

3. Cash-order Trading in New Zealand.—The cash-order system has been in operation in New Zealand for at least thirty-three years, but except for the last two years has not shown any marked tendency to increase. The system has grown most rapidly in certain States of Australia. Whilst not so deep-rooted and far-reaching in New Zealand, it is undoubted that in Auckland the system has shown great strides during the past year, but the steady resistance of an influential section of the retailers in Wellington, Christchurch, and Dunedin has checked its development. The majority of the general public is unaware of the manner in which the system is conducted, and but for the publicity arising out of the inquiry would probably have remained ignorant of its purpose and ramifications. Details as to the extent of the system both in Australia and New Zealand are included in another section of this report. Considerable concern, however, has been expressed by many retailers at the proposal to establish companies conducted on the same lines as those in the Commonwealth, with a view to popularizing and spreading the system throughout the chief and secondary towns of New Zealand.

4. Extent of Operations and Annual Value of Turnover.—Dealing with the present position of companies and individuals engaged in the business of granting credit by cash orders, we find that in New Zealand there are ten companies established—five of which are located in Auckland—and about twenty proprietary concerns. Some of these latter, especially in Dunedin and Wellington, do quite a substantial business. As to turnover it was difficult to obtain definite figures, but approximately the value of orders in 1928 issued in Auckland totalled £140,000; in Wellington, £120,000; Christchurch, £15,000; and in Dunedin, £14,000: a total of £289,000.

5. Terms and Ruling Charges for Orders.—There are somewhat wide variations in the terms upon which cash orders are issued. In Auckland 10s. is added on a £5 order, or 2s. for every £1 advanced; the discounts allowed by the retailers vary from 10 per cent. to 15 per cent., but the predominating average is $12\frac{1}{2}$ per cent. Up to $33\frac{1}{3}$ per cent. is allowed by some traders dealing in jewellery, or by opticians, mainly for eye-testing services and the sale of spectacles.

In Wellington a commission of 5s. is added on a £5 order or 1s. for every £1 advanced, and the discount allowed by retailers is $12\frac{1}{2}$ per cent. The same conditions are operating in Christchurch and Dunedin, but one successful and long-standing concern in Dunedin charges no commission. The discount allowed by the retailers, however, ranges from $12\frac{1}{2}$ per cent. to 15 per cent., plus $2\frac{1}{2}$ per cent. for prompt monthly settlements.

6. Napier Retailers' Experiment.—In Napier an interesting experiment is being conducted, a cash-order company having been organized and financed by the retailers of Napier itself. This step was taken in order to prevent, if possible, any outside cash-order trading concern coming into the territory. This company, known as "The Budget Corporation, Ltd.," makes no charge for the order itself, but charges a commission of $12\frac{1}{2}$ per cent. to the traders. The corporation has been operating only for a period of six months. One-third of the profits is to be devoted to the expenses of running the corporation, and the other two-thirds is to be returned to retail shareholders. The company includes practically all the leading retailers in Napier.

7. Cash-order Trading in Australia.—With a view to obtaining authentic information as to the system in Australia, the Department deputed one of its executive officers—a qualified accountant—to make inquiries on the spot, and he accordingly interviewed interested parties and Government officials in both Melbourne and Sydney during October of last year. A brief summary of his reports is included for general information.

New South Wales.—The most remarkable aspect of post-war trading in New South Wales has been the phenomenal encroachment of the cash-order system into the general trading of the community. There are fifty cash-order companies, twenty-six registered and twenty-four unregistered, operating under firm-names in the State, besides numerous individual concerns. The twenty-six registered companies have a nominal capital of £2,959,500 and a paid-up capital of £1,000,000. The value of the turnover of one of these concerns amounted to no less than £340,000 for one year.

As an illustration of the financial success of one fairly-long-established cash-order company the following particulars are submitted:—

The Australian Cash Orders, Ltd.: this company commenced business in Sydney during the year 1920. The profits for the three years ended 31st March have been—1926, £36,535; 1927, £46,575; 1928, £41,421. The dividends paid have been—1926, £21,318, equal to $22\frac{1}{2}$ per cent.; 1927, £35,423, equal to 35 per cent.; 1928, £31,034, equal to 15 per cent. Gross profits rose from £47,251 in 1923 to £86,170 in 1928. According to the balance-sheet at the 31st March, 1928, the paid-up capital was £198,446, but of this amount no less a sum than £133,609 represents bonus scrip issued since the year 1922.

With the exception of a few of the large establishments, cash orders are accepted by retailers generally. Whilst no legislation has been introduced into the State Parliament dealing with the cash-order trading system, the matter is causing considerable concern among commercial men.