

162. Then, would you have resented the policy of coercion on the part of the association?—We did clearly when it was towards the Auckland mills.

163. Was such a policy followed in regard to the Auckland mills?—Yes.

164. Did you protest against that?—Yes.

165. Why?—We thought it an unfair means of doing business.

166. And did the association discontinue these tactics, or were they part of its policy right through?—It discontinued them considerably against the Auckland mills after they had lost a lot of money. It may be continued to-day, but I cannot say definitely now.

167. When did you withdraw from the association?—At the beginning of March of this year—1903.

168. What policy has the association followed in regard to your firm since you ceased to be members?—One of absolute coercion.

169. Have the prices charged for association flour been regulated by the cost of its production and with a fair profit?—No; the condition of things is now entirely altered.

170. Will you tell the Committee some of the details connected with their policy? Have they asked you to rejoin at any time?—Yes.

171. Has that been by correspondence or by personal interview?—Both, but chiefly by personal interview.

172. Do you know whether there was any actual correspondence on the topic?—Yes; with individual members of the association, not from the association as a body.

173. Do you know whether part of the policy of the association is sometimes to act as an association and sometimes to act through individual members of the association?—That is so; it is difficult to define the regular course of policy that they have pursued.

174. Their policy is entirely determined by the necessities of the situation?—That is so.

175. In regard to what happened soon after your firm ceased to be members, how has the price of flour been regulated in Dunedin?—The supply of baking-flour—that is, bags of 200 lb.—has been regulated by the Millers' Association, but the price of small bags has been left to the various millers. Unfortunately the bakers refused to do business with us when we left the association in Dunedin, and we endeavoured to do business where we could, and we did it in small bags to the grocers and produce-merchants. Consumers were asking for it in that direction, and we supplied it. As we were doing a lot of the trade, and the association found we were getting rid of our flour in this direction, they gave liberty to their members to vend the small bags direct themselves to the buyers. Ordinarily the difference between the fifties and two-hundreds is 15s. a ton. The difference is to make up for the cost of the bags and so on.

176. Under the special circumstances of the struggle with you, what prices were charged?—To-day in Dunedin fifties are being sold at £1 a ton less in value than the two-hundreds. That is an actual price of 5s. per ton below the two-hundreds, while they should be 15s. more.

177. Is that going on just now?—Yes.

178. Then, they tried to prevent you doing the special trade in 50 lb. bags developed by you to meet the coercion of the millers' trust?—Yes.

179. There is no secret about it at all?—No. There was an affiliation between the bakers and the association, and the association is doing a lot more business with the bakers than we are doing; but, as I say, we are getting an outlet for our small bags, and to meet us they have supplied these small bags at a lower price.

180. You did some business with the bakers?—Yes; because we threatened to start baking on our own account if they did not consume some of our flour.

181. Has there been a special canvass by the Millers' Association of the customers for 50 lb. bags that you succeeded in obtaining?—Yes; for the 200 lb. bags there is not, but in the small bags every miller is putting in his canvass now.

182. Then, is flour to-day in Dunedin being sold in some cases below cost?—Yes; but it is a difficult job to get at the cost to the individual miller, because one is able to produce cheaper than another.

183. Have any of the millers supplied the two-hundreds at a price which makes it pretty certain that they are producing at a loss?—In Canterbury, yes.

184. And in Otago you think the association has secured the trade in 200 lb. bags by the co-operation of the bakers?—Yes.

185. And they are specially attacking your other trade in the way that you have described?—That is so.

186. How was the quota allotted to each mill by the association?—As far as I understand it, and I think Mr. Jameson will bear me out in this, they never did allot the quota correctly. It was done on the sack capacity of the mill, and they endeavoured to keep as near as possible to the consumption for the month's supply in the district, and they divided that *pro rata* according to the output of the mill.

187. What would your quota be if your normal capacity was 500 tons a month?—It is difficult to say definitely. The quota we were entitled to was about 180 tons, but we went over that because our flour was in demand, and then we frequently had to buy the quotas of the under-delivered mills at so much per ton.

188. You were oversold?—Yes, some months.

189. How was that adjusted?—There was a proposed adjustment every three or six months. I cannot say definitely how it was done, but we got down a notice from the association stating that we were oversold to a certain extent. We had no means of checking it to see whether we had or not.

190. You could not check it because you did not know the total consumption?—Clearly; and