From Eau de Cologne to Rat Poison:
Kempthorne Prosser and Co.’s New Zealand Drug Company Limited, 1869-1918.

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Abstract

The first pharmacies opened in New Zealand in the late 1840s and early 1850s. These pioneering pharmacists mixed most of the medicines sold in their shops themselves. There were however, a number of finished products and raw ingredients which had to be imported. These products were sold to New Zealand pharmacists by British firms that specialised in colonial trade. These firms ensured that New Zealand pharmacists could acquire anything they needed. However, the length of time it took for goods to arrive in the colony made this solution far from perfect.

This thesis examines the first forty nine years of the history of ‘Kemphorne Prosser and Co.’s New Zealand Drug Company Limited’ a New Zealand company which developed as a solution to this problem of distance. Using a range of sources including the first New Zealand pharmaceutical journal *Sharland’s Trade Journal*, and ‘Kemphorne and Prosser’s’ own archives, this thesis explores the nature of the firm’s pharmaceutical business and the extent to which New Zealand developed its own pharmaceutical manufacturing industry.

It argues that ‘Kemphorne and Prosser’s’ business was primarily that of an importer and wholesaler. Products were bought in bulk from overseas manufacturing firms and sold in small quantities to New Zealand retail pharmacists. The thesis further argues that ‘Kemphorne and Prosser’ played a leading role in New Zealand’s pharmaceutical manufacturing industry, but that this industry was small, never coming close to competing with the volume of products imported from overseas.
Acknowledgments

Archival research has played an important part in this thesis. In particular I spent months working within the walls of the Hocken Collections in Dunedin. The staff there were, as always, friendly and extremely helpful. Their attitude towards customers makes the Hocken an amazing place to work. Thanks are also due to the staff of the Alexander Turnbull Library in Wellington for their cooperation during the stressful renovations the library was undergoing.

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Introduction

This thesis focuses on the pharmaceutical side of New Zealand firm ‘Kempthorne and Prosser’s.’ It examines exactly what it meant to be a New Zealand pharmaceutical company in the late nineteenth and early twentieth centuries. To achieve this end this thesis will answer two primary research questions; the first: what was the nature of ‘Kempthorne and Prosser’s’ pharmaceutical business? The second: what role did ‘Kempthorne and Prosser’ play in the development of New Zealand’s pharmaceutical manufacturing industry?

Thomas Kempthorne and Evan Prosser first went into business together in Dunedin in 1869, creating a firm which would become New Zealand’s largest pharmaceutical company. Initially the firm operated out of a single warehouse in Dunedin, but by 1879 the company had grown to include four warehouses in Christchurch, Dunedin, Auckland and Wellington and a pharmaceutical factory in Dunedin. In 1879 shares were publicly listed and the partnership ‘Messrs. Kempthorne, Prosser and Co.’ became the publicly owned company ‘Kempthorne Prosser and Co.’s New Zealand Drug Company Limited.’ The firm was commonly known by two abbreviations of this name. In the subsequent pages the company will be referred to as ‘Kempthorne and Prosser’ the name by which it was best known. In some records though, the reader will also find the company referred to as ‘The New Zealand Drug Company.’ By 1882 ‘Kempthorne and Prosser’ had diversified into the production of fertilisers, an endeavour which would, in time, grow to become the company’s main focus. In 1888 the firm further diversified into the manufacture of linseed oil.

This thesis will examine various aspects of ‘Kempthorne and Prosser’s’ business over a period stretching from 1869 to the end of the First World War in 1918. The end of the period marks a time of transition for the company, until 1918 the firm was managed by people who had worked there in 1869. The new manager, appointed following the retirement of General Manager James Henton in 1918, was the first manager of the firm
who could not remember the days when ‘Kempthorne and Prosser’ had consisted only of a single wholesale warehouse in Dunedin. This first 49 years of ‘Kempthorne and Prosser’s’ history marks the time when the sale of pharmaceuticals held the highest prominence within the company. The economic boom which accompanied the First World War helped to establish fertiliser production as the area with the most potential for ‘Kempthorne and Prosser.’

‘Kempthorne and Prosser’ did not sell directly to the New Zealand public. Instead, the firm made its money by supplying pharmaceuticals and related sundries to pharmacists and other medical professionals. This was typical of New Zealand pharmaceutical firms who classified themselves as wholesalers and relied on good relationships with pharmacists.

Little has been written on the history of pharmacy in New Zealand, while still less work has focused on pharmaceutical wholesale firms. This thesis has therefore principally been based on primary research. Two main primary sources provided useful information. The first was Sharland’s Trade Journal. This journal was produced by ‘Sharland and Co.’ one of ‘Kempthorne and Prosser’s’ main wholesale competitors. Sharland’s was first printed in 1888, with the final issue circulated to pharmacists in 1911. Although a published journal, Sharland’s is extremely rare. The Alexander Turnbull Library, which is missing only one issue, holds the most complete publically available collection.

Sharland’s was circulated for free to pharmacists throughout New Zealand. It was New Zealand’s first pharmaceutical journal and eventually became the official publication of the Pharmacy Board of New Zealand. It contains a wealth of information for anyone interested in pharmacy in early New Zealand. Of particular interest were notes on the state of the pharmaceutical wholesale trade and information on changes amongst New Zealand’s various pharmaceutical wholesale firms. Also useful was information on changes in pharmaceutical legislation and the impact of tariff reforms.
The second major primary source used in writing this work was ‘Kempthorne and Prosser’s’ own archives held at the Hocken Collections in Dunedin. These archives are extensive, covering dates which extend well beyond the period examined by this thesis. Directors’ minute books provided the main source of information, while a range of other records were extremely useful. Particularly noteworthy are the company’s annual returns which were produced every year following the firm’s incorporation in 1879.

Unfortunately, like many archives, the records of ‘Kempthorne and Prosser’ are far from complete. A change in the way minutes were taken in 1904 saw a lot of detailed information excluded. Instead this information was kept in report folios which are not held by the Hocken and appear not to have survived. There is also a lack of information on the day-to-day operations of the company. Major changes were seen as worthy of recording, while the day-to-day business of the firm received little attention. Nonetheless the ‘Kempthorne and Prosser’ archives contain a wide range of extremely useful information.

As well as these archival collections, newspapers provided useful information. Of particular use were obituaries for both Kempthorne and Prosser. In addition media reports which provide detailed coverage of ‘Kempthorne and Prosser’s’ Annual General Meetings were invaluable. These stories were often attached to ‘Kempthorne and Prosser’s’ own minute books. Particularly useful papers were The Bulletin (Sydney), the Otago Witness and the Otago Daily Times.

To date the only secondary work of any length written on ‘Kempthorne and Prosser’ is the company’s official history written to mark 75 years since the firm had been incorporated. There is no acknowledged author of this work, entitled 75 Years of Life – A Brief History of Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. 1879-1954. Produced largely as a promotional document for shareholders, 75 Years of Life is a short work which deals briefly with most periods of the company’s history. It is an innately celebratory work which is careful never to criticise the company. It fails to go into depth on the nature of ‘Kempthorne and Prosser’s’ pharmaceutical business and neglects the
importance of some early figures in the company. The official history is particularly poor
in its description of the period before 1879, where it completely misunderstands the
nature of the relationship between ‘Kempthorne and Prosser’ in New Zealand and an
Australian pharmaceutical wholesale firm called ‘Felton, Grimwade and Co.’
Nonetheless 75 years of Life provides some useful insights into the history of
‘Kempthorne and Prosser.’

Pharmacy in New Zealand has attracted little historical study. This is particularly true
when it comes to the nineteenth and early twentieth centuries. The writing that does exist
tends to focus on the pharmacists themselves rather than the industry which existed to
supply them. In particular the formation of the New Zealand Pharmacy Board, the
development of pharmacy as a legally recognised profession and the role of women in
pharmacy have received the most attention.

An Historical Outline of New Zealand Pharmacy written by C. H. Farquharson is fairly
typical in its treatment of the pharmaceutical wholesale industry. This pamphlet, written
to celebrate the first fifty years of the New Zealand Pharmaceutical Society, outlines the
history of New Zealand pharmacy from 1879 to 1929. Farquharson’s work covers the
history of the New Zealand Pharmaceutical Society, and the development of
pharmaceutical legislation in New Zealand. The pamphlet also looks briefly at early
pharmacies and the history of pharmaceutical journals. There is however no discussion of
pharmaceutical wholesalers or manufacturers. Farquharson does not mention
‘Kempthorne and Prosser’ at all, and mentions ‘Sharland and Co’ only when discussing
Sharland’s Trade Journal.¹

Reg Combes’ Pharmacy in New Zealand: Aspects and Reminiscences is the most
comprehensive historical study of pharmacy in New Zealand. Combes’ book was
published by the Pharmaceutical Society of New Zealand in 1981 as an official history
marking the century since the formation of the New Zealand Pharmacy Board. A brief

¹ C. H. Farquharson, An Historical Outline of New Zealand Pharmacy, (Auckland: Whitcombe
and Tombs, 1929?).
three page chapter entitled “Wholesale Druggists” provides the only secondary history of New Zealand’s wholesale pharmaceutical houses. It briefly covers the history of pharmaceutical wholesale in New Zealand from the 1870s until the early 1980s.\textsuperscript{2}

Edward Leigh’s \textit{Memoirs of an Old Chemist: an autobiography} provides an interesting insight into New Zealand pharmacists in the late nineteenth and early twentieth centuries. Leigh’s autobiography covers his entire career starting with his acceptance as an apprentice in 1896. Leigh wrote his book at an advanced age and the work sometimes suffers from a lack of a coherent narrative. Nonetheless \textit{Memoirs of an Old Chemist} provides some excellent examples of the kind of work undertaken by pharmacists during Leigh’s career.\textsuperscript{5}

Louise Shaw’s Masters thesis from the University of Otago entitled “Prescription for Change? Dispensing with Men: A History of Women in New Zealand Pharmacy 1881-1991” covers a topic clearly outlined by its title. The bulk of Shaw’s work focuses on a period following that covered by this thesis. Her first chapter though provides some valuable historical analysis of early New Zealand pharmacy. Shaw concludes that until the 1920s pharmacy was “almost an exclusively male domain.”\textsuperscript{4} Those women who were involved in the pharmaceutical trade tended to have entered the profession through family connections. These female pharmacists were “viewed primarily as helpmeets and assistants and not as independent practitioners.”\textsuperscript{5} It was not until the end of the apprenticeship system in the 1960’s that large numbers of women began to gain access to the pharmaceutical profession.\textsuperscript{6}

\begin{itemize}
\item \textsuperscript{3} Edward Leigh, \textit{Memoirs of an Old Chemist; an autobiography} (Cambridge, New Zealand, Cambridge Independent Limited, 1980).
\item \textsuperscript{5} Ibid., 108-109.
\item \textsuperscript{6} Ibid., 110.
\end{itemize}
Other non-pharmaceutical histories were also vital in placing ‘Kempthorne and Prosser’s’ business in its economic context. Erik Olssen’s *Otago* provides an excellent picture of Dunedin at the time Kempthorne and Prosser started out in business together. His work traces the industrial development of what was at the time New Zealand’s most prosperous city.7 This industrial development is analysed on a national level by Ian Hunter in *Age of Enterprise: Rediscovering the New Zealand Entrepreneur 1880-1910* and G. R. Hawke’s *The Making of New Zealand: An Economic History*.8

Hunter’s work in particular warrants further analysis. His theories on the on the average New Zealand entrepreneur between 1880 and 1910 compare closely with the life of Kempthorne. Hunter’s theory includes a five-stage lifecycle which he argues applies to the average New Zealand entrepreneur. These stages are preparation, embarkation, exploration, expansion and transformation.9 According to Hunter, preparation was the early period of an entrepreneur’s life, the time when contacts were made, capital acquired and the skills of the entrepreneur’s chosen trade learnt. Embarkation was the period during which the entrepreneur launched their first business venture; Hunter argues that these new ventures were typically small and grew slowly. Hunter’s third phase, exploration, was a period of rapid expansion which was “characterised by new initiatives, innovation, fresh partners, additional capital, commercial success – and risk of failure.”10 The fourth phase, expansion, was a period when the entrepreneur concentrated on expanding his most successful business interests. It was also during this period that many New Zealand entrepreneurs began to bring other family members into their firms. Transformation, the fifth and final phase, was the period during which the entrepreneur moved toward retirement. Management of the business was either transferred to a member of the entrepreneur’s family or “when there was no heir apparent, the death of the founder effectively brought the venture to an end as a family firm.”11

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9 Ibid., 200-231.
10 Ibid., 217.
11 Ibid., 229.
Kempthorne’s working life corresponds closely to Hunter’s lifecycle of a typical New Zealand entrepreneur. Kempthorne’s preparation phase came while he was working for various pharmaceutical wholesale firms in Australia and New Zealand. This preparation phase ended when he purchased a pharmaceutical wholesale business in Dunedin and went into business on his own account. There followed a period of slow growth which matches closely with Hunter’s embarkation phase. Kempthorne purchased his business in the early 1860s but did not open a second branch until 1876. The rapid expansion discussed by Hunter in his third phase, the exploration phase, began for Kempthorne in 1876 when he and Prosser joined forces with two Australian wholesale druggists called Alfred Felton and Frederick Grimwade. The firm quickly built new pharmaceutical warehouses, expanding their original business. Diversification came in the form of the construction of the pharmaceutical factory and the firm’s first fertiliser works, which were built in 1876 and 1881 respectively. It was during this period that shares in the company were sold publicly. Kempthorne and Prosser retained management of the company but the firm adopted a corporate structure and its managers now had to answer to shareholders. It was also during this period that Prosser left the firm, leaving Kempthorne as the sole Managing Director. The exploration of Kempthorne’s third phase ended in 1888 when ‘Kempthorne and Prosser’ opened its last new venture, the linseed mill in Dunedin. This exploration phase was followed by a period which matches closely to Hunter’s fourth phase, expansion. For Kempthorne, this began in 1889 with the purchase of ‘Kempthorne and Prosser’s’ second fertiliser works at Westfield in Auckland. The remainder of this period was spent improving the firm’s existing facilities. This period also saw a steady increase in average profits, although these increases were partly due to the end of the long depression of 1878-1895.

It is during the fifth phase, the transformation phase, that Kempthorne’s career differs slightly from that of Hunter’s typical entrepreneur. Hunter states that normally a firm was handed over to a member of the owner’s family. Kempthorne did not have a member of his family to take over management of the firm. Like many New Zealand businessmen of the time he had brought his son, or in this case his stepson Orlando, into the firm and

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12 Ibid.
given him responsibility by appointing him manager of the Wellington Branch. Orlando’s
time with the firm was far from a success however and he left not only the firm but also
the country. Kempthorne had daughters but they were not involved in the family
business. So instead of passing management of the business to a member of his family,
Kempthorne chose a successor from within the ranks of the company’s managers. This
was made possible by the fact that ‘Kempthorne and Prosser’ was already a publicly
listed company, with a structure in place to supervise a new manager.

Hunter’s work helps to put Kempthorne’s career in context when compared to the New
Zealand business community of the late nineteenth and early twentieth centuries. Context
is also provided by international pharmaceutical history which is thankfully somewhat
better than that found in New Zealand. Gregory Haines’ book The Grains and
Threepenn’orths of Pharmacy: Pharmacy in N.S.W. 1788-1976 includes an excellent
analysis of pharmacy in the fledgling colony of New South Wales. Haines’ work is
particularly useful in its description of the development of Australia’s first
pharmaceutical wholesale firms.\footnote{13}

\textit{The Pharmaceutical Industry: A Guide to Historical Records} edited by Lesley Richmond,
Julie Stevenson and Alison Turton, provides the best insight into the development of the
pharmaceutical manufacturing industry in Britain, and the way in which that industry did
business in the British colonies. In particular, chapters by J. Burnby, “The early years of
the pharmaceutical industry,” and T. A. B. Corley, “The British pharmaceutical industry
since 1851,” examine the international nature of the pharmaceutical manufacturing
industry at the time ‘Kempthorne and Prosser’ was founded.\footnote{14}

Work by Stuart Anderson “Pharmacy in the medieval world, 1100 to 1617 AD,” and
Peter Worling, “Pharmacy in the early modern world, 1617 to 1841 AD,” contained in

\footnote{13} Gregory Haines, \textit{The Grains and Threepenn’orths of Pharmacy: Pharmacy in N.S.W 1788-
1976} (Kilmore, Australia: Lowden Publishing Co, 1976.)

\footnote{14} J. Burnby, “The early years of the pharmaceutical industry,” in \textit{The Pharmaceutical Industry:
A Guide to Historical Records}, ed Lesley Richmond, Julie Stevenson and Alison Turton, (Aldershot:
Ashgate Publishing Ltd, 2003), 1-13.; T. A. B. Corley, “The British pharmaceutical industry since 1851,”
in \textit{The Pharmaceutical Industry: A Guide to Historical Records}, ed. Lesley Richmond, Julie Stevenson
Making Medicines: A Brief History of Pharmacy and Pharmaceuticals edited by Stuart Anderson provide a useful analysis of the development of pharmacy as a specialised profession separate from those who prescribed medicines.\textsuperscript{15}

It should be noted here that the most prominent New Zealand name associated with the manufacture of pharmaceuticals is absent from the pages of this thesis. Glaxo was a company which originated in New Zealand and is now part of the vast pharmaceutical multinational GlaxoSmithKline. Glaxo has no part in the history of early New Zealand pharmaceuticals because although the name Glaxo dates back to 1873, when Joseph Nathan established a general trading company in New Zealand, the company did not begin to manufacture pharmaceuticals until 1924. Moreover these pharmaceuticals were produced in England. Some links did exist between Glaxo and ‘Kempthorne and Prosser’ during the period of this study. Nathan began to manufacture dried milk powder in New Zealand in 1904 and registered the name Glaxo shortly afterward. ‘Kempthorne and Prosser’ as a large wholesaler sold Glaxo milk powder across New Zealand. But Glaxo the pharmaceutical manufacturer does not form a part of the history of New Zealand’s early pharmaceutical manufacturing industry.

The first chapter of this thesis deals with the early history of ‘Kempthorne and Prosser.’ It begins with a discussion of the development of pharmacy as a specialised profession and an examination of the beginnings of the pharmaceutical manufacturing industry in Britain. The chapter then covers the development of pharmaceutical wholesale houses in Australia and examines the ability of early New Zealand pharmacists to acquire goods from overseas. It argues that early New Zealand pharmacists were far from isolated, that they were, despite being in a small and remote colony, able to purchase goods from British firms which specialised in colonial trade. New Zealand pharmacists faced difficulties in importing goods, but were nonetheless part of a global pharmaceutical industry. This first chapter also covers the early history of ‘Kempthorne and Prosser,’

from Kempthorne’s arrival in New Zealand in 1863 to Prosser’s departure in 1881. This was a period of rapid expansion for ‘Kempthorne and Prosser’ which saw the firm grow from a single warehouse in Dunedin to a New Zealand-wide company. ‘Kempthorne and Prosser’ started out as an importer and wholesaler of products made by overseas manufacturing firms. The company’s diversification into pharmaceutical manufacturing, which began in 1876, meant that the firm began to sell some of its own products locally, but the sale of imported goods remained the centre of ‘Kempthorne and Prosser’s’ pharmaceutical business.

Chapter two further defines the nature of ‘Kempthorne and Prosser’s’ pharmaceutical business by providing a detailed analysis of the firm’s wholesale operations. An examination of New Zealand’s pharmaceutical wholesale industry shows that ‘Kempthorne and Prosser’ faced stiff competition but that the firm remained the largest pharmaceutical company in the country. This chapter also shows that New Zealand wholesale pharmaceutical companies were more than just suppliers. They also built strong social and political relationships with pharmacists and provided financial help to pharmacists in need. Chapter two examines the challenges faced in running a nationwide pharmaceutical wholesale firm and traces the development of ‘Kempthorne and Prosser’s’ network of warehouses, arguing that warehouses were often upgraded as a result of disaster rather than out of any planned expansion.

‘Kempthorne and Prosser’s’ manufacturing operations are the subject of chapter three. This chapter covers the period from the construction of the pharmaceutical factory in 1876 to Kempthorne’s retirement in 1904. It examines the kind of products made by the firm and how the number of products that were produced compared to the number of products imported. Chapter three also contains a discussion of ‘Kempthorne and Prosser’s’ relationship with other New Zealand pharmaceutical manufacturers. This chapter focuses on answering the question; what role did ‘Kempthorne and Prosser’ play in the development of New Zealand’s pharmaceutical manufacturing industry? It concludes that ‘Kempthorne and Prosser’ played a leading role in the development of New Zealand’s pharmaceutical manufacturing industry but that this industry never came
close to competing with the volume of products imported from overseas. A variety of causes for this lack of development are discussed before ‘Kemphthorne and Prosser’s’ fertiliser and linseed manufacturing operations are briefly examined.

Kemphthorne’s retirement in 1904 marked a significant change for the firm. Chapter four examines how well the firm dealt with the resignation of its long-standing Managing Director. This chapter outlines the changes which took place following Kemphthorne’s retirement and notes the increasing importance of fertiliser production to ‘Kemphthorne and Prosser.’ The chapter closes by examining the effects that the First World War had on the company and noting that despite 49 years in operation, the core of ‘Kemphthorne and Prosser’s’ pharmaceutical business remained the importation and wholesale of pharmaceuticals made by overseas manufacturers.

In tracing the development of New Zealand’s largest pharmaceutical wholesaler and pharmaceutical manufacturer this thesis seeks to begin to remedy the lack of historical analysis of the industry which supplied New Zealand’s early pharmacists. Of necessity, there are some areas of pharmaceutical history which are dealt with only briefly in the following pages. This is a history of ‘Kemphthorne and Prosser’ rather than a history of retail pharmacists. The thesis does contain some discussion of the development of the pharmaceutical profession and changes in New Zealand pharmaceutical legislation but these are not the main focus of this work.

Equally this is not a detailed analysis of the nature and effectiveness of medicinal products or the way in which changing technology altered the pharmaceuticals for sale in New Zealand. Throughout the period covered by this thesis ‘Kemphthorne and Prosser’ sold between 3,000 and 6,500 products. A study undertaking a detailed analysis of all these products would be a thesis in its own right.

Instead this is a case study of the kind of business undertaken by the largest player in the New Zealand pharmaceutical wholesale and manufacturing industries. This thesis examines ‘Kemphthorne and Prosser’s’ business and traces changes in the firm from its
inception in 1869 to 1918. In doing so light is shed on a previously unexplored industry, one which played an important role in supplying the medical professionals of New Zealand.
Chapter 1 – Foundation, Partnership and Incorporation 1869-1881.

Far from being isolated in a distant corner of the British Empire, early New Zealand pharmacists were in fact part of a worldwide pharmaceutical industry. This chapter begins by outlining a brief history of this industry, from the establishment of the first drug shops in Baghdad to the creation of specialised manufacturing firms in Britain. Among these manufacturing firms were companies which specialised in trade with British colonies. These firms enabled pharmacists in the fledgling colony of New Zealand to purchase goods directly from Britain. Time was a problem when it came to importing goods. It could take up to six months for an order to reach a pharmacist in New Zealand, meaning that orders had to be planned well in advance. A similar problem existed in Australia, where it was overcome through the establishment of wholesale pharmaceutical firms. These firms purchased large volumes of stock from Britain and then sold them to local retailers. The firm that would later become ‘Kemphthorne, Prosser & Co.’s New Zealand Drug Company Limited’ began its existence as a branch of one such Australian firm, ‘H. & E. Youngman.’ The Dunedin operations of this firm were later brought by Thomas Kemphthorne who traded with various partners until 1869 when he joined forces with Evan Prosser creating ‘Messrs. Kemphthorne, Prosser & Co.’ This chapter traces the early history of the company from the time Kemphthorne and Prosser first joined forces, until the departure of the latter in 1881. It defines the nature of ‘Kemphthorne and Prosser’s’ pharmaceutical business, showing that the primary business of the firm was the importation and wholesale of goods made by overseas manufacturers.

The 1870s and early 1880s were a time of great change for the company. In 1869 the firm owned only one warehouse in Dunedin. By 1876 the company had grown to include four warehouses in Dunedin, Christchurch, Wellington and Auckland and had diversified into production of pharmaceuticals. Much of this expansion came as a result of a new partnership agreement between Kemphthorne and Prosser of New Zealand and Felton and
Grimwade of Australia This partnership ended in 1879 when shares in ‘Kempthorne and Prosser’ were publicly listed, leading to the creation of a new corporate structure. Kempthorne and Prosser remained as Managing Directors of the new company, leading further diversification into the production of sulphuric acid and artificial fertilisers. The two men’s association ended in 1881 when Prosser left to run his own pharmaceutical wholesale business in Australia, leaving Kempthorne as the company’s sole Managing Director.

A Brief History of Pharmacy and Pharmaceutical Manufacturing

The dispensing of medicines dates back to the time before humans kept written records, but pharmacy as a specialised discipline did not emerge until much later. The first recorded pharmacies appeared in Baghdad in the eighth century A.D. Prior to this the people who dispensed medicinal remedies were the same people who diagnosed problems. The drug shops of Baghdad are the first recorded case of pharmacy as a speciality, separated from those who diagnosed the patient’s affliction.¹

This separation of duties did not spread to Europe until five hundred years later when the Holy Roman Emperor Frederick II decreed that the role of prescribing be separated from that of dispensing medicine.² The benefit to the sick was obvious. When those who prescribed the medicines also sold them, there was a danger that they would prescribe medicines purely to make a profit. When the two professions were separated there was no financial motive for those prescribing medicines to prescribe something that a patient did not need.

The European model spread to Britain but separation was slowly eroded as a complex system of medical professionals developed. The three main groups in the British medical

profession were physicians, surgeons and apothecaries.\textsuperscript{3} Originally the apothecaries were a group focused largely on dispensing. A certain amount of medical advice was always given to patients but their primary business was the selling of medicines. However, as time went by, their role in the offering of medical advice increased so that they essentially became doctors to the poorer classes of Britain.\textsuperscript{4} This was aided by two important historical events in the mid seventeenth century, the British Civil War and the Great Plague of London. Both these events resulted in a significant portion of the moneyed classes of London temporarily relocating to other parts of the country. The physicians followed their wealthy clients on both occasions, leaving the apothecaries to care for those who remained in the city; this helped the apothecaries to establish dual roles as both dispensers and prescribers.\textsuperscript{5}

By the mid-eighteenth century most apothecaries were dividing their time between work prescribing and work dispensing medicine. Meanwhile surgeons and physicians whose primary role was the diagnosing and treating ailments were also dispensing medicines to their patients. There were complex rules about what the various parts of the British medical profession could treat; for example surgeons could only prescribe medication as long as it was not taken orally, while apothecaries would not perform surgery of any kind. But within the complex system of rules all parts of the British medical profession could and did dispense medicines to their patients.\textsuperscript{6}

As prescribing became a part-time occupation for the apothecaries, a new profession emerged to fill the dispensing-only gap. Chemists and druggists re-established in Britain a profession whose primary purpose was to dispense drugs to the public. They faced stiff competition from the apothecaries who wanted to act as doctors and to control the dispensing of pharmaceutical products.\textsuperscript{7}

\begin{thebibliography}{99}
\bibitem{} Ibid., 2-3.
\bibitem{} Haines, 2-3.
\bibitem{} Ibid.
\bibitem{} Ibid., 3.
\end{thebibliography}
The 1815 Apothecaries Act recognised the status of apothecaries as prescribers, granting one of their wishes. However, the Act also specifically excluded chemists and druggists from the control of apothecaries, meaning that they had forever lost control of the pharmaceutical trade in Britain. Later Acts in 1852, 1868 and 1869 enforced the compulsory registration of pharmaceutical chemists and made it unlawful for anyone other than a registered pharmaceutical chemist, or a limited liability company trading under the name of chemist and druggist, to sell items listed as poisons on the Government poisons list.

The British wholesale pharmaceutical trade developed out of this confused retail picture. Originally, there were no large pharmaceutical manufacturing firms. Instead apothecaries, and chemists and druggists mixed the medicines and products they sold in workrooms in the back of their shops. Many of the medicines they produced were their own concoctions, while others were made to generic recipes. In some cases unique recipes became so popular with the general public that the producer was able to sell their concoction to other dispensers, who would then in turn sell that product rather than their own preparation. The popularity of some of these products was such that the individual who manufactured them began to focus on producing and selling them to other dispensers rather than on running their own retail operations. As they expanded their wholesale manufacturing some chemists began to abandon their retail practices altogether. J. Burnby notes in The Pharmaceutical Industry: A Guide to Historical Records that many modern pharmaceutical manufacturers are able to trace their origins back to small back-room manufacturing operations.

