did it expire?—At the end of February.

166. But you said it was up to April?—I only sold a few tons through them as agents. I had

no agreement with them at that time, and when I found that Steven and Co. and others were not selling through the association I did not see why we should pay 2½ per cent. more than they were paying.

167. Did Mr. Steven not offer to take 1,000 tons at £9?—Yes; but I refused to supply this quantity.

168. Your offer to sell at £9 was, of course, an attempt to force them into line?—1,000 tons of flour means a large quantity [† of wheat, and we did not want Steven's business just then] [** of wheat, and we did not want Steven's business just then] [* and I might ruin myself on a line like that] [§ and I might ruin myself on a line like that]. [See memorandum annexed hereto.]

169. You were selling all the time to the bakers?—All the time.

170. Did they not understand from start to finish that you were not to be regarded as a cutting miller?—No, but I try to work with everybody if I can [† do so amicably] [** do so amicably]. [See memorandum annexed hereto.]

171. Did you discuss sending that telegram with anybody before it was sent?—No.

172. Of course, you had been discussing milling generally right away from Steven and Co. giving notice that they would leave the association?—Millers, like any one else in trade, will discuss [* milling] [† milling] matters. [See memorandum annexed hereto.]

173. Mr. Meek said at the annual meeting that in a few months they would see all the millers in New Zealand belonging to the association?—Well, he has proved this statement to be wrong.

174. His prediction has not been fulfilled?—No. Personally, I would like to retire from the milling industry, or sell out to any of you gentlemen.

175. If all the millers of the colony belonged to the association, would not the association be able to practically dictate the price of wheat to farmers?—It would not interfere with the farmers, because every miller buys his own wheat independently.

176. Do you not think it would be almost a certainty that there would be some plan designed for buying wheat on behalf of the whole of the millers?—Quite possible, but it would be against millers' interests to keep down prices of wheat unfairly.

177. But there is the possibility?—There may be a possibility, but up to the present time every miller has bought his wheat in his own way. I never consult any one about it.

178. While you were a member of the association did you adopt the policy of the Bakers' Union not to sell flour to any baker who would not charge their price for bread?—I always adopted that policy; I never care to supply a cutting baker.

179. Supposing one of these bakers had a thoroughly equipped bakehouse, was a competent and solvent man, and did not charge the same as other bakers charged for their bread, you would not supply him?—No, not as a rule; but if he paid me for the flour I would supply him. There are plenty of those men it is not desirable to sell to.

180. In regard to the Dunedin trade, you said that Steven and Co. cut the prices first when they left the association?—Yes.

181. Are you prepared to swear that Steven and Co. were the first to break the prices down?—To the best of my belief they were.

182. You do not know?—I believe they were. I brought down the price as well as they did.

183. With regard to 50 lb. bags, are not fifties being sold in Dunedin at 5s. a ton less than the price of sack flour?—At the time I sold out they were selling fifties at 15s. more.

184. And if they are being sold at 5s. less than you offered to sell them at they are being sold at a loss?—Most decidedly; they are being sold at a loss now. I do not think there is a miller in New Zealand who will come out with any profit on his balance-sheet this year.

185. If Steven and Co. developed a special trade in 50 lb. bags, do you think it fair competition on the part of the association to reduce the price of fifties?—It was not the association—it was myself. Steven and Co. reduced the prices and I followed. I had to do that to protect our own interests.

186. Until you were [|| You are] [¶ Until you were] all selling at a loss?—Yes [† I believe] [** I believe], we are all selling at a loss now. [See memorandum annexed hereto.]

187. *The Chairman.*] Was the year 1902 a profitable one because a large number of millers held a good stock when wheat went up in price?—It was to those who held wheat. Those who did not hold wheat would not find it a very profitable year.

188. Then, did the holding of wheat at high prices affect the results in 1903?—No doubt. At the present time we hold about thirty thousand sacks of wheat for which we paid something like 4s., and if there is a drop at the end of the year we will make a heavy loss. That is why I want to get out of the business—it is the most cursed uncertain business I was ever in. Some of the oldest millers came to grief. The late Mr. Lamb and Mr. Firth had mills in Auckland that cost them about £100,000, and the Bank of New Zealand afterwards sold them for £30,500, with all working plant, horses, &c., included.

189. *Mr. Taylor.*] Did not the banks at that time encourage unnecessary investment in milling property?—They encouraged investment everywhere. At the time there was a big export trade, but that subsided and has gone altogether. Now, if any man has not written down the value of his property he must come to grief.

190. *The Chairman.*] What would you regard as the amount of depreciation of milling plant in this colony as compared with its value ten years ago?—For the last twenty years it has been depreciating.

191. How much do you think the value of milling plant has been depreciated?—It has been depreciated, I should think, in many cases about one-half. In the cases I have mentioned the property was sold at one-third of the cost.

192. *Mr. Loughnan.*] With reference to that telegram that you sent to Steven and Co., had any member of the association anything to do with the wiring of that telegram?—Not in any way; it was entirely spontaneous on my part.

Unprofitable Flour-milling.[Reprint from the *Age* of 12th February, 1901.]

In the past on several occasions attention has been drawn to the unsatisfactory position flour-milling in Victoria has drifted into. There is little need to repeat in detail the causes, they are now generally known; but a survey of the last issued balance-sheets of the companies engaged in the industry pretty well discloses the existing state of affairs. Taking first the capital accounts and the reserve fund (if any), the following table shows how the various companies stand:—

Company.	Capital subscribed.	Capital paid.	Reserve Funds and Credit Balances.
	£	£	£
James Gillespie and Co. ...	195,000	133,893	...
Melbourne Flour-milling Company ...	42,900	20,017	1,925
Water and Kerang United ...	50,000	20,000	10,404
James Malcolm ...	40,000	19,951	...
Wimmera North ...	35,000	19,938	...
D. Stratton and Co. ...	49,499½	19,999½	5,706
L. Kickham ...	30,000	24,000	586
Totals ...	442,399½	257,798½	18,621

It will be seen that the six limited and one proprietary limited company have paid-up capital (or capital credited as paid) aggregating £257,798 10s. out of an authorised total of £442,399 10s. Only four mills have credit balances, and only one (the Water and Kerang United) a reserve fund.

The profit and loss accounts of the seven companies show the following figures:—

	Profit.	Loss.	Credit Balance.	Debit Balance.
	£	£	£	£
James Gillespie ...	...	417	...	1,229
Melbourne Flour ...	534	...	1,925	...
Water and Kerang ...	1,856	...	9,404	...
James Malcolm ...	1,437	...	...	8,478
Wimmera North ...	...	*5,583	...	30,028
D. Stratton and Co. ...	99	...	5,706	...
L. Kickham ...	...	187	586	...
Totals ...	3,926	6,187	17,621	39,735

It will be seen that profits were shown by four companies only, amounting to £3,926. If fair provision had been made for bad debts probably only one would have been able to show a profit—the Water and Kerang; and the directors of that company state in their last report that they “regret that the milling industry shows no improvement. Transactions in wheat have been profitable, but the manufactured products of the company have not returned a fair profit.” As a matter of fact, therefore, not one of the companies showed anything like a profit on the manufacture and sale of flour. The losses shown by the accounts for the past year exceed the profits by £2,261, while the debit balances at the close of the year’s trading were £22,114 greater than the credit balances.

The liabilities in most instances are out of all proportion to the business done. The figures from the last balance-sheets are as follow:—

	To Banks.	Mortgagees.	Others.
	£	£	£
James Gillespie and Co. ...	6,925	36,700	†1,732
Melbourne Milling Company ...	25,527	...	5,920
Water and Kerang ...	213	...	4,764
James Malcolm ...	26,116	...	1,801
Wimmera North ...	37,114	...	1,099
D. Stratton and Co. ...	...	16,547	3,442
L. Kickham ...	1,034	...	4,275
Totals ...	96,929	53,247	23,033

The total is £173,209. As the mortgages are, we are informed, mostly on account of banks it will be seen that their share is over £150,000. The “other” liabilities in the above table include deposits, debit balances, bills, and sundry creditors.

Turning to the assets and uncalled capital—the two headings of interest to creditors—there is little of a reassuring character. The following is a comparison:—

	Uncalled Capital.	Plant, Buildings, Stock, &c. †	Bills and Book-debts.	Other.
James Gillespie ...	61,117	146,018	30,022	1,980
Melbourne Flour ...	21,450	45,298	7,171	918
Water and Kerang ...	30,000	29,493	7,478	...
James Malcolm ...	20,049	31,882	11,836	3,792
Wimmera North ...	12,250	18,051	7,458	2,965
D. Stratton and Co. ...	30,000	31,930	13,612	153
L. Kickham ...	6,000	25,419	4,150	326
Totals ...	180,866	328,091	81,727	10,134

* Including £4,424, provision for bad and doubtful debts.
† Provision for depreciation excluded.

† Not including contingent liabilities, £4,362

The nominal total is £600,818. The uncalled capital is a very uncertain heading, and in the majority of cases calls are already in arrear considerably. The plant, buildings, rolling-stock, and stock figure for the huge total of £328,091. As far as plant and buildings are concerned, the sum written off as per the last balance-sheets for the whole seven companies does not total £1,000. Excluding stock on hand, which accounts for £63,718, the plant, buildings, &c., figure for £264,373. Their actual realisable value would at the moment certainly be little more than £100,000, if that. The stock is put down at £63,718, representing market value, which, of course, cannot be accepted as the figure likely to be obtained on realisation. The most interesting heading is "Bills and book-debts," which total £81,727, a sum out of all proportion to the business done. It merely strengthens our contention that the terms of credit allowed are certainly not those of general business. How much of this total stands for bad and doubtful debts? Take, for instance, the North Wimmera Company's balance-sheet. Book-debts figure for £15,150, less £7,691 written off for bad and doubtful accounts; that is more than 50 per cent. of the whole total. Few of the companies have made any provision for bad and doubtful debts. The extent of the latter is to a great part due to laxity of management; besides, the banks interested will in future result in claims being more severely pressed.

The figures in the foregoing are, we are inclined to think, sufficiently clear to all that in the majority of instances shareholders' interests will in the future be limited more to call-paying than dividend-receiving. In the past the competition of the companies has been rather severely felt, but this is far from being the reason of the unprofitable trade. Companies, like individuals, trade for profit, and the comparisons given above show that in this instance the publicly-owned concerns do certainly not command the resources of a well-managed private business.

Will the flour trade continue to drift is a general question. It is a difficult one to answer. The financial institutions are at the present moment a strong factor in the situation. Their aid to amalgamations would be judicious. Several of the public companies combined under one management would certainly stand a better chance of making interest (at least) than by continuing present competition. There are about thirty private mills in the colony, and their number could also be reduced, not that with an export trade—now on a fair way to establishment—the colony is over-milled, but simply because the individuals conducting the same have but limited resources, lack the means for an export business, and are forced to sell entirely within the colony. Strong combinations only will be able to stand possible losses, which must—even if they do not occur—be provided for in forcing new markets. That in the export trade lies the salvation of the industry is supported by the late improvement experienced due to fair outside orders. Judicious combinations will reduce the number of local competitors, and enable greater advantage to be taken of the export trade. The proposal to form a co-operative export company is certainly a good one, and might be tried as a remedy failing the former. The industry is an important one, for it directly employs over 850 men annually, as well as very large numbers indirectly, while of wheat alone its purchases run into approximately £1,300,000 per annum.

Mr. Mackenzie,

29th October, 1903.

ATTACHED evidence has been returned from Mr. Taylor and Mr. Evans with extensive alterations. Would you be good enough to examine and instruct.

PIRANI,

Clerk, Extension of Commerce Committee.

SIR,—

30th October, 1903.

Re alterations and corrections in Mr. W. Evans's evidence: Mr. T. E. Taylor has also dealt with this witness's evidence by striking out some of his additions and restoring his erasures. There is not time to follow the usual course of recalling and re-examining Mr. Evans on the points in dispute. I therefore wish you to adopt the following method to make clear the position:—

Mark the alterations *, †, ‡, §, ||, ¶, and **. * will indicate Mr. Evans's deletions from his own evidence; †, his additions and amendments to his own evidence; ‡, Mr. Evans's deletions restored by Chairman for information of Committee; §, Mr. Evans's deletions restored by Mr. Taylor; ||, Mr. Taylor's question amended by Mr. Evans; ¶, Mr. Taylor's restoration of Mr. Evans's emendation; **, Mr. Taylor's deletions of Mr. Evans's amendments. These indications are to be attached only to items in dispute.

Please attach Mr. Evans's telegram of explanation, and mark it "Exhibit ZA."

I am, &c.

THOMAS MACKENZIE,

Chairman of Extension of Commerce Committee.

Mr. Pirani, Clerk Extension of Commerce Committee.

WILLIAM GREGSON ASPINALL examined. (No. 17.)

193. *The Chairman.*] You reside at Temuka?—Yes.

194. *Mr. Loughnan.*] You are a flour-miller and also a director of the association?—Yes.

195. You have been connected with the association since its inauguration?—Yes.

196. And have been actively interested since its inauguration?—Yes; I was its first secretary.

197. And shortly after became a director?—Yes.

198. And have been a director ever since?—Yes.

199. You are familiar with the methods and objects of the association?—Yes.

200. Do you know of any instance within your knowledge that you can fairly describe as pressure being brought to bear on an outside miller for the purpose of forcing him into the association?—None at all.

201. Do you remember the occasion of Mr. Gardner joining the association?—No, I have no recollection of that. I had nothing to do with it.

202. I want you to please look at the figures relating to the prices of wheat, produced by Mr. Wood, which are in front of you?—Yes.

203. You compiled this table?—Yes.

204. From what data?—From data supplied from Mr. Wood's office, from the Timaru mills, and other sources.

205. Have you compared those prices of wheat with other sources of information bearing on the same question?—Yes.

206. How do you find they compare, generally speaking?—They are very similar.

207. And in your opinion are they actually reliable?—Decidedly.

208. As displaying the market prices?—Yes. The market prices vary in regard to the price of wheat, but not in regard to flour.

209. Did you make allowance for that?—Yes.

210. These are the Christchurch prices?—Yes.

211. Having those figures in front of you, what is your opinion as to the charge made against the association that its effect was to put up the price of flour to the consumer?—It is totally erroneous.

212. As a matter of fact, what was the actual result of the association's operations in regard to the consumer?—In my opinion the actual result of the operations of the association has been to bring about a reduction in the price to the consumer.

213. At the same time, as that is so, what has been its effect upon the profit of the miller?—It has been of considerable assistance to the miller. Prior to the formation of the association the millers were losing money.

214. And for the last two years, since the formation of the association?—During both years of the existence of the association the millers made money.

215. How do you reconcile the two positions—you put it that during those two years the price was reduced to the consumer, and at the same time say that the profit was increased to the millers?—Yes.

216. I want you to explain the causes that produced those results?—The causes were that there was greater economy effected in distribution. That was the principal cause. But there were other causes, such as doing away with forward sales, the altering of credits, and the cash payments.

217. Under the new system the miller has no item of "bad debts" at all?—None at all. The association act for us on a *del credere* commission.

218. It has been suggested that a combination of millers in this form is calculated to affect the price of wheat eventually?—The association has nothing to do with the buying of wheat for the mills.

219. Is there anything in the articles of association that could produce such a result—say, the cornering of wheat?—There is nothing of that sort.

220. You are familiar with the memorandum of association, of course?—Yes.

221. It has been suggested, and it is one of the charges that we are here to meet, that one of the objects of the association was to enable a miller to charge to the consumer a price that would cover the rate of interest on his depreciated or idle plant?—I do not see how that is possible—in fact, I know to my own knowledge that it is quite the reverse. In my case we originally paid £10,000 for our mill, which is a country mill, and we subsequently leased it for £300 a year for a term of years.

222. What you mean is that the depreciation—?—Has brought down the capital value £5,000, or 50 per cent.

223. And do you think that is the general position with regard to the mills?—There are several other instances of great depreciation that I know of. There are the Crown Mills, the Ashburton mills, the Auckland mills, and there are the Richter Nannestad or Manawatu mills.

224. *The Chairman.*] When the association was working on combination how did it affect the price of wheat as far as the farmers are concerned, as compared with the operations of the mills when they were not working in combination?—It was calculated to increase the price of wheat to the farmer when we were working in combination.

225. Why?—Because we got better prices, and were able to make a profit, whereas before we were losing money and naturally tried to get wheat at the lowest price we could.

226. What was the cost of the Richter-Nannestad mills?—I understand there has been a considerable depreciation of values in that mill. Mr. Loughnan could tell you more about that than I can.

227. *Mr. Taylor.*] What is the normal capacity of your mill supposing you work twenty-four hours a day?—Our sack capacity is five, and we take four sacks and a half. If working twenty-four hours we could turn out between 60 and 70 tons per week.

228. About 3,000 tons a year?—Yes, if working twenty-four hours.

229. Do you know the custom in the milling trade of America and Great Britain?—No.

230. And your milling business has not led you to inquire about the custom of other countries?—No; I am not interested in other countries.

231. Your normal capacity, working full time, is 3,000 tons a year: what is your ordinary output since the formation of the association?—About 1,200.

232. You are working less than one-half the capacity of your mill?—Yes, about eight or nine hours a day.

233. If you were working full time—the whole twenty-four hours—could you not sell your flour cheaper?—Not at a profit.

234. If your mill were running full time do you mean to tell the Committee it would not decrease the cost of production?—It would decrease the cost of production as compared with running eight hours.

235. A number of mills did run the twenty-four hours before the association was formed, but they occasionally shut down?—I do not know any mill that ran the regular twenty-four hours. The mills at Timaru have run twenty-four hours a day for a month or six weeks, and then, owing to the accumulation of stocks, they had to shut down.

236. What was your average annual production in your own mill for, say, three or four years before the association was formed?—For the last five or six years we have never run beyond the one shift of eight hours.

237. Are you selling as much flour now as you did before joining the association?—Exactly the same amount.

238. Then, the larger mills running fourteen or sixteen hours a day have to put up with a much smaller sale, in order to allow you to put out your full quantity?—Quite so.

239. The association has restricted the output of all the mills put together?—It has not restricted the output, but it has put the trade upon a proper footing, so that we can divide the trade rateably, and get a fair share each.

240. If Steven and Co. were producing 500 tons a month before joining the association, and their quota under the association was 180 tons, that has restricted their output, has it not?—There is nothing to prevent them working their mills twenty-four hours a day, and if the day was long enough they could work thirty-six hours if they liked.

241. Then what would happen?—They would have to export their flour from the colony.

242. They could not sell in the colony?—No.

243. And if they oversold, according to the agreement with the association the matter would have to be adjusted?—Yes.

244. You say you do not know of any coercion being used to force millers to join the association?—No.

245. Could any coercion be used without your knowing it?—I think not. I should have heard of it on the board if there had been any coercion used.

246. Supposing a member of the association threatened to send a traveller into the district of a miller who was not in the association and to sell flour under cost, what would you say to that?—I do not know what the utterances of individual millers are.

247. Did you take any steps to cope with the competition of Steven and Co. and the other free millers in March of this year?—Steven and Co. began cutting, and we started to do the same.

248. Are you sure that Steven and Co. began first?—I am sure, it was reported to our board.

249. Who reported it?—Our agent in Dunedin, and then we cut alongside of Steven and Co.

250. Did the association consider the advisability of freeing individual members of the association in the matter of selling fifties?—Yes.

251. You say that the association decided that the millers should have a free hand in fighting Steven and Co. in the sale of 50 lb. bags?—Yes.

252. Why not, then, in the sale of 200 lb. sacks?—I do not know. I see no reason why they should not. The Dunedin millers asked us for the concession, and we conceded it.

253. Do you think the only reason why they wanted a free hand was because they knew they were sure of their trade in 200 lb. bags with the bakers?—I dare say that would have been a good reason.

254. You say that the price of wheat to the farmers has been increased under the operations of the association?—I say it has that tendency, because we were getting a profit.

255. And voluntarily you have raised the price of wheat to farmers—you say you are giving them more?—Well, we do not haggle so much over it.

256. You were making such a good profit that you could afford to be careless about the price of wheat?—Not careless, but we could afford to be liberal—we did not haggle about the price so much as we did before.

257. Now, if a man has been producing 500 tons a year as a free miller, and is only allowed to produce 180 tons, in fixing the price of flour have you not to take into consideration the cost of the wheat, the cost of labour, and the cost of interest on capital? Do not these factors determine the price of flour?—Of course they do.

258. And if the output of a mill is only one-third of what it was before the miller joined the association must he not charge an increased price for his flour?—Not necessarily.

259. When Steven and Co. withdrew from the association in March of this year did you discuss their withdrawal with Mr. W. Evans, of Timaru?—I could not say. I expect I have. It is so long ago that I could not tell you. Mr. Evans withdrew too, and I suppose I spoke to him about it.

260. This telegram was sent to Steven and Co. [Telegram of 17th March, 1903, from Mr. W. Evans referred to]. Do you know anything about that?—No.

261. If that telegram was sent I ask you whether you do not consider that Steven and Co. were forced to cut in view of that threat?—Well, it is in the nature of a threat I suppose.

262. You personally know nothing about it?—No.

263. Supposing you had been a free miller would you not have felt disposed to cut prices?—Knowing Mr. Evans, I would not have taken any notice of it.

264. Supposing it had come from a man other than Mr. Evans, would you not have felt justified in cutting prices?—No, I do not think so.

CHARLES ALBERT LOUGHAN examined. (No. 18.)

265. *The Chairman.*] What is your occupation?—Solicitor; also partner in a flour-mill.

266. And you reside where?—At Palmerston North. I am also a director of the Flour-millers' Association.

267. You want to make a statement?—I wish to make a statement with regard to the depreciation in value of Richter Nannestad's plant at Palmerston North. I understand that the

plant and premises cost £7,000. They were in very good working-order in the beginning of 1902, at which date I bought an interest in the mill at a capital value of £4,000. I am familiar with three mills in close vicinity to my own—that is, Chamberlain's, Henderson's, and a mill in the Wairarapa district, also belonging to a man named Chamberlain. All these mills are in the market at very much reduced prices from their original cost-price. With regard to bad debts, I can give an example that came under my notice of the magnitude of bad debts in a small milling business prior to the formation of the association. That was in Richter Nannestad's business. When I joined the firm I had occasion to go through the books. There was four thousand pounds' worth of book-debts, none of which were statute-barred—they were all within the period of six years. Two thousand pounds' worth of these debts were written right off, and only £1,000 of the balance has been collected since. It has taken two years to collect half the balance, and the presumption is that the balance is as bad as that written off. The output of the mill since the formation of the association has been very little reduced. It has been somewhat reduced, but not to a great extent.

268. *Mr. Jameson.*] As a director of the association, and knowing the policy of the board, do you think the statement made that Mr. Allan had used coercion or had threatened Mr. Gardner at the Cust, would meet with the approval of the board if true?—I can say this: in my short connection with the board—I have only been with it a year—I have never heard any suggestion made at any of the meetings I have attended tending in the direction of coercion towards anybody. It was considered generally by all the members of the association whom I have spoken to a very unfortunate thing for all parties concerned that such a large number of millers left the association last March. They all thought it would result in what it has resulted in.

269. *Mr. Taylor.*] One purpose of the association has been to keep all the milling plants in the colony going upon the basis of a reduced output based upon a fair price for flour, is that so?—Yes.

270. Now, if it is true that there are three times the milling plant in the colony necessary to supply the colonial demand for flour, can that policy be successfully carried out without the public paying the cost?—I think you proceeded upon a wrong assumption in putting that proposition. First of all, there never was a possibility of a very large number of mills running anything like twenty-four hours a day. It is only a few favourably circumstanced mills, built for the export trade, that could run the twenty-four hours; the other mills can only run in proportion to the requirements of the local demand. Take my own case, for example: by reason of the railage freights I cannot afford to export flour—I cannot afford even to send it to Wellington. I can only sell it in my own district. I never could run my mill twenty-four hours, and the same remark applies to Mr. Chamberlain's mill at Feilding, Mr. Henderson's mill at Marton, and Mr. Chamberlain's mill in the Wairarapa, and also to Mr. Dickey's mill at Wanganui, and I believe it would likewise apply to a very large number of other mills. These mills, in the very nature of things, would never run for twenty-four hours unless they ran that number of hours for six months and shut up for the remaining six months. Then, again, you proceed on the assumption that it is a proper thing for flour-mills to run twenty-four hours. I do not agree with that assumption.

271. As a matter of fact, the larger mills in Auckland, Dunedin, Timaru, Christchurch, and Ashburton running full time—twenty-four hours a day—would practically wipe out all the smaller mills in the colony? They would supply all the requirements of the colony, would they not?—I do not know their capacity sufficiently to say that, but I will admit this proposition: that it is quite likely they could be developed to such an extent as to enable them to do so.

