

1914.
—
VICTORIA.



REPORT

FROM THE

ROYAL COMMISSION

ON THE

BRICK MANUFACTURING INDUSTRY
OF VICTORIA.

PRESENTED TO BOTH HOUSES OF PARLIAMENT BY HIS EXCELLENCY'S COMMAND.

By Authority:

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GEORGE THE FIFTH, by the Grace of God of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India.

TO our trusty and well-beloved MARTIN HANNAH, Esquire, M.L.A.; SAMUEL BARNES, Esquire, M.L.A.; ALFRED ALEXANDER FARTHING, Esquire, M.L.A.; JOHN GORDON, Esquire, M.L.A.; The Honourable JOHN McWHAE, M.L.C.; The Honourable RICHARD BLOOMFIELD REES, M.L.C.; and ALEXANDER ROGERS, Esquire, M.L.A.

GREETING :

WHEREAS the Governor of our State of Victoria with the advice of the Executive Council thereof has deemed it expedient that a Commission should forthwith issue to inquire into and report as to :—

1. The manufacture of bricks and the cost to the users thereof ;
2. The methods commercially of the manufacturers ;
3. What extent there is agreement between the various companies engaged in brick-making as regards the selling price of bricks ;
4. The causes of the high prices that bricks have been sold at by manufacturers during the past twelve months ; and
5. What, in the opinion of the Commission, would be a remedy or what should be done to enable users to obtain bricks at a fair price.

NOW KNOW YE that we reposing great trust and confidence in your knowledge and ability have constituted and appointed, and by these presents do constitute and appoint you, MARTIN HANNAH, SAMUEL BARNES, ALFRED ALEXANDER FARTHING, JOHN GORDON, JOHN McWHAE, RICHARD BLOOMFIELD REES, and ALEXANDER ROGERS to be our Commissioners for the purposes aforesaid : AND WE do by these presents give and grant unto you or any three or more of you full power and authority to call before you such person or persons as you shall judge likely to afford you any information upon the subject of this OUR COMMISSION and inquire of and concerning the premises by all other lawful ways and means whatsoever : AND WE will and command that this OUR COMMISSION shall continue in full force and virtue and that you our said Commissioners or any three or more of you shall and may from time to time and at any place or places proceed in the execution thereof and of every matter and thing therein contained from time to time by adjournment : AND WE do hereby appoint our trusty and well-beloved MARTIN HANNAH to be Chairman of you our said Commissioners : AND further we direct that you do with as little delay as possible report to us under your hands and seals your opinions resulting from the said inquiry.

IN TESTIMONY WHEREOF we have caused these our Letters to be made patent and the Seal of our said State to be hereunto affixed.

(L.S.) WITNESS our trusty and well-beloved SIR JOHN MICHAEL FLEETWOOD FULLER, Baronet, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Governor of the State of Victoria and its Dependencies in the Commonwealth of Australia, at Melbourne, in our said State, the twentieth day of May, One thousand nine hundred and thirteen, and in the fourth year of our reign.

JOHN FULLER.

By His Excellency's Command,
J. MURRAY.

Entered on record by me in Register of Patents Book No. 24, page 408, this twentieth day of May, One thousand nine hundred and thirteen.

W. A. CALLAWAY,
Under-Secretary.

I HEREBY testify that at a Meeting of the Executive Council held on 11th June, 1913, it was authorized that the Order in Council passed on the 20th May, 1913, was amended by the elimination of the words "during the past twelve months" from Clause 4 therein, and this Commission is hereby amended accordingly.

JOHN FULLER.

By His Excellency's Command,
J. MURRAY.

REPORT.

To His Excellency SIR ARTHUR LYULPH STANLEY, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Governor of the State of Victoria and its Dependencies in the Commonwealth of Australia.

We, your Commissioners appointed on the 20th day of May, 1913, to inquire into and report upon—

1. The manufacture of bricks and the cost to the users thereof ;
2. The methods commercially of the manufacturers ;
3. What extent there is agreement between the various companies engaged in brick-making as regards the selling price of bricks ;
4. The causes of the high prices that bricks have been sold at by manufacturers ; and
5. What in the opinion of the Commission would be a remedy, or what should be done to enable users to obtain bricks at a fair price,

have the honour to submit the following Report :—

INTRODUCTORY.

The Commission was issued on the 20th May, 1913, and on 11th June of that year clause 4 was amended by an Order in Council to read as given above.

The investigation was opened on the 10th June, 1913, and subsequently 73 witnesses, generally representative of the building trade and some other interests, were examined in Melbourne, Ballarat, Bendigo, Morwell, Wonthaggi, Sydney, and Adelaide. The evidence taken, which was voluminous, has not been printed for reasons of economy.

The questions referred to your Commissioners, when considered generally, gave full scope for a searching investigation into the brick manufacturing industry of Victoria. In the framing of the Report, however, it was found impracticable to specifically answer the fourth and fifth questions as set out in the Commission, as they overlapped the previous ones. As it was admitted at the outset of the inquiry that an association of certain brick manufacturing companies, registered and trading under the designation of "The Co-operative Brick Company," and popularly known as the "Brick Combine," has existed since 1896, it was determined, after careful consideration, that this Report shall present the circumstances which led to the formation of the association, its subsequent operations, and its effect generally on the building trade.

THE ORIGIN OF THE BRICK MASTERS' ASSOCIATION.

On the collapse of the "land boom" the brick manufacturing companies established in the inner suburbs and the environs of the metropolis found themselves in a parlous condition. The smaller yards were financially involved beyond hope of redemption, and the larger yards were actively competing against each other to such an extent that bricks were being sold in 1894 from 14s. to 16s. per 1,000 at the kiln, which, according to evidence, was very much below the cost of manufacture, without taking into account administrative charges. Therefore, owing to the large stocks in hand and the falling off in building operations, every operating company was in a precarious position, and generally working at a loss.

This disastrous state of affairs reflected itself upon every interest dependent upon the industry. Not only did the shareholders suffer through the inability of the companies to pay dividends, but the shares became practically unsaleable. Indeed, Mr. J. J. Osborne, the secretary of the Association, stated that he bought 2,000 shares in the Northcote Brick Company, of which he is the secretary, for 8d. per share. The workmen suffered greatest of all. "The conditions under which they worked were very severe and very hard," said Councillor W. H. Allard, "they worked long hours and did not get much pay. The men were getting down to 5s. a day, and some lower. In one instance I know they were working for 4s. 6d. a day, and working nine hours a day." In short, there had occurred an industrial *débâcle*; ruin faced the whole industry.

Matters were brought to a head when, about this time, the Melbourne and Metropolitan Board of Works received quotations of 21s. per 1,000 at the kiln for 2,000,000 of selected bricks required for the construction of the outfall sewer. At a deputation to the chairman of the Board it was represented that the bricks could only be supplied at that price at the expense of the workmen, and it was maintained that the price should be 33s. per 1,000.

Efforts had previously been made to organize the industry, but without success. At this time a further attempt was made to amalgamate all the "live" companies, but the scheme did not succeed. Thereupon the aid of Mr. W. G. Sprigg, accountant, of Melbourne, was invoked, with the result that it was agreed that the companies then operating, which represented a capital of from £400,000 to £500,000, should form themselves into an Association for regulating the output and price of bricks, "not for the purpose of exploiting the public, but, in the first instance, to come to some understanding as to proper working, and to get a little profit, because in working in these circumstances everybody was losing money." The Association was designed to organize the industry in such a manner as to make it a paying concern. Outside of this combination there were several proprietary companies which had closed down in consequence of being completely in the hands of financial institutions. It was recognised that to make the Association safe such terms should be made whereby closed yards and stagnant companies should be given some return, and not be starved.

At the beginning the following companies comprised the Association:—Hoffman, Northcote, Butler's, Fritsch-Holzer, and New Northcote. The understanding was that they would spread the orders and results according to the kilns of the companies associated. The yards which were working at the time were the Hoffman, the Northcote, Fritsch-Holzer, and Butler's. As the result of negotiations made on behalf of the Association arrangements were made for the leasing of certain companies outside the Association for periods of three or five years.

The capital involved in these closed works was estimated at £150,000. The amount paid annually in the form of rentals to each of these companies was £3,620 per annum. This amount covered the brickmaking industry.

After a period of 16½ years, that is in 1913, when the evidence was given, the total amount paid for lease rents was £47,153, and as the number of bricks made during the existence of these agreements was 1,070 millions, this works out at a cost of 10½d. per 1,000 bricks manufactured. The rentals paid represented an average rate of 2 per cent. on the idle capital. None of these companies or yards, while leased to the Association, have had any voice in its management. It was claimed that the payment of these rentals was really a *quid pro quo* for what would be the share of the closed companies if working. The whole of the rentals, as well as other expenses, were paid by the Association, and the amount of the contribution of each company (which, as already shown, amounted to 10½d. per 1,000 bricks) was in exact proportion to its shares in the ultimate division of the profits. It was not a contribution by any company to the idle companies, but a contribution made at the expense of the Association. It was said that the rentals were a charge against the business, the same as other business expenses. After the expenses were paid ultimately the balance to the credit of the Association's banking account was divided *pro rata* amongst the individual companies.

Evidence given by Mr. H. F. Young, chairman of directors of the Northcote Brick Company, in this connexion was to the following effect:—

We have rented several yards with the object that when the growth of Melbourne increased we would be able to open them, and the only kilns that were closed were those of the Association. We closed the New Northcote, for instance, because we thought we could make bricks cheaper at the old Northcote, and when the trade got better we opened the New Northcote. . . . They (the inoperative companies) got a percentage of the earnings of the other kilns when they were not working, as well as if they were working. . . . It would depend upon the capacity of the kilns. . . . We had to compensate them for the taxes paid and for the care taken of the machinery and sundry other expenses, and then, when the trade increased they were opened again.

I know that the Hoffman have two kilns still that they have never been asked to light up, and the Northcote has been asked to put out a kiln often when there was no demand for the bricks, and that was a great loss to the company.

Neither the Hoffman nor the Northcote have been going full steam since we have been working together. We might have been short for a few days, but the next week we would have the kilns discharging, and have a great deal of bricks. I know now the Northcote Company has about 4,000,000 bricks in stock.

The opinions of witnesses independent of the Association as to the effect of keeping these companies inoperative were as follow:—Contractor J. Collins considered that through the yards being kept closed output and competition were restricted. Contractor F. E. Shillabeer considered the action had had an unprogressive result; and added that contractors had been trying to secure some of the closed yards, not to insure a regular and better or cheaper supply, but as a matter of enterprise. On the other side the opinions of two brickmasters operating independently of the Association supported the action. Mr. C. Langford, part proprietor of the Excelsior Brick Company, stated that he did not think it was to the disadvantage of the building trade of Melbourne that a number of brick yards were kept closed. "I think," he said, "they should be very thankful they were kept closed, because if they had all kept on they would have been all closed, and they would have got nothing out of it."

THE EFFECT OF THE ASSOCIATION ON THE PRICE OF BRICKS.

On the 10th July, 1896, the price of bricks was 20s. per 1,000; on the 17th July the price was 22s., and on the 30th November it was up to 30s. From this time onward the price steadily rose until in 1900-1 it reached 40s. per 1,000. (See Table, page 12). When asked what was the cause of the increase of 20s. per 1,000 in the price of bricks during the five years from the 10th July, 1896, to January, 1901, Mr. J. J. Osborne, the secretary of the Association, said—"To begin with, bricks were not produced for 20s. per 1,000 in 1896, and the first thing was to recover the loss. The next thing is the very increased cost of labour and coal and every other thing connected with the business, and also, I suppose, some natural anticipation on the part of the shareholders to get a proper dividend. . . . That is the only explanation I can give—first of all, that the 20s. per 1,000 represented a loss."

