

59. You have here a declaration from Mr. Anguin, one of your commercial representatives, with regard to Icilma?—Yes. [Document put in.]

60. Is Icilma one of your lines?—Yes.

61. And I suppose this declaration is in answer to your inquiries of Mr. Anguin as to why there was a decrease in sales?—Yes.

62. *Mr. Reardon.*] If a retailer imported direct from London a line which you represented here, you would get your commission?—Yes.

63. Would this proposed organization object to such an importer getting those advantages?—Not necessarily. If he were able to buy in wholesale parcels there is nothing to prevent his getting the benefit of that trading.

64. So that he would get two profits—the wholesaler's and the retailer's?—Yes.

65. *The Chairman.*] Your organization contemplates giving a fair margin to all classes of retailers—chemists, grocers, drapers, and fancy-goods shops?—Yes.

66. You have to consider them as a whole?—Yes. I think each individual line which comes up is pretty well considered. For example, some lines would be essentially grocers' lines, others essentially chemists'. We would consider that on a line which was essentially a grocers' line the margin of profit should not be so great as the line which was essentially a chemist's line.

67. But on a line suitable to all four the margin of profit would be uniform?—Yes. We do not, of course, fix the profit, nor the percentage; but we could veto it. We would not stand for too high a profit. The manufacturers say, in the first instance, what the profits shall be for the trader, and then it is the intention of the association to revise them if necessary. We have the power of veto.

68. Therefore, the manufacturer knows that he does not have the last word?—Yes.

69. In considering prices in that way your executive cannot possibly take into account the higher efficiency of chain stores as against isolated stores?—We do to a certain extent, in that we intend to make a difference between the "cash and carry" grocer and the other class of trader.

70. But as a business man it must seem anomalous to you that you cannot take cognisance of a man who can operate his business on a smaller expense ratio than can the man with a smaller business, who in order to live must make a larger profit?—It is a difficult matter, I admit. Of course, if generally the costs of running retail businesses came down as a result of chain stores, so would the prices come down. The manufacturer is only trying to arrange a price to give the ordinary retailer a profit.

71. But in so doing he is giving the others an inordinate profit?—There would be some difference. I think the word "inordinate" is too strong.

72. *Mr. Montgomery.*] There seems to be a great number of articles on the patented list of which the association cannot possibly know the formulæ?—Yes, that is so.

73. And these articles might, for all the P.A.T.A. know to the contrary, be marked at such a price as would enable the manufacturer to make an unreasonable profit for himself?—He would naturally try to make a big profit, but competition is so severe that he cannot make too big a profit.

74. But his formula would not be known to you; therefore you could not know?—But nearly all these articles are put up for some specific use, and there is no article manufactured against which there is not competition.

75. But some of those articles are sold on advertising alone, without any peculiar merit in the formula?—I cannot agree with you in that.

76. For instance, I suggest that an article made up almost wholly of anhydrous sulphate of soda, purchased at 31s. per hundredweight on the London market and landed in New Zealand at 40s., can be ground, and put up, and sold by the manufacturer at a price of 1s. 4d. per pound; that it can be sold by him, or resold, when packed, advertised, and put up in packets, at a price of 20s. per pound to the retailer?—Yes.

77. Would you not call that an inordinate profit?—Yes.

78. I say that there are many preparations of that kind of proprietary article which are put up which gives the manufacturer an inordinate profit; but the association cannot control that?—We cannot control the manufacturer.

I was merely speaking on the point that competition does not necessarily ensure to the retailer a fair price.

The Committee adjourned at 12.50 p.m. till 2.30 p.m.

On resuming at 2.30 p.m.

JOHN McILRAITH sworn and examined. (No. 18.)

1. *Mr. Young.*] You are a grocer, and have been in business for a number of years?—Yes.

2. For how long?—Thirty years.

3. On your own account?—Yes.

4. Prior to that you had an experience in your trade other than on your own account?—Yes.

5. I think you also have in conjunction with your business wine and spirits?—Yes.

6. What is your reason for joining the P.A.T.A.?—Well, my reason is to try and stabilize the trade, and fetch it on to a better basis than it has been for a long time.

7. By stabilizing, I take it, you mean eliminating cutting?—To an extent, yes.

8. Would you say that the cutting is prevalent at the moment?—Yes, it is prevalent at present.

9. Does it just exist, or is it bad?—In the grocery business generally it is bad.