By the time of the signing of the Treaty of Waitangi in 1840 wholesale pharmaceutical manufacture in Britain was big business. Several of the wholesale companies in Britain

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8 Ibid.  
11 Ibid.
had developed to the point where the main focus of their business was exportation to the various British colonies. These companies often maintained some domestic trade but were specialists when it came to colonial trade.\textsuperscript{12}

As a result, far from being isolated in a newly founded colony, early New Zealand pharmacists were part of a global pharmaceutical industry where international trade was commonplace. This did not mean that keeping their shelves fully stocked was an easy task for New Zealand pharmacists. Replacement supplies could take up to six months to arrive, meaning that pharmacists had to plan far in advance to make sure they had enough goods to sell.\textsuperscript{13} New Zealand pharmacists were also placed in a difficult position during outbreaks of disease which required additional supplies of a specific medicine, as they had to rely on products they already had in stock. But far from being forced to rely on local products and their own manufacturing, New Zealand pharmacists could obtain everything they needed for their shops on the global pharmaceutical market.

**Early New Zealand Pharmacy**

In his book *Pharmacy in New Zealand: Aspects and Reminiscences*, Reg Combes notes that one of the first examples of British-style pharmaceutical dispensing in New Zealand occurred at the Methodist Mission at Mangungu as early as 1828, when the missionaries began to dispense home-made medicinal preparations to the local Maori population.\textsuperscript{14}

For many European settlers self-diagnosis and self-treatment of disease was a necessary part of colonial life. Most brought with them medicine chests designed to meet all their medical needs for extended periods of time. Combes described one such chest:

\begin{quote}
One medicine chest, brought to New Zealand by surveyor Frederick Tuckett in 1841, was only twelve inches by twelve inches by seven-and-a-half inches (305mm x 305mm x 190mm), yet it contained thirty
\end{quote}

\textsuperscript{12} Ibid.
\textsuperscript{14} Ibid., 13.
different medicinals as well as having compartments for scales and spatulas, and boxes for pills and ointments.\textsuperscript{15}

These chests were well stocked with medicines, but early colonists were still forced to rely on their own knowledge and judgement to treat ailments. As the colony grew, so did its need for medical supplies. Early doctors and pharmacists came equipped with large stocks of pharmaceuticals to meet local demand.\textsuperscript{16} Combes describes the trials faced by these early pharmacists who were forced to transport everything they needed in the cramped conditions on board ship:

\textit{It is easy to sympathise with the emigrating pharmacist trying to decide what stock, plant and fittings he should take. Bottles, corks, boxes, wrapping and note paper, labels, account forms, scales, glass measures, pill machines, plaster irons, marble slabs for preparing ointment, shop fittings, leaves, roots, rhizomes, plus household and personal needs, all had to be assembled and carefully packed for a journey of over 12,000 miles by sailing ship.}\textsuperscript{17}

As early as the late 1840s and early 1850 pharmacists began opening retail pharmacies around New Zealand.\textsuperscript{18} The pharmaceutical profession in New Zealand began in a similarly confused state to pharmacy in Britain. New Zealand pharmacists often crossed the line from dispensing into prescribing and diagnosing, while New Zealand doctors also prescribed and dispensed medicine. New Zealand also had its fair share of “homoeopaths, herbalists, ‘medicine men,’ itinerant hawkers and general storekeepers” all of whom sold medicines in one form or another.\textsuperscript{19}

It was not until 1880 that the first legislation was passed to regulate the sale of pharmaceuticals in New Zealand. The purpose of the Act was to protect the public by forcing all those practising as pharmacists to officially register with the Pharmaceutical Board of New Zealand. Those already in practice were granted dispensations allowing

\begin{footnotes}
\item[15] Ibid., 14.
\item[16] Ibid.
\item[17] Ibid.
\item[18] Ibid.
\end{footnotes}
them to register, while training standards were set for new pharmacists seeking to enter the profession. From this point on there was a legal requirement for new pharmacists to receive their training through apprenticeships, during which they learnt the trade under a registered pharmacist. These apprenticeships normally lasted for four years and were punctuated by a series of exams designed to test the apprentice’s theoretical knowledge and practical ability.\(^\text{20}\) Following their final exams newly qualified pharmacists were allowed to set up practice on their own account. The Act did not grant the sole right to dispense drugs to pharmacists but it did officially recognise pharmacy as a profession with professional standards, setting pharmacists above unqualified dispensers of medicines. The Act established the first Pharmaceutical Board of New Zealand which was appointed by the Governor-in-Council in 1880. The next Pharmacy Board was elected by the pharmacists of New Zealand in 1883. This board was responsible for the registration of pharmacists and also played a significant role in lobbying for changes to legislation. By 1883, three years following the introduction of the Act, there were 270 registered pharmacists in New Zealand.\(^\text{21}\)

Further pharmaceutical legislation followed in 1908. The Pharmacy Act 1908 strengthened provisions from the 1880 Act and sought to clarify anomalies regarding the registration of pharmacists. An amendment in 1912 provided for the employment of registered pharmacists to manage shops owned by unregistered shop owners or Friendly Societies. The 1912 amendment also stated that it was an offence for doctors and pharmacists to conspire to avoid competition by having doctors prescribe medicines from a specific pharmacy.\(^\text{22}\)

Early New Zealand pharmacists had to be extremely versatile. Many operated in small rural towns where there were no other medical professionals, which meant that they often undertook work which would in later years be separated among four or five professions. One such New Zealand pharmacist was Edward Leigh, who began his career as an apprentice to a pharmacist in Wanganui in 1896 at the age of 15. His memoirs of his time

\(^{20}\) Combes, 45-47.
\(^{21}\) Ibid., 23-25.
\(^{22}\) Ibid., 29.
working in pharmacies in late nineteenth and early twentieth centuries include work he undertook as an optician, a dentist, a developer of photographs, a manufacturer of veterinary supplies and of course a dispenser of medicines.\textsuperscript{23}

**Medicines**

Pharmacists operating in New Zealand and around the world sold medicinal products which can be divided into three categories. These were the pharmacists’ own preparations, patent medicines and generic medicines. The British pharmaceutical wholesale industry was firmly established by the time the first New Zealand retail pharmacies were being established in the late 1840s, but this does not mean that pharmacists had lost the skill to make their own products, or abandoned the practice of doing so. Pharmacists continued to take great pride in mixing their own preparations in response to doctors’ prescriptions. These pharmaceutical preparations were often not made to the pharmacists’ own recipes; instead they were generic recipes found in widely available pharmacopoeia such as the famous *British Pharmacopoeia*.\textsuperscript{24}

The second group of medicines sold by pharmacists were patent, or proprietary medicines. Both these names refer to medicines that were produced by one company. Manufacturers of these medicines had protection in place to stop other people producing the same medicines. Patent medicines were legally patented while proprietary medicines tended simply to be made to secret recipes.\textsuperscript{25} The key difference was that in their own preparations a pharmacist would know the exact ingredients and therefore would know why the preparation was supposed to be effective against a particular illness. With patent and proprietary medicines a pharmacist was often completely in the dark about the ingredients and so had to trust the word of the manufacturer that the medicine would have the claimed effect. In 1904 The New Zealand Government tried to bring in legislation

\begin{footnotes}
\item Combes, 63.
\end{footnotes}
which aimed to protect the public by mandating that patent medicine manufacturers had to reveal the ingredients used in their preparations. The outcry from manufacturers, who were afraid of losing commercial advantage, was so great that the proposed law was abandoned. The disclosure of the formula for Patent Medicines did not become law in New Zealand until 1964.26

The term patent medicine often invokes references to quackery. This is partly due to the poor reputations of some products. Patent and proprietary medicines can essentially be broken into two categories. The first is cure-alls; these would often be advertised as being able to cure an impossibly wide range of illnesses, claims which were unsubstantiated. However not all patent medicines were of the cure-all variety. While cure-alls were unlikely to deliver on their extraordinary claims, there were patent medicines which were successfully designed to treat one or two ailments. Firms such as Beecham’s and Holloway’s ran hugely successful business producing these genuine patent medications.

Patent medicines were often stocked by pharmacists out of commercial imperatives, rather than out of any great belief in their efficacy. Advertising was key to the sale of patent medicines. Manufactures marketed products directly to the general public. Many manufacturers were large and had the ability to launch global marketing campaigns.27 *Sharland’s Trade Journal* cited one such example of marketing in its May 1889 publication. *Sharland’s* stated that a manufacturer of patent medicines, which the journal does not name, launched a global marketing campaign for a new product, sending eighty million 32 page pamphlets and four hundred million 4 page circulars to countries around the world. This marketing campaign came at a cost of £120,000.28 Direct to consumer marketing had a great effect on New Zealanders, who would often go straight to the pharmacy demanding to buy a specific patent medicine, rather than visiting a doctor for a prescription. This was often an attempt on the patient’s behalf to avoid paying the consultation fees charged by doctors.29 Many general stores also stocked patent

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26 Combes, 66.
27 Ibid., 63.
29 Combes, 63.
medicines, providing stiff competition for pharmacists. As a result of this competition, patent and proprietary medicines were frequently one of the least profitable parts of the pharmacist’s business. Nonetheless, public demand made stocking them essential.

The third kind of medicine sold by pharmacists was generic medicine. These generic medicines were also made by large manufacturers, but were not made to any secret or patented formula. Using formula from works such as the *British Pharmacopoeia*, manufacturers mass-produced generic medicines which pharmacists were at least technically able to manufacture themselves.\(^{30}\) The attraction of generic medicines was that pharmacists could buy and sell products with known ingredients without going to the trouble of producing them themselves. There were a variety of reasons pharmacists were loath to manufacture certain products: some ingredients could be difficult to access locally, the production process could be particularly complicated or a pharmacist could simply be too busy to produce the product themselves.

**H. & E. Youngman**

In the first decades of European settlement in New Zealand, pharmacists who purchased patent or generic medicines had to buy them from the wholesale firms in Britain which specialised in the colonial trade. Similarly the majority of raw ingredients for pharmacy-produced products had to be imported. It could take up to six months for these supplies to arrive from Britain, meaning that the pharmacists were in the difficult position of having to estimate demand and plan orders in advance. Any rush on a particular product, or problem with an order could leave a pharmacist out of stock for months, costing them sales and the goodwill of customers. Overestimating demand could leave a pharmacist with more stock than they were able to sell before it spoiled.\(^{31}\)

The problem of distance from Britain was much the same for Australian pharmacists, and luckily for their New Zealand counterparts, earlier settlement in Australia meant that

\(^{30}\) Corley, 15-16.

\(^{31}\) Combes, 14.
many of the problems associated with importing pharmaceutical goods to the region had already been solved before the settlement of New Zealand. Many of the early medical supplies sent to Australia were of poor quality and badly packaged for months of travel aboard ship. In some cases this rendered early stocks sent to Australia unusable. To counteract these problems, by the 1820s, pharmaceuticals were no longer imported in ready-to-use form. Instead they were packed in the form most likely to survive the journey. This helped to solve the problem of damaged supplies arriving in the colony, but Australians still had to contend with delays in receiving medical supplies.32

The easiest way to solve the problem of distance was the establishment of local wholesale pharmaceutical firms. These wholesale firms brought large volumes of stock from Britain and sold them at a profit on the local market. Their large orders meant that they normally had stock on hand to meet the requirements of the local pharmacists. Initially, Australian pharmacists were not fully in favour of this solution, possibly because of the mark-up of up to 300 percent they were able to charge on goods they purchased directly from Britain. But despite the huge profits to be made by direct importing there were those who preferred a steady local supply of products. By 1849, around the time the first pharmacies were opening in New Zealand, there were four wholesale pharmaceutical businesses in operation in Australia. These businesses consisted of three chemists who also ran their own retail stores in addition to their wholesale businesses; and one non-chemist wholesaler. The major customers of these early Australian wholesalers were local doctors, country stores and local industries that needed a steady supply of chemicals. Most Australian pharmacists still bought their supplies directly from Britain.33

One of the three wholesale chemist businesses operating in Australia in 1849 was ‘H. & E. Youngman.’34 This firm was part owned by Edward Youngman, who had served his apprenticeship in Suffolk, at a firm called Grimwades which specialised in the wholesale

32 Haines, 7.
33 Ibid., 22.
34 Ibid.
of pharmaceuticals.\textsuperscript{35} Following his apprenticeship Youngman travelled to Sydney, and along with his brother Henry established ‘H. & E. Youngman.’\textsuperscript{36}

By 1862 Youngman had extended his wholesale operation to Melbourne. Needing a manager he employed Frederick Grimwade, the son of Youngman’s former master in England, Edward Grimwade and one of the major players in the early history of ‘Kempthorne and Prosser.’\textsuperscript{37} Another early employee of Youngman was Thomas Whitlock Kempthorne, co-founder of ‘Kempthorne and Prosser.’

Thomas Kempthorne was baptised at Mawan near Falmouth in Cornwall in February 1834. In 1854 he emigrated to Australia where he found work as a labourer digging tree stumps. It was not long before he was searching for new employment and in January 1855 he took up a position with a wholesale drug firm. He rose to manage a firm on behalf of the Benson Brothers before taking up employment with ‘H. & E. Youngman.’\textsuperscript{38}

In 1863 the Youngmans decided to investigate the possibility of expansion to Dunedin, which was experiencing a financial boom as a result of the Otago Gold Rush.\textsuperscript{39} Sources vary slightly on exactly what happened next, although all agree that Kempthorne came to New Zealand as an employee of ‘H. & E. Youngman.’

\textsuperscript{35} Ibid., 29.
\textsuperscript{38} ‘Kempthorne, Thomas Whitlock 1834?-1915: Manufacturing chemist, businessman’ \textit{The Dictionary of New Zealand Biography,} 223.
\textsuperscript{39} Ibid.
Thomas Whitlock Kempthorne co-founder and Managing Director of ‘Kempthorne Prosser and Co.’s New Zealand Drug Company Limited.’ Date unknown.

Source: “Two Mounted photographs of T.W. Kempthorne.” Frenz Corporation Limited, AG- 120/035, Hocken Collections. Uare Taoka O Hākena, Dunedin.
75 Years of Life suggests that Kempthorne arrived in Dunedin and reported back to his Melbourne employers on the prospects of setting up business there. Then instead of returning to Australia, he decided to stay and establish his own business in Dunedin, using the information he had gathered on behalf of the Youngmans. This claim is supported by the history of the Kempthorne family, “Karanza Whelas Karanza: The Story of the Kempthorines 1300-2000.”

The Dictionary of New Zealand Biography suggests a slightly different course of events, mentioning the fact that both the Youngmans died while Kempthorne was in New Zealand, leaving him free to set up business on his own account. No date is given for their demise.

Kempthorne’s obituary in the Otago Witness provides a third scenario. The Witness suggests that Edward Youngman had in fact arrived in Dunedin before Kempthorne and had purchased headquarters for the Dunedin Branch of ‘H. & E. Youngman’ in Stafford Street, the same site that ‘Kempthorne and Prosser’ later occupied. The Otago Witness then states that Kempthorne arrived in Dunedin as a manager for ‘H. & E. Youngman’ but that within a few years both Youngmans died, leaving Kempthorne free to set up business on his own account.

The actual course of events is closest to those related in the Otago Witness. Kempthorne arrived in New Zealand in 1863. Whether or not he arrived in advance of Edward Youngman is unclear, but rather than simply scouting Dunedin for the Youngmans he stayed to manage their operations. Three years after Kempthorne’s arrival in Dunedin Edward Youngman was drowned in the wreck of The London in the Bay of Biscay. Not long after, former Youngman employee Frederick Grimwade combined with Melbourne

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40 75 Years of Life – A Brief History of Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. 1879-1954 (Dunedin: Kempthorne Prosser and Co’s New Zealand Drug Company Ltd, 1954).
43 “Mr T. W. Kempthorne,” Otago Witness, 10 November 1915, 53.
wholesale druggist Alfred Felton to purchase the Youngmans’ Australian business, which at that time was trading under the title ‘Youngman & Co.’ The firm was renamed ‘Felton, Grimwade & Co.’ Felton and Grimwade would later enter into a long-lasting partnership with Kempthorne and Prosser. Given that Kempthorne came into possession of the Youngmans’ premises in Stafford Street and that he began trading on his own account around the time that Felton and Grimwade were purchasing the Youngmans’ Australian operations, it seems likely that Kempthorne was managing the Youngmans’ New Zealand business and that, like Felton and Grimwade, he bought that business after the death of Edward Youngman. Certainly early advertisements for ‘Kempthorne and Prosser’ later stated that the firm was “late Youngman and Co.”

Evan Prosser

Kempthorne operated the business with a number of partners until 1869 when he entered into a partnership with Evan Prosser. Prosser eventually left the firm but by the time he did ‘Kempthorne and Prosser’ was a well established nationwide business. Evan Prosser was born in Wales where he trained as a pharmaceutical chemist. By 1863 he was living and working in Queenstown, New Zealand. He left Queenstown to follow the gold discoveries on the West Coast, settling in Hokitika where he set up business as a chemist and druggist. During this time Prosser began a political career. He represented the West Coast on the Canterbury Provincial Council form 1865 to 1866 and in 1868 was elected as Mayor of the Hokitika Borough Council. In 1869 he resigned the mayoralty and moved to Dunedin to join Kempthorne’s pharmaceutical wholesale practice, creating a partnership which traded under the name ‘Messrs. Kempthorne, Prosser & Co.’

45 Daily Southern Cross, 24 September 1869, 3.
47 “Hokitika Borough Council,” West Coast Times, 18 May 1869, 3.
record of the new partnership occurs in July 1869 with advertisements appearing as early as September of that year.\textsuperscript{48}

It was not until 1876 that the new firm took its first steps toward manufacturing medicinal products. Before that date 'Kempthorne and Prosser' operated purely as an importing wholesale business, buying products from foreign suppliers and selling them on the New Zealand market.\textsuperscript{49}

As well as importing a wide range of pharmaceuticals, the company acted as a general merchant. The firm imported anything pharmacists might need to run their businesses or want to sell in their shops. This meant that as well as various lines of medicines, the firm imported a range of products which included acids, glues, liniments, dyes, soaps, eau de cologne, ginger beer, vermin poison, scales, pill machines, paper, soda water, brown paper bags, medicine chests, knives, surgical instruments, hair brushes, receipt books, varnish, vinegar and cotton wool. By the late 1870s the list of separate brands and products the company had imported or could import numbered around three thousand.\textsuperscript{50}

Originally 'Kempthorne and Prosser' operated out of the warehouse in Stafford Street, Dunedin which Kempthorne had purchased after the death of Youngman. Products were shipped into Dunedin, stored in the warehouse and dispatched to fulfil orders from customers. There were distinct limitations to running a pharmaceutical wholesale business in a colony such as New Zealand. As well as the distance from suppliers, Kempthorne and Prosser had to deal with the fact that the limited number of New Zealand pharmacists were spread over a large area. By 1876 the two partners had taken their first step to overcoming this problem and had opened a branch in Auckland. This branch operated out of its own warehouse premises. Like the Dunedin operation, the

\textsuperscript{48} Grey River Argus, 29 July 1869, 2; Daily Southern Cross, 24 September 1869, 3.
\textsuperscript{49} “Deed of partnership between Thomas Whitlock Kempthorne, Dunedin, Evan Prosser, Dunedin, Alfred Felton, Melbourne, and Frederick Sheppard Grimwade, Melbourne, 1876,” 9-10, Frenz Corporation Limited, AG-120/196, Hocken Collections. Uare Taoka O Hākena, Dunedin.
\textsuperscript{50} “Notebook listing product stock and selling price, 1875-1878,” Frenz Corporation Limited, AG-120/131, Hocken collections, Uare Taoka O Hākena, Dunedin.
Auckland Branch ordered in large amounts of goods from overseas and sold them to local customers.

**Felton and Grimwade**

As well looking for opportunities to expand the wholesale trade, ‘Kempthorne and Prosser’ decided to diversify into the production of pharmaceuticals. Kempthorne did not have the training to run a pharmaceutical factory. His experience in the pharmaceutical industry had been with wholesale firms in Australia not in pharmaceutical production. Prosser was a trained chemist and so had knowledge of the production side of the pharmaceutical industry, albeit on a far smaller scale than a manufacturing factory.

The partners lacked the appropriate equipment and funds to establish a pharmaceutical factory and the fledgling colony of New Zealand was hardly the place to find the necessary equipment. The answer for Kempthorne and Prosser came from across the Tasman. In 1876 Kempthorne and Prosser formalised a partnership agreement with Felton and Grimwade, the successors to the Youngmans’ Australian business. This agreement involved Felton and Grimwade buying into Kempthorne and Prosser’s New Zealand business. The two businesses remained separate, with Kempthorne and Prosser gaining no stake in the Australian operation. The new partnership gave each of the four men an equal stake in ‘Kempthorne and Prosser.’ They each contributed ₤10,000 giving the business ₤40,000 of available capital. Under the new agreement Kempthorne and Prosser were given the task of managing ‘Kempthorne and Prosser’ while Felton and Grimwade were silent partners leaving them free to engage in other business interests.  

The partnership agreement established a formal relationship between the firms of ‘Kempthorne and Prosser’ in New Zealand and ‘Felton, Grimwade & Co.’ in Australia. As part of this partnership Felton and Grimwade agreed that their Australian firm would withdraw all trade from New Zealand.  

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51 “Deed of partnership between Thomas Whitlock Kempthorne, Dunedin, Evan Prosser, Dunedin, Alfred Felton, Melbourne, and Frederick Sheppard Grimwade, Melbourne, 1876,” 4.
52 Ibid., 9-10.
Felton and Grimwade also agreed to help ‘Kempthorne and Prosser’ to become more than just a wholesale firm. Part of the partnership agreement was that ‘Felton, Grimwade & Co.’ would help ‘Kempthorne and Prosser’ to establish a pharmaceutical factory in any port or town in New Zealand. Felton and Grimwade also agreed to hand over the recipes for all their proprietary medicines, on the condition that ‘Kempthorne and Prosser’ manufactured them for sale only in New Zealand and that ‘Felton, Grimwade and Co’ had the right to purchase back the recipes at any point. Felton and Grimwade further aided ‘Kempthorne and Prosser’ by agreeing to provide certain raw ingredients at a fixed price.\textsuperscript{53}

‘Kempthorne and Prosser’s’ pharmaceutical factory was built in Stafford Street, Dunedin, near the company’s Dunedin warehouse. The factory was equipped with the most up-to-date equipment for the manufacture of pharmaceuticals and was managed by a qualified manufacturing chemist who was hired from Europe.\textsuperscript{54}

As well as enabling an expansion into manufacturing, the new partnership also funded an expansion of the existing wholesale business. This expansion came in the form of the second of ‘Kempthorne and Prosser’ branches, which was opened in Wellington. This branch has in the past caused some confusion for writers, particularly the author of 75 Years of Life, because it initially traded under the name of ‘Felton, Grimwade & Co.’ This confusion can be seen in the official history of ‘Kempthorne and Prosser,’ which states that the firm eventually purchased a separate, established business in Wellington called ‘Felton, Grimwade & Co.’ In fact an examination of the partnership agreement between Kempthorne, Prosser, Felton and Grimwade shows that ‘Felton, Grimwade & Co.’ of Wellington was always part of ‘Kempthorne and Prosser’ and not part of the Australian firm ‘Felton, Grimwade and Co.’\textsuperscript{55} Following the original agreement a further

\textsuperscript{53} Ibid., 9-10.
\textsuperscript{55} 75 Years of Life, 4.
\textsuperscript{56} “Deed of partnership between Thomas Whitlock Kempthorne, Dunedin, Evan Prosser, Dunedin, Alfred Felton, Melbourne, and Frederick Sheppard Grimwade, Melbourne, 1876,” 2.
branch, which traded under the name ‘Kempthorne and Prosser,’ was opened in Christchurch.

Incorporation

The partnership between Felton, Grimwade, Kempthorne and Prosser meant that the four men had not strayed far from the original intentions of Edward Youngman. The New Zealand and Australian operations had become separate firms, but the owners of the original firm in Australia had regained a 50 percent ownership stake in the New Zealand firm and the expertise of the Australian company was now at the disposal of the smaller New Zealand firm.

The boost that Felton and Grimwade gave to 'Kempthorne and Prosser' cannot be over-estimated. Prior to the agreement Kempthorne and Prosser had run the business from their main warehouse in Dunedin and had established one branch warehouse in Auckland. By 1879 the company had added a pharmaceutical factory to their Dunedin holdings and had opened new branches in Wellington and Christchurch.57

Business was good in the early years of 'Kempthorne and Prosser.' The partnership had provided investments of £40,000 in 1876. By the end of 1878 the business was worth almost twice that figure with assets of £128,089 16s 4d and liabilities of £50,402 12s 10d, leaving a healthy balance of £77,687 3s 6d. By far the biggest asset on the company’s books was the £85,000 worth of stock which filled their four warehouses in Auckland, Wellington, Christchurch and Dunedin.58

This dominance of stock on the company’s balance sheet was a characteristic which was always present in the books of 'Kempthorne and Prosser.' The nature of the importation business meant that the firm had to maintain large stocks of a variety of products, ready

57 “Documents relating to the authenticity of the memorandum and Articles of Association and Certificate of Incorporation 1879,” Frenz Corporation Limited, AG-120/010, Hocken collections, Uare Taoka O Hākena, Dunedin.
58 “Statutory Declaration as to assets and liabilities of the Company,” 31 December 1878, Frenz Corporation Limited, AG-120/209, Hocken Collections, Uare Taoka O Hākena, Dunedin.
to meet any local demand. The scattered nature of the business meant that holdings had to be repeated at the firm’s various warehouses.

The original intention of the partners had been to maintain their association for at least seven years. After only two years, however, they decided to change the ownership structure of the firm by forming a limited liability company and selling shares to members of the public. The original partners maintained large shareholdings in the company. The newly incorporated firm also retained the benefits granted by Felton and Grimwade in the original partnership agreement.\(^{59}\)

'Kempthorne and Prosser' was formally incorporated as a limited liability company on 20 March 1879.\(^{60}\) The company took on the slightly altered name of ‘Kempthorne, Prosser & Co.’s New Zealand Drug Company Limited.’ The new company had 100,000 shares valued at £2 each; some of these shares were sold in the initial issue, while others were retained for sale at a later date. ‘Kempthorne, Prosser & Co.’s New Zealand Drug Company Limited’ purchased the property, goodwill, stock and all other assets of the partnership 'Messrs. Kempthorne, Prosser & Co.' It is unclear exactly what price was paid for the business. Each of the four partners acquired 6,250 shares in the new company valued at £12,500. \(^{61}\) The prospectus presented to new shareholders suggests that the partners took these shares as payment for their shares in the original business. \(^{62}\) Early minutes from meetings of the Board of Directors refer to a purchase price of at least £27,500, suggesting that the partners may also have been paid a sum of money for their stake in the original business. \(^{63}\)

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60. “Certificate of Incorporation in New Zealand, Number 4/79” Frenz Corporation Limited, AG-120/040, Hocken Collections, Uare Taoka O Hākena, Dunedin.
61. “Documents relating to the authenticity of the memorandum and Articles of Association and Certificate of Incorporation 1879.”
The four original partners held minority shareholdings in the new firm but they remained by far the largest shareholders. The initial share issue for the company was sold around New Zealand and to investors on the London Stock Exchange. The uptake of these shares within New Zealand shows the regard in which ‘Kemptthorne and Prosser’ was held. Some 213 New Zealanders purchased a total of around 14,000 shares in the new company. These shares were purchased by people from all walks of life. Some made large investments of up to 500 shares while others were more modest in their purchases with some only buying 10 shares.\(^64\)

The company attracted interest from a wide spectrum of society. As is to be expected, around a quarter of the original shareholders were medical professionals, who were likely to have had dealings with the company in their professional lives. Others held very different jobs; occupations listed in the initial share transfer journal include constable, labourer, settler, clerk, ship builder, harbour master, merchant, and storekeeper. Similarly, investors came from across the country with addresses in towns and cities across New Zealand including Naseby, Dunedin, Clyde, Nelson, Queenstown Christchurch, Lyttelton, Auckland, Wanganui, Temuka, Wellington and Masterton. Two Melbourne residents also invested large sums of money, purchasing just under 2,500 shares between them.\(^65\)

The remainder of the shares sold in the share issue were purchased in London. Here ‘Kemptthorne and Prosser’ attracted a varied level of investment with investors purchasing between five and 2,000 shares.\(^66\) These shares were sold on behalf of the company by Edward Grimwade their agent in London.

