

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-