272. And destroy all the small mills?—Yes; but it does not follow that they could put flour into the districts where small mills are running at a lower price.

273. Do you think that telegram of Mr. Evans's savours of a threat?—Yes; a distinct threat to bring the prices down.

274. Do you approve of that kind of policy with a view of meeting the competition of the free mills?—That is the policy we all complain of. It is ruining us all. Certainly the association was brought into existence to correct that class of thing, not to encourage it.

275. And now it is encouraging it?—So you say; I know quite differently.

276. *Mr. Hardy.*] Is it for the good of the community that the small mills of the colony should be wiped out of existence—that is, presuming that the bigger mills should run full time?—I should be inclined to put it in this way: that in a season like that of last year, when the price of wheat was not regulated by the price of wheat in London, if the owners of a few mills had had a monopoly of the flour trade they could have cornered the wheat and put any price on it that they chose. They could have brought wheat down to the London price. Now, we have got it as a fact that the local price of wheat last year was greater than the price obtaining in London. It costs 1s. a bushel to send it to London. If a few mills had had the whole handling of the wheat the price of wheat would have been in proportion to that obtaining in London, and the price of flour would have been just as high as the competition of Australia would have allowed it to be.

277. *Mr. Taylor.*] Would not the same danger exist if the association embraced all the millers in the colony?—Not at all.

278. *Mr. Hardy.*] I understand, then, that it is to the benefit of the community that the small mills should exist?—It is. Take the small mills in my district. There is a good deal of wheat grown there. That wheat is not suitable for milling purposes by itself on account of the climate, but it is an extremely valuable addition to other wheats, because it mixes freely with dearer wheat from the south and makes a good flour. The result is that we can produce a very good flour by buying our wheat on all-fours with the Canterbury miller and mixing it with the local wheat at a reduced price, thus producing flour up there at a lower price than that at which the Canterbury people can put flour into the district. Therefore it is to the benefit of the local farmer that we should exist.

279. I suppose it is within your knowledge that a good deal of gristing is done for farmers?—Yes.

280. And it is of considerable convenience to them to be able to take their wheat to the mill and get back bran and pollard?—Yes; and also for storekeepers.

281. In the event of this Flour-millers' Association being a close corporation, are there not sufficient outside mills to supply the people who allege that they have had their demands restricted—could they not get their supplies from these other little mills?—Yes.

282. Do you think there are sufficient mills for that purpose?—Yes; there are quite as many outside the combine as in it.

283. Consequently bakers and others who want flour can get it outside of the association?—Yes. I may say the policy of the association since I have been a director is not to combine with the Bakers' Union with the object of preventing anybody getting flour who is prepared to pay for it. The policy has been changed. There is no combination to cut off anybody's flour at all. I can give you an example of how the bakers act within my own experience. There was a baker who started cutting in Palmerston North. Some of my flour got into his bakehouse—whether he got it from the association or from a merchant I do not know—but a deputation from people who are my principal customers, and without whom I cannot live at all, waited on me and said, "If we find a bag of your flour in that man's place again you never shall sell another bag to us." I had to be very emphatic, and told them that he should not have another bag.

284. Do you know anything about the Bankruptcy Court, and the number of people who go through it?—Yes.

285. Have you ever looked up the baking industry? Is it not a fact that it was notorious the number of bankruptcies that occurred before the bakers formed themselves into unions?—I have heard it said pretty constantly; but I can put in here a letter which gives a list of bankruptcies connected with the baking industry during 1901 and 1902—it is compiled from the *Mercantile Gazette*.

286. Did not more bakers go through the Court before they formed themselves into unions?—The figures show you that. In 1897, 16 bakers became bankrupt; in 1898, 11; in 1899, 11; in 1900, 8; in 1901, 6; in 1902, 3. That is a summary of the list.

287. What do you think is the position of the trade—is it on a sounder footing now than it was two or three years back?—I have had no real experience in the matter. I can only speak from the figures, but it is obvious that it must be so. We have also heard some of the bakers on the subject.

288. *The Chairman.*] Have you a list of the same nature regarding the flour-millers?—No.

289. *Hon. Sir J. G. Ward.*] Will you amplify the answer which you intended to make when you were interrupted—namely, whether if the whole of the flour-millers were in the association that would not have a tendency to bring about a corner in wheat?—Every miller tries to buy his wheat against his neighbour. There is no machinery under the association—which is purely a selling and not a buying agent—by which it can interfere or control a private individual in his dealings with the farmer. A combination of three or four could possibly fix a price and adhere to it, but a combination of the number of mill-owners that there are in the colony—situated as they are in the different localities and under different circumstances, each man trying to get better terms than his neighbour—absolutely prohibits, to my mind, anything like a corner in wheat being formed.

290. *Mr. Taylor.*] But, still, if the aim of the association to combine all the millers in New Zealand were accomplished—you cannot deny that that is the wish of the association—would it not be possible for the association to deal with the buying of wheat, and fix its own price to the farmer?—I do not think so, because they would have to provide a buying agency. They would have to say to the individual, "You must stand aside and allow us to intervene and buy." Then they would have a corner; but that is not within the scope of the memorandum of association of the association, and the memorandum of association cannot be altered in any way.

291. It has been said that its methods are elastic?—There is no elasticity in the memorandum of association, and it cannot be modified in any way.

292. Only by new organization?—Only by new organization. The American system is different. It centralises and produces such a result that a butchering establishment can sell meat at less per pound than it pays for it alive. It makes its profit out of the offal, the hair, and the hide, and the manure, which is one of the products. That is the trust, against which no individual can compete.

WEDNESDAY, 21ST OCTOBER, 1903.

T. E. TAYLOR, M.H.R., attended and addressed the Committee. (No. 19.)

Mr. Taylor: I propose, Mr. Chairman, to follow closely the various charges set out in my note to you as Chairman of the Committee, and to take these charges *seriatim*; and then as briefly as possible to quote from the evidence which has been adduced in support of each charge. In my memorandum to you, first of all, I said, "That the constitution of the association, as set forth in the agreement signed by each miller joining the association, was designed to restrict the output of the flour-mills of the colony at the public expense," and I propose to quote one or two lines from the agreement of the association to show that that was clearly the principal object of the association. In the preamble it says, "Each mill-owner shall supply to the said association flour manufactured in his mill to the extent and on the terms and conditions hereinafter mentioned." I say that that is primarily the object of the association, and that intention is amplified very fully where it says that "For the purposes of this agreement and for

all other purposes connected with the business of the association the capacity of the said mill, and of all other associated mills, shall be deemed and taken to be an output of the number of half-sacks per hour fixed by an expert or experts to be appointed by the directors or provisional directors of the association either before or after incorporation. In case of mill-owners joining the association after its incorporation the capacity of their mills for the purposes of any such agreement made with them shall be fixed in like manner by an expert or experts." There can be no doubt that the association took this power to say what flour should be produced and delivered to it either each week, each month, or each year by the members of the association. The provision I have quoted is contained in clause 2 of the Flour-millers' Association's agreement. Now, with regard to the second charge "That the number of flour-mills in New Zealand is greatly in excess of the requirements of the colony and of its export trade": We have had it in evidence from the secretary of the association—evidence that has been confirmed by other witnesses—that the full capacity of the milling machinery in the colony is about three times the normal requirements of the colony. It was given in evidence that the amount of flour that had to be milled to meet the wants of the colony was eight hundred thousand sacks per annum, or about one sack per head of the population, and it was admitted also in evidence that the capacity of the mills was about two million four hundred thousand sacks a year, assuming that they were running full time as had been the custom with some of the mills prior to the formation of the association and as is the custom beyond challenge in countries like America and Great Britain, so that the capacity of the mills of the colony is, as stated in the charge, greatly in excess of the requirements of the colony. Charge 3 states, "That the Millers' Association arranged to restrict the output of each mill and pool the product." There was some difficulty in getting any admission from Mr. Jameson on this point, as there was on many other points. He appeared to be very reluctant to give evidence on different points. Clause 10 of the agreement says, "The said flour shall be delivered by the said mill-owners from time to time in such quantities at such times and places, on such terms, and generally in such manner in every respect as shall by the directors be reasonably required, or in case of difference shall be determined by the directors or a majority of them, and their decision shall be final." That is clause 10 of the original agreement. In clause 12 of the original agreement it says that "Flour so sold or supplied or delivered or gristed shall be deemed and taken to have been supplied by the said mill-owners in reduction of the amount to be supplied or required in accordance with this agreement." Then, if they exercised any freedom in production, if they chose to allow their machinery to produce more in any one month than the quota permitted by the association, they were liable to tremendous fines. Section 15 of the agreement says, "If the amount of flour so sold or gristed under the provisions of section 12 in any one year shall, together with the amount of flour supplied by the said mill-owners to the association during the same year, exceed the quantity which the said mill-owners are to supply to the association according to this agreement, then and in such case the said mill-owners shall pay to the association the sum of £25 per centum on the value of such excess." That is to say, if a man chooses to allow the productive capacity of his mill to be exercised as it is in other countries—and I urge upon the Committee that it is customary in this particular industry in all other countries to let the machinery produce all it will produce within the twelve months—he is heavily penalised for his free action. I submit to the Chairman that the most economical way of working any kind of machinery would be to work it continuously; but I distinguish flour-milling from most other industries. In support of my contention it is admitted that the principal millers have been, prior to the formation of the association, in the habit of allowing their machinery to run steadily the twenty-four hours except for the time necessary to be allowed for repairs and overhauling the plant. Charge 4—"That the price of the pooled productions of the association mills was fixed to cover the cost of such reduced production, and to provide interest upon the capital invested in plant and buildings while such were lying idle": The point in this agreement that I refer to here is contained in clause 7—"The directors shall from time to time fix the prices at which flour shall be supplied to and purchased by the association in manner aforesaid in each of the towns or districts in which any associated mill or mills shall be situated, and in fixing the price in each such town or district the directors shall take into consideration the cost of wheat and the value of its by-products, and other matters that ought reasonably to be taken into consideration, so that as nearly as possible the price payable to each mill-owner shall be fixed on an equitable basis as between the mill-owners who are members of the association." Now, we have it in evidence from the representative of Steven and Co.—and when I quote Steven and Co. I want to draw the attention of the Committee to this fact: that they are the owners of one of the most up-to-date milling plants in the colony, and are admittedly a smart, modern firm—we have it in the evidence of their representative that when they joined the Flour-millers' Association they had to reduce the output of their mills from 530 tons a month to 180 tons, or from 6,360 tons a year, which they have been producing prior to becoming members of the association, to 2,160 tons, or just about one-third of their former output, so that all their plant, buildings, and machinery were practically standing idle two-thirds of the time compared with the actual productive power of their plant prior to their coming under the restrictive operations of the association. I asked Mr. Dall where they expected to get interest from on the cost of this plant while it was not producing, and he frankly said, "In the price of flour." I could not extract the same answer from the secretary of the association on the same point, but Steven and Co.'s representative said distinctly that he expected to get the interest on the plant, in addition to the cost of the wheat and the cost of producing the flour, out of the association. It must appeal to the judgment of the Committee that if a mill has been producing 6,360 tons a year, and its production is restricted suddenly to 2,160, it stands to reason that the interest upon the plant must be provided from some one and from somewhere, and so Steven and Co.'s representative said it was coming to them in some form in the price of flour. Charge 5 says,

“That the Millers’ Association has striven to establish a monopoly in the flour-milling business in New Zealand, and within certain areas has succeeded in doing so.” On this point I want to point out that we have a list, put in by Mr. Jameson, giving the names and addresses of the associated millers. On the surface, if handed to any member of the Committee without any knowledge of what has been elicited from witnesses, he would assume that that represented all the mills which were operating in conjunction with the Millers’ Association; but, as a matter of fact, it does not, and it is as misleading a document as it can possibly be, and I am going to prove it. Mr. W. Evans, of Timaru, is not in this list, and Mr. Heslop, of Irwell, also is not in this list. I asked Mr. Jameson, when he was giving evidence, whether Mr. Heslop was connected with the association, and he replied that he was free to do absolutely what he liked. At the first blush one would take that answer to be straightforward and conclusive.

Mr. Jameson: So it is.

Mr. Taylor: I will let the Committee see whether it was. Mr. Heslop owns a small mill at Irwell, and we are told by the secretary that the association was collecting his accounts. Now, this is the history of the matter: Mr. Heslop is said by Mr. Jameson to be free to do absolutely what he likes. There are a certain number of mill-owners that are openly members of this association, but there are certain other mill-owners that have working-agreements with the association—how many I do not know—but the working-agreement is just as effective for all public purposes as the straight-out membership. The Christchurch Working-men’s Co-operative Society ordered from Mr. Heslop 6 tons of flour. On the delivery of 2 tons of them, Mr. Heslop wrote: “Irwell, 22nd November, 1902.—Mr. Woodfield, Working-men’s Co-op.—*Re* yours of 21st for pollard and bran, I cannot now supply you. I have joined the Millers’ Co-op., and any orders must now be through them. I have come to the conclusion that it was the best thing for me to join the association.” Now, if the association had desired that the Committee should know exactly what Mr. Heslop’s position was, why was an effort made to induce it to believe that he was free to do absolutely what he liked? On the 28th November, 1892, the secretary of the Working-men’s Co-operative Society wrote to Mr. Heslop, “Yours of the 22nd to hand, which came as a surprise after the conversation we had only a few days previously, and while we see no advantage to yourself and much to the other party, we recognise that you have a perfect right to please yourself in the matter. Kindly send the 4 tons which are still needed to complete our 6-ton order,” to which Mr. Heslop replied on the 29th November, 1902, “Your letter just to hand asking me to send 4 tons flour. I cannot send any more orders unless through the association. Try them, and if they allow me I will send you what I can.” How on earth Mr. Loughnan will reconcile a straightforward statement in writing like that, obviously not intended to mislead any one, with Mr. Jameson’s statement that Mr. Heslop was free to do absolutely what he liked and was not a member of the association, I do not know. Then, the Working-men’s Co-operative Society threatened to take proceedings for breach of contract. On the 13th October—just prior to his letter announcing his joining the association—Mr. Heslop was selling flour to Mr. Williams, baker, Christchurch. He writes to Mr. Williams as follows, “I will send to you on Wednesday sixty sacks of flour. The fifteen sacks you sent me have arrived. I don’t know how I will act yet in regard to the Millers’ Association. They have, or rather Trapnell,” [Mr. Trapnell was a member of the association according to the list put in] “one of them, has threatened to make prices so low that if done will either force me in or shut my mill for a time, as at the price of wheat I cannot sell less than £10 10s. 2½ per cent. off. He, Trapnell, says the association are going to help him to run me off. However, I will let you know as soon as I can how it will affect me.” How many more letters of this character there are in the colony I do not know, because I have not interviewed the millers to see what steps have been taken to force them into the association. How it did affect Mr. Heslop is very clear, because within a month he notified that he had joined the association, and members of the Committee will remember that when I was examining the secretary of the association I had great difficulty in getting anything like a straightforward answer concerning Mr. Heslop’s connection with the trust. In the list put in I have the name of Mr. Gardner, of the Cust, as a member of the association, and Mr. Gardner’s joining the association indicates that undue pressure was put upon him by the associated millers or members to get him into the association. The association naturally realised that a small free mill upset its plans. The mere fact of two bakers getting out of line with their union, and two or three mills standing out of the association, meant that the power of the association was challenged. This man Gardner got into communication with the Trades and Labour Council about his position. He drew attention to the fact that the area within which he could trade was being restricted by the association, and he wanted to know whether the Trades and Labour Council could not arrange some way by which they could keep him going, and an interview was arranged for. Writing to Mr. Wilson on the 8th March, 1902, he says, “Yours of the 6th instant to hand, and contents carefully noted. From the first we decided to stand out from joining the Flour-millers’ Co-operative Association, and are no more inclined to join now than we were formerly. We wish to offer our thanks to your Council for its assurance of assistance, and should the necessity arise we will ask you to assist us in keeping our stand.” That was on the 8th March, 1902. On the 23rd March, we have it in evidence that Mr. Gardner met a deputation of four members of the Trades and Labour Council—Mr. W. Newton, Mr. S. Billcliff, Mr. Charles Taylor, and Mr. J. Fisher. These gentlemen drove out to the Cust on the Sunday, and had an interview with Mr. Gardner about his position. They allege that at that interview he said he was in great perplexity as to what he ought to do, that he had been threatened by the association that if he did not come in and work with it they would sell flour in his district for a year at cost-price, with the view of shutting him up. I may say Mr. Gardner worked the northern district of Canterbury, serving Oxford, Cust, and other places adjacent to his mill. The deputation said they could not commit their council to anything, but would see what could be done in the way of getting the

mill run as a co-operative mill. On the 13th March, doubtless under the influence of threats, Mr. Gardner had written to Mr. Buchanan, of the Flour-millers' Association, "Will you please furnish us with particulars of how we should go about to join the New Zealand Millers' Association; what quantity of flour would be allotted to us per month, and where it would be delivered; also how would gristing be arranged?" Three days after the interview at the Cust Hotel Mr. Gardner telegraphed to the Trades and Labour Council stating that he had decided to join the association. He hesitated when I asked him whether the association had threatened to sell flour in his district against him; but he admitted that Mr. Allan had threatened him. Mr. Allan is one of the two original promoters, and was most active from the start in getting this association formed, and it is in evidence that he and Mr. Wood, the miller, went up and saw Mr. Gardner and had a casual conversation with him. Mr. Gardner admitted that Mr. Allan said that if he did not join the association he would come and sell flour in his district; but he would not admit that the association had said so. I wired down to Christchurch as follows, after hearing Mr. Gardner's hesitating evidence: "Shaw Billcliff, Poulson Street, Sydenham.—Gardner, miller, Cust, absolutely denies Newton's statement that he told Trades Council deputation that Millers' Association had threatened to invade his district and sell flour below cost if necessary for a year unless he joined the combine. Please see Fisher and Taylor, and wire your statement on point signed jointly.—T. E. TAYLOR." This was the reply I received: "Recollect distinctly Gardner making statement that trust would place flour in his district at less than cost, and asked what inducement Council could offer to warrant him in holding out." That is signed by Charles Taylor, Shaw Billcliff, and John Fisher. Of course, if the Committee want absolute proof of every detail in connection with pressure of this kind, all I can say is that the demand will be an unreasonable one. If I make out a *prima facie* case that undue pressure amounting to coercion has been brought to bear, then I submit I shall have done all I can reasonably be expected to do. Now, I will take another case. Steven and Co., of Dunedin, having joined the association, found that their output was restricted in such a remarkable manner—that it was thrown down from 6,360 tons to 2,160 tons a year—that they were practically only able to produce one-third of the amount compared with what they did before, and when their agreement expired they decided to withdraw from the association. They gave notice of their intention to withdraw in November, 1902, but they had to give three months' notice, and became free millers from March of this year. One would naturally expect that they would be free to do as they liked after leaving the association, but they were not. The association followed the same extraordinary tactics in dealing with Steven and Co. as with others. One thing, in my judgment, which goes clearly to show that there was undue pressure is this list which was put in showing the members of the association. The secretary of the association assured us that Mr. Evans, of Timaru, was not a member of the association. It was admitted he was originally a member of the association, but the right of his company to buy and hold shares in the flour-millers' trust was challenged, and the Court decided that under the articles of association the company had no power to invest capital in the purchase of shares, and without going into the matter of whether the association was restraining trade the Court decided on that point, and the Atlas Milling Company had to withdraw its membership. But it only withdrew its membership apparently. It will be remembered I had some difficulty in eliciting that. Up to this year it had been fully allowed that Mr. Evans had been a member of the association.

Mr. Loughnan: That is admitted up to the end of March of this year.

Mr. Taylor: After March of this year A. Steven and Co., Dunedin, were going to be free millers, and started to run their mill to turn out 6,000 tons a year, or 500-odd tons a month. On the 17th March, 1902, Steven and Co. received the following coercive telegram: "Timaru, 17th March.—A. Steven, miller, Dunedin.—Now retired from association through you and other millers withdrawing. Intend quoting nine pounds to-morrow, meantime will hold off if you, Eiby, and Jackson come in to-day on equitable terms." At the time Mr. Evans undoubtedly was as much a member of the association under the working-agreement he had with it as any man who is on the list of the association, and the market price for flour was £11 per ton.

Mr. Loughnan: His agreement had expired before that date.

Mr. Taylor: That is the difficulty. It is impossible to know at what point these free millers junctioned with the association, the methods of the association are so elastic; and if any one has read Mr. Lloyd's book in connection with the Standard Oil Company, "Wealth *versus* Commonwealth," he will recognise every lineament, every feature, of the Standard Oil Trust in this association. In that large concern in America there were actual members, associated members, and members working under one agreement and another agreement, and it was extremely difficult to know when one was working with a free man; and so it is in part with this association. A Christchurch baker named Williams, on the 4th August, 1903, wrote down to Mr. Evans—this very miller who threatened Steven and Co.—to say that he was boycotted in Christchurch, and his business was threatened with ruin. He wanted flour from the Atlas Mill, which he thought was a free mill, and received this reply: "Yours dated 4th instant to hand, and should have been replied to before, but the writer has been in Dunedin, and only returned by to-night's express. *Re* delivery of flour, we are at liberty to sell our output outside the association should we desire to do so, but have promised them we will not go outside them except they fail to let us have the output we are entitled to." It was well known amongst the millers in New Zealand that this man had bounced the association and had threatened that if it materially reduced his output and refused to allow him to sell all he produced—

Mr. Loughnan: That is not in the evidence.

Mr. Taylor: I have got it in evidence—I have it in this very letter in my own hand. I say that Mr. Evans practically bounced the association, because he threatened that if it unduly inter-

ferred with his output he would become a straightout free miller, and with his large output he could have played havoc with the association. The letter goes on: "Just now they are trying to deal fairly by us, and we do not care to rail to Christchurch, for if we did so we would cause dissatisfaction with Christchurch millers. Have therefore for the present decline to quote for Christchurch delivery.—W. EVANS." I say that if you read this telegram to Steven and Co., in which he threatens to cut the price of flour unduly immediately Steven and Co. become free millers, in conjunction with his letter to Williams, it will be seen that it was used to further the interests of the association to try and force Steven and Co. to rejoin the association and come into line. To show that this was a threat on the part of Evans, and was a lever to force them into line, Steven and Co. protested against the telegram, and wired to Evans "Will you place 1,000 tons flour under offer at price quoted until noon Thursday?" Evans replied, "We do not desire your custom." It was bluff. Steven and Co. knew perfectly well that Evans could not sell flour at £9 without suffering ruinous loss, and he replied, "We do not require your custom." I say that these instances of Heslop, Williams, and Steven and Co. are evidence of pressure. I submit that I have brought ample evidence to show that solvent and capable men in a free country have been used by the association in this way so that its combination may be unrestricted and its method of business unchallenged. I will now take the next charge—"That unfair means have been used in Auckland and elsewhere to force free millers into the New Zealand Flour-millers' Association, such means including the sale of flour at prices fixed to render profitable trade by the Auckland and other millers difficult, if not impossible." Williams could not get flour from the Millers' Association. He could not get his ordinary quantity, but that I deal with under the Bakers' Union matter. He tried in Timaru, and Evans said, "I cannot supply you with flour, because I have a working-agreement with the association." He practically says, "I am a free man, but I am not a free man." Then Williams went to Auckland. There was this anomaly in Christchurch, where there was ample flour for local wants: that our bakers had to go abroad as far as Canada to meet their requirements, or to join an association called the Baker's Union, whose rules they protested against. Referring for a moment to Steven and Co., I want the Committee to note the fact that within sixteen days of their leaving the combine the price of flour fell by £3 a ton in Dunedin, and that that was through the action of the association there. At all events, Steven and Co. found that through the Millers' Association's action they could not sell their 200 lb. sacks of flour, which was the bakers' flour, because the Bakers' Union at Dunedin continued to work in with the association, and had an agreement with the association that it would not sell flour to any baker who broke the rules of the Bakers' Union. Through this action Steven and Co. found it necessary to open up a new market, and they specially canvassed the merchants and storekeepers, and developed a large trade in 50 lb. bags. It has been proved that ordinarily 50 lb. bags are 15s. a ton more than flour sold in 200 lb. sacks. But what happened? The association, sure of its trade for 200 lb. sacks, liberated the millers in Otago so that they might seize upon the new trade developed by Steven and Co., and the 50 lb. bags are being sold in Dunedin to-day actually at 5s. less than flour in 200 lb. sacks. That is to say, with the view of breaking up the trade that Steven and Co. had developed because of the restriction which had been placed upon them for sack flour by the Bakers' Union the millers of Otago, acting independently of the association apparently, are actually selling 50 lb. bags at 5s. a ton less than sack flour. If the Committee consider these are fair methods of trade I shall be very much surprised. I do not think they will admit that they are.

Mr. Buchanan: You say that these free millers are answerable for the association?