Edward Grimwade was the father of Frederick Grimwade. In 1879, so that it could sell shares on the London Stock Exchange, ‘Kemptthorne and Prosser’ established a branch and Board of Directors in London. The two Directors appointed to the London Board

\(^{64}\) “Share Transfer Journal” Frenz Corporation Limited, AG-120/110, Hocken Collections, Uare Taoka O Hākena, Dunedin.
\(^{65}\) Ibid.
\(^{66}\) Ibid.
were both members of the Grimwade family. The Grimwades then proceeded to sell shares to English investors. As well as selling shares Edward Grimwade was also given power of attorney to act on behalf of the company. This gave him the ability to enter into purchasing contracts on behalf of ‘Kempthorne and Prosser’. Having an agent in London was very important to the firm. Edward Grimwade was an experienced wholesaler who had, through his time at the firm ‘Grimwades,’ a good knowledge of the British pharmaceutical industry. Having Grimwade as a single point of contact in England meant that ‘Kempthorne and Prosser’ could simplify its ordering processes. Instead of having to deal at great distance directly with suppliers, the firm could simply send Edward Grimwade a list of the products they required which he could then purchase at the best available price, taking advantage of market fluctuations, bulk ordering and face-to-face negotiation with manufacturers.

Preparations for the incorporation of ‘Kempthorne and Prosser’ included the establishment of the company’s first Board of Directors. The first Board consisted of Kempthorne, Prosser and five other Dunedin gentlemen. The Board was originally chaired by Henry Houghton who in 1881 stepped down to be replaced by Dunedin-based lawyer Basil Sievwright who chaired the Board from 1882 until his death in 1902. Kempthorne and Prosser retained joint management of the new company. Felton and Grimwade remained large shareholders but, as they had done under the partnership, they took no active part in the management of the business.

At that time the head office in Dunedin accounted for by far the highest proportion of the company’s revenue. The total revenue earned by the company between 31 January 1880 and 31 January 1881 was £114,331 14s 0d. Some £45,000 of this revenue was earned by the Dunedin operation, next came Wellington with £30,000, followed by the branches in Auckland with £22,000 and Christchurch with £18,000. The profit margin for the

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67 “Statutory Declaration of Evan Prosser as to establishing a London Branch and Board of Directors, 1879” Frenz Corporation Limited, AG-120/208, Hocken Collections, Uare Taoka O Häkena, Dunedin.
68 “Power of Attorney to Edward William Grimwade” Frenz Corporation Limited, AG-120/199, Hocken Collections, Uare Taoka O Häkena, Dunedin.
69 75 Years of Life.
company sat at around 9 percent with a total profit, prior to the payment of dividends, of £10,617 6s 8d. Much of this profit was taken up with dividends to shareholders. Until 1885 the company paid a dividend to the value of 10 percent of paid-up capital. After 1885 this dividend fell to 7 percent per annum. In 1880 the total dividend paid was £7,180 9s 0d. 71

**Diversification into Fertiliser Production**

The second Annual General Meeting of ‘Kempthorne and Prosser,’ held in Dunedin on 28 February 1881, lamented the fact that the economy of New Zealand had been in a depressed state for the previous few years. This depressed state of trade does not seem to have affected the launch of the company and it certainly did nothing to curb the firm’s expansion plans. 72 At the Annual General Meeting in 1881 the Board of Directors announced their intention to take advantage of a Government subsidy and diversify into the production of sulphuric acid. 73 The Government subsidy was offered because of the difficulty in maintaining a regular supply of sulphuric acid through importation. Sulphuric acid was classed as a dangerous good and as such ships that transported it carried it on deck. This was to facilitate the process of throwing it over the side if the ship hit rough waters. This practice of disposing of the acid to protect the ship led to shortages of supply in New Zealand. In an attempt to create a local industry which would secure supply the Colonial Government offered a subsidy of £500 a year for three years to anyone who could manufacture 50 tons of sulphuric acid a year. 74

The establishment of an acid works was a major undertaking for the company. Kempthorne was sent to Melbourne to obtain expert help and equipment. He was authorised to pay up to £1,250 cash and £5,000 worth of ‘Kempthorne and Prosser’

71 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909” Frenz Corporation Limited, AG-120/034, Hocken Collections, Uare Taoka O Hākena, Dunedin.
72 For a more detailed discussion of the ‘Long Depressions’ 1878-1895 see chapter 3.
74 75 Years of Life.
shares. Kempthorne was successful in gaining help and within a year the company had claimed the Government subsidy and was running a profitable acid production business.

The establishment of the Burnside works marked an important diversification for ‘Kempthorne and Prosser.’ Prior to 1876 the company had conducted business as an importer of pharmaceuticals and other general items. In 1876 the firm had taken its first steps into manufacturing with the establishment of its pharmaceutical factory. The establishment of the Burnside works was a step outside the company’s traditional pharmaceutical base. In 1882 the company began to expand the works so that it could also produce artificial manures. This marked a turning point for the company; from this point on the manufacture of fertilisers became an increasingly important part of the firm’s business. No longer was ‘Kempthorne and Prosser’ a business which focused solely on supplying the needs of New Zealand’s health care professionals; from 1881 onwards it was a truly diverse manufacturing and importing business.

Two other important changes occurred following the incorporation of ‘Kempthorne and Prosser.’ In 1879 the Board decided that the money they had raised through issuing shares was not enough to fund expansion and determined to issue debentures to the value of £25,000. This is the first recorded instance of the firm borrowing. These debentures were purchased by Kempthorne, Prosser, Felton and Grimwade. This was not a philanthropic gesture on their part as the company paid a seven percent interest rate on all debentures. Nonetheless the purchasing of debentures showed that the four original partners were still playing a very important role in the new company. Some of the money raised through the issue of debentures was used to fund the construction of the acid works in 1881 and its expansion 1882. More was used to rent and fit out a new warehouse for the Wellington branch of the company in 1881.

77 Ibid., 24 February 1882.
The second important change which occurred in the early 1880s was the resignation of Evan Prosser. In December 1881 Prosser announced to the Board that he was resigning as Managing Director because he planned to move to Sydney to conduct business as a drug wholesaler. In 1882 he purchased the established wholesale drug business of ‘Edward Row and Co.’ in Sydney. This left Kempthorne as the sole Managing Director of ‘Kempthorne and Prosser.’

**Prosser’s Departure**

Prosser’s departure marked the end of an era for ‘Kempthorne and Prosser.’ In subsequent histories of the company Prosser has been largely overshadowed by Kempthorne, who spent over 40 years managing the company. Kempthorne was certainly the dominant force in the 30 years following the departure of Prosser, but for 12 years the two men managed the company jointly, combining their different backgrounds to establish a thriving business.

Prosser’s purchase of ‘Edward Row and Co.’ was a private affair which had nothing to do with any expansion of ‘Kempthorne and Prosser.’ Prosser’s new firm did have some business dealings with his old one, but the two firms were completely separate. Prosser remained on the Board of ‘Kempthorne and Prosser’ until 1886, although his residence in Sydney meant that he was absent from most meetings. In March 1886 he resigned from the Board, completely severing his involvement with ‘Kempthorne and Prosser’

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83 75 Years of Life.
Evan Prosser’s later history is tragic. He had renamed his firm in Sydney ‘Messrs E. Prosser and Co.’ Newspaper reports suggest that Prosser made himself a well-respected member of the Sydney business community but that his business dealings led him into financial difficulties. In July 1896 these pressures apparently became too much for Prosser to bear. Having made the decision to take his own life, he shot himself in his Sydney home. His wife rushed to his aid, but Prosser, who was still conscious, fired two shots at her, one of which grazed her neck. She eventually subdued him and called for a doctor who sent him to a local hospital. The hospital was not able to save Prosser who died some four hours after the first shot was fired.

The death of Prosser did not warrant a mention in the formal records of ‘Kemphthorne and Prosser’ despite the fact that he had been one of the founding partners. This treatment of Prosser’s death was in direct contrast to the way the company noted the passing of the other original partners. The stigma attached to Prosser’s suicide can also be seen in the Otago Witness, which gave the story extensive coverage. The story published in the Witness makes no mention of any connection between Mr. Evan Prosser of Sydney and the Evan Prosser of ‘Kemphthorne and Prosser.’ Only the West Coast Times recalled that Prosser had once been prominent in Hokitika and that the he had had connections with ‘Kemphthorne and Prosser.’

‘Kemphthorne and Prosser’ was a company formed to take advantage of the difficulty that the distance between New Zealand and Britain caused New Zealand pharmacists. These pharmacists regularly purchased goods from British manufacturing firms. It could however, take up to six months for goods to arrive in New Zealand, meaning that orders had to be planned well in advance. ‘Kemphthorne and Prosser’ solved this problem by acting as a wholesaler, importing large volumes of stock from overseas manufacturing

91 The West Coast Times, 24 July 1896, 2.
firms, these goods were stored in New Zealand, ready to meet the demands of local pharmacists. This business model was copied directly from Australia where pharmacists had experienced similar problems. Indeed ‘Kempthorne and Prosser’ began its existence as a branch of an Australian firm. This chapter has outlined the early history of ‘Kempthorne and Prosser,’ tracing the company’s development from a single privately owned warehouse in Dunedin, to a publically listed company with branches across New Zealand. In doing so it has shown that, despite diversification in pharmaceutical and sulphuric acid production, the primary business of the firm was the importation and wholesale of products made by overseas manufacturing firms.
Chapter 2 - Wholesale 1881-1904

The preceding chapter argued that the primary pharmaceutical business of ‘Kempthorne and Prosser’ was the importation and wholesale of products made by overseas manufacturing firms. This chapter examines exactly how this wholesale business operated and what it meant to be a New Zealand pharmaceutical wholesale firm. To achieve this end it discusses the New Zealand pharmaceutical wholesale industry as a whole, traces the development of ‘Kempthorne and Prosser’s’ network of wholesale warehouses and looks at some of the challenges faced by the firm. Two key arguments are discussed in the following pages; the first is that Kempthorne and his Board of Directors were reluctant to invest money in the company’s wholesale operations, preferring instead to invest in manufacturing. The second is that, despite this investment preference, the wholesale of imported pharmaceutical products remained the most important part of ‘Kempthorne and Prosser’s’ pharmaceutical business.

The importance of pharmaceutical wholesale within ‘Kempthorne and Prosser’ can be seen by examining the financial breakdown of the profits made by the company near the end of Kempthorne’s tenure as manager. In the financial year ending 31 January 1903 ‘Kempthorne and Prosser’ recorded a profit of £16,279 15s 17d. That year the company’s linseed works in Dunedin made a loss of £311 13s 1d. The acid and manure works in Dunedin and a second works in Auckland made a combined profit of £5,674 9s 19d. The remainder of the profit was earned by the pharmaceutical side of the business. Of this, £1,185 17s 10d was accredited to the pharmaceutical factory in Dunedin. The remaining £9,731 1s 9d was earned by ‘Kempthorne and Prosser’s’ four pharmaceutical wholesale warehouses.1 At this point the pharmaceutical factory had been in operation for almost 30 years yet sales of its products still accounted for less that ten percent of the profits made through the sale of pharmaceuticals and related goods.

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1 “Directors’ meetings minute book, 1902-1904,” 2 March 1904, Frenz Corporation Limited, AG-120/093, Hocken Collections, Uare Taoka O Hākena, Dunedin.
Pharmaceutical Wholesale Companies

In the late nineteenth and early twentieth centuries the supply of pharmaceuticals to New Zealand was dominated by large local wholesaling houses. These wholesale firms purchased goods from manufacturing companies overseas and sold them directly to retailers who then sold them to the public. Alternatively pharmacists could order goods directly from the ever-increasing number of international manufacturers who were trading directly with New Zealand retailers. Imported goods made up the bulk of pharmaceuticals used by New Zealanders. Some wholesalers also ran their own manufacturing operations in the same manner as ‘Kempthorne and Prosser.’ Other, smaller independent New Zealand manufacturers sold their products to local wholesale firms, who distributed them to pharmacies. These local manufacturers, though, did little to challenge the dominance of imported goods within the New Zealand market.

In Britain the wholesale pharmaceutical industry had grown out of manufacturing in the back rooms of retail shops. In Australia most early wholesale firms also operated retail businesses. Like Britain and Australia, some New Zealand wholesale firms grew out of local retail businesses. Others, like ‘Kempthorne and Prosser’ were established purely as wholesale operations. Whatever their origins, for the major pharmaceutical firms of New Zealand a clear distinction developed between wholesale and retail. Wholesalers made their profits by importing goods, paying a government tariff, adding a mark-up and then selling the goods to retailers. With profits dependent on building and maintaining good relationships with prosperous retail pharmacies the wholesalers of New Zealand had no desire to attract the ire of retailers by competing for the trade of the general public. This is not to say that the wholesale firms of New Zealand did not on occasion dabble in retail operations, but generally speaking, there was a clear division between wholesalers and retailers.

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There were very few occasions when ‘Kempthorne and Prosser’ tried to sell products directly to the consumer. One such example was the sale of goods to the company’s staff. The staff of ‘Kempthorne and Prosser’ were allowed to purchase products directly from the firm’s various warehouses. Initially this right of purchase was available at any time, but from 1884 the company limited their employees’ purchase period to one day a month. In general though, ‘Kempthorne and Prosser’ attempted to abide by the standard practice of New Zealand wholesale firms. Sharland’s Trade Journal described this practice:

If there is one point on which the retail druggist is keener than on others it is certainly the strict watch which he keeps on the wholesale, and dictates that the latter shall not supply other than those who are entitled to buy wholesale. To this no objection can be offered. There is nothing like keeping each other up to the mark nowadays. We think that on no account should the public, no matter the quantity required even if (as it sometimes is) larger than that which retail druggists are in the habit of buying, be allowed to purchase from wholesalers. And to the honour of the wholesale trade generally we believe this rule to be enforced. There may be isolated cases where the public may have been supplied, but that was probably effected by misrepresentation.

Products Sold from the Wholesale Warehouses

The range of products sold at ‘Kempthorne and Prosser’s’ wholesale warehouses can best be seen by looking ahead to the company’s first nationwide catalogue which was circulated to customers in January 1912. Prior to the production of this catalogue each of the branches had been responsible for their own marketing. The catalogue contained both products imported by the company and those manufactured in Dunedin. As well as messages to customers and advertising, the more than one hundred page catalogue listed around 6,500 different lines sold by ‘Kempthorne and Prosser.’ This was more than double the 3,000 lines that had been for sale in the 1870s.

These 6,500 lines were divided into nine categories: Drugs and Chemicals, Patent and Proprietary Medicines, Perfumery and Toilet Articles, Druggists’ Sundries, Druggists’ Confectionary, Pills and Tablets, “K.P.” Proprietary Articles, Chemists’ Own Name Specialities and Aniline Dyes and Dye Stuffs.

Almost 2,000 of the lines sold by the company were sold under the category of Drugs and Chemicals. Items in this category included raw ingredients and generic remedies which were not made to any secret recipe. Excluded were generic pressed pills which were listed in the Pills and Tablets category.6

The catalogue shows that ‘Kempthorne and Prosser’ sold patent medicines from dozens of overseas manufacturers. These patent medicines were listed under the category Patent and Proprietary Medicines. This category included items which were certainly patented but which were definitely not medicines. An example of this is Tomlinson’s Glycerine Dog Wash which was sold at 12s for a dozen bottles. Prominent names such as Beecham’s and Holloway’s were listed alongside ‘Kempthorne and Prosser’s’ own patent medicines.7

Perfumery and Toiletries accounted for around seven hundred different products. The selection sold by the company was so varied that the catalogue confidently claimed “the range for selection is larger and more varied than can be secured elsewhere.”8 Everything from toothpaste to hair tonic was sold under this category.9

Druggists’ Sundries included anything a pharmacist might need to run their shop as well as a large range of miscellaneous products that they might wish to sell. Under this category ‘Kempthorne and Prosser’ stocked everything from pencils and bathing caps to copies of the British Pharmacopoeia and Gray’s Anatomy. Some products such as

7 Ibid., 29-40.
8 Ibid., 42.
9 Ibid., 43-50.
bandages and combs would not be out of place in a pharmacy today, while others such as water beds and ten inch knives would now be unusual.\textsuperscript{10}

Druggists’ confectionary included items such as acid drops and butter scotch which were sold as confectionary and others which had medicinal benefits. This later category included \textit{Meggeson’s Laxative Chocolates} and \textit{Cooper’s Best Cough Lozenges}.\textsuperscript{11}

The pills sold by the company were coated to make them easier to take. Available coatings included sugar, chocolate, gelatine and pearl. In all 424 different varieties of generic pills were sold by ‘Kempthorne and Prosser’ in 1912. They were sold in large quantities, with the smallest order for gelatine coated pills being one thousand, while the minimum order for sugar coated pills was 10,000.\textsuperscript{12}

The section of the catalogue covering ‘Kempthorne and Prosser’s’ own proprietary goods shows that only a few hundred of the products sold by the company were made in the Dunedin pharmaceutical factory.\textsuperscript{13} Under the heading Chemists’ Own Name Specialties the firm offered to produce goods under the name of a particular pharmacist. These goods could be produced to a generic recipe and labelled with the pharmacist’s name and address. This meant that competing pharmacists in the same town could potentially sell the same generic product under their own brand names, when in fact both were selling products made in ‘Kempthorne and Prosser’s’ factory. The final section of the catalogue outlined a small number of dyes colours offered for sale by the firm.

\textbf{Support of Pharmacists}

New Zealand wholesale pharmaceutical firms did more than sell products to retailers. They also went out of their way to provide pharmacists with assistance so that each firm

\begin{footnotes}
\footnote{Ibid., 53-70.}
\footnote{Ibid., 73-74.}
\footnote{Ibid., 76-84.}
\footnote{For a full discussion of ‘Kempthorne and Prosser’s’ pharmaceutical manufacturing see chapter 3. “Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. Wellington Catalogues and Process current, 1912-1914, January 1912,” 87-90.}
\end{footnotes}
had loyal and prosperous customers. This help often came in the form of financial assistance to new pharmacists who wanted to enter into business, or existing customers who wanted to expand their operations.

Edward Leigh recalls one occasion when he required this financial help. During the First World War, he needed a loan to expand his business. At the time he had a half share of a pharmacy in Hastings and owned another in Waipukurau. Leigh had received an offer to buy a third pharmacy at Waipawa, but was short on capital and so needed a loan of £2,000 to complete the purchase. Rather than approaching a bank, Leigh contacted his pharmaceutical wholesale company, a firm by the name of ‘Young’s Chemical Company’ to ask for the money. ‘Young’s’ promptly advanced him the money allowing him to complete the purchase.14

Like other wholesalers, ‘Kempthorne and Prosser’ had a hand in helping the commercial development of the firm’s retail clients. In particular, the company was involved in providing mortgages for a number of New Zealand pharmacists. These loans made financial sense when the pharmacist was able to run a successful business, but they came with a risk. On several occasions pharmacists were unable to repay money owed to the company. This money was owed either in the form of a mortgage or through credit extended so that the pharmacist could buy stock. When a pharmacist was unable to meet their payments the company often repossessed stock and took over the pharmacist’s lease to cover the debt. The lease in itself was an asset; a pharmacist could put a lease up as collateral for a mortgage. If they got into financial difficulty the lease could then be transferred to ‘Kempthorne and Prosser.’ ‘Kempthorne and Prosser’ would then be forced to make payments to the building owner, but the firm could also sell the lease to a new pharmacist who wished to take over the business.15

One example of this practice was that of a Mr. Fife who in April 1882 owed the firm £1,122 15s 7d. ‘Kemphorne and Prosser’s’ management decided that this level of debt was too high and that the likelihood of it being repaid was low, so the company repossessed its stock from Mr. Fife and transferred the lease of his premises into its name.\textsuperscript{16}

Mortgages granted to pharmacists were not necessarily to buy retail premises. Pharmacists also needed money to buy stock, fit out their shops and to pay leases. To put these costs in perspective we can again look at the example of Edward Leigh. When he purchased his new business at Waipawa he spent £300 on goodwill, £300 on fixtures and fittings and £1,200 on stock. In Leigh’s case it appears that he also purchased the shop itself, meaning he did not have to worry about paying a lease.\textsuperscript{17}

As well as playing a role in helping pharmacists set up in business, wholesalers also played a role in the development of political consciousness and self governance amongst New Zealand pharmacists. The establishment of the Pharmacy Board in 1880 was the first step towards the professional organisation of New Zealand’s pharmacists. The following decades saw the formation of regional pharmaceutical associations. There was no legal provision for the Pharmacy Board to establish branches so these regional associations formed as separate entities. They undertook their own political lobbying on issues affecting local pharmacists. They also acted as a forum for pharmacists to discuss local issues such as shop closing hours.\textsuperscript{18}

Staff from ‘Kemphorne and Prosser’s’ various pharmaceutical warehouses were actively involved in these associations. Kemphorne was particularly active on the Board of the Otago Pharmaceutical Association. In 1898 he was elected as the association’s first


\textsuperscript{17} “Directors’ meetings minute book, 1881-1885,” 27 April 1882.

President, a post which he held for six years until he stepped down in 1904. Robert Ewing, a senior ‘Kempthorne and Prosser’ employee, was also active in the Otago Pharmaceutical Association, holding various positions over a number of years. Similarly, Kempthorne’s stepson Orlando Kempthorne, who managed the company’s Wellington branch for several years, was actively involved with local pharmacists. In 1890 he organised a protest among local pharmacists over new customs regulations and in 1891 he attended the first meeting of the Central Pharmaceutical Association in Wellington. Other ‘Kempthorne and Prosser’ managers also regularly attended meetings of their local pharmaceutical associations. This support helped early New Zealand pharmacists to become an organised professional body with the political strength to lobby for changes in legislation. In return, the wholesalers of New Zealand were rewarded with stable clients who had an interest in maintaining good working relationships with established local companies.

Good relationships were further encouraged through social interaction between wholesalers and retailers. As early as the end of the 1880s wholesale versus retail sporting matches became regular features in the social calendars of pharmacists in New Zealand’s major centres. These matches largely consisted of games of football (rugby) and cricket. Staff from the wholesalers’ warehouses would play younger pharmacists and assistants in these social competitions. Matches were popular affairs with one in Christchurch in 1907 drawing a crowd of over 200. The games were often hosted by wholesale firms who frequently paid for transport to and from the ground and refreshments after the game. The teams representing the wholesale profession were

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drawn from multiple local wholesale firms, so that at times staff from three or four different wholesale companies would play on the same side.24

**Competition**

It was not until the 1890s that local pharmaceutical wholesale firms developed to the point where they were providing competition for ‘Kempthorne and Prosser.’ Before the 1890s it was firms from across the Tasman which caused problems for the company. The first mention of competition in ‘Kempthorne and Prosser’s’ records occurred in 1876 when Felton and Grimwade signed the partnership agreement with Kempthorne and Prosser agreeing, amongst other things, to withdraw all their trade from New Zealand.25

Competition is next discussed in 1883. In August of that year Kempthorne was granted a twelve-month leave of absence for health reasons. A Mr Thomas Arnell was appointed to manage the company in his stead.26 Shortly after Kempthorne’s departure the Board of Directors became concerned about the performance of the company’s Christchurch Branch. Arnell visited Christchurch to try and determine why the Branch was struggling. His discussions with local pharmacists revealed that the company was being undercut by its competition. The particular culprit was a firm called ‘Messrs. Elliot Brothers’ of Sydney. Arnell was provided with a copy of the ‘Elliot Brothers’ price list. He reported to the Board that the competition was selling some goods at the same price they could be purchased for on the English market. Arnell also reported that similar competition existed in Auckland and Dunedin. In Wellington the firm retained a monopoly over the trade in pharmaceuticals and related sundries.27

After losing money in Christchurch for 18 months ‘Kempthorne and Prosser’ determined to meet the Australian challenge head on. At the company’s sixth Annual General

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25 “Deed of partnership between Thomas Whitlock Kempthorne, Dunedin, Evan Prosser, Dunedin, Alfred Felton, Melbourne, and Frederick Sheppard Grimwade, Melbourne, 1876,” Frenz Corporation Limited, AG-120/196, Hocken Collections. Uare Taoka O Hākena, Dunedin.
26 Arnell was the manager of the company’s Wellington Branch; “Directors’ meetings minute book, 1881-1885,” 27 August 1883.
27 Ibid., 18 October 1883.
Meeting in March 1885 the Directors reported to shareholders that the company had not had a good financial year. This was blamed on both a slow colonial economy and on competition from Sydney. The solution offered by the Directors was the establishment of a branch in Sydney. Following the meeting Kempthorne, who had returned to work, was sent to Sydney to deal with the problem of competition from ‘Elliot Brothers.’ He was given authority to either to purchase an existing wholesale business in Sydney so that the firm could compete with ‘Elliot Brothers’ or to enter into negotiations with ‘Elliot Brothers’ with the aim of getting them to agree to withdraw all trade from New Zealand. Records of what happened next are vague. In June 1885 Kempthorne returned to New Zealand and reported that he had convinced ‘Elliot Brothers’ to withdraw all trade from New Zealand “pending further arrangements.” There are no records of any further arrangements being entered into or of any further competition from ‘Elliot Brothers.’ Quite why the owners of ‘Elliot Brothers’ agreed to Kempthorne’s demand that they withdraw from New Zealand is unclear. It is possible that the danger of a firm the size of ‘Kempthorne and Prosser’ entering the Sydney market was enough to cause ‘Elliot Brothers’ to compromise. It is also possible that Kempthorne was able to use his firm’s long lasting arrangement with ‘Felton, Grimwade & Co’ in Melbourne and the links he had with Prosser’s new company in Sydney to convince ‘Elliot Brothers’ that he and his associates could seriously threaten its business in Sydney. Whatever the reasons, ‘Elliot Brothers’ did withdraw its trade from New Zealand. With the threat of competition removed, ‘Kempthorne and Prosser’ abandoned their plans to establish an operation across the Tasman.

Other competition was not as easy to remove and eventually the New Zealand pharmaceutical industry developed to the point that ‘Kempthorne and Prosser’ faced competition from a number of New Zealand based pharmaceutical wholesale firms. Many of these firms were small and ceased trading after only a few years in operation. But

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30 Ibid., 24 June 1885.
others proved to be more permanent. ‘Kempthorne and Prosser’s’ first major New Zealand based competitor was ‘Sharland and Company’ of Auckland, a firm which would later take on the name ‘Sharland and Co., Ltd Wholesale Druggists, Manufacturing Chemists, Auckland and Wellington N.Z.’ ‘Sharland’s’ first began operations in 1870 when James Sharland purchased an established retail pharmacy in Auckland. He later added a wholesale operation which quickly outgrew and eclipsed the retail business.32

‘Sharland’s’ operated branches in Auckland and Wellington.33 The firm operated as an importing business with purchasing completed in London by James Sharland’s son Charles, who had initially been involved in the management of ‘Sharland’s’ in New Zealand. ‘Sharland’s’ imported a range of pharmaceuticals and other general products similar to those imported by ‘Kempthorne and Prosser.’34 ‘Sharland’s’ also had a division which specialised in manufacturing. ‘Sharland’s’ is perhaps best known for its production of New Zealand’s first pharmaceutical journal Sharland’s Trade Journal, which was later renamed Sharland’s New Zealand Journal.

