

we can in the colony each month, and the quantity is allotted at the end of the month in proportion to the sack capacity of each mill.

48. How does Mr. Brown, of the Brookfield Mill, know what to produce?—He knows by his experience of over two years the average quantity of flour we sell, and he always keeps a certain quantity on hand.

49. Do you always sell a certain proportion of each brand?—Yes, as nearly as possible.

50. Supposing you sell 4,000 tons a month, do you indicate to each mill-owner connected with your association how much flour you require each month?—They know by the average. An associated mill-owner can work his mill twenty-four hours a day per month or produce the quantity required in eight hours a day. It does not matter to the association how he works his mill. He has simply to supply the orders we give him.

51. You indicate to him how much you want?—Yes.

52. How do you get possession of that 4,000 tons?—As the orders come to us they are passed on to the mills.

53. Do the orders always come for certain brands?—Not always.

54. If they do come for certain brands, do you always supply them?—No; sometimes the mills are shut down, or unable to supply for other reasons.

55. But supposing the mills are not shut down?—Then we adjust the quantities as far as we can. We cannot tell beforehand exactly what we shall want in any one month—it is impossible to do that.

56. Do you buy from the mills?—No; we sell on commission for the mills. But we do, however, buy a small quantity for stocks, and keep perhaps 50 tons on hand at various centres in the North Island.

57. Then, you are selling-agents for the mills?—Yes.

58. As selling-agents have you a board to restrict the output of those mills?—We do not restrict the output.

59. What does restrict the output?—Nothing but the demand.

60. Can you give me information as to what amount of flour you take in any one month—take the month of December, 1901, or the month of September, 1902?—I could not tell you without the books.

61. Can you get the information?—By telegraphing to Christchurch I can. (September, 1902—3,927 tons.)

62. What is the connection between these mills—how do they touch each other?—We simply sell for the mills. The orders come for the supplies, and we pass them on to the different mills.

63. Just as they come?—Yes, in nine cases out of ten.

64. Do you fix the proportion at all in connection with the brands to be supplied?—Occasionally.

65. How?—If one mill gets more than its proportion one month we try to adjust it the following month. It is impossible to know the exact proportionate quantity until the month closes, when we know how much tonnage has been sold.

66. On what basis do you fix the proportion?—On the bag capacity.

67. If you apportion the credits of each mill, you do control the output of each mill?—No; we regulate and distribute the sales in proportion to the capacity of each mill.

68. But, prior to that, do you not actually or practically determine the output of each mill in your combination?—No; a miller can sell as much out of New Zealand as he likes to manufacture.

69. Then, what do you mean by these words in clause 12 of the old agreement: "If during any one year during the said period of two years any flour manufactured in the said mill (whether the same shall have been manufactured before or after the incorporation of the association, and whether or not the same shall be sold, manufactured, or supplied in pursuance of contracts existing at the date of the incorporation of the association) shall be sold, supplied, or delivered by the said mill-owners to any person or company for consumption within the Colony of New Zealand other than the said association, or shall be gristed by the said mill-owners for or to the order of any such person or company for consumption within the said colony, all flour so sold, or supplied, or delivered, or gristed shall be deemed and taken to have been supplied by the said mill-owners in reduction of the amount to be supplied or required in accordance with this agreement"?—That is exactly what I said—that is, in New Zealand. Outside the colony he can supply as much as he likes.

70. What is the export trade?—There is at present no export trade.

71. Then, is not your statement with regard to selling outside the colony superfluous?—No.

72. Has there been any export practically during the last two or three years?—I believe flour has been sent to Africa.

73. What is the purpose of clause 12—the penal clause—unless it is to give your association power to control a mill?—In the colony it does. It says "in New Zealand." Outside New Zealand the miller can sell as he likes.

74. Then you do control the mills in the colony?—We sell as much as we can and we apportion what we sell.

75. Is that not practically controlling the output?—You can call it what you like.

76. But I ask you whether that is not practically controlling the output?—I say, No.

77. And yet you are willing that it should be so described if one sees fit?—Yes, if it suits you.

78. Will you give me an explanation of clause 15: "If the amount of flour so sold or gristed under the provisions of section 12 in any one year shall, together with the amount of flour supplied by the said mill-owners to the association during the same year, exceed the quantity which the