131. Did your firm voluntarily join the association?—Well, no, there was considerable persuasion used before they joined.

132. In what way were they approached—what inducements were held out to your firm?—The inducements held out were that there would be a great saving in the cost of distribution by the association.

133. Was anything said about the price to be charged by the association?—The price, it was argued, to the consumer would not be enhanced by the association—that is, the price of flour to the consumer.

134. What reason did the association urge for its existence—what was its principal purpose?—The principal reason was that the majority of the larger millers said that the business was not paying, and that it should be put on a more remunerative footing.

135. A number of the millers said that?—Yes.

136. Prior to the formation of the association was your firm carrying on an unprofitable business?—No.

137. What is the normal capacity of Steven's mill?—The capacity of our mill running full time—twenty-four hours—would be about 530 tons a month.

138. Had you been in the habit of running full time?—We had previous to joining the association—or nearly so.

139. Shutting down at what intervals?—We never shut down. We might work two shifts instead of three if stocks were accumulating.

140. You did join the association?—Yes.

141. What was one of the immediate results—did it restrict your output?—At once.

142. To what extent?—As nearly as I can give it to you, I think our quota in the association would be about 180 tons a month.

143. As against over 530 tons that you used to produce under normal circumstances?—That is so.

144. And how did your firm propose to cover the interest upon the cost of your plant while it was not working—where did you expect the interest to come from?—Naturally, I suppose, it would come out of the raising of the price of flour.

145. Was there any other way of providing for it?—None other that I know of.

146. Is the milling machinery greatly in excess of the consumption requirements of the colony?—Yes; as far as it is reckoned there is about three times the milling machinery that is required for the population.

147. There is not much export trade?—Not now, the export trade to Australia has virtually vanished.

148. Before this association was formed the loss connected with the excessive investment of capital in milling plant would fall on the mill-owners?—Yes, those of the large mills especially.

149. And you think that one of the purposes for the formation of the association was to discover some means to unload that loss on the users of flour?—That is the natural deduction.

150. That was the intention of the association in coming into existence?—It was not put so, but no doubt it was.

151. Did all the Dunedin millers join the association?—Yes.

152. They were all members?—Yes, after we joined.

153. Can you tell the Committee anything as to the policy of the association in regard to free mills? While you were members what did you regard as a legitimate policy towards free competing mills?

Mr. Loughnan: I object to that question. I submit that the witness can be asked questions as to his knowledge of the policy, but not as to what he considers to be a legitimate policy.

154. *Mr. Taylor.*] I will put the question in a definite form: Do you know anything of the policy of the association towards free mills?—I do.

155. What was the policy?—I can speak better of the policy towards Steven and Co. after they withdrew from the combine.

156. Whilst you were members of the combine did you know anything at all about the means taken by the association to cope with the competition of free mills? What do you consider were the legitimate means taken.

Mr. Loughnan: That is the question I object to.

157. *Mr. Taylor.*] Do you know what policy the association pursued in regard to the competition of free mills whilst you were members of the association?—As far as I know, it was one of coercion.

158. How do you know it was one of coercion? If a free miller had been working in Otago, say, as members of the association would you have considered it a legitimate policy on your part to sell at a lower price in order to break down that competition?

Mr. Loughnan: I object.

The Chairman: I think that question is quite right.

159. *Mr. Taylor.*] What would you consider your policy in the event of a free miller working, say, in Otago?—As individuals we should have objected to sell at a loss; but what the association would have done I can hardly say. They might have done as they have generally done—get several members to sell at a loss, as they have done since Steven and Co. left them; but some of the members refused to supply at a loss.

160. At the reduced price?—Yes.

161. Would you consider a policy of coercion on the part of a firm towards a free mill, to get rid of his competition, antagonistic to the purposes of the association, as you understood them?—As individuals we had no right of action. It was the association that had the whole right of action.