THE NATURE OF THE AGREEMENT BETWEEN THE ASSOCIATED COMPANIES.

At the inception of the Association each of the working companies were paid by the Association a fixed rate per 1,000 bricks manufactured, stated to be about 15s., to cover wages, and in addition their accounts for coal and all stores were also paid, which amount was considered to be about 7s. per 1,000 bricks, totalling 22s. per 1,000. Subsequently it was felt that this contribution was on an unscientific basis, and the practice, which still obtains, of paying the amount of 25s. 6d. per 1,000 bricks as a progress payment "to pay for the actual cost of bringing the bricks out of the clayhole and burning them. There are taxes and management expenses, &c., to be added on to that, which brings it up to 27s. 6d." Mr. H. F. Young:—

These eight companies were paid a certain price as a progress payment, to make bricks, and sell them independently, and we had then a collector who collected that money. The object of that was that there would be no bad debts, or as few as possible, as in the old times a speculative builder used to buy, say, £100 worth of bricks from the Northcote Company, and £50 from the Hoffman's, and so on, and we did not know where he was getting credit; but in the new plan we had control over that, and then we made it a rule that he was to pay his debts within a fortnight, and consequently we made very few bad debts, and we were able to supply the public with cheaper bricks.

When the collection showed a profit after paying the progress payment the money collected was divided *pro rata* to the different companies. Say, with the Northcote Company, I think they had a 28th of 50 ; or, I think, I had better put it as 25 per cent. of the money collected for that month.

It was according to the percentage that the brick companies got paid. Two companies had two representatives, and the other companies had each one representative on the Board, and we met every Thursday and discussed the general working of the business. . . . We discussed the lowest price we could sell bricks to the public. We always kept that in view. We kept the price of bricks low for two reasons—because we knew that if we raised the price of bricks we would have opposition spring up all round, and as long as we were able to pay our shareholders from 5 per cent. to 7 per cent. we were satisfied.

EQUIPMENT OF YARDS AND PROCESS OF MANUFACTURE.

It was claimed that brickmaking, in the Melbourne, Ballarat, and Bendigo yards particularly, has been brought to as fine a point of perfection as possible by the use of Hoffman kilns, economical plant, the best of materials, and the latest processes. In some of the outlying districts, where the demand for bricks is comparatively limited, and where an article of such high quality as that required in the metropolis is not always necessary, what are regarded as obsolete methods are still in vogue.

Your Commissioners recognise that the equipment of the yards and processes of manufacture are quite up to date, and are superior to what exists in several large Australian centres.

The opinion of Mr. S. E. Hutton, General Manager of the State Brick and Lime Works, Sydney, supports this view :—

You are acquainted with the Victorian system of manufacturing?—Yes, pretty well.

Do you think the best methods are adopted in Victoria?—I think, generally speaking, you have very fine works. I consider the Hoffman kiln, in Victoria, with the material you use, does good work. You have to pay more for coal ; you have certain advantages with regard to your material and in the way you can get face bricks from the Hoffman kiln. I have taken particular notice, and taking everything into consideration, I have arrived at the conclusion that anything we can do in regard to the manufacture of bricks in New South Wales you can do in Victoria and *vice versa*. Although the conditions are vastly different, there are certain things which enable you to get advantages over us, and we have certain advantages over you ; it pans out pretty nearly the same at the end.

THE QUALITY OF ORDINARY BRICKS.

The tensile strength of the ordinary bricks manufactured in the metropolis was not questioned at any time, it being conceded on every side that the quality was generally superior to the manufactures in other large centres of Australia.

Exception, however, was taken to alleged defects of manufacture, which, it was said, resulted in irregularity of shape, existence of small cracks, defective arrisses (edges), and lack of uniformity of colour. Certain witnesses expressed the opinion that in these respects a deterioration had taken place since the advent of the Association, and that the quality was inferior to that of fifteen years ago, when the yards were not so busy. Others, while expressing some dissatisfaction of the average quality of bricks, considered that little difference had resulted one way or the other. It must be borne in mind that for several years the associated companies have had competing with them four outside yards, viz. :—City Brickworks Company, Excelsior Brick Company, the Oakleigh and South Yarra Brick Companies, and since 1912 the Glen Iris Brick Company. According to a sworn statement submitted, during the year 1912 the outputs of the two groups of manufacturers were as follows :—Associated companies, 104,961,000 bricks ; and the non-associated companies, excepting the Glen Iris company, 40,055,930, or 37 per cent. of the total output.

Dealing with the shape and arrisses of facing bricks, that is, bricks selected from the first quality for their shape, their sharp arrisses, and uniformity of colour for use in connexion with face work, Mr. J. W. Hardy, senior architect, Victorian Railway Department, expressed himself in the following terms :—

The quality of facing bricks can be improved. They are not true to size, and the arrisses are not as sharp as they might be. Very often the bricks are out of line, which makes a difference in connexion with getting a decent joint. . . . It does not enhance the appearance of a building. If you do not get a decent-shaped brick it is certainly more difficult for the operator to try to make a decent job. If you have much picking to do it means that the work is more costly. There is a difficulty in getting bricks for face work. I do not suppose you would get 10 per cent. fit for use for face work. I am sure you would not.

Colonel Watson, Chief Architect, Public Works Department, Melbourne, considered that the proportion of facing bricks manufactured was not what it should be to permit of good bricks being obtained for face work, as too much picking was involved. Mr. G. Mayhew, Foreman of Works, Victorian Railway Department, said that sometimes 20 per cent. of facing bricks would be obtained, and at other times only 5 per cent. Mr. C. W. Timmins, builder and contractor, said :—

They were not of good colour, and the arrisses were not good. We never got what you might call a good square brick ; all the arrisses were generally off. Some blame the carters for that. They are just the same at the kiln. Where you have a cut-and-struck job you cannot make a decent job. . . . It is the same with the Glen Iris bricks. I found them equally as bad in this respect. I had to have a man turning the bricks eight ways before we could get anything like what you could call a decent brick. I will guarantee a man will only get one out of ten that we can use for outside work.

Mr. C. W. Ballantyne, architect, referring to one occasion when he had cause to reject a small quantity of bricks supplied by an associated company to the order of Mr. Timmins, whose views have just been given, made the following statement:—

In what way did they not come up to the standard?—Generally colour, make, shape, the whole thing. The bricks simply were not good enough for us. . . . They were burned sufficiently; they were hard burned bricks—cracked. You could not get a face with them properly. . . . All round we have been quite satisfied with the bricks the builders have given us for the carrying out of our brick work.

Therefore, the combination of brickmakers has not had any bad effect so far as you are concerned as an architect?—No, we have not had any experience in that way at all.

To be contrasted against the opinions already given are the following extracts from the evidence of three of the leading Melbourne builders:—

Mr. E. H. M. Ratcliff, contractor (master builder for 30 years).— . . . They are as good as any I have seen going round the world, and I have been round the world three times. I think they compare well with any I have seen—that is for ordinary building bricks.

Mr. F. E. Shillabeer, builder (24 years' experience).— . . . With Butler's I think you get as good a brick now as ever you did—since their new works. In fact, I do not think you should look for more than 10 per cent. of good bricks fit for face work, because bricks are not like sovereigns—they do not handle them so carefully, and you could not expect them to for 35s. per 1,000.

How do they compare as to quality?—Second to none. They are as good as any.

Mr. D. A. Swanson (25 years as a master builder).— . . . I have seen no better in any of the States than we make in Melbourne, nor as good.

It was alleged that supplies purporting to be of the first quality, for which the highest price was charged, at times contained undue proportions of second and third quality bricks, which were, of course, lower in price to the extent of about 2s. and 4s. per 1,000 respectively. Some witnesses complained that they had no redress in such a case, as they perforce had to take them or go without. This, it was said, occurred more often during the busy periods, when the yards were short of supplies.

Speaking from his experience as a manufacturer, though now dissociated with the industry, Councillor Allard did not consider that since the existence of the Association deterioration in quality had occurred. Continuing, he said that the same process goes on, better machines are used, and the same method of getting the clay is adopted. He added that no manufacturer, if he were a wise man, would introduce clay which would not give a good result. He did not think that shortness of supplies would leave room for the putting in of a large number of "seconds" and "thirds" in supplies of first quality bricks. However, he admitted that occasional cases might arise, due to a bad chamber or a short fire, but he said that with a kiln running regularly there was bound to be a great preponderance of first-class bricks.

In the same connexion Mr. E. Jones, manager of the Hoffman Brick Company, thought the quality now was equal to anything they had ever turned out, as every care was taken in the manufacture and the keeping of the article up to the standard. He added—

No expense is spared in that direction. We have found out that the standard Hoffman kiln is nearly perfect. . . . The proportion of "first" bricks runs between 60 and 70 per cent.—say an average of 65 per cent. . . . There should be a better brick to-day, because of the greater attention to machinery and greater skill of the burners, &c.

COSTS OF MANUFACTURE.

The price charged for first quality bricks—the price of the other qualities being governed by the charge for the prime quality—is contingent on the cost of manufacture at the kiln as the chief factor, to which has to be added administrative charges and payment of reasonable dividends on the share capital.

Councillor Allard laid it down that to arrive satisfactorily at the cost of manufacture the average cost of output for a number of years must be taken, as slack periods must be provided for. He considered the cost would range from 25s. to 30s. per 1,000, and admitted that in individual cases a lower figure would be reached.

Taking first the cost of manufacture at the kiln wicket, as disclosed by two of the associated companies, the following price was given:—Clifton Brick Company, average cost for five years (excluding one year when, through a machinery break-down, undue costs resulted), 24s. 6d. per 1,000; Northcote Brick Company, 23s. to 24s. per 1,000. The manufacturing costs of these two associated companies ranged from 23s. to 24s. 6d. per 1,000.

Evidence given by principals of non-associated companies was to the following effect:—

Mr. A. Baxter, brickmaker.—Without any breakages they cost about 28s. per 1,000 to make in the South Yarra yard. . . . It costs about 26s. 6d. for manufacturing at Oakleigh. Office expenses and travellers would amount to 2s. per 1,000.

Mr. F. Spears, manager, City Brick Company.—A witness who represented the Glen Iris Brick Company said he could produce bricks at the present time, and had been doing it, for 24s.—Then I would be pleased to let him my works if that is so.

Mr. J. McKell, part proprietor, Oakleigh and South Yarra Brick Works.—From your experience could the State manufacture bricks, say, from 25s. to 30s. per 1,000, and make a profit?—I should not think they would be able to do so, not to take everything into consideration, that is, depreciation and interest on the money, and so on.

Mr. S. J. Willis, part proprietor, Excelsior Brick Company.—You asked me what I thought bricks could be produced for at the yard, and I said I did not think that they could be produced at less than 30s., taking everything into consideration. That includes everything.

Mr. J. Fenton, secretary of the Glen Iris Company, said:—

Have you made any estimate so far as to how the affair is panning out—that is, an estimate of the costs?—None whatever.

Therefore, you really do not know how the costs are working out?—No.

