

47. You do not know what each individual business does?—We have no record, because our business is done through wholesale houses.

48. Can you tell us whether this is an isolated case or general?—It is general right throughout New Zealand.

49. General with the chemists?—The chemists are the only people I call on.

50. You have been connected with the business for a number of years in New Zealand?—Yes.

51. Twenty years?—About.

52. In various lines—that is, chemical lines?—In pharmaceutical lines chiefly.

53. Have you had experience of cutting other lines?—Yes, very much.

54. Can you tell the Committee whether in the case of other lines there has been a similar experience—that is to say, that the cutting has operated in very much the same way so far as sales are concerned?—I think our case is by no means an isolated one.

55. You also have a copy of the letter from the manager of the Auckland Drug Co., Ltd., dated 18th February, 1927, complaining that owing to the cutting tactics of one firm in Hamilton the sales to their clients in Hamilton dropped to almost nothing?—Yes. These people had old stock.

56. While they were doing that your ordinary sales dropped to nothing?—That is so.

57. After your scheme came into operation their sales have been increasing?—Yes.

58. I think you produce another letter, from Mr. Churton, assistant manager, Messrs. Sharland and Co., Ltd., dated 21st February, 1927, wherein he says, "As requested, we have examined our records and are surprised to find that our total sales of Johnson's Baby-powder for the period September, 1925 (not 1926), to December, 1926, to the chemists in Hamilton total 10 dozen." Is that large or small?—There should be about 15 gross in that period.

59. On a very conservative estimate your sales should be 15 gross?—Approximately.

60. During the period mentioned it was 10 dozen?—Yes.

61. What was the price of the article when it was cut during that period?—11½d.

62. It would appear that the cutters did not sell a quantity?—They do not want to sell our baby-powder.

63. What is the object?—It brings the people into their shop, because it is a line so well known.

64. *Mr. Gresson.*] How long has that article been on the New Zealand market?—For twenty years or more.

65. It may be taken as a well-established article?—Yes.

66. Is this price-cutting method a thing of modern days, or has it always been in existence?—The intensive cutting has been a thing of modern days.

67. Since when?—I should say, for the past four or five years.

68. And during the other period has there always been a certain amount of cutting going on?—Since the article became so well established it has been a cutting line.

69. During those years you have not been able to carry on at a profit in New Zealand?—Yes.

70. When your sales went down in proportion from 100 per cent. to what you tell us, does it follow again that your profits went down in proportion?—Exactly.

71. So that in the year when you only had 53 per cent. of sales your income dropped by half?—On that particular line.

72. Do you suggest that if this cutting had gone on you would have been forced off the market?—Yes.

73. There must be other factors that enter into the matter—for instance, there is the factor of competition with other lines?—We cannot see it.

74. I am told that during the time you are complaining of this cutting there were other good powders on the market which could be bought for 6d. and 8d. as against your 1s. 6d.?—We still have that competition. That competition is not of recent times.

75. That competition was going on at the time you complain of?—And long before that period and since.

76. And yet you have not found that they could affect your general output?—No.

77. During the time that you have had experience of these chemist preparations in New Zealand have you found any preparation put off the New Zealand market by low prices?—For the moment I cannot think of any.

78. I want to ascertain if the competition is as bad as you say it is?—Pears' soap comes to my mind.

79. Pears' soap is on the market now; as a matter of fact, in the hotel where I am staying I saw Pears' soap this morning?—I think it is off the market.

*Mr. Collins:* It has for a time been off the market.

80. *Mr. Gresson* (to witness).] You say that, if this cutting goes on, in about four years you would be pushed off the market altogether?—It will always be on the market.

81. It represents a very small proportion of your output?—Our sales came within the vicinity of 100 gross per month, roughly speaking.

82. You say that you have the same competition before and after with cheaper powders?—Yes.

83. *Mr. Kennedy.*] It is a fact, is it not, that your powder was being sold in Wellington at 1s. 2d. prior to your scheme of price-fixing coming into force?—Lower than that, too.

84. It was sold by Macduff's?—Yes.

85. And that was bought either from you or your wholesalers at 12s.?—Yes.

86. Representing a profit of 16 per cent. The price under your fixation scheme is 1s. 6d.?—Yes

87. Representing a profit of 47½ per cent., or approximately that?—No.

88. How much?—Do you mean the profit to the retailer?

89. Yes?—29 per cent. on his turnover.