

application for a good deal more than that, and none of them suggested that we should take less. As a result of the conference we decided to ask the Committee to recommend that the sum I have mentioned should be allowed the retailer. We will try and struggle on with that. It means 12½ to 13 per cent. for spot cash, or 15 to 16 per cent. for booking. That means that the grocer will have to continue on the usual lines of adding a little extra profit to the outside lines in order to make his business pay. That has been the custom of the trade, and we purpose continuing on those lines. I would at this stage emphasize the fact that there is a profiteering Act in existence at the present time, the provisions of which have been freely inflicted upon various traders, while the grocer has not been immune from the attentions of the Board of Trade. Quite recently a grocer in this city was brought before the Court and fined £100 for what the Court considered a breach of the Act. Those are the things we are up against, and when we give our consent to handling butter at from 12½ to 13 per cent. gross, having to make a loss on it, we know at once that we have to put extra charges on to other side lines and run the risk of being hauled before the Court. I do not know whether I would be justified in alluding to the conditions existing in Australia.

3. *The Chairman.*] Do you mean from a retail point of view?—Yes.

4. Yes, you may refer to it?—Well, in Australia they have consented to give the retail distributor a margin of profit that is actually in excess of what we are asking here.

5. Do you know what the figures are?—The cost to the retail distributor, according to the *Australian Grocer*, is 2s. 2½d., and the retail price is given at 2s. 6½d. for cash—that is, for bulk, in Melbourne and suburbs on 12th August, 1920; and in prints, 2s. 7d. per pound. Then there is an extra ½d. charged for booking, and another ½d. per pound when delivered, making a price for ordinary trading conditions of 2s. 8d. as against 2s. 2½d.

6. That shows a profit on the cash basis of 4d. in bulk and 4½d. in pats?—Yes, 4½d. per pound in pats for cash over the counter. I do not intend to labour the various matters which will be better known to the members of the Committee. There are many other aspects that the Committee will no doubt consider; but I would like to say one thing in conclusion, and that is that during the period of restrictions in trade the grocery business has suffered far more than any other business it is possible to imagine. The general conditions of the grocery trade in New Zealand, together with the restrictions that have been imposed upon us by the War Regulations and other things, have been such that we have been practically carrying on our business for the last four or five years at a loss. The Board of Trade recently called for returns from the various grocers. A summary of the evidence was published, and out of six who were called three had to show an out-and-out loss in their trading, while the other three were just able to get over the fence and show a very small margin of profit. Such conditions have not been singular to New Zealand. You will have noticed in the cables recently published that that very large concern in England which was making arrangements to purchase the whole of the exportable surplus of the New Zealand butter made, according to their balance-sheet, a loss of £138,000 for the period. I do not know what would have happened to the New Zealand producer if he had accepted the offer of that society. The producers would probably have called a conference to discuss the question as to how they were going to be paid. However, it is clear that the retail distributing trade has suffered in New Zealand in the same way that they have suffered in other parts of the world. We ask the Committee to give us fair consideration, and I think it will be admitted that our request is very modest. We are not even asking for a rate of profit which will cover our working-expenses. We intend to follow the usual custom of the grocery trade, and sell butter at a margin of profit which is less than that required to cover our working-expenses.

7. Do you find a very great difference in the cost of handling the butter—that is, from the point of view of cash and booking? What is the comparison generally—is the preponderance in favour of cash or booking?—That depends. No two businesses are alike. In certain city shops they are able to do the greater part of their sales on a cash basis only, while in other city shops 75 per cent. is done by means of booking, the other 25 per cent. being for cash over the counter. Even two businesses in the same street may not have the same class of business, because it depends on how the proprietor of the business desires to run it. Some refuse to give credit and insist on cash, at the same time selling very much cheaper and getting all the cash trade; but there is no standard that we can put before the Committee as a criterion which would show what proportion of the trade done was cash and what proportion was booked.

8. Is it not a fact that some people cut the price of butter for cash over the counter?—Yes; it may be done when you do a cash-over-the-counter business.

9. *Mr. Hockly.*] Do I understand that the Wellington grocers are definitely prepared to sell butter at a loss or without actually covering their working-expenses?—You perhaps require to know a little of the inside working of the grocery business to understand just what the position is. In every grocery business the rate of profit on different articles varies. For instance, you may come into my shop and pick up an article that might only show a 10 per cent. gross profit, and then pick up another article showing a profit of 60 or 70 per cent. gross, although not very often. Generally speaking, 50 per cent. would be the outside limit. The general bulk of our turnover gives us, we consider, 20 per cent. gross profit. The general aim is to get from 20 to 25 per cent., but we have not been able to do it, especially during the war period. In the case of butter and sugar and some other articles we have to sell them at a low rate of profit, and it is because we are selling butter, sugar, and other articles of that sort at below a profit that will cover working-expenses that we look for a better profit on certain lines to make up that loss. It is one of those customs which has attached itself to the grocery business that makes it unprofitable and unattractive. There is one other point I would like to bring before the Committee. I was asked by the Invercargill delegates who were not present at the conference to urge upon the Committee the necessity of making a special allowance for places such as Invercargill and other inland towns in the South Island where they find their costs a little higher than ours. They specially request that when the Committee is going into the question of prices due consideration should be given to those places that are some distance away from the factories. I would suggest, where a certain price is fixed for the principal towns, that in the case of a town far away from the point of production the Board of Trade be empowered to consider the claims from certain inland towns for increases to the extent of ½d. or 1d. per pound. The Board of Trade should be allowed to consider requests of that sort.