And it is only by rule-of-thumb estimate that you can say that you can turn the bricks out at the prices you have mentioned?—Yes, but I believe we are on the right side. Of course, for the first six months, on account of the extra cartage, repairs, and numerous troubles incidental to starting, any estimate would be unreliable. . . . “For the first six months we made 3,522,167 bricks, and the manufacturing cost, exclusive of depreciation, bad debts, rates, taxes, directors’ fees, secretary, &c., amounts to £1 4s. 7d. per thousand. The excluded items (depreciation, bad debts, rates, taxes, directors’ fees, secretary, and miscellaneous expenses, such as telephone and other things) amount to 4s. 1·06d. per thousand. . . .” “Our net profit is 2s. 0·49d. per thousand, so the average price for every brick made is £1 10s. 8·55d. per thousand for the first six months. We were only running one kiln. The next six months, ended 28th February, 1914, we made 4,057,175 bricks—we call those whole bricks—and the manufacturing cost came to 4s. 1·662d. per thousand, which leaves a net profit for the six months of 3s. 10·260d. per thousand. The average price for the six months for every brick, clinker, and bat sold was £1 2s. 5·488d. per thousand, with only one kiln running. . . .”

Could you say roughly what the figures would be with your two kilns running?—I have not been able to take out the figures. I should think it would mean at least 12 per cent. reduction. That is purely an estimate, of course. I might say my auditor here reports—“In my opinion the allowance made for depreciation is insufficient.”

A statutory declaration was submitted by Mr. A. P. Henderson, public accountant, made on behalf of the eight associated companies—Northcote, New Northcote, Hoffman, Barkly, Auburn, Clifton, Butler, and Fritsch-Holzer; and on behalf of the four non-associated companies—City, Excelsior, South Yarra, and Oakleigh. It was declared that for the year 1912 the output of the first group was 104,961,000 bricks, and that of the second 40,055,930 bricks, and that “the average cost per thousand of the bricks manufactured by the associated companies and the non-associated companies was £1 7s. 5d.”

THE PRICE OF ORDINARY BRICKS.

STANDARDIZATION OF PRICE.

The direct effect of the formation of the Association on the building trade was the standardization of the price of ordinary bricks, and one of the essential purposes of the Association, in order to make impossible the competition which had,

by reason of its disastrous results, brought it into existence, was to deny to any of the associated companies the right or power to discriminate in regard to the price to be charged for bricks from time to time. The price to be charged users was determined by the Association, and that price was the same to the large as to the small consumers. It was alleged that in two or three cases personal discrimination had been shown by the Association. In this connexion, Mr. J. J. Osborne, the secretary of the Association, strongly repudiated any such action. He concluded by saying :—

If it is suggested that there is I would say there is a reason for it. But let me say this, that within the last three or four months the price has been varied from day to day. Probably no two or three contracts have been booked at the same rate. What must be the effect of daily competition—varying rates? If you find you have to quote two men different jobs it does not follow there is any personal discrimination.

On behalf of the Association it was asserted that the builders appreciated the standardization of the price of bricks effected by the Association during its existence, as every builder had been put on a standard footing in being absolutely sure of the price which would be charged for bricks. When once a builder was given a quotation the bricks were supplied at that rate or at some lesser rate, if the price came down subsequently, until his contract was completed. This was an absolute rule. Previous to the inception of the Association the evidence disclosed that there was an uncertainty with regard to the price, which was taken advantage of by unscrupulous builders. It was said—“Some men are unscrupulous. One man will tender for a contract in the hope that he can squeeze the brickmakers down. To a certain extent he effects that purpose by playing one man against another.”

It must here be noted that the quotations of the associated companies are almost invariably adopted by the non-associated companies.

It has already been stated that, according to a statutory declaration made on their joint behalf, the cost of the manufacture of bricks by the eight associated companies and four non-associated companies was £1 7s. 5d. per 1,000. The fact that bricks are cheaper in Melbourne than in any other part of the Commonwealth was never in dispute. The price of bricks of the first quality at the kiln, that is, excepting cartage, gradually rose from the time of the formation of the Association in 1896 from 22s. per 1,000 to 35s.—40s. in 1900, and prices were maintained from that year to 1905 at 40s. for firsts, 36s. to 38s. for seconds, and 34s. for thirds. In 1906, the prices fell to 38s., 35s., and 34s. respectively, at which figures they were maintained until at one time in 1913 the quotations were as low as 33s., 30s., and 30s. respectively. This fall in price was attributed by certain witnesses to the competition of the Glen Iris Company; but, on the other hand, representatives of associated and non-associated companies put it down solely to over-accumulation of stocks in the various yards owing to the building trade becoming depressed, and the natural desire to get money to keep the business going. Mr. Osborne put the position as follows :—

What is the cause of the reduction in price which has taken place within the last three months or more?—A desire to keep the kilns going and do business. The brick industry is different from an ordinary industrial concern, because they cannot carry on in slack times in the same way as other manufacturers. A brick kiln has to be kept alight continually, and there is a great temptation to keep it going even at a lower rate in the selling price rather than put the kiln out and have to relight it. Therefore, there must be a keen competition amongst the suppliers.

In respect to a fair selling price of bricks commensurate with the cost of manufacture, administration, and a reasonable return on invested capital, the evidence of Mr. B. Cook, who with others purchased the Builders' Brick Works while it was still under lease to the Association, has a bearing. He said :—“We know the costs, and we consider that the cost to the public of 36s. only gives a fair and legitimate profit—not an exorbitant but a fair profit. We might sell them at 35s. or 33s.”

There are two means of determining whether the prices charged to the public for bricks during the existence of the Association have been reasonable or not—(1) by considering the dividends paid, together with reserve funds; and (2) the wages paid to employes.

DIVIDENDS PAID BY BRICK COMPANIES.

The dividends paid and the varying prices of bricks are shown in the subjoined table:—

COMPARATIVE STATEMENT OF PRICES OF BRICKS AND DIVIDENDS PAID IN CORRESPONDING YEARS, FROM 1893 TO 1913 (INCLUSIVE) FOR THE THREE PUBLIC BRICK COMPANIES.

Year.	Prices.			Hoffman Co.	Northcote Co.	New Northcote Co.
	Firsts.	Seconds.	Clinkers.	Percentage.	Percentage.	Percentage.
				£ s. d.	£ s. d.	£ s. d.
1893 ..	22s. to 17s.	18s. to 15s.	14s. to 13s.	Nil	Nil	Nil
1894 ..	16s. to 14s.	14s. to 13s.	11s. 6d. to 12s.	Nil	Nil	Nil
1895 ..	16s.	13s. 6d.	12s. 6d.	Nil	1 8 7	Nil
1896 ..	22s. to 30s.	20s. to 25s.	18s. to 21s.	Nil	1 8 7	Nil
1897 ..	26s. to 32s.	25s. to 30s.	24s. to 29s.	Nil	3 6 8	Nil
1898 ..	32s. to 27s. to 34s.	29s. to 31s.	29s. to 31s.	Nil	4 15 3	Nil
1899 ..	34s. to 30s. to 34s.	29s. to 31s.	29s. to 31s.	2 10 0	8 1 11	Nil
1900 ..	34s. to 40s.	32s. to 38s.	30s. to 34s.	5 0 0	8 11 5	7 10 0
1901 ..	40s.	38s.	34s.	5 0 0	9 0 11	10 0 0
1902 ..	40s.	38s.	34s.	7 10 0	10 0 0	10 0 0
1903 ..	40s.	38s.	34s.	5 10 0	8 11 5	7 10 0
1904 ..	40s.	38s.	34s.	6 0 0	5 14 4	7 10 0
1905 ..	40s. to 38s.	38s. to 35s.	34s.	6 0 0	8 11 5	7 10 0
1906 ..	38s.	35s.	34s.	7 0 0	8 11 5	7 10 0
1907 ..	38s.	35s.	34s.	6 0 0	9 5 8	7 10 0
1908 ..	38s.	35s.	34s.	5 0 0	10 0 0	6 5 0
1909 ..	38s.	35s.	34s.	5 0 0	8 11 5	7 10 0
1910 ..	38s.	35s.	34s.	5 0 0	10 0 0	7 10 0
1911 ..	38s.	35s.	34s.	5 0 0	10 14 3	8 15 0
1912 ..	38s.	36s.	34s.	5 0 0	11 8 1	10 0 0
1913 ..	38s. to 33s. to 35s.	36s. to 30s. to 33s.	34s. to 30s. to 31s.	6 0 0	10 14 3	2 10 0

AVERAGE DIVIDENDS PAID SINCE THE FORMATION OF THE ASSOCIATION (1896).

Hoffman Company	£4 10s. 7d. per cent. per annum.
Northcote Company	£8 3s. 9d. per cent. per annum.
New Northcote Company ..	£5 19s. 5d. per cent. per annum.

The three limited liability companies—the Hoffman, Northcote, and New Northcote—have invested during the last ten years in the Auburn works a sum of £26,000. As the contributions by each company came from its share of profits, it may be urged that the dividends shown would not fairly represent the profits of these companies. The secretary of the Association explained that if the amounts in question had been devoted to the dividend funds they would amount in all as follows:—The Northcote Company, 1s. 2d. per share; the Hoffman Company, 1s. 1½d.; the New Northcote Company, 1s. 2d. This amount of 1s. 2d. per share, when spread over ten years, would mean under $\frac{3}{4}$ per cent. per annum during that period. He added—“These amounts were drawn as dividends by the Association to the several companies, and, as a matter of fact, though these amounts were not paid in dividends to the shareholders of these several companies, the investment of the amount is shown in the balance-sheets of the companies, as in the case of the Northcote Company on the assets side as ‘Sundry Debtors’ up to a certain point, and afterwards as ‘Shares in other companies at valuation.’ If they had been paid in dividends to the several companies’ shareholders, then, of course, the balance at the credit of Profit and Loss Account would be relatively less.”

THE WAGES OF THE BRICKYARD EMPLOYEES.

Considerable attention was devoted to the question as to what influence the increase in the price of bricks caused by the Association had on the wages of the different classes of employes.

To place the question beyond conjecture, an analysis of a sworn statement put in by the secretary of the Association has been made. As a basis of comparison the year previous to the formation of the Association, that is 1895, has been taken, and for different periods the advances in wages were shown to have been made, the prices of bricks, and the wages paid, together with the percentages of increases given. In the year 1896, in eight out of ten classes of workmen, wages were increased

from 12½ to 33 per cent.; in 1898, when the price of first quality bricks had reached 30s. to 34s. per 1,000, a further increase took place, when six classes received increases ranging from 26 to 50 per cent. as from the inception of the Association. Further increases are shown to have occurred until in 1901, when the Wages Board's determination became effective. Up to this period and the subsequent period subject to the operations of the Wages Board the respective increases were shown to be as follows:—

	Up to 1901, since 1895-6.	Up to 1901, Since 1898.	Up to 1912, since 1895-6.	Up to 1912, Since 1898.
Yard	50 per cent.	...	87 per cent.	...
Clayhole ... ..	...	16 per cent.	...	44 per cent.
Machine-drivers... ..	...	25 per cent.	111 per cent.	...
Truckers	50 per cent.	...	88 per cent.	...
Setters	46 per cent.	...	93 per cent.	...
Burners ... ..	...	50 per cent.	133 per cent.	...
Drawers	76 per cent.	...	100 per cent.	75 per cent.
Engine-drivers ... ..	...	25 per cent.	...	...
Fitters	80 per cent.	...	120 per cent.	...
Carpenters	60 per cent.	...	100 per cent.	...

In the following table attention is directed to the fact that in 1896 most of the employés were paid at piece-work rates; from 1898 to 1901 they were paid at hourly rates, and then when the Wages Board's determination was applied, piece-work rates were reverted to. This has made it necessary in working out the percentages of increases to differentiate between different periods by using the phrases "Since 1895" or "Since 1898." For instance, let the increases to machine drivers be taken. In 1896 the rate was raised from 4½d. to 6d. per 1,000, equal to 33 per cent. on piece-work rates; in 1898 an hourly rate of 9d. was applied, which at 1901 had been increased to 11½d., or an increase of 25 per cent. on hourly rates since 1898; subsequently piece-work rates were reverted to, and in 1911 the rate was 10d. per 1,000, which, as compared with 4½d. in 1895, gives an increase of 111 per cent.:—

COMPARATIVE STATEMENT OF PRICES OF BRICKS AND WAGES PAID FROM 1895 TO 1912 (INCLUSIVE)
(WAGES BOARD'S PERIOD).