Mr. Taylor: You cannot distinguish between the two. These men are in the association and out of the association. They are in the association for 200 lb. sacks, and out of it for 50 lb. bags.

Mr. Loughnan: Not Mr. Evans.

Mr. Taylor: That is the position. I have proved that Mr. Evans is both in and out of the association, and you never know when you have him. I have already given you evidence on charge No. 6, as far as Steven and Co. are concerned, and if you turn up the evidence given by the secretary of the association you will see that he admitted that the association had been a party to the sale of flour at less than market value for trade purposes to meet the opposition of the Auckland roller mills. I say that no man carrying on a legitimate trade has a right to be systematically attacked by a combination that will take a course of action with a view to ruining his business, and they admit making that attack. Charge 7—"That the association has refused to sell flour to bakers who refused to charge for their bread the price fixed by the Bakers' Union, with which latter union the New Zealand Flour-millers' Association had a working-agreement": The association will now tell you that there is no such agreement—that it ceased to operate a long time ago—and that is partly true. I have the rules of the Canterbury Master Bakers' Union, and these rules at the present time exist, but the combination between the Master Bakers' Union and the Flour-millers' Association appears to have been broken. These are the rules, however, they did work under for some time. Rule 9 says, "All millers belonging to the union shall be members of the committee. Rule No. 11 says, "A price and appeal committee, consisting of three millers and three bakers, shall be elected to hold office for twelve months, and shall be elected by ballot from the whole of the members of the union, their duties being to determine the price of bread from time to time and settle any disputes that may arise. The chairman of all meetings to be a miller." So that when that price committee was operating it was really a millers' committee, the millers having a majority on it. They had a majority of two votes on that committee. Rule 29 says, "No member shall do any business with any miller who does not belong to the union, and also to the New Zealand Flour-millers' Co-operative Association (Limited); and a purchase of flour by a member of the union from any other person or firm shall be deemed a breach of the rules, and he shall be dealt with in a similar manner as if he had sold bread at less

than agreed prices." Those were the rules fixed by the Bakers' Union. Now, how did they work out? They said to the Millers' Association, "We will not buy flour from you if you sell to any baker who does not belong to our union"; so that it was within their power to fix an unduly high price for bread, and there was no escape from it, because by their rules they could control the millers as well as their own members. Mr. Laurenson, president of the Dunedin Bakers' Union, admitted that they had been working under the rule that the union would not buy flour from millers who supplied cutting bakers, and he also admitted that if a man had business ability and modern plant, and was able to sell bread at a substantial profit at 1d. the 4 lb. loaf less than the union price, a miller would be justified in refusing to sell him flour, and the union would force the millers to that course. That is to say, he thought the millers would be justified not only in restricting trade, but in refusing to sell flour to a most capable man by their arbitrary action. The Committee will find in the evidence correspondence bearing on that point, and backing it up. Then, to show how the interests of the Bakers' Union and the Millers' Association in Dunedin were combined, you will find in the evidence that just after Steven and Co. notified their intention to become free millers certain millers in Otago—who, as official members of the Millers' Association, were presumably acting with the association—made a present of a fifty-pound cheque to the Bakers' Union at Dunedin, Mr. Laurenson says, because they were in financial difficulties and wanted help. I put it to the Committee that that is a suspicious fact, and I shall ask the Committee to believe that it was directly a bribe from the millers to the Bakers' Union, in order that they should remain loyal to the associated millers as far as sack flour was concerned and leave them free to fight Steven and Co. later on in regard to the special trade that firm might develop to get rid of their flour. I do not propose to read the correspondence between Steven and Co. and the Bakers' Union, but it is in evidence, and it is most instructive. The Committee will find that there was a clearly defined boycott instituted against Steven and Co., which the bakers only made a pretence of raising when Steven and Co. wrote to the Bakers' Union threatening to open a bakery on their own account if the union refused any longer to buy their flour at market rates. My next charge is "That the Flour-millers' Association has taken unfair advantage of its power to attempt to force free bakers into union with its ally, the Master Bakers' Union, in exploiting the public," and I shall very briefly prove to the Committee that such was the case. One of the most capable bakers in Christchurch—I think I am right in saying he is the largest baker in Christchurch, because he employs six men besides himself, and has a very fine bakehouse—I refer to Mr. Williams—says that he belonged to the Bakers' Union, but left it because they refused to let him have two prices. He has a counter cash price, and they would not allow him to charge less for his counter trade than the price the members of the Bakers' Union charged for delivery. He argued that the most profitable trade is the cash counter trade, and the Bakers' Union said, "We will not allow you to give any advantage for cash." Every baker in the trade knows that it is an advantage to sell for cash in view of the saving which can be effected in carrying on his business. But the Bakers' Union made this rule: that there should be only one price, and no difference made for cash. He said he could not conform to that rule, and dropped out of the union. Then the union levied fines on him as an undercutter, and fined him in all £12 for underselling. The man, however, quite rightly ignored the whole thing, and ceased to be a member. Then what happened? He found then that the Millers' Association refused to supply him with flour. He had been taking about 30 tons a month. He went round and saw Mr. Jameson twice and Mr. Buchanan once. Mr. Jameson and Mr. Buchanan told him that because he would not conform with the rules of the Bakers' Union he could get no more flour, and for two months he found himself unable to buy flour from the association. He says that his cash trade is very profitable, and when he waited with a deputation on Sir Joseph Ward in December, 1902, he stated that if he was allowed to sell bread at 5½d. with flour at £12 a ton he could do very well. Under examination I asked him whether he had any doubt that the association tried to control his business, and he answered that there was no doubt about that. I then asked him, "Did the refusal of the association to supply you with flour involve you in expense and trouble?"—Answer: "Yes." Q.: "A great deal of trouble?"—A.: "No doubt; I should not like to put in another six months like it." Q.: "Was your trade really endangered by their action?"—A.: "Certainly it was. I did not know from one month to another when I would have to stop, because it was impossible to get flour." Q.: "That seemed to be their policy, to close you up because you insisted on running your business on lines that you thought would pay you?"—A.: "That was simply the trouble." Now, this man as he proved to you was driven to buy Canadian flour, and put to all kinds of shifts to get his supplies. I have already pointed out that he went to Timaru, and the result of his action was that Mr. Evans wrote him the letter stating that while the association treated him (Mr. Evans) fairly, he was not going to interfere with their territory up north. To show the Committee that the same kind of thing occurred in other places, I will refer it to the case of Mr. Isaac, baker, of Wellington. I asked him if he had had any difficulty with his merchant in paying for his flour, and he answered "No; but two of the mills outside the association would not supply me with flour on account of the combination." Q.: "Which were they?"—A.: "Paterson and Co. and Thomas and Co." Q.: "They are two merchants?"—A.: "Yes, they are agents. One is agent for Golden Gem and the other for Silver Dust." Well, the Committee will remember this: that when Mr. Mitchell, representative for Laery and Co., was giving evidence in connection with the difficulty Mr. Beynon, another Wellington baker, had in getting flour he said that if he (Mr. Beynon) could not get the brands he wanted from his firm he could have got Golden Gem and Silver Dust. When I was examining Mr. Mitchell I did not know that there was any difficulty about getting this Golden Gem and Silver Dust; but Mr. Isaac says that he actually went and tried to buy these two brands and could not get them. He said he was refused by the two firms I have mentioned. Why? Because he would not charge the same price for his bread as other bakers. That is to say, his freedom was taken away from him by

some agency, the character of which he did not know, and the Committee can only know by the exercise of their own judgment. Mr. Isaac says, "I could not get it"—the flour—"from the association; not only that, but they wrote to merchants in this city and told them not to supply me with flour or they would not supply them." He says that Mr. Mitchell told him that the association was formed, and they were not going to let those have flour who did not keep in line with the Bakers' Union price. This man had to get flour from Adelaide to meet the difficulty created by this interference with the ordinary course of his trade. The Christchurch Workingmen's Co-operative Society found themselves in the same position. They could not get their flour, and though they did their level best to try and get an explanation from the association, writing a number of courteous letters, the secretary did not consider it worth his while to reply to them. Then, there was another witness—a man named Beynon—who said that his business was practically extinguished because he could not get flour. He was doing a cash counter trade. He went with Mr. Mitchell, of Laery and Co., to Mr. Virtue, the Wellington representative of the trust, to find out the reason. He was informed he could have no more flour unless he ran his business on lines determined upon by the Master Bakers' Union, and he had to agree to charge the same price for his bread as other bakers, and when he did that he found that his cash trade practically died off, and it took him some months to build up his business on its present basis. He is now doing a very fair business, and, owing to the existence of free mills, gets flour easily. He says that he has never defaulted in his payments, and he is getting a fair profit on the bread he makes, and has no difficulty in getting flour now, because since March last the association has been selling flour practically to any one who wants it. Clause 9 of the charges—"That the association was officially connected with the Master Bakers' Union in arbitrarily fixing the price to be charged for bread": That has already been proven. Clause 10—"That as a result of the methods named, and others, the New Zealand Flour-millers' Association has deliberately restrained trade, and endeavoured to force the public to pay an excessive price for bread, so that the members of the Flour-millers' Association could escape from the consequence of their excessive investment of capital in the flour-milling business." That is the kernel of the whole matter, and I submit that I have placed before the Committee enough evidence to show that it is unreasonable to argue for a moment, as no doubt the association will do, that they can restrict the output of these mills by two-thirds and make no provision for interest on the capital invested in these plants while they are not producing. It is contrary to common sense and ordinary judgment to take up a position of that kind. The fact that they have been getting undue profit is shown by Mr. Dall, Steven and Co.'s representative, when he pointed out that in the two months—September, 1902, and September, 1903—there was a large difference in prices of flour, and that in September, 1902, the millers were making from £2 5s. to £2 10s. more profit than in 1903. That is to say, that under their arrangement with the association they were getting more for their flour than they were getting in 1903. Steven and Co. deny that they were the first to cut prices. In March, 1903, after they withdrew from the association, they say they were subject to unfair pressure; the association, in successive drops, brought down the price of flour by £3 a ton within sixteen days of their leaving the association; and that drop was in no way controlled by the price of wheat. That fall in the price of flour was arranged in order to bring into line this objectionable mill. Fortunately this association did not get a fair start. You must judge it not altogether by what it did, but by what it desires to do, and by what it might have done. It got into touch with the Bakers' Union, and used undue pressure to bring Gardner, Heslop, and Steven into the association, and it was pressing other mills to come into the combination. If you take the methods the association adopted towards the owners of the free mills, coupled with the utterance of Mr. Meek—the president of the trust, who, although in attendance here for ten days, was not examined for some reason or other—at the annual dinner of the Flour-millers' Association held in March of this year, when he said there were three times more milling facilities than the business warranted, and that within a very few months they would see all the millers of New Zealand belonging to the association, you must realise the danger this association is to the public. I say again, it is fortunate that the association did not get the complete grip on this colony that it was designed to do. The fact that when it did not easily get the grip intended it sold flour below cost in Auckland and Dunedin, that it used undue pressure towards free mills, that it joined with the master bakers and would not supply cash-selling bakers: if you take all that evidence into consideration, then I say you must admit that I have proved my contention that the association did operate to the public injury. If Mr. Meek's prediction were realised, and all the millers of New Zealand were to join the association, they would be in a position to fix the price of wheat to be paid to the farmer so far as the wheat-requirements of the colony are concerned, and that constitutes a very grave danger to the community. The price of bread fixed by the association and the bakers was not to be according to the fluctuations in the price of wheat and flour. It was an arbitrary price fixed by the Bakers' Union, and to that extent I say the intention to unduly tax the public was clear and conclusive, and generally I say that the operations of the Flour-millers' Association are calculated to work to the injury of the State, and should be controlled by legislative enactment. I asked my witnesses whether the removal of the duty on flour would have any effect, and they were all of opinion that the removal of the duty on flour would make it impossible for any association to permanently exercise undue power. They said that the removal of the duty of £1 a ton would put all the millers in competition with the flour-millers of Australia and Manitoba. It will be suggestive no doubt to the Committee that the reason given for the restricted output during the past two years and a half was that the export trade fell off almost entirely simultaneously with the formation of the association. Mr. Wood, of Christchurch, evidently to conceal the restriction on production exercised by the association, was unwise enough to make that statement distinctly that the cessation of the export trade took place simultaneously

with the formation of the association. The next witness who came along was Mr. Evans, of Timaru, and he admitted that the export trade practically ceased seven years ago. So on that point there was a remarkable difference of opinion, and Evans was right. I want to call your attention to this: I asked Mr. Blake, of Christchurch, this question, "Supposing the Flour-millers' Association were covering all the millers of the colony, as they aim at doing—at the annual dinner of the Millers' Association the president declared that a few months would see all the millers in New Zealand belonging to the association—do you think that would be a good thing?" and his reply was, "I do." Mr. Blake also desired a millers' monopoly, so that the bakers could exercise absolute power to fix prices and stop supplies to cash sellers. It may be argued on behalf of the association that the workmen of this colony arbitrarily fix the price of their pay, that unions are rampant, and that this union is no different to other unions, and is formed for the protection of its own interests. But I would point out that there is this difference—viz., that before a body of workmen can get their pay or labour conditions fixed it has to go before a tribunal properly constituted, and there has to argue and demonstrate the justice of its claim. In this combination there is no such public control, and no opportunity of knowing what its methods are. Many of its methods are secret, and there can be no comparison drawn between the ordinary workmen's combination and a combination which is designed to foster by any methods the interests of those engaged in the flour-milling trade. I believe myself that it would be distinctly a good thing, and would act as a check upon possible extortion either by the Millers' Association or by any other association, to amend the Municipal Corporations Act so as to allow municipalities to start municipal bakeries if they so desire. I regret that I have kept the Committee so long, but I claim that I have made good every charge that I put forward. With regard to the telegram as to the Lyttelton incident, I am not concerned. I hold that it was my duty, as it would be the duty of any member of the House if a deputation came to him and said that they believed the Flour-millers' Association and Bakers' Union had brought about an interference with business, to do what I have done. I admit frankly that my informants were wrong, but I simply asked the Government to inquire into the matter. I hold that I was in no way connected with that matter except that as a representative I brought the question forward in order that there might be an investigation. The Lyttelton episode is immaterial and incidental, although it was fortunately the means of bringing the whole subject before the Committee. Outside that incident I claim that I have made good the charges I brought against the Flour-millers' Association.

Mr. LOUGHNAN attended and addressed the Committee. (No. 20.)

Mr. Loughnan: Replying to Mr. Taylor, before I proceed to follow him into the details of his criticism of the evidence and the elaboration of his charges against the association, I propose to read a detailed series of replies to his charges which I have prepared in pursuance of the permission given to me by the Committee some time ago to put in replies in writing.

Charge 1: That the constitution of the association as set forth in the agreement signed by each miller joining the association was designed to restrict the output of the flour-mills of the colony at the public expense.

1. The association was not designed to restrict the output of the flour-mills of the colony. It was designed to raise the milling trade from the deplorable condition into which it had fallen, by stopping many of the evil and ruinous practices that had crept into the industry. The real factor in restricting the output has been the loss of all export trade, brought about chiefly by the high price of wheat in New Zealand and the increase in the duty on flour imposed by the Australian Commonwealth. Millers have at present only the New Zealand market to work upon. The object of the association is emphatically not to restrict the output of the flour-mills of the colony. Its functions and objects are as follows: (1) To regulate the price of flour and offal by the price of wheat in such a manner as to insure to the millers a fair margin of profit; (2) to distribute as much flour as possible within the colony, and to apportion the trade rateably amongst the various millers in accordance with the relative capacities of their mills; (3) to minimise bad debts and abolish forward sales; (4) to effect economy by conducting all sales through one agency; (5) to improve generally the quality of flour; (6) to organize the trade upon sound and legitimate principles of trade-unionism; (7) to prevent, and not to encourage, monopoly.

Dealing with these objects separately and in order:—

First, the association seeks to secure a reasonable profit for its members, but not an undue profit. The best proof of this is supplied by the tables attached hereto, which contained a record of the relative prices of wheat, flour, bran, and pollard during each month from January, 1898, to date. In 1902 the association to a large extent regulated the flour trade in New Zealand outside of Auckland. It will be noticed that the relative prices in this year compare very favourably from the consumers' point of view with those of prior years, and yet it is a fact that millers were enabled in 1902 to make fair profits, whereas in previous years, when the relative prices of wheat, flour, and offal were much the same, they were in many cases losing money. This is accounted for very largely by the absence of bad debts, the abolition of forward selling, and economy in distribution. This is the more significant in view of the fact that the rate of wages and other charges had very materially increased. The tables supplied hereto give the difference each month between the gross return for flour, bran, and pollard, and the price of wheat per ton. The profit can be approximated by deducting from this difference the cost of manufacture (say, 17s. 6d. per ton), commission of 5 per cent. upon the gross returns, shipping charges 3s. 6d. per ton, insurances, rates and taxes, interest on capital invested in plant, buildings, machinery, and stock repairs and depreciations. In fixing the cost of manufacture at 17s. 6d. it must be explained that this charge, which includes the actual cost of labour, firing and sacks, and nothing else, is accepted by the associated millers as the standard cost of production for the purpose of regulating the output under the association's rules (*vide* the schedule to the millers' agreement). It is obvious, of course, that the actual cost of

production varies in every case according to the circumstances and situation of each mill, and an exact amount cannot therefore be given; 17s. 6d. is therefore put forward as a fair rate. A careful perusal of the tables for 1902 and 1903 will, it is contended, satisfy the most sceptical that the association did not in either of those years abuse its powers by raising prices to an unreasonable level. During the whole period there is only one month—namely, that of February, 1903—when profits apparently reached a high level. This result is accounted for by the fact that millers were unable to manufacture flour from the new season's wheat, and were consequently grinding old wheat, which had cost them 5s. 4d. per bushel, whereas in the table the price is taken at 4s. 9d., which was the average cost for that month.

Secondly, the association aims at apportioning the trade rateably amongst its members in accordance with the relative capacities of their mills, and in accordance with the demand for flour. This is done by testing the capacity of each mill, such test forming the basis of proportion throughout. The association in its capacity of a selling agent receives all orders and passes them on to the various mill-owners. The owners execute these orders out of their individual stocks, and send in daily returns of their deliveries to the association. At the end of each month these returns are made up, and each miller's actual deliveries are shown, and the fact is displayed as to whether he has delivered more or less than his proportionate quantity. A copy of this return is sent to each miller. A return for one month is attached hereto as an example of the method. Each miller is then paid by the association at the ruling price upon all his deliveries up to his proper proportion. Any miller not having received his proper proportion receives compensation in accordance with the terms of his agreement.

Thirdly and fourthly, the elimination of bad debts and the abolition of forward sales. These results are brought about by placing the trade upon practically a cash basis. In all doubtful cases cash is insisted upon, and in no case is flour sold for forward delivery. Prior to the institution of the association competition was so excessive that a system of long credit and forward selling had grown up which is unknown in any produce trade in any other part of the world. The bakers' trade was in a lamentable condition, and the losses in bad debts were consequently enormous. Forward selling at fixed prices was an almost universal custom. In the great majority of cases the millers had on a falling wheat-market to lower the price in sympathy with the market, but they always had to deliver at the contract price on a rising market. On the other hand, they had to purchase wheat for cash in order to cover their forward sales, and unless the individual was in a strong enough financial position to lay in sufficient stocks his business was reduced to mere gambling. Instances have been given by various witnesses of the extent and nature of these gambling transactions, which in one individual case alone used to reach the enormous total of upwards of £40,000 per annum. It is estimated that the sum total of these transactions in the past must have exceeded a quarter of a million pounds sterling per annum at least. It is obvious that no trade could flourish under such circumstances, and it is confidently asserted that had the association not intervened to prevent this evil, when wheat rose from 2s. 10d. to 5s. 4d. in the year 1902, a large number of New Zealand millers would have been ruined. When it is taken into consideration that the association only charges the millers a commission of 5 per cent., and out of that allows to the customers $2\frac{1}{2}$ per cent. as a cash discount, conducts all sales, collects and pays all moneys, and guarantees against all loss by way of bad debts, it is manifest that an enormous economy to the millers results. It may be further observed that if the association pays a dividend, the commission is by that amount reduced.

Fifthly, the improvement in the quality of flour is an undoubted fact. The causes are manifest. In the first place, each miller is bound under agreement with the association to produce only a first-class article. In the second place, the industry being put upon a fairly payable basis millers can afford to purchase first-class wheat instead of being tempted by unhealthy competition to mix into the raw material quantities of wheat of an inferior quality, a custom which largely prevailed before the inauguration of the association. The evidence of bakers upon the subject of improvement in quality is practically unanimous.

Sixthly, it is contended that the constitution of the association is trade-unionism pure and simple. Prices are fixed and rules are laid down for the regulation of trade, but not in any sense for its restriction. Any miller can join the association, and there is nothing to prevent new mills being started and their owners joining the association. Each miller carries on his business without the slightest interference. He buys his own wheat when and where he pleases, and manages his mill free of all control. There is no attempt to influence the price of the raw material. It is urged that trade-unionism on similar lines, or practically so, is recognised as being legitimate and unobjectionable in other trades and industries which affect the general public quite as closely as does the milling trade. It is generally considered reasonable, natural, and proper that sawmillers, brickmakers, fire-insurance companies, accident-insurance companies (including a Government Department), soft-goods trades, shipping companies, newspapers, farmers, and other trades, even including butchers and bakers, should combine to keep up prices and otherwise regulate the conduct of their trades. Why, then, should flour-millers be singled out for special attack? It is true that in the case of the Flour-millers' Association the combination is registered as a corporate body under the Companies Act, but this is in itself unobjectionable, and is necessary for the purpose of enforcing the terms of the agreement and for securing the trade from the extraordinary evils that had crept into it. It is most strongly urged that the association is based strictly upon the general lines of "trade-unionism" as applied to the other trades, and that it is unfair and unjust to single it out for special attack. It is presumed that the present attack is the result of an entire misconception of the objects and methods of the association, and the purport of this reply is to honestly and completely disclose them.

Seventhly, it is confidently contended that the milling industry prior to the inauguration of the association was reduced to such a condition that it was rapidly becoming a question of the

survival of the fittest. The first principle of this association is to protect the weak from the greed of the strong, and to insure for all a fair measure of trade.

Charge 2: That the number of flour-mills in New Zealand is greatly in excess of the requirements of the colony and of its export trade.

This statement is apparently based upon the assumption that New Zealand flour-mills and their operatives should work night and day. Upon any other assumption the statement is quite untrue.

It is contended in reply that there is no reason why flour-mills and their operatives should work twenty-four hours any more than that other manufacturers should do so. The fact that there has been practically no export trade for the last three years, and that during that time many mills have been run from sixteen to twenty-four hours, whilst none have been actually idle, proves the utter fallacy of the charge. In any case, the machinery and plant was in existence before the formation of the association, which is not therefore in any way responsible for the alleged excess.

Charge 3: That the Millers' Association arranged to restrict the output of each mill and pool the product.

The full explanation of the objects and methods of the association given under answer No. 1 to charge 1 completely refutes the present charge. The actual operation of the association has been plainly stated, and speaks for itself.

Charge 4: That the price of the pooled productions of the association's mills was fixed to cover the cost of such reduced productions, and to provide interest upon the capital invested in plant and buildings while such were lying idle.

The answer to this charge is partly involved in the answer to charge 2. No mills have been idle during ordinary working-hours, as has already been pointed out, and the only factor regulating the output of mills is the demand for flour. No more time is now lost by the millers than was lost before the inauguration of the association, and if plant is lying idle it is certainly not the fault of the association. In any case, it is urged that if interest on the value of idle plant is being charged against the public, the economies, as explained under the answers to charge 1, overbalance it. As a matter of fact, however, no such interest-charge as is alleged is being made. The fact is that the great depreciation in the milling industry which prevailed for so long a time prior to the formation of the association resulted in a corresponding depreciation of milling property. The records of actual sales of milling properties at enormously reduced values conclusively prove this. The following are some instances:—First: The Crown Mills, in Dunedin, originally costing £24,000, fully equipped and in good working-order, and only five years old, were sold in 1898 for £7,000. The purchaser, after an expenditure upon improvements of £3,650, resold the property recently for £10,500. Secondly: The Auckland mills, which it is asserted originally cost £100,000 or thereabouts, were sold for £30,500, with all working plant included. Thirdly: The Canterbury Roller Mills, which cost £24,000, were sold in 1900 for £6,000.

Fourthly: A country mill, which in 1889 cost £10,000, was in 1896 leased for a term of years at an annual rental of £300, thus showing a writing-down of capital value from £10,000 to £5,000. These instances could be indefinitely multiplied, and many others will be given in evidence sufficient at any rate to prove that milling property is reduced to far below its cost-price.

