WEDNESDAY, 29TH SEPTEMBER, 1920.

HENRY DARGAVILLE BENNETT examined. (No. 11.)

1. *The Chairman.*] What is your position?—I am representing to-day the distributors of butter throughout New Zealand. The Committee recently had a representative from Christchurch before it who gave evidence apart altogether from the evidence that will be tendered as a result of the conference which took place yesterday in Wellington between representatives of the distributors. The evidence that will be given on behalf of the Dominion grocers will not be in conflict with the evidence submitted by the Christchurch representative. To begin with, sir, I want to impress upon the Committee the fact that the grocery trade is a trade returning very little profit. Those members of the Committee who are associated with commercial activities will know that grocery profits are lower than those of other businesses. Dealing with the question of what it is costing us to-day to run our businesses, it is apparent that during the last four or five years the general overhead costs of running all businesses have very materially increased, and in connection with the grocery trade the increase during the last four or five years has been, roughly, from 14 to 18 per cent. to-day. Whether it will stop at 18 per cent. or not of course one does not know. You will admit that we are perpetually face to face with increased demands not only from our assistants but in many other directions, bringing about higher costs in everything we use for the carying-on of our trade.

2. *Mr. Atmore.*] It was 14 per cent. when?—Say, about 1914. At any rate, it is costing us 18 per cent. now. I want to be perfectly fair in the evidence I give before the Committee, and I wish to explain that there are some retail grocers who can run their businesses at a very much lower rate of expenses than 18 per cent.; but the general consensus of opinion that has been expressed by the traders in the various parts of New Zealand enables me to say with confidence that it is safe to take it at 18 per cent. as being the fair general average rate. There are many who are working even above that, and there are some working below. Then, I think it is also fair to say that the general rate of overhead expenses incurred by the smaller trader is perhaps lower than that of the average: he would probably be working on a 15 or 16 per cent.; but the expenditure of the general business man who employs labour on overhead expenses is 18 per cent. The matter of the distribution of food for the future is a question that we look upon with a good deal of anxiety. I have been asked by the conference to emphasize this point: that during the war period we had been handling butter at a rate of profit which was lower than we should have asked; but we were compelled to do so, and did so quite willingly, knowing it was the war period, and that we were only sharing in the self-denial that was being indulged in by many other people. But we say that that war period is now over, and we ask that the Committee will recommend that we receive a fair profit for the handling of butter. We ask for a fair profit, and we desire to point out that for one reason or another the general community to-day asks for a special service. It is not our fault that the individual housewife of to-day insists upon a certain service, and we as traders are obliged to give it. It is often the case that we are asked by the customers to make deliveries of small parcels of butter, the profits on which are almost insignificant as compared with the cost of making the deliveries. We say that because the general community ask for that service, which we are obliged to give, we ask the Committee to take that into consideration when assessing the general costs of working a grocer's business. I need hardly emphasize in connection with this evidence the fact that the general cost of everything that the grocer requires in his service has very materially increased in price. I think, perhaps, I might leave that as covered by my previous remarks that the overhead costs of running a business are 18 per cent. The margin which was allowed to the grocer in pre-war days was 2d. per pound, and the margin was the same in the early war period when the price was 1s. 8d. We were also getting 2d. per pound in the early days when the price of butter was very much lower. We ask that the rate of profit allowed to the grocer when the price of butter is hovering round 2s. 6d. to 3s. shall have some relation to the costs and expenses in connection with running our businesses. We contend that, as the cost of running a grocery business is 18 per cent., the margin of profit allowed on butter should bear some relation to that cost. I would like to state here that a grocer's business has certain features which are worth considering in dealing with a question of this sort. For instance, we cannot deny that there are certain articles in the grocery trade that are always handled at a lower rate of profit than would cover the general overhead expenses, and butter is one of those, but there is a certain limit within which that can be worked. The provision trade under the grocery heading forms a very large proportion of the business done by the ordinary grocer in the city, and we calculate that his sales in butter alone reach as high as one-seventh of his total trade, so that if the margin of profit allowed on butter is removed too far below the reasonable rate that has been agreed upon as our working-expenses, it means that the profit that the balance of the trade will have to carry in order to make the business a payable one will be so high that we will be going perhaps dangerously near to the provisions of the profiteering Act. I would also like to point out that quite recently the price of sugar, which also forms a large proportion of the grocer's turnover, has also been restricted, to say the least of it, to something below our working-expenses. Therefore we have two important articles—namely, butter and sugar—that are being tied against us. It is well known that the handling of bacon and cheese provides no profit for the grocer, and, taking everything into consideration, I can speak quite conscientiously and say that the grocer's lot for the future looks to be a pretty hard one. The margin which we think should be considered a fair one for the retail distributor is, generally speaking, 4d. per pound when the price hovers round 2s. 6d. to 3s., and we suggest that there should be a differential price for booking and delivery when these are called for. As a result of the conference we held yesterday we decided, very much against the will of quite a number who wanted more than that, to ask that the margin of profit that should be allowed to the retail distributor should be on the basis of, roughly, 12½ to 13 per cent. gross for cash and 15 to 16 per cent. for booking and where delivery is also made. We wish the Committee to understand that what we are asking for is below the cost of our working-expenses. We want to be perfectly fair and reasonable in our request; and although butter is an article that we always handle at a rate of profit very much lower than most things, we shall be content with the profit we have mentioned, considering the difficulties that the country has to face to-day. I might mention without divulging any secrets that a large number of the delegates at the conference we held asked that we should make