

a face-powder compressed into a compact form. Of course, we had in view the object of advertising also. This line was introduced throughout New Zealand. On my visit to one large town I found that it was universally displayed in the windows and marked 1s. 3d. I insisted on the price being reduced to 1s., which was the proper price.

32. That was a special line, of course; but you say it is in accordance with your general policy that goods are sold to the public at reasonable prices?—Yes, and it is also the policy of the P.A.T.A.

33. I think you aim at a certain maximum profit for the retailer?—Yes. That maximum is 33½ per cent. on turnover for the retailer.

34. Do any of your lines show more than 33½ per cent.?—There may be one or two isolated cases where an expensive perfume might show more than that, but only one or two. Most of them show 33½, and some of the quick-sellers show less.

35. I think you are a member of the executive of the P.A.T.A.?—Yes.

36. We have been told that applications for membership have not been officially examined?—That is so.

37. But I think you have seen a number of them?—No, I have not seen any.

38. Take, for instance, a line like ———. Does that show a greater or less profit than you think should be asked from the public?—I think it shows a greater profit than should be asked by store-keepers.

39. That being so, what has been your own attitude so far as putting that line on the P.A.T.A. list is concerned?—As a matter of fact, I brought this matter up at a meeting of the executive and pointed out the necessity for extreme caution in considering applications, and I mentioned this line as being one which I should be against registering.

40. Unless, of course, prices were fixed at a reasonable level?—

41. *Mr. Gresson.*] Dealing with this article of ——— you are one of the members of the executive?—Yes.

42. And, so far as you are concerned, if the retail price in your view be excessive you think proprietary articles should not be registered with the P.A.T.A.?—Yes.

43. How do you reconcile that with Mr. de Fenq's statement that the executive has no power to refuse application to have an article registered?

*Mr. Myers:* What Mr. de Fenq said was that they had no jurisdiction over the prices which were fixed by the manufacturer, but that if they thought the prices asked showed too high a margin of profit they would refuse to put it on the list.

*Witness:* At any rate, whether he said it or not, that would be the case.

44. *Mr. Gresson.*] Do I understand that you, as a member of the executive, reserve to the executive the power to refuse acceptance of the nomination of proprietary articles if the retail price is in your opinion excessive?—Yes, if they refuse to amend the price to conform with our ideas.

45. Do you at the same time claim the right to decide whether the cost at which the manufacturer sells to the retailer is excessive?—We have no means of finding out whether it is excessive or not.

46. Then, if you do not know the real cost to the manufacturer, how will you form any opinion as to whether the retail price to the public is a fair one?—The public will very soon decide that.

47. But I put the question again to you: If you do not know the cost of the manufactured article, how will you be able to form an opinion as to whether the retail price to the public is a fair one?—We will not endeavour to find out. That is not our office.

48. Your position is that you police the prices between the wholesaler and the retailer?—Yes.

49. But you cannot form any judgment as to the basis of the manufacturing cost?—No.

50. Presumably you are not carrying on in New Zealand on a basis of profit?—Oh, yes.

51. You say that in respect of your turnover you are spending approximately £2,000 in advertising. That is 8½ per cent. on turnover?—Yes.

52. If you can spend 8½ per cent. on turnover and still make a profit it would seem to show that your profits are large. Is the £2,000 spent by your company, or by the manufacturing company?—It is spent by the manufacturing company.

53. Has the £2,000 spent by the manufacturer no relation to your own turnover?—Yes; we pay it out of our profits or losses here.

54. If you pay it out of your profits and losses, that surely works out at 8½ per cent. on turnover?—Yes.

55. If you can spend 8½ per cent. on turnover in advertising, in addition to incurring your ordinary overhead charges, the rate of profit must be high?—These things always adjust themselves. When we get a sufficient turnover we will probably be able to pass on the benefit to the public.

56. *Mr. Kennedy.*] You said that the profit on ——— was too high for a storekeeper?—Yes.

57. I suppose you do not contend it is too high for a chemist?—The chemists do not sell ———. It is a store line.

58. So that if the price of that article was in any way reduced to the consumer there would be no ground for complaint on the part of the chemist?—No.

59. And I suppose that would apply to a very large number of articles?—I do not know. I am only talking of ———.

60. But I am asking you about the others?—I cannot call any to mind. That is the only one I have in mind.

61. You say you have a certain article which you put on the market to sell retail at 1s., and you complain of its having been sold at 1s. 3d.?—Yes.

62. Were they chemists who were selling it at 1s. 3d.?—Yes, generally.