It is confidently asserted, and, as far as such a general statement can be proved by evidence, it has been proved that all millers in New Zealand have written down the value of their plants in sympathy with the actual market values of the same, and that the difference between such cost has been written off as an actual loss, and no longer affects the calculation. Under these circumstances Mr. Taylor's charge No. 4 falls utterly to the ground.

Charge 5: That the Millers' Association has striven to establish a monopoly in the flour-milling business in New Zealand, and within certain areas has succeeded in doing so.

This is absolutely denied, and, as has already been pointed out, one of the main objects of the association is to prevent monopolies. It is a fact that the association aims at obtaining the sole agency for distributing the local trade of New Zealand, but its objects in so doing are clearly set out in answer No. 1 to charge 1, and are perfectly legitimate and unobjectionable. As a matter of fact, it is extremely improbable that such a result will be obtained, seeing that at the present moment there are in New Zealand as many mills outside the association as in it.

Charge 6: That unfair means have been used in Auckland and elsewhere to force free millers into the New Zealand Flour-millers' Association, such means including the sale of flour at prices fixed to render profitable trade by the Auckland and other millers difficult, if not impossible.

The association denies that it used unfair means to force Auckland or other millers into its ranks. What was done in Auckland happens every day in ordinary business. The southern millers found their Auckland trade (which had been about 700 tons per month) disappearing, and immediately concluded that they were being undersold. They then adopted the course usually adopted under like conditions, and in order to keep their trade lowered the price of their products. This was the very condition of affairs that obtained more or less all over the colony before the formation of the association. As a matter of fact, what is being done in Auckland is not the action of the association, but of private individual millers. The Auckland trade is on the same footing as export trade, and every miller who feels inclined has a free hand to sell as much flour in Auckland as he chooses, and at any price that he thinks fit, but at his own risk.

Charge 7: That the association has refused to sell flour to bakers who refused to charge for their bread the price fixed by the Bakers' Association, with which latter association the New Zealand Flour-millers' Association had a working-agreement.

It is admitted that the association did some time ago, in one or two solitary instances in Christchurch, refuse to supply certain bakers with flour (at the instance of the Master Bakers' Union). This latter union contended that these said bakers were selling bread at unprofitable rates, thereby injuring the trade, and it was with the object of obtaining a fair rate being charged that the above action was taken. It was, and is, of vital importance to the millers that the bakers should charge fair and profitable rates for bread, as unless they do so there is considerable risk of contracting bad debts. For some time past, however, with the exception of these solitary instances, the association has not refused to supply flour to any baker who is in a position to pay for it. The same understanding exists between the Bakers' Union and all other millers with whom their members do business. The evidence before the Committee clearly shows that upon this point the association is on all-fours with non-associated mills.

Charge 8: That the Flour-millers' Association has taken unfair advantage of its power to attempt to force bakers into union with its ally, the Master Bakers' Union, in exploiting the public.

The association absolutely denies that it has attempted to force bakers to join the Bakers' Union. The attitude taken up by some of the unions, notably in Dunedin and Christchurch, was that if the association or any miller or merchant supplied a cutting baker with flour, all members of the union would immediately cease dealing with such association, miller, or merchant. There was an understanding between the association and the Master Bakers' Union of Christchurch, designed for the mutual benefit of both institutions; but it was not found to be workable, and after a brief trial it was abandoned, and there is now no connection whatever between the two bodies.

The evidence of cutting bakers produced before the Committee shows that in Wellington the methods of the Bakers' Union operated in the case of unassociated millers and merchants quite as much as in the case of the association. The evidence of Mr. Woodfield confined the period during which the association refused to supply his co-operative bakery with baker's flour to a period of two weeks in 1902. The charge of exploiting involved in the charge now under reply is quite untenable. The figures contained in the tables put in under answer No. 1 entirely refute it. Apart from this, the close proximity to Australia, which is in ordinary seasons the cheapest wheat-market in the world, renders any such exploitation practically impossible. For example, the freights from Australia are nearly the same as freights between southern and northern New Zealand ports. Very frequently they are actually less. The evidence of Mr. Taylor's witness, Mr. Williams, is that Australian flour, by reason of its capacity to produce more loaves per sack, is worth 10s. per ton more to the baker than New Zealand flour. The duty on Australian flour being only £1 per ton it follows that Australia can compete at a difference of 10s., and that exploitation of the public is therefore strictly limited to that amount. When it is considered that 10s. per ton in flour means $\frac{1}{8}$ d. increase on the 4 lb. loaf, and that bakers estimate that the average New Zealand family consumes five 4 lb. loaves per week, it follows that the alleged exploitation does not reach 1d. per family per week.

Another circumstance against the charge of exploiting is that whilst New Zealand flour is £9 net to the miller, on a wheat-market of 4s., Australian flour stands at from £12 to £12 10s. net on a five-shilling wheat-market. Offal is at the same time much higher in Australia than in New Zealand, and the Australian trade is controlled by no association.

Charge 9: That the association was officially connected with the Master Bakers' Union in arbitrarily fixing the price to be charged for bread.

The association was never at any time officially connected with the Master Bakers' Union in fixing the price to be charged for bread. At one period in the existence of the Christchurch Master Bakers' Union three millers were members of the committee appointed by that union in accordance with Rule 10 of the union; but these millers were not appointed by the Millers' Association, nor did they officially represent it. Some months ago the millers resigned their membership of the Bakers' Union, and for the past ten months the millers have not attended a single meeting of the Master Bakers' Union or attempted to influence them in any way. Prior to the formation of the Millers' Association millers occupied seats on the bakers' price committee. The evidence of the president of the Christchurch Bakers' Union proves that the influence of the flour-millers on that committee was in the direction of keeping down the price of bread.

Charge 10: That as a result of the methods named, and others, the New Zealand Flour-millers' Association has deliberately "restrained trade" and endeavoured to force the public to pay an excessive price for bread, so that the members of the Flour-millers' Association could escape from the consequence of their excessive investment of capital in the flour-milling business.

This charge has been exhaustively dealt with under other headings, and is absolutely denied. It is supported by no evidence.

Charge 11: That generally the Flour-millers' Association (New Zealand) is calculated to inflict injury upon the public interest, and should be subject to control by legislative enactment.

It is urged, in answer to this charge, that for many reasons set out in detail to specific charges the association is eminently calculated to benefit rather than inflict injury upon the general public. The comparative tables of prices put in, particularly the returns for 1902, and the comparison with Australian prices, prove it conclusively.

These are my formal answers to Mr. Taylor's charges. They are put in writing, and do not require any comment from me.

I propose now to follow Mr. Taylor in his criticisms of the evidence. His charges, taken altogether and put into headings, really resolve themselves into three. One is that the public have been exploited—that is, that undue prices have been charged, and are likely to be charged, for bread and for flour; secondly, that coercion of an unfair and unwarrantable description has been used to

bring the millers and bakers of the colony into combination; and, thirdly, that a monopoly is about to be effected, and that the output of the mills is limited.

Now, the first thing I ask the Committee to consider—and it is really the factor that governs the whole position—is whether the public has been exploited. I put in a list of the actual prices for flour per month compared with the price of wheat. Mr. Wood put the list in originally, and Mr. Aspinall said that he had compared the prices with that of other mills, and that they were the actual figures and buying-prices. In the year 1898, when there was no association in existence, the difference between the gross selling-prices of the manufactured article and the raw material at per ton rose to over £3 on eight different occasions. The monthly records for that year are—January, £2 2s. 9d.; February, £2 4s.; March, £2 12s. 9d.; April, £3 10s. 3d.; May, £3 19s.; June, £3 13s. 6d.; July, £3 4s. 3d.; August, £3 6s. 3d.; September, £3 4s. 3d.; October, £3 5s. 6d.; November, £3 2s. 6d.; December, £2 6s. 3d. In the following year, 1899, there are instances of prices reaching up to a difference of £3, but not in any one single month since the association came into existence has the difference between the raw material and manufactured article reached £3. As against this position Mr. Taylor produced Mr. Dall, who said that the association put up the price of flour out of proportion to the price of wheat. I asked Mr. Dall if he had any figures, and he said, “I have in my books.” I asked him if he was in a position to give any figures at all to substantiate his statement, and he said, “No, I am not,” and that is the whole of the adverse evidence on the point. Mr. Taylor, in his eloquent and exhaustive address has not said anything about these prices, and I take it that he must have accepted the prices contained in Mr. Wood’s return. They are not contradicted, and they show that from the consumers’ point of view the price of flour has been less in proportion to the cost of the raw material since the association was formed than it ever was before. I submit that that governs the whole position.

However, I must follow Mr. Taylor through his details; and, of course, his main charge is that of coercion, and he has rallied all his forces round that charge. He has put all his strength underneath it. The first thing that appears to be curious, and surely inconsistent in Mr. Taylor’s position is this: that he seems to think it is a monstrous thing that millers should run each other in their prices, whilst he objects to the association because it was designed to stop cutting. He contends that it is a monstrous thing for individual millers to begin cutting each other with the object of bringing every one into the association. He wants to produce a system of cutting—that very system, in fact, which the association aims at stopping—but because it came into effect again immediately upon the association breaking up in March last, when so many of its members seceded, he complains and calls it coercion. Mr. Taylor does not prove that this cutting of prices, which certainly took place in Dunedin, and has been taking place all over the colony since, is a new thing. As a matter of fact, the prices have been cut for years past in the milling trade, and the only way by which millers could succeed in making profits was by speculating in wheat—by making large hauls when wheat was cheap, and profiting by the rise in the market. I propose to take, first of all, the case of Steven and Co. That is the main charge, and Mr. Taylor’s evidence is brought from all parts to bear upon that particular contest going on in Dunedin as proving coercion upon Steven. The first thing to consider is this: what is the weight of evidence as to who started the cutting? Mr. Taylor has put in that telegram from Mr. Evans, and has well described it as a “bluffing” telegram. It is well that the Committee should understand the position of Mr. Evans. He first came into the association as a straightforward member in 1901, but found that the articles of association of his company did not allow of his continuing membership straight out. He then entered into an agreement. That agreement I can put in or forward to the Committee. It is on all-fours with the agreement signed by all other millers. His mill was tested, his capacity was ascertained, and he worked on that capacity just as other millers did, and he signed the ordinary agreement. The letter he wrote to Mr. Williams, and which Mr. Taylor read, was read for the purpose of establishing that Evans had a special agreement under which he could produce as much flour as he liked out of his mill. That is not so. Mr. Evans in his letter was referring to this: that so long as the association sold for him his tested capacity so long as he was bound under his agreement. That was what Mr. Evans’s position actually was—he was under a firm written agreement to produce a certain amount, and he was under penalties if he sold over that amount. At the end of February last all these agreements, including that of Mr. Evans, came to an end. Every miller’s agreement determined on the 28th February of this year. Evans’s and Steven and Co.’s agreement fell in on the 28th February, and Steven and Co. gave notice that they were not going to continue in the association. Mr. Evans was not at all singular; he was one among many. Still, dealing with Steven and Co.’s case, Mr. Dall in his evidence gives the reason as to why they went out. He says it was because they wanted to get their full capacity running twenty-four hours per day. It must be obvious to everybody the advantage it would have been to Steven and Co. for the association to have continued independently of them, and to have fixed a price that would have enabled Steven and Co. to sell under them. Steven and Co. were in competition with other mills in Dunedin up to that point, and it is quite obvious that Steven and Co. went out because they hoped to reap the advantages accruing from the association without any of its disadvantages, and they were very disappointed when they found that other millers—perfectly independent men—were not going to stand that. Among these mills their principal opponent was the Crown Mills. Mr. Evans practically said, “My neighbours, the Timaru Milling Company, who have as large a capacity as myself, and Steven and Co.’s mill, with the same capacity as the Crown Mills in Dunedin, are going to stand out of the association, and I must stand out also and fight them.” He sent the bluffing telegram that has been referred to, and Steven and Co. replied with an equally bluffing telegram; and then prices began to be cut. In regard to these cutting prices Mr. Taylor tells us in accents really of horror that flour fell £3 a ton without any corresponding fall in the price of wheat. What happened in January of this year? Wheat stood at 5s. 4d., and it fell to 3s. 10d. per bushel by April. Now, 5d. a bushel in wheat

means £1 a ton in flour, because it takes 48 bushels to make a ton of flour and its corresponding proportions of bran and pollard. The fall in wheat made a difference of exactly £3 per ton in flour.

Mr. Taylor : It fell £3 in fifteen days.

Mr. Loughnan : Of course, partly because the competition among the millers brought it down and partly because of the sudden drop in wheat. But it is a very unjust statement for Mr. Taylor to make that the price fell without a corresponding fall in the price of wheat. Then commenced a system of cutting. The resolutions and correspondence of the Dunedin Bakers' Union Mr. Taylor asked the Committee to read, and I will ask the Committee to read them also. From these the Committee will find that early in March the Dunedin Master Bakers' Union passed a resolution that they would remove an embargo that had been placed upon Steven and Co.'s mill, and that their members could deal with Steven and Co. We had Mr. Laurenson, president of the Bakers' Association, before us, and he explained what had taken place previous to that resolution. He said that the union had resolved not to take Steven and Co.'s flour because they had been supplying some cutting bakers. Then, Steven and Co. arranged the matter with the Bakers' Union and promised that they would not supply cutting bakers, and upon that the Bakers' Union passed the resolution enabling their members to take Steven and Co.'s flour. But Mr. Laurenson explained that the union could not control its members, and that some of the members had reasons—some personal and some trade reasons—for not dealing with Steven and Co. A deputation waited upon Steven and Co. in August and pointed out what these reasons were, stating that certain bakers did not want their flour, and would not take it. That is the actual position. Every witness who has spoken on the subject denies that there was any connection between the action of the Bakers' Union in Dunedin and the Millers' Association.

Mr. Taylor : Mr. Laurenson admitted it by saying that there were frequent conferences.

Mr. Loughnan : There were frequent conferences, and there was an arrangement relating to the supply of cutting bakers, but Mr. Laurenson had pointed out that the same arrangement which existed between the Master Bakers' Union and the Flour-millers' Association in Dunedin existed between that union and all the free millers, including Steven and Co.; and he is supported on that point by Mr. Evans and Mr. Reilly, and they are both free millers. From the 1st March Mr. Evans was just as free as Steven and Co., and Mr. Reilly has never had any connection with the association. He continued throughout the whole contest to deliver flour, which was accepted freely by the Master Bakers' Union, and so did Mr. Evans. Now, how do these facts tally with Mr. Taylor's charge that the Bakers' Union had cut off their custom from all millers except the associated millers? The members of the union were being supplied by two of the largest millers down there—by Mr. Evans and by Mr. Reilly—and they continued to take their flour from them all the time. That is the position of the Dunedin trade up to that point when Steven and Co. commenced to force the sale of their increased output into the market. Mr. Dall tells us that they started a special trade in small bags. What followed, of course, was that their neighbours in competition with them followed them in that trade, and the associated millers found that at the associated prices they could not keep up with Reilly, Evans, and Steven and Co. They were running one another in the small-bag trade, and the associated millers found that they had either to lose their trade or ask the association to free them. The barrier was at their request raised, and the association practically retired from the competition and allowed the free millers to fight it out, and that is practically what they have been doing ever since. Now, we come to the next illustration in support of the charge—that of Mr. Gardner. We have had Mr. Gardner before the Committee, and he tells us that Mr. Allan, in talking to him and urging him to come into the association, said that unless he did he would run him in his own district. The first thing to be noticed in that connection is that if Mr. Allan made that statement—and it is not contradicted, and we must assume that it was made by him—it is perfectly obvious that Mr. Allan was doing what Mr. Evans had done on another occasion—that was, simply "bluffing." He was bound by the association to sell his flour through the association. The association has only one price for its flour, and the association could not, under the terms of its agreement and articles, have gone into Mr. Gardner's district and undercut him. Mr. Allan could not have gone there and supplied flour cheap, because he is bound to supply flour through the association on the same terms and at the same prices as others; consequently Mr. Allan's threat is only Mr. Allan's threat, and is worth very little. The effect on Mr. Gardner is told by Mr. Gardner himself. He says that it had no effect at all—that he came into the association without any pressure whatever, and surely he is the best judge of what took place. However, there is a possible explanation of Mr. Gardner's attitude with regard to the delegates who went up from Christchurch to see him as representatives of the Trades Council—this explanation seems to me to be a very reasonable one. Mr. Gardner wanted to sell his mills, or he wanted to get some guarantee that his output would be taken by the people represented by the delegates. He wanted to persuade them to start a co-operative flour-mill, and was, of course, playing upon their susceptibilities by suggesting that bread was going to be put up in price by the association. Mr. Gardner, in effect, said, "If you do not buy my mill and make arrangements for taking the whole of my output I shall be forced into the association, and then you will find that the price of bread and flour will go up." He was trying to sell his mill and to induce these gentlemen to buy it, and we are indebted to them for showing us that such was the case. Now, with regard to Mr. Heslop, the position Mr. Heslop was taking up is equally obvious. He had entered into an arrangement with the Working-men's Co-operative Society in Christchurch to supply them with a certain quantity of flour for forward delivery at a fixed price. The price of flour went up, and he entered into an agreement with the association which has been described by Mr. Jameson. It was simply an arrangement under which the association sold his output, collected the money, and charged him 5 per cent. He was under no restriction whatever

as to what quantity he put out. What Mr. Jameson said on that subject was perfectly true. Mr. Heslop was trying to get out of his obligation. It is perfectly untrue, as Mr. Heslop says in that letter, that he was prevented by the association from fulfilling the order. What happened was this: that the Co-operative Society was being supplied by the association with flour at current prices at the time of its dispute with Heslop, but the association would not carry out Mr. Heslop's contract and deliver flour at a lower price in pursuance of his previous contract. Mr. Heslop did not want to do it himself, and he was using the association as a lever to get out of his obligation. The association had nothing to do with it, and the answer to the whole thing is the fact that the Co-operative Bakery was getting its flour the whole time from the association. Then, we come to the question of the Auckland mills. Now, what is there objectionable in the position with regard to Auckland? The association has not got an agency in Auckland. It had an agency, but it found it was an unprofitable agency, and withdrew its agent. It allowed each miller to pour as much flour as he liked into Auckland. It simply cut Auckland out of the scope of its operations, just the same as Sydney is outside. There are no associated mills in Auckland; the trade was not remunerative. It was a cutting trade, because the Auckland millers resented the southern competition and made it a cutting trade. The association, when they went up there, found it was a losing trade, and that their 5-per-cent. commission was not sufficient to cover them; consequently they left Auckland. Now Auckland is practically a free port, and millers can put into it as much flour as into any free port.

Mr. Taylor: They have got their local market at their own price.

Mr. Loughnan: Of course they have their local market, but if millers choose to pour flour into Auckland or elsewhere, in addition to supplying local demands, who is to prevent them? It is not the function of the association to do so. It is the function of Mr. Taylor to prove that the association is connected with the matter. I say there is no connection between the association and the business in Auckland. Then, with regard to the charge of coercion of the bakers. Well, we have had five bakers before the Committee, and they have all given similar evidence. The Wellington bakers, Mr. Isaac and Mr. Beynon, did not prove that the association was singular in refusing them flour. Mr. Isaac says he never asked the association, because he knew it was no use. Mr. Beynon did ask through Mr. Mitchell, of Leary and Co. Mr. Mitchell says, "I did refuse him, because the bakers said that if I supplied that man with flour they would not give me any of their trade." The association was in the same position as the other mills. The fact is proved in Wellington, because Isaac tried to get "Golden Gem" and "Silver Dust," both free flours, and could not get them, because the representatives of the manufacturers were doing business with the associated bakers, and dared not supply them. And there are other illustrations. In Palmerston North the bakers dared me to give a certain man flour. But that is not the result of the Flour-millers' Association, but the result of a combination amongst the bakers. A great deal of capital has been made by Mr. Taylor as to some of the millers being members of the price committee, and he seemed to think that it is material to this question what the price of bread is. Now, surely the association has not anything to do with the price of bread. That might or might not be exorbitant. We do not know. We have nothing to do with that—that is a Bakers' Union matter. However, the Bakers' Union seems to be very much like the Flour-millers' Association—that is, that they did not succeed in controlling all their members. The cutting miller seems to exist, and the cutting baker also seems to exist. You need only take the case of the Co-operative Bakery in Christchurch. There is only $\frac{1}{2}$ d. difference in the 4 lb. loaf there between them and the Bakers' Union price; and yet there is the fact that on the first six months' working they show a loss. How great the loss is we are not told. Now, how much is the public being exploited? How much can you put up or down the price of the 4 lb. loaf when there is only a difference of $\frac{1}{2}$ d. between the men who cut at a loss and the Bakers' Union? You cannot cut it any finer; you cannot charge finer because $\frac{1}{2}$ d. is the smallest coin we are dealing with, and in consequence I submit that in Christchurch the prices are down to the minimum. Now, it is suggested that Mr. Williams says he was making a fortune by charging $5\frac{1}{2}$ d. for the 4 lb. loaf with flour at £12, but Mr. Woodfield, another of Mr. Taylor's witnesses, says that his society was actually making a loss when charging $5\frac{1}{2}$ d. with flour at £10.

Mr. Taylor: He said he charged in that his horses and carts and other preliminary expenses.

Mr. Loughnan: I never knew a man in the Bankruptcy Court who did not assert that if he had only been left alone he would have made a profit. What Mr. Woodfield said was that he anticipated there would be a profit on the bakery in the future.

The Chairman: He said he had made a loss on the grocery, that he thought he could make the bakery pay, and that there were certain departments he could make 10 per cent. on.

Mr. Loughnan: I think you will find also that he said there had been a loss on his baking account, and he accounted for it by saying that the preliminary expenses had to be charged to it. However, it is perfectly clear that the competition is very sharp in bread.

I do not think it is necessary for me to say anything more about the limitation of the output, because that must be thoroughly understood now by all members of the Committee, and I have gone very elaborately into it in my printed reply to Mr. Taylor's charges. But Mr. Taylor is wrong in contradicting Mr. Wood's evidence. He will find that the last exports of flour from the colony were in 1902. They fell off half what they had been in 1901, the year when the Commonwealth came into existence.

Mr. Taylor: The export in 1901 was a mere bagatelle.

Mr. Loughnan: Yes. The year before it was twice as much, and the year before that it was twice as much again, so that it will be seen that the export was killed by the duty placed on flour by the Commonwealth. Mr. Taylor says that the Flour-millers' Association is creating a monopoly. In reply to that we say that if the association were to be wound up

now there would come into existence a very much worse kind of monopoly. Mr. Taylor maintained that if some of the large mills were allowed to work night and day they would absorb the whole trade of the colony. And that is precisely what they would do. They would monopolize the trade of the colony and combine probably under one management, and if they did they would begin to regulate the price of the raw material. As it is now each miller buys his wheat from the farmer according to the convenience of his situation and other causes which regulate his own trade, and no miller regulates the buying of his wheat by what his neighbour does, but by his own circumstances. I have already pointed out, when giving evidence myself, that it is quite contrary to the memorandum of association for the Flour-millers' Association to set up a buying agency for the millers. The association is purely and simply a selling agency and cannot regulate the price of the raw material. One of the main objects of the association is to prevent a monopoly of this description taking place.

With regard to the general weight of evidence, I submit that on the question of coercion and cutting prices we have the evidence of two free millers, the president of the Dunedin Master Bakers' Union, and the secretary, and, in fact, all the witnesses who know anything about the position, with the exception of Mr. Dall, that the association has not been a party to cutting prices, and that that has been brought about by the action of the free millers themselves. The best proof of that is Steven and Co.'s letter, showing that they had actually commenced to cut the price before going out of the association. The evidence of Mr. Laurenson, Mr. Reilly, Mr. Evans, and the secretary of the Bakers' Union of Dunedin all goes to prove the fact that Steven and Co. were running a cutting trade all through, and that the free millers had to do the same to meet them.

APPENDIX.

A.

AN AGREEMENT, made the day of , one thousand nine hundred and , between (hereinafter called "the said mill-owners," which expression shall include their executors, administrators, successors, and assigns) of the one part, and the New Zealand Flour-millers' Co-operative Association (Limited), a company incorporated under the provisions of "The Companies Act, 1882," and also registered and incorporated under the provisions of "The Industrial Conciliation and Arbitration Act, 1900," as "The New Zealand Flour-millers' Co-operative Association Industrial Union of Employers" (hereinafter called "the association"), of the other part.

