

all other purposes connected with the business of the association the capacity of the said mill, and of all other associated mills, shall be deemed and taken to be an output of the number of half-sacks per hour fixed by an expert or experts to be appointed by the directors or provisional directors of the association either before or after incorporation. In case of mill-owners joining the association after its incorporation the capacity of their mills for the purposes of any such agreement made with them shall be fixed in like manner by an expert or experts." There can be no doubt that the association took this power to say what flour should be produced and delivered to it either each week, each month, or each year by the members of the association. The provision I have quoted is contained in clause 2 of the Flour-millers' Association's agreement. Now, with regard to the second charge "That the number of flour-mills in New Zealand is greatly in excess of the requirements of the colony and of its export trade": We have had it in evidence from the secretary of the association—evidence that has been confirmed by other witnesses—that the full capacity of the milling machinery in the colony is about three times the normal requirements of the colony. It was given in evidence that the amount of flour that had to be milled to meet the wants of the colony was eight hundred thousand sacks per annum, or about one sack per head of the population, and it was admitted also in evidence that the capacity of the mills was about two million four hundred thousand sacks a year, assuming that they were running full time as had been the custom with some of the mills prior to the formation of the association and as is the custom beyond challenge in countries like America and Great Britain, so that the capacity of the mills of the colony is, as stated in the charge, greatly in excess of the requirements of the colony. Charge 3 states, "That the Millers' Association arranged to restrict the output of each mill and pool the product." There was some difficulty in getting any admission from Mr. Jameson on this point, as there was on many other points. He appeared to be very reluctant to give evidence on different points. Clause 10 of the agreement says, "The said flour shall be delivered by the said mill-owners from time to time in such quantities at such times and places, on such terms, and generally in such manner in every respect as shall by the directors be reasonably required, or in case of difference shall be determined by the directors or a majority of them, and their decision shall be final." That is clause 10 of the original agreement. In clause 12 of the original agreement it says that "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." Then, if they exercised any freedom in production, if they chose to allow their machinery to produce more in any one month than the quota permitted by the association, they were liable to tremendous fines. Section 15 of the agreement says, "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 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 £25 per centum on the value of such excess." That is to say, if a man chooses to allow the productive capacity of his mill to be exercised as it is in other countries—and I urge upon the Committee that it is customary in this particular industry in all other countries to let the machinery produce all it will produce within the twelve months—he is heavily penalised for his free action. I submit to the Chairman that the most economical way of working any kind of machinery would be to work it continuously; but I distinguish flour-milling from most other industries. In support of my contention it is admitted that the principal millers have been, prior to the formation of the association, in the habit of allowing their machinery to run steadily the twenty-four hours except for the time necessary to be allowed for repairs and overhauling the plant. Charge 4—"That the price of the pooled productions of the association mills was fixed to cover the cost of such reduced production, and to provide interest upon the capital invested in plant and buildings while such were lying idle": The point in this agreement that I refer to here is contained in clause 7—"The directors shall from time to time fix the prices at which flour shall be supplied to and purchased by the association in manner aforesaid in each of the towns or districts in which any associated mill or mills shall be situated, and in fixing the price in each such town or district the directors shall take into consideration the cost of wheat and the value of its by-products, and other matters that ought reasonably to be taken into consideration, so that as nearly as possible the price payable to each mill-owner shall be fixed on an equitable basis as between the mill-owners who are members of the association." Now, we have it in evidence from the representative of Steven and Co.—and when I quote Steven and Co. I want to draw the attention of the Committee to this fact: that they are the owners of one of the most up-to-date milling plants in the colony, and are admittedly a smart, modern firm—we have it in the evidence of their representative that when they joined the Flour-millers' Association they had to reduce the output of their mills from 530 tons a month to 180 tons, or from 6,360 tons a year, which they have been producing prior to becoming members of the association, to 2,160 tons, or just about one-third of their former output, so that all their plant, buildings, and machinery were practically standing idle two-thirds of the time compared with the actual productive power of their plant prior to their coming under the restrictive operations of the association. I asked Mr. Dall where they expected to get interest from on the cost of this plant while it was not producing, and he frankly said, "In the price of flour." I could not extract the same answer from the secretary of the association on the same point, but Steven and Co.'s representative said distinctly that he expected to get the interest on the plant, in addition to the cost of the wheat and the cost of producing the flour, out of the association. It must appeal to the judgment of the Committee that if a mill has been producing 6,360 tons a year, and its production is restricted suddenly to 2,160, it stands to reason that the interest upon the plant must be provided from some one and from somewhere, and so Steven and Co.'s representative said it was coming to them in some form in the price of flour. Charge 5 says,