

116. *Mr. Laurenson.*] Have you made any suggestion that they should not stock other brands?—There are thirty-two firms, besides the German, Manila, Mexican, and other European manufacturers, doing business in this colony outside of the brands which we handle. That shows, therefore, the trade is thoroughly protected in every shape and form from unfair competition.

117. *Mr. Hardy.*] Was it in consequence of the rise in the price of leaf in America that your company increased the price of some of the tobaccos you handle?—In connection with the prices of tobacco, I have some figures here that I shall be pleased to put before you. The leading brands to-day are the same in price as they have been for years. In only one instance—in a minor brand which has been sold absolutely under cost—has there been an advance. Since we took over the Juno brand there has been no advance. We opened out the agency for it as soon as we took over T. C. Williams's goods. We gave better terms, and the tobacco was sold at the same price.

118. Juno, you say, is 7½s?—Yes; that is the size which is becoming general.

119. What is the reason for introducing 7½s instead of 7s?—The reason is this: that the trade is changing from the old-fashioned size.

120. What is the price now for ten-case lots of Juno 7s?—1s. 3d., less 2½ per cent. in thirty days.

121. Has the agent in Christchurch put up the price for ten-case lots of Juno?—I believe he has.

122. Under your instructions?—No; he fixes his own price. He was making absolutely nothing out of the tobacco before.

123. Is it within your knowledge that he has put up the prices?—The situation is this: that up to December of last year, and early this year, the merchants were making nothing out of their tobacco. They were buying it at 1s. 3d. and selling it at 1s. 3½d., and had to pay the receiving charges and bonding and interest on their money, which meant an absolute loss on their tobacco. If you permit me to make a statement I will say this: that any merchant under these conditions who entered into the flat-tobacco trade of this colony with a capital of £25,000 would be in the Bankruptcy Court before nine months were out, because the margin of profit would not pay his working-expenses, far less give a return of interest on the capital invested. Unfortunately, it has been the condition of the tobacco trade for years—and it is to be presumed it will be so in the future—that tobacco has been used as a leader in the grocery trade, and that is the reason why the tobacconist suffers. You can go into the grocery-shops in this town, or in other towns in New Zealand, and find that they are selling Derby and Juno tobaccos at less than what they cost them.

124. Then, how is it that the agency for Juno was sought after by every merchant in Christchurch?—Because they gained a prestige in connection with their other lines of trade. It is a leader.

125. *Mr. Witheford.*] Is it a fact that you cut down the price of cigarettes in Auckland, and even gave them away practically, until the local factories were compelled to close down, when you again raised the price to 6d. per packet?—I flatly contradict that.

126. Is it a fact that your agent now dictates to the distributors and forbids them dealing with the locally made articles?—Not at all. I produce a statement of the prices of tobaccos sold to wholesale merchants and the profits made on them, also the prices of tobaccos sold to retailers and their profits upon them. There are seven brands and eleven sizes. The average profit made by the merchants on all the lines is 16.75 per cent., but he has certain charges to meet against that. The retailer's profit upon the same number of tobaccos and sizes is an average of 35.25 per cent. The merchants average buying-price from the manufacturer is 1s. 7d. per pound, and that 1s. 7d. comprises the leading aromatic brands of the T. C. Williams Company which are sold here. Taking the fair trade average price at 1s. 7d. per pound, the duty at 3s. 6d. per pound comes to 233½ per cent., and if you take such tobaccos as twists, which are sold to miners mostly, and which cost only 11d. per pound, the duty is 385 per cent.

127. *The Chairman.*] Your estimate of the retailer's profit is altogether out?—It is correct—I stand or fall by that.

128. How does that correspond with your statement that the retailers are selling their tobaccos at less than cost?—I was referring to the cutters.

129. Who fixes the retail price here?—The tobacconists of Wellington.

130. Does that extend to the grocers?—Yes; but there is always cutting going on. Unfortunately, we have the Chinese shops to consider, which are a very considerable factor so far as price is concerned. Coming to what are called the packet tobaccos—Old Judge, Vanity Fair, Old Gold, Golden Long Cut, and Melrose—there is an average profit to the merchant of 23 per cent., and an average profit to the retailer of 44 per cent. The merchant's average buying-price of these tobaccos is 2s. 7d. per pound, and the duty is 135 per cent. on the buying-price. Coming to the tinned tobaccos, such as Capstan, the merchant's average profit is 20.45 per cent., the duty 135 per cent. on the buying-price, and the retailer's profit is 29 per cent.

131. *Mr. Laurenson.*] Is that the price of the tobacco in bond? You are not putting the merchant's profit on the value of the tobacco when the duty is paid?—I am only dealing with the net invoice cost in bond.

132. *The Chairman.*] You ought to have given us the profit on the net cost of the tobacco to the public. 3s. 6d. per pound is the duty, and the manufacturer's price is about 1s. 6d., making together 5s. You have given us what I take to be the cost of bond tobacco?—Quite so. We only sell in bond.

133. What is the profit on the 5s.?—On plug tobacco the merchant's profit is 16.75 per cent., and he has all his charges against that, such as receiving and bond charges, and interest on his capital.

134. In round figures, 5s. 6d. would be about what the retailer pays for it?—The retailer pays 4s. 10½d. per pound net, and he sells it at 6s. 3d., which gives him a profit of 27½ per cent.

135. What is the wholesale price of Juno tobacco?—1s. 2½d. net. I have brought a similar analysis of cigarettes. The merchant's average profit on the in-bond price is 27.06 per cent. on all lines, and the