WHEREAS for many years the business of flour-milling in New Zealand has been carried on practically without profit, and very frequently at a loss, largely owing to heavy expenses of distribution in consequence of each mill-owner in the past having separately disposed of the products of his mill to buyers residing in various parts of the colony, and having for that purpose to maintain a separate staff of travellers, agents, and others, and to incur other expenses, which considerably increase the price at which the manufactured articles can be placed upon the market, which circumstances together with overproduction have rendered the business not only practically profitless but frequently a source of loss: And whereas, unless the cost of distribution is lessened and the output made proportionate to the needs of the community for consumption in this colony, a large number of the persons now engaged in the business will incur further heavy loss and have to retire from it, leaving it in the hands of those who are longest able to bear the loss resulting from the unsatisfactory condition of the trade, and other consequences detrimental to manufacturers and consumers alike will follow: And whereas the system of sale and joint distribution provided for by the form of agreement hereinafter contained, by which it is intended that each mill-owner shall supply to the said association flour manufactured in his mill to the extent and on the terms and conditions hereinafter mentioned, will minimise the cost of distribution and largely tend to ameliorate the condition of the business and obviate the consequences before referred to, besides enabling the output of the mills to be sold at a less cost to the consumers than would otherwise ultimately be the case: And whereas the said mill-owners are the owners of a certain flour-mill situated at , and hereinafter called "the said mill": And whereas the said mill-owners have agreed to supply flour to the association in accordance with the provisions hereinafter contained:

Now this deed witnesseth that the parties hereto do hereby, in consideration of the mutual covenants and agreements hereinafter contained and implied, mutually covenant and agree in manner following, that is to say,—

1. The term "associated mill" as herein used shall mean any flour-mill from which the association shall for the time being be bound or entitled to procure flour under any agreement with the "mill-owners" as defined by the articles of association of the said company; and the other definitions contained in the said articles of association shall, so far as applicable, apply hereto.

2. For the purposes of this agreement, and for all other purposes connected with the business of the association, the capacity of the said mill and of all other associated mills shall be deemed and taken to be an output of the number of half-sacks per hour fixed by an expert or experts to be appointed by the directors or provisional directors of the association, either before or after incorporation. In case of mill-owners joining the association after its incorporation, the capacity of their mills, for the purposes of any such agreement made with them, shall be fixed in like

manner by an expert or experts appointed by the directors of the association or a majority of them. The capacity so fixed may in any special case or cases, with the consent of the members of the association in general meeting, but not otherwise, differ from the actual working-capacity.

3. "Proportionate quantity of flour" shall mean a quantity which bears the same proportion to the total quantity supplied during any one month to the association by all the associated mills as the fixed capacity of the said mill bears to the total fixed capacity of all the associated mills.

4. The said mill-owners shall sell to the association, and the association shall purchase from the said mill-owners at the current rate fixed as hereinafter defined, less five pounds per centum, a proportionate quantity of flour in every month during a period of two years commencing at the date at which the association shall commence operations.

5. Except with the authority of a resolution of the members of the association in general meeting assembled, the association will not at any time sell or be concerned or interested directly or indirectly in the sale of any flour save such as shall have been made in an associated mill.

6. The association will as soon as possible commence and will at all times thereafter during the said period of two years and of any extension thereof carry on the business of purchasing and selling flour in New Zealand on as extensive a scale as is reasonably possible consistently with the provisions of the articles and with the objects of the association.

7. The directors shall from time to time fix the prices at which flour shall be supplied to and purchased by the association in manner aforesaid in each of the towns or districts in which any associated mill or mills shall be situated, and in fixing the price in each such town or district the directors shall take into consideration the cost of wheat and the value of its by-products and other matters that ought reasonably to be taken into consideration, so that as nearly as possible the price payable to each mill-owner shall be fixed on an equitable basis as between the mill-owners who are members of the association. The decision of the directors or a majority of them on the questions aforesaid shall be final.

8. The term "current rate" as herein used shall mean the price for the time being fixed for the town or district in which the said mill is situated: Provided always that in respect of all flour purchased for shipment the current rate shall be the price for the time being so fixed for the port of shipment nearest to the said mill.

9. The time for payment of all flour so supplied to the association shall be thirty days or such other time as shall be mutually agreed upon between the directors and the mill-owners who supply the flour, and no mill-owner shall be obliged to furnish further supplies until paid for those previously furnished.

10. The said flour shall be delivered by the said mill-owner from time to time in such quantities, at such times and places, on such terms, and generally in such manner in every respect as shall by the directors be reasonably required, or in case of difference shall be determined by the directors or a majority of them, and their decision shall be final.

11. All flour shall be marked with the names and distinctive brand or trade-mark of the mill-owners by whom it is supplied, and such name and brand or trade-mark shall not be defaced or altered.

12. If during any one year during the said period of two years any flour manufactured in the said mill (whether the same shall have been manufactured before or after the incorporation of the association, and whether or not the same shall be sold, manufactured, or supplied in pursuance of contracts existing at the date of the incorporation of the association) shall be sold, supplied, or delivered by the said mill-owners to any person or company for consumption within the Colony of New Zealand other than the said association, or shall be gristed by the said mill-owners for or to the order of any such person or company for consumption within the said colony, all flour so sold or supplied or delivered or gristed shall be deemed and taken to have been supplied by the said mill-owners in reduction of the amount to be supplied or required in accordance with this agreement. All questions arising under this section shall be determined by the directors or a majority of them, and their decision shall be final.

13. All flour sold or supplied by the said mill-owners under the provisions of the last preceding section shall be deemed to have been sold or supplied by them as the agents of the association, and they shall be paid for the same by the association at the price at which they sold, less five pounds per centum, and shall account for and pay to the association all moneys received by them from the purchasers in respect of such sale; and in default thereof may, subject to any provisions herein contained for the determination of differences, be sued therefor, and the amount recovered from them by the association in any Court of competent jurisdiction: Provided that nothing contained herein or in the last preceding section shall be construed as in any way lessening the liability of the mill-owners under section 15 hereof.

14. The said mill-owners will pay to the association the sum of five pounds per centum on all moneys received by them in respect of flour gristed in the said mill under the provisions of section 12 hereof; and in default of payment of the same to the association on demand may, subject to any provision herein contained for the determination of differences, be sued therefor, and the amount thereof recovered from them by the association in any Court of competent jurisdiction: Provided that, notwithstanding anything contained in this or the last preceding section, the sum of five pounds per centum shall not be charged by the association on flour *bond fide* sold, manufactured, or supplied in pursuance of contracts entered into before the incorporation of the association. All questions arising under this proviso shall be determined by the directors or a majority of them, and their decision shall be final.

15. If the amount of flour so sold or gristed under the provisions of section 12 in any one year shall, together with the amount of flour supplied by the said mill-owners to the association during the same year, exceed the quantity which the said mill-owners are to supply to the association according to this agreement, then and in such case the said mill-owners shall pay to the asso-

ciation the sum of twenty-five pounds per centum on the value of such excess, calculated at the current rate, at the end of the said year; and in default of payment thereof to the association on demand may, subject to any provision herein contained for the determination of differences, be sued therefor, and the amount thereof recovered from them by the association in any Court of competent jurisdiction. All moneys payable to the association under this paragraph (15) or under paragraph 14 shall be deemed to be liquidated and ascertained debts, and recoverable as such and not merely as damages, and, in addition to any other remedy that may be available against the mill-owners, the amount thereof may be deducted from any moneys owing to them by the association.

16. If any flour supplied by the said mill-owners to the association under this agreement shall be of inferior quality it may be sold by the association for less than the market rate, and if so sold in consequence of such inferiority the difference between the market rate and the price at which the said flour shall have been sold shall be paid by the said mill-owners to the association; and in default of payment thereof to the association on demand they may, subject to any provisions herein contained for the determination of differences, be sued therefor, and the amount recovered from them by the association in any Court of competent jurisdiction: Provided that notice of objection to the quality of such flour be given by the directors to the said mill-owners within sixty days after the delivery of such flour to the association.

17. If the said mill shall, during the said term of two years or any renewal thereof, be destroyed by fire, or shall in any manner cease temporarily or permanently to be in the possession and under the control of the said mill-owners in such manner that the said mill-owners shall be unable to supply flour from the said mill in pursuance of this agreement, then and in such case they shall cease to be bound to continue supplies, and the directors shall have the option of determining the connection of the said mill-owners with the association by at least three months' notice in writing to be given by them within thirty days thereafter; or if such inability of the said mill-owners shall arise from any cause over which they have no control, and without their fault in any respect, they may themselves determine their connection with the association in like manner by giving at least three months' notice in writing to the secretary of the association in like manner and paying all calls, fees, and dues payable by them to the association up to the date of the expiration of such notice; and such mill shall in every such case thenceforth be deemed to cease to be an associated mill. The like result shall follow in the event of the death, lunacy, or bankruptcy of the mill-owners should their representatives decline to become members of the association and comply in all respects with the articles of the association, or should they not be accepted as members by the directors.

18. The said mill-owners will not, nor will either nor any of them, at any time during the said period of two years do or cause or permit to be done any act or thing whereby they may be disabled from supplying flour to the association from the said mill in accordance with this agreement.

19. Nothing herein contained shall be deemed to prevent the said mill-owners from selling or leasing the said mill if the purchasers or lessees thereof shall become members of the association and comply with the terms of the articles for the residue of the said period of two years, or if the mill-owners substitute another mill (approved by the directors) for the one so sold, provided that the directors of the association agree to accept such purchaser or lessee in lieu of the said mill-owners.

20. The said mill-owners will from time to time, as required by the directors, render to them true and full accounts of all flour sold, supplied, gristed, or manufactured by the said mill-owners to, for, or on account of any other person or company than the association for consumption within or without New Zealand separately, and the name of every such person or company, and all other particulars required by the directors, and of all moneys received in respect thereof; and the books of the said mill-owners shall at all reasonable times be open to the inspection of the directors, or of their authorised agent or agents, so far as may be necessary for ascertaining the quantities of flour so sold, supplied, gristed, or manufactured, and of money so received agreed to be paid, and of such other particulars as aforesaid.

21. During the said period all offals manufactured in the said mill by the said mill-owners (save and except such as shall be exported from New Zealand) shall be sold by the association, as the agent of the said mill-owners, at a *del credere* commission of five pounds per centum; and in effecting such sales the association shall, as nearly as may be, in respect of offals produced by the various associated mills, observe the same proportions as are hereinbefore provided for in the case of supplies of flour to the association, and the association shall pay to the said mill-owners all moneys due to them in respect of offals so sold within thirty days after the delivery of such offals to the association, or at such period as may be mutually agreed upon.

22. The said mill-owners will take up and accept shares in the association to the extent of fifty pounds in respect of each half-sack of the fixed capacity of the said mill; but when there are two or more owners of the same associated mill such owners shall, for the purpose of estimating the number of shares which may be allotted to them under the articles, be deemed to constitute a single person; but such shares may, at the option of the said mill-owners, and with the approval of the directors of the association, be held jointly or severally by the said mill-owners, and may be held by one or more of such mill-owners, exclusive of the others, or in such proportions as such mill-owners shall think fit: Provided always that if the said mill-owners are an incorporated company having no power to accept such shares they will forthwith, after the registration of the articles of the association, take all necessary steps, whether by way of reconstruction or by way of application, to the Supreme Court to obtain the necessary power, and will thereupon take up and accept such shares in manner aforesaid.

23. Unless the said mill-owners shall, at least three calendar months before the expiration of the said term of two years, give notice in writing to the secretary of the association of their inten-

tion to determine the association of their mill, such association shall continue in force for a further period of two years from the expiration of the said term, and so on for each succeeding period of two years. This agreement shall cease and determine whenever the said mill ceases to be an associated mill hereunder or under the articles of the said association, but without releasing the said mill-owners from liability otherwise than as is herein or in the said articles mentioned: Provided that the said mill-owners shall not arbitrarily, or without just and reasonable cause, retire from the said association during the currency of any such term of two years, but notwithstanding anything herein contained the said mill-owners or the said association shall be entitled to have the question of whether or not such retirement was arbitrary or without just and reasonable cause determined by arbitration, pursuant to the provisions of "The Companies Act, 1882." The determination by arbitration as aforesaid of such question in the mill-owners' favour shall be a condition precedent to their right to take proceedings in any Court of law or equity in respect of the matters in difference or any claim or demand arising out of the same.

24. If any difference shall arise between the association or any of its officers and the said mill-owners or any of them, as members of the association or otherwise, as to the construction or performance of these presents, or touching the rights, duties, or liabilities of the said mill-owners or any of them hereunder, such difference shall (except in cases in which it is hereinbefore provided that the decision of the directors shall be final) in the first place be determined by the directors, subject to appeal to the members of the association in general meeting assembled within thirty days thereafter, or as soon afterwards as may be practicable, which meeting it shall be the duty of the directors to convene on the application in writing of any of the parties to such difference, and unless the members of the association by resolution in general meeting reverse the decision of the directors within the said period such decision shall be final. The determination of such difference by the directors or the members in general meeting, as the case may be, in favour of such mill-owners shall in all cases be a condition precedent to the right of such mill-owners to take proceedings in any Court of law or equity in respect of the matters in difference or any claim or demand arising out of the same. In cases in which the decision of the directors is hereinbefore made final their decision in favour of any mill-owners shall be a condition precedent in like manner.

25. If the said mill-owners shall at any time fail to observe and perform any of the provisions of this agreement or of the articles of the association, then, in addition to any other remedy that may be available against the said mill-owners, it shall be lawful for the association by resolution passed at a general meeting thereof to determine this agreement, and the said mill shall thereupon cease to be an associated mill.

26. If for any reason this agreement shall be ineffective to bind the parties hereto or either of them in any corporate or other capacity expressly mentioned herein, it shall operate to bind them or either of them in any other corporate or other capacity which they or either of them may possess or acquire, and in which they can now or hereafter lawfully be bound hereunder, and it shall in all cases bind the parties hereto, their executors, administrators, successors, and assigns jointly and severally.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

[Signatures.]

B.

AN AGREEMENT, made the _____ day of _____, one thousand nine hundred and _____ between _____ (hereinafter called "the said mill-owners," which expression shall include their executors, administrators, successors, and assigns) of the one part, and the New Zealand Flour-millers' Co-operative Association (Limited), a company incorporated under the provisions of "The Companies Act, 1882," and also registered and incorporated under the provisions of "The Industrial Conciliation and Arbitration Act, 1900," as "The New Zealand Flour-millers' Co-operative Association Industrial Union of Employers" (hereinafter called "the association"), of the other part.

WHEREAS for many years the business of flour-milling in New Zealand has been carried on practically without profit, and very frequently at a loss, largely owing to heavy expense of distribution in consequence of each mill-owner in the past having separately disposed of the products of his mill to buyers residing in various parts of the colony, and having for that purpose to maintain a separate staff of travellers, agents, and others, and to incur other expenses, which considerably increase the price at which the manufactured articles can be placed upon the market, which circumstances together with overproduction have rendered the business not only practically profitless but frequently a source of loss: And whereas, unless the cost of distribution is lessened and the output made proportionate to the needs of the community for consumption in this colony, a large number of the persons now engaged in the business will incur further heavy loss and have to retire from it, leaving it in the hands of those who are longest able to bear the loss resulting from the unsatisfactory condition of the trade, and other consequences detrimental to manufacturers and consumers alike will follow: And whereas the system of sale and joint distribution provided for by the form of agreement hereinafter contained, by which it is intended that each mill-owner shall supply to the said association flour, and the by-products of its manufacture, manufactured in his mill, or in some other associated mill with the owner of which he may arrange to supply, to the extent and on the terms and conditions hereinafter mentioned, will minimise the cost of distribution and largely tend to ameliorate the condition of the business and obviate the consequences before referred to, besides enabling the output of the mills to be sold at a less net cost to the consumers than would otherwise ultimately be the case: And whereas the said mill-owners are the owners

of a certain flour-mill situated at _____, and hereinafter called "the said mill": And whereas the said mill-owners have agreed to supply flour, and such by-products as aforesaid, to the association in accordance with the provisions hereafter contained:

Now this deed witnesseth that the parties hereto do hereby, in consideration of the mutual covenants and agreements hereinafter contained and implied, mutually covenant and agree in manner following, that is to say,—

1. The term "associated mill" as herein used shall mean any flour-mill from which the association shall for the time being be bound or entitled to procure flour under any agreement with the "mill-owners" as defined by the articles of association of the said company; and the other definitions contained in the said articles of association shall, so far as applicable, apply hereto. The term "flour" shall include flour and the by-products of its manufacture.

2. For the purpose of this agreement, and for all other purposes connected with the business of the association, the capacity of the said mill shall be deemed and taken to be an output of _____ half-sacks of flour per hour. In case of mill-owners joining the association after the first day of March, 1903, the capacity of their mills, for the purpose of any agreement made with them, shall be fixed by an expert or experts appointed by the directors of the association. The capacity of any associated mill may in any special case or cases, with the consent of the board of directors, differ from the actual working-capacity, and with the like consent may be varied from time to time.

3. "Proportionate quantity of flour" shall mean a quantity which bears the same proportion to the total quantity supplied during any one month to the association by all the associated mills as the fixed capacity of the said mill bears to the total fixed capacity of all the associated mills.

4. The said mill-owners shall sell to the association, and the association shall purchase from the said mill-owners at the current rate fixed as hereinafter defined, less five pounds per centum, or such lesser sum as the directors may fix, a proportionate quantity of flour in every calendar month from the _____ day _____, 190____, inclusive, for consumption in the Colony of New Zealand, unless and until the said association shall be wound up or dissolved, or this agreement terminated, in manner provided by section 17 hereof.

All sales of flour and its by-products for export beyond the Colony of New Zealand which the said mill-owners shall be desirous of effecting may be made through the association at a price to be mutually agreed on, and the said mill-owners in such case shall pay to the said association a commission of $2\frac{1}{2}$ per cent. on the amount of such sales.

5. At the end of each calendar month the general manager of the association shall cause an adjustment to be made of the flour supplied by all the associated mill-owners for consumption in New Zealand, and the proper proportionate quantity duly allotted to each mill-owner; and any mill-owner who shall be found to have not received orders to the extent of his proportionate quantity shall receive compensation from the association for such shortage of orders: Provided always that the said mill-owners shall not be bound to accept compensation for more than 25 per cent. of the shortage of the month's proportionate allotment, the amount of such compensation to be ascertained by calculating as nearly as possible the gross profit per ton on flour during the month, and deducting the cost of manufacture, which shall include workmen's wages, coal, oil, and sacks for flour, but not the use of machinery or mill, or interest on capital, and which, for the purpose of this agreement, is hereby fixed at seventeen shillings and sixpence per ton of 48 bushels of wheat, as per example in the schedule hereto attached, and all mill-owners who have executed orders in excess of their proportionate quantity shall pay to the association compensation calculated on the above basis: Provided also that if the said mill-owners shall fail to give notice to the general manager of the association on or before the fifteenth day of the month following such adjustment of the quantity for which they claim compensation, then and in such case the said mill-owners shall be deemed to have elected to accept compensation for the whole of the shortage, and shall forthwith be paid accordingly.

6. If in any month during the currency of this agreement the said mill-owners from any cause (except the act of God) are unable or refuse to execute orders for flour received from the association in and towards the supply of their proportionate quantity or any part thereof, then in such case the general manager of the association shall be entitled to purchase from any other associated mill a sufficient quantity of flour to cover such orders, and the said mill-owners shall pay to the association any loss that may be occasioned to the association by reason thereof, and the tonnage of such orders shall be included in the proportionate quantity to be supplied for that month by the said mill-owners, and no compensation shall be paid to the said mill-owners in respect of short deliveries until such time as they give formal notice of their ability and willingness to execute orders in the usual way.

7. The association will at all times hereafter carry on the business of purchasing and selling flour in New Zealand on as extensive a scale as is reasonably possible consistently with the provisions of the articles and with the objects of the association.

8. The general manager of the association for the time being, after consultation with each director and with the consent in writing or by telegram of a majority of the directors, or with the sanction of a resolution of the board of directors, shall from time to time fix the prices at which flour shall be supplied to and purchased by the association in manner aforesaid in each of the towns or districts in which any associated mill or mills shall be situated, and in fixing the price in each town or district the cost of wheat and other matters that ought reasonably to be taken into consideration shall be considered, so that as nearly as possible the price payable to each mill-owner shall be fixed on an equitable basis as between the mill-owners who are members of the association. When there is more than one associated mill in any such town or district the general manager shall apportion the local trade rateably between the said mills according to the fixed

capacity of each such mill: Provided that where the directors have reasonable grounds for believing that any mill-owner or mill-owners is or are obtaining an undue advantage in any such town or district over other mill-owners in the same town or district in consequence of the value of such local trade or otherwise, they may adjust the same in such manner as they consider fair and equitable.

This proviso shall apply whether or not there is more than one associated mill in any such town or district as aforesaid. After giving each mill its proportion of local trade as aforesaid, the balance of the said mill's proportionate monthly quantity shall be sold for shipment; and in the event of a difficulty being found in disposing of the said balance on account of the brand being unknown by buyers, a reduction may be made by the directors in the price until the flour is introduced and approved of by buyers, and any such reduction in price shall be borne by the mill-owners who manufactured the said flour.

The decision of the directors or a majority of them on the questions aforesaid shall be final.

9. The term "current rate" as herein used shall mean the price for the time being so fixed as aforesaid for the town or district in which the said mill is situated: Provided always that, in respect of all flour purchased for shipment to any port in New Zealand, the current rate shall be the price for the time being so fixed for the port of shipment nearest to the said mill.

10. The time for payment of all flour so supplied to the association shall be thirty days or such other time as shall be mutually agreed upon between the directors and the mill-owners who supply the flour.

11. The aforesaid proportionate quantity of flour shall be delivered by the said mill-owners from time to time in such quantities, at such times and places, on such terms, and generally in such manner in every respect as shall by the said general manager be reasonably required. The said mill-owners shall execute all orders received from the association at the price booked for the same by the association, and shall not be entitled to claim any increased value should the current price be advanced before the orders reach the mill-owners, provided that no reasonable delay occurs in sending forward the orders: Provided also that in cases where the said mill-owners have over-delivered their proportionate quantity at the time of the receipt of such orders such difference in price shall be borne by the association.

12. All flour shall be marked with the names and distinctive brand or trade-mark of the mill-owners by whom it is supplied (unless otherwise mutually agreed between the mill-owners and the directors), and such name and brand or trade-mark shall not be defaced or altered.

13. No flour shall be sold, supplied, or gristed, or delivered by the said mill-owners to or for any person or corporation for consumption within the colony of New Zealand other than the association. This section shall apply to all flour whether imported into or manufactured in New Zealand, or gristed or manufactured from grain imported from abroad; but the mill-owners shall not be entitled to supply to the association, nor shall the association be bound to purchase from the mill-owners, any flour which has not been manufactured in an associated mill.

Any flour supplied, or gristed, or delivered by the said mill-owners for sale in any store, or for use or for sale in any bakehouse, in which the said mill-owners are or may be interested financially or otherwise shall be sold through or to the association in the same manner and on the same terms and conditions as if the flour had been supplied to any other customer. All questions arising under this section shall be determined by the directors or a majority of them, and their decision shall be final.

14. The said mill-owners will pay to the association the sum of five pounds per centum, or such lesser sum as the directors may fix, on all moneys received by them in respect of flour gristed in the said mill during the continuance of this agreement; and in default of payment of the same to the association on demand may, subject to any provision herein contained for the determination of differences, be sued therefor, and the amount thereof recovered from them by the association in any Court of competent jurisdiction. All questions arising under this section shall be determined by the directors or a majority of them, and their decision shall be final.

15. If any flour shall be sold, supplied, or gristed by or on behalf of the mill-owners contrary to the provisions of section 13 hereof, then and in such case the said mill-owners shall pay to the said association the sum of twenty-five pounds per centum on the value of such flour, calculated at the current rate at the time the said flour was sold, supplied, or gristed by or on behalf of the said mill-owners; and in default of payment thereof to the association on demand may, subject to any provision herein contained for the determination of differences, be sued therefor, and the amount thereof recovered from them by the association in any Court of competent jurisdiction. All moneys payable to the association under this paragraph or under paragraph 14 shall be deemed to be liquidated and ascertained debts, and recoverable as such and not merely as damages, and, in addition to any other remedy that may be available against the mill-owners, the amount thereof may be deducted from any moneys owing to them by the association. Should the directors at any time have reasonable ground for believing that a breach of or non-compliance with this agreement has been or is intended to be committed or is contemplated by the mill-owners, they may retain any moneys owing or accruing to the mill-owners by the association until the question of the breach or intended breach or non-compliance has been determined, and then deduct all moneys payable in respect of such breach or non-compliance from the moneys owing by the association to the said mill-owners.

16. If any flour supplied by the said mill-owners to the association under this agreement shall, on being tested in such manner as the directors shall determine, be found to be of inferior quality it may be sold by the association for less than the current rate, and if so sold in consequence of such inferiority the difference between the current rate and the price at which the said flour shall have been sold shall be paid by the said mill-owners to the association; and in default of payment thereof to the association on demand they may, subject to any provisions herein contained for the

determination of differences, be sued therefor, and the amount recovered from them by the association in any Court of competent jurisdiction: Provided that in case of alleged inferiority notice of objection to the quality of such flour shall be given by the general manager to the said mill-owners within sixty days after the delivery of such flour to the association.