This journal gave ‘Sharland and Co’ the ability to market directly to pharmacists. As part of Sharland’s Trade Journal ‘Sharland and Co.’ published a price list to inform customers of the average price they should be paying for certain products. Sharland’s was very careful to keep these lists secret. The firm published one edition which was sent to country doctors and pharmacists. These professionals were asked to keep their price lists confidential. A second edition was sent to storekeepers who stocked patent medicines. The third edition was sent to cordial makers, while the fourth edition contained no price list and was sent to customers who lived in towns which contained ‘Sharland and Co.’s’ warehouses or were often visited by the firm’s travellers.35

32 Combes, 177.
33 Ibid.; Sharland’s Trade Journal Vol II No. 23 (January 1890): 17.
34 Sharland’s Trade Journal Vol II No. 19 (October 1889): 19.
These price lists proved to be disadvantageous to ‘Sharland and Co.’ because of the variable prices their competition, including ‘Kempthorne and Prosser,’ were willing to charge. ‘Sharland and Co.’s’ competitors quickly seized on the price lists produced in the journal. The other firms visited pharmacists with the price lists arguing that these were accurate representations of ‘Sharland and Co.’s’ prices. The competitors then undercut the prices on the list, effectively poaching ‘Sharland and Co.’s’ business.\textsuperscript{36} Naturally ‘Sharland and Co.’ were incensed by these tactics and retaliated by arguing that the price lists published in the journal were indicative only and were not representative of the actual amount the company charged. In the end, after publishing the price lists for almost ten years ‘Sharland and Co,’ removed them from the pages of \textit{Sharland’s}. The firm’s staff were not particularly happy about this withdrawal stating “we refrain from remarking upon the standard of commercial morality in certain quarters which has compelled us to take this step.”\textsuperscript{37}

In the 1880s and 1890s there was little separation between the companies involved in the trade in pharmaceuticals and those involved in the fertiliser trade. By the late 1880s ‘Kempthorne and Prosser’ played a dominant role in the production of sulphuric acid and artificial manures. The firm had only one competitor, ‘The New Zealand Frozen Meat and Storage Company’ which manufactured acids and manures at its Westfield works.\textsuperscript{38} In 1889 ‘Kempthorne and Prosser’ purchased the Westfield works from the ‘Frozen Meat Company.’ This gave the firm a monopoly over fertiliser production in New Zealand. \textit{Sharland’s} was not happy with this situation and reported that since ‘Kempthorne and Prosser’s’ take over the Westfield works the price of acid had risen by fifty percent. The journal’s displeasure came largely from the fact that ‘Sharland and Co’ had sold acids and manures as wholesale agents for ‘The New Zealand Frozen Meat and Storage Company.’ In response, ‘Sharland and Co’ purchased a defunct acid works in Tauranga, reopened the works and entered into direct competition with ‘Kempthorne and Prosser.’\textsuperscript{39}

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\textsuperscript{36} \textit{Sharland’s Trade Journal} Vol I, New issue 5. (July 1888): 17.
\textsuperscript{37} “Our Market Quotations” \textit{Sharland’s New Zealand Journal} Vol X No. 115 (September 1897): 14.
\textsuperscript{38} \textit{Sharland’s Trade Journal} Vol II No. 29 (May 1890): 25.
At the time ‘Sharland and Co’ and ‘Kempthorne and Prosser’ were the only two companies involved in the production of fertilisers in New Zealand and were also two of the largest players in pharmaceutical trade.

Other major local pharmaceutical wholesalers included ‘Young’s Chemical Company,’ ‘H. & F. Stevens Limited’ which traded in Canterbury from the 1880s, and the ‘Auckland Drug Company.’ In the field of dental supply ‘Kempthorne and Prosser’s’ main competition was the ‘New Zealand Consolidated Dental Company Limited’ which was established in 1897 and operated branches in Wellington, Auckland, Christchurch and Dunedin. These provided stiff competition, but none managed to overtake ‘Kempthorne and Prosser’ as New Zealand’s dominant pharmaceutical firm. Other smaller firms also operated on a regional level or specialised in niche products.

**The Origin of Pharmaceuticals Sold in New Zealand**

‘Kempthorne and Prosser’ faced competition not only at a local level but also from international manufacturers. This competition was distinct from the Australian wholesale houses that had attempted to establish a foothold in New Zealand. New Zealand pharmacists had always been able to bypass local wholesalers and order their goods directly from firms in Britain. As the number of pharmacies in New Zealand increased, international manufacturing firms attempted to increase direct trade with New Zealand. In the past wholesalers specialising in colonial trade had waited for orders from New Zealand pharmacists to arrive in England, and then sent goods to fill the order. With the increase in the number of pharmacies, manufacturing firms began to send travellers to New Zealand to deal directly with pharmacists. These travellers moved from town to town meeting with local pharmacists and attempting to sell them the products made by the company that employed them.

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The majority of travellers came from manufacturing firms based in the United Kingdom, but manufacturing firms from America and Germany also made some inroads in the New Zealand market. There was a definite bias amongst the New Zealand medical profession towards British goods. Charles Sharland of ‘Sharland and Co.’ stated that New Zealand pharmacists would favour British goods over ‘foreign’ articles, even if the British goods carried a slightly higher price. Britain was still considered by most New Zealanders to be home and so they were more willing to trust British made goods. Sharland’s Trade Journal helped to encourage New Zealanders’ support for British made goods by questioning the value of products made elsewhere; the journal stated “nearly all the rubbish in the market is of foreign make.” Despite this bias, non British firms did have some success in entering the New Zealand market. American companies built up a significant trade, particularly in the areas of patent medicines and fluid extracts, while German firms were able to establish a niche in importing chemicals. Attempts to establish trade in German made surgical instruments and rubber goods met with less success.

The bias toward British made goods did not stop pharmaceutical wholesalers from importing products from across the world. An examination of ‘Kempthorne and Prosser’s’ records provides an insight into the origin of goods sold to New Zealand pharmacists. The majority of goods imported by ‘Kempthorne and Prosser’ came from Britain. Most companies which the firm dealt with operated from offices in London. These firms ranged in size and included large manufacturing houses such as ‘Burroughs Wellcome and Co.’ The company also imported goods from several other countries including America, France, Denmark, Germany and Australia. On at least one occasion ‘Kempthorne and Prosser’ also tried to promote the sale of Japanese goods in New Zealand.

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43 Ibid.
44 Ibid. 14.
45 “Consignment Accounts,” Frenz Corporation Limited, AG-120/111, Hocken Collections. Uare Taoka O Hākena, Dunedin.
Sales and Customers

Travellers from overseas manufacturing firms used the excitement generated by their visits and the novelty of their products to help make sales. Manufacturing companies often produced catalogues which they circulated among pharmacists in advance of their travellers. Normal practice was for travellers to visit a town every six or twelve months. They would then hire rooms to display their products, and make appointments with the local pharmacists to arrange viewings. Goods would be ordered from the traveller and would arrive at the pharmacist’s door five or six months later.47 As well as catalogues and travellers, some manufacturing firms also circulated free samples to pharmacists to help spark their interest.48

Some travellers, particularly those from America, adopted a slightly different business model. They still visited pharmacists and displayed their samples but they took orders only from wholesale firms. This had the effect of simplifying their business, because they only had to worry about receiving orders and shipping goods to a small number of wholesale firms. This practice also helped American firms avoid getting on the wrong side of local wholesale companies, as their travellers were not in direct competition with them. They visited pharmacists to drum up interest in their business and in doing so also created business for their local wholesale agents.49

‘Kempthorne and Prosser’s’ warehouses were set up so that stock could be displayed to customers who visited the warehouse.50 But the company did not rely on customers visiting their premises. ‘Kempthorne and Prosser’ ran four drug warehouses, one in each of the major cities of New Zealand.51 These warehouses were spread across the country but they each still had to service customers from large areas of New Zealand.

47 Combes, 58.
51 Dunedin, Auckland, Wellington and Christchurch.
To combat the tyranny of distance ‘Kempthorne and Prosser’ employed travellers. These travellers operated out of the branch warehouses, they travelled their areas soliciting orders which they dispatched back to the branches. There were significant differences between the travellers of overseas manufacturing firms and the travellers working for New Zealand firms like ‘Kempthorne and Prosser.’ Overseas travellers relied on a degree of excitement and uniqueness to make their sales. There was so much time between their visits to pharmacists that they were able to create a certain buzz when they entered town.\textsuperscript{52} ‘Kempthorne and Prosser’s’ sales were less about the excitement of occasional visits and new products, and more about reliability. The firm’s travellers aimed to regularly visit their customers ensuring that they were on hand to take orders when products were needed; these orders would then be filled quickly from the local warehouse. The goal in the 1880s was for travellers from ‘Kempthorne and Prosser’ to visit their customers at least once a month.\textsuperscript{53}

Members of the pharmaceutical profession undoubtedly made up the largest number of ‘Kempthorne and Prosser’s’ customers but they were not the only profession that relied upon the company for their wholesale needs. As well as pharmaceutical and related products ‘Kempthorne and Prosser’ warehouses also contained divisions which focused on the sale of dental, surgical and photographic equipment.\textsuperscript{54} These departments ensured ‘Kempthorne and Prosser’ were supplying products to all parts of the New Zealand medical profession as well as storekeepers who stocked patent medicines.

Like pharmacists, the registration of New Zealand dentists was introduced in 1880. Prior to this there had been no restrictions on who could practise as a dentist. Several pharmacists, particularly in isolated areas, had also worked as dentists.\textsuperscript{55} This meant that a number of ‘Kempthorne and Prosser’s’ early customers for dental equipment were also customers of the company’s pharmaceutical departments. The practice of pharmacists acting as dentists became less usual as professionalism increased amongst both

\textsuperscript{52} Combes, 58.
\textsuperscript{53} “Directors’ meetings minute book, 1881-1885,” 18 October 1883.
\textsuperscript{54} “Directors’ meetings minute book, 1904-1910,” 8 March 1909.
\textsuperscript{55} Brooking, 24.
pharmacists and dentists. In particular the establishment of the Dental School at the
University of Otago in 1908 ensured that those training as pharmacists were unlikely to
take the time to also train and legally register as dentists.

As well as supplying retailers, ‘Kemphthorne and Prosser’ also sought to obtain larger
contracts to supply medical institutions. Agreements to supply New Zealand’s hospitals
made up the bulk of ‘Kemphthorne and Prosser’s’ larger contracts. These were negotiated
on a hospital by hospital basis. There was stiff competition to supply hospitals. Contracts
often changed hands when they came up for tender. Contracts were usually awarded for
only one year, but were sometimes awarded for up to three. One particular example of
competition can be seen in the tenders to supply Auckland Hospital. In the sixteen years
from 1886 to 1902, the contract to supply the hospital changed hands between ‘Sharland
and Co.’ and ‘Kemphthorne and Prosser’ four times.  

The contract between ‘Kemphthorne and Prosser’ and the Auckland Hospital Board
proved to be a mixed blessing for the company. In 1892, near the end of ‘Kemphthorne
and Prosser’s’ contract, it was revealed that Auckland Hospital was ordering medicinal
supplies direct from wholesale houses in London. This caused outrage amongst New
Zealand wholesale firms, Sharland’s pointed out that under the Hospital and Charitable
Institutions Act 1885, all purchases over £10 were supposed to be open to public tender.
The journal also argued that the Board was ignoring the advantages of being able to
purchase supplies locally and pointed out that the Board had a contract in place with
‘Kemphthorne and Prosser’ which meant they should not be able to by goods offshore.
Pressure was put on the Auckland Hospital Board to buy all their medical goods from
local suppliers. The outrage over the Auckland case soon spread when it was revealed
that similar situations existed in Wellington and Dunedin. Sharland’s went as far to
suggest that ‘Kemphthorne and Prosser’ were planning to take Auckland Hospital to court
for breach of contract. No records of any such case appear in ‘Kemphthorne and Prosser’s’

56 “Jottings” Sharland’s Trade Journal Vol I, New issue 5. (July 1888): 25; “Jottings”
Sharland’s Trade Journal Vol II, No. 17. (July 1889): 18; “Trade Notes” Sharland’s New Zealand
57 “A wrong which needs resistance” Sharland’s Trade Journal Vol IV, No. 48. (February
1892): 17.
archives. In June 1892 the Auckland Board opened tenders for a new contract to supply the hospital. They inserted a clause in this contract allowing them to buy goods directly from England. Local wholesale firms wrote to the hospital arguing that winning the tender would force them to purchase excess stock from overseas and that if the hospital then decided to make their own purchases from overseas houses this would leave the wholesale firm with stock they could not sell. Sharland’s Trade Journal reported that under the conditions imposed by the hospital some local wholesale firms declined to tender for the contract.

Import Monopolies

‘Kempthorne and Prosser’ was well placed to compete on price, service and speed of delivery but business was naturally made easier for them when they did not have to compete at all. Some manufacturing firms, wanting their goods to be sold in New Zealand, signed contracts granting a particular wholesale firm the sole right to import their goods. One example of this practice was a deal signed in 1904 between ‘H. K. Mulford and Company’ of Philadelphia and ‘Sharland and Co.’ The deal appointed ‘Sharland and Co.’ the sole New Zealand importers of all of ‘H. K. Mulford’s’ goods.

These monopolies generated business for wholesale firms. Any retailers who wished to purchase goods from the manufacturers they held sole import rights for were forced to deal with the wholesaler. This included retailers who were not necessarily regular customers.

In the late 1880s ‘Kempthorne and Prosser’ signed a contract which they hoped would bring them significant commercial advantage. This contract was to act as the sole importer of Saccharine. This sugar substitute’s recent invention had been greeted with

59 “Auckland Hospital Drug Contract” Sharland’s Trade Journal Vol V, No. 52 (June 1892): 17.
excitement by the medical profession. *Sharland’s Trade Journal* reviewed the new product:

Perhaps Saccharine, as the most remarkable of all the products of the coal tar industry, has excited the greatest wonder and interest of all the therapeutic innovations of the year. A rich sweetening agent, which is neither food nor poison, and so in a sense a therapeutic substitute for carbo-hydrates, is certainly a marvel.  

‘Kempthorne and Prosser’s’ deal came with conditions. The company had to purchase a minimum amount of Saccharine each year and was responsible for advertising the product. The company also agreed not to sell any of the Saccharine they purchased outside New Zealand.

In 1889 the New Zealand Government decided to introduce a tariff on the importation of Saccharine. They justified this tariff by informing ‘Kempthorne and Prosser,’ that it was “absolutely necessary to protect the revenue derived from sugar.” The tariff was steep amounting to 80s per pound of Saccharine imported to New Zealand. This tariff caused outrage at ‘Kempthorne and Prosser.’ The Board of Directors reported to investors that the tariff would turn the Saccharine contract from a profitable arrangement into one that could lose the company as much as ₤1,000. The trouble ‘Kempthorne and Prosser’ faced was that they had already agreed to purchase a minimum volume of product from the makers of Saccharine. Worse the company had already advertised Saccharine for sale at a fixed price, meaning that the firm could not pass the cost of the tariff onto customers. The company petitioned the Government, demanding compensation on the grounds that they had been unfairly treated because the tariff was unexpectedly introduced after the contract had been signed. In the end the Government offered the company a compromise. They agreed that they would not charge the new tariff on goods that had already been imported at the time it was introduced. Unfortunately for ‘Kempthorne and Prosser’ this offer was of limited worth because it came over a year after the tariff was first

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63 Ibid.
introduced, meaning that most of the Saccharine had already been sold at a loss. The final loss to the company was estimated at between £1,100 and £1,200.\textsuperscript{64} This figure equated to more than the annual salary paid to Kempthorne.

**Tariffs**

The ‘Saccharine affair’ was not the only occasion when Government tariffs caused ‘Kempthorne and Prosser’ to lose money. Tariffs were imposed on most foreign products imported by New Zealand wholesale companies, although there were periods when no tariff was charged on British goods.\textsuperscript{65} Ostensibly, tariffs were used by the Government to generate revenue, encourage and protect local manufacturing, and promote Government policy.\textsuperscript{66} Many New Zealand pharmaceutical wholesalers held the belief that tariffs were used by the Government merely as a tool for generating revenue and that the Customs officials who policed the tariffs displayed little concern for the effects their actions had on local industry.\textsuperscript{67}

Targeted tariffs were used in 1888 by the New Zealand Government in an effort to discourage the use of patent medicines, which were seen as inferior to medicines prepared by pharmacists. The Government attempted to discourage their use by imposing a tariff on patent medicines which was higher than the tariff imposed on raw ingredients, generic medicines and other drug sundries. This tariff was designed to increase the price of patent medicines, encouraging the public to purchase other options. The opinions of one Auckland gentleman, originally expressed in the *Auckland Evening Star* were reprinted in *Sharland’s Trade Journal*:


\textsuperscript{66} For a greater discussion on the effects that tariffs had on the New Zealand pharmaceutical industry see Chapter 3.

\textsuperscript{67} “Customs Department,” *Sharland’s Trade Journal* Vol V No. 52 (June 1892): 17-18.
If the tax on proprietary medicines prevents people taking what in some cases does them more harm than good, it will be a very useful tax. If people will have patent medicines the colonial chemists can make them quite as well as the English ones. 68

The new tariff increased the tax on imported patent medicines by between 12.5 percent and 30 percent. Wholesale firms did not object to the increase but were sceptical as to how effective it would be in discouraging the use of patent medicines. Sharland’s Trade Journal stated:

We do not, however, think that even those duties will have any material effect on the sale of patent medicines. Many are so well advertised and energetically pushed, that the public will have them – would even if prices were doubled. 69

Wholesale firms often took a different attitude towards tariffs than their retail clients. An increase in tariffs was not necessarily negative for firms such as ‘Kempthorne and Prosser.’ Increased tariffs could be passed directly onto retail customers who in turn could pass them on to consumers. Small tariff increases were met with some resistance because they were seen as too trifling to pass onto customers, but in general increases in tariffs were not problematic for pharmaceutical wholesale operations. 70

Decreases in tariffs, on the other hand, could be disastrous for the pharmaceutical wholesale industry. This was because, for the sake of competition, they were forced to sell stock that had been imported under a higher tariff as if it had been imported under the lower tariff. This meant that if the company imported a product which cost them £10 and paid a tariff of 20 percent then they had to pay £12 to bring that product into the country. They then had to sell the product for at least £12 to get their money back. However, if the tariff was reduced from 20 percent to 10 percent then the company faced a serious financial loss. The product could now be brought into the country for a cost of £11, £1 less than the amount the company had already paid for the stocks in their warehouse. The

69 Sharland’s Trade Journal Vol I No. 6 (August 1888): 17.
firm could either face the risk that their competitors would bring in new stock and undercut them, or they could sell the products they had in stock at a reduced rate.

This problem was manageable if wholesale firms were given sufficient warning of changes in tariffs, so that they could run down stocks imported at the old tariff. The effects of what could happen when wholesale firms were not warned can be seen in their reaction to the tariff reduction of 1900. That year saw a reversal of Government policy; the Government decided to abandon the tariff designed to discourage patent medicines, and to tax those medicines at the same rate as all other pharmaceutical imports. They also decided to reduce the tariff on all pharmaceuticals. The resulting changes saw a reduction in the tariff on drugs, chemicals and druggists’ sundries from 20 to 15 percent and a reduction in the tariff on patent and proprietary medicines from 40 to 15 percent.\footnote{\textit{Directors’ meetings minute book, 1892-1902},” 30 August 1900.}

These tariff reductions were beneficial for the public of New Zealand as they led to a reduction in the price of medicines. But they caused wholesalers to lose significant amounts of money. The lack of warning surrounding the introduction of the tariffs meant that wholesalers were caught with warehouses full of goods which had been imported at the old tariff.\footnote{\textit{Sharland’s Trade Journal} was not shy in expressing its opinion of the move:}  Sharland’s Trade Journal was not shy in expressing its opinion of the move:

\begin{quote}
Without any warning, save a few inarticulate mutterings, the druggists of this colony, and also those storekeepers who deal in patent medicines, have suddenly been robbed of at least £20,000 by the duty on patent medicines being reduced from 40 per cent. to 15 per cent. Such an act of gross injustice has rarely been perpetrated by any other Government in New Zealand, whether Liberal or Conservative, and the fact that Mr. Seddon should persist in his course after the injustice of it had been pointed out makes the wrong all the deeper.\footnote{\textit{Editorial” Sharland’s New Zealand Journal} Vol XIII, No 151 (September 1900): 15.}
\end{quote}

\textit{Sharland’s} did not object to a reduction in the tariff, only the way in which it had been handled by the Government;
If it had been considered necessary to reduce the duty on patent medicines (what no one really objects to), the injustice of which we now complain could have been easily avoided by giving at least six months’ notice so as to enable holders to clear out stocks. The suffering would then have been much minimised and Government spared the opprobrium which now attaches to it.74

‘Kempthorne and Prosser’ joined Sharland’s in expressing outrage at the sudden change in the tariff. A formal complaint was sent to the Government, but the company’s concerns were ignored.75 The wholesale houses were joined in their complaints by pharmacists across the country who were outraged that the tariff had been changed with such little warning.76 These complaints elicited no change in Government policy. ‘Kempthorne and Prosser’ did not publish the amount the sudden drop in tariffs cost the company, telling investors only that they had suffered a “heavy loss.”77 The only positive to come out of the flurry of complaints was that that the next round of tariff changes which occurred in 1907 were preceded by several months worth of warnings, enabling wholesalers to prepare.78

**Wholesale Warehouses**

Despite increased competition and trouble with tariffs, average sales revenue increased steadily for ‘Kempthorne and Prosser’ in the 1890s and early 1900s. In the financial year ending 31 January 1881 total revenue for the company had been £114,331 14s 0d. This rose in the year ending 31 January 1891 to £163,343 15s 11d. By 1901 sales had further increased to £237,352 5s 8d. These figures reflect not only an increase in the population of New Zealand but also an increase in the demand for pharmaceuticals and fertilisers. Between 1881 and 1901 the population had increased by just over 50 percent, from

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74 Ibid.  
500,000 to 787,657. In the same period ‘Kempthorne and Prosser’s’ sales had more than doubled. Competition had also increased, so that more goods were being purchased from more companies. This indicates that the New Zealanders of 1901 were purchasing more pharmaceuticals and more fertiliser per person than the New Zealanders of 1881.

‘Kempthorne and Prosser’s’ retained its place as a dominant New Zealand pharmaceutical wholesaler by maintaining a nationwide network of warehouses. The company’s head office was based alongside the warehouse in Dunedin, while branches in Christchurch, Wellington and Auckland ensured that the firm could easily supply the bulk of New Zealand’s pharmacists. These branches each had their own manager and in many ways operated independently. Each warehouse held its own supply of stock. Each branch employed its own travellers to make sales, while branch managers dealt with the day to day finances of the region. Every year a stock-take was conducted and that, combined with annual sales figures, was sent to the company’s head office so they could be factored into ‘Kempthorne and Prosser’s’ annual report. Kempthorne and his successors did visit the branches, but these tours were very time consuming, meaning that visits by management were sometimes months or even years apart. This left the branch managers with a reasonable level of autonomy to run the day to day operations of their area.

Any decision to spend large amounts of money on the premises occupied by the branches remained in the hands of the firm’s Board of Directors. To maintain their position as New Zealand’s largest pharmaceutical wholesale company ‘Kempthorne and Prosser’ needed facilities capable of meeting demand across the country. But despite this clear need, the Board and management of ‘Kempthorne and Prosser’ was reluctant to spend money on expanding or improving the company’s warehouses, instead preferring to invest in the expansion of the company’s various manufacturing operations. During Kempthorne’s time as sole Managing Director of the company, the three branch warehouses were rebuilt, but in two of these cases this rebuilding was as a result of a disaster rather than planned expansion.

79 Brooking, 31.
In Christchurch a low volume of trade combined with a serious fire almost led to the closure of the branch. In 1881 the Christchurch branch had brought in 16 percent of the revenue earned by the company, by 1891 this figure dropped to 13 percent. Trade in Christchurch remained slow with the branch bringing only 12 percent of revenue earned in the year ending 31 January 1901. The low volume of trade passing through the Christchurch warehouse ensured that the Christchurch branch was consistently the least profitable part of ‘Kempthorne and Prosser’s’ business. This poor performance caused significant concern amongst the Board and investors of ‘Kempthorne and Prosser.’ The company took a number of steps to make the branch more competitive. As well as encouraging ‘Elliot Brothers’ to withdraw from New Zealand, ‘Kempthorne and Prosser’ decided to cut local prices of drugs and chemicals in the hope that this would encourage pharmacists to shop with them. They retained prices on sundries at the same level because they made up the largest portion of goods traded from the warehouse. The hope was that the cut in the prices of chemicals and drugs would encourage customers to be loyal and to purchase all their products from ‘Kempthorne and Prosser.’ Larger price cuts were offered to ‘Kempthorne and Prosser’s’ largest and most loyal customers. As well as discounting prices the firm also employed a second traveller in Christchurch to improve their connection with their customers.

The steps taken by ‘Kempthorne and Prosser’ management to improve business in Christchurch were not particularly successful and certainly did not meet with the approval of investors. At the Annual General Meeting in 1884, shareholders including Evan Prosser passed a motion stating “That the Christchurch branch be closed as soon as possible, unless the Managing Director considers it advisable to make other arrangements by changing the management.” This motion gave Kempthorne the option of closing the branch. Doing so would have reduced the coverage of ‘Kempthorne and Prosser’s’

80 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, Frenz Corporation Limited, AG-120/034, Hocken Collections. Uare Taoka O Hākena, Dunedin.
82 Extract from Morning Herald, Dunedin, 21 March 1884 in “Directors’ meetings minute book, 1881-1885, Fifth Annual General Meeting,” 20 March 1884.
wholesale operation, but it would also have meant simplifying the business and closing its least profitable part. In the end Kempthorne made the decision not to close the branch, but some changes were made, as within a month he had received the resignation of its manager Mr Irving.\textsuperscript{83}

Irving’s departure did little to improve the profitability of the Christchurch branch. It achieved small increases in revenue but these increases were less than those achieved in other parts of the country.\textsuperscript{84} In 1890 the decision to continue the branch in Christchurch was again revisited when it was reported to the Board:

\begin{quote}
That the Christchurch building now occupied by the company is in a very dilapidated condition and that it will be necessary to make some change if we continue the Christchurch branch.\textsuperscript{85}
\end{quote}

Again the Board decided to continue with the company’s Christchurch operations and in December 1890 they began a half-hearted search for new premises.\textsuperscript{86} No new premises had been found by 1892 when events conspired to make the need for new premises in Christchurch urgent. In August 1892 a serious fire destroyed the main part of the warehouse, rendering it unfit for use. Much of the stock contained in the warehouse was also destroyed. For a third time, the company seriously considered closing the branch. The expenditure required to rebuild the Christchurch operation once again made closure tempting but eventually Kempthorne and the Board made a final commitment to keep the Christchurch branch open.\textsuperscript{87} Initially the company planned to lease new premises but when they failed to reach a satisfactory agreement with the owner of the proposed new site, Kempthorne decided that the best course of action for the firm was to build its own warehouse.\textsuperscript{88}

\begin{flushright}
\textsuperscript{83} Ibid.
\textsuperscript{84} “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
\textsuperscript{85} “Directors’ meetings minute book, 1885-1891,” 28 November 1890.
\textsuperscript{86} Ibid., December 1890.
\textsuperscript{87} “Directors’ meetings minute book, 1892-1902,” 31 August 1892.
\textsuperscript{88} Ibid., 23 December 1892.
\end{flushright}
Changes to the Auckland warehouse were made as a result of similar circumstances. The purchase of the ‘The New Zealand Frozen Meat and Storage Company’s’ acid works in Auckland in 1889 gave the Auckland branch a significant boost. Revenue for the year ending 31 January 1889 was £21,033 11s 2d which accounted for 17 percent of the company’s total revenue. Two years later, following the purchase of the acid works the revenue generated in Auckland had risen to £40,316 18s 11d, one quarter of the total revenue earned by the company.89

The company did not own the warehouse in Auckland, instead it leased premises. This was fairly common practice for ‘Kempthorne and Prosser.’ At that time the Dunedin, Wellington and Auckland warehouses were also leased, as was the Christchurch warehouse before the 1892 fire.90 In 1894 when the lease of the company’s pharmaceutical warehouse in Auckland expired, and the landlord refused to lower the rent, the firm decided to rent a new warehouse. The lease of the new premises was signed in May 1894. The new arrangement saved ‘Kempthorne and Prosser’ £240 a year and gave them a warehouse with a more convenient internal layout, in a better location.91

In December 1896 the company’s Board of Directors received a report that the new warehouse was running out of room. The report stated “Auckland is also cramped for room although two years ago when the place was taken it was thought it would be quite large enough for many years to come.” The space problems had been caused by an unexpected increase in business. Branch revenue had increased by 24 percent in the two years since the company had moved to their new warehouse.92 The Board recognised the need for expansion but despite the remarkable performance of the branch the company was once again reluctant to spend money expanding the warehouse. Staff operated in cramped conditions until 1899 when the Auckland warehouse too was struck by fire. This

89 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
92 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
fire gutted the basement of the warehouse destroying a large volume of stock. The fire forced the Board’s hand; the Auckland warehouse was extensively rebuilt at a cost of £12,000. The new warehouse opened in 1901.

