

10. *Mr. Atmore.*] You state that the sales of butter in a grocery business equal one-seventh of the total turnover?—Yes. That, of course, varies according to where the shop is.

11. And in the case of sugar, that is also a cut line?—Yes.

12. If you are not allowed a reasonable profit on butter you have to get your working-expenses and profit out of other articles?—Yes. We have got sugar and other articles tied down against us. As a matter of fact, trade has recently undergone a very material change. The restrictions, for instance, on wheat and the price of benzine and other articles have made them absolutely unprofitable for the ordinary grocer to handle, and the trade has slowly cut them out. The firms who used to handle fowl-wheat have cut it out, and now restrict their trade to the ordinary grocery lines. Wherever a restrictive price has been named by the Board of Trade it naturally follows that the price is based on the lowest possible margin. We have raised our voices against it, but we have invariably failed to get a sufficient margin of profit on all those lines that the Board of Trade has fixed the price of.

13. *Mr. Poland.*] If the overhead charge is increased or the gross profit on butter is kept down to an unpayable limit by the Board of Trade or the Government, is it not a fact that you must increase the overhead charges and gross profit on other items that you sell to the people in order to equalize matters and give you a living in the business?—Yes, it is absolutely necessary that that should be done, otherwise we must close up.

14. What is the benefit of selecting butter and selling that at a loss when the loss has to be made up on some other article that you sell?—There is no benefit—it is only the custom of the trade, which seems to have picked out what we call the bread-and-butter lines and sells them at a very much lower rate of profit than the other lines.

15. You contend that to sell a pound of butter which costs 2s. 6d. at a profit of 4d. cash over the counter is not a payable proposition?—No, what we say is this: that if we were allowed to handle butter alone we would be able to carry on our business at a very much lower overhead charge than 18 per cent. on butter only: we would then probably be able to work the business on 10 per cent. There is evidence that that can be done by selling butter only, because you are not bound by the conditions of the award applying to the grocery trade.

16. So that if the sale and distribution of butter were taken out of the hands of the grocer and dealt with separately it could be delivered to the consumer at less cost?—Yes, but unfortunately it is not practicable. It might be done if you took the City of Wellington, or a block in the city, and ran that on those lines, but it could not be done for the whole country.

17. But it could be done on the block system?—Then I am afraid the expenses in connection with the system would be more than the amount paid to the grocer.

18. Supposing a system were evolved by which butter was distributed to the consumer separately from the grocery business, then you would be able to sell the other goods in the grocery business on a lower cost than to-day?—Yes.

19. To-day you have to sell the other goods at a price to recoup you for the loss on the butter?—Yes, theoretically that is correct. We would prefer, if butter is not allowed to bear a reasonable rate of profit, that butter should be taken out of our hands altogether. It is common-sense that when you have men standing behind your counter doing £1,000 a month turnover it does not add very much more to the running-expenses of the business to do £200 per month more, the extra being for butter, and that is why butter is taken at a low rate of profit.

20. You say it is taken at a rate of profit which means a loss?—Taking it by itself, the rate of profit we get on the sale of butter does not come up to the average cost on our turnover for the month or for the year.

21. *Mr. McCombs.*] Is it not a fact that butter is one of the items that is easily handled and has a rapid rate of turnover?—Yes.

22. Does it not follow, then, that it is less expensive to handle than another article that may have to remain on the shelves for a year and be dusted day after day?—Quite so.

23. Might it not be that you are making a profit out of handling butter at 12½ per cent. taking into consideration the low cost in effort and the rapidity of the turnover? If, for instance, a shop could be opened and only handle butter at 10 per cent., and you secure in the grocery business 12½ per cent. to 13 per cent., then you are making a profit on butter?—The factors that are brought into play when you handle butter as a separate business are, firstly, that you are under no award. I could open a shop in town here and not be subjected to any existing awards. There is a shop at present in existence in Wellington which is not subjected to the existing award in regard to closing-hours or any of the other conditions. They run their business at the smallest possible expense, and if you go there you will find that a girl with her hair down serves you with butter. The last award provides that a grocer is not allowed to have girls like that behind the counter unless they are paid the full rate provided for in the award for men.

24. Is the price of 2s. 2½d. in Australia for butter in bulk, or is the wholesale price for pats higher than 2s. 2½d.?—I just quoted that price from the Australian *Grocer*, and the 2s. 2½d. will be the bulk price, because it was bought from a factory.

25. Then in making it up into pats the man selling possibly might have a greater margin than the man selling in bulk?—He is selling prints according to the list at 2s. 7d. per pound. I have no evidence to show that that is in bulk, but I think it is, because there is an instance shown of where a firm was prosecuted for selling at 2s. 9½d. per pound, which was 1d. per pound over the maximum price, and it was a purchase of 40 lb. of butter direct from a factory.

26. *Mr. Poland.*] That would be in pats?—I am not quite sure, and I will forward information on the point to the Committee.

27. *The Chairman.*] To what extent have the wages increased in the grocery trade since 1914?—The increase in wages from 1914 up to the present day is from £2 5s. to £4 7s. 6d. May I point out here another important factor: that while in 1914 and earlier we were able to employ boy labour at the rates fixed in the award, we are not able to get them at all now, so we have always to employ men where previously boys did the work.

28. Then you say emphatically that unless you can get 12½ per cent. profit you would much prefer that butter should be taken out of your hands entirely?—Yes, we say that after due consideration.