under a proprietary label. If that were done, of course it would compel us to observe their retail prices, because we handle quite a number of proprietary articles and patent medicines quite outside foodstuffs.

7. What is the percentage of your overhead ?—I hand in to the Committee balance-sheets covering the years 1925, 1926, and 1927. The percentages shown there are quite correct. We have a system of accounting which is not bettered in New Zealand. It costs money, and, incidentally, the organization we have at the present time costs money, but we prefer to pay for something now which we know we will not have to pay for later on. My gross profit for the year ended December, 1926, was approximately 19 per cent. on turnover. We take out our figures monthly. Our overhead expense is not quite 17 per cent. ; that leaves us a net profit on turnover for the period of 2·3 per cent. Included in those figures are fair amounts for depreciations, bonuses, wages, &c. As those balance-sheets will show, the wages are far better than are paid by other traders in our line of business. They are enhanced considerably by the fact that we employ a fully qualified accountant at a salary which he could not obtain elsewhere. They also include my own salary of ——, and also one hundred guineas a year to the auditors.

8. Are your wages generally above the award rates ?—Yes. We also give each individual branch manager £1 a week above the ordinary wage, and an additional £1 a week provided his figures for three months come out within 1 per cent. of accuracy. On top of this he has a 7½ per cent. bonus on the net profits of his own shop, regardless of the results at the other shops. Each member of the staff participates in this bonus.

9. Do you find you are able to undersell the credit grocery man ?—We do, in the main.

10. Do you sell any goods at or below cost ?—No, nothing.

11. A good deal has been said about Edmonds' baking-powder : that is sold at a low profit ?—It costs us 14s., and we sell it at 1s. 4d. We get 12½ per cent. on that.

12. In your experience have the sales of Edmonds' baking-powder increased or decreased ?—Increased considerably. It is the only line in baking-powder that we handle. We have eliminated all others and have given Edmonds' the preference because of its saleability.

13. Is it being cut ?—Not below 1s. 4d. They would like to get more, of course.

14. You went through the number of retail and wholesale groceries in the country, and estimated what the income of the P.A.T.A. would amount to if they all subscribed ?—Yes ; I calculated on the basis that every trader would join, in which event the first year's subscriptions would amount to £20,000.

15. Have you any objection to the association from a distributing point of view ? — I object because the association insists that the greatest amount of discount any retailer shall receive is 2½ per cent. I contend that I am able to buy at a better margin than that, because in some instances I buy direct from the manufacturer. In reducing my discount to 2½ per cent. it means that I shall not be able to place an order for, say, fifty cases overseas at any one time, because there would be no object in doing that if I can buy in single-case lots at as good terms. It means that the buying of these lines will be directed to the wholesale houses.

16. You were in Wheeler's store in Auckland, I think ?—Yes, about eight years. I was managing one of his branch shops from 1919 onwards.

17. You have heard the reasons for his failing there ?—Yes.

18. And you now produce the liquidator's report ?—Yes.

Mr. Gresson : I will read to the Committee a paragraph from the report of the liquidators. They say : "We realize that we have not been asked to give opinions, but to make investigation ; having done this, however, and reported the result, we venture the following for the information of the creditors, namely : that we were auditors to the company before we were its liquidators, and, possessing in consequence a certain amount of inside knowledge of the company's affairs, we give it as our opinion that had the company not taken over Otahuhu branch, and had it not launched a mail-order department, and had Mr. Wheeler held the reins of management, the company would not to-day be in its present unfortunate position. Even with Otahuhu and mail-order department added, we think the downfall might have been averted had Mr. Wheeler remained personally in command."

19. *Mr. Gresson* (to witness).] He had carried on a successful business from 1908 to 1922 ?—Yes ; in that period it never made a loss.

20. *Mr. Kennedy.*] You had a conversation with Mr. Cropp last evening ?—Yes.

21. What is Mr. Cropp ?—Manager of Edmonds' Baking-powder Co.

Just tell the Committee what was said.

Mr. Myers : I object. As Mr. Cropp is in Wellington, he should be called if he wishes to give evidence.

The Chairman : In the event of Mr. Cropp not being available, could not the witness make a statement ?

Mr. Myers : I submit that Mr. Cropp must be called personally if he wishes to give evidence.

Mr. Kennedy : I do not agree with my learned friend. It is a matter of some importance. I submit I am on sound legal ground and in a Court of law I would be allowed to ask a question.

The Chairman : I am afraid we cannot admit hearsay, and that it will be necessary to call Mr. Cropp.

Mr. Kennedy : Of course, if you rule to that effect I must submit ; but I still am of the opinion that in a Court of law I should be allowed to proceed.

The Chairman : That a conversation between Mr. Wilkie and Mr. Cropp would be admitted as evidence ?

Mr. Kennedy : A letter has been read from Edmonds' Baking-powder Co., which is practically equivalent to calling Edmonds officially. Here is a statement that is contrary to that letter.