INCREASE IN WAGES PRIOR TO WAGES BOARD'S DETERMINATIONS.

	1895.	1896.	Increase.	1898.	Increase.	1901.	Increase.	1911.	Increase.	1912.	In-crease.
Price of Bricks:											
Firsts ..	16s.	22s. to 30s.	..	30s. to 34s.	..	40s.	..	38s.	..	38s.	
Seconds ..	13s. 6d.	20s. to 25s.	..	29s. to 31s.	..	36s.	..	35s.	..	36s.	
Clinkers ..	12s. 6d.	18s. to 21s.	..	29s. to 31s.	..	34s.	..	34s.	..	34s.	
Wages—				<i>s. d.</i>		<i>s. d.</i>		<i>s. d.</i>		<i>s. d.</i>	
Yard ..	6d. per hour	6½d. per hour	12½ %	0 8	33 % since 1895	0 9	50 % since 1895	0 11½	87 % since 1895	0 11½	
Clayhole ..	1s. 7d. per 1,000	2s. per 1,000	26 %	0 9	..	0 10½	16 % since 1898	1 1	44 % since 1898	1 1	
Machine-drivers	4½d. per 1,000	6d. per 1,000	33 %	0 9	..	0 11½	25 % since 1898	0 10 (1,000)	111 % since 1895	0 10 (1,000)	
Truckers	6½d. per 1,000	8d. per 1,000	23 % per 1,000	0 9½	50 % (1,000) since 1895	0 9½	..	1 0½ (1,000)	88 % since 1895	1 0½ (1,000)	
Setters ..	8d. per 1,000	8d. per 1,000	..	0 11½ (1,000)	46 % (1,000) since 1896	0 11½	..	1 3½ (1,000)	93 % since 1896	1 3½ (1,000)	
Burners ..	6d. per 1,000	7d. per 1,000	16 % per 1,000	0 8	..	1 0	50 % since 1898	1 2 (1,000)	133 % since 1895	1 2 (1,000)	
Drawers ..	8½d. per 1,000	10½d. per 1,000	23 %	1 0½ (1,000)	47 % (1,000) since 1895	1 3 (1,000)	76 % (1,000) since 1895	1 5 (1,000)	100 % (1,000) since 1895	1 5 (1,000)	
Engine-drivers	..	..	..	0 9	..	0 11½	25 % since 1895	1 0½	41 % since 1898	1 3½	75 % since 1898
Fitters ..	7½d.	9d.	16 %	0 9½	26 % since 1895	1 1½	80 % since 1895	1 4½	120 % since 1895	1 4½	
Carpenters	7½d.	8½d.	13 %	0 10½	40 % since 1895	1 0	60 % since 1895	0 10½	66 % since 1895	1 3	100 % since 1895

The effect of the Wages Board on the industry is shown by the subjoined figures furnished by the Chief Inspector of Factories. It may be added that from 1901 to 1905 the prices of bricks were :—Firsts 40s., seconds 38s., and clinkers 34s., and from 1906 to 1912 the figures were 38s., 35s., and 34s. respectively ; in 1913 the prices for first quality bricks were as follow :—January, 38s. ; February, 35s. ; May, 33s. ; August, 35s. In February, 1914, they were 36s. per 1,000.

The average weekly wage prior to the first determination of the Board was £2 1s. 7d., and subsequently was as follows :—1901, £2 4s. 9d. ; 1902, £2 4s. 9d. ; 1903, £2 4s. 6d. ; 1904, £2 5s. 8d. ; 1905, £2 4s. 8d. ; 1906, £2 4s. 5d. ; 1907, £2 5s. 7d. ; 1908, £2 7s. 1d. ; 1909, £2 7s. 3d. ; 1910, £2 8s. 7d. ; 1911, £2 11s. 3d. ; 1912, £2 14s. 1d.

SUPPLY OF ORDINARY BRICKS.

The question as to whether the Association had either openly or indirectly exercised discrimination and restraint in the supply of plain bricks to the detriment of users was carefully investigated. There were fourteen witnesses who, in effect, denied that they had experienced any difficulty in obtaining supplies of bricks :—

Mr. W. E. Cooper, contractor (the greater portion of 25 years' experience).—

Said that for a work at Richmond he arranged with the Association to supply bricks. The New Northcote Company supplied them. The bricks were of a shocking colour for outside work. The Clifton were turning out very good bricks. He applied to the Clifton company for his requirements, which supplied them.

Mr. J. Collins, contractor (seven years as a master builder).—

"Sometimes it has been rather hard to get them. When the demand for bricks has been very great we have to wait for three or four weeks after placing orders before we could get the supplies."

Mr. R. Harper, contractor (19 to 20 years' experience).—

"... I have had no difficulty in getting supplies of bricks."

Mr. J. W. Hardy, senior architect, Railway Department.—

"... We have never had any delay to speak of. We have always been treated very fairly. We take all firsts. We are picking them at Glen Iris now. We have a man there constantly picking them ..."

Mr. W. F. Holden, builder (20 years' experience).—

"... I have never experienced any difficulty in getting supplies up to now. ... There was a time, a few years ago, when everybody was more independent—working men and all ; you could not pick and choose with any one. With regard to bricks, you had to take them or leave them ; they were all rushed—that applied all round. Every one, even the contractors, had work thrown at them and refused it."

Mr. H. Henningsen, contractor (carried out large works of various kinds).—

"Have you been confined to any particular yards?—I have not.

You have been at liberty to deal with whatever yards you felt fit?—I have. As far as I am personally concerned, I have never had any trouble except at one time, and that was on account of the cartage. ... I think it was at the time of the coal strike. ... Many a time they have rung up while I was waiting in the office—they would be ringing up other companies saying 'Can you send in so many bricks to Henningsen, he is short?' Sometimes they would say 'Yes,' and sometimes they could not do it. They have always tried to do the best they could—at all events they told me so. Sometimes it was right for a day or two, and then you had to go over and kick up a row again."

Mr. R. Harper.—

"You have been in business for twenty years ; can you only mention these 2000 fancy bricks that you have been refused?—That is right."

Mr. W. G. Ireland, contractor (12 years' experience).—

"... When things were very busy we had to book our orders two or three weeks before we required them, but we were able to get them generally after that, but perhaps not as fast as we would like them. ..."

Have you had at any stage any difficulties with regard to your supplies?—Only that we could not get them fast enough.

What has been the attitude of the combine with regard to your supplies. Have you had any experience of any difficulty at all at any period?—No, none whatever.

Mr. Clements Langford, part proprietor, Excelsior Brick Company and builder in business for 32½ years.—

"I have not had very much difficulty. I have had times when I have been pushed and at my wits' end to keep the jobs going, but I have generally managed to get through my jobs as quickly as any other man in the town in spite of everything. I have never been penalized through being behind."

Mr. H. R. Lawson, contractor (12 years' experience).—

You were told you could not secure the bricks?—No, not definitely that, but they said they would refer it to their chief. It was just a reply that might have been given to any other office. Personally I do not regard it as being inferential that they were attempting to block me. My impression is, at the time, that it was owing to the large demand for bricks. ... "I do not say they put their heads together and refused the order. I do not think they knew I had any interest in another company. ... Generally speaking, I know there was an absolute shortage of bricks at that time.

We have dealt more with the Northcote Company than any one else. The bricks have been on the jobs we have ordered them for ; when they have promised to send them they have been prompt enough. In another instance I was refused for the time being, and got them about a fortnight later."

Mr. R. McDonald, builder (28 years' experience).—

Have you been able to get your bricks without difficulty?—Yes, I have had little cause to grumble. . . . “I cannot say that I have had any trouble. I have seen myself short in an afternoon, but they are right in the morning, and that might have been through the neglect of the foreman not ordering them, but there has been nothing serious.”

Mr. E. H. M. Ratcliff, builder (22 years' experience).—

“I have always been treated fairly well by the companies. . . . There are only two cases I can actually place at the present moment.”

Have you been regularly and fairly supplied with bricks from this association?—Yes, by having to wait for a time. When the companies are busy, one has to take his chance.

You exonerate them entirely for the delay—that is in the ordinary course of trade delays will take place?—I suppose I had to take my turn with others.

Have you found the association in your actual experience controlling the output of bricks in Melbourne?—Yes. That when I have required bricks I have been referred to Mr. Osborne on one or two occasions, when I was wishing to place an order for bricks. There must have been some little hitch, but what it was I am not prepared to say now. . . . I do not remember what it was for, but I have a distinct recollection of being referred to him on one or two occasions. It was not very oppressive. . . . Sometimes I have had to wait for six or eight weeks to get an order executed; but then, with one exception, I have been supplied after waiting that time. . . .

Mr. F. E. Shillabeer, builder (24 years' experience).—

. . . . “My experience, as far as the supply of bricks is concerned in Melbourne, is that I have had no reason to complain. . . . I have been very fortunate. I believe others have had troubles in getting supplies, but I may say that I have never had any troubles. . . .”

Mr. C. W. Timmins, contractor.—

“Have you ever been refused ordinary bricks from any of the manufacturers?—No, not at all.

With regard to the only case you mentioned, you were refused 1,500 bullnosed bricks?—Approximately. This was the only instance—in connexion with the fancy bricks—where I have been refused bricks of any kind.

Have you known any definite instances of other small builders being refused; I want to get at to what extent this state of thing exists; does it frequently occur?—I could not say definitely, but I do not think it has occurred very frequently.

How many times has it occurred?—It is very hard to say.”

There were eight witnesses who made indefinite statements as to the non-supply of plain bricks. Short extracts from the evidence in this commission are given below:—

Mr. J. E. Burke, architect, Melbourne.—

“I think I can say, on one or two jobs, at any rate, I have had some difficulty, or the contractor has. I do not know that I can call them to mind. I believe I am right, but I would not care to say it for certain. I think one job was in connexion with the Rosella Preserving Works, at Richmond. The contractor was J. J. Wright. There was a good deal of facing work on that job. I think he told me he had a good deal of picking to do.

Do you remember any other?—No; I have been trying to call to mind any other. . . . That was a big job, and it mattered. On a small job a contractor would probably say nothing at all.”

Mr. B. Cooke, estate agent, Brunswick.—

“You have told us you have known of some contractors who could not get bricks?—I have only heard it stated.

That is just hearsay?—Yes, I have heard that they have to be very careful what they say or what they do, or they may not get what they want.

Can you tell us any contractors who are unable to get bricks at the present time?—No.”

Mr. W. E. Cooper, contractor.—

. . . . “The cases I spoke of were cases you could be sure of. The others would have a good deal of imagination about them. You could not say whether you were right or wrong; it would be only your opinion. . . .”

Mr. W. F. Holden, contractor.—

. . . . “I have heard casually of different contractors having some trouble in getting bricks; it may have been owing to themselves, and not the company. . . .

Not through the company refusing supplies?—I do not think so.”

Mr. F. E. Morgan, contractor (mostly experience in weatherboard construction).—

. . . . “If you like to accept the terms without question you can get the bricks. . . . If you order first-class bricks, and they send third-class along, you can never get any others—it is simply a case of take them or go without. I have been told that. . . .

Do you know of any instances of other builders having been refused?—Not personally; I cannot say that I have.

