

The chemist has been particularly affected by price-cutting of proprietaries, which are, more or less, peculiar to his business, and, in consequence, their turnover has suffered to such an extent that a big percentage of the retail chemists have had to receive financial assistance from the wholesalers in order to carry on. Furthermore, there are very few chemists who are making more than a living wage out of their business to-day, due entirely to the fact that they are not able to make a reasonable margin of profit on patent and proprietary articles sufficient to cover their overhead.

On this account chemists have found it necessary to arrange with certain manufacturers to confine quite a number of lines solely to chemists, so that prices can be controlled.

The introduction of the P.A.T.A. will eliminate this necessity, as all retail traders will be placed on the same footing, and quick-selling, nationally advertised lines, will show at least a workable margin of profit to the small individual trader and enable him to remain in business.

There would be nothing in the scope of the P.A.T.A. to preclude price-cutting firms to manufacture, advertise, and push sales of lines under their own name, but similar in nature to the nationally advertised line, only which the P.A.T.A. desires to protect. The cutter would be at liberty to sell his own preparations at any price he wishes, even down to cost, which position is often represented to the public by such firms.

Finally, the wholesale druggists of New Zealand will benefit considerably by such legislation as, when their clients are placed on a better footing and able to meet their obligations, wholesalers will, as a result, be able to show a profit on their workings, and, incidentally, be able to place their staffs on a better footing by increases of wages and restoration of cuts, which have not been possible in all cases under existing conditions.

Also, revenue from taxation from the wholesaler will automatically be increased.

MR. R. A. COMETI, Chairman of the Executive Committee of the Wholesale Druggists' Association of New Zealand completed reading his statement (see pages 101 and 102).

*Mr. Healy.*] In your evidence you speak of "pirates"; what do you term "pirates"?—Certain chain-store organizations who adopt the practice of advertising a certain line at a special price to attract people into their shops.

*Mr. Wilkinson.*] In what way will this Act enable you to do the things that you desire to do the things that you—according to your own evidence—appear to be already doing. Are you not combining to fix the price of these proprietary articles to-day?—The manufacturers are doing that at enormous expense, and if the amendment were passed arrangements could be made to do it with little or no expense.

I want to know how the amendment is going to benefit you?—We consider that the amendment would allow the arrangements of the P.A.T.A. to be enforced; we are acting under that impression.

It does not seem to me to say that at all. From what I can see they are now combining and fixing prices, and this amendment would not apparently assist them. The amendment does not establish another price-fixing organization?—It leaves the field open.

You are doing it already?—Not in combination, every manufacturer is working independently.

Apparently the manufacturers of certain goods arrange to fix the price of certain goods; that is price-fixation?—You cannot get all manufacturers to do that.

Will you be able to get all manufacturers under this Act?—If the impression we have is correct, everybody would agree when the amendment is passed.

*Mr. Jordan.*] The whole of your trouble seems to me to be in connection with proprietary lines. You say, "Furthermore, there are very few chemists who are making more than a living wage out of their business to-day, due entirely to the fact that they are not able to make a reasonable margin of profit on patent and proprietary articles sufficient to cover their overhead." You build up the whole of your case on proprietary lines, is that not so?—No, not quite. As already explained, a retail chemist is unable to make much profit on prescriptions as there is not sufficient of this trade, and he must allow a certain amount of profit on patent and proprietary articles. For instance, if there were fixed prices for toilet articles the chemist would automatically get a fair proportion of the business. As an illustration, take the case of the tobacco and cigarette price-fixation—immediately that happened the small trader benefitted: there was no question about that. We consider that benefit would be the same in our case.

I suppose the business of a chemist during the last half-century has been seriously affected by the introduction of proprietary lines?—Yes.

*Mr. Holland.*] The complaint is that the chemists are unable to make a reasonable profit? Does this application point in the direction of raising prices to the public?—It does not mean raising prices; we want to stabilize prices to the public. A wholesaler may sell an article at 13s. 6d. a dozen, and instead of the retailer retailing it at 1s. 6d. each it is sold at 1s. 2d. or 1s. 1d. (by the large retailer), and in consequence the small retailer cannot sell that article.

*Mr. O'Leary.*] Apart from those lines set out on page 101, there are quite a number of other commodities that are price-fixed in New Zealand?—Yes.

I have here a statement from the *Bakers and Grocers' Review* of October, 1935, on "Protected Minimum Prices"—

The following is a list of manufacturers and packers of proprietary goods who have fixed and are to the best of their ability maintaining minimum prices for their lines.

We invite other manufacturers adopting the same policy to make use of this list in order that the grocers and storekeepers of the Dominion may be fully acquainted with the manufacturers' goods for which retail minimum prices have been definitely fixed:—