

You have a memorandum here with the correspondence which has taken place between your company and the Australian Dried Fruits Board in connection with this matter. You produce this for the benefit of the members of the Committee?—Yes. [Papers produced.]

Mr. Arthur Sutherland read the following:—

A. F. H. Sutherland, Shareholder and Managing Director of National Distributors, Ltd., a wholesale company whose Head Office is in Wellington, with branches at Auckland, Christchurch, Dunedin, and Invercargill. The company supplies, amongst others, the Self-Help Co-op., Ltd., and is probably the largest wholesale grocery merchandizing firm in the Dominion.

Since its inception the company has had every obstacle placed in its way to purchase goods on the best possible basis. Manufacturers have had great pressure brought to bear upon them by retailers and wholesalers—

- (a) Not to place National Distributors on best possible terms;
- (b) To remove them from best terms if same were being received.

An instance of this occurs with the purchasing of Australian dried fruits. National Distributors has repeatedly requested to be placed on the best buying terms for Australian dried fruits, sultanas, and currants, but that request has not been granted. Some nine months ago those in control of the Australian dried fruits, sultanas, and currants altered their selling-arrangements and decided to supply direct on the best terms any business concern which would take 400 cases.

National Distributors, Ltd., placed orders and were supplied on the best terms, but when their next order went forward they were refused supplies and had to purchase for their customers from another wholesale house and pay 12½ per cent. more than their opponents were paying.

We are informed that the cause of this reversal of policy on behalf of those in control in Australia was because representatives of the Merchants' Association (Mr. Stronach Paterson, President of the Association, and Mr. Talbot, Secretary) went to Australia on a mission and induced those in control in Australia to revert to their old list of merchants who could buy dried fruits on the best terms. National Distributors was not on that old list. Those in authority in Australia were told that if they did not agree to this the New Zealand merchants would wait on the New Zealand Government and get them to remove the recently imposed duty on American dried fruits.

Since that time National Distributors, Ltd., has had to buy Australian fruits 12½ per cent. dearer than other merchants in New Zealand and 12½ per cent. dearer than retail firms such as Wairarapa Farmers and Wardell's. The latter firm has only three shops and was placed on the direct buying list for Australian fruits some three years ago, and long after National Distributors, Ltd., had applied to be placed on the direct list.

The requests from National Distributors, Ltd., to be placed on the direct list for dried fruits have not been granted and their letters to the Australian authorities practically ignored. Such is the power of the combined merchants in New Zealand that they could induce those in authority in Australia to stop direct supplies to the largest buying concern in New Zealand.

I might mention that the smallest grocery business in New Zealand can buy those fruits cheaper through their buying organization, which is on the direct list, than can National Distributors, Ltd.

National Distributors, Ltd., can buy dried fruits from Greece and California on the best terms, but the duty on American fruits has raised the prices until they are scarcely competitive."

Mr. O'Leary. Now you would like to refer to your difficulties in connection with matches?—Yes.

Mr. Arthur Sutherland read the following:—

Matches.

Some six years ago the New Zealand Wax Vesta Co. placed National Distributors on its list of wholesalers who could buy matches on the best terms, but Bryant and May's refused to do so. Some years afterwards Bryant and May's decided to place National Distributors on the wholesale list, and this firm imported large shipments of Bryant and May's safety matches.

National Distributors, Ltd., has never handled either Russian or Japanese matches, neither has the line of chain stores which National Distributors supplies.

When Bryant and May's started manufacturing safety matches in New Zealand, National Distributors, Ltd., were informed that they would have to pay dearer than other merchants for the New Zealand manufactured article, but they were still allowed to buy Bryant and May's English-made article on the best terms. After repeated interviews, and failing to get fair play, National Distributors gave up the idea of trying to foster Bryant and May's New Zealand industry, and ceased buying any of Bryant and May's safety matches, whether made in New Zealand or elsewhere.

National Distributors, Ltd., is still selling an English safety match, and the New Zealand Wax Vesta Co.'s wax match, which is manufactured in Dunedin.

The combination of retailers and merchants against National Distributors was thus proved sufficiently powerful to compel National Distributors to have to buy on such unequal terms.

Mr. O'Leary. Have you had any difficulties with flour?—Yes.

Mr. Arthur Sutherland read the following:—

Flour.

Distributors Ltd., the flour-millers' combine, is operating its business in a manner which is harmful to some merchants and retailers. Distributors Ltd. have two agents in Wellington who are grocery merchants, and these agents can buy flour 2½ per cent. cheaper than other merchants. One of these agents—Burch and Co.—controls through a debenture a rapidly expanding number of chain stores.

Merchants dissatisfied with this system of agents cannot purchase from independent mills, for these independent flour-mills cannot receive sufficient wheat to allow them to take any additional orders for flour. The position has been that if another independent mill starts, any quantities of wheat which it receives have to be deducted from the quantities of wheat allocated to the other independent mills. Consequently, it leaves Distributors Ltd.—the flour-millers' combine—in the impregnable position of not losing any of their trade because independent mills cannot receive wheat to supply additional trade.

National Distributors, Ltd., has frequently approached independent mills in an endeavour to draw their supplies of flour from that source, but invariably the answer has been, "We should like to supply you, but we cannot secure the wheat."

Mr. O'Leary: Tobacco has been taken off the list by legislation and what has it resulted in so far as you are concerned?

Mr. Arthur Sutherland read the following:—

Tobacco.

Every merchant in New Zealand cannot buy tobacco on the same terms. Some merchants are allowed a greater percentage of profit than others. For instance, every merchant in New Zealand who supplies chain stores buys tobacco from Wills 3 per cent. cheaper than does National Distributors, Ltd.

It is only within recent years that some merchants have been placed on the most favourable terms.