You made the statement that if you were tabooed by one company you would be tabooed by all; you must have had something in your mind when you made that statement?—Well, as I say, different builders have told me that has been their experience. If you had been dissatisfied, and said you would not take the bricks, a telephone message would simply go round to all the companies, and you would not get bricks. That has not been my experience; but I have been told that has been the experience of others.”

Mr. R. McDonald, builder (28 years' experience).—

Do you know, of your knowledge, whether any of your fellow contractors have had any difficulty in that direction?—No; nothing but what I have just heard outside. I cannot give any proof of it.”

Mr. D. H. Swanson, master builder (25 years' experience).—

"Has that system of coercion been carried out to any great extent, say, where contractors have actually placed their orders in a certain yard, and perhaps paid the cheque and had it accepted; have they been told by the association that they must purchase from another yard; has that taken place to any great extent?—I have not heard of it."

Certain specific allegations were made as to the non-supply of bricks. Of these, two only are worthy of mention:—

Mr. D. A. Swanson (25 years as a master builder), said —

That in 1908 he applied to Mr. Butler, a member of one of the companies associated, for 3½ million bricks in connexion with additions to the Public Library. "The following day he told me we would be required to use the Northcote Company's bricks. We did not approach the Northcote Company in the matter. We told him we would not use the Northcote Company's bricks."

What was the reason for that?—There was a bit of a misunderstanding with regard to the matter I spoke a little while ago on the inferior bricks supplied on a job before that It was because of the inferior bricks supplied to the Agricultural Offices that caused us to go away from the Northcote Company.

Therefore it was not due generally to the fact that they were supplying inferior bricks?—No, I am not going to say that."

Further allegations by Mr. Swanson were as follow:—

That in 1912 he booked an order with the Hoffman Company for 100,000 bricks for a contract in South Melbourne. They refused to supply him and refused to give reasons. He did not pursue the matter any further as he ordered the bricks from the City brickworks, which was out of the combine.

Witness further said—"I saw Mr. Butler the following day or about two days afterwards. He told me we could get whatever bricks we required from the combine from any of the yards.

Did the Association refuse to supply you with the ordinary bricks at any time?—No, except on the occasion mentioned at South Melbourne; that was the only occasion. They refused to give a reason."

Messrs. Swanson Brothers also alleged that the companies in the Association refused to supply facing, 40,000, required for use in connexion with the construction of the Receiving House at Royal Park.

On behalf of the Association, the following statements, *inter alia*, were made:—

Mr. C. W. Howson, secretary, Hoffman Brick Company.—

Can you give the reason for the non compliance with that order?—Yes; seeing that Swanson Brothers were associated with a rival brick works, it was under discussion whether we would supply them or not. However, as a matter of fact, either the next day or the day after or so we were informed we could supply any orders they liked to give us.

Is that sole reason?—Yes.

Mr. J. J. Osborne, secretary of the Association.—

Does that apply to the same matter that we have been speaking of?— That the Swanson Brothers—I am repeating their words—said that they would not take another brick from the Northcote Brick Company—and I think I was doing my best to keep them up to their word. There was no reason why they should exploit the Northcote Brick Company for something they could get nowhere else when they refused to deal with the Northcote Company for things that we could equally well supply.

Mr. L. Jones, manager, Hoffman Brick Company.—

Do you remember that they (Swanson Brothers) required special bricks for the Receiving Home at Royal Park? What took place with regard to those?—My recollection is that we supplied portion of them, and we got the Northcote Company to supply the balance. If we happened to be out of any particular kind of brick we would telephone the Northcote Company, and see if they had that kind, and if they had them they would always supply them.

Was that the time when Mr. Swanson wanted 40,000 facing bricks, and they were refused?—He says he was refused, but if my memory is right the particular kind of brick he wanted was right out of stock.

But these were plain square bricks?—They run out just as easily as the special bricks. The plain squares and the specials have all to undergo the same treatment—a long, slow treatment, a different treatment from the ordinary square brick, and they run out of stock. I presume the Northcote Company was out of them at the same time. . . . My clear recollection is that the Northcote Company were out of that particular kind of brick.

How did you know they were out of them?—Because I assisted at the telephone. Mr. Swanson came to the office, and I did my utmost to get the bricks for him.

Was there any reason why the Northcote Company would refuse Mr. Swanson on this occasion, provided, of course, that they had the bricks?—No reason whatever, to my mind; in fact, they had supplied specials, I understand, for that job. The answer I got from them was, "We are right out of that line, and you had better hurry up and make a quantity of them, because stocks are very low."

Mr. Swanson said they could not supply them themselves, and they were absolutely refused by the Northcote Company?—I think that is incorrect.

Mr. C. Stacey, manager of the Glen Iris Brick Co., made the following allegation:—

. . . I made personal application to the secretary of the Oakleigh brick works, but he told me it was no good coming there, that I could not get bricks, because an arrangement had been made by Spiers, who was manager of the City Brick Company, and by the South Yarra, Excelsior, and the Auburn Brick Company, not to supply any contractor operating in Elsternwick, Malvern, Caulfield, South Yarra, Toorak, or Oakleigh with more than 5,000 bricks a day for any one job, so that he would not buy more bricks than he was absolutely requiring for that particular job and allow us the privilege of carting them away to our proposed works at Glen Iris.

. . . So that there was a limitation of supply to the regular contractor in order to block you?—Exactly.

That statement was made to you by whom?—By the gentleman acting as secretary to the Oakleigh brick works.

That was officially made to you in his office?—Yes, at his works.

The allegation was specifically denied by Messrs. C. H. Cerutti, clerk, Oakleigh Brick Co.; A. Baxter, part proprietor Oakleigh and South Yarra Brick Works; and F. Spears, manager, City Brick Co.

SUPPLY AND PRICE OF SPECIAL BRICKS.

The two complaints in regard to the supply of special bricks were :—

- (1) The increase in price, without any notification being given to the building trade, of special bricks from £5 to £7 10s. per 1,000, which action it was said involved certain contractors in minor losses.
- (2) That when a person did not secure his supplies of plain bricks from an associated company, he was refused, or had great difficulty in obtaining, the supply of special bricks, which are chiefly manufactured by two of the companies in the Association, *i.e.*, the Northcote and Hoffman.

The answer of the Association to the first complaint was that after carefully going into the matter, the conclusion was arrived at that money was being lost in selling special bricks at £5 per 1,000.

As to the second question, there can be no doubt that the Association has used the advantage of two of its companies being large manufacturers of special bricks to command business in the supply of ordinary bricks. Mr. Osborne admitted this was so, by saying :—

No doubt there have been instances in which we finessed with the question in order to get the whole of the order. I regard that from the business point of view, and that is, we are not there to be made a convenience of. If we are prepared to supply the whole of a man's demands, there is no reason why he should go to some one else for a portion of what he requires, and then come to us as a matter of convenience, because they cannot supply him with certain classes of bricks. I regard that as simply a fair use of our position.

Mr. W. R. Butler, member of the firm of Butler and Bradshaw, architects, Melbourne, said he was the architect for the Queensland Insurance Company's building in William-street, which was constructed of reinforced concrete with the exception of the front, which was faced with stone and brick, the contractor for which was Mr. A. G. Plowman. He alleged that application was made by the contractor for special bricks to Mr. Osborne, the secretary of the Northcote Company, and they were refused. For this reason he said the bricks had to be obtained from Sydney. Mr. A. G. Plowman, the contractor referred to, did not support the allegation made. He stated that when he placed his order at the office of the Northcote Brick Company he was referred to the manager. He said :—

Well, I did not see the manager, but I just walked out of the office, because he gave me the inference they would not supply me.

Mr. Osborne, secretary of the Association, made the following reply :—

I have questioned the clerk in charge of the office, and he distinctly states he did not refuse them at all under any excuse, but he simply referred the client to me for an answer. I was never consulted in the matter. The client never came to me.

Mr. Plowman makes no charge. He does not go so far as to say he was ever refused the bricks. As a matter of fact, I think Mr. Plowman's evidence is strictly correct, but for some reason or other he rushed out of the office saying it was not a free country and so on. It was the practice to refer any one who wanted to get special bricks. We were protecting ourselves from being exploited by our competitors in the way of special bricks for buildings, where they were supplying the ordinary bricks, but that does not all imply a refusal. . . . It is just as reasonable to think that a brickmaker would object to supplying bricks for a brick chimney in a wooden house as to think he would object to supplying a few special bricks to a concrete building.

The position from the associated brickmakers' stand-point is presented in the following extracts from the evidence of the secretary of the Association :—

We have been told of instances in which orders have been rejected. Has that been your experience?—If the clerk had been previously instructed in regard to the man's financial position, or if there were some other special reason why he would not be supplied, an order might be refused.

From your own knowledge have you refused to supply bricks under fair commercial conditions to any firm in Melbourne?—No; not under fair commercial conditions. You know what I said before—that we finesse with a man, to secure the whole of his business. If we are in a position to supply a man with all he wants, and he chooses to go to some other person and deals with that company on the same terms as with us, then he should not come to us for something which he could not get from the person that he chooses to deal with.

Has there been any failure of your own knowledge to supply the reasonable requirements of the building trade of Melbourne?—There have been temporary failures—temporary shortages I should put it. There can be no more fluctuating trade than the brick industry. I may tell you that the Hoffman Brick Company started one half-year with a stock of 7,000,000 bricks. They worked full power all the year, and at the end of the year they were practically stockless. We find that the trade takes a sudden bound occasionally, and before you can get a kiln lit the supply becomes short. At two periods during the history of this Association there have been over 14,000,000 of bricks in stock, and there have been periods when our stock was not worth considering, when it has been a mere bagatelle. We might meet to-day and find ourselves full of orders, and instruct the companies to light two kilns, and before the bricks are ready, the people are there clamoring for them.

As an Association, in regard to those accumulations in those periods, can you say if that was a reduction by the whole of the Association?—Yes, any reduction made was uniform. Perhaps I had better correct that to an extent. If we found it necessary to cultivate trade in a particular locality the reduction would be further there simply by reason of the fact that the cartage would be so great. I want to be distinct about that. As we were always endeavouring to get a larger trade we charged bricks at a gradual reduced scale according to the distance from the metropolis. As business men you will see at once that the only way to cheapen the total cost is to increase the output, and if we could do that by further reducing the price to meet the handicap of railway carriage we did it. . . . As good an article was sent to the country as was delivered near the metropolis.

Will you say that you have not to your knowledge ever in your office refused bricks, either fancy or plain, to any contractor?—No, I will not say there has not been a case, or there may have been two cases, but I do say we finessed to the last degree with the customers, knowing the advantage we have in special bricks. We only tried to avoid being exploited by our competitors. We were not out to stop trade, but to stop people who were exploiting us in the trade.

On that question of stopping trade, do you think that some of your actions some time ago checked trade?—Nothing that the brick companies would do would check trade.

Do you think it tended to drive men to build weatherboard houses—that is the treatment they say they received at one period because of the autocratic power you possessed in connexion with the combine?—I say it is moonshine.

GENERAL VIEWS OF THE INFLUENCE OF THE ASSOCIATION ON THE BUILDING TRADE GENERALLY.

Mr. Jas. Allard, lately connected with the brickmaking industry :—

“You do not think the combination is doing any injury to the contractors in Victoria?—No. Generally speaking, I should not say it was. It was not formed in the first instance to exploit the public. It was a mutual arrangement to come together for the benefit of the trade.”

