

On some brands of tobacco and certain cigarettes, such as :—

Godfrey Phillips (N.Z.), Ltd.—

Cigarettes.	Tobaccos.
De Reszke.	Grey's.
Myrtle Grove.	Cavenders.
B.D.V.	B.D.V.
	Myrtle Grove.

Gallaghers—

Park Drive.	Park Drive.
	Red Jacket.
	Irish Roll.

Du Maurier—

Peter Jackson.
Du Maurier.
Nelson.
Summit.

National Distributors has to pay some 8 per cent. dearer than other merchants.

Members might be told that this is because National Distributors supply a certain line of chain stores, but other merchants who own, or are associated with, or control through debentures, lines of chain stores, such as Burns, Philp, and Co., Goldingham and Beckett, L. D. Nathan and Co., Rattray and Co., Burch and Co., Bond and Bond, Green and Co., are all buying on the best terms.

There is no reason why National Distributors, who not only supply a line of chain stores, but also many other stores as well, should be handicapped by having to compete on such unequal terms.

On account of the injustice received at the hands of manufacturers and agents, National Distributors decided to co-operate with the Nelson Tobacco Co. and supply Huia tobacco, for which it has the sole agency, to Self-Help Co-op., Ltd. The tin has stamped on it "Specially manufactured for Self-Help Co-op., Ltd." A fair amount of expense has been sustained in the advertising of this line, and also in marketing Penguin brand, a tobacco also manufactured by the Nelson Tobacco Co.

Since tobaccos and cigarettes have been removed from the Commercial Trusts Act, the tobacco-manufacturers have produced an agreement, which we are called upon to sign, binding ourselves not to stock exclusively any line of tobacco which has not been available to other traders.

Under the agreement we shall have to practically make these brands available to the competitors of Self-Help Co-op., Ltd., after Self-Help have had the expense of placing them on the market and having the tins specially manufactured for them. Otherwise we run the grave risk of not being supplied on the same terms under which we are now buying tobaccos and cigarettes.

The tobacco specially manufactured by the Nelson Tobacco Co. for National Distributors, Ltd., carries a rate of profit to the wholesaler and to the retailer of not less than any other brand of tobacco which we stock. Without the support of National Distributors, Ltd., the Nelson Tobacco Co.—a small, struggling company—would have great difficulty in carrying on.

A considerable amount of capital is required to market a new line of tobacco or cigarettes in the usual way. Consequently the Nelson Co., being a small company, decided that it could successfully operate by giving its output almost entirely to a few firms. On account of these firms having the exclusive rights to sell all such tobacco, they would take a special interest in it and consequently market the line for them.

The effect of the proposed tobacco agreement will be to restrict the tobacco trade to the large companies already in existence, as a new small company will be unable to get the assistance of large retailers to take a special interest in the line for them, and they will not have sufficient capital to successfully launch a new brand.

Mr. O'Leary.] You have the draft Tobacco Association's Agreement?—I have.

You draw attention to Rule 40?—Yes. [Produced for the Committee. Rule 40 read. "No member of the association shall," &c. Rules 42 and 43 read.]

Mr. O'Leary : We are using that as an analogy [referring to agreement] as to what has happened when this particular commodity was taken out of the Commercial Trusts Act, and we feel that the same thing will happen if these other things are taken out. Is not that your view (to witness)?—Yes.

You believe there should be no exemptions from the Commercial Trusts Act?—Yes, we are mostly concerned with foodstuffs.

Continuing statement :—

The manufacturers or packers of Bell tea, Amber Tips tea, and Edmonds baking-powder refused to supply National Distributors with their articles, even although National Distributors have offered to sign any agreement that they will not sell to a retailer whose name is on the "black" list of any of these three manufacturers.

National Distributors, Ltd., has repeatedly tried to be admitted to the membership of the Merchants' Association, of which Mr. Talbot is secretary. These requests, on the advice of members of the Merchants' Association, were made verbally, but in February of this year a written application was forwarded to Mr. Talbot, secretary of the Merchants' Association, asking that National Distributors be admitted as a member of the association. Three weeks later a written acknowledgment of the letter of application was received, but up to the present the application has not been granted.

National Distributors, Ltd., conforms in every way to the rules of the Merchants' Association and is entitled to be admitted as a member of that association. Three of the cardinal points entitling to membership of the association are :—

- (1) That the merchant carries stocks.
- (2) That the merchant supplies retail custom.
- (3) That the merchant has travellers on the road.

National Distributors, Ltd., conforms to all of these three points, and yet is not admitted to membership.

The effect of the Bill, quite apart from the legal aspects, will be :—

- (a) The withholding of supplies of commodities.
- (b) The removal from the best buying terms.
- (c) Combinations refusing to supply unless our customers sell at a fixed price.
- (d) An increase in the cost of living.
- (e) As our clients cater chiefly for the lower-wage earners, the increase will be inflicted on those least able to bear it.

(Committee adjourned for luncheon, 1 p.m.)