

296. Do you not think it is possible that that may be due to a possible price-fixing amongst the chemists themselves?—No.

297. You consider that the ingredients, so far as medicine is concerned, does not lend itself to price-fixing?—I know that the price for dispensing medicine is fixed here and in Australia.

298. In other words, you say that the price is very high here?—Yes.

299. Do you know that the man who first dispenses it costs it up and puts his sign on it, and you cannot go anywhere in New Zealand, even though your boots are falling off, and get it cheaper anywhere?—I do not know.

300. You admit it is price-fixing, and the medicine is higher in New Zealand than in Australia?—There they are able to get their profits on proprietary lines.

301. That may be so, or it may not be so; I do not care?—It is a fact.

302. You brought a piece of cheese for the purpose of showing that the gross profit on suitable lines was 40 per cent. on cost?—I did not work it out.

303. It was bought at 7d. and sold at 1s.?—And about which the ——— made a squeal.

304. When you go in and buy a bit of cheese you do not see what has to be done in regard to it—you do not see the initial stage, when they have to wash the cheese, and you do not see the occasional bad condition the cheese gets, and the time occupied in looking after it—

*Mr. Myers*: I do not really want to raise any objection as to how my friend should proceed with his cross-examination, but surely, sir, this is unnecessary, because the same practice has to be followed by all the grocers.

*Mr. Collins*: The point that Mr. Walker wants to make is that the trouble involved in selling that cheese and in looking to its quality is infinitely greater than passing it out.

*Witness*: I think the comparison is grotesque, sir.

305. *Mr. Walker* (to witness).] There is some arrangement whereby you give a rebate of 5 per cent.?—(No answer.)

*Mr. Myers*: They do not give a rebate at all.

*Witness*: The manufacturer gives that.

306. *Mr. Walker*.] When was that started?—It was first mooted in August.

307. When did you notify your retail constituents by circular or otherwise as to that?—They will be notified in due course.

308. An important change in the price-fixing like that has not been conveyed to your constituents yet?—The prices have not come up for consideration yet.

309. I understand that if a man goes into a chemist's shop and asks for a certain line, the chemists, however competent, must not voluntarily advise the person as to other similar lines to obtain?—If he is asked for a specific lines he is expected to give it.

310. I understood you to mention that there was to be a system of control of prices, &c., and if you think a certain price is excessive you will not register that price?—That will be considered by the Committee in due course.

311. The whole thing is between the wholesaler and the retailer?—The price as from the manufacturer to the wholesaler.

312. Does that come into the question?—It does.

313. How are you going to exercise any supervision over them if you do not know the manufacturer's price?—It would be impossible to find that out, because there are so many other things to be taken into consideration.

314. The cost of an article is a vital matter in relation to its selling-price?—I am not the adjudicator.

315. *Mr. Myers*.] I will deal first with those questions raised by Mr. O'Leary. Supposing a storekeeper, be he a fancy-goods dealer or a grocer, sells a number of lines at, say, below cost, may we take it that he loses substantially on those lines?—Yes.

316. In ordinary business trading is it not necessary for a storekeeper to make on his turnover a sufficient rate of profit—of gross profit—to cover all his expenses and leave something for himself?—Yes.

317. Very well; have you ever heard of what is called "recovery" or "come-back" lines?—Yes.

318. Would you mind explaining what is meant by that?—The lines that show a greater margin of profits than is sufficient to cover overhead expenses, plus a reasonable percentage for the money involved.

319. If, then, a storekeeper, be he fancy-goods dealer or grocer, sells a number of lines at or below cost, what has he got to do with some other lines?—Make a profit to allow for those he loses on.

320. Exactly. The consumer, of course, has to pay?—Yes.

*Mr. Gresson*: That means turning them into recovery lines.

*Mr. Myers*: Of course.

321. *Mr. Myers* (to witness).] In the case of the ordinary grocer who sells for cash, are you aware whether the people who go in to purchase flour purchase in small lots or in 70 lb. bags?—I should say that flour is a stable item of diet.

322. And is purchased by every one, and naturally the poor people buy in small quantities?—Yes.

323. Do you think it is in the interests of the people that flour should be dealt with by these cash-and-carry grocers as a come-back or recovery line?—I must admit that flour would be much cheaper if it was not used as a come-back line.

324. Mr. O'Leary asked you where the interests of the public come in: can you see where the interests of the public come in in another direction than that you have stated?—They would buy necessary commodities—that is, articles they are buying every day—at a much reduced price.

325. Now, with regard to Edmonds' baking-powder, I think you have a letter from T. J. Edmonds, Ltd., dated 17th December, 1926, in which they deal with the question of advertising, to which you referred previously?—Yes. [Letter put in.]