

was about 80 per cent on cost, as against an average of 50·3 per cent for the department as a whole. Thus in this one case a special discount obtained was not fully reflected in a proportionately lower initial selling price.

Another example of discounts shown on the invoices is the discounts given in connection with the purchase of rubber footwear, referred to under the section dealing with that department.

*Bonus Merchandise:*

In the case of drugs and toilet goods more goods may be delivered than are billed. An example of this is in connection with the purchase of Quinine Tablets. Under date of 3rd October, 1933, 5 gross of Quinine Tablets were purchased from a company at \$21 per gross and 10 dozen additional were supplied without charge. This information is contained on the face of the invoice.

*By Mr. Sommerville:*

Q. Five gross bought and 10 dozen free?—A. Yes. On the invoices examined those eleven firms showed bonus merchandise. A complete list, of course, could only be obtained by an examination of every invoice. In the statement of price spreads (Statement No. D-28) the unit cost has been reduced by the amount of such bonus merchandise.

*Special Rebates and Allowances:*

Officials state that the company receives special rebates or allowances from various buyers by way of quantity discounts and that these discounts are the subject of arrangement between the supplier and the departmental manager who does the buying. No special record is maintained of these discounts, the amounts being credited as received as against purchases account.

Q. You are not in a position to give us these special rebates and allowances?—A. No.

Q. Unless you went through all these invoices and made them out individually?—A. Yes.

*By Mr. Kennedy (Winnipeg):*

Q. Can you estimate to what extent that bonusing of goods was prevalent?

*By Mr. Sommerville:*

Q. You could not do that without going through the invoices?—A. No.

Q. You picked out 11 firms and took some invoices from each?—A. Yes.

*By Mr. Kennedy (Winnipeg):*

Q. You found it prevailing in the case of each firm?—A. Yes. I think that is a sort of general practice for free merchandise in connection with drugs and toilet goods.

Mr. HEAPS: Is the same treatment given to all large buyers?

Mr. SOMMERVILLE: You will notice we had the same thing with Woodward's and Spencer.

Mr. FACTOR: I wonder if the retailer gets the same concession too.

The WITNESS: In every case a debit memorandum is made out, in the same way as for merchandise returns, price adjustments, etc. The information contained in these debit memoranda is sometimes very vague and it is, therefore, difficult to ascertain the exact nature of the allowance. A large number of these debit memoranda for recent months were examined and where those over \$50 appeared to be for special allowances they were discussed with officials of the company. They confirmed that a number of these, ranging up to \$340