

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. Will 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.