17. If the said mill shall, during the continuance of this agreement, be destroyed by fire, or shall in any manner cease temporarily or permanently to be in the possession and under the control of the said mill-owners in such manner that the said mill-owners shall be unable to supply flour or to grist in pursuance of this agreement, then and in such case they shall cease to be bound to continue supplies or to grist, and the directors shall have the option of determining the connection of the said mill-owners with the association by at least three months' notice in writing to be given by them within thirty days thereafter; or if such inability of the said mill-owners shall arise from any cause over which they have no control, and without their fault in any respect, they may themselves determine their connection with the association in like manner by giving at least three months' notice in writing to the general manager of the association in like manner, and paying all calls, fees, and dues payable by them to the association up to the date of the expiration of such notice, and such mill shall in every such case thenceforth be deemed to cease to be an associated mill. The like result shall follow in the event of the death, lunacy, or bankruptcy of the mill-owners should their representatives decline to become members of the association and comply in all respects with the articles of the association, or should they not be accepted as members by the directors: Provided always that if the said mill-owners, their executors, administrators, or assigns, within twelve calendar months of the occurrence of any event entitling them to discontinue to supply flour to the association or to determine their connection with it, shall be again in a position to supply flour, then and in such case they shall be bound to do so, and all obligations expressed in or to be implied from this agreement shall reattach to them as from that date. This clause shall not prevent any mill-owner from making arrangements with any other mill or mills to supply his proportionate quantity of flour until such time as he shall be enabled to put his mill again in working-order, provided the time occupied in doing this shall not exceed twelve months from the date on which his mill was rendered incapable of working.

18. The said mill-owners will not, nor will either or any of them, at any time during the continuance of this agreement do or cause or permit to be done any act or thing whereby they may be disabled from supplying flour to or gristing for the association in accordance with this agreement.

19. Nothing herein contained shall be deemed to prevent the said mill-owners from selling or leasing the said mill if the purchasers or lessees thereof shall become members of the association by taking over the shares of the said mill-owners, and shall comply with the terms of this agreement.

20. The said mill-owners will from time to time, as required by the directors, render to them true and full accounts of all flour sold, supplied, gristed, or manufactured by the said mill-owners for consumption within or without New Zealand separately, and the name of every person or company to or for or on account of whom the same shall have been sold, supplied, gristed, or manufactured, and all other particulars required by the directors, and of all moneys received in respect thereof; and the books of the said mill-owners shall at all reasonable times be open to the inspection of the directors, or of their aforesaid agent or agents, so far as may be necessary for ascertaining the quantities of flour so sold, supplied, gristed, or manufactured, and of moneys so received or agreed to be paid in respect thereof, and of such other particulars aforesaid.

21. The said mill-owners will take up and accept shares in the association to the extent of fifty pounds in respect of each half-sack of the fixed capacity of the said mill, if they have not already done so; but when there are two or more owners of the same associated mill such owners shall, for the purpose of estimating the number of shares which may be allotted to them under the articles, be deemed to constitute a single person; but such shares may, at the option of the said mill-owners, and with the approval of the directors of the association, be held jointly or severally by the said mill-owners, and may be held by one or more of such mill-owners exclusive of the others, or in such proportion as such mill-owners shall think fit.

22. If the said mill-owners shall, at least three calendar months before the expiration of the term of one year from the first day of March, 1903, give notice in writing to the general manager of the association of their intention to determine the association of their mill such association shall determine, but otherwise shall continue in force for a further period of one year from the expiration of the said term, and so on for each succeeding period of one year. This agreement shall cease and determine whenever the said mill ceases to be an associated mill hereunder or under the articles of the said association, but without releasing the said mill-owners from liability otherwise than as is herein or in the said articles mentioned.

23. If any difference shall arise between the association or any of its officers and the said mill-owners or any of them, as members of the association or otherwise, as to the construction or performance of these presents, or touching the rights, duties, or liabilities of the said mill-owners or any of them hereunder, such difference shall (except in cases in which it is hereinbefore provided that the decision of the directors shall be final) in the first place be determined by the directors, subject to appeal to the members of the association in general meeting assembled within thirty days thereafter, or as soon afterwards as may be practicable, which meeting it shall be the duty of the directors to convene on the application in writing of any of the parties to such difference, and unless the members of the association by resolution in general meeting reverse the decision of the directors within the said period such decision shall be final. The determination of such difference by the directors or the members in general meeting, as the case may be, in favour of such mill-owners shall in all cases be a condition precedent

to the right of such mill-owners to take proceedings in any Court of law or equity in respect of the matters in difference or any claim or demand arising out of the same. In cases in which the decision of the directors is hereinbefore made final their decision in favour of any mill-owners shall be a condition precedent in like manner.

24. If the said mill-owners shall at any time fail to observe and perform any of the provisions of this agreement or of the articles of the association, then, in addition to any other remedy that may be available against the said mill-owners, it shall be lawful for the association by resolution passed at a general meeting thereof to determine this agreement, and the said mill shall thereupon cease to be an associated mill.

25. In the event of the said mill-owners, either personally or by representative or agent, committing any breach of this agreement, or wilfully failing to comply with any of the provisions thereof, such mill-owners shall pay for each breach or non-compliance such sum, not being less than one pound and not more than one hundred pounds, or in the case of a continuing breach or non-compliance such sum not being less than one pound or more than ten pounds, for every day or part of a day during which such breach or non-compliance shall continue (by way of liquidated damages) as may be determined by the directors, subject to the right of appeal to the members of the association as hereinbefore mentioned in cases where such appeal is provided for. All sums of money accrued or accruing payable hereunder may be deducted from any moneys for the time being owing or accruing by the association to the member in default, or sued for and recovered by the association in any Court of competent jurisdiction, or recovered partly by one and partly by another of those means. The remedy provided by this section shall be in addition to any other possessed by the association, and the concluding provisions of section 15 hereof shall apply hereto, provided that, should the said association enforce the payment of twenty-five pounds per centum in any case pursuant to the said section 15, it shall not also enforce its remedies under this section.

26. If for any reason this agreement shall be ineffective to bind the parties hereto or either of them in any corporate or other capacity expressly mentioned herein, it shall operate to bind them or either of them in any other corporate or other capacity which they or either of them may possess or acquire, and in which they can now or hereafter lawfully be bound hereunder, and it shall in all cases bind the parties hereto, their executors, administrators, successors, and assigns jointly and severally.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written. [Signatures.]

SCHEDULE REFERRED TO IN CLAUSE 5.

<i>Example.</i>		£ s. d.	£ s. d.	£ s. d.
Flour—1 ton at	... ..	...	10 0 0	
Less 5 per cent. commission	... ..	...	0 10 0	
			9 10 0	
48 bushels wheat, at 4s.	... ..	...	9 12 0	
Less value of offal, at £4 per ton—				
500 lb. bran	}	4s.	...	...
300 lb. sharps				
Commission on sale of offal, 1s. 7d.; 5 sacks at	...	1 12 0		
5d., 2s. 1d.	... ..	0 3 8		
		1 8 4		
			8 3 8	
Cost of manufacture, which includes sacks for flour, wages, oil, coal, &c. (but not the use of the mill or machinery, or interest on capital), per ton	... ..	...	0 17 6	
			9 1 2	
			£0 8 10	
48 bushels wheat, at 60 lb. per bushel	... ..	...	... 2,880 lb.	
Flour, 2,000 lb.				
Bran, 500 "				
Sharps, 300 "				
Waste, 80 "				
			2,880 lb.	

C.

NAMES AND ADDRESSES OF ASSOCIATED MILLERS.

ASPINALL and Co., Temuka; Allen, Richard, Christchurch; Brown and Son, D. H., Christchurch; Bruce and Co., Oamaru; Canterbury Mills Company, Ashburton; Chamberlain Bros., Masterton; Chamberlain, T. R., Feilding; Christie, D. L., Lawrence; Dickie Bros., Wanganui and Waverley; Evans, Richard, Kaiapoi; Gow, J. C., Palmerston South; Gardner and Co., Cust; Harraway, H., Dunedin; Henderson Bros., Marton; Hudson and Co., R., Dunedin; Little and Co., J., Sentry Hill; Meek, J. and T., Oamaru; Moir and Co., Christchurch; McGill, Peter,

Milton; Nicol and Sons, Waimate; Clark Bros., Maheno (Otago); Redwood Bros., Spring Creek and Blenheim; Manawatu Roller Mills Company, Palmerston North; Rollitt, T., Wakanui; Summerton, T., Templeton (Canterbury); Trapnell, George, Brookside; Wood Bros. (Limited), Christchurch; Wilkie, Scott, and Co., Mosgiel.

D.

THE NEW ZEALAND FLOUR-MILLERS' CO-OPERATIVE ASSOCIATION
(LIMITED).

STATEMENT OF ACCOUNTS for the Year ending the 28th February, 1903.

CAPITAL ACCOUNT.

		£	s.	d.			£	s.	d.
Nominal capital—					Capital paid up	..	5,965	0	0
2,500 shares of £10 each	£25,000	0	0		Calls unpaid	..	305	0	0
Less unallotted 410 shares	4,100	0	0		Capital uncalled	..	14,630	0	0
				20,900	0	0			
				<u>£20,900</u>	<u>0</u>	<u>0</u>			
							<u>£20,900</u>	<u>0</u>	<u>0</u>

GENERAL ACCOUNT.

		£	s.	d.			£	s.	d.
Balance at credit of millers	..	34,862	1	11	Balance at banker's and cash on hand	..	16,634	19	7
Bills payable	..	30,198	5	10	Bills receivable	..	9,570	15	5
Sundry creditors	..	735	19	2	Sundry debtors	..	42,697	18	10
Capital paid up	..	5,965	0	0	Stock on hand	..	5,154	1	0
Bad Debts Account, special provision	..	£1,500	0	0	Furniture	..	£492	5	1
Less written off	..	265	4	9	Less allowed for depreciation	..	150	0	0
				1,234	15	3			
Drafts in transit	..		167	3	9				
Estimated discounts on accounts, due 20th March	..		713	12	5				
Profit and loss—Balance at credit	..		523	1	7				
				<u>£74,399</u>	<u>19</u>	<u>11</u>			
							<u>£74,399</u>	<u>19</u>	<u>11</u>

PROFIT AND LOSS ACCOUNT.

		£	s.	d.			£	s.	d.
Debit balance brought down	..	2,751	4	11	Commission earned	..	26,844	19	8
Discount allowed	..	11,757	13	5	Transfer fees	..		0	10
General expenses	..	10,163	9	9					
Special provision for bad debts	..	1,500	0	0					
Depreciation office furniture	..	150	0	0					
Balance at credit	..		523	1	7				
				<u>£26,845</u>	<u>9</u>	<u>8</u>			
							<u>£26,845</u>	<u>9</u>	<u>8</u>

Contingent liability bills under discount £3,065 10s.

GEORGE JAMESON,
General Manager.

I hereby certify that I have carefully examined the books, vouchers, and other documents placed before me at the head office, Christchurch, and find that the above balance-sheet fairly represents the position of the association 28th February, 1903.

Christchurch, 18th March, 1903.

ALEX. MONTGOMERY, Auditor.

E.

ISSUED TO SHAREHOLDERS ONLY.]

CHRISTCHURCH WORKING-MEN'S CO-OPERATIVE SOCIETY (LIMITED).

(Registered under "The Industrial and Provident Societies Act, 1877.")

Nos. 82 to 88, Colombo Street, Christchurch, and High Street, Kaiapoi.

Open Monday, Tuesday, Wednesday, and Friday, 8 a.m. to 6 p.m.; Thursday, 8 a.m. to 1 p.m.; and Saturday, 8 a.m. to 9 p.m.

TWENTY-EIGHTH HALF-YEARLY REPORT,

From 31st December, 1902, to 30th June, 1903.

To be presented to the Shareholders at General Meeting, to be held at Oddfellows' Chambers, Lichfield Street, Christchurch, at 7.30 p.m., on Tuesday, 19th August, 1903.

OFFICERS OF THE SOCIETY.—President—Alfred T. Hoddinott; Vice-president—John Ash Efford; Trustees—James Hislop, George Frost; Committee—Thomas Armstrong, C. E. Baynon, S. Billeliff, G. Clothier, A. Duncan, Charles Mazey, W. Newton, Frederick Robson, R. Scott, W. E. Woodham; Auditors—Alfred Marshall, Geo. W. Hulme, F.I.A.N.Z.; Secretary and Accountant—Mark W. Woodfield, A.N.Z.A.A.; Solicitors—Messrs. Caygill and Widdowson; Bankers—National Bank of New Zealand.

OBJECTS OF THE SOCIETY.—1. For better enabling its members to purchase food, firing, clothes, and other necessaries, by carrying on in common the business of general storekeepers and manufacturers, whether wholesale or retail. 2. To enable members to participate in the profits accruing from such business, by way of interest on capital invested and bonus on purchases. 3. To encourage thrift and frugality by conducting all sales on strict cash principles. 4. To invest moneys not immediately required upon such securities as may from time to time be approved of by the Management Committee as specified in Rule 22.

Receipts are given with every article sold by the society.

Fire insurances effected. For rates and proposal forms apply to Secretary or Assistant.

MEMBERSHIP.—Application fee, 2s. 6d. per member.

SHARES.—“A” shares, £1 each; transferable, but non-withdrawable. Capital invested in these shares is guaranteed by rules at least 1 per cent. greater interest than that paid on “B” share capital. The average rate paid on “B” capital has been over 6 per cent. “B” shares, £1 each; holding limited to fifty. These shares are non-transferable, but withdrawable. Before taking up “B” shares new members must hold at least three “A” shares. Where shares are not paid up bonus is transferred to Capital Account, unless otherwise arranged.

“Co-operation is a regenerating principle that can elevate and cultivate the mental, material, and moral condition of the people.”—ERNEST JONES.

REPORT.

To the Shareholders.

Christchurch, 11th August, 1903.

FELLOW-MEMBERS.—Your committee, in presenting the twenty-eighth half-yearly balance-sheet and report, regret that the state of trade does not warrant the declaration of a bonus on purchases. Interest at the rate of 7 per cent. on “A” capital and 6 per cent. on “B” capital and accumulated bonuses will be recommended for payment at the forthcoming meeting. Whilst the policy of “cutting” prices obtains it is out of the question to expect substantial profits.

Your committee are gratified that their appeal to the loyalty of the members has met with so ready a response; this is evidenced by the fact that the turnover for the half-year shows the substantial increase of nearly £500.

It may be of interest to the general body of members to know that the recent revaluation of properties by the Government Land and Income-tax Department reveals the fact that the value placed upon the society's properties by the Government Valuer is considerably higher than the amounts they stand at in our books.

CO-OPERATIVE BAKERY.—This new department continues to make most satisfactory progress. New customers are being secured daily, and the quality of the output is of a high standard and fully justifies the increased business. Members may therefore recommend this department to their friends with every confidence.

KAIAPOI.—The general trade at this branch continues to be of an improving character. When the produce department recently opened becomes more widely known we may reasonably expect an increase in the business. A dressmaking department has been established under competent management, which we trust will be well patronised by the general body of our Kaiapoi and district members.

The retiring officers are—Mr. J. A. Efford, vice-president; Messrs. G. Clothier and C. Mazey, Mr. R. Scott, resigned; Mr. A. Marshall, auditor.

You will require to elect a vice-president for one year, two committee-men for two years, one for six months, and an auditor for twelve months.

ALFRED T. HODDINOTT, President.

BONUS ACCOUNT FROM COMMENCEMENT OF BUSINESS TO DATE.

To 30th June, 1903—			To 30th June, 1903—		
	£	s. d.		£	s. d.
Interest on capital and accumulated bonus	2,523	18 2	By total amount distributed as bonus to date	9,158	16 3
Bonus paid on purchases	6,279	16 9			
“ on wages	350	1 4			
Recreation Account	5	0 0			
	<u>£9,158</u>	<u>16 3</u>		<u>£9,158</u>	<u>16 3</u>

DEPRECIATION ACCOUNT.

To amount written off up to 30th June as under—			By total amount allowed for depreciation to 30th June, 1903		
	£	s. d.		£	s. d.
Christchurch properties	676	10 2		1,241	11 6
Fixtures, fittings	415	7 11			
Rolling-stock	149	13 5			
	<u>£1,241</u>	<u>11 6</u>		<u>£1,241</u>	<u>11 6</u>

CHRISTCHURCH WORKING-MEN'S CO-OPERATIVE SOCIETY (LIMITED).—BALANCE-SHEET for the Twenty-eighth Half-year from the 31st December, 1902, to the 30th June, 1903 (181 days).

SHARE ACCOUNT.

Dr.			Cr.		
	£	s. d.		£	s. d.
To 1,995 “A” shares at £1	1,995	0 0	By Paid-up on account of “A” shares	912	12 9
3,901 “B” shares at £1	3,901	0 0	“B” “ “	2,560	7 3
			Unpaid on account of “A” shares	1,082	7 3
			“B” “ “	1,340	12 9
5,896 shares (held by 1,417 members)	<u>£5,896</u>	<u>0 0</u>		<u>£5,896</u>	<u>0 0</u>

REVENUE ACCOUNT.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
To Goods Account	11,782	17	4	By Sales Account	13,757	2	11
Wages	1,184	16	7	Commissions, rent, &c.	31	8	8
Interest	212	14	1	Balance	3	9	10
Rates, licenses, &c.	28	10	0				
Insurance	35	12	2				
Delivery and stable expenses	157	3	5				
Repairs, maintenance, and alterations	79	6	5				
Gas and coals	12	10	7				
Printing, stationery, advertisements, telegrams, stamps, &c.	35	10	0				
Soirée account	15	13	6				
Departmental and general charges	247	7	4				
	<u>£13,792</u>	<u>1</u>	<u>5</u>		<u>£13,792</u>	<u>1</u>	<u>5</u>

PROFIT AND LOSS ACCOUNT.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
To Interest, 11th February—				By Balance, 31st December, 1902	452	7	10
“ A ” capital at 7 per cent.	30	9	1				
“ B ” capital and accumulated bonus at 6 per cent.	132	10	2				
Bonus, 11th February—							
Members' purchases	172	15	0				
Wages	20	17	4				
Non-members' purchases	11	5	4				
Depreciation of fixtures and fittings	20	0	0				
Reserve Fund	28	1	0				
Balance from Revenue Account	3	9	10				
Balance, 30th June, 1903	33	0	1				
	<u>£452</u>	<u>7</u>	<u>10</u>		<u>£452</u>	<u>7</u>	<u>10</u>

LIABILITIES AND ASSETS.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
To Share capital—				By Freehold Properties, Christchurch and Spreydon	5,329	16	6
“ A ” shares paid up	912	12	9	Investments	60	2	5
“ B ”	2,560	7	3	Stock-in-trade	7,217	0	2
Mortgage on freehold property	2,750	0	0	Fixtures, fitting, &c.	496	4	3
Deposits	4,773	15	8	Rolling-stock	517	2	9
Bonus accumulated	2,011	10	9	Stables stock	26	17	4
Sundry creditors	1,824	1	8	Commissions due	14	0	3
Reserve Fund	306	0	6	Unexpired fire premiums	38	11	8
Balance of Profit and Loss Account	33	0	1	Sundry debtors	853	8	11
				Cash in hand, general	209	16	11
				Cash held as change	49	0	0
				National Bank	259	7	6
				Petty Cash Account	100	0	0
	<u>£15,171</u>	<u>8</u>	<u>8</u>		<u>£15,171</u>	<u>8</u>	<u>8</u>

Contingent liabilities: 177 shares, Co-operative Wholesale Society (Limited), Manchester, £4 14s. 9d. per share, unpaid; 2 shares, New Zealand Farmers' Co-operative Association, £2 14s. 6d. per share, uncalled.

Christchurch, 4th August, 1903.

MARK W. WOODFIELD, A.N.Z.A.A., Secretary.

This is to certify that we have examined the above balance-sheet, and compared it with the books, vouchers, and bank-book, and find the same correct, duly vouched, and in accordance with law. The stock has been taken as valued by heads of departments, and our requirement as auditors have been duly complied with.

Christchurch, 4th August, 1903.

ALFRED MARSHAL,
GEORGE W. HULME, F.I.A.N.Z., } Auditors.

CHRISTCHURCH WORKING-MEN'S CO-OPERATIVE SOCIETY (LIMITED).

STORES.—Grocery, provision, and general ironmongery departments shop, No. 88, Colombo Street: Orders collected and carefully attended to; regular deliveries in Christchurch and suburbs, Kaiapoi, Belfast, and Lyttelton. Bakery department, No. 88, Colombo Street. Boot and repairing department, No. 86, Colombo Street. Drapery, mercery, and tailoring department, Nos. 82 and 84, Colombo Street.

FIRE INSURANCE.—Sub-agents for the Manchester Fire Assurance Company. Total funds and securities exceed £2,308,000.

LAND AND ESTATE AGENTS.

DEPOSITS.—Money received on deposit. For rates of interest apply to secretary.

OFFICES, No. 84 [first floor]. General branch, High Street, Kaiapoi.

L.

From E. G. BARKER, Flour-merchant, 162, Clarence Street, Sydney, to Mr. F. WILLIAMS, Christchurch.

DEAR SIR,—

27th March, 1903.

Your wire to ship 10 tons of Pillsbury's Manitoba flour to hand. The "Lochthool" commences discharging on Monday, the 30th, and I hope the flour will be landed in time to catch the "Mararoa," leaving on the 1st. If this is impossible it will catch the "Zealandia" on the 8th.

You will find this flour the best you ever received. The only brand that is perhaps better is the Gold Medal, which I will be able to ship any time after the third week in April up to the end of May, same quotation as last. Would strongly recommend you booking some of this brand.

Yours, &c.,

E. G. BARKER.

M.

The ATLAS MILLING COMPANY (Evans and Co., Limited), to Mr. F. K. WILLIAMS, Christchurch.

DEAR SIR,—

Timaru, 8th August, 1902.

Yours dated the 4th instant to hand, and should have been replied to before, but the writer has been in Dunedin, and only returned to-night express. *Re* delivery of flour: We are at liberty to sell our output outside the association should we desire to do so, but have promised them we will not go outside them, except they fail to let us have the output we are entitled to. Just now they are trying to deal fairly by us, and we do not care to rail to Christchurch, for if we did so we would cause dissatisfaction with Christchurch millers. Have therefore to for the present decline to quote for Christchurch delivery. Thanking you for your letter.

I remain,

WM. EVANS, Managing Director

(For Evans and Co., Limited).

N.

RETURN showing DELIVERIES OF FLOUR to F. WILLIAMS, Baker, for Two Years beginning September, 1901, and ending August, 1903.

New Zealand Flour-millers' Co-operative Association (Limited),
Branch Office, 142, Cashel Street, Christchurch, N.Z., 17th September, 1903.

1901—September, 21½ tons; October, 22 tons; November, 18 tons; December, 25 tons.
1902—January, 16 tons; February, 23½ tons; March, 17½ tons; April, 21 tons; May, 17½ tons; June, 19 tons; July, 17 tons; August, 19 tons; September, 29½ tons; October, 22 tons; November, 5 tons; December, Nil. 1903—January, Nil; February, 26½ tons; March, 18 tons; April, 13½ tons; May, 21 tons; June, 27 tons; July, 22½ tons; August, 27 tons. Total quantity delivered in two years, 449 tons.

THE NEW ZEALAND FLOUR-MILLERS' CO-OPERATIVE ASSOCIATION (LIMITED)
(per H. E. C.).

O.

THE NET COST, CART TRADE, of working 6 Tons of Flour.

	£	s.	d.	£	s.	d.
To 6 tons flour, at £12 per ton	72	0	0			
Less 2½ per cent. discount...	1	16	0			
	70	4	0			
Less 60 sacks, at 4d. each	1	0	0			
				69	4	0
Wages—						
Foreman, £2 15s.	2	15	0			
Second hand, £2 10s.	2	10	0			
Two third hands, at £2 5s.	4	10	0			
Three carters, at £2 5s.	6	15	0			
				16	10	0
Sundries—						
Potatoes, 4 sacks at 9s. per sack	1	16	0			
Firing	1	10	0			
Yeast	1	0	0			
Salt	0	10	0			
Rent of bakehouse	0	15	0			
Feeding three horses, 12s. 6d. each	1	17	6			
Wear and tear of carts and harness	0	10	0			
Books, bill-heads, &c.	0	10	0			
				8	8	6
				94	2	6
Balance C.O.				27	7	6
				<u>£122</u>	<u>10</u>	<u>0</u>

This profit equals 28½ per cent. on net cost.

