

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. Laurenson, 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.