Auckland remained a growth area for ‘Kempthorne and Prosser.’ In the year ending 31 January 1903 the Auckland branch revenue passed the head office takings in Dunedin, earning £79,865 19s 3d to Dunedin’s £76,895 5s 8d. This was an important milestone for ‘Kempthorne and Prosser.’ Prior to 1902 Dunedin had been the centre of the company’s earnings. Following 1902 the Auckland branch became consistently the highest earning part of the company. By 1903 the branches in both Auckland and Wellington were more profitable than the head office in Dunedin.

In 1880 the Wellington branch accounted for around a quarter of the total revenue earned by the company. By 1884 this figure had increased to 32 percent. At that time Wellington was the second most profitable region for the company. It retained this place until the revenue generated by the Auckland branch drastically increased following the acquisition of the Westfield works. Wellington lacked the fertiliser works of Dunedin and Auckland. Instead all of the trade in Wellington was focused on the pharmaceutical warehouse. This made it the busiest region for ‘Kempthorne and Prosser’s’ pharmaceutical trade.

The mid 1890s saw a temporary slowing in business for the Wellington branch. In 1894 the branch actually made a loss of £119 19s 9d. By 1895 this loss had increased to

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95 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
97 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
Trade was so low that the branch’s turnover was only slightly higher in the year ending 31 January 1895 than the turnover of the Christchurch branch. There were several reasons for this decline in trade. The company’s minutes suggest that the number of orders coming through the branch had remained fairly constant but that stiff competition had led to a decrease in the price of goods being sold. It was also reported that the company was carrying a number of bad debts from retailers who were unable to pay for their goods.

Another factor behind the losses may have been a high profile court case in which ‘Kempthorne and Prosser’s’ Wellington branch was the defendant. The case involved Mother Mary Aubert, a well known religious figure and a local producer of medicines who was suing ‘Kempthorne and Prosser’ for breach of contract. This case was extensively covered by a triumphant Sharland’s.

The branch was further embarrassed by the personal troubles of its manager Orlando Kempthorne. Orlando had begun his employment with the firm in 1884. In 1894 Orlando was involved in a high profile divorce case. The public humiliation of this case, in conjunction with the firm’s disagreement with the popular Mother Mary may well have damaged the company. Midway through 1894 Orlando resigned from his position as manager of the Wellington branch. Following his resignation and his divorce Orlando left New Zealand. The company quickly appointed a new manager for the Wellington branch but this did nothing to arrest the steep increase in the branches’ losses between 1894 and 1895.

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99 Ibid., 25 February 1895.
100 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
102 For more on this court case, see chapter 3; “Wellington,” Sharland’s Trade Journal Vol II, No. 73. (March 1894): 51; Patricia Sargison, Notable Women in New Zealand Health (Auckland: Longman Paul Limited, 1993), 4-7.
104 “Wellington” Sharland’s Trade Journal Vol II, No. 77 (July 1894): 57.
106 Sharland’s Trade Journal Vol II, No. 81 (November 1894): 49.
In an attempt to cut costs and improve the Wellington branch’s bottom line the Board decided to alter the warehouse arrangements in Wellington. The firm’s landlord offered a reduction in rent but it was not large enough to satisfy the Board who began to look for new premises. The solution to the company’s warehouse problem was offered by Bendix Hallenstein. He had joined the Board of Directors in 1888, and in 1895 he offered to use his own money to build the company a new warehouse in Wellington. The initial arrangement agreed upon was that ‘Kemptthorne and Prosser’ would rent the warehouse from Hallenstein for ten years, at which point he would transfer ownership of the land and building into the firm’s name. After the warehouse was completed, the company renegotiated the agreement and instead of paying rent, Hallenstein was given shares in the company in exchange for ownership of the warehouse.

The Wellington warehouse built by Hallenstein was occupied by the company in 1896. During construction the volume of trade handled by the Wellington branch returned to normal. The new warehouse might have been adequate for the Wellington branch when it was suffering a downturn in trade but it was not large enough for the branch when it was busy. Almost immediately the Wellington manager reported that the new warehouse was too small for the branch’s needs and requested extra space. In general, the Board of Directors was reluctant to spend money on expanding the pharmaceutical wholesale warehouses unless fire made upgrades urgent. Wellington was the exception to this rule. In 1897 the Board announced to shareholders their intention to rectify the space problem by expanding the Wellington warehouse, this was to be achieved by building on a section adjacent to the existing warehouse. The upgraded Wellington warehouse was opened in 1900. The company built a first class warehouse which the Chair of the Board of

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108 75 Years of Life – A Brief History of Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. 1879-1954 (Dunedin: Kempthorne Prosser and Co’s New Zealand Drug Company Ltd, 1954);
111 Ibid., 26 June 1896.
112 Ibid., 26 June 1896.
Directors Basil Sievwright described as “one of the most commodious and best finished wholesale drug warehouse [sic] in the colonies.”

The importance of the Dunedin head office as the centre of business for ‘Kempthorne and Prosser’ decreased as the company’s branches gained in strength. In 1881 the Dunedin office accounted for 39 percent of the revenue which passed through the company’s books. In the financial year ending 31 January 1905 the revenue earned by the Dunedin office had fallen to 30 percent of the company’s total turnover. By 1906, both the Auckland and the Wellington branches were more profitable than Dunedin.

This decline in the importance of Dunedin was not due to a lack of investment. The company invested a significant amount of money in infrastructure in Dunedin, these investments though did not extend to the pharmaceutical warehouse. Instead money was spent on expanding the firm’s manufacturing operations. No major work was done on the Dunedin pharmaceutical warehouse until 1918, a full 9 years after the Board received a report that the warehouse was no longer large enough.

With the exception of the new warehouse in Wellington, the company’s busiest centre for trade in pharmaceuticals, the Board and management of ‘Kempthorne and Prosser’ were reluctant to invest money in the expansion of the infrastructure which supported their pharmaceutical wholesale trade. Their focus was on expanding the company’s production of acids, manures and linseed oil. Significant warehouse expansion did occur during Kempthorne’s period as sole Managing Director but in most cases this expansion was forced on the company as a result of fire rather than out of any plan to improve facilities.

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112 Ibid., Twenty First Annual General Meeting, 15 March 1900.
113 “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
Staff Theft

Fire was not the only kind of setback which generated change in ‘Kemphorone and Proser.’ In 1901 the company was forced to review the autonomy of its branch management following a serious case of employee theft. The theft was brought to light as the company collected the annual accounts from branches for the financial year ending 31 January 1901.\textsuperscript{116} When the figures for the annual stock-take arrived, Kemphorone discovered a discrepancy in the accounts of the Christchurch branch, which totalled over £2,500. This discrepancy took the form of an unexplained write down in the value of stock held by the branch. He immediately sent a telegram to the Christchurch branch asking the manager to visit Dunedin and explain the discrepancy. The manager, Mr D. B. Low, replied that he would travel to Dunedin shortly, but never arrived. When Kemphorone enquired as to the whereabouts of his manager he was informed that Low had started the journey to Dunedin but had turned back because his wife was unwell. With the Annual General Meeting looming, Kemphorone was unable to resolve the discrepancy and so compiled the annual report using the figures provided by Low. Kemphorone travelled to Christchurch immediately following the Annual General Meeting, to gauge the situation for himself. He met with Low and discovered that in fact there was nothing wrong with his wife. Kemphorone investigated the unexplained write down and came to the conclusion that his Christchurch manager had been stealing from the company. He determined that during the year Low had stolen over £2,500 worth of stock and that he had then written down that stock in the end of year accounts in an attempt to cover this theft. Kemphorone’s reaction was swift; he took away Low’s warehouse keys and dismissed him. He then investigated involvement from the rest of the branch’s staff and determined that they were trustworthy.\textsuperscript{117}

In the months that followed, Kemphorone offered Low a chance to explain his actions. Instead Low left New Zealand. Further investigations revealed that Alex Low, the manager of the company’s branch in Wellington, had also been involved in the

\footnotesize{\textsuperscript{116}“Directors’ meetings minute book, 1892-1902,’’ 24 April 1901.”
\textsuperscript{117}“Directors’ meetings minute book, 1892-1902,’’ 24 April 1901.}
Christchurch irregularities.\textsuperscript{118} He too was dismissed from his position.\textsuperscript{119} Final investigations revealed that both men had been stealing from the company for several years. It appeared that they had been taking stock from warehouses and selling it in private deals to retailers. The total stolen amounted to over £8,000.\textsuperscript{120}

The theft by the managers of Wellington and Christchurch branches raised serious issues for ‘Kempthorne and Prosser.’ The company relied on the trustworthiness of branch managers. Kempthorne’s sporadic visits to the branches were enough to ensure that he approved of their general direction but were not enough to ensure that the managers were behaving honestly. The company’s management structure at the time consisted of three senior levels. Kempthorne was Managing Director, while four branch managers ran Dunedin, Wellington, Christchurch and Auckland. In Auckland and Dunedin, where the company had manufacturing facilities as well as warehouses, a separate manager ran each facility. In an organisation structured in this way the discovery of theft by two branch managers was a major blow. The thefts called into question the trust placed in staff by the company and the firm’s auditing and accounting procedures. Kempthorne had had every reason to trust the two men involved. They had both appeared to him to be capable and trustworthy men, and more importantly both had worked for ‘Kempthorne and Prosser’ for over 20 years.\textsuperscript{121}

In order to counteract any possible future attempts to defraud the company a closer scrutiny of branch activities was needed. Kempthorne however was in no position to oversee this closer scrutiny. In 1901 he was almost 70 years old and already had a full time job as Managing Director which allowed him little time to visit the branches. He was further burdened by the decline in health of Basil Sievwright, who had been the Chair of the Board of Directors for 20 years. In April 1902, Sievwright died, and

\textsuperscript{118} It would be tempting to assume that the two Lows were related. There is no evidence to suggest that this was or was not the case.
\textsuperscript{119} Ibid., 27 November 1901.
\textsuperscript{120} Ibid., 28 February 1902.
\textsuperscript{121} Ibid.
Kempthorne was appointed as Chairman of the Board of Directors. This meant that he was responsible for both the management and governance of the company. ¹²²

Kempthorne needed assistance. This came in the form of Auckland branch Manager James Henton. His branch consisted of an acid works and a pharmaceutical warehouse, both of which had managers to run their day to day operations. Kempthorne felt that these two subordinate managers gave Henton enough free time to take on extra responsibilities. He retained Henton as manager of the Auckland branch, but also appointed him to the new position of Inspector of the Northern Branches. ¹²³

Kempthorne retained the senior management role, while Henton took on responsibility for undertaking an annual stock-take at the branches to ensure that no theft was occurring. Henton also took on an ever increasing role as deputy manager, so that Kempthorne could remain in Dunedin.

James Henton was one of Kempthorne’s most trusted staff members. He had worked for Kempthorne for 38 years. Indeed he had started this employment in the early 1860s before Prosser and Kempthorne joined forces. Henton was highly regarded by Kempthorne, who felt that if anyone could be trusted, he could be. Kempthorne’s trust proved to be well founded, Henton made a life long commitment to ‘Kempthorne and Prosser.’ He acted as inspector for 2 years before being appointed General Manager of the company following the retirement of Kempthorne in 1904. Henton served in this role for 14 years before retiring in 1918, having spent 54 years as an employee of ‘Kempthorne and Prosser.’ ¹²⁴

With Henton in place as inspector, Kempthorne was able to focus his attention on the tasks of managing the company and chairing the Board of Directors. Kempthorne was

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¹²² Ibid., 29 April 1902.
¹²³ Ibid., 28 February 1902.
close to retirement but he was not to be granted a quiet departure from the company. During the 23 years that Kempthorne was the sole Managing Director of ‘Kempthorne and Prosser’ there had been a number of setbacks which had cost the company a significant amount of money. These losses paled in comparison to the damage caused to the company by the fire which struck the Wellington warehouse in March 1904. Fires at the other warehouses in Christchurch and Auckland had caused significant damage, but this latest disaster completely destroyed the company’s Wellington premises. The fire was described as “one of the most disastrous fires known in Wellington for some years.”

The spectacle created by the destruction of the large warehouse and the accompanying chemical explosions was seen across Wellington. Initially damage was estimated at £50,000, but this proved to be something of an exaggeration; the final report to the Board showing that the fire had cost the company £35,747 19s 6d in lost stock and the destroyed building.

This event marked the end of Kempthorne’s management of “Kempthorne and Prosser.” He made the initial arrangements for the rebuilding of the Wellington warehouse before leaving New Zealand in July 1904 for a 12 month visit to England. He resigned as Chairman of the Board and was granted leave of absence for the duration of the visit. On his return to Dunedin, Kempthorne returned to the Board of the company but did not return to the role of Managing Director.

By the time of his resignation, Kempthorne had spent 40 years building ‘Kempthorne and Prosser’ into New Zealand’s largest pharmaceutical company. The company was a diverse firm with a number of major manufacturing interests, but despite significant investment in manufacturing the firm still made the bulk of its profits through the importation and wholesale of goods manufactured by overseas firms. The company

retained its successful wholesale business not out of innovation but out of providing its customers with a reliable efficient service which competed on price, speed of delivery and the ready availability of a wide range of products.
Chapter 3 - Manufacturing 1876-1904

Throughout the period covered by this thesis the importation and wholesale of overseas products remained the most significant part of ‘Kempthorne and Prosser’s’ pharmaceutical business. The Company’s continued investment in manufacturing however, ensured that the sale of its own products did become an important part of the firm’s operations. The period from 1876 to 1889 was the crucial time for ‘Kempthorne and Prosser’s’ expansion into manufacturing. During this period the firm built a pharmaceutical factory, constructed an acid works which was later expanded to include the production of fertiliser, purchased a second fertiliser works and set up a linseed processing operation. This chapter will briefly examine the firm’s fertiliser and linseed operations but will primarily focus on the business conducted by the pharmaceutical factory. It will also focus on ‘Kempthorne and Prosser’s’ involvement with other New Zealand pharmaceutical manufacturers. In doing so it will examine the role that ‘Kempthorne and Prosser’ played in the development of the pharmaceutical manufacturing industry in New Zealand. This industry was small, never coming close to competing with the large volume of imported products for sale in New Zealand. Instead New Zealand pharmaceutical manufacturing firms, focused on niche products and those which were cheaper to manufacture than to import.

The Origins of Pharmaceutical Manufacturing in New Zealand

In 1979 Gavin Scott wrote an article in the *Pharmaceutical Journal of New Zealand* celebrating 100 years of pharmaceutical manufacturing in New Zealand. Scott reported that in 1979 the industry employed a total of 5,000 staff in various positions including production, administration and marketing. These staff worked for nine companies which were manufacturing prescription medications in New Zealand. Seven of these firms were subsidiaries of multinational companies while only two were New Zealand owned. These were ‘Kempthorne Medical Supplies,’ a company descended from ‘Kempthorne
and Prosser’ and a smaller company called ‘Chem Industries.’

Scott recorded that the majority of the nine companies had started their operations in New Zealand in two waves, the first in the 1930s and the second in the 1960s. ‘Kempthorne Medical Supplies’ was the exception to this pattern as it was able to trace its origins to the early days of the New Zealand pharmaceutical manufacturing industry. Indeed, Scott dated the beginning of that industry to the incorporation of ‘Kempthorne and Prosser’ in 1879. In crediting the establishment of the New Zealand pharmaceutical manufacturing industry to ‘Kempthorne and Prosser’ Scott is drawing a distinction between the pharmaceutical manufacturing industry which produced products on a relatively large scale and the small-scale manufacturing of products which pharmacists undertook in their own shops.

This small-scale manufacturing accounted for the first western medical products made in New Zealand. Like their British counterparts, early New Zealand pharmacists made the bulk of the goods sold in their shops. These early pharmacists did purchase some manufactured products and, the raw ingredients for their preparations from overseas wholesale companies, but most of the medicinal items they sold were produced by the pharmacists themselves. Thus the first manufacture of European pharmaceuticals in New Zealand can be dated to the establishment of the first pharmacies in the late 1840s and early 1850s.

The production of goods in the back rooms of pharmacies was common practice for British trained pharmacists. The average pharmacist only produced enough goods for their own shop, although some did seek to supply their own products to other retailers. Most products produced in the back rooms of pharmacies came from publicly available documents such as the British Pharmacopoeia. Most, if not all, early New Zealand

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2 Ibid.
3 Ibid.
pharmacists owned a copy of the *British Pharmacopoeia*; indeed Reg Combes described it as “the pharmacy Bible.” This meant that the bulk of products produced by early New Zealand pharmacists were made to the same generic recipes used by their colleagues throughout New Zealand, and indeed throughout the British Empire.

In Britain the pharmaceutical manufacturing industry had developed out of back room manufacturing operations. Pharmacists often developed some preparations of their own, or discovered a technique more efficient that that described in the *British Pharmacopoeia*. As discussed in chapter one, some British pharmacists who produced particularly successful products abandoned their retail operations and focused on selling their own preparations to other pharmacists. By the time of European settlement in New Zealand the pharmaceutical manufacturing industry was well established in Britain. Many firms had abandoned their retail operations to focus on manufacturing and wholesale. This meant that when British settlers reached New Zealand they had an industry model to copy. Because of this, the pharmaceutical manufacturing industry in New Zealand was driven not by small manufacturers, but rather by large firms. Small manufacturers did play a role in this industry, but it was large firms which led the industry’s development. Scott is a few years out when he cites 1879 as the year that ‘Kempthorne and Prosser’s’ expanded into pharmaceutical manufacturing. In fact the firm’s expansion into pharmaceutical manufacturing began in 1876 when construction began on ‘Kempthorne and Prosser’s’ pharmaceutical factory.

Once constructed, this factory began the first large-scale production of pharmaceuticals in New Zealand. By and large the New Zealand pharmaceutical manufacturing industry produced goods for domestic supply. This manufacturing did not come close to fulfilling New Zealand’s pharmaceutical needs. The bulk of products sold in New Zealand were made by the British Pharmacopoeia; indeed Reg Combes described it as “the pharmacy Bible.” This meant that the bulk of products produced by early New Zealand pharmacists were made to the same generic recipes used by their colleagues throughout New Zealand, and indeed throughout the British Empire.

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6 Ibid., 102.
8 Scott, 4.
9 “Deed of Partnership between Thomas Whitelock, Dunedin, Evan Prosser, Dunedin, Alfred Felton, Melbourne, and Frederick Sheppard Grimwade, Melbourne, 1876,” Frenz Corporation Limited, AG-120/196, Hocken Collections. Uare Taoka O Hākena, Dunedin.
Zealand retail pharmacies continued to be either produced in the back room of pharmacies, or imported from overseas manufacturers.

There were two distinct parts to the New Zealand pharmaceutical manufacturing industry. The first included large factories such as the one run by ‘Kempthorne and Prosser.’ The second was comprised of by smaller manufacturers who specialised in a few unique products. International firms also undertook some manufacturing in New Zealand prior to Scott’s date of 1930. This production by international firms occurred in a brief period from 1895 to 1900 when changes to New Zealand’s tariff legislation made it more profitable for some overseas manufacturers to produce goods in New Zealand. In 1895 the tariff on imported patent medicines increased from 25 to 40 percent. This production by foreign owned firms did not continue after 1900 when the tariff on patent medicines was reduced to 15 percent. With the exception of this brief anomaly, international firms preferred to export goods to New Zealand rather than manufacture them there. ‘Kempthorne and Prosser’ played two important roles in the development of the New Zealand pharmaceutical manufacturing industry. The first was that of a large scale producer of pharmaceutical products, the second was as a wholesaler for smaller domestic manufacturers.

**Pharmaceutical Factory - Construction**

As discussed in chapter one ‘Kempthorne and Prosser’s’ pharmaceutical factory was constructed as a result of the partnership agreement signed between Kempthorne, Prosser, Felton and Grimwade in 1876. The agreement stated that ‘Felton, Grimwade & Co.’ would:

assist the said new firm to establish a manufactory in a Port or Town in New Zealand to be mutually agreed upon and give and transfer to the said new firm

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all their receipts or recipes of Proprietary Articles for trading in New Zealand and for New Zealand only.¹²

The factory was located in Stafford Street, Dunedin, near ‘Kempthorne and Prosser’s’ Dunedin warehouse. A detailed description of the factory as it stood in 1878 appears in the pages of the Otago Witness. It is described in glowing terms as a busy two story building with its principal rooms being “working and steam laboratories.”¹³ The working laboratory contained “a magnesia machine, used in the manufacture of Kruse’s fluid magnesia;” there were also “a number of small furnaces for evaporation purposes.” This laboratory was used for the manufacture of “finer chemicals.”¹⁴

The steam laboratory contained a large boiler as well as a number of evaporating pans, a vat, a smelting furnace and several other pieces of equipment. A nearby engine room contained a ten horsepower engine with a shaft that ran throughout the building. The ground floor also contained a mill room, where a number of products were ground by steam powered machines. A room for manufacturing cordials was located at the entrance to the factory, while a large storeroom was also located at ground level. On the second floor two large rooms were used for the labelling and packaging of products. One of these rooms also contained facilities for the production of baking powder.¹⁵ All these facilities were in use just two years after the partnership agreement between Felton, Grimwade, Kempthorne and Prosser.

Although the agreement gave ‘Kempthorne and Prosser’ the opportunity to build a new factory in any New Zealand location; Dunedin was the obvious choice. Not only was Dunedin the location of ‘Kempthorne and Prosser’s’ head office but at the time of the agreement it was also the economic centre of New Zealand. Gold had made Dunedin rich. Kempthorne and arrived in Dunedin at the height of the gold rush in the early 1860s. By 1869, when he joined forces with Prosser, the gold rush had already passed.

¹² “Deed of Partnership between Thomas Whitelock, Dunedin, Evan Prosser, Dunedin, Alfred Felton, Melbourne, and Frederick Sheppard Grimwade, Melbourne, 1876.”
¹⁴ Ibid.
¹⁵ Ibid.
its peak, but much of the profits had been spent on establishing successful Dunedin business which lasted long after the gold ran out. Erik Olssen records that by 1870 products from Otago accounted for one third of New Zealand’s exports and the province was home to 25 percent of the colony’s European population.16 A number of businesses had invested money in the industrialisation of Dunedin so that “Otago by 1871 had more factory workers than Auckland.”17

The industrialisation of Dunedin was part of a general trend throughout New Zealand. Ian Hunter records that in the eighteen years from 1877 to 1895 the number of manufacturing firms in New Zealand increased from 945 to 2,459, an increase of 260 percent.18 Using Hunter’s figures we can see that ‘Kempthorne and Prosser’s’ expansion into manufacturing was very much part of a national trend. The construction of the pharmaceutical factory in 1876 marked ‘Kempthorne and Prosser’s’ first diversification into manufacturing. This was followed by the construction of the Burnside fertiliser works in 1881, the construction of the Dunedin linseed mill in 1888 and the purchase of the Westfield fertiliser works in 1889.

**The Long Depression**

Hunter uses the increase in manufacturing between 1877 and 1895 to argue against the prevailing historical view that New Zealand suffered a ‘Long Depression’ or stagnation following the collapse of the Glasgow Bank in 1878.19 This prevailing view is outlined by W. J. Gardner:

> The aftermath of the crisis of 1878-79 was a severe downswing which went on into 1880 without any sign of recovery. A long period of stagnation or near-stagnation following in many parts of the economy, lasting until 1895. These years, known in the past as ‘the Long Depression,’ were characterised by: low wages, unemployment, and

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17 Ibid.
19 Ibid., 66.
poverty; low prices for primary exports which inhibited the progress and
diversification of farming; the failure of secondary industry to keep pace
with urban population growth...20

Gardner goes on to argue that although the colonial economy did grow between 1879
and 1895, this growth was much slower than the growth experienced following the end
of the depression in 1895.21 Gardner also argues that the ‘Long Depression’ was a time
of economic stagnation rather than a shrinking economy:

These features do meet the currently accepted criterion for the existence
of depression: A fall in real income. Colonial income between 1870 and
1918, calculated from monetary data, indicates that by this criterion these
years exhibited ‘little more than stagnation’.22

Hunter argues on the other hand that instead of being a ‘Long Depression,’ the period
from 1878 to 1895 was a time of economic growth and rapid industrial expansion.23

The facts surrounding ‘Kempthorne and Prosser’ can be used to support both
interpretations of the ‘Long Depression.’ Supporting Hunter’s argument is the fact that
shares in ‘Kempthorne and Prosser’ were successfully floated in 1879 generating
significant public interest. The share float was followed by rapid expansion of the firm’s
manufacturing operations, suggesting that the Board of ‘Kempthorne and Prosser’ saw
potential for growth and were confident that expansion was viable.

There is though plenty of evidence to support the prevailing historical view outlined by
Gardner. From 1881 until 1895 ‘Kempthorne and Prosser’ Directors regularly reported
to shareholders that trade in the colony was difficult and business depressed.24 These

21 Ibid., 75-76.
22 Ibid., 75.
23 Hunter, 66.
24 “Directors’ meetings minute book, 1878-1881,” First Annual General Meeting, 10 March
1880, Frenz Corporation Limited, AG-120/089, Hocken Collections. Uare Taoka O Hākena,
Dunedin; “Kempthorne, Prosser, and Co.’s New Zealand Drug Company Limited” Otago Daily Times,
20 March 1895 in ‘Directors’ meetings minute book, 1892-1902,’ Sixteenth Annual General Meeting, 19 March
1895.
reports of depressed trade are supported by the company’s financial returns. As shown in the table below, in the seventeen years from 1879 to 1895 the profits earned by ‘Kempthorne and Prosser’ exceeded £10,000 on only six occasions. By contrast profits exceeded £10,000 in fifteen of the seventeen years from 1896 to 1913.\(^{25}\) The returns from one firm are not enough to draw a definitive conclusion on the effects of the ‘Long Depression.’ These figures do show though that the economic conditions from 1879 to 1895 had a negative effect on the profits earned by ‘Kempthorne and Prosser.’ This is despite the fact that the firm was a part of the rapid industrial expansion described by Hunter. This lends weight to the theory that the economy was stagnant and that rapid industrial expansion did not equate, in the short term, to increased prosperity.

**Table**

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\(^{26}\) Ibid.
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\(^{27}\) The annual returns for the year ending 31/1/1902 are so low because of the theft by the two Lows in Auckland and Christchurch. See chapter two for a discussion of this theft.
Pharmaceutical Factory - Expansion

There is some confusion surrounding the development of ‘Kempthorne and Prosser’s’ pharmaceutical factory. The factory described by the *Otago Witness* in 1878 had two floors, while the factory was later photographed as a four storey building. 28 *75 Years of Life* describes a complete rebuild of the factory. This was apparently due to increased demand for the goods it produced. It is somewhat in the nature of this particular history that no date is given for the rebuilding of the factory. Instead there is some suggestion that it took place before the upgrading and replacement of the warehouses in Wellington and Auckland which were occurred in 1900 and 1901 respectively. 29 The minutes for the company’s Board of Directors are strangely silent on any rebuilding. A report to shareholders in 1897 stated that before long the factory building would need to be replaced. 30 This was followed in 1901 when the “Manager submitted proposals for new additions to factory building.” 31 With most building developments the Board of Directors was given estimated costs and occasional updates. This appears not to have been the case with the pharmaceutical factory. Certainly, if reports were given they were not recorded. A search of the archives of ‘Mason and Wales,’ the primary architect used by the company, also revealed no record of the plans for the factory upgrade even though the archives contain plans drawn for other buildings before and after 1901. Unfortunately ‘Mason and Wales’s’ archives are far from complete, so a lack of plans does not mean the work did not take place. 32 Given that development of the factory did occur at some point and that both the company’s own history and the director’s minute books make brief mention of the upgrade around 1900, it seems likely that, despite the lack of records, a reasonably major upgrade of the factory did occur sometime around the turn of the century.

29 *75 Years of Life – A Brief History of Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. 1879-1954* (Dunedin: Kempthorne Prosser and Co’s New Zealand Drug Company Ltd, 1954).
32 “Kempthorne and Prosser,” Mason and Wales Architects, Company Archives, Dunedin, New Zealand.
Production

As well as helping ‘Kempthorne and Prosser’ to build a factory, ‘Felton, Grimwade & Co.’ also ensured that the new factory had something to produce. The recipes for proprietary articles provided by ‘Felton, Grimwade & Co.’ were a great advantage to ‘Kempthorne and Prosser’ because they were not publicly available. This meant that ‘Kempthorne and Prosser’s’ factory was the only place in New Zealand that could manufacture these products. This put the factory in a significantly better position than it would have been if it had been constructed without support from the Melbourne firm.

