

360. And did you see from that—in 1920 or thereabouts—the question of forming a New Zealand P.A.T.A. was under consideration?—Yes. [Book handed for perusal by the Chairman.]

361. I think you said yesterday, in a modified form, that the P.A.T.A. was in existence for some years prior to your coming—that is, in the form of the Chemists' Defence Association?—The P.A.T.A. has been in the course of organization since 1906.

362. And prior to your coming here the Chemists' Defence Association was in existence?—Yes.

363. Exactly—that was a price-fixing association?—Yes.

*Mr. Collins*: Yes, but it did not extend so far as the P.A.T.A. is concerned.

364. *Mr. Montgomery* (to witness).] I want to ask you whether any provision has been made, or is it proposed to make any provision, for the disposal by retailers of shop-soiled goods which may have deteriorated through sweating, accident, fermentation, or through any other natural cause?—That would be a matter for the manufacturer. If they should agree, and the manufacturer wishes his line released, he will remove it from the association until such time as the stocks are cleared, and then he will re-register the line.

365. *Mr. Hayward*.] Does the manufacturer replace such goods?—Yes, that is a common practice—that is to say, he takes them back and either refunds the money or replaces them with other goods.

366. *Mr. Montgomery*.] Do the majority of retailers, or a proportion of them, deal through the middlemen or wholesaler?—That is the very point. Some deal direct with the manufacturer and some deal through the wholesaler.

367. I was asking about the majority of the retailers?—The majority of the retailers deal with the wholesaler.

368. Or with the middleman. I am offering these questions simply as arguments that have been advanced, and I want to give you an opportunity of replying to them—you must not consider them hostile questions?—I understand that.

369. If a retailer wished to do his own storing, and to deal directly with the manufacturer, should he not be able to sell at prices which would be impossible if he obtained the goods through the middlemen—that is, provided he was not bound by the P.A.T.A. prices?—If he is buying direct from the manufacturer and storing his goods he incurs the same expense as the wholesaler would incur.

370. It would depend upon the location of his store and what his overhead expenses were generally, and whether he had that store at Island Bay or in town. If the store were at Island Bay, would he be able to buy cheaper?—He should be able to sell cheaper than a retailer that buys from a wholesaler.

371. Do you agree that a shop which turns its stock over, say, three or four times a year should be able to sell at a lower price than one which turns its stock over only once a year?—Yes.

372. Is that not the position between the grocer and the average chemist?—Yes; the grocer turns his stock over much quicker than a chemist would.

373. Does that not suggest to you that many of those lines which are at present sold by the chemist should, in the public interest, be sold by the grocer?—There is no idea of confining it to the chemist.

374. The point of the argument is that if the grocer can turn over his stock a great number of times during the year at a smaller profit than the chemist, then the public should get the benefit of the reduction in price?—Those lines carry a smaller amount of profit than what the chemist would turn over in a year.

375. Many of the lines I have described are sold by both?—That is true. If they are quick-selling proprietary lines they carry a big margin of profit. It is not proposed that these quick-selling patent-medicine lines carry even a sufficient margin of profit to satisfy a chemist.

376. Do they more than satisfy the retail grocer?—No, I do not think so.

377. Is there any reason to suppose that by reason of the turnover of the P.A.T.A. goods the druggist is adversely affected by the large number of druggists in business?—No, I should not say that.

378. I may tell you that in Great Britain there is one druggist to every 4,500 people; in Canada one to every 2,600 people, and in New Zealand one to every 2,100 people, so that the druggist's business in New Zealand as compared with Canada and Great Britain appears to be rather crowded. Would it not be beneficial for more druggists to be situated in the small outlying districts?—That is a solution of it.

379. This is another argument that is advanced: Would you accept the suggestion that the fixation of prices by the P.A.T.A. is an encouragement to the inefficient trader, and that such fixation may eliminate wholesome competition; also that the system will assist the inefficient shop and fix the greatest margin on all P.A.T.A. goods: that the inefficient will be helped in his inefficient ways and the more efficient will be restrained from passing on to the consumer any benefits from any increased business and also cost of operation?—I would not accept that. There are many of the same lines for the ordinary efficient trader to deal with and to compete in price. For instance, whilst there may be twenty different cough-mixtures on the New Zealand market, there may be three or four with the registered price, and they would have seventeen cough-mixtures to advance their efficiency and ability on. Those lines are for the efficient traders to do what they like with.

380. You are assuming that the seventeen would not be in the P.A.T.A.?—Yes; not all manufacturers stipulate their prices to the consumer.

381. I think it has been shown in evidence that the aim of the P.A.T.A. is to impress all the manufacturers of these proprietary articles?—Who wish to fix their price from their own centres to the consumer, yes; but there is no pressure brought to bear on the matter.