THE NET RETURN, CART TRADE, of 6 Tons of Flour, producing at the least 700 4 lb. Loaves to the Ton, sold at 7d. per Large Loaf.

4,200 4 lb. loaves, at 7d.	£	s.	d.
	122	10	0

THE NET COST, SHOP TRADE, of working 6 Tons of Flour.

	£	s.	d.	£	s.	d.
To 6 tons of flour, at £12 per ton	72	0	0			
Less 2½ per cent. discount	1	16	0			
	70	4	0			
Less 60 sacks, at 4d.	1	0	0	69	4	0
Wages—						
Foreman, £2 15s.	2	15	0			
Second hand, £2 10s.	2	10	0			
Two bench-hands, at £2 5s.	4	10	0			
Girl in shop	1	0	0	10	15	0
Sundries—						
Potatoes, 4 sacks, at 9s. per sack	1	16	0			
Firing	1	10	0			
Yeast	1	0	0			
Salt	0	10	0			
Rent of bakehouse and shop	1	10	0	6	6	0
				86	5	0
Balance, C.O.				18	15	0
				£105	0	0

This shows a profit of 22 per cent. on net cost.

THE NET RETURN, SHOP TRADE, of 6 Tons of Flour, producing at the least 700 4 lb. Loaves to the Ton, sold at 6d. per 4 lb. Loaf.

6 tons, each ton producing 700 4 lb. loaves = 4,200 4 lb. loaves at 6d.	£	s.	d.
	105	0	0

P.

RULES OF THE CANTERBURY MASTER BAKERS' INDUSTRIAL UNION OF EMPLOYERS.

1. THE name of the union shall be "The Canterbury Master Bakers' Industrial Union of Employers" and it shall be registered under "The Conciliation and Arbitration Act, 1900." It shall consist of master bakers in Canterbury, and any other employers connected with such trade.

2. It shall have for its objects the protection and furthering the interests of employers in the baking industry in Canterbury, and to regulate the price of bread; to endeavour to promote a healthy competition as well as a friendly, cordial, and kindly feeling amongst members.

3. The union shall consist of an unlimited number of members.

4. A copy of these rules shall be sent to each member free of charge, and in no case will a plea of ignorance be accepted as an excuse for non-compliance with them.

5. The entrance fee shall be 5s., with an annual subscription of 10s. 6d., payable in advance. Any member failing to pay for the period of three months shall be deemed to be unfinancial, and shall not be entitled to vote at any meeting or avail himself of any of the benefits of the union.

6. Any member who is in arrears of dues for twelve months shall be struck off the rolls, but this is not to free such discharged person from arrears due.

7. A levy shall be struck to meet any contingency that may arise, such levy to be made at any general meeting.

8. The annual general meeting shall be held in the month of June in each year. A Committee of Management, consisting of nine members, shall be elected by ballot from the whole of the members of the union, and shall hold office for twelve months, but are eligible for re-election. The business of the union shall be conducted by the committee, who shall elect a secretary and a chairman.

9. All millers belonging to the union shall be members of the committee.

10. Any member wishing to appeal against the decision of the committee shall deposit 10s. with the secretary, which may be forfeited if the appeal is not sustained.

11. A Price and Appeal Committee, consisting of three millers and three bakers, shall be elected to hold office for twelve months, and shall be elected by ballot from the whole of the members of the union, their duties being to determine the price of bread from time to time, and settle any disputes that may arise. The chairman at all meetings to be a miller.

12. Should a vacancy occur in any office in consequence of death, resignation, removal, or otherwise, nominations to fill the vacancy shall be received at the meeting held immediately after such vacancy has occurred, and the election of an officer to fill such vacancy shall take place at the next meeting. Until such election an officer may be temporarily appointed by the committee to fill the vacancy.

13. The chairman at all meetings shall put all matters of discussion to the vote, and he shall have a deliberative as well as a casting-vote. He shall sign all minutes, and conduct the meetings with order and regularity. Should the chairman, within fifteen minutes after the appointed time of meeting, be absent, those present may elect a chairman and proceed with the business.

14. The secretary shall be a paid servant, and shall not be entitled to a vote at any meeting. He shall keep a fair and impartial record of all business done, keep the accounts, and receive all moneys. He shall produce and hand over to the meeting all books and documents when required to do so, conduct all correspondence, summon meetings, and perform other necessary clerical duties. He shall prepare a yearly balance-sheet and report, pay all moneys into a bank, to be appointed by the committee, to the credit of the union, and cheques shall be signed by the chairman and secretary. He shall keep a list for the purpose of registering names of defaulters, which shall be open for inspection of members.

15. At any general meeting ten shall form a quorum; at any committee meeting three shall form a quorum.

16. Any member of the committee may be removed from office by a vote of a majority of members present at a general meeting.

17. The union shall meet monthly on the third Wednesday of each month, at 7.30 p.m. Such meetings shall be called ordinary meetings. Special meetings may be called for any specified purpose by the chairman and secretary, or by a resolution at an ordinary meeting. The officers shall attend all ordinary and special meetings. Any officer absenting himself without sending a written apology shall be fined two shillings and sixpence. Every member shall attend ordinary and special meetings. Members absent without sending written apologies shall be fined one shilling. At each meeting of the committee a report of any important matter transacted since the previous meeting shall be laid on the table. Ordinary or special meetings shall be called either by circular or by advertisement in one or more of the daily papers circulating in Christchurch, at least two clear days before the time appointed for such meetings. The advertisement or circular shall contain particulars of the business to be transacted; but at a special meeting no business shall be transacted except that for which it is summoned. Voting at all meetings may be by show of hands, but, at the request of any financial member present, any question submitted shall be decided by ballot. The committee shall be under the control of ordinary and special meetings, and shall obey all instructions given and do all acts and things required to be done by resolutions of such meetings.

18. At all meetings the strictest order shall be kept. No member shall be allowed to interrupt another while speaking, nor shall any member be allowed to speak more than once on the same question, unless by the consent of the chairman, except the mover and seconder of any motion, who shall have the right to reply. Any member violating this law, and persisting in doing so after being called to order by the chairman, shall be fined five shillings for the first offence, ten shillings for the second, and for the third to be dealt with as the meeting may determine.

19. The financial year of the union shall terminate on the 31st May in each year.

20. Any customer who changes his baker without settling his account shall not be supplied by another member, after members have been notified to that effect, until such account is paid.

21. The union may be represented before the Board of Conciliation or the Court of Arbitration by such persons as may be appointed by the union, duly authorised under the seal. All industrial agreements and other instruments shall be made and executed under the hand of the chairman and secretary. Such authority shall only be given after a resolution duly recorded in the minutes.

22. The seal of the union shall be kept by the chairman. It shall not be affixed to any document except agreements and authorities to appear to represent the union, or such documents as are required by law to be under seal. The seal shall not be altered or renewed except by resolution.

23. Accumulated funds shall be invested in the names of two trustees, to be appointed by the committee, in securities authorised by the Trustee Acts of New Zealand for the investment of trust funds, and after resolution duly recorded.

24. The accounts shall be audited yearly, either by a public auditor or by two or more duly qualified members. They shall report to the union the result of the audit within seven days after the same shall be finished. They shall have access to the books and all accounts and property. The union may vote a reasonable sum for their remuneration.

25. Any member or any person having an interest in the funds, on giving reasonable notice to the secretary, may inspect the books and register of members without payment of fee.

26. A register of members, containing the name, address, and other particulars of each, with date of admission and resignation, shall be kept by the secretary, and may at any meeting be inspected by any member. No member shall resign without giving at least three months' previous notice in writing to the secretary of his intention to resign, nor until all fees and other moneys payable by him to the union have been fully paid.

27. Any member circulating, or causing to be circulated, any report which may be considered detrimental to the well-being of the union, or calculated to injure any individual member thereof, shall be fined not less than one pound for the first offence, and for the second be expelled, or suffer any less punishment the meeting or committee may think fit.

28. No member shall hold out any unfair inducement to obtain a customer, or employ ex-carters of members for the purpose of canvassing or allowing them to canvass their previous employers' customers. Any member selling bread under the price fixed by the union, or supplying

any storekeeper who sells under the fixed retail price, or infringing any of the rules shall be fined for the first offence two pounds (£2), and for the second offence five pounds (£5), to be paid within seven days.

29. No member shall do any business with any miller who does not belong to the union and also to the New Zealand Flour-millers' Co-operative Association (Limited); and a purchase of flour by a member of the union from any other person or firm shall be deemed a breach of the rules, and he shall be dealt with in a similar manner as if he had sold bread at less than agreed prices.

30. All disputes between members must be submitted to the secretary within two days from the time of occurrence. The secretary shall submit the same to the committee, who shall hear all evidence and decide; a member wishing to appeal further can do so as provided by Rule 9.

31. Any member being duly summoned to answer a charge and not attending the said meeting, or sending some reasonable cause for not doing so, his case shall be proceeded with in his absence, and he shall abide by the decision of the said meeting.

32. Any member preferring a charge against a member, and not appearing at the committee meeting to sustain the charge, shall be fined twenty shillings.

33. All fines inflicted by committee, special, or ordinary meetings must be paid within one month from the date of infliction.

34. Any member knowing another member to be breaking the rules of the union, and not reporting the same to the secretary, shall be fined five shillings for each offence.

35. Any member being duly summoned to give evidence before an ordinary or committee meeting, and wilfully refusing to attend the meeting, shall be fined ten shillings.

36. All dues and fines in arrears may be recovered by legal proceeding by the secretary, or such other officer as may from time to time be authorised by the committee.

37. The registered office of the union shall be at 7, Chancery Lane, Christchurch, or such other place as is from time to time appointed by the committee, and every change of office shall forthwith be notified to the Registrar of Industrial Unions.

38. In order to amend or rescind any of the foregoing rules, fourteen days' notice must be given to the secretary in writing, who shall summon all members within the jurisdiction to attend a meeting for that purpose, but no such meeting shall be called unless seven members of the union shall sign a requisition, and any alteration or amendment must be adopted by a majority of the members present.

39. These rules rescind all former rules of the union.

40. These rules shall be subscribed by and binding upon every member, and any member who refuses to subscribe shall not be entitled to speak or vote, or be elected to any office in the union.

Rules accepted 14th August, 1901.

EDW. TREGEAR, Registrar.

P1.

[Sent to all Members of the Bakers' Union.]

A. Steven and Co., Millers and Grain-merchants, Dunedin, New Zealand, 7th March, 1903.

DEAR SIR,—

As the action of your association in resolving that you as a body will not purchase our flour now that we have withdrawn from the millers' combine is likely to lead to unpleasant results if continued, and, as we have no desire that any injury should befall your association, we wish to approach you in a friendly spirit, and point out in good time that this state of matters cannot continue to exist without bad results to your association as well as ourselves. You cannot, as reasonable men, expect us to quietly submit to what means a direct blow at our business in Dunedin by the action of your resolution if persisted in without using such means as we think fit to vindicate our position with the public.

No doubt your association has taken up this attitude towards us with the view of forcing us to again join the millers' combine, but we tell you frankly that under any circumstances this is utterly impossible now, and we need not point out to you that if your resolution (not to purchase our flour) is carried out you cannot blame us for any retaliatory measures we may adopt in self-defence. We have every desire to be friendly with the bakers, and we are sure that the members of your association will say that both individually and collectively we have always endeavoured to do them a good turn if in our power in the past, and all we ask now is to be favoured with a share of their orders as heretofore. In view of this we would respectfully request your association to remove the restriction at as early a date as possible, and so prevent unpleasant conditions arising which might be much regretted in the future.

In conclusion, we trust you will allow the wisest counsels to prevail, and give this important matter your best and prompt consideration, and kindly communicate your decision to us at your earliest convenience, and oblige,

The President, Master Bakers' Association, Dunedin.

Yours, &c.,

A. STEVEN AND CO.

Q.

RULES OF THE DUNEDIN MASTER BAKERS' INDUSTRIAL UNION OF EMPLOYERS.

(REGISTERED UNDER "THE INDUSTRIAL CONCILIATION AND ARBITRATION ACT, 1894.")

NAME.

1. The name of the union shall be "The Dunedin Master Bakers' Industrial Union of Employers," and it shall consist of master bakers and pastrycooks of Dunedin and the surrounding districts.

OBJECTS.

2. It shall have for its objects the protection and furthering of the interests of employers in the baking industry in Dunedin and the surrounding districts, and to regulate the price of bread, pastry, &c.; to endeavour to promote a healthy competition as well as a friendly, cordial, and kindly feeling amongst members.

CONSTITUTION.

3. The union shall consist of an unlimited number of members.

COMPLIANCE WITH RULES.

4. A copy of these rules shall be delivered to each member free of charge, and in no case will a plea of ignorance be accepted as an excuse for non-compliance with them.

CONDITIONS OF MEMBERSHIP.

5. All candidates hereafter coming forward for admission to the union shall be nominated in writing by two members, and the nomination paper shall also be signed by the candidate. Candidates may be admitted by the vote of any meeting of the union.

6. The subscription for bakers and pastrycooks shall be £2 2s. per annum, payable half-yearly in advance, excepting bakers baking less than 2 tons of flour per week, and pastrycooks not employing labour, when the subscription shall be £1 ls. per annum, payable half-yearly in advance. Any member failing to pay for the period of three months shall be deemed to be unfinancial, and when unfinancial shall not be entitled to vote at any meeting or avail himself of any of the benefits of the union.

7. When, and if required, a levy shall be struck to meet any contingency that may arise, such levy to be struck at any monthly or special meeting.

MANAGEMENT AND OFFICERS.

8. The union shall, at a general meeting to be held in the month of April in each year, elect a Committee of Management, consisting of the president, the vice-presidents, treasurer, and two other members of the union—three to form a quorum. The Committee of Management shall hold office for twelve months only, but shall be eligible for re-election. Candidates for each office shall be nominated at the ordinary meeting held prior to the yearly meeting for the election of officers. If the number of candidates nominated shall exceed the number of officers to be elected, a ballot shall be taken, and the candidate receiving the largest number of votes shall be declared duly elected. Subject to the control of the union in general or special meeting, the business and affairs of the union and the investment of the funds shall be conducted by the Committee of Management.

9. The financial year of the union shall terminate on the 31st March in each year.

VACANCIES.

10. Should a vacancy occur in any office in consequence of death, resignation, removal, or otherwise, nominations to fill the vacancy so created shall be received at the meeting held immediately after such vacancy shall have occurred, and the election of an officer to fill such vacancy shall take place at the next following meeting. Until such election an officer may be temporarily appointed by the committee to fill the vacancy.

DUTIES OF OFFICERS.

11. The president shall be the chairman at all meetings, and put all matters of discussion to the vote, and he shall have a deliberative as well as casting-vote. He shall sign all minutes, and conduct the meetings with order and regularity. Vice-presidents shall assist the president to keep order, and shall preside in his absence. Should neither the president nor a vice-president be present within fifteen minutes after the appointed time of meeting, those present, if a quorum, may elect a chairman and proceed in their absence. The secretary shall keep a fair and impartial record of all business done. He shall keep the accounts of the union, receive all moneys, and at the close of the meeting hand them over to the treasurer. He shall produce and hand over to the meeting all books and documents when required to do so. He shall conduct all correspondence, summon meetings, and perform such other clerical duties as the union may direct. He shall prepare a yearly balance-sheet and report, and submit the same to the union. The treasurer shall pay all moneys into a bank to be appointed by the committee, to the credit of the union, and cheques shall be signed by the president and the treasurer. He shall keep a list for the purpose of registering names of defaulters, which shall be open for inspection by members.

REMOVAL OF OFFICERS.

12. Any officer or member of the Committee of Management may be removed from office by a vote of a majority of members present at a special meeting of the union to be called for that purpose, of which not less than seven days' notice shall have been given.

MEETINGS.

13. The union shall meet monthly, on the third Thursday of each month, at 7.45 p.m. Such meetings shall be called ordinary meetings. Special meetings may be called by the president and secretary, or by a resolution at an ordinary meeting. The officers shall attend all ordinary meetings. An officer absenting himself without reasonable excuse shall be fined two shillings and sixpence. Every member of the union shall attend special meetings. Members absent from such without reasonable excuse shall be fined one shilling. At each meeting the Committee of Management shall lay on the table a report of any important matters transacted since the previous meeting. Ordinary or special meetings shall be called either by circular sent to each member, or by advertisement in one or more of the daily papers circulating in Dunedin, at least two days before the time

appointed for such ordinary or special meeting. The advertisement or circular shall contain particulars of the business to be transacted, and at a special meeting no business shall be transacted except that for which it is summoned. At ordinary or special meetings seven shall form a quorum. Circulars convening ordinary or special meetings must be delivered at least six hours before the time appointed for the meeting. If posted, they shall be posted at least two clear days before such time. Except where otherwise provided by the rules, all questions at any meeting shall be determined by a majority of the members present and voting thereon. Voting at ordinary or special meetings may be by show of hands, but at the request of any financial member present any question submitted shall be decided by ballot. The Committee of Management shall be under the control of ordinary and special meetings, and shall obey all instructions given, and do all acts and things required to be done by resolution of such meetings.

PRICE OF BREAD AND PASTRY.

14. The price of bread and pastry shall be fixed from time to time by committees appointed by the union.

PROCEEDINGS BEFORE A BOARD OR THE COURT.

15. The association may be represented before the Board of Conciliation or the Court of Arbitration only by agent, solicitor, or counsel, duly authorised under the seal of the union. Such authority shall only be given after a resolution of the union duly recorded in the minutes.

CUSTODY AND USE OF SEAL.

16. The seal of the union shall be kept locked in a box, of which the president shall retain the key. It shall not be affixed to any document save agreements and authorities to appear to represent the union, or such documents as are required by law to be under seal. The seal shall not be altered or renewed, except by resolution of the union.

CONTROL OF PROPERTY AND INVESTMENT OF FUNDS.

17. Accumulated funds of the union may be invested in securities authorised by the Trustee Acts of New Zealand for the investment of trust funds, and after resolution of the union duly recorded.

AUDIT.

18. The accounts of the union shall be audited yearly, either by a public auditor or by two or more duly qualified members appointed at the meeting for the election of officers. They shall report to the union the result of the audit within seven days after the same shall be finished. They shall have access to the books of the association and all accounts and property thereof. They shall report the balance-sheet as correct, or report in what manner they find it incorrect. The union may vote a reasonable sum for their remuneration.

INSPECTION OF BOOKS.

19. Any member of the union, and every person having an interest in the funds thereof, on giving reasonable notice to the secretary, may inspect all the books of the union and register of members without payment of any fee.

REGISTER OF MEMBERS AND RESIGNATION.

20. A register of members, containing the name, address, and other particulars of each, with date of admission and resignation, if resigned, shall be kept by the secretary, and may at any meeting be inspected by any member. No member shall resign without giving at least three months' previous written notice to the secretary of his intention so to do, nor until all fees and other moneys payable by him to the union have been fully paid.

CONDUCT AT MEETINGS.

21. At all meetings the strictest order shall be kept. No member shall be allowed to interrupt another while speaking, nor shall any member be allowed to speak more than once on the same question, unless by the consent of the president, except the mover and seconder of any motion, who shall have the right to reply. Any member violating this law, and persisting in doing so after being called to order by the president, shall be fined five shillings for the first offence, ten shillings for the second, and for the third to be dealt with as the meeting may determine.

CONDUCT.

22. No member shall hold out any unfair inducement to obtain a customer, or employ ex-carters of members for the purpose of canvassing or allowing them to canvass their previous employers' customers. Any member selling bread or pastry under the price fixed by the union, or supplying any storekeeper who sells under the fixed retail price, or infringing any of the rules shall be fined for the first offence not less than two pounds (£2), to be paid within seven days; and for the second offence he shall be fined not less than five pounds (£5), to be paid within seven days. A special meeting to be called to adjudicate, and a majority of three-fourths of those present to decide.

23. No miller or merchant shall be prohibited from supplying any baker or pastrycook with flour till said baker or pastrycook has been proved guilty of underselling, or otherwise breaking the rules of the union, when all the millers and merchants shall be notified in writing by the secretary, and must at once stop supplying the defaulting baker or pastrycook. The letter of notification to each miller and merchant shall be registered, and the receipt thereof shall be deemed sufficient proof of service.

24. No member of the union shall do any business with any miller, merchant, or flour-salesman who has been proved to have supplied any one that undersells, whether a member of the union or not, without permission of the union in writing.

25. All disputes between members must be submitted to the secretary within fourteen days from the time of occurrence. The secretary shall submit the same to the officers, who shall hear all evidence and decide; or, if necessary, call a special meeting, whose decision shall be final.

26. Any member being duly summoned to answer a charge, and not attending the said meeting or sending some reasonable cause for not doing so, his case shall be proceeded with in his absence, and he shall abide by the decision of the said meeting.

27. Any member preferring a charge against a brother member, and not appearing at the committee meeting to sustain the charge, shall be fined ten shillings.

28. All fines inflicted by committee, special, or ordinary meetings must be paid within one month from the date of infliction.

29. Any member being duly summoned to give evidence before an ordinary meeting or a committee, and wilfully refusing to attend the said meeting, shall be fined five shillings.

RECOVERY OF DUES, ETC.

30. All dues and fines in arrears may be recovered in any Court of competent jurisdiction by the secretary or such other officer as is from time to time authorised in that behalf by the committee.

REGISTERED OFFICE.

31. The registered office of the union shall be at 95, Princes street, Dunedin, or such other place as is from time to time appointed by the committee; and every change of office shall forthwith be notified to the Registrar of Industrial Unions by the secretary.

PAID SECRETARY.

32. The secretary of the union shall be a paid servant of the union, and shall not be entitled to a vote at any meeting.

RULES.

33. In order to amend or rescind any of the foregoing rules, one month's notice must be given to the secretary in writing, who shall summon all members within the jurisdiction to attend a meeting for that purpose, but no such meeting shall be called unless seven members of the union shall sign a requisition, and any alteration or amendment must be adopted by a majority of the members present.

PURGING THE ROLL.

34. The union's roll of membership shall be purged by striking off any members in arrears of dues for twelve months, but this is not to free such discharged persons from arrears due.

JAMES G. LAURENSEN, President.

B. T. RINGER, Secretary.

Complete amendment of rules accepted 5th June, 1902.

EDW. TREGGAR, Registrar.

R.

DEAR SIRS,—

10th March, 1903.

Your favour of the 7th instant to hand. I am instructed to inform you that no resolution was ever passed by this union as is suggested in yours under reply, nor had we previously received any intimation from you that your firm had withdrawn from the Millers' Association.

You must be well aware, from your past connection with the Millers' Association, of the methods adopted by this union in purchasing flour. In the interests of the consumer we are bound at all times to purchase to the best advantage, and therefore cannot be dictated to by any firm or trust. You are also aware of the action this union recently took in purchasing Manitoban flour, showing to you that the union is quite alive to its best interests.

I am, &c.,

Messrs. Allan Steven and Co., Dunedin.

B. T. RINGER, Secretary.

[S. embodied in evidence.]

T.

DEAR SIR,—

The Canterbury Trades and Labour Council,
Christchurch, 6th March, 1902.

My Council has been informed, through Mr. Etheridge, of the stand you are taking with reference to the millers' trust, and also of your willingness to have your mill converted into a co-operative mill. While it is not at present in a position to take into consideration the formation of a co-operative mill, it wishes me to inform you that if it should be able to render you any assistance it will be most happy to do so. If the trust should be using coercive measures towards you, and also if they should endeavour to secure a corner in wheat, you might be good enough to supply us with the information.

Yours, &c.,

Mr. A. Gardner, Cust.

F. Y. WILSON, Secretary.

U.

RETURN showing Amounts of the New Zealand Flour-millers' Co-operative Association's (Limited) Monthly Accounts with the Christchurch Working-men's Co-operative Society from January, 1902, to September, 1903.

Goods Delivered.—1902—January, £44 19s. 10d.; February, £71 13s. 8d.; March, £66 17s.; April, £138 6s. 6d.; May, £76 2s. 3d.; June, £67 8s. 7d.; July, £65 3s. 3d.; August, £88 12s. 3d.; September, £84 13s. 11d.; October, £180 15s. 3d.; November, £94 18s. 4d.; December, £105 10s. 4d. 1903—January, £53 14s. 6d.; February, £183 9s. 11d.; March, £125; April, £149 11s. 2d.; May, £125 17s. 9d.; June, £72 15s. 3d.; July, £188 6s.; August, £94 17s. 11d.; September, £266 2s. 11d.

THE NEW ZEALAND FLOUR-MILLERS' CO-OPERATIVE ASSOCIATION (LIMITED)
2nd October, 1903. (Per H. E. C.)

V.

PROFIT AND LOSS ACCOUNT of Bakery Department of the Christchurch Working-men's Co-operative Society (Limited) from the 31st December, 1902, to the 30th June, 1903.