No record survives of the recipes ‘Felton, Grimwade & Co.’ gave to ‘Kempthorne and Prosser,’ but a recipe book from the factory which covers the period from 1880 until at least 1899 provides an insight into the kind of products made at the factory.33

The factory was designed for “the manufacture of chemical and pharmaceutical preparations.”34 This meant that it produced not only medical preparations but also a range of other products. The recipe book reveals that production in ‘Kempthorne and Prosser’s’ pharmaceutical factory was as varied as the goods imported by the company. The book contains recipes for the more 150 products produced by staff at the factory between 1880 and 1899. These products can be classified into five broad categories: medicinal products, personal hygiene, household goods, foodstuffs and farm products. Production was supervised by a qualified manufacturing chemist who managed the day to day operations of the factory.35

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'Kempthorne Prosser & Co.’s’ – Pharmaceutical Factory, Stafford Street, Dunedin. No date is attached to the photograph, but the size of the factory means that it was taken sometime following the factory upgrade.

Source: Photographs Collection Hocken Collections. Uare Taoka O Hākena, Dunedin.
The medicines produced included cod liver oil, remedies for gout, dysentery, rheumatism, sea sickness and influenza. In addition the factory made products called *Pain Destroyer*, *Australian Eye Lotion* and a range of *Buchan’s Pills*. Alex *andra Tooth Paste* and *Argent Nit Crystals* were products which also had health benefits but which can more correctly be classified as personal hygiene products. Other products in this category were less about health and more about personal appearance. Eau de cologne, skin paint and *Mrs McIntosh’s Hair Restorer* were all products available to any image conscious New Zealanders in the late nineteenth century. Like the rest of the products produced at the factory, household goods tended to be chemical in nature.

Even before the construction of the fertiliser works, the agricultural industry was important to ‘Kempthorne and Prosser.’ This may seem odd given that their primary customers were members of the medical profession. But, as has already been noted, the early pharmacists of New Zealand were truly versatile. This was particularly true in rural areas where they did the work of a number of professions. This work included supplying farmers with the chemicals necessary to run their farms. This meant that many early New Zealand pharmacists were in fact customers for agricultural chemicals. Rabbit poison, sheep dip, sheep branding liquid, worm powder for horses and *Day’s Farmer’s Friend* were all products produced by ‘Kempthorne and Prosser’s’ factory.

The foodstuffs produced by the factory tended to be in the form of powders, sauces or drinks. Beverages made by ‘Kempthorne and Prosser’ included lime juice, various cordials and raspberry wine. Powders included *Kiwi Baking Powder*, ginger beer powder and lemonade powder. The book also contains recipes for various sauces. Some of the products made in the factory were made to publicly available generic

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37 Ibid.
38 Combes, 77.
40 Ibid.
recipes, while others were products which could only be produced within New Zealand by ‘Kempthorne and Prosser.’

Records from the company’s factory starting in 1901 show that, as well as producing goods which were sold through the branch warehouses, the factory also filled orders direct from customers. The first recorded order of this type was in October 1901 when ‘Kempthorne and Prosser’s’ pharmaceutical factory and Burnside fertiliser works joined forces to make chicken feed for a Dunedin based pharmacist.41 Direct ordering was not restricted to New Zealand’s pharmacists. ‘Kempthorne and Prosser’ also received orders from a range of medical institutions which included the Seacliff Asylum and the Otago University School of Dentistry, as well as orders from various hospitals throughout the country. Dentists, veterinarians and other businesses also ordered products directly from the factory.42

As discussed in chapter two, later records of factory production from 1912 show that ‘Kempthorne and Prosser’ was prepared to produce goods to a generic recipe under the name and branding of a particular pharmacist. This service was offered on a relatively small range of products which included cough syrups, quinine wine and headache tablets.43 ‘Kempthorne and Prosser’ also offered the firm’s factory as a production facility for a pharmacist’s secret recipes with the catalogue stating:

we are also prepared to make up Customers’ Own Formulas, adhering to same with scrupulous exactness, and maintaining absolute secrecy in regard to the details of formula.44

The catalogue shows that by 1912 the number of goods produced at the pharmaceutical factory was still only a few hundred, thousands less than the number of products the firm imported from overseas manufacturers.45

42 Ibid., 15, 16, 19, 32, 38.
44 Ibid, 92.
This Index, produced in 1957, lists the products manufactured by ‘Kemphorne and Prosser’s’ pharmaceutical factory from 1880 until at least 1899.


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Patent Medicines

‘Kemptthorne and Prosser’ acquired the recipes for patent medicines and proprietary products in a number of ways. Some the company received under the partnership agreement with Felton and Grimwade. Others the firm purchased from domestic pharmaceutical manufacturers. A few may have been created by the company’s staff, but there is no evidence of any specialised product development department within the factory.

The Purchase of Ghollah’s Great Indian Cures from John Waller is a typical example of ‘Kemptthorne and Prosser’ acquiring a trademark from a small New Zealand manufacturer. Waller first registered the trade mark for his cures in 1877. He then spent several years marketing the products in an attempt to build up a brand. In 1881 he concluded a deal with ‘Kemptthorne and Prosser’ which saw ownership of the trademark pass to the firm.46 Following the transfer of the trademark the company’s factory in Dunedin began to manufacture Ghollah’s Aperient, Ghollah’s Rheumatic and Ghollah’s Gout.47

Not all small manufacturers were as quick to sell as Waller. Samuel Slesinger was in business for over twenty years before his range of products were sold to ‘Kemptthorne and Prosser.’ Slesinger’s first trademark was registered in 1875, a year before the construction of ‘Kemptthorne and Prosser’s’ factory. He ran his business in Dunedin until his death in April 1896. During more than twenty years in business he manufactured nine different products aimed at improving the health of dogs and horses and one, a cough syrup for humans. All of his products were sold under the brand name Slesinger’s which had its own distinctive labelling. After his death the executors of his estate sold his business including goodwill, stock, plant and the recipes for and trademarks of the 10 products to ‘Kemptthorne and Prosser.’ The firm paid a total of £100 to Sleisinger’s estate, this purchase enabled the company to produce the same

46 “Assignment and transfer of Trade Mark image on ‘Ghollah’s Great Indian Cures’ by John Waller,” Frenz Corporation Limited, AG-120/244, Hocken Collections. Uare Taoka O Hákena, Dunedin.
products made by Slesinger and to market them using his name and labelling.\textsuperscript{48}  

Slesinger’s was a particularly successful brand name for ‘Kempthorne and Prosser.’ The 1912 pharmaceutical catalogue shows that not only was ‘Kempthorne and Prosser’ still producing Slesinger’s preparations 15 years after the original purchase, but that that the firm had increased the number of products produced under the brand name from 10 to 15.\textsuperscript{49}

The sums paid to acquire smaller manufacturers were relatively small in the context of ‘Kempthorne and Prosser’s’ overall business. The firm’s turnover for the year ending 31 January 1899 was £213,741 8s 10d. In that same year the company spent just £40 buying out Mary McIntosh, the maker of \textit{Mrs McIntosh’s Hair Restorer}. She was a small-scale manufacturer who was based in Auckland at the time of the sale.\textsuperscript{50} The price paid covered not only the sole rights to make and sell \textit{Mrs McIntosh’s Hair Restorer} in New Zealand but also included rights to Mrs McIntosh’s other product, \textit{St. Mary’s Ointment}. The £40 also paid for a 30 year restraint of trade on both Mrs McIntosh and her husband, which stopped both of them from entering into business making any kind of rival hair restorer in New Zealand.\textsuperscript{51}

\section*{Agreements with Overseas Firms}

Not all proprietary articles produced by ‘Kempthorne and Prosser’ were owned by the firm. Agreements made with international firms gave ‘Kempthorne and Prosser’ the right to manufacture proprietary products owned by these firms. The normal condition

\begin{footnotesize}
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\item \textsuperscript{48} “Papers relating to the registration and renewal of Samuel Slesinger’s Trade Mark 83/3134(0356)(2),” Frenz Corporation Limited, AG-120/286, Hocken Collections. Uare Taoka O Hākena, Dunedin; “Papers relating to the purchase from the Executors of the Estate of Samuel Slesinger, of the business and goodwill,” Frenz Corporation Limited, AG-120/267, Hocken Collections. Uare Taoka O Hākena, Dunedin.
\item \textsuperscript{49} “Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. Wellington Catalogues and Process current, 1912-1914, January 1912,” 87-90.
\item \textsuperscript{50} “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909;” “Papers relating to the Registration of the Trade Mark ‘Mrs McIntosh’s’ Number 2439/1929, a hair restorer and ointment, and the purchase of manufacturing and distribution rights,” Frenz Corporation Limited, AG-120/295, Hocken Collections. Uare Taoka O Hākena, Dunedin.
\item \textsuperscript{51} “Papers relating to the Registration of the Trade Mark ‘Mrs McIntosh’s’ Number 2439/1929, a hair restorer and ointment, and the purchase of manufacturing and distribution rights.”
\end{enumerate}
\end{footnotesize}
attached to these agreements was that ‘Kempthorne and Prosser’ could make and sell the product only within New Zealand. One such agreement existed between ‘Kempthorne and Prosser’ and the ‘Hop Bitters Manufacturing Company.’ A firm based in Rochester New York with branches in a number of countries including Australia. The firm reached an agreement in March 1885 whereby they used ‘Kempthorne and Prosser’s’ facilities in the importation of hop bitters to New Zealand. In exchange the ‘Hop Bitters Manufacturing Company’ paid ‘Kempthorne and Prosser’ a fee per case of hop bitters imported.52

This agreement changed in 1889 when ‘Kempthorne and Prosser’ brought the rights to produce hop bitters in New Zealand.53 They continued to exercise this right long after the ‘Hop Bitters Manufacturing Company’ hit financial difficulties. *Sharland’s Trade Journal* reported that in 1886 the ‘Hop Bitters Manufacturing Company’ had been sold for £95,000. The journal stated that the firm had been badly managed, and that just six years later the business was passed in at auction when it failed to meet its £3,000 reserve.54 ‘Kempthorne and Prosser’ retained their New Zealand trademark for Hop Bitters until 1917 when the company made the decision not to renew the trade mark.55

**Trademarks**

Most of the products made by the factory were not marketed under the name ‘Kempthorne and Prosser.’ Instead, the company built its brands around names like *Slesinger’s*. The items produced by the factory were trademarked under a number of different images. Some of these trademarks covered very few products. A trademark consisting of “a Dairy Maid with a milk pail on her head and a stool on her arm” was

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52 “Correspondence with the Hop Bitters Manufacturing Company of Rochester, New York, relating to the Formula for Hop Bitters and the Trade Mark ‘Dr. Soule Hop Bitters, 1872’” Frenz Corporation Limited, AG-120/182, Hocken Collections. Uare Taoka O Hākena, Dunedin.
53 “Directors’ meetings minute book, 1885-1891, 30 December 1889” Frenz Corporation Limited, AG-120/091, Hocken Collections. Uare Taoka O Hākena, Dunedin.
55 “Correspondence with the Hop Bitters Manufacturing Company of Rochester, New York, relating to the Formula for Hop Bitters and the Trade Mark ‘Dr. Soule Hop Bitters, 1872.’”
used to mark only one product, *Greenfield’s Liquid Annatto*. Eight more including electric polish and universal cement were sold under the image of a globe. Perfumery and cosmetic items were sold under the image of a double eagle. The bulk of the goods produced by the company were sold under its ‘Kiwi’ trademark. This trademark was the image of a Kiwi with its head facing to the left. The firm described this trade mark as “The Picture of a Kiwi. (Native Bird.), seeking its food or about to pick it up, and to the right and left of the print or picture a small flax bush, and immediately under it, an armorial bar and in print the words TRADE MARK, in plain type or block letters.”

This Kiwi trademark covered products including culinary and household products, inks, oils, medicines, chemicals, farm supplies and poisons, as well as some perfumes.

Of the products sold under the Kiwi trademark very few actually had the word Kiwi in their name. *Kiwi Asthma Powder* and *Kiwi Baking Powder* are obvious exceptions, but in most cases the products were sold under their own brand names. For example fourteen of the products made under the Kiwi trade mark also carried the brand name *Senior’s*. The success of the Kiwi trade mark can be seen by the fact the company continued to renew the trade mark, which was first registered in 1892, for well over sixty years.

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56 “Letters to the Register of Trade Marks listing articles for registration under the Trade Mark ‘Kiwi’ and issue of Trade Mark Certificates,” Frenz Corporation Limited, AG-120/339, Hocken Collections. Uare Taoka O Häkena, Dunedin.

57 Ibid.

58 Ibid.

59 “Letters to the Register of Trade Marks listing articles for registration under the Trade Mark ‘Kiwi’ and issue of Trade Mark Certificates” Frenz Corporation Limited, AG-120/339, Hocken Collections. Uare Taoka O Häkena, Dunedin.

60 R. A. Smith, “Endangered Emblem; The New Zealand Kiwi, its Conservation Status as a National Emblem” (A thesis submitted in partial fulfilment of the requirements for the degree of Bachelor of Arts with Honours, University of Otago. 1999), 24; “Confirmation of Registration of Trade Mark 2820/2224 and renewals,” Frenz Corporation Limited, AG-120/139, Hocken Collections. Uare Taoka O Häkena, Dunedin; “Certificate of Registration of Trademark [a kiwi in landscape], Number 506/405” Frenz Corporation Limited, AG-120/146, Hocken Collections. Uare Taoka O Häkena, Dunedin.
Two products manufactured by ‘Kempthorne and Prosser,’ advertised in the company’s first nationwide catalogue, circulated to retailers in 1912. Senior’s Misty Ammonia is sold under the Kiwi trademark, while “K.P.” Emulsion is one of the rare products sold under the company’s own name.

‘Kempthorne and Prosser’s’ use of the Kiwi as a trademark predates the use of the bird’s image as a national emblem. In her work “Endangered Emblem” R. A. Smith records that the Kiwi was well on its way to becoming a national symbol by 1899 and that most New Zealanders “have recognised the Kiwi as a symbol of their identity since the time of the First World War.”\(^{61}\) Smith lists a number of firsts for the image of the Kiwi stating that it first appeared on a New Zealand bank note in 1897 and that the bird’s first appearance on a stamp occurred in 1898.\(^{62}\) The first use of the Kiwi as a trademark is credited to ‘Kempthorne and Prosser.’ The firm formally registered their Kiwi trademark in 1892, but Richard Wolfe records that the firm claimed to have used the trademark since 1878.\(^{63}\) Certainly ‘Kempthorne and Prosser’ did use the Kiwi image as early as 1885, when the firm sought legal advice as whether they could stop another firm using the image of the Kiwi. The legal advice stated that this was not possible and noted that the Kiwi was “used as a trade mark in many other manufactures of different kinds.”\(^{64}\) Despite this usage by other firms ‘Kempthorne and Prosser’ was still the first company to legally register the image of a Kiwi as a trademark, an important step in the development of the Kiwi as New Zealand’s national emblem.

**The Lancet Influenza Cure**

Manufacturing did not always go smoothly for ‘Kempthorne and Prosser.’ One particularly controversial product brought the firm condemnation in the internationally circulated medical journal *The Lancet*. The product in question was the *Lancet Influenza Cure*. The recipe for the Cure appears in the pages of the recipe book, suggesting that it was made in Dunedin at some point between 1880 and 1899. In 1902 *The Lancet* received a letter from a doctor in Canterbury suggesting that ‘Kempthorne and Prosser’ were breaching copyright by using *The Lancet’s* name and playing upon the journal’s

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\(^{61}\) Smith, 37.
\(^{62}\) Ibid., 24.
\(^{64}\) “Legal opinions relation to infringement of Trade Marks in ‘Kempthorne Prosser & Co. v G Downing & Co. 1885,’” Frenz Corporation Limited, AG-120/197, Hocken Collections, Uare Taoka O Hākena, Dunedin.
reputation. *The Lancet* responded to the letter by writing to ‘Kempthorne and Prosser’ seeking an explanation. The firm’s explanation did not satisfy the journal, so it published a story which accused ‘Kempthorne and Prosser’ of breach of copyright. *The Lancet*’s story contained pictures of the box for the product which showed that the Cure was in fact advertised with a picture of a lancet on the box. The journal suggested that the lancet was only present to provide an excuse for the use of the name and argued that a lancet had nothing to do with treating influenza. ‘Kempthorne and Prosser’ was also accused of stating that the product was “Introduced and Prescribed by Sir William Broadbent…Physician Extraordinary to H. M. the Queen” when the firm had not asked Sir William’s permission to use his name.65

Both Sir William and the staff of *The Lancet* had written separately to ‘Kempthorne and Prosser’ asking the firm to explain its actions. Both had received different explanations from different members of ‘Kempthorne and Prosser’s staff.’ *The Lancet* was told that the name of the cure referred to the instrument shown on the box and had nothing at all to do with the journal. Sir William received an apology for the use of his name and was told that the product was so named because the manager of ‘Kempthorne and Prosser’s’ Christchurch Branch had most likely copied the recipe for the cure from the pages of *The Lancet*. Both were told that the *Lancet Influenza Cure* was a product only of the company’s Christchurch branch.66

Unfortunately for ‘Kempthorne and Prosser,’ Sir William forwarded the answer he received to *The Lancet*. The conflicting explanations angered the editorial staff who declared in the pages of the journal that “Messrs. Kempthorne, Prosser, and Co. have made a most unwarranted use – or rather abuse – of the name THE LANCET.”67 The journal then described ‘Kempthorne and Prosser’ as “quacks whose actions we consider to be fraudulent as well as dishonourable.”68 The poor publicity generated by the story

66 Ibid., 830.
67 Ibid.
68 Ibid.
caused ‘Kempthorne and Prosser’ to destroy the labels they had been using to market the cure.\textsuperscript{69}

The assertion to both \textit{The Lancet} and Sir William that it was only the Christchurch Branch of ‘Kempthorne and Prosser’ that marketed the \textit{Lancet Influenza Cure} is interesting. The company’s explanations placed blame for the product squarely on a manager of the Christchurch branch who was no longer employed by the company. This may have seemed a relatively plausible excuse, but the recipe book for the Dunedin Factory clearly shows that the factory knew of the existence of the \textit{Lancet Influenza Cure} and had the ability to produce it.\textsuperscript{70} Furthermore, manufacturing a medicinal remedy would have been outside the normal business of the branches. They did occasionally play a minor role in preparing products but they lacked the trained chemists and facilities of the factory in Dunedin. This suggests that even if the sale of the \textit{Lancet Influenza Cure} was restricted to Canterbury, its production was not.

The Lancet incident is an example of poor business practice on the part of ‘Kempthorne and Prosser.’ Either through deliberate deception or a genuine mistake the company had used the name of an eminent physician to promote a product without his permission. The firm had also used the name of an internationally known and respected journal to sell its product without bothering to ask its permission. Given the letter sent to Sir William, the defence that the product had nothing to do with the journal is flimsy at best. This misuse of names not only took advantage of Sir William and \textit{The Lancet} but also misrepresented the credentials of the cure to the public of New Zealand. ‘Kempthorne and Prosser’ suffered no lasting damage, but this incident shows that the company’s manufacturing operations were not without controversy.

\textsuperscript{69} “Auckland,” \textit{Sharland’s Trade Journal} Vol XV No. 178 (December 1902): 19.
\textsuperscript{70} “Recipes and Costings book; 1880-1897, 1957-1958.”
Competition

Although ‘Kempthorne and Prosser’ was the largest pharmaceutical manufacturer in New Zealand the firm still faced competition from a number of other local companies. This competition came from both large and small manufacturers. ‘Kempthorne and Prosser’s’ major wholesale competitors also competed in the market for New Zealand made pharmaceuticals and related sundries; ‘Sharland and Co.’ described its business as that of “Wholesale Druggists, Manufacturing Chemists and Sundriesmen.”71 ‘Sharland and Co.’s’ manufacturing appears to have been very similar to that of ‘Kempthorne and Prosser.’ ‘Sharland and Co.’ employed a qualified chemist to supervise the firm’s manufacturing department and produced products designed to meet the needs of their New Zealand customers rather than for export.72 The firm also produced a range of commodities that were not medicinal in nature; indeed one of the firm’s specialities was the production of Sharland’s Baking Powder.73

Small domestic manufacturers tended to specialise in the production of a limited range of articles. Some of these small manufacturers actively competed with ‘Kempthorne and Prosser’ while others were helped by the larger firm. Small manufactures had the ability to make their products but this did not mean they had the ability to market them widely. If they wanted to reach wider markets, or simply did not want to do the sales work themselves, they used companies like ‘Kempthorne and Prosser’ as wholesalers. After reaching an agreement, the wholesalers would purchase products from the manufacturers and sell them at a profit to retail pharmacists. This was a mutually advantageous arrangement. A small manufacturer selling its product directly to pharmacists was in direct competition with the wholesale companies. But when the manufacturer sold products to the wholesaler no competition existed. Indeed the wholesaler was in a better position than when it purchased products from an overseas firm because by buying locally it eliminated the need to pay a tariff. The manufacturers

71 Sharland’s Trade Journal Vol II No. 13 (March 1889): 1.
73 Sharland’s Trade Journal Vol II No. 19 (October 1889): 19.
on the other hand gained someone to buy their products in bulk, removing the problem having to market their products themselves.

**Mother Mary Aubert**

Not all relationships between ‘Kempthorne and Prosser’ and small New Zealand manufacturers were successful. One failure was the agreement between ‘Kempthorne and Prosser’ and Mother Mary Aubert. Mother Aubert, then know as Marie Henriette Suzanne Aubert was born in 1835 in Lyons France. In 1860 she joined Bishop Pompallier when he travelled to Auckland to establish a Catholic mission. She stayed with the mission until 1871 when Pompallier departed. Pompallier was replaced by a new bishop, a Dr. Croke, who ordered Aubert to return to France. Mother Mary ignored this order and instead moved to the Marist mission at Meeanne, near Napier. She spent most of the rest of her life working in various parts of New Zealand until her death in 1926.74 Mother Aubert founded the Daughters of Our Lady of Compassion in 1892. Her mission in New Zealand was focused both on the spiritual wellbeing of New Zealanders and on their health. She acted as a nurse and physician to her many parishioners and patients, treating both Maori and Europeans.75

In the 1890s Aubert entered the world of pharmaceutical manufacturing. In her thirty years in New Zealand she had built an extensive knowledge of native plants and Maori medicines. She used this knowledge to create her own range of herbal medicines.76 They included:

Wanena (for cuts and bruises), Manipa (for coughs and cold), Paramo (for liver complaints), Natanata (“unrivalled” in the treatment of stomach upsets in children.)77

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75 Sargison, 4-7.
76 Ibid., 5.
77 Ibid.
In 1891 Orlando Kempthorne, then ‘Kempthorne and Prosser’s’ Wellington manager, signed an agreement of behalf of ‘Kempthorne and Prosser’ agreeing to purchase 50 gallons of medicine a year from Aubert. Under the agreement the company took responsibility for bottling the products, marketing and sales. The agreement collapsed in 1894 when Aubert took ‘Kempthorne and Prosser’ to court for breach of contract. Aubert claimed the company had breached the contract by failing to purchase the required amount of medicine each year. *Sharland’s Trade Journal* reported that Orlando Kempthorne’s defence and counter claim was based on the argument that “the medicines supplied were badly prepared, so that through fermentation they became unfit for the market and caused certain loss to ensue.”

The case was centred on the treatment of the medicines while in the hands of ‘Kempthorne and Prosser.’ It was revealed that, in order to prolong the life of the medicines, Orlando Kempthorne had added chloroform and carbonated soda to one and wine to another. This had had limited effect, with an expert witness suggesting that the products would have been less liable to fermentation if they had been bottled at ‘Kempthorne and Prosser’ by a skilled chemist, instead of by Orlando Kempthorne and his unqualified staff.

Orlando Kempthorne argued that the fermentation was not his fault and that he had spent £4,250 3s 8d on promoting and selling the remedies in New Zealand and Australia. This is the only example of ‘Kempthorne and Prosser’ selling products outside New Zealand. It shows that while pharmaceutical manufacturing in New Zealand was never enough to meet domestic demand for medicines, there was the possibility that popular products could be marketed abroad. The fact that her products were sold in Australia demonstrates the popularity and success of Aubert’s medicines.

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78 ‘Wellington,’ *Sharland’s Trade Journal* Vol VII No. 73 (March 1894): 51.
79 Ibid.
80 Ibid.
81 Ibid.
In the end the court found that ‘Kemphorne and Prosser’ had breached their contract with Aubert by not purchasing 50 gallons of medicine a year and that Orlando Kemphorne had not properly made his case that the products had spoiled due to negligence on the part of Aubert. She was granted £210 in damages, less than half the £500 she had asked for.\textsuperscript{82} Not surprisingly, this case marked the end of the relationship between Mother Mary Aubert and ‘Kemphorne and Prosser.’ Aubert appointed ‘Sharland and Co.’ as her new wholesale agents.\textsuperscript{83} She later ran advertisements stating that she had been dissatisfied with the treatment her products had received at the hands of ‘Kemphorne and Prosser’ and that she would now bottle all the medicines herself. ‘Sharland and Co.’ were to act only as a “distributing agent” with no role in the preparation or bottling of the products.\textsuperscript{84} ‘Sharland and Co.’ continued to sell Aubert’s products in New Zealand and Australia until 1899 when she ceased production.\textsuperscript{85}

Not all small scale manufacturers co-operated with the large New Zealand wholesale firms. Some made and sold their own products independently. One such example is a group of pharmacists in Auckland who decided they did not like being dependent on foreign made products imported by the large wholesale firms. Together they produced a number of preparations, in direct competition with the large New Zealand wholesale firms.\textsuperscript{86}

Small manufacturers such as Aubert, Slesinger and McIntosh made up an important part of New Zealand’s pharmaceutical manufacturing industry. But as well as these legitimate pharmaceutical manufacturers there were some who operated outside the law. These manufacturers went to great lengths to counterfeit the popular products of large overseas manufacturers. These forgeries were designed to look exactly like the originals so that New Zealand pharmacists would not notice the deception. In particular

\textsuperscript{82} Ibid.
\textsuperscript{83} ‘Jottings,’\textit{ Sharland’s Trade Journal} Vol VII No. 80 (October 1894): 18.
\textsuperscript{84} \textit{Sharland’s Trade Journal} Vol VII No. 83 (January 1895): 2.
\textsuperscript{85} ‘Wellington,’\textit{ Sharland’s Trade Journal} Vol VIII No. 87 (May 1895): 57; Sargison, 6.
\textsuperscript{86} “Self Protection,”\textit{ Sharland’s Trade Journal} Vol VIII No. 89 (July 1895): 14.
Beecham’s and Siegal’s pills were victims of counterfeiting. The ingredients contained in the forgeries and the effect they had on the patients who took them is unknown.  

**Reasons why domestic pharmaceutical manufacturing did not compete with importation**

The New Zealand pharmaceutical manufacturing industry was not an industry without innovation or success stories but it never produced products on a scale which came close to meeting the domestic demand for pharmaceuticals. The reality is that the large pharmaceutical companies in New Zealand specialised in importation and treated manufacturing as a sideline to their main business. There are a number of reasons for this. The most compelling is that there was no urgent commercial imperative for large New Zealand firms to produce their own products. The global nature of the pharmaceutical industry meant that wholesale companies like ‘Kempthorne and Prosser’ could import anything their retail clients wanted to buy. Freight costs and tariffs were not enough to make this importation unprofitable. Therefore it was often easier and just as profitable for New Zealand firms to import medicinal products rather than manufacturing them. New Zealand firms were also hampered by the strength of global patent medicine brands. Patent medicine manufacturers spent significant amounts of money advertising their brands internationally. This meant that consumers often went to a pharmacist demanding a particular brand of medicine to treat their ailment. The result of this was that it was not enough for New Zealand firms to simply produce products which had the same effect as those made by overseas patent medicine manufacturers; they also had to combat the dominance of overseas advertising and well known brand names. This often made it easier for wholesale firms to simply make their money importing the products that had name recognition among consumers rather than trying to compete with the large manufacturing houses of Britain and America.