Mr. A. H. Angliss, part proprietor, Clifton Brick Company :—

“Taking into consideration the number of dead kilns you have to contribute to, would it have paid you to join as against that if you had been on your own?—It certainly does for this reason. The cost of running the Association is 1s. 6d. per 1,000. If we had to take on our own distribution and run a traveller as we would have to do if we were not in the Association I suppose that expenditure would cost us probably 1s. 6d. per 1,000; then we would have 1s. cartage—1s. beyond the ordinary area. We would have to pay ourselves an amount of 2s. for what now costs us 1s. 6d. From a financial point of view it is certainly better.”

Mr. A. Baxter, part proprietor, Oakleigh and South Yarra Brick Works (independent of the Association) :—

“. . . . I do not think there is any advantage whatever. . . . There might be an advantage in this way, that if they could not get the bricks in one yard they might get them out of another, but that is the only advantage I can see. . . . I declined to join the Association. I do not know there is any disadvantage in a combine myself.

Is there any distinct advantage in the Association?—There is to a certain extent. They can keep the price up.

Has that combination been an advantage or disadvantage to yourself?—It has not interfered with me.

It has not affected your price?—No; it made it neither higher nor lower. Whatever price we see in the papers as the price of bricks we sell them at that price.

Do you think bricks are just as cheap as they would be if the existing associations were dissolved?—I think the price of bricks would then be very likely higher. . . . There would be a lot of small companies starting that would not make it pay. I suppose they would lose money.

It is an advantage to have the Association then?—Yes. . . . They have a lot of brickyards, and can afford to sell the bricks cheaper. . . .

You say the association is really the means of keeping the price of bricks low?—I should say it is a great improvement. The combine itself kept the price of bricks at a price where most people could pay that price, and I think that if a lot of small brickyards were opened the price would be still higher.

In that sense the Association is of no injury to the community?—I do not think it is the least injury. . . . I would not care if there were 50 combines as far as I am concerned. . . .”

Mr. W. E. Cooper, contractor :—

“. . . . If it had not been for Mr. Osborne things would have been very nice. I do not see anything to quibble about with regard to the Association other than that”

I have no quarrel with the Association whatever. I should not say it has been a hindrance for the simple reason there has been more building work carried out in Melbourne—more constant work—since the Association has been in force than previously. If there had not been an association of course it might have proved to be the same; there might have been the same amount of work going on. There is no way of telling whether it has been a hindrance or not. . . . They are no good to the builders because you cannot deal with them; they have one set price. . . . As an individual builder I may be the only one to come in contact with a brickmaker who could supply me with bricks cheaper than the others. I would have that advantage over the other tenderers.

What would be the effect on the brick industry if all the manufacturers were free to cut down prices to the tenderer in that way?—We would get cheaper bricks.

What would be the effect on the manufacturers from a financial aspect?—There would be a loss to a great extent; they would not lose, but would have to take smaller profits.

We have evidence that they made about 6½ per cent. on the capital expenditure. Do you think that is excessive interest for a trading concern?—I do not.

What was the result of the open competition before the formation of the Association?—The fact was there was no demand for bricks—the supply was greater than the demand. They had stacks in the yards to get rid of, and to get capital to pay interest they sold the bricks for anything they could get. . . . Of course it was very bad from the companies' point of view. Some went into liquidation. . . . I think it has some advantages; it is an advantage to the workmen and an advantage to the manufacturers and the carters—the men dependent on the industry. A fall in the price of the commodity reflects at once on those who make it.

Therefore, we would conclude from that, that you are in favour of an Association of the manufacturers?—Other than from a builder's stand-point I am; that is only a personal matter.

Through the formation of the Association they were able to raise the price of bricks in the period of a few months from £1 to £2 per 1,000?—Yes.

Do you think that would have taken place outside of the Association?—It would have taken place, but not so quickly. Isolated rises in value would have taken place, because the demand and supply of any material regulates the price. . . .”

Mr. J. Collins, contractor :—

“ The treatment has been fairly good. . . .

As a contractor, what is your opinion as to the advantages of the Association to a contractor?—I cannot see that there is any advantage. I look at it from this point of view that where you have this Association they make a standard rate, and there is no getting below that rate, whereas in competition, which is the life of trade, very often you get an advantage. . . . I should say it would be detrimental. The contractors would have to take whatever was given them; they would have no choice in the matter.”

Mr. E. R. Ferry, terracotta and pipe manufacturer (not in the Association) :—

“ It would steady your business, and you could keep it more equalized, and you were able to know better what business was going on.

It minimized competition?—Yes, you could produce cheaper, and could save enormous expenses where private companies would be battling about with travellers and men seeking orders, and getting on top of one another, and saying that ‘our company would supply them at 1s. or 2s. or 3s. per 1,000 cheaper than the other.’

Do you think that the purchaser participates in those benefits, or are they all on the one side?—I think that the purchaser benefits very much.

Is it to their mutual advantage then?—Yes, because they know what they are going to pay for the bricks.”

Mr. J. N. Gamble, manager and partner, Clifton Brick Company :—

“ We thought it a very good thing, and we joined the Association. There is no hope of making bad debts in the Association. We know all the good customers and all the bad ones. This is the only reason. . . .”

Mr. J. W. Hardy, senior architect, Railway Department :—

“ I cannot say I have any fault to find with the combine; to my mind you do not have the competition you otherwise would have. It would be preferable not to have a combine. With more competition you would probably get a better article, and, of course, at less cost.

Looking at it from the stand-point of a large consumer of bricks, and in the public interest, you think you would get a better supply if the companies were free?—I think so, although so far we really cannot complain of our treatment.”

Mr. H. Henningsen, contractor :—

“ Just after the ‘boom’ time you could buy bricks almost for nothing. In fact, I had bricks delivered for 18s. per 1,000 at the Little Wharf to take down to Portland, and at that time the contractors went round to the brick companies and got a price off one and then went to another brick company and said ‘So-and-so's price is so and so, and if you do it for less you can have it.’ Well, there is no sense in that. Afterwards they arranged the price, and everybody had to pay the same price; whether you placed a large order or a small order, you knew the price, and in that sense I think it was beneficial. That is my opinion of it.”

Since these companies have been combined, have you any knowledge of their having done that?—Not since the combine. That was one thing in their favour—that they have treated every one alike.

Would you be surprised to know it has been admitted in evidence that they (the Northcote Company) have secured large orders at a lesser price than others?—Yes, I would be surprised. That shows there is roguery in everything if that is the case.

You have told us it was an advantage to have an association where the prices were all the same?—That is only my opinion.

You think it an advantage for several of the brick companies to be combined together to supply you with bricks?—Yes, I do.

Supposing all the companies were separate, and you had to deal with each company separately in competition one with another, do you think it would be an advantage if you were able to have an association of companies supplying sufficient bricks to keep all your jobs going?—Yes.

Mr. W. G. Ireland, contractor :—

As a contractor, you have been quite satisfied with the treatment you have received at the hands of those controlling the brick industry?—Yes, with the exception, of course, of having to wait for bricks when there were others requiring them as well as myself. . . . We know there is one set price of bricks. We do not have to go round for quotations, and we do not have to calculate on the price being cut lower to different builders. We know we are on the same footing when we are tendering. . . .

Mr. C. Langford, part proprietor, Excelsior Brick Company, &c :—

They have been selling bricks in Melbourne of better quality and at lower prices than any other city in Australia?—I think so; yes.

Manufacturing methods in Melbourne are equal to or better than the methods of manufacture in any other part of Australia?—I think so. I think the best machinery from England is used here, and other things also.

Then the high price of bricks is not a fact, taking it comparatively with the other parts of Australia?—That is so.

And the machinery and plant are the best, and there is no cause of complaint as to the high price of bricks in Melbourne?—No.

Do you think this satisfactory condition of affairs has been brought about by the companies combining and working on a larger scale?—I think so. There was a great deal of overlapping used to take place that does not take place now.

On the whole this Association has been advantageous generally?—Yes; in the interests of the public.

You were able to get better bricks and lower prices on the average?—Yes, comparing it with the other States.

Mr. G. Mayhew, foreman of works, Victorian Railways :—

Do you think that, as the result of the combination, that they have become more independent in regard to the supplies to the public?—I certainly think so. . . . You simply have no choice; you have to take what is given to you.

Mr. F. E. Morgan, contractor :—

Will you tell us how, in your opinion, the combine is injurious to the users of bricks or to the contractors?—I consider from the fact that they are giving a better class of article than previously since another company has been in competition is proof of it; and, furthermore, you can get more courtesy now, and better treatment, simply because they know there is another company that gives civility and decent treatment; and I say it was impossible to get them before except by submitting absolutely to their terms. They want your business now, and they did not care before, because they knew that one of the combined companies would get it, I suppose.

With nearly every combine I know of—and there are other combines in connexion with the building trade—there are ways and means by which you can get under them, but I have never known anybody break through the brick combine. . . . They were that strong that their rates were there that you had to take them, and I have not known of any man to get behind them.

Do you think if the Association was burst up to-morrow and every one went on his own selling at any price they chose that would be an advantage to the builders in Melbourne?—No, but it would soon find its own level, like everything else.

Your answer is "No" to my question that it would not be an advantage?—Not if they got knocking it about, and got it below the actual cost of producing them.

Mr. J. McKell (Oakleigh and South Yarra Brick Works) :—

Can you give any reasons why you thought you were better off outside the Association?—I do not know that it makes much difference to us. We reckoned that we would not gain much, because we were in a locality where there was plenty of demand for bricks at the time, and we did not think there was much to gain by joining the Association. . . . There would be one advantage. You could save travellers' expenses in the canvassing and the collection of accounts. . . . A large contract would be better served by the companies, I should say. A man having a very big job might want perhaps twice the number of bricks that I could turn out, and he could not depend on us to keep him going, whereas he could depend on the other people. . . . There is only one point in its favour, and that is that we would have a better knowledge of the standing of various clients and some saving perhaps in bad debts.

Mr. R. McDonald, builder :—

I think the other companies, through their competition, have helped to regulate them. . . . I think that if things had not been looked into—it is human nature—they would have had the price up a bit.

You think the outside companies starting has had a beneficial effect in checking them?—No doubt about that.

Mr. W. Miers, bricklayer :—

Would you consider your statement correct when you say there is no competition, considering there are five or six brick manufacturers outside the combination?—Of course I do not know about that. I am not in a position to make any definite statements, because I have not taken any great interest in it. . . . I think a better system of manufacturing and a better system of distribution would be better. . . . You might ask me what is wrong with the present system. I do not wish to offer any opinion about that. If you were to ask me to answer the question I should say that if there were more competition there would be a better quality of brick made, and more attention to those using bricks.

Mr. E. H. M. Ratcliff, contractor and master builder :—

Do you believe the combine has exercised too much power in regard to their customers and others?—They have been very autocratic.

You have to subject yourselves to them—you are not able to exercise your discretion in regard to the qualities of your supplies, &c., as you do in regard to those of other material?—No, we have not been in the position of dictating to them—we have been in the position of being dictated to.

Can you give a specific instance where that dictation has operated?—Not off hand. I could not give any specific statement. I can only say generally that at times I have felt the curb a bit, but nothing very stringent.

In what way have you felt the curb. Give us an instance now. You make a statement and that wants verification?—Well, I will not verify it.

Mr. H. Rooks (City Brick Company).—

As far as we can gather from being attached to it, it was to regulate the output, to a certain extent, and, of course, to make the concern what might be called a paying concern. So far as our association with it was concerned, it was not to increase the price in any shape or form. So far as we were concerned it did not make any material difference one way or the other. Certainly, at the time we were in the association there was a good demand for the product, and there was actually no necessity for looking for business; but, speaking from memory, our returns during the period of our connexion with the Association were just about the same as any other period.

You felt it would be better for your own shareholders if you remained outside the Association?—That was the opinion of our company.

