

said mill-owners are to supply to the association according to this agreement, then and in such case the said mill-owners shall pay to the association the sum of twenty-five pounds per centum on the value of such excess, calculated at the current rate at the end of the said year, and in default of payment thereof to the association on demand may, subject to any provision herein contained for the determination of differences, be sued therefor, and the amount thereof recovered from them by the association in any Court of competent jurisdiction. All moneys payable to the association under this paragraph 15 or under paragraph 14 shall be deemed to be liquidated and ascertained debts, and recoverable as such, and not merely as damages; and in addition to any other remedy that may be available against the mill-owners the amount thereof may be deducted from any moneys owing to them by the association." Supposing one of the associated millers supplied flour to some one outside of the association, what would happen then?—There is a penalty attached to their doing so.

79. Then, they are not free?—They sell all they produce for sale in New Zealand through the association.

80. Are they free to sell whatever they can produce?—Yes.

81. Anywhere?—Outside of New Zealand, yes.

82. Then, in New Zealand they are not free?—They sell through the association in New Zealand.

83. To that extent and in that sense their freedom of trade is restricted?—My answer is that they sell all they produce in New Zealand through the association.

84. Their freedom of trade is only outside of the colony, and to that extent they are restricted?—The millers sell all their produce through the association in the colony under the agreement.

85. If the produce is more than the association is prepared to credit the miller with, what can he do with it?—Sell it outside the colony.

86. He is not free to sell it inside the colony?—He can only sell through the association inside the colony.

87. Will the association take all the product of his mill?—No, I do not think it would. It all depends upon the man—if he likes to work twenty-four hours a day we might not be able to take the whole of his product. We undertake to take all his produce if we can sell it. We might be able to take the product of twelve hours' working, and not take the product of twenty-four hours' working.

88. Can you supply the Committee with the amount of flour credited to each of the associated mills, say, in June, 1901, and in June, 1902?—I cannot tell you at a moment's notice, but I will look it up and hand it in (June, 1901, 4,338 tons; June, 1902, 2,743 tons).

89. Is a mill at the Cust owned by Mr. Gard'ner. Do you know when he joined?—I could not tell you from memory. I think it was in 1901, or it might have been later.

90. Have you any correspondence with Mr. Gard'ner at all in reference to joining the association?—No. I think he was a member before I joined the association.

91. He joined in March, 1902?—That was after my time.

92. Had you anything to do with the negotiations with him?—Nothing whatever.

93. Have you had any correspondence with him?—I have the letter-books here. There is a letter dated the 2nd May, 1902: "I have to inform you that your application of 2nd April for twenty-five (25) shares in the New Zealand Flour-millers' Co-operative Association (Limited) was placed before the directors on the 22nd April, and the shares were duly allotted to you. Arrangements as to payment of balance of calls can be made with our Christchurch agent."

94. Have you no letters of any kind until that one announcing to him that he is accepted as a member?—Not that I know of.

95. Did you see Mr. Gard'ner at any time in connection with his membership?—I do not recollect seeing him at all.

96. Who would see him?—It might have been the agent in Christchurch, Mr. Buchanan.

97. Would he negotiate a matter of that kind?—He would.

98. What is the financial basis of the association—how do you derive your funds?—The association is an incorporated company.

99. What is the basis of the association?—That each miller takes up shares in the company in proportion to the size of his mill.

100. What is the paid-up capital?—£5,900.

101. What were your profits the first year?—Nil.

102. And the second year?—About £500.

103. Is that your last published balance-sheet?—That is the last.

104. And your expenses last year—salaries, commissions, and so on?—I object to that question.

105. I have a special reason for asking it. I want to show the proportion that they bear to your capital?—I can give you the total. For last year the general expenses on account of salaries, &c., throughout the colony were £10,163 9s. 9d.

106. And your capital is £5,900.—Yes. [Balance-sheet of association put in, and marked D.]

107. How did you derive that income?—We charge the millers commission on the sale of their flour.

108. What steps have you taken at different times to induce the millers to join the association?—We have not taken any particular steps.

109. What general steps have you taken? What has been your policy with regard to competing mills?—When mills are outside the association and interfere with the trade of the association we sell at the same price as they do.

110. Have you sold below them?—We have in the case of Auckland.

111. The object being what?—The object is to retain our clients, the same as is done in any other business.

112. Was there any necessity for selling cheaper if the only purpose was to retain your clients?—That was our special reason.