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87 Sharland’s Trade Journal Vol VII No. 78 (August 1895): 54.
88 Combes, 63.
Pharmaceutical manufacturers also felt that they were hampered by the New Zealand tariff system. There was a definite perception amongst New Zealand pharmaceutical companies that the Government’s customs officials were more interested in interpreting legislation to generate revenue than they were on protecting and encouraging local industry.\textsuperscript{89} \textit{Sharland’s Trade Journal} went as far as to suggest that in some instances local manufacturing was discouraged because the way tariff legislation was applied meant that it was cheaper to import products than to make them locally:

We could go on multiplying lines almost without end to demonstrate how the manufacturers’ privileges, evidently intended by Parliament to be observed, have, by the actions of officials with evidently unlimited powers – \textit{in fact, practically the Government} – become so hedged round with restrictions and annoyances that they are of but very little advantage. Many of the tariff regulations appear very fair and benevolent, but it is the narrow and biased manner in which they are construed which is the cause of all the trouble – the cause of importations being larger because it is cheaper to import in several instances than to manufacture locally.\textsuperscript{90}

These factors combined to encourage New Zealand pharmaceutical manufacturing firms to fill niches in the market rather than to develop an industry that sought to supply all of the country’s need for pharmaceuticals.

\textbf{Fertiliser}

‘Kempthorne and Prosser’s’ involvement in fertiliser production began with the construction of the company’s acid works at Burnside in Dunedin. The acid works had been built in 1881 in response to a Government offer of a subsidy to any company that could produce significant quantities of sulphuric acid.\textsuperscript{91} In 1882 the Board of Directors announced plans to extend the works and use the sulphuric acid to produce “artificial manures.”\textsuperscript{92} This production of fertilisers proved to be extremely profitable for

\begin{itemize}
\item \textsuperscript{89} \textit{Sharland’s Trade Journal} Vol VII No. 74 (April 1894): 13.
\item \textsuperscript{90} “Customs Department,” \textit{Sharland’s Trade Journal} Vol V No. 52 (June 1892): 17-18.
\item \textsuperscript{91} “Directors’ meetings minute book, 1878-1881,” Second Annual General Meeting, 28 February 1881.
\item \textsuperscript{92} “Directors’ meetings minute book, 1881-1885, 24 February 1882,” Frenz Corporation Limited, AG-120/090, Hocken Collections. Uare Taoka O Häkana, Dunedin.
\end{itemize}
‘Kempthorne and Prosser.’ It quickly became the arm of the business in which management and the Board were most willing to invest in expanding. This eagerness to expand fertiliser production was in direct contrast to the firm’s wholesale drug warehouses which, as discussed in chapter two, in most cases were only rebuilt after they had been damaged by fire. Initially the Burnside works faced significant competition, but by 1889 there was only one plant remaining in New Zealand which was competing with the works.\(^9^3\) This plant, which operated at Westfield in Auckland, was purchased by ‘Kempthorne and Prosser’ in 1889.

The purchase of the Westfield works was important for ‘Kempthorne and Prosser’ because of the monopoly it created and because it was the first step by the company to manufacture products outside Dunedin. By 1889 ‘Kempthorne and Prosser’ had three separate manufacturing facilities in operation in Dunedin. These comprised a recently developed linseed mill as well as the fertiliser works and the pharmaceutical factory. Owning a production facility outside Dunedin was a major step forward for the company. It opened up new markets for the sale of fertiliser and created a manufacturing works outside the immediate supervision of senior management. Expansion to Auckland paid off for ‘Kempthorne and Prosser.’ The new works prospered, helping to improve the returns of the company’s Auckland branch. Business in Auckland was so favourable that by 1892 the company put in place plans to expand their Auckland operations.\(^9^4\)

Of course the fertiliser business was not without its pitfalls and challenges. On one occasion disaster struck when thieves broke into the works in Dunedin and stole some platinum parts from the machinery. When the thieves were arrested two days later it was discovered that they had cut up the platinum to make its sale easier. This rendered it effectively useless to the company. They were able to sell the platinum for its


\(^{94}\) “Directors’ meetings minute book, 1892-1902,” 28 March 1892.
replacement value but this was of little consolation as the plant was out of action for six
months while they waited for replacement parts to arrive in New Zealand.\footnote{Ibid., Sixteenth Annual General Meeting, 19 March 1895.}

The ever-present government tariffs also affected the production of acids and manures. In 1888 the firm’s Directors noted that ‘Kempthorne and Prosser’ was being disadvantaged because it had to pay a 22 percent tariff on the importation of empty acid packages, while at the same time their overseas competition could import the same packages filled with acid and pay no tariff on either the packaging or the acid.\footnote{Extract from \textit{Otago Daily Times}, 18 March 1898 in “Directors’ meetings minute book, 1892-1902,” Nineteenth Annual General Meeting, 17 March 1898.}

Despite these problems, the production of fertiliser quickly became a consistently profitable part of ‘Kempthorne and Prosser’s’ business. The only exception to the pattern of success established by the company in this arm of the business was in a few years in the late 1890s and early 1900s when the Burnside works made a loss.\footnote{Ibid., 28 February 1898, 28 February 1899, 3 March 1900. By 1904, sales of fertilisers and acids produced in the company’s two works accounted for over a third of the company’s annual profits.\footnote{“Directors’ meetings minute book, 1902-1904,” 2 March 1904, Frenz Corporation Limited, AG-120/093, Hocken Collections. Uare Taoka O Hākena, Dunedin.} The profitability of the fertiliser business and its potential for expansion encouraged the management of ‘Kempthorne and Prosser’ to continue investing money on increasing fertiliser production. The Westfield works in Auckland had been expanded in 1892. This was followed by further expansion in 1906 and 1911.\footnote{“Directors’ meetings minute book, 1892-1902,” 28 March 1892; “Directors’ meetings minute book, 1904-1910,” 28 August 1906, Frenz Corporation Limited, AG-120/094, Hocken Collections. Uare Taoka O Hākena, Dunedin; “Directors’ meetings minute book, 1910-1917,” 31 October 1911, Frenz Corporation Limited, AG-120/095, Hocken Collections. Uare Taoka O Hākena, Dunedin.}

The company also decided to establish a third fertiliser works in Christchurch in 1911. The two other works were struggling to cope with demand, resulting in a loss of potential business. A report received by the Board of Directors in January 1912 stated that the company had had to turn down orders of 3,250 tons of fertiliser from Christchurch and a further 1,200 tons from Invercargill because the Burnside works was
too busy. The report also stated that the Burnside works was fully contracted until 1913.\textsuperscript{100} The estimated cost to build a new works in Christchurch was £25,000 to £30,000, far more than had been spent on any of the firm’s pharmaceutical warehouses.\textsuperscript{101} The company purchased land in Hornby and sent staff to Melbourne to investigate purchasing machinery for the new plant, but circumstances intervened to delay construction.\textsuperscript{102}

On the pharmaceutical wholesale side of ‘Kempthorne and Prosser’s’ business, fire had intervened on two occasions to force the construction of new warehouses. In the fertiliser section of the firm, it similarly necessitated the rebuilding of the company’s Westfield works and delayed the planned construction of the new works in Christchurch. A fire struck the Westfield works in Auckland in June 1913, causing around £10,600 worth of damage.\textsuperscript{103} In response the company decided to rebuild the Westfield works, expanding and upgrading them at the same time. The practicality of this move was undeniable; by the 1900s the Westfield works were regularly bringing in sales at twice the level of the Auckland pharmaceutical warehouse.\textsuperscript{104} The money the company spent on rebuilding and upgrading the Westfield works made expansion in Christchurch unaffordable. Construction in Christchurch was further delayed by the First World War, which presented the company with more immediate concerns than the construction of a new fertiliser works. It was not until 1918 just months before the end of the war that the firm revisited their plans for a third fertiliser works at Hornby.\textsuperscript{105}

**Linseed**

The production of fertilisers was not ‘Kempthorne and Prosser’s’ only attempt to diversify their operations away from the sale and manufacture of pharmaceuticals. The firm’s venture into the linseed industry began in 1888. The products of the industry

\textsuperscript{100} “Directors’ meetings minute book, 1910-1917,” 30 January 1912.
\textsuperscript{101} Ibid.
\textsuperscript{102} Ibid., 1 July 1912.
\textsuperscript{103} Ibid., 23 June 1913, 10 March 1914.
\textsuperscript{104} “Profit and dividends summary returns by office, Dunedin, Christchurch, Wellington, Auckland, 1878-1909.”
\textsuperscript{105} “Directors’ meetings minute book, 1910-1917,” 30 July 1918.
were linseed oil and linseed oil cakes which were used as cattle feed.\textsuperscript{106} The company felt that New Zealand had an excellent climate for growing Northern hemisphere flax, also known as linseed. It was hoped that the business would be extremely profitable.\textsuperscript{107} Instead the venture proved to be a failure. The linseed oil press purchased by the company in 1888 was part owned by Mr Bendix Hallenstein.\textsuperscript{108} The press was paid for in the same way as Hallenstein’s later warehouse construction; in exchange for ownership of the linseed oil press ‘Kemphorne and Prosser’ gave the press owners 1,000 shares in the company.\textsuperscript{109}

Following the purchase of the press the firm expanded its facilities at Burnside to include room for a separate linseed mill.\textsuperscript{110} Linseed farming was not widespread in New Zealand so the company began to encourage farmers to grow linseed to supply the mill.\textsuperscript{111} In this the firm was far from successful. ‘Kemphorne and Prosser’ complained that the mill was not supplied with enough raw material to allow a profitable level of production. To secure supply the firm briefly considered and then abandoned the idea of buying its own land to farm linseed. Instead the company offered linseed farmers a guaranteed price for their crops. It was hoped that this would encourage farmers to diversify into the production of linseed.\textsuperscript{112}

Like earlier encouragement this offer failed to interest enough farmers. During the 16 years ‘Kemphorne and Prosser’ ran the linseed business the company reported only one year where it was able to buy a sufficient volume of linseed.\textsuperscript{113} This lack of raw materials made the milling business unprofitable, so ‘Kemphorne and Prosser’ attempted to secure a supply from overseas. However, a Government tariff of £1 per ton

\textsuperscript{109}“Directors’ meetings minute book, 1885-1891,” 10 October 1888.
\textsuperscript{110}“Directors’ meetings minute book, 1904-1910,” 28 August 1906.
\textsuperscript{112}“Directors’ meetings minute book, 1885-1891,” 25 July 1889, 26 August 1889, 29 May 1890.
\textsuperscript{113}“Directors’ meetings minute book, 1892-1902,” Sixteenth Annual General Meeting, 19 March 1895.
made any importation unprofitable.\textsuperscript{114} The company had no trouble selling the products produced by the linseed mill, but the lack of raw materials meant that the mill consistently lost money. These losses were not large, generally amounting to only a few hundred pounds per annum, but cumulatively over the 16 years the company ran the linseed business the mill is likely to have made a total loss of £5-£6,000.\textsuperscript{115} This was in addition to the 1,000 shares, valued at £2,000, that the company paid to purchase the initial oil press and other money spent on setting up the linseed mill at Burnside. By the early 1900s the number of staff employed at ‘Kempthorne and Prosser’s’ other manufacturing operations had far exceeded those employed at the linseed works. In 1904 staff at the pharmaceutical factory were paid a total of £2141 10s 6d, while staff working in the firm’s acid and fertilizer operations in Dunedin and Auckland made a total of £6958 1s 5d. In the same year the small number of staff who worked in the linseed mill were paid only a total off £368 4s 3d.\textsuperscript{116} In 1906 the decision was finally made to close the mill. The firm dismantled the machinery and made attempts to sell the by now out of date oil press before its value was finally written off the company’s books.\textsuperscript{117}

Despite the failed linseed experiment, the years from 1876 to 1904 were a time of significant development for the manufacturing operations of ‘Kempthorne and Prosser.’ The firm developed from a company with no manufacturing interests at all to one which played a significant role in both the pharmaceutical and fertiliser industries of New Zealand. The sale of the company’s own products, in particular fertiliser, had become an important part of the business. Manufacturing had become the most significant area of growth for the firm. While money was reluctantly spent on the pharmaceutical wholesale warehouses, it was freely spent on the expansion of the various manufacturing operations.

\textsuperscript{114} Ibid., 29 June 1897.
\textsuperscript{116} “Directors’ meetings minute book, 1902-1904,” 2 March 1904.
\textsuperscript{117} “Directors’ meetings minute book, 1904-1910,” 28 August 1906.
Before the construction of ‘Kempthorne and Prosser’s’ pharmaceutical factory in 1876 there was little pharmaceutical manufacturing in New Zealand. Production did occur in the back rooms of pharmacies but the medicines produced were generally for use only in one retail pharmacy and were not part of a specialist manufacturing industry. The construction of the factory marked the beginnings of large scale pharmaceutical manufacturing in New Zealand. This industry never came close to competing with the volume of products imported from overseas. Instead manufacturing firms sought to fill niches in the market and to produce goods that were cheaper than their imported counterparts. ‘Kempthorne and Prosser’ was the largest company in the New Zealand pharmaceutical manufacturing industry, producing several hundred products which ranged from cod liver oil to toothpaste. This production, combined with ‘Kempthorne and Prosser’s’ business dealings with other New Zealand manufacturers ensured that the firm played an important role in the development of New Zealand’s small pharmaceutical manufacturing industry.
Chapter 4- New Management, New Ideas and New Money; 1904-1918

There is really nothing that seems out of place there. Liabilities have grown £17,497 in 10 years; but the business has evidently grown very considerably too. There is nothing spectacular about it; it looks just a sober, solid, steady, profitable business that isn’t forcing things, but is nevertheless getting its share of the new trade that arrives with every immigrant…\(^1\)

This quote, taken from a 1913 Sydney Bulletin article on ‘Kempthorne and Prosser’s’ thirty-fourth Annual General Meeting for the year ending 31 January 1913, suggests that very little had changed about the company in the preceding decade. In fact the period from 1904 to 1918 was a time of major change for ‘Kempthorne and Prosser.’ This chapter will trace the changes in the company following the retirement of Kempthorne in 1904. These changes occurred in two distinct periods. The first, stretching from 1904 to 1914 witnessed changes driven by the firm’s new manager James Henton. Some of these changes were rapid, including the closure of the firm’s linseed mill. Others, such as the increasing importance of fertiliser production within the firm were more gradual. The second period of change occurred during the First World War. The unique conditions brought about by the War saw rapid changes within the firm. Record profits were accompanied by a rapid increase in the importance of fertiliser production. The final change of the War took place in 1918 when Henton resigned. He was replaced as General Manager by William Taylor who was the first manager of the company who had not worked for ‘Kempthorne and Prosser’ since the firm was founded in 1869.

\(^1\) Extract from The Bulletin, (Sydney) in “Directors’ meetings minute book, 1910-1917,” Thirty-Fourth Annual General Meeting, 27 March 1913, Frenz Corporation Limited, AG-120/095, Hocken Collections, Uare Taoka O Hākena, Dunedin.
Kempthorne’s Retirement

By 1904 Thomas Kempthorne was well established as the dominant figure in ‘Kempthorne and Prosser.’ He was not only an original partner of the firm but had retained a place as one of the company’s major shareholders. Evan Prosser’s departure in 1881 had left Kempthorne as the sole manager of the company. He had also been a member of the firm’s Board of Directors since it had been established in 1879. For twenty years Kempthorne ran the company in conjunction with Dunedin lawyer Basil Sievwright, who chaired the Board of Directors from 1882 until his death in 1902. Following Sievwright’s death Kempthorne took on the role of Chairman in addition to his job as Managing Director. This meant that Kempthorne ran not only the day to day management of the company but also its Board of Directors, the body which in theory was supposed to supervise the activities of management. The retirement of such a powerful figure had the potential to destabilise the company. This did not occur, but only because of careful succession planning by Kempthorne and his fellow Directors.

Kempthorne’s retirement began in July 1904, when the company sent him on a paid twelve month leave of absence to visit England on the firm’s behalf. On returning to Dunedin in 1905, Kempthorne formalised his retirement; he resigned from active management of the company and attended only a few Board meetings before tendering his resignation as a Director in 1906.

Kempthorne spent his retirement in Dunedin. He died at the age of 82 in November 1915. His obituary in the Otago Witness recorded that Kempthorne had been “one of the most public spirited citizens of Dunedin.” He was remembered for directorships he had

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2 75 Years of Life – A Brief History of Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. 1879-1954 (Dunedin: Kempthorne Prosser and Co’s New Zealand Drug Company Ltd, 1954).
held with the ‘National Insurance Company,’ ‘Donaghs’ and the ‘Perpetual Trustees and Estate Company.’ The Witness also recalled Kempthorne’s community roles which included the organisation of the committee to equip the Fourth New Zealand Contingent for the Boer War, promoting a scheme in 1893 and 1894 to give unemployed workers jobs by having them work on Dunedin’s reserves, and his seat on the Board of King Edward Technical School. Kempthorne’s most lasting legacy however remained the firm that bore his name. Under his management ‘Kempthorne and Prosser’ had grown from a small Dunedin operation to a prominent national firm.

**New Management**

Kempthorne and his fellow Directors selected two men to take over his roles within the company. These men were from very different backgrounds. As discussed in chapter two, the first, James Henton, had been working for ‘Kempthorne and Prosser’ for its entire history. The second, William Brown, began his work for the company in July 1904 when he was appointed as Chairman of the Board of Directors. All ‘Kempthorne and Prosser’ Board members were required to own at least 200 shares in the company, meaning that while Brown had never worked for the company or served on the Board he did own a stake in the company. Brown was a Dunedin accountant who had retired from active practice in 1900. He held the position as Chairman of the Board until 1914. In July 1914 Brown resigned citing “advancing age and infirmity.” He was replaced by Alexander Bathgate, a Dunedin based lawyer and prominent local figure who had also been appointed to the Board in 1904.

Indeed 1904 had seen a significant change in the composition of the Board. Not only did Kempthorne depart for the United Kingdom but two other directors resigned. They were Dr. William Brown, and Frederick Grimwade, who was based in Australia and so did not

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8. “Directors’ meetings minute book, 1910-1917,” 17 July 1914; *75 Years of Life*. 

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attend meetings. This was followed in 1905 by the resignation of Edward Grimwade, the
company’s agent in London who had been on the Board since 1897. These resignations,
combined with that of Kempthorne in 1906, left three Directors not counting the newly
appointed Brown and Bathgate. Of those three only one, Dr. Frank Ogston, had more
than five years experience as a member of the Board.

Lack of experience was not a problem in the operational side of the business. By 1904,
Henton had spent 40 years working for Kempthorne. For two years prior to his
appointment as General Manager Henton had worked as the Inspector of the Northern
Branches. This role had effectively made him the deputy manager of the company. As
well as this post, Henton had also managed ‘Kempthorne and Prosser’s’ Auckland
branch. Following his promotion, this position was split between Charles Shaw and
William Taylor. Taylor was also appointed to take over Henton’s role as Inspector of
the Northern Branches. Most of the company’s other managers remained in place,
ensuring that the day to day operations of ‘Kempthorne and Prosser’s’ continued in much
the same way as they had before Kempthorne’s retirement.

Henton was named only as General Manager and was not given a seat on the Board of
Directors. This was important because it created a clear separation between the
governance of the company and its day to day management, meaning that Henton had no
chance to gain the kind of influence that Kempthorne had had over the company.

Henton and Brown inherited a well-run company which was making a healthy profit.
There were some areas though where the company’s new management found room for
improvement. The first was in the area of fire prevention. ‘Kempthorne and Prosser’s’

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9 Dr. William Brown is not to be confused with the William Brown appointed to in 1904 to chair
the board.
10 Like Frederick, he had not attended meetings because of distance.
11 “Kempthorne, Prosser and Co.’s New Zealand Drug Company, Limited,” Otago Daily Times,
18 March 1904 in “Directors’ meetings minute book, 1902-1904,” Twenty Fifth Annual General
Meeting, 17 March 1904. Frenz Corporation Limited, AG-120/093, Hocken Collections. Uare Taoka O
Hākena, Dunedin.
Wellington warehouse had been destroyed by fire in March 1904, forcing the company to completely rebuild the warehouse. By this stage fires had forced ‘Kempthorne and Prosser’ to undertake a number of major rebuilding projects. The rebuilding costs following the various fires had been covered by insurance, but the inconvenience and loss of business had been considerable. Following the 1904 fire, the company began to investigate options to reduce the risk of fire. It was during this investigation that Henton first asserted his independence from Kempthorne. During his tour of the United Kingdom Kempthorne wrote to the firm suggesting that the best solution to prevent fires at the firm’s premises was to appoint night watchmen.\(^{14}\) Henton and the Board considered this suggestion, but decided to ignore Kempthorne. Instead the company opted for a more modern solution. May Oatway Fire Alarms were installed at all of the company’s warehouses and the pharmaceutical factory in Dunedin.\(^{15}\) These alarms were connected directly to local fire brigades, ensuring that fire crews would be on site as quickly as possible in the event of a fire.\(^{16}\) The alarms also had the added benefit of leading to a ten percent reduction in the firm’s fire insurance premiums.\(^{17}\)

The second area where the new management recognised a need for change was in the firm’s linseed business. As discussed in chapter three, the company’s linseed mill had consistently made losses since its construction in 1888. Kempthorne had been content to continue with the business in the hope that farmers would eventually produce enough linseed to make the business profitable. Henton did not share his former employer’s optimism. In 1906 he decided not to continue with the failing business. He made a point of consulting with Kempthorne who still retained considerable influence before making arrangements to have the linseed mill closed down.\(^{18}\)

Despite his retirement, Kempthorne maintained an active interest in the firm’s affairs, corresponding with the Board and regularly attending Annual General Meetings. He even

\(^{14}\) Ibid., 5 January 1905.
\(^{15}\) Ibid., 30 January 1905.
\(^{16}\) Ibid., 30 May 1905.
\(^{17}\) Ibid., 29 September 1905.
\(^{18}\) Ibid., 27 February 1906.
went as far as to visit the firm’s branches in 1914, ten years after his retirement.\textsuperscript{19} But as his retirement lengthened Kempthorne’s influence over decision making within the company began to diminish. An example of this loss of influence occurred in 1910, six years after his retirement, when ‘Kempthorne and Prosser’s’ Wellington manager resigned. Kempthorne wrote to the Board suggesting that his stepson Orlando should be reappointed to his old job. The Board considered Kempthorne’s recommendation before deciding to discount it. Instead they appointed the company’s Wellington accountant to the position of branch manager.\textsuperscript{20} Kempthorne remained a respected figure within the firm but this respect did not now translate into direct influence.

\section*{Pharmaceutical Wholesale 1904-1914}

The period from 1904 to 1914 was one of relative stability for the pharmaceutical side of ‘Kempthorne and Prosser’s’ business. The day to day operations of the wholesale warehouses continued much as they had under Kempthorne. Travellers still operated from the firm’s four warehouses, visiting pharmacists across New Zealand to sell them everything they might need to run their pharmacies. ‘Kempthorne and Prosser’ continued to appeal to customers by providing them with speedy access to a wide range of goods. Pharmacists were assured that:

\begin{quote}
Orders are taken in hand immediately on receipt, and where possible, dispatched the same day. Telegrams receive prompt attention, and goods so ordered are sent on by the first available means.\textsuperscript{21}
\end{quote}

There were however some changes. The most notable occurred in 1912 with the production of ‘Kempthorne and Prosser’s’ first catalogue. As discussed in chapter two, this catalogue included the more than 6,500 products sold by from ‘Kempthorne and Prosser’s’ wholesale warehouses. Before the production of the catalogue the various

\textsuperscript{21} “Kempthorne Prosser and Co’s N.Z. Drug Company Ltd. Wellington Catalogues and Process current, 1912-1914, January 1912,” 4, Frenz Corporation Limited, AG-998/052, Hocken Collections, Uare Taoka O Hákena, Dunedin.
warehouses had been responsible for their own pricing and marketing. The production of a central catalogue introduced a uniformity to ‘Kempthorne and Prosser’s’ pharmaceutical wholesale business which had not existed up to that point.

Another important change was an increase in the number of qualified chemists employed by ‘Kempthorne and Prosser.’ In 1876 the only qualified chemists working for the firm were the manager of the pharmaceutical factory and Prosser himself. This lack of trained staff had been highlighted during the court case with Mother Mary Aubert. By 1912 ‘Kempthorne and Prosser’ had employed six qualified chemists to increase the skill level of staff at the various warehouses around New Zealand.

Changes also occurred on a national level. The formation of the New Zealand Wholesale Druggists’ Association in 1905 saw the organisation of New Zealand’s various pharmaceutical wholesale firms into a unified body. This new body acted as a lobbying organisation representing the interests of New Zealand’s pharmaceutical wholesalers. The major firms involved in this organisation were ‘Kempthorne and Prosser,’ ‘Sharland and Co.,’ ‘Young’s Chemical Company’ and ‘H.F. Stevens.’ Unfortunately limited records of the activities of the Association survive. What is clear is that leadership was rotated between managers of the aforementioned firms and that the Association acted as a political lobby group on issues affecting pharmaceutical wholesale firms. It also appears that the members of the Associations cooperated on issues such as providing discounts to customers.

Fire Insurance

The most immediate challenge faced by Henton when he took over management of ‘Kempthorne and Prosser’ was a problem with the company’s fire insurance. The fire in Wellington had cost the firm’s insurance companies a total of £35,747 19s 6d. This cost was spread across all the companies who held policies on the Wellington warehouse. Each of the firm’s buildings was insured with a number of companies. The Wellington warehouse for example had been covered by 16 different insurance companies. These companies, which carried policies of between £750 and £4,500, were based in New Zealand, Australia and England.

The risk to these insurance companies was further highlighted in June 1904 when ‘Kempthorne and Prosser’s’ Auckland warehouse suffered a small fire. This fire caused only £100 worth of damage, but still served as a reminder of the vulnerability of the firm’s premises.

‘Kempthorne and Prosser’ had always had trouble obtaining complete insurance cover which was one reason why the various premises were covered by so many insurance companies. This problem was made worse from late in 1904 when ‘Kempthorne and Prosser’s’ insurers began to reduce or cancel the firm’s cover. In April 1905 the Board of Directors received a report stating that the company was carrying £103,741 worth of uninsured stock and buildings. By May 1905 this figure had increased to £120,062. The total value of the company’s stock and buildings in May 1905 was £223,929 meaning that less than half was covered by insurance.

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27 Ibid., 25 March 1904.
28 Ibid., 29 June 1904.
31 Ibid., 3 April 1905.
32 Ibid., 30 May 1905.
Henton did his best to increase the company’s insurance coverage. The installation of fire alarms not only led to a ten percent reduction in insurance premiums but also helped to convince the insurance companies that they were less likely to lose money by covering ‘Kempthorne and Prosser.’ Henton also made sure that he was constantly on the lookout for insurance companies which were prepared to increase ‘Kempthorne and Prosser’s’ coverage. He did manage to achieve significant increases in the firm’s insurance coverage but these were often matched by an increase in the value of the firm’s stock and buildings. By 1909 Henton had managed to increase the firm’s insurance coverage to 65 percent. A further fire at the Westfield works in 1913 caused more problems for Henton, but from 1909 he managed to keep the firm’s insurance cover between 65 and 75 percent. This was a significant achievement given that during Henton’s tenure as General Manager the value of ‘Kempthorne and Prosser’s’ stock and buildings increased by more than 50 percent.

Initially the problems with insurance cover were centred around the company’s pharmaceutical warehouses. As time passed, however, the insurance companies who did business with ‘Kempthorne and Prosser’ began to feel that the firm’s manufacturing plants were a greater risk. This view was encouraged by the fire at the company’s Westfield fertiliser works in 1913. By July 1916 the firm’s four pharmaceutical warehouses had insurance cover which ranged from 93 percent in Christchurch to Wellington which was insured to 105 percent of its book value. By contrast, the Dunedin pharmaceutical factory had insurance of 79 percent, the Burnside fertiliser works had 67 percent coverage, while the recently rebuilt Westfield works had only 22 percent coverage. This was obviously a significant risk to the firm’s manufacturing operations. Had a second fire struck ‘Kempthorne and Prosser’s’ £97,000 Westfield Works, the company would have been hard-pressed to cover its liability.

33 Ibid., 29 September 1905.
34 Ibid., 8 March 1909.
37 Ibid.
Growing Debt

Henton also needed to find a solution to the significant volume of debt owed by the company. In this area however, it was unforeseen circumstances rather than any plan of Henton’s which led to ‘Kempthorne and Prosser’ paying off its debt. ‘Kempthorne and Prosser’ was an asset heavy business. Large investments in the firm’s buildings have been recorded in the preceding pages, but stock also warranted investment. To keep its warehouses full of up-to-date stock ‘Kempthorne and Prosser’ had to continually bring in new goods from overseas. These investments, combined with the need to pay an annual dividend to shareholders, meant that although ‘Kempthorne and Prosser’ made regular profits and was improving its balance sheet, it was also almost constantly in debt. This debt was typical of pharmaceutical wholesale firms, with ‘Sharland’s’ reporting in 1907 that the company had a total debt of £28,000, more than four times the firm’s profit for that year.38 ‘Kempthorne and Prosser’s’ debt came in three different forms over three distinct periods. The first of these began in 1879 when the firm was publicly listed.

