

plant and premises cost £7,000. They were in very good working-order in the beginning of 1902, at which date I bought an interest in the mill at a capital value of £4,000. I am familiar with three mills in close vicinity to my own—that is, Chamberlain's, Henderson's, and a mill in the Wairarapa district, also belonging to a man named Chamberlain. All these mills are in the market at very much reduced prices from their original cost-price. With regard to bad debts, I can give an example that came under my notice of the magnitude of bad debts in a small milling business prior to the formation of the association. That was in Richter Nannestad's business. When I joined the firm I had occasion to go through the books. There was four thousand pounds' worth of book-debts, none of which were statute-barred—they were all within the period of six years. Two thousand pounds' worth of these debts were written right off, and only £1,000 of the balance has been collected since. It has taken two years to collect half the balance, and the presumption is that the balance is as bad as that written off. The output of the mill since the formation of the association has been very little reduced. It has been somewhat reduced, but not to a great extent.

268. *Mr. Jameson.*] As a director of the association, and knowing the policy of the board, do you think the statement made that Mr. Allan had used coercion or had threatened Mr. Gardner at the Cust, would meet with the approval of the board if true?—I can say this: in my short connection with the board—I have only been with it a year—I have never heard any suggestion made at any of the meetings I have attended tending in the direction of coercion towards anybody. It was considered generally by all the members of the association whom I have spoken to a very unfortunate thing for all parties concerned that such a large number of millers left the association last March. They all thought it would result in what it has resulted in.

269. *Mr. Taylor.*] One purpose of the association has been to keep all the milling plants in the colony going upon the basis of a reduced output based upon a fair price for flour, is that so?—Yes.

270. Now, if it is true that there are three times the milling plant in the colony necessary to supply the colonial demand for flour, can that policy be successfully carried out without the public paying the cost?—I think you proceeded upon a wrong assumption in putting that proposition. First of all, there never was a possibility of a very large number of mills running anything like twenty-four hours a day. It is only a few favourably circumstanced mills, built for the export trade, that could run the twenty-four hours; the other mills can only run in proportion to the requirements of the local demand. Take my own case, for example: by reason of the railage freights I cannot afford to export flour—I cannot afford even to send it to Wellington. I can only sell it in my own district. I never could run my mill twenty-four hours, and the same remark applies to Mr. Chamberlain's mill at Feilding, Mr. Henderson's mill at Marton, and Mr. Chamberlain's mill in the Wairarapa, and also to Mr. Dickey's mill at Wanganui, and I believe it would likewise apply to a very large number of other mills. These mills, in the very nature of things, would never run for twenty-four hours unless they ran that number of hours for six months and shut up for the remaining six months. Then, again, you proceed on the assumption that it is a proper thing for flour-mills to run twenty-four hours. I do not agree with that assumption.

271. As a matter of fact, the larger mills in Auckland, Dunedin, Timaru, Christchurch, and Ashburton running full time—twenty-four hours a day—would practically wipe out all the smaller mills in the colony? They would supply all the requirements of the colony, would they not?—I do not know their capacity sufficiently to say that, but I will admit this proposition: that it is quite likely they could be developed to such an extent as to enable them to do so.

272. And destroy all the small mills?—Yes; but it does not follow that they could put flour into the districts where small mills are running at a lower price.

273. Do you think that telegram of Mr. Evans's savours of a threat?—Yes; a distinct threat to bring the prices down.

274. Do you approve of that kind of policy with a view of meeting the competition of the free mills?—That is the policy we all complain of. It is ruining us all. Certainly the association was brought into existence to correct that class of thing, not to encourage it.

275. And now it is encouraging it?—So you say; I know quite differently.

276. *Mr. Hardy.*] Is it for the good of the community that the small mills of the colony should be wiped out of existence—that is, presuming that the bigger mills should run full time?—I should be inclined to put it in this way: that in a season like that of last year, when the price of wheat was not regulated by the price of wheat in London, if the owners of a few mills had had a monopoly of the flour trade they could have cornered the wheat and put any price on it that they chose. They could have brought wheat down to the London price. Now, we have got it as a fact that the local price of wheat last year was greater than the price obtaining in London. It costs 1s. a bushel to send it to London. If a few mills had had the whole handling of the wheat the price of wheat would have been in proportion to that obtaining in London, and the price of flour would have been just as high as the competition of Australia would have allowed it to be.

277. *Mr. Taylor.*] Would not the same danger exist if the association embraced all the millers in the colony?—Not at all.

278. *Mr. Hardy.*] I understand, then, that it is to the benefit of the community that the small mills should exist?—It is. Take the small mills in my district. There is a good deal of wheat grown there. That wheat is not suitable for milling purposes by itself on account of the climate, but it is an extremely valuable addition to other wheats, because it mixes freely with dearer wheat from the south and makes a good flour. The result is that we can produce a very good flour by buying our wheat on all-fours with the Canterbury miller and mixing it with the local wheat at a reduced price, thus producing flour up there at a lower price than that at which the Canterbury people can put flour into the district. Therefore it is to the benefit of the local farmer that we should exist.