

It is admitted that the association did some time ago, in one or two solitary instances in Christchurch, refuse to supply certain bakers with flour (at the instance of the Master Bakers' Union). This latter union contended that these said bakers were selling bread at unprofitable rates, thereby injuring the trade, and it was with the object of obtaining a fair rate being charged that the above action was taken. It was, and is, of vital importance to the millers that the bakers should charge fair and profitable rates for bread, as unless they do so there is considerable risk of contracting bad debts. For some time past, however, with the exception of these solitary instances, the association has not refused to supply flour to any baker who is in a position to pay for it. The same understanding exists between the Bakers' Union and all other millers with whom their members do business. The evidence before the Committee clearly shows that upon this point the association is on all-fours with non-associated mills.

Charge 8: That the Flour-millers' Association has taken unfair advantage of its power to attempt to force bakers into union with its ally, the Master Bakers' Union, in exploiting the public.

The association absolutely denies that it has attempted to force bakers to join the Bakers' Union. The attitude taken up by some of the unions, notably in Dunedin and Christchurch, was that if the association or any miller or merchant supplied a cutting baker with flour, all members of the union would immediately cease dealing with such association, miller, or merchant. There was an understanding between the association and the Master Bakers' Union of Christchurch, designed for the mutual benefit of both institutions; but it was not found to be workable, and after a brief trial it was abandoned, and there is now no connection whatever between the two bodies.

The evidence of cutting bakers produced before the Committee shows that in Wellington the methods of the Bakers' Union operated in the case of unassociated millers and merchants quite as much as in the case of the association. The evidence of Mr. Woodfield confined the period during which the association refused to supply his co-operative bakery with baker's flour to a period of two weeks in 1902. The charge of exploiting involved in the charge now under reply is quite untenable. The figures contained in the tables put in under answer No. 1 entirely refute it. Apart from this, the close proximity to Australia, which is in ordinary seasons the cheapest wheat-market in the world, renders any such exploitation practically impossible. For example, the freights from Australia are nearly the same as freights between southern and northern New Zealand ports. Very frequently they are actually less. The evidence of Mr. Taylor's witness, Mr. Williams, is that Australian flour, by reason of its capacity to produce more loaves per sack, is worth 10s. per ton more to the baker than New Zealand flour. The duty on Australian flour being only £1 per ton it follows that Australia can compete at a difference of 10s., and that exploitation of the public is therefore strictly limited to that amount. When it is considered that 10s. per ton in flour means $\frac{1}{2}$ d. increase on the 4lb. loaf, and that bakers estimate that the average New Zealand family consumes five 4lb. loaves per week, it follows that the alleged exploitation does not reach 1d. per family per week.

Another circumstance against the charge of exploiting is that whilst New Zealand flour is £9 net to the miller, on a wheat-market of 4s., Australian flour stands at from £12 to £12 10s. net on a five-shilling wheat-market. Offal is at the same time much higher in Australia than in New Zealand, and the Australian trade is controlled by no association.

Charge 9: That the association was officially connected with the Master Bakers' Union in arbitrarily fixing the price to be charged for bread.

The association was never at any time officially connected with the Master Bakers' Union in fixing the price to be charged for bread. At one period in the existence of the Christchurch Master Bakers' Union three millers were members of the committee appointed by that union in accordance with Rule 10 of the union; but these millers were not appointed by the Millers' Association, nor did they officially represent it. Some months ago the millers resigned their membership of the Bakers' Union, and for the past ten months the millers have not attended a single meeting of the Master Bakers' Union or attempted to influence them in any way. Prior to the formation of the Millers' Association millers occupied seats on the bakers' price committee. The evidence of the president of the Christchurch Bakers' Union proves that the influence of the flour-millers on that committee was in the direction of keeping down the price of bread.

Charge 10: That as a result of the methods named, and others, the New Zealand Flour-millers' Association has deliberately "restrained trade" and endeavoured to force the public to pay an excessive price for bread, so that the members of the Flour-millers' Association could escape from the consequence of their excessive investment of capital in the flour-milling business.

This charge has been exhaustively dealt with under other headings, and is absolutely denied. It is supported by no evidence.

Charge 11: That generally the Flour-millers' Association (New Zealand) is calculated to inflict injury upon the public interest, and should be subject to control by legislative enactment.

It is urged, in answer to this charge, that for many reasons set out in detail to specific charges the association is eminently calculated to benefit rather than inflict injury upon the general public. The comparative tables of prices put in, particularly the returns for 1902, and the comparison with Australian prices, prove it conclusively.

These are my formal answers to Mr. Taylor's charges. They are put in writing, and do not require any comment from me.

I propose now to follow Mr. Taylor in his criticisms of the evidence. His charges, taken altogether and put into headings, really resolve themselves into three. One is that the public have been exploited—that is, that undue prices have been charged, and are likely to be charged, for bread and for flour; secondly, that coercion of an unfair and unwarrantable description has been used to