And you have proceeded along those lines?—Yes.

You benefited very largely by leaving the Association?—I dare say we have benefited to a certain extent.

Mr. J. J. Osborne, secretary of the Association :—

Have you any knowledge why the City Brick Works broke away from the Association?—They agreed to come in for a certain time, and when that time had expired they decided to stand outside the Association. However, I may say that Mr. Rooks was very careful to say to the editors of the *London Trade Journal* that the success of brickmaking in Victoria was due to an arrangement between the brick companies.

Mr. W. G. Sprigg, accountant :—

. . . . I consider it was exceedingly beneficial to the public and to the workmen who had been thrown out of work at the closed brickyards. It was a universal benefit—a benefit all round. . . . The public only bought bricks if they wanted them, and they were certainly benefited by the industry being on a legitimate and profitable basis. It is idle to suppose that the public are benefited when they can buy things at half cost.

What do you say would be the effect upon a works or industry when a combination takes place?—It ensures constant employment and gives good wages. Of course Wages Boards have largely settled questions of wages; but it gives constant employment.

Apart from the regulation of wages by Wages Boards, this would be the best way to get regular wages?—I should think so.

Mr. D. A. Swanson, master builder :—

Can you say, as a large contractor, whether the associated companies have been an advantage to contractors. Can you give any instance where they have been?—I cannot give any instance. I have never found it a disadvantage, but I cannot give a specific instance where it has been an advantage.

Mr. F. E. Shillabeer, builder :—

. . . . If a builder has a job in progress he may have taken that work with perhaps a very heavy penalty. Well, he is rather selfish. He says—"I must not interfere or show my hand towards the combine. If I do I might get my bricks stopped, and I am under a heavy penalty to get my work completed, and I therefore take no notice of it. . . ."

Therefore you know that the position exists?—More so two or three years ago than it does now. There is a brick company started at Box Hill, and there is also the Glen Iris Company now.

What is your actual experience of bricks being stopped by the combine?—I have told you that personally I have had no trouble.

From your own knowledge of two or three years ago, have bricks been stopped to anybody?—I think they were.

To whom?—To the people named.

But was there anybody else?—I could not tell you. We do not bother. I do not know of anybody else.

Mr. F. Spears, manager, City Brick Company:—

From your experience, do you think the effect of an understanding has had any influence on the price of bricks?—In my opinion it has not had any influence on the price of bricks.

Has it had a steady influence on the price of bricks?—I do not think so—the co-operative companies are still going, and their prices are down to our prices, simply because there is no demand.

Do you think that because you are outside the combination you are selling to people with a low financial standing?—I do.

And that causes bad debts?—Yes.

Do you think it is an advantage to have a selling association so as to eliminate the risk of “jerry” speculating, or people of no financial standing, coming into the business?—Yes, it is better for the general builder, and also for the manufacturer.

Therefore for that reason you would support a selling combination in the trade of brick manufacturing?—Carried on our proper business lines I would support it.

Would you also say that the selling combination that has existed is an advantage rather than a detriment to the people?—I suppose it is to the builders of Melbourne; they like a set price, they do not like competition.

Assuming that a lot of people came into the business without any financial standing or reputation, and put places up all over Melbourne merely as a gamble, would that be an advantage or disadvantage to the building trade of Melbourne?—It would be a great disadvantage.

Therefore any association or combination that will restrict that kind of thing is an advantage?—Certainly a great advantage in that way.

Mr. C. W. Timmins, contractor:—

Do you think there is fear on their part that if they do anything to offend the present manufacturers of bricks they may suffer?—It depends upon the class of the contractors. Some men in a big way, I think, are fearless of the combine. The man in a small way is somewhat frightened to go against them. . . . It might be to the advantage of the contractors if there were not a combine. Owing to the competition the price of bricks would be materially reduced. . . . I think an association is all right providing everything is done reasonably, and there is no compulsion. . . . As far as the brickmakers' Association is concerned, I do not think there would be any objection to it as far as money matters are concerned.

Would it be an advantage to the association of brickmakers to get to know these unscrupulous builders and refuse to supply them with bricks if they could not pay up?—Yes, I think it would.

If it were not for the association of brick manufacturers do you think a good number of men would start in a small way and obtain bricks and not pay for them?—It is quite likely.

Supposing there was no association of brickmakers, and there were a lot of people operating, what would be the effect upon the trade?—It would mean that the competition would be ever so much finer. I would perhaps be out of pocket on contracts when men were not operating honestly.

That is to say that men would obtain contracts at very low prices and would not pay for their supplies?—Yes.

Therefore, following that line of reasoning, you think a combination of manufacturers would be an advantage?—Yes.

It is an advantage to the contractors by stopping small men from operating in an unscrupulous manner as well as being an advantage to the manufacturers?—Yes, as far as the manufacturers are concerned they are all right as long as they do not fix an exorbitant price for the bricks. . . . I think it is on account of his not being able to finance it. You will find some builders in that position. Some I know of are just starting in a small way, and feel that if they are perhaps refused a supply from a company they might be in the middle of a job and it would be very hard for them to get bricks.

Does this difficulty exist solely in connexion with the associated companies, or does it apply all round?—I think it applies all round.

Mr. H. F. Young, chairman, Northcote Brick Company:—

What was the effect to the public when bricks rose from 25s. up to £2; what was the effect upon the consumption of bricks?—It did not affect the consumption at all, and the contractors were very glad that they had something to go on, because when tendering for a job before we were together they never knew what the bricks were going to cost them. It was a fight between the separate companies, and the contractor went round from place to place to see what he would have to pay for his bricks; but we fixed the price at 40s. to give us a fair margin of profit. We were only eight companies, and there were plenty of yards outside to sell bricks if they went to any other company; but they could not sell bricks under 40s. per 1,000 and pay 7 per cent. dividend.

From your experience as a business man in Melbourne, do you think it has been a hardship or a restriction upon the building operations of Melbourne to have this combination of brick manufacturers?—Quite the reverse. I think it has been a great source of convenience to the contractors for us to have an association.

You have already said that that convenience was due to the standardization of prices?—Yes.

How will the gain come to the contractor by your having that Association?—He would know exactly what his opponent had to pay for bricks. Otherwise he was not sure of what the other man could get bricks for, and he had to tender lower in case that man beat him on the price of the bricks.

The general effect would be that you would have better competition amongst contractors?—Yes, they have stated so to me several times. They were very pleased that there was a standard selling price of bricks fixed.

You contend that through having a uniform price, or a standard price, the contractors are better able to make up their prices for a contract?—Yes.

Do you say that before you standardized the price of bricks there were a large number of “jerry” builders in the trade?—Yes.

What do you mean by "jerry" builders?—I do not say anything about the character of builders; but a man with insufficient means might take a contract in the hope of being able to slum the work, and he might get £100 of bricks from the Northcote Company on credit, and £50 from the Hoffman, and £50 from somewhere else. Very likely he would not pay them all unless he made a success of the job; and if he did not pay, and he was not a man of substance, but only a man of straw, and not able to pay, the brick companies were the losers in that respect; and, therefore, we made one man collect all the debts, and we knew how much a contractor would be indebted to the Hoffman Company, the Northcote Company, or any other company.

What is the effect on the building trade and the general public of eliminating that class of man out of the business?—They get an honest job from a respectable contractor.

Colonel Watson, chief architect, Public Works Department, Melbourne :—

Do you mean to say this Association, through raising the price of bricks, is detrimental to the public?—I scarcely think that, because there are so many people outside they can purchase bricks from. They rather fix the rates; the inclination is to fix the rates.

Do you mean to say the people outside fix the rates?—I do not think that. There is a limit to the quantity to be obtained. I mean that you can always get cheap bricks at the outside kilns; you can always get them for a shilling or two below the others, if it is possible for them to do that at a reasonable profit. It is certainly my opinion that all combinations of that kind—all associated companies—always tend to keep the prices up rather than reduce them.

Your general conclusion is that the brick Association has not been detrimental to the public?—I do not say it has been detrimental to anybody; I do not think it has been to their advantage.

Has it been to raise rates to the detriment of the public or otherwise?—I could not say; it has not been to the Government, because we have a fixed rate.

CONCLUSIONS.

Your Commissioners have the honour to submit the following conclusions :—

Question 1.—“ The manufacture of bricks and the cost to the users thereof.”

The equipment of the Victorian metropolitan brickyards was found to be efficient in every respect, and in some cases is equal, and in others superior, to brick-making plants in other States of the Commonwealth. The processes of manufacture are acknowledged to have reached a stage which enables an article possessing the greatest tensile strength and other good features generally superior to other Australian manufactures to be produced. In the country districts, where the demand for bricks is comparatively limited, and where an article of such high quality as that required in the metropolis is not always necessary, there are small yards where the hand-making process is still practised.

The complaint was frequently voiced that supplies purporting to be first-quality bricks—which are appreciably higher in price than second and third grade ones—contained an undue proportion of the two inferior qualities, which necessarily reduced the usefulness and the value of the article supplied. Owing to this it was urged that it was difficult to obtain a reasonable proportion of bricks of such shape and uniformity of colour and good quality generally as to be suitable for facing work. Complaint was particularly made as to faulty arrisses (edges), which militated against the superior brickwork required in many buildings. In this last connexion it was thought that greater care should be used both in the methods of manufacture and in the handling of bricks.

The necessity to maintain the plant of the metropolitan yards in such a high state of efficiency as to insure the production of a superior article is, according to the evidence, fully recognised by the various companies, both associated and non-associated. It was stated that the public companies associated had depleted, or were in the course of depleting, their reserve funds in maintaining their plant in an efficient condition for economical production. Bearing this fact in mind, and in consideration of a statutory declaration made by the associated and non-associated companies (with the exception of the Glen Iris Brick Company) that the average manufacturing cost of the twelve leading companies was 27s. 5d. per 1,000, and the manufacturing cost on the part of two of the associated companies ranged from 23s. to 24s. 6d. per 1,000, your Commissioners are of the opinion that the price charged for the three grades of ordinary bricks is reasonable. In arriving at this conclusion, your Commissioners have given full consideration to the fact that in the average figure given the price during 1913 had fallen to 33s., and also to the cost of labour, the payment of interest on the capital invested, the fluctuating nature of the industry, and the fact that the material is an ever-diminishing quantity. The measure in which the workmen have benefited since the organization was created is shown in a table in this Report on

page 12. It indicates that benefits accrued to every class of labour employed in the industry from the inception of the Association until 1901, during which period wages increased considerably, although the Wages Board had not then come into operation. The return to shareholders in the three public companies were shown to be on a moderate scale, the average percentages since the formation of the Association in 1896 being as follows :—Hoffman Company, £4 10s. 7d. ; Northcote Company, £8 3s. 9d. ; and New Northcote Company, £5 19s. 5d. It is true that each of these companies has invested a portion of their profits, amounting to about £26,000, in a brick company established at Auburn, and each company's moiety spread over the period of expenditure would, if devoted to the payment of dividends, have increased each average given by $\frac{3}{4}$ per cent. per annum. The Northcote Company alone holds a reserve fund of £10 , which, it was said, was being used for the replacement of plant, and would be wholly absorbed within six months. It was unquestionably established that the price charged for ordinary bricks in the metropolis is lower than that charged in other large Australian cities.

Question 2.—“ The methods commercially of the manufacturers.”

