

make the needed adjustment. At the annual conference of the New Zealand Master Grocers' Federation held in Taranaki last week the following resolutions were unanimously passed:—

That this conference affirms the principle of the minimum resale price, with a view to providing reasonable and equitable protection to the public, which is deceived by the reckless trader, who destroys the best interests of manufacturer, distributor, and consumer by methods of trade piracy.

Delegates assembled strongly maintained that the manufacturer is not properly supporting his distributors—either wholesale or retail—when he fails to use every means within his power to prevent cutting of the prices of his brands by the distributor who resorts to unfair methods of competition.

Believing that all unfair competitive practices are unlawful and detrimental to the public welfare, this conference calls upon Government, through the Department of Industries and Commerce, to assist the retailer in his endeavour to secure an adequate return for capital and labour employed.

It will be noted, in the first place, that delegates in conference assembled recognized that the public was entitled to reasonable and equitable protection against the reckless trader who destroyed what was regarded as being the best interests of all concerned by methods, too frequently adopted, of trade piracy. It is clearly recognized that the opposition to what many recognize as being a fair and equitable method of trading comes from a very small section of the community—those engaged in what is known as “cash and carry” business. Let it be distinctly understood that no opposition has been raised to this class of trading, but strong exception has been taken to the methods too frequently adopted. I respectfully submit that very absurd claims are made as to the difference in the relative cost of trading between what are known as “cash and carry” and “cash and credit” stores, and the public have again and again been misled by reckless statements that have been made. Many statements so made have been either due to ignorance on the part of those making them or have been made with the wilful intention of misleading the public. One great fact that has been overlooked is that the trader to-day who gives credit is doing a large percentage of business for cash, and from careful investigation made I am satisfied that to-day the “cash and credit” grocer is doing a larger proportion of cash trading than was being done a few years ago. I would here point out that the policy of the N.Z. Master Grocers' Federation has been to urge upon the trade the necessity of aiming at securing a minimum margin on the goods it handles. I would here point out that this seems to be the only course open. During the evidence given here by Mr. Norrie he mentioned that on sugar he was getting approximately 2½ per cent., on flour a trifle over 8 per cent., and yet he had to confess that he did not know what proportion of his business consisted of either sugar or flour; and I submit that the average grocer to-day is absolutely unable to determine the margin of profit on his goods so that his total margin is sufficient to meet his overhead and leave him something for himself. In Victoria and, I think, in one or two other States of the Commonwealth the policy of the grocery trade has been the securing of a margin of 25 per cent. This is due to the rapid increase of overhead expenses. An adequate margin is absolutely necessary. As an illustration of this fact, and without going into detail, I would point out that the business of Wheeler's Stores, Ltd., one of the largest of its kind, and which ultimately went into liquidation, was practically conducted on the “cash and carry” system. At a private meeting of creditors Mr. E. S. Wheeler, the managing director, claimed that his company had been endeavouring to trade on a margin of 16 per cent. From figures published by the liquidators, who were prior to the liquidation the auditors of the company, I find that with the exception of one period—and that, I think, was either for three or six months' trading—the overhead expenses were 16 per cent. or over. The period when the overhead expenses were below they amounted to 15·8 per cent. And here let me draw attention to one item in the liquidators' report on the said business. It mentioned that it was a practice in the mail-order department to offer several lines for a certain period at cost price. With all the emphasis possible, what they object to is not the difference in the price between the “cash and carry” and the “cash and credit” concerns, but the methods which they adopt. For instance, it was the common practice of Wheeler to take a full-page advertisement and have it headed, “At Cost—Why pay more?” The underlying suggestion of that was that his competitors were overcharging. This practice might result in anxiety for the manufacturer, because others would not stock the same lines, but substitute them. I want to mention in respect to Wheeler's Stores—I do not want to be misunderstood, because he has many good points—that what we do object to is misleading those who have not been educated. As an indication, Wheeler's Stores, Ltd., a company with a capital of £10,000—according to the statement made by himself—£8,000 approximately was represented by so-called goodwill, and six thousand or seven thousand of these shares were ultimately sold at a price a trifle over 3s. apiece to the present manager of Wheeler's Stores, Ltd., in the South Island. I would here mention that he was a member of the Auckland Grocers' Association, and was also a member of the executive. It was the policy of the association to endeavour to obtain a margin of 20 per cent. all round. In mentioning these matters I do so to indicate some of the methods that are adopted. As I say, Wheeler had a full-page advertisement which was deliberately misleading. The Auckland Grocers' Association, notwithstanding the fact that they adopted a policy whereby it was expected they would get a profit of 20 per cent.—4s. in the pound—on every article sold, and the advertisement said, “We refuse to be a party to further increasing the cost of living: We have decided to let the twenty-per-centers have it on their own.”

3. *Mr. Myers.*] That is, 20 per cent. on turnover?—Yes. As I say, he admitted that he was trying to work on a 16-per-cent. margin. This is the kind of practice which I suggest is too frequently resorted to by concerns similar to that of Wheeler's Stores, Ltd. Morally the position is wrong. Such practices are adopted with a view of misleading the public, and necessarily cast a reflection upon other traders, and oftentimes result in a grave injustice to the manufacturer. As a well-known manufacturer remarked—he was one who had experienced considerable trouble as the result of the cutting of prices of his particular brand of goods.—“The retailer can either make or mar my business.” He then told me how he decided a certain point where his line was stopped or being sold at a price by one trader which in the opinion of the other grocers in the town did not