

25. Has it existed only in operations here and there sporadically through the country, or generally through the country?—For some time we had a price-agreement arrangement in Dunedin whereby the price of 1s. 6d. was maintained, but it was broken about a year ago.

26. What class of trader was it who commenced to break the agreement in Dunedin?—The fancy-goods dealers and haberdashers.

27. At what price did they sell it?—It commenced at 1s. 4d. and it dropped down gradually until 11½d. was reached.

28. That means that every one of those cutting traders was selling that article at a loss?—Exactly. The standard cut price was 1s. 1d.

29. Confining your attention to Dunedin, what effect did that have on your Dunedin sales?—Our sales dropped immediately.

30. So far as the cutting people were concerned, were they selling large quantities or not?—It is difficult to estimate because large quantities of Kolynos were sold to other merchants, and no doubt they sold to the cutters.

31. But you would know whether the general sales went down?—Yes, they did.

32. First of all, then, the sales to the non-cutters decreased substantially?—Yes.

33. People would still be buying some dental creams from the non-cutting traders, so that it would have to be some dental cream other than Kolynos?—Yes.

34. I am still referring to Dunedin. Did you still maintain your advertising?—Yes; there was no diminution in any way.

35. You were still using the same efficiency in your attempted distribution of the goods?—Undoubtedly.

36. Can you account for the diminution of sales in any other way than this price-cutting?—No; a policy of substitution must have been adopted.

The Committee adjourned at 12.35 p.m. until 2.30 p.m.

On resuming at 2.30 p.m.

Examination of JAMES STARK continued (No. 6).

37. *Mr. Myers.*] When the Committee rose for the luncheon adjournment you were dealing with the position in Dunedin?—Yes.

38. Did a similar position obtain outside the Dominion when cutting operations commenced intensively? In other words, did you experience a fall in the sales outside New Zealand?—A general decline.

39. I think you are in a position to give percentage figures, are you not?—I have prepared some figures, and they cover a brief period.

40. Taking 1922–23 as 100 per cent., the decrease in 1923 was to 94 per cent.; 1924–25, to 92 per cent.; 1925–26, to 90 per cent.; and from 1926–27, to 82 per cent.?—Yes.

41. These were in respect to Kolynos?—Yes.

42. You say there was a steady decline?—Yes, especially in the later stages, when cutting became general.

43. Did that cause you trouble with the manufacturers in England?—Yes.

44. They became alarmed, did they not?—Yes.

45. Did they ask you the reason for that?—Yes, and we reported that it was due to the extreme cutting.

46. What did they do then—they sent Mr. Kemp, did they not, to inquire into the position?—Yes, and he has inquired very fully into these things, and he can bear me out in these figures that I have mentioned.

47. Is there any other reason to which this decline can be attributed other than the results which came about from the cutting of the line?—As regards the quality of the product?

48. Was any undue competition or anything of that sort very pronounced?—The advertising of Kolynos has been maintained—in fact, it has been very extensively carried out. As a matter of fact, they had a stand in the Exhibition held in Dunedin for a period of six months and during that time they distributed many thousands of samples, and I consider that had it not been for the Exhibition the decline would have been more.

49. During the latter end of 1926 was the cutting very intense?—The decline was most emphatic in Dunedin for some time.

50. That was for the time being. Was the cutting more intensive there?—It was down to 1s.

51. Can you tell the Committee to what extent your sales declined in Dunedin in that period?—In the second half of 1926 the sales decreased by 33 per cent.

52. Is that during the period of intensive cutting?—Yes.

53. And elsewhere in New Zealand, for the same period, where the cutting was not so intensive?—10 per cent.

54. Are those the results which you as a business man would expect from price-cutting?—Yes, exactly.

55. In proprietary lines?—Yes; and you can look for nothing else.

56. Do you know of your own knowledge, or has it come to your notice, whether the public has had difficulty in obtaining supplies of Kolynos at certain shops which were not cutting?—Some of