

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.

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

233. 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.

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

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

236. 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.

237. 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.

238. 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.

239. 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.

240. 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.

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

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

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

244. 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.

245. 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.

246. It was a great evil?—Yes.

247. 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.

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

249. 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.

250. 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.

251. 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.

252. 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.

253. *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?