

35. Is there not some basis on which it is fixed?—The price-list was fixed at the time the association was formed, and has practically remained the same ever since, except for slight variations and discounts.

36. Have there been any fresh awards in regard to the timber-workers' wages in the Arbitration Court since the fixing of the prices?—Yes, there has been an alteration. I do not know the extent of it, but I know there was one made.

37. And after that award was there an increase in the price of timber?—No.

38. Does your association act in unity or in conference with other associations throughout the colony in the fixing of prices?—No.

39. *Mr. Mander.*] Has the cost of production gone up at all since the association was formed?—I really could not say—I am not a practical man.

40. *Hon. the Chairman.* : How often does the association meet to discuss matters?—Once a month.

41. And you are present then?—Yes.

42. And minutes of the proceedings are taken?—Yes.

43. Could they be submitted to the Commission?—Yes, I think they could. I do not think the millers wish to hide anything.

44. Have you any further statement you wish to make?—No, except this : that from the questions that have been asked one might think the association is in existence purely for the purpose of maintaining the price ; but the minutes will show that there are many other things gone into, such as the relationship of the employee and employer, and so on. The fact that the prices have remained stationary since 1897 shows that they do not meet only for the purpose of discussing prices.

JOSEPH HENSLEY SWORN and examined. (No. 3.)

1. *Hon. the Chairman.*] What are you?—A sawmiller and managing director of the Southland Timber Company (Limited).

2. Will you make a statement with regard to the production of the timber, and how it is controlled by your company?—I might say that the company is associated with the association. Dealing with the cost of production, I do not know whether it would be necessary for me to give you an analysis of the cost : the various mills, of course, differ. In each mill the cost of production differs slightly perhaps from the other according to the nature of the country, and probably the various millers arrive at different results as to the cost of production.

3. What is the experience of your company?—Well, roughly, the net cost of production for all timbers, taking them on the average, is from 8s. to 8s. 6d.

4. *Mr. Field.*] That is landed at the nearest railway-station?—Yes ; landed on the trucks. That is the net cost, including office charges and everything. Included in that 8s. 6d. is 50 per cent. for wages for the mill, and then there is maintenance, chaff, royalty, depreciation, interest on capital, the cost of laying tramways, and half a dozen other items.

5. *Hon. the Chairman.*] State them separately?—I can supply a memorandum. The items I have enumerated—depreciation, maintenance, blacksmith's work, tramway work, chaff, oats, and harness—contribute to make from 8s. to 8s. 6d., and included in that is office expenses, accident insurance, fire insurance, oils, belts, files, saws, &c., bad debts, discounts, interest on capital, and foundry-work. That is all included in the 8s. 6d. roughly. In dealing with this point, I will speak from the standpoint of our own mills. That is the average cost of production which our company finds existing at our present mills. Those mills work in the western district—the Otautau district—and a third of the production of those mills is second-class timber, and a fourth of the total production is beech. Of course you are acquainted with the mode of cutting the timber out, and you will have seen the difficulties. One mill is almost similar to the other ; but in some mills the difficulty is intensified with hilly country and bridges, and the cost of production is more. The difficulty the millers in the Longwood have to deal with is that the life of the bush is very short. The cost of production is very high, and it increases every year. As the trams go back into the bush the cost of production gets higher.

6. What do you mean when you say the life of the bush is very short?—The life of the mill, I should have said. As the tramways get further back into the bush the production, so far as the cost is concerned, is increased, and it becomes a very difficult matter year by year to log the mills. One point in dealing with the cost of production is the forest regulations. We are allowed 800 acres, 200 acres of an area, and 600 acres reserve for each mill. In the Longwood and Western Ranges this only gives an average mill about six years' life, and, of course, to get back our capital, the depreciation on that is very considerable. The cost of the mills is in some respects similar ; a mill getting from 100,000 ft. a month would cost approximately £3,000 to £3,500 ; but, of course, it depends on the size of the mill. Under the present regulations, of course, this mill is exhausted in six years. The bush is practically cut out, and the sawmiller has to meet this capital in the matter of depreciation. I think that is all I have to say on the cost of production.

7. The life of the plant is only six years?—Yes. There is a value at the end of that time, of course ; but it requires heavy writing-off to get your money back.

8. Can you give us any indication of what that might be?—I think if the plant was kept in good repair, and was good plant in the first instance, costing the amount I stated, you would probably get £750 to £800 for it at the end of that time. It would cost you £3,000.

9. You do not anticipate that the timber in the vicinity would be cut out in six years?—No. Of course there is always the probability of your getting another area ; but at the present time the areas are so scarce that it is very often the case that the miller is shutting up his plant on account of there being no more bush in the vicinity.