What was your minimum overhead ?—In 1921 it was 5 per cent. ; the lowest would be $4\frac{3}{4}$.

How would that compare with the overhead for a service store ?—The service store would run into 15 per cent. to $17\frac{1}{2}$ per cent.

Gross on turnover ?—Yes.

Does that reduction in turnover enable you to do anything so far as prices are concerned ?—Most certainly ; we are enabled to give our customers goods at cheaper prices, which is impossible, of course, with a high overhead.

Are you enabled to generally retail at a lower price because of your cash and carry ?—Yes.

Are there certain lines that are sold practically cost price ?—There are certain commodities that are sold at practically the manufacturers' price ; flour and sugar are both sold at practically cost price, and while that exists I have to meet the competition.

Is that general ?—Flour and sugar are two lines that are stocked by all grocers.

There is no difference in the price ?—In the main, no ; it is practically the same at all grocers.

Mr. Wilkinson.] You were saying that you were able to sell articles at a lower price because of your lower overhead since you gave up the service store ; could you give any examples ?—Just that we know that immediately we advertise a line our competitor who is giving service immediately advertises the same line at the same price ; he cannot do it. You cannot give service and sell at the same price as cash over the counter.

What is your view of sacrificing a line just as a catch line ?—I am definitely opposed to it. It is not legitimate business ; my view always has been that every line should carry its own load.

You have been able to carry on on that basis ?—Yes.

Have there been lines sacrificed ?—Yes, flour and sugar during the last two or three years. I might say that I think certain firms get discounts from the manufacturer which we cannot get : therefore he may be selling at a profit. I am compelled to meet his prices, although I am not on that special basis.

Mr. O'Leary.] You know that there is a special basis ?—Yes.

What view do you take in regard to this amendment ?—We are greatly concerned ; in fact so much so that I am anticipating that I shall have to go out of business if the amendment is passed or at least go back to the delivery and service store, which I do not wish to do. If prices were fixed, we would not do one-third of our present business.

Do you know that from your experience on lines where prices are at present fixed ?—Yes.

What margin of profit are you compelled to make when prices are fixed ?—I might mention Bayers aspirin [?]. The landed cost is 9s. 7d. and they are retailed by me at 1s. ; the price is fixed at 1s. 6d., but I refused to sell at 1s. 6d. I had a letter from the agents asking me to price them at 1s. 6d., failing that they would take action against me. I ignored that, and then I had a further letter asking me if I would promise to sell at 1s. 3d. ; I still refused, and they wrote again. On the wholesale price a handsome profit could be made at 1s. They said that this was not fair to the small trader, who would not get the advantage of discounts.

Those are articles outside the purview of the Commercial Trusts Act and you were in the hands of the agents or the manufacturers and had to sell at the stipulated price ?—Yes. I have been quite content with 1s.

Are you in a substantial way ?—Yes, I have four employees in one shop in Timaru. I may say that these four are equal to about eight or nine in a service store.

That is, the cash and carry lessens the work ?—Yes.

Mr. Harris.] Why do you say that it is not legitimate in your opinion to have catch-lines ?—I do not believe in underselling an article, and I think that each line should carry its burden of the overhead ; also it is unfair to the manufacturer of the line.

Supposing you decided to sell a certain line at a cut rate to save you the expense of advertising, would that not be legitimate ?—It might be legitimate, but it would be unfair.

Mr. Wilkinson.] Under the old method of service store you say that your overhead was 15 per cent. to $17\frac{1}{2}$ per cent., but under the cash and carry system it is $4\frac{3}{4}$ per cent. or 5 per cent.—$4\frac{3}{4}$ per cent. for the first two years.

How long since you gave up the service store ?—In 1921, fourteen years ago. Of recent years the overhead has been 8 per cent. I could really put on two lads instead of paying men adult wages, but I do not wish to do that.

How did you bring about the reduction in overhead ?—No delivery, booking, &c.

How many hands did you discharge ?—None, my business increased ; I had to put on another assistant.

I think you said that those carrying on business under the old method have heavier overhead ?—Yes, and it is impossible for them to sell at our prices. They have to deliver and keep books. My experience in the cash and carry business is that I made more money in one year under that system than I made in nine years under the service-store system.

Have you reduced wages ?—No, I have not ; I try to give my men the best.

You mentioned two articles that you sell at the same price as your competitors, flour and sugar. Do you pay the same price ?—It depends ; some are retailers and wholesalers, but I understand that the retailers all buy at the same price from the merchant.

Therefore you buy at the same price as every other retailer ?—On the same basis. There are some who are retailers and others who are wholesalers, and the wholesalers may buy direct. For instance, the National Distributors, they are part and parcel of the Self-Help.

You mean that the wholesaler can buy better than the retailer.—Yes.