	£	s.	d.	£	s.	d.
Sales for six months, £1,036, at 20·73 gross profit ... ..	...	...	...	214	15	2
Gross wages	£263	10	8			
Less amount of productive wages charged before arriving at gross profit	143	6	8			
	120	4	0			
Less amount owing on 31st December... ..	1	11	6			
				118	12	6
Gas, 2s. per week				2	8	0
Insurance on stock				1	4	7
General expenses				14	18	6
Interest on outstanding account				1	11	9
Property charges—						
Insurance				1	7	0
Interest on £393 at 6 per cent. per annum				11	13	10
Ground rent, twenty-six weeks at 7s. 6d. per week				9	15	0
Delivery expenses, less wages charged above				27	0	0
Proportion of company expenses according to sales				28	0	0
Balance						1 16 0
				£216	11	2
				£216	11	2

This is to the time of our last balance, and our first full period; also charging everything up to the hilt, and paying off all preliminary expenses.

For the Christchurch Working-men's Co-operative Society (Limited),
MARK W. WOODFIELD, Secretary.

W.

DEAR SIR,—

Cust, 13th March, 1902.

Will you please furnish us with particulars of how we should go about to join the New Zealand Millers' Association, what quantity of flour would be allotted to us per month, and where it would be delivered; also, how would gristing be arranged.

Mr. Buchanan, New Zealand Millers' Association,
Christchurch.

Yours, &c.,
R. GARDNER AND Co.,

X.

DEAR SIR,—

Cust, 8th March, 1902.

Yours of the 6th instant to hand, and contents carefully noted. From the first we decided to stand out from joining the Flour-millers' Co-operative Association, and are no more inclined to join now than we were formerly. We wish to offer our thanks to your Council for its assurance of assistance, and should the necessity arise we will ask you to assist us in keeping our stand.

Mr. F. J. Wilson, Christchurch.

Yours, &c.,
R. GARDNER AND Co.

Y.

DEAR SIR,—

Irwell, 1st November, 1902.

Yours of the 30th October to hand this morning. *Re* flour, the minimum I can send is 1½ tons. If you can make your order up to this I will be glad to send it. *Re* price, it will be £11 a ton, less 2½ per cent. in 20th of month after order—that is, order in November, you get to the 20th of December. If you can give me the order as above please write, and I will send it at once.

Mr. Woodfield.

Yours, &c.,
G. HESLOP.

Z.

DEAR SIR,—

Irwell, 29th November, 1902.

Your letter just to hand asking me to send 4 tons flour. I cannot send any more orders unless through the association. Try them; and if they allow me I will send you what I can.

Yours, &c.,

Mr. Woodfield.

G. HESLOP.

ZA.

(Telegram.)

Timaru, 25th October, 1903.

MUST have misunderstood first question. Do not remember either question or answer about one penny reduction output. Think question absurd one. Against what was difference before association was formed and the quota I supplied when working with the association? My intended reply was: at times when prices were fairly high, and ours was a free mill, we used to run perhaps day and night, and shut down again when prices went below cost of production. On one occasion we shut down for six months rather than go on selling at a loss. Do I sell now to any one I like? Yes; and am working very little more now than when we sold through the association.

W. EVANS.

Mr. Pirani, Clerk, Extension of Commerce Committee, Wellington.

No. 1.

Christchurch Working-men's Co-operative Society (Limited),

GENTLEMEN,—

Christchurch, New Zealand, 15th October, 1902.

At a meeting of directors held last night it was unanimously decided to adhere to our present prices of bread—5½d. cash at end of week, or 6d. if credit given till end of month. The directors think this a fair price, and certainly think some distinction should be made for cash, as they believe in cash trading.

Kindly book our order for 25 tons of flour at current rate, sending us a letter or sale-note before to-morrow midday.

Yours, &c.,

MARK W. WOODFIELD, Secretary.

The New Zealand Flour-millers' Co-operative Association (Limited).

No. 2.

Christchurch Working-men's Co-operative Society (Limited),

DEAR SIR,—

Christchurch, New Zealand, 1st November, 1902.

Mr. Calder, having delivered a message which he received by telephone to the effect that your association cannot execute our order for 10 tons of flour, and as Mr. Calder does not attend committee meetings, we shall deem it a favour if you will reply in writing.

Yours, &c.,

MARK W. WOODFIELD, Secretary.

The Secretary, New Zealand Millers' Co-operative Association.

No. 3.

Christchurch Working-men's Co-operative Society (Limited),

DEAR SIR,—

Christchurch, New Zealand, 18th March, 1903.

A few days ago we received two price-lists from your association *re* the price of flour—one marked "Bakery Department," and the other "Grocery Department." The one for the bakery has the discount erased, and is marked "net cash." We think this must be an error, or are you putting bakers on a different footing to grocers.

An early reply will oblige.

Yours, &c.,

MARK W. WOODFIELD, Secretary.

General Manager, New Zealand Flour-millers' Association.

No. 4.

Christchurch Working-men's Co-operative Society (Limited),

DEAR SIR,—

Christchurch, New Zealand, 20th October, 1902.

Will you kindly quote for flour in sacks delivered at our store in Colombo Street.

Yours, &c.,

Mr. G. Heslop.

MARK W. WOODFIELD, Secretary.

No. 5.

Christchurch Working-men's Co-operative Society, (Limited),

DEAR SIR,—

Christchurch, New Zealand, 30th October, 1902.

Kindly send to our address, Colombo Street, Christchurch, 1 ton of flour in sacks.

Yours, &c.,

Mr. G. Heslop, Miller, Irwell.

MARK W. WOODFIELD, Secretary.

No. 6.

Christchurch Working-men's Co-operative Society (Limited),
Christchurch, New Zealand, 8th November, 1902.

DEAR SIR,—

Kindly book our order for 6 tons of flour in sacks, delivering 2 tons per week, commencing the week after next.

Mr. G. Heslop.

Yours, &c.,

MARK W. WOODFIELD, Secretary.

No. 7.

Irwell, 22nd November, 1902.

Re yours of 21st for pollard and bran: I cannot now supply you. I have joined the Millers' Co-op., and any orders must now be through them. I have come to the conclusion that it was the best thing for me to join the association.

Mr. Woodfield, Working-men's Co-op.

Yours, &c.,

GEO. HESLOP.

No. 8.

Christchurch Working-men's Co-operative Society (Limited),
Christchurch, New Zealand, 28th November, 1902.

DEAR SIR,—

Yours of the 22nd to hand, which came as a surprise after the conversation we had only a few days previously, and, while we see no advantage to yourself and much to the other party, we recognise that you have a perfect right to please yourself in the matter.

Kindly send the 4 tons which are still needed to complete our 6-ton order.

Mr. G. Heslop.

Yours, &c.,

MARK W. WOODFIELD, Secretary.

No. 9.

Christchurch Working-men's Co-operative Society (Limited),
Christchurch, New Zealand, 3rd December, 1902.

DEAR SIR,—

Yours of the 29th November to hand, in which you say you cannot send the 4 tons unless through the Millers' Association, and invite us to ask them to allow you to send the same.

I am instructed to reply that we have nothing whatever to do with the millers' trust, and have no intention of approaching them *re* this order. As you accepted our order for 6 tons in the terms of our letter of the 8th November by the fact of sending the first 2 tons, therefore we expect the remainder of the order completed, or proceedings will be taken for breach of contract.

Mr. G. Heslop.

Yours, &c.,

MARK W. WOODFIELD, Secretary.

No. 10.

(Private and confidential.)

The Trade Auxiliary Company of New Zealand (Limited),
For the Protection of Trade, Collection of Accounts, &c.,

DEAR SIR,—

Christchurch Agency, 12th October, 1903.

In reply to your inquiry as to the number of bakers who have filed in the Bankruptcy Court for the whole colony in the years 1897 to 1902, we beg to inform you that we have compiled a list from the digest of the *Mercantile and Bankruptcy Gazette*, and, after eliminating all recapitulations by checking with the *Gazette* files, we have obtained the following results:—1897—Bakers filed, 16; total of all bankruptcies, 403. 1898—Bakers, 11; all bankruptcies, 374. 1899—Bakers, 11; all bankruptcies, 380. 1900—Bakers, 8; all bankruptcies, 308. 1901—Bakers, 6; all bankruptcies, 219. 1902—Bakers, 3; all bankruptcies, 210. We enclose a typewritten list of the names of the bakers who have become bankrupt during the period under notice.

Yours, &c.,

THE TRADE AUXILIARY COMPANY OF NEW ZEALAND (LIMITED),

T. G. Russell, Esq., Solicitor, Christchurch.

(G. R. WISE).

No. 11.

INSOLVENCIES IN BAKING TRADE.

1898.—Dockrill, Joseph, of Fairlie, Timaru; Glassford and Heron, of Napier; Johns, Edward, of Panmure, Auckland; Jounnax, William, of Wellington; Kroon, Johannes C., formerly of Timaru, now of Dunedin; McLean, John, of Green Island, Dunedin; Smith, S., and Smith, W., of Auckland; Veale, Oliver T., of Auckland; Wooller, Alfred, of Parnell, Auckland; Battershill, Henry T., of Dannevirke; McCarthy, Michael H., of Wellington.

1899.—Copp, John H., of Wellington; Barnes, David, of Richmond, Christchurch; Eastgate, Charles R., of Hokitika; Guigell, Edward, of Shannon; Revel, Henry, of New Plymouth; Robertson, James, of Hikurangi; Rolls, Mark, of Port Ahuriri, Napier; Sullivan, Robert, of Napier; Todd, Matthew, of Palmerston North; Waddell, Sophia Ann, of Auckland; White, Charles, of Richmond, Christchurch.

APRIL, 1899.				FEBRUARY, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 1d.	Wheat, at 2s. 1d. . . . .	..	..	..
Bran, at £2	0 10 0	Bran, at £2 10s. . . . .	..	..	0 12 6
Pollard, at £3	0 9 0	Pollard, at £2 12s. 6d. . . . .	..	..	0 7 11
Flour, at £6	6 0 0	Flour, at £6 5s. . . . .	..	..	6 5 0
Difference	1 19 0	Difference . . . . .	..	..	2 5 5
			6 19 0				7 5 5
			6 19 0				7 5 5
MAY, 1899.				MARCH, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 1d.	Wheat, at 2s. 2d. . . . .	..	..	..
Bran, at £2 10s.	0 12 6	Bran, at £2 10s. . . . .	..	..	0 12 6
Pollard, at £3 10s.	0 10 6	Pollard, at £2 12s. 6d. . . . .	..	..	0 7 11
Flour, at £6 10s.	6 10 0	Flour, at £6 10s. . . . .	..	..	6 10 0
Difference	2 13 0	Difference . . . . .	..	..	2 6 5
			7 13 0				7 10 5
			7 13 0				7 10 5
JUNE, 1899.				APRIL, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 2d.	Wheat, at 2s. 2d. . . . .	..	..	..
Bran, at £2 15s.	0 13 9	Bran, at £2 10s. . . . .	..	..	0 12 6
Pollard, at £3 10s.	0 10 6	Pollard, at £2 12s. 6d. . . . .	..	..	0 7 11
Flour, at £6 10s.	6 10 0	Flour, at £6 5s. . . . .	..	..	6 5 0
Difference	2 10 3	Difference . . . . .	..	..	2 1 5
			7 14 3				7 5 5
			7 14 3				7 5 5
JULY, 1899.				MAY, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 2d.	Wheat, at 2s. 2d. . . . .	..	..	..
Bran, at £2 10s.	0 12 6	Bran, at £3 10s. . . . .	..	..	0 15 0
Pollard, at £3 5s.	0 9 9	Pollard, at £3 10s. . . . .	..	..	0 10 6
Flour, at £6 5s.	6 5 0	Flour, at £6 5s. . . . .	..	..	6 5 0
Difference	2 3 3	Difference . . . . .	..	..	2 6 6
			7 7 3				7 10 6
			7 7 3				7 10 6
AUGUST, 1899.				JUNE, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 3d.	Wheat, at 2s. 2d. . . . .	..	..	..
Bran, at £2 10s.	0 12 6	Bran, at £3 . . . . .	..	..	0 15 0
Pollard, at £3	0 9 0	Pollard, at £3 15s. . . . .	..	..	0 11 3
Flour, at £6	6 0 0	Flour . . . . .	..	..	6 10 0
Difference	1 13 6	Difference . . . . .	..	..	2 12 3
			7 1 6				7 16 3
			7 1 6				7 16 3
SEPTEMBER, 1899.				JULY, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 2d.	Wheat, at 2s. 4d. . . . .	..	..	..
Bran, at £2 10s.	0 12 6	Bran, at £3 . . . . .	..	..	0 15 0
Pollard, at £2 15s.	0 8 3	Pollard, at £3 15s. . . . .	..	..	0 11 3
Flour, at £6	6 0 0	Flour, at £6 10s. . . . .	..	..	6 10 0
Difference	1 16 9	Difference . . . . .	..	..	2 4 3
			7 0 9				7 16 3
			7 0 9				7 16 3
OCTOBER, 1899.				AUGUST, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 3d.	Wheat, at 2s. 3d. . . . .	..	..	..
Bran, at £2 10s.	0 12 6	Bran, at £3 . . . . .	..	..	0 15 0
Pollard, at £2 15s.	0 8 3	Pollard, at £3 10s. . . . .	..	..	0 10 6
Flour, at £6 10s.	6 10 0	Flour, at £6 10s. . . . .	..	..	6 10 0
Difference	2 2 9	Difference . . . . .	..	..	2 7 6
			7 10 9				7 15 6
			7 10 9				7 15 6
NOVEMBER, 1899.				SEPTEMBER, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 4d.	Wheat, at 2s. 4d. . . . .	..	..	..
Bran, at £2 17s. 6d.	0 14 5	Bran, at £2 10s. . . . .	..	..	0 12 6
Pollard, at £3	0 9 0	Pollard, at £2 17s. 6d. . . . .	..	..	0 8 8
Flour, at £6 10s.	6 10 0	Flour, at £6 10s. . . . .	..	..	6 10 0
Difference	2 1 5	Difference . . . . .	..	..	1 19 2
			7 13 5				7 11 2
			7 13 5				7 11 2
DECEMBER, 1899.				OCTOBER, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 3d.	Wheat, at 2s. 4d. . . . .	..	..	..
Bran, at £2 10s.	0 12 6	Bran, at £2 10s. . . . .	..	..	0 12 6
Pollard, at £3	0 9 0	Pollard, at £3 . . . . .	..	..	0 9 0
Flour, at £6 10s.	6 10 0	Flour, at £6 10s. . . . .	..	..	6 10 0
Difference	2 3 6	Difference . . . . .	..	..	1 19 6
			7 11 6				7 11 6
			7 11 6				7 11 6
JANUARY, 1900.				NOVEMBER, 1900.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 1d.	Wheat, at 2s. 3d. . . . .	..	..	..
Bran, at £2 7s. 6d.	0 11 11	Bran, at £2 10s. . . . .	..	..	0 12 6
Pollard, at £2 12s. 6d.	0 7 11	Pollard, at £3 . . . . .	..	..	0 9 0
Flour, at £6	6 0 0	Flour, at £6 5s. . . . .	..	..	6 5 0
Difference	1 19 10	Difference . . . . .	..	..	1 18 6
			6 19 10				7 6 6
			6 19 10				7 6 6

DECEMBER, 1900.				OCTOBER, 1901.			
	£	s.	d.		£	s.	d.
Wheat, at 2s. 3d...	..	..	..	Wheat, at 2s. 5d...	..	..	..
Bran, at £2 10s. ..	..	..	..	Bran, at £3 10s. ..	..	..	..
Pollard, at £3 ..	..	..	..	Pollard, at £3 10s. ..	..	..	..
Flour, at £6 5s. ..	..	..	..	Flour, at £6 15s. ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	7	6	6		8	3	0
	7	6	6		8	3	0
JANUARY, 1901.				NOVEMBER, 1901.			
Wheat, at 2s. 5d...	..	..	..	Wheat, at 2s. 6d...	..	..	..
Bran, at £2 10s. ..	..	..	..	Bran, at £3 10s. ..	..	..	..
Pollard, at £3 ..	..	..	..	Pollard, at £3 15s. ..	..	..	..
Flour, at £6 5s. ..	..	..	..	Flour, at £6 15s. ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	7	6	6		8	3	9
	7	6	6		8	3	9
FEBRUARY, 1901.				DECEMBER, 1901.			
Wheat, at 2s. 4d...	..	..	..	Wheat, at 2s. 8d...	..	..	..
Bran, at £2 15s. ..	..	..	..	Bran, at £3 10s. ..	..	..	..
Pollard, at £3 ..	..	..	..	Pollard, at £3 15s. ..	..	..	..
Flour, at £6 5s. ..	..	..	..	Flour, at £6 15s. ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	7	7	9		8	3	9
	7	7	9		8	3	9
MARCH, 1901.				JANUARY, 1902.			
(The year the association commenced operations.)				Wheat, at 2s. 11d.	..	..	..
Wheat, at 2s. 3d...	..	..	..	Bran, at £3 10s. ..	..	..	..
Bran, at £3 ..	..	..	..	Pollard, at £3 15s. ..	..	..	..
Pollard, at £3 15s. ..	..	..	..	Flour, at £7 ..	..	..	..
Flour, at £6 ..	..	..	..	Difference ..	..	..	..
Difference ..	..	..	..		8	8	9
	7	6	3		8	8	9
	7	6	3		8	8	9
APRIL, 1901.				FEBRUARY, 1902.			
Wheat, at 2s. 2d...	..	..	..	Wheat, at 3s. 1d...	..	..	..
Bran, at £2 15s. ..	..	..	..	Bran, at £3 15s. ..	..	..	..
Pollard, at £3 15s. ..	..	..	..	Pollard, at £4 ..	..	..	..
Flour, at £6 ..	..	..	..	Flour, at £7 15s. ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	7	5	0		9	5	9
	7	5	0		9	5	9
MAY, 1901.				MARCH, 1902.			
Wheat, at 2s. 2d...	..	..	..	Wheat, at 3s. 3d...	..	..	..
Bran, at £2 15s. ..	..	..	..	Bran, at £3 15s. ..	..	..	..
Pollard, at £3 15s. ..	..	..	..	Pollard, at £4 ..	..	..	..
Flour, at £6 ..	..	..	..	Flour, at £8 5s. ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	7	5	0		9	15	9
	7	5	0		9	15	9
JUNE, 1901.				APRIL, 1902.			
Wheat, at 2s. 3d...	..	..	..	Wheat, at 3s. 10d.	..	..	..
Bran, at £3 ..	..	..	..	Bran, at £3 15s. ..	..	..	..
Pollard, at £3 15s. ..	..	..	..	Pollard, at £4 5s. ..	..	..	..
Flour, at £6 ..	..	..	..	Flour, at £9 10s. ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	7	6	3		11	1	6
	7	6	3		11	1	6
JULY, 1901.				MAY, 1902.			
Wheat, at 2s. 4d...	..	..	..	Wheat, at 3s. 11d.	..	..	..
Bran, at £3 ..	..	..	..	Bran, at £4 10s. ..	..	..	..
Pollard, at £3 15s. ..	..	..	..	Pollard, at £5 ..	..	..	..
Flour ..	..	..	..	Flour, at £10 ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	7	16	3		11	17	6
	7	16	3		11	17	6
AUGUST, 1901.				JUNE, 1902.			
Wheat, at 2s. 5d...	..	..	..	Wheat, at 3s. 10d.	..	..	..
Bran, at £3 ..	..	..	..	Bran, at £4 10s. ..	..	..	..
Pollard, at £3 15s. ..	..	..	..	Pollard, at £5 10s. ..	..	..	..
Flour, at £6 5s. ..	..	..	..	Flour, at £10 ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	8	1	3		11	19	0
	8	1	3		11	19	0
SEPTEMBER, 1901.				JULY, 1902.			
Wheat, at 2s. 6d...	..	..	..	Wheat, at 3s. 10d.	..	..	..
Bran, at £3 10s. ..	..	..	..	Bran, at £4 10s. ..	..	..	..
Pollard, at £3 15s. ..	..	..	..	Pollard, at £5 10s. ..	..	..	..
Flour, at £6 15s. ..	..	..	..	Flour, at £10 ..	..	..	..
Difference ..	..	..	..	Difference ..	..	..	..
	8	3	9		11	19	0
	8	3	9		11	19	0

AUGUST, 1902.				MARCH, 1903.									
	£	s.	d.	£	s.	d.	£	s.	d.				
Wheat, at 3s. 11d.	9	8	0	Wheat, at 4s. 4d.	..	..	10	8	0	
Bran, at £4 10s.	1 2 6				Bran, at £5 5s.	..	..	1	6	3	
Pollard, at £6	0 18 0				Pollard, at £6	..	..	0	18	0	
Flour, at £10	10 0 0				Flour, at £11	..	..	11	0	0	
Difference	2	12	6	Difference	2	16	3
			12 0 6			12 0 6				13	4	3	
			12 0 6			12 0 6				13	4	3	
SEPTEMBER, 1902.				APRIL, 1903.									
	£	s.	d.	£	s.	d.	£	s.	d.				
Wheat, at 4s.	9	12	0	Wheat, at 3s. 10d.	9	4	0
Bran, at £5	1 5 0				Bran, at £5	..	..	1	5	0	
Pollard, at £6	0 18 0				Pollard, at £5 15s.	..	..	0	17	3	
Flour, at £10	10 0 0				Flour, at £10	..	..	10	0	0	
Difference	2	11	0	Difference	2	18	3
			12 3 0			12 3 0				12	2	3	
			12 3 0			12 3 0				12	2	3	
OCTOBER, 1902.				MAY, 1903.									
	£	s.	d.	£	s.	d.	£	s.	d.				
Wheat, at 4s. 1d.	9	16	0	Wheat, at 3s. 10d.	9	4	0
Bran, at £5 10s.	1 7 6				Bran, at £4 10s.	..	..	1	2	6	
Pollard, at £5 10s.	0 16 6				Pollard, at £5 10s.	..	..	0	16	6	
Flour, at £10	10 0 0				Flour, at £9 10s.	..	..	9	10	0	
Difference	2	8	0	Difference	2	5	0
			12 4 0			12 4 0				11	9	0	
			12 4 0			12 4 0				11	9	0	
NOVEMBER, 1902.				JUNE, 1903.									
	£	s.	d.	£	s.	d.	£	s.	d.				
Wheat, at 4s. 6d.	10	16	0	Wheat, at 3s. 10d.	9	4	0
Bran, at £5 10s.	1 7 6				Bran, at £4	..	..	1	0	0	
Pollard, at £5 10s.	0 16 6				Pollard, at £5 10s.	..	..	0	16	6	
Flour, at £11	11 0 0				Flour, at £9 10s.	..	..	9	10	0	
Difference	2	8	0	Difference	2	2	6
			13 4 0			13 4 0				11	6	6	
			13 4 0			13 4 0				11	6	6	
DECEMBER, 1902.				JULY, 1903.									
	£	s.	d.	£	s.	d.	£	s.	d.				
Wheat, at 5s. 3d.	12	12	0	Wheat, at 3s. 9d.	9	0	0
Bran, at £5 15s.	1 8 9				Bran, at £3 5s.	..	..	0	16	3	
Pollard, at £7	1 1 0				Pollard, at £4 10s.	..	..	0	13	6	
Flour, at £12 10s.	12 10 0				Flour, at £9 10s.	..	..	9	10	0	
Difference	2	7	9	Difference	1	19	9
			14 19 9			14 19 9				10	19	9	
			14 19 9			14 19 9				10	19	9	
JANUARY, 1903.				AUGUST, 1903.									
	£	s.	d.	£	s.	d.	£	s.	d.				
Wheat, at 5s. 4d.	12	16	0	Wheat, at 3s. 9d.	9	0	0
Bran, at £6	1 10 0				Bran, at £2 10s.	..	..	0	12	6	
Pollard, at £6 10s.	0 19 6				Pollard, at £3	..	..	0	9	0	
Flour, at £13	13 0 0				Flour, at £9 10s.	..	..	9	10	0	
Difference	2	13	6	Difference	1	11	6
			15 9 6			15 9 6				10	11	6	
			15 9 6			15 9 6				10	11	6	
FEBRUARY, 1903.				SEPTEMBER, 1903.									
	£	s.	d.	£	s.	d.	£	s.	d.				
Wheat, at 4s. 9d.	11	8	0	Wheat, at 3s. 10d.	9	4	0
Bran, at £5 10s.	1 7 6				Bran, at £3	..	..	0	15	0	
Pollard, at £6 10s.	0 19 6				Pollard, at £3	..	..	0	9	0	
Flour, at £12	12 0 0				Flour, at £9 10s.	9	10	0	
Difference	2	19	0	Difference	1	10	0
			14 7 0			14 7 0				10	14	0	
			14 7 0			14 7 0				10	14	0	

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