The methods commercially adopted by the associated companies are such as usually obtain in large business organizations, in which companies previously in active competition are brought under a centralized control, mainly for the purpose of reaching the irreducible minimum in regard to managerial charges. It has been pointed out in the Report that before the formation of the Association the companies now constituting it were in a condition bordering on insolvency, while many others of the smaller companies were actually wholly in the hands of their creditors. The competition then existing was accentuated by a very serious depression in the building trade. In order that they might continue business, unregulated competition naturally ensued, almost to the ruination of every interest involved. The Association corrected this unfortunate condition of affairs by centralizing the businesses of the companies which came into agreement under one management, which, in addition to controlling the output, and regulating from time to time the price of ordinary bricks, made for economical administration by the abolition of travellers' expenses, in the collection of accounts, in considerable elimination of bad debts, and in the better distribution of supplies by companies nearest the scene of building operations in order to reduce as much as possible the heavy cost of cartage. Evidence was given showing that as a result the administrative charges had been reduced to 1s. 6d. per 1,000 bricks. It was made evident that the cost of placing the manufactured article on the market was lower in the Victorian metropolis than elsewhere in Australia.

A further advantage freely conceded to the Association by large users of bricks was that under its *régime* trouble never occurred as it did at one time in respect to the inability of securing supplies in considerable quantities, without intermission, for large contracts. Except in one instance, when there was an allegation that restraint had been exercised, there was no evidence to be seriously considered which pointed to builders and contractors being required to draw their supplies from yards specified by the Association. The evidence all pointed to users being at liberty to obtain their requirements from whatever company they selected. It was also made clear that in the event of a yard being unable for a time to maintain supplies at the rate demanded by the contractor, there prevailed a system of co-operation by which any of the other associated companies, when called upon, immediately supplemented the supplies of the over-pressed yard. The conditions existing in Melbourne in this connexion are immeasurably superior to what obtain in Adelaide, where, according to evidence, the utmost difficulties have to be faced in keeping works going, owing to the failure of the yards to hold reserve stocks.

Generally speaking, builders, especially those in a large way of business, approved of the standardization of the price of bricks. A few objected that the system was detrimental to them, in that they were not able to secure advantages over other contractors by obtaining bricks at lower rates by a process of bargaining with the various yards. Another point emphasized was that when once the Association quoted a price to a contractor for a building that price was never raised during the progress of the work, although in the meantime the market rate may have increased ; but, on the other hand, if the rates fell in the interval, the contractor was supplied at the lower rate.

One of the motives of the investigation was to determine whether the Association had exercised its influence in the restraint of trade in certain quarters. In the Report the pertinent statements made by witnesses have been carefully shown; but on their face value it cannot be maintained that in the supply of ordinary bricks by the associated yards discrimination has been shown as against certain individuals. Reference to the extracts from the evidence given will show that there was a strong section of the leading men in the building trade who admitted they had suffered no inconvenience in this respect. There was another section which expressed indefinite opinions, which were invariably acknowledged to be based on hearsay, and under cross-examination these were whittled down until there was little, if anything, left to sustain them. The one outstanding allegation in respect to a refusal by an associated company to supply ordinary bricks was in connexion with a certain firm of contractors. When the extracts from the evidence given in this connexion are read, it is clearly revealed that a personal element entered very largely into the matter. If the evidence given by the two parties is accepted as indicating the whole circumstances then it must be said that the allegation in a commercial sense was not sustained.

There was a section of the witnesses who implied—and more often than otherwise very vaguely—that difficulty had been experienced amongst the men in a small way of business. What caused this state of mind the evidence does not disclose in any direct respect. There can be no doubt, however, that by different expedients the Glen Iris Brick Company was refused supplies of ordinary bricks for the building of its proposed kiln at Glen Iris by the associated and non-associated companies.

The genesis of the whole cause of dissatisfaction with the Association in some quarters may probably be traced to the use it made of the fact that for some considerable time two of its companies were practically the sole manufacturers of fancy or special bricks—that is, specially manufactured bricks which, though they form less than $\frac{1}{2}$ per cent. of the general consumption, are essential in certain types of buildings, and the non-supply of which would place a contractor in a difficult position, so much so that his contract might be seriously delayed through their non-supply. To make the matter clear, it will be best to put the allegations made in this connexion specifically—that when a user did not obtain his supplies of ordinary bricks from an associated company, he was refused the supply of special bricks, which are chiefly manufactured by two of the companies in the Association, *i.e.*, the Northcote and the Hoffman. From a study of the evidence there is only one inference to be drawn, and that is, that the secretary of the Association fully realized the advantage secured to it, and took advantage of it from a business point of view, and regarded it as a fair use of the position. He said, “There have been instances in which we finessed with the question in order to get the whole of the order. I regard that from the business point of view, and that is, we are not here to be made a convenience of; if we are prepared to supply the whole of a man’s demands there is no reason why he should go to some one else for a portion of what he may require, and then come to us as a matter of convenience because they cannot supply him with certain classes of bricks.”

Complaint was made as to the increase in price in the past of special bricks from £5 to £7 10s. per 1,000, and, as such increase was made without any notification to the building trade, it was said it involved certain contractors in minor losses. The answer of the Association was to the effect that it had been found that at the first figure these bricks had been sold at a loss, and it was necessary to raise the cost. A comparison of the price of this class of brick in Victoria with those prevailing at Ballarat, Bendigo, and Sydney has led the Commission to the conclusion that the price charged by the Association is excessive.

Question 3.—“What extent there is agreement between the various companies engaged in brick-making as regards the selling price of bricks.”

An association of brick companies has existed since 1896, and now comprises eight firms. The Association was designed, it was said, not to exploit the public, but to organize the industry in such a manner as to make it a paying business. The first step was to keep closed companies which had become inoperative through financial reasons by renting the yards attached to each, and this involved the Association in an annual expenditure of £3,620, which, during the period of its existence, meant an average charge of 10½d. per 1,000 bricks manufactured. So far as the associated companies are concerned, the central authority controls the output and

regulates the price, which, according to the evidence of the principals of all the outside companies, with one exception, is accepted by them as the market price. There are four companies outside of the Association which have been in active competition with the associated companies for some time, and one of comparatively recent establishment.

Question 4.—“The causes of the high prices that bricks have been sold at by manufacturers.”

This question is quite overlapped by the answers given to the previous ones. It presupposes that the price of bricks has been unduly high as compared with the manufacturing cost. The price of bricks is lower and the quality generally superior in the Victorian metropolis to that in any other part of the Commonwealth.

Question 5.—“What, in the opinion of the Commission, would be a remedy or what should be done to enable users to obtain bricks at a fair price.”

This question also overlaps the others and, like the previous one, assumes that the price of bricks as charged to the public, presumably since the existence of the Association, has been exorbitant.

All of which we have the honour to submit for Your Excellency's consideration.

Witness our hands and seals this 22nd day of October, 1914.

M. HANNAH, Chairman.	(L.S.)
<i>(Subject to dissent.)</i>	
S. BARNES.	(L.S.)
A. A. FARTHING.	(L.S.)
J. GORDON.	(L.S.)
R. B. REES.	(L.S.)
ALEX. ROGERS (<i>Subject to dissent.</i>)	(L.S.)

DISSENT.

We, the undersigned members of the Commission, dissent from certain conclusions as follows :—

1. *The manufacture of bricks and the cost to the users thereof.*

The manufacture of bricks :—

The methods of manufacture amongst metropolitan manufacturers are considered to be efficient.

The evidence shows that the Melbourne bricks are equal, in every way, to any in Australia.

The supply of bricks has not been satisfactory—the manufacturers (especially the Associated Manufacturers) just keeping ahead of orders, with the result that when a sudden rush happens builders have been inconvenienced, and bricklayers and others thrown out of work.

A complaint frequently voiced was that supplies purporting to be first-class quality bricks, which are appreciably higher in price than second and third-grade bricks, contained an undue proportion of the two inferior qualities, which necessarily reduced the usefulness and the value of the article supplied. Owing to this, it was urged that it was difficult to obtain a reasonable proportion of bricks, of such shape and uniformity of colour and good quality generally as to be suitable for facing work. Complaint was made as to the faulty arrasses (edges) which militated against the superior brick-work required in many buildings.

In 1895 Melbourne bricks were as low as 13s. 6d. per 1,000. In 1896 certain manufacturers became associated, and bricks rose steadily until in 1900 they were sold at 40s. per 1,000.

The average cost of the plain brick at the kiln is about 24s. per 1,000—allowing 1s. 6d. per 1,000 for office and other expenses, this brings the price up to 25s. 6d. per 1,000. As the Association allows its members 25s. 6d. per 1,000 on all bricks sold by them, the above amount seems fairly correct. It might be said that a sworn statement put in by twelve manufacturers that the cost per 1,000 in 1912 was 27s. 5d. per 1,000—as that statement includes all bricks, plain and fancy, we have relied on the evidence of Mr. Osborne, Mr. Angliss, and Mr. Fenton to furnish the price of the finished article. Having got it, we have no hesitation in saying that from 1900 to 1912 the users of bricks in Victoria were paying too much for them, and we further are of the opinion that first-quality bricks can be sold at the kiln, after allowing a good profit to the manufacturer, at 33s. per thousand.

There was no evidence as to the cost of the manufacture of fancy bricks in Victoria, but, taking the highest price charged for the same article in New South Wales, viz., £4 8s. per thousand, as compared with £7 10s. in Victoria, we are quite satisfied that fancy bricks now sold in Victoria at £7 10s. per thousand are at least £2 10s. per thousand too dear.

2. The methods commercially of the manufacturers.

There have been a number of allegations that manufacturers have refused supplies to certain contractors. In most cases the allegations have been denied or stated to be due to a rush of orders. The Secretary of the Co-operative Brick Company admitted that his company did not feel called upon to supply bricks for the purpose of building a rival kiln.

Extraordinary precautions have, at times, been taken by certain manufacturers to ascertain the destination of orders of special bricks. These precautions seem to point to a desire to prevent some one from obtaining these bricks.

3. To what extent there is agreement between the various Companies engaged in brick-making as regards the selling price of bricks.

Certain metropolitan manufacturers with an output for the year 1912 of 106,000,000 are associated "to regulate the price and output of bricks."

The metropolitan manufacturers outside this Association turned out 41,000,000 bricks.

The associated manufacturers fix a price, and this practically constitutes the ruling Melbourne price for all, with the exception of the Glen Iris Company, whose selling prices are limited by Act No. 2397.

In the sixteen and a half years subsequent to 1896 £47,153 was paid by the associated manufacturers to keep certain brickyards closed.

4. The causes of the high prices at which bricks have been sold by the manufacturers.

The prices of bricks rose steadily after the formation of the Co-operative Brick Company in 1896. This Company obtained control of and kept closed a number of brickworks. From 16s. in 1896 the price rose until during the period 1901 to 1905 the average price was 40s. per thousand. In 1905 the late Sir Thomas Bent proposed to start State brickworks, and the price was lowered to 38s. to induce him not to start the works. The price remained at 38s. until the coming into existence of the Glen Iris Brick Company, when bricks fell to 33s. per thousand.

We consider that the high prices of bricks has been due to the lack of competition.

5. *What, in the opinion of the Commission, would be a remedy, or what should be done to enable users to obtain bricks at a fair price.*

It is desirable that, to keep bricks at a fair price, reasonable amount of competition should be assured. The Government has entered into a contract for twenty-one years with the Glen Iris Company to supply the Government departments and railways at 31s., and others at not more than 36s. per thousand. The present price, 35s., is due mainly to the operations of this Company, and we consider that the Government should give this Company every assistance by specifying Glen Iris bricks at 31s. in all Government contracts within a radius of Melbourne.

M. HANNAH, Chairman. (L.S.)

ALEX. ROGERS. (L.S.)

J. H. OWEN,
Secretary.

[Minutes of Evidence are not printed.]