The first phase of borrowing came in the form of debentures. Debentures were issued by the company and sold to those interested investing in ‘Kempthorne and Prosser’s’ debt. The holders of the debentures were paid a fixed rate of interest per year until the debentures fell due, after which the original loan amount was then repaid by the company. As discussed in chapter one, the first round of debentures was issued just following the firm’s incorporation in 1879. These debentures, totalling £25,000, were purchased by the firm’s four original partners, Kempthorne, Prosser, Felton and Grimwade.39 This first round of debentures fell due in 1884, the firm was not in a position to repay them and so deferred payment for a further two years. The repayment of the original debentures was finally financed by an issue of a further £25,000 worth of

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38 “Sharland and Co., Limited: Annual Meeting: Capital to be Increased,” Evening Post, 14 May 1907, in “Newspaper Clippings Book with index,” Frenz Corporation Limited, AG-120/081, Hocken Collections, Uare Taoka O Hākena, Dunedin.

39 “Statutory Declaration by Even Prosser, Managing Director, as to issue of debentures, 1879,” Frenz Corporation Limited, AG-120/210, Hocken Collections, Uare Taoka O Hākena, Dunedin.
new debentures in 1886. 40 These debentures were due to be repaid in 1896, but once again the company could not afford the £25,000 required. Rather than continue with the practice of creating new debt to pay existing debt ‘Kempthorne and Prosser’ turned to its shareholders. The company had a number of shareholders who had only partially paid for their shares. There were also a number of shares that had not been sold. A 10s call was issued on all unpaid shares. This move reduced the company’s uncalled capital from £54,872 to £11,653. The further sale of some of the unallocated shares reduced the value of unsold shares held by the company from £54,872 to £39,120. This cash injection was used for a variety of purposes, including reducing the company’s liabilities from £35,113 3s 6d to £6717 5s 8d.41

This repayment marked the last time that the company issued debentures. Instead, cash deposits became firm’s major form of borrowing. The use of cash deposits was not new, the first payment had been accepted in 1887, but prior to 1896 they had been less important to the firm than debentures.42 Cash deposits were accepted from both private individuals and companies. Money was deposited with a minimum notice period for withdrawal. The firm used this money to help with cash flow problems, and in exchange paid the depositor an agreed rate of interest.43 This practice worked well for the firm until Kempthorne’s retirement. He had been active in lending money to the company, and on his retirement he requested that the money he had deposited be repaid.44 This caused the Board to re-evaluate how the firm was to repay all the money it held on deposit. The directors decided that the best way was to negotiate a loan from the bank to cover the

amount the firm was holding on deposit.\textsuperscript{45} From this point on, money owed to the bank took over as ‘Kempthorne and Prosser’s’ major source of debt.

Initially the firm negotiated a fixed loan of £25,000 with its bankers. On top of this the firm’s bank account was allocated an overdraft of up to £35,000 so that ‘Kempthorne and Prosser’ could borrow up to £60,000 without having to renegotiate with the bank.\textsuperscript{46} The amount the company owed the bank fluctuated a great deal during an average year. Henton did his best to present a positive picture to shareholders by ensuring that the firm’s bank balance was in credit at the end of each financial year.\textsuperscript{47} In most years he was successful in this goal. This was achieved by calling in debts from customers and delaying the ordering of new stock. The fixed loan of £25,000 meant that the company was still in debt, but Henton was, on most occasions at least, able to present overdraft free accounts to the shareholders. Following the end of the financial year, orders which had been delayed were placed and business returned to normal.

Despite Henton’s best efforts, by 1909 shareholders had begun to question the size of the firm’s debt. They were assured that “the bank overdraft was simply a feature of the exigencies of the period” and that it was nothing to worry about.\textsuperscript{48} The period referred to in the Directors’ answer was a brief economic downturn which affected New Zealand from 1907 until 1909.\textsuperscript{49} However, what the Board told their shareholders, seems to be different from the conversations that were taking place behind the scenes. In late 1910 Henton reported, with some concern, that the average indebtedness of the company over the prior six months had been £47,850.\textsuperscript{50} To reduce this debt the Board decided to again make a further call on shareholders. The company’s uncalled capital could no longer provide enough money, so the directors decided to issue and sell more shares in the company. A total of 15,000 new shares were created. They were valued at £2 each and

\textsuperscript{45} Ibid, 29 November 1905.
\textsuperscript{46} Ibid., 26 January 1906.
\textsuperscript{47} ‘Kempthorne and Prosser’ s’ financial year ended annually on the 31\textsuperscript{st} of January.
\textsuperscript{50} “Directors’ meetings minute book, 1910-1917,” 19 October 1910.
were sold to existing shareholders at a price of £2 5s.\textsuperscript{51} This issue was oversubscribed, with existing shareholders applying for a total of 22,043 shares.\textsuperscript{52} Such calls on shareholders were not a perfect solution for ‘Kemptthorne and Prosser,’ they brought much needed capital into the company, but also served to increase the cost of the yearly dividend which was paid as seven percent of paid-up capital.

Some of the money generated by the sale of shares was spent on the firm’s buildings but the bulk was used to improve the company’s bank balance. This went some way towards reducing the firm’s debt for a short time, but it was not long before the debt returned to the levels it had been before the cash injection. This was largely because the company invested significant capital in the rebuilding and upgrading of the Westfield works following the 1913 fire. Between the share issue in March 1911 and the start of the First World War, the company’s debt level fluctuated between £10,013 and £62,609.\textsuperscript{53} There was no obvious end to the company’s constant debt, until the economic conditions bought about by the First World War enabled ‘Kemptthorne and Prosser’ to repay all its debt and build up significant reserves.

**The First World War**

Initially the outbreak of war in 1914 caused concern for New Zealand businesses. Both importers and exporters were worried that German naval activity would disrupt the flow of shipping to New Zealand. This fear was alleviated when the Royal Navy defeated Germany’s Pacific force near the Falkland Islands. This victory went a long way towards clearing the seaways between Britain and New Zealand, but did not help with the disorganisation of shipping caused by the war. British demand for goods from New Zealand was so high that the British Government took steps to secure supply. The first of these steps was to place all the ships operating between Britain and Australasia under the management of a Shipping Controller in London. This Controller managed the shipping to ensure that ships were available to carry the goods Britain demanded from Australia.

\textsuperscript{51}Ibid., 25 January 1911.
\textsuperscript{52} Ibid., 1 March 1911.
\textsuperscript{53} Ibid., 27 February 1914, 29 November 1912.
and New Zealand.\textsuperscript{54} This had the added benefit of ensuring that there were ships which, on the return journey, could carry goods to New Zealand.

Britain demanded food and wool from New Zealand. As well as ensuring transportation the British Government also guaranteed the supply of these products by setting up a bulk-buying scheme. Under this scheme New Zealand farmers were paid a guaranteed price for their goods. The British Government then took responsibility for transporting the goods from New Zealand. This included covering any losses suffered during transport. This system had a number of advantages for New Zealand farmers: not only did they no longer need to worry about disruptions to shipping, but they also ceased having to worry about finding a buyer for their products. Perhaps the greatest advantage though, was that farmers were paid a guaranteed price which was above pre-war levels.\textsuperscript{55} This bulk buying scheme, known as “the commandeer,” ensured that the First World War had an extremely beneficial effect on New Zealand’s economy.\textsuperscript{56}

In the year before the outbreak of war, ‘Kempthorne and Prosser’s’ business had suffered because from the effects of the 1913 general strike and the major fire at the Westfield Works.\textsuperscript{57} The firm’s net profit for the financial year ending 31 January 1914 was £13,918, almost £7,000 lower than the profit of the year before.\textsuperscript{58} The company had hoped to use 1914 to recover, but instead the firm’s business was thrown into disarray by the outbreak of war. ‘Kempthorne and Prosser’ immediately took steps to conserve stocks and reduce the levels of debt owed by the firm’s customers. Problems with shipping made it difficult for the firm to import goods, with the Board reporting to shareholders early in 1915 that reductions in the firm’s stock were “partly accounted for by shipments not coming forward so regularly as before the war, and partly to [sic] a more conservative

\textsuperscript{56}Drew, 236-243.
\textsuperscript{58}“Directors’ meetings minute book, 1910-1917,” 10 March 1914.
policy in ordering.” The first six months of the year saw a slight reduction in the volume of trade conducted by ‘Kemphorne and Prosser,’ but the firm still managed to return its highest ever net profit of £23,459.

The following year saw another record profit, this time £24,729. The firm still encountered some problems with shipping but managed to bring in enough goods to supply most of their customers’ needs. This was helped by the British Shipping Controller who began work in 1915. It was at this point that New Zealand pharmacists would have been forgiven for regretting their country’s reliance on imported pharmaceuticals. The war caused significant increases in the cost of many of the products ‘Kemphorne and Prosser’ imported from Britain. The firm passed these costs onto its customers, meaning that pharmacists had either to raise prices or suffer significant reductions in profits. More problems were caused by the unavailability of goods from other countries. The war raging on French soil meant that goods from France became very difficult to obtain. German goods were also unobtainable, although in this case it was because Germany was now an enemy of New Zealand. To combat the increased costs of importing goods Henton did his best to ensure only essential stock was ordered.

There is no evidence that the war resulted in large increases in ‘Kemphorne and Prosser’s’ domestic pharmaceutical production. This was because many of the raw ingredients used in domestic production had to be imported in the same manner as, and with similar price increases to, goods manufactured in Britain. Another contributing factor was the fact that the long term manager of ‘Kemphorne and Prosser’s’ pharmaceutical factory was called up for active service, meaning that there were more immediate concerns at the factory than increasing production. The increase in the cost of imported goods did have one benefit for the firm. The large volume of stock already held

61 Ibid., 5 March 1916.
62 Drew, 236.
in ‘Kempthorne and Prosser’s’ warehouses was worth more than it had been before the war.

The following year was, once again, a successful one for ‘Kempthorne and Prosser.’ The guaranteed prices offered by the British Government meant that the company’s fertiliser customers were in a position to buy more and pay higher prices. It was also the year that ‘Kempthorne and Prosser’s’ debt reached its highest levels. The highest level of debt was recorded in October 1916 when the company’s overdraft reached £65,195 2s 11d. This figure, in addition to the firm’s fixed loan of £25,000 meant that the company owed more than £90,000. This increase of debt was largely due to the increased cost of goods imported from Britain.

A turnaround in the firm’s cash flow occurred rapidly in 1917. In November 1916 ‘Kempthorne and Prosser’ owed the bank more than £83,000. By November 1917 this debt had been repaid so that the firm’s accounts were more than £26,500 in credit; this was in addition to £10,000 in war loans that had been made to the New Zealand Government. Part of this turnaround was caused by a further call on shareholders. In July 1917 the company issued a call on all shares which still had £1 owing. Payments were to be made in four 5s instalments between November 1917 and August 1918. The firm’s bank balance was also helped by a reduction in levels of stock. At 31 January 1917 the firm had held stock valued at £195,263, by 31 January 1918 this figure had been reduced to £160,896. This was not seen as a problem because stock held in 1917 had been higher than the firm’s requirements. Alexander Bathgate the Chairman of the Board, explained this to shareholders in the following words: “last year, gentlemen, our stocks were on the high side, owing to war conditions beyond our control. This year we have succeeded in keeping our stocks to a more nominal figure.”

67 Ibid., 22 December 1916.
68 Ibid., 21 December 1917.
69 Ibid., 1910-1917, 31 July 1917.
71 Ibid.
There was no shortage of uses for this newfound positive bank balance. To finance its war effort the New Zealand Government borrowed a total of £81,538,570 in war loans. Most of this money, some £55,198,352, was raised within New Zealand, while the rest was lent by the British Government.\textsuperscript{72} ‘Kempthorne and Prosser’s’ first contribution to these war loans came in August 1917 when the company invested £10,000.\textsuperscript{73} This was followed by another £10,000 which was invested in March 1918. It was noted at the time that if the company did not voluntarily contribute, the Government could force them to contribute up to £19,000.\textsuperscript{74} These loans marked the beginning of extensive lending by ‘Kempthorne and Prosser.’ By 1920 the firm had lent the Government a total of £50,000 in war loans and victory war loans. A further £31,200 worth of loans had been bought from firms seeking to sell them on the open market.\textsuperscript{75} These loans had been made possible by the record profits earned by the firm during the war. Before the war ‘Kempthorne and Prosser’ had had only one year when its profits had exceeded £20,000. During the war, the firm consistently made more that £20,000 each year. In 1918 ‘Kempthorne and Prosser’s’ net profit passed £30,000 for the first time.\textsuperscript{76} A year later the company was just £189 short of passing the £40,000 mark.\textsuperscript{77} In the four years from 1914 to 1918 ‘Kempthorne and Prosser’s’ net profit increased by more than forty two percent, making the First World War the most significant period of sustained growth since the company’s shares were publicly listed.\textsuperscript{78}

This growth can largely be attributed to increased demand for the company’s fertilisers. Britain was buying as much as New Zealand’s farmers could produce. The farming sector was booming and farmers were looking to increase production. This meant that New

\begin{itemize}
  \item \textsuperscript{72} Drew, 242-243.
  \item \textsuperscript{73} “Directors’ meetings minute book, 1910-1917,” 28 August 1917.
  \item \textsuperscript{74} “Directors’ meetings minute book, 1917-1924,” 28 March 1918, Frenz Corporation Limited, AG-120/096, Hocken Collections. Uare Taoka O Hākena, Dunedin.
  \item \textsuperscript{75} Ibid., 28 January 1920.
\end{itemize}
Zealand farmers had the motivation and the available finance to increase their use of fertilisers. The boom in the farming sector also meant that there was more money circulating in the New Zealand economy. This helped ‘Kempthorne and Prosser’s’ pharmaceutical operations by ensuring that the firm’s customers could still afford to buy large volumes of goods from their wholesale warehouses, despite the increased prices caused by the war.

Before the war fertiliser had been developing as the growth industry for ‘Kempthorne and Prosser.’ Only the 1913 Westfield fire and then the outbreak of war had delayed the planned construction of the third works in Christchurch. The boom in New Zealand’s farming industry and the subsequent increase in demand for fertilisers only served to reinforce the pre war position, so that by November 1918 fertiliser was firmly established as the area with the most potential growth for ‘Kempthorne and Prosser.’

Donations

As well as lending significant amounts of money to the Government, ‘Kempthorne and Prosser’ also made a number of charitable donations during the war. This was a significant change in policy for the company as before the outbreak of war it seldom gave money to charity. Individual employees were personally generous, Kempthorne in particular had been deeply involved in the Dunedin community, but the company seldom opened its coffers. Before 1914 the minutes of ‘Kempthorne and Prosser’s’ Board of Directors recorded only four donations to community organisations. The largest of these donations were two sums of £50 given to medical institutions. The remaining two donations were significantly smaller, with the lowest being a £5 donation towards the fund to provide for the care of Dr. Hocken’s collection following his death. The Board’s reasoning behind one of the £50 donations, this one towards the construction of the Dunedin Dental School, shows that the firm’s donations were not always accompanied by wholly philanthropic motives:

there will be a considerable order for Dental appliances, a good share of which we anticipate securing – Our opposition, the Consolidated Dental Co have made a considerable donation, the Dentists throughout the Colony have subscribed in a fairly liberal manner and the Gen Mgr considers that it would be policy on the part of the Company to assist, and suggests that a minimum donation of £50 be granted.  

The total donations made before the war amounted to less than £120. Almost immediately following the outbreak of war ‘Kempthorne and Prosser’s’ attitude toward donations changed. The company’s first war related donation came in August 1914 when it donated £400, £100 from each branch, to the Patriotic Fund. This was followed by hundreds of pounds worth of donations to various war related causes. The amount of money given at various points during the war varied depending on how much management felt the firm could afford. The largest number of donations were given in 1918; between 1 February 1918 and 1 November 1918 the company gave £902 8s 11d in “patriotic donations.” The bulk of these donations were given to support New Zealand soldiers, but a number were also given to funds to help people in war-torn Europe. While it no doubt helped the company to be seen as patriotic and charitable, these donations did not have the same obvious and immediate benefits as the company’s earlier donation to the Dental School. Instead they were made out of a genuine philanthropic spirit which had not been in evidence before the war.

War Retainers and ‘Kempthorne and Prosser’s’ Staff Fund

The economic boom caused by the First World War meant that ‘Kempthorne and Prosser’ had plenty of money to lend to the Government and give to charities but the War also presented challenges to the company. In particular the firm had to contend with a large number of its staff leaving to join the armed forces. No records survive of the exact number of staff who enlisted or were conscripted into military service, but in one report

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80 Ibid., 26 October 1906.
to shareholders Bathgate described the number as “considerable.”

The firm did its best to support those staff, with Bathgate reporting that:

shareholders will be interested to know that members of our various staffs are still continuing to join the colours, and your directors are arranging that, in doing so they shall not suffer undue financial loss.

This was achieved in most cases by guaranteeing the staff a job following their discharge from the armed forces. Where necessary, though the firm was prepared to go even further to look after its key employees. This was particularly true when it came to the company’s various managers. One such case was that of David White, the manager of the firm’s pharmaceutical factory. White was also a captain in the Otago Defence Force. At the outbreak of war he had been with the company for 20 years. Late in 1914 White was called up to train troops in Wellington, and was informed that this call up could lead to an overseas deployment. Because of the value the firm placed on White, and the fact that he had a mother and sisters who depended on him financially, ‘Kempthorne and Prosser’ decided to pay White a half salary while he was serving with the armed forces. This amounted to £150 per annum. Another example was that of D. Scott, one of ‘Kempthorne and Prosser’s’ two managers in Auckland. Scott, who joined the armed forces in 1918, was paid a “retaining fee” of £150 per annum, although in this case £150 was significantly less than half Scott’s £500 annual salary.

This practice of supporting staff who enlisted did not always work to the firm’s advantage. This was the case with the firm’s Wellington manager, W. Jack. He had attempted to resign from the company, following his acceptance as a recruit in 1916, but had been talked out of resignation by Henton who felt that “it would be a misfortune to

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87 Ibid., 27 November 1914; Ibid., 28 March 1911.
lose the services of Mr Jack.” Instead, like White and Scott, Jack was paid £150 per annum while on active service. On returning from the war Jack decided not to return to ‘Kempthorne and Prosser,’ he tendered his resignation and collected the £437 10s that had accrued while he was with the army. This was hardly the outcome Henton had hoped for when he agreed to pay Jack a war retainer.

Supporting its staff was one feature of the firm’s activities during the War which was not new. ‘Kempthorne and Prosser’ had become a publically listed company in 1879: six years before the Hospitals and Charitable Institution Act 1885 heralded the “beginning of a systematic provision for a health and welfare service throughout the colony” and nineteen years before the introduction of the old age pension. Prior to these early examples of Government support, New Zealand’s settlers were expected to take care of themselves or rely on the charity of others. In 1882 Kempthorne decided that ‘Kempthorne and Prosser’ should have a role in supporting staff, former staff and their dependants who needed help. The following year he led the establishment of a fund to support staff in need. Initially the firm made a contribution of £500 to the fund, an amount which was matched by a personal contribution from Kempthorne. Although the Government introduced the aforementioned Act three years later the company still used this fund to provide a safety net for staff.

90 Ibid.
94 Ibid., Fourth Annual general meeting, 21 March 1883.
Front cover of Christmas Card produced by ‘Kempthorne and Prosser’s’ Wellington Branch in 1916.

Source: “Newspaper Clippings Book with index,” Frenz Corporation Limited, AG-120/081, Hocken Collections. Uare Taoka O Hākena, Dunedin.
Inside of Christmas Card produced by ‘Kempthorne and Prosser’s’ Wellington Branch in 1916.

Source: “Newspaper Clippings Book with index,” Frenz Corporation Limited, AG-120/081, Hocken Collections. Uare Taoka O Hākena, Dunedin.
Payments from the staff fund were made for a variety of reasons. The first recorded payment was £25 paid to a Mrs Rayson, the widow of a former staff member.\textsuperscript{95} Staff who required time off for medical reasons or help with medical bills frequently received support.\textsuperscript{96} The fund was also used to pay severance to dismissed staff members and to pay short term pensions or bonuses to staff who retired from the firm.\textsuperscript{97} There were no set criteria for who could receive help. Payments were at the discretion of the Board of Directors. This meant that not everyone who asked for help received it. One such example was that of Mrs Austin. In 1918 she asked the company for help because her husband had passed away. He had disappeared three years previously, and a year later his remains had been found on a beach. The Board of Directors and General Manager determined that Mrs Austin’s family was not destitute and so decided not to provide any assistance from the staff fund.\textsuperscript{98} In most cases though, ‘Kempthorne and Prosser’s’ staff fund was a welcome source of help for employees and their families who needed help.

\textbf{Henton’s Retirement}

The final change of the war came in 1918 when Henton resigned as General Manager. He was replaced by William Taylor who, like Henton, had served in the position of Inspector of the Northern Branches. Henton first signalled his retirement late in 1917 when a seat became vacant on the firm’s Board of Directors. He applied for the seat, stating that he was considering retirement.\textsuperscript{99} He was successful in his application and was appointed to a seat which he held until 1927.\textsuperscript{100} Henton’s retirement took effect early in 1918. His contribution to the firm remains largely unrecognised. In fact the official history of ‘Kempthorne and Prosser’ mentions his name only twice in lists of managers and Board members. This is despite the fact that Henton had joined the firm before Prosser and had at the time of his retirement spent longer working there than Kempthorne. By 1918,

\textsuperscript{95} Ibid., 27 July 1883.
\textsuperscript{98} “Directors’ meetings minute book, 1917-1924,” 28 March 1918.
\textsuperscript{100} 75 Years of Life.
Henton had worked for ‘Kempthorne and Prosser’ for 54 years. It was largely his experience and dedication to the company which made the changeover after Kempthorne’s retirement so successful.

Taylor’s appointment as General Manager marked an important milestone for ‘Kempthorne and Prosser.’ He was the first manager of the company who had not worked for the firm from the time that Kempthorne and Prosser went into partnership in 1869. Taylor was familiar with the activities of the firm, having worked for the company for 27 years, but when he joined the company in the 1890s ‘Kempthorne and Prosser’ was already a large and diverse firm. Taylor’s appointment highlighted the growing importance of the fertiliser works within the business. Kempthorne, Prosser and Henton had all started with the company before the construction of the first fertiliser works. Their background was in the pharmaceutical side of the business. Their later experience of fertiliser had come at a management level. Taylor had joined the firm at the bottom level of the Westfield fertiliser works. He had later learnt the pharmaceutical side of the business as a manager in Auckland and the Inspector of the Northern Branches, but it is significant that his original expertise had been in the manufacture of fertilisers, not the sale or manufacture of pharmaceuticals.

Taylor took over the management of ‘Kempthorne and Prosser’ just months before the end of the First World War. He inherited a company which had changed markedly in the preceding fourteen years. No longer was ‘Kempthorne and Prosser’ a firm controlled by one man. Instead by 1918 the firm relied on an effective General Manager and an independent Board of Directors to manage its affairs. The unique conditions generated by the First World War had caused the most significant period of sustained growth in the firm’s history. The boom in New Zealand farming which accompanied the War helped to contribute to a change in the nature of the firm’s business. By 1918 the production of fertiliser had increased in importance so that it was well on its way becoming the most

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103 Ibid.
important part of the firm’s business. The core of the firm’s pharmaceutical business though, remained the same; despite more than forty years of pharmaceutical manufacturing ‘Kempthorne and Prosser’s’ pharmaceutical business was still primarily the importation and wholesale of products made by overseas manufacturers.
Conclusion

‘Kempthorne and Prosser’ continued to operate as a major New Zealand pharmaceutical company until the 1970s when the firm was taken over by the ‘Farmers’ Fertiliser Group.’ Initially this new owner expanded ‘Kempthorne and Prosser’s’ pharmaceutical operations, buying out ‘Medical Supplies’ which was the firm’s major competitor at the time. This merger created a company known as ‘Kempt horne Medical Supplies.’ This new firm continued ‘Kempthorne and Prosser’s’ pharmaceutical business until the 1980s when the ‘Farmers’ Fertiliser Group’ closed ‘Kempthorne Medical Supplies,’ ending the more than a century that the name ‘Kempthorne and Prosser’ had been associated with the supply of pharmaceutical products to New Zealand’s medical professionals.¹

This thesis has examined the first 49 years of ‘Kempthorne and Prosser’s’ history, the period during which the sale of pharmaceuticals held the highest prominence within the company. This examination has focused on answering two primary research questions the first: what was the nature of ‘Kempthorne and Prosser’s’ pharmaceutical business? The second: what role did ‘Kempthorne and Prosser’ play in the development of New Zealand’s pharmaceutical manufacturing industry?

Two conclusions have been reached in answer to these questions. The first is that ‘Kempthorne and Prosser’s’ pharmaceutical business was primarily that of an importer and wholesaler of products made by overseas manufacturing firms. Chapter one examined the first 12 years of ‘Kempthorne and Prosser’s’ operations and discussed the conditions faced by early New Zealand pharmacists, noting that they could purchase anything they needed on the global pharmaceutical market. This market was centred on large manufacturing firms in Europe. Particularly important to New Zealand were British firms that specialised in colonial trade. The trouble faced by pharmacists in New Zealand was that goods could take up to six months to arrive, causing significant logistical

¹ Reg Combes, Pharmacy in New Zealand: Aspects and Reminiscences, Auckland, New Zealand, Ray Richards Publisher for the Pharmaceutical Society of New Zealand, 1981. 178.
difficulties when it came to estimating orders in advance. The distance between supplier and retailer set pharmacists in New Zealand and Australia apart from their European counterparts who were able to take advantage of their relatively close proximity to the large pharmaceutical manufacturing firms.

‘Kempthorne and Prosser’ began as a firm designed to provide a solution to this problem. The company’s business model was simple; stock was purchased in bulk from overseas manufacturing firms and shipped to warehouses in New Zealand. The firm then had goods on hand ready to promptly fill orders from pharmacists. The company based its commercial appeal on delivering these goods in a speedy and reliable manner. This was in direct contrast to Britain where early pharmaceutical firms were established as manufacturing operations rather than as wholesalers.

‘Kempthorne and Prosser’s’ business model was copied directly from Australia where wholesale firms had already been established to combat the problem of distance from Britain. The Australian influence on ‘Kempthorne and Prosser’ cannot be overstated; indeed Kempthorne first arrived in New Zealand as an employee of Australian wholesale firm ‘H. & E. Youngman.’ He later purchased the Youngmans’ operation in New Zealand. Later influence from Australia came in the form of a partnership agreement with two Australian pharmaceutical wholesalers, Alfred Felton and Frederick Grimwade. The partnership agreement between Felton, Grimwade, Kempthorne and Prosser helped ‘Kempthorne and Prosser’ to build new warehouses and establish a pharmaceutical factory. It was the capital and expertise which Felton and Grimwade brought to the firm which helped to turn ‘Kempthorne and Prosser’ from a small Dunedin based partnership into New Zealand’s largest pharmaceutical company.

Part of this transformation occurred in 1879 when ‘Kempthorne and Prosser’ became a publicly listed company. The company adopted a corporate structure with a Board of Directors responsible for overseeing the management of the firm. This new structure marked the end of ‘Kempthorne and Prosser’ as a family firm. Hunter in his study of New Zealand entrepreneurs noted that most New Zealand firms were not incorporated until the
retirement or death of their founders. In contrast ‘Kempthorne and Prosser’ was incorporated just ten years after it was founded, two years before Prosser left the firm and 25 years before Kempthorne retired.

Following Prosser’s departure Kempthorne became the dominant figure within the firm. His influence reached its peak in the early 1900s when he held the positions of both Managing Director and Chairman of the Board of Directors. Chapter two explored the way the wholesale business worked and discussed exactly what it meant to be a New Zealand pharmaceutical wholesale firm. Two key conclusions were reached from this examination. The first was that Kempthorne and his Board of Directors were reluctant to invest money in the company’s wholesale business, preferring instead to invest in expanding the company’s manufacturing operations. The second was that, despite this preference for investment in manufacturing, the wholesale of imported products remained the most important part of ‘Kempthorne and Prosser’s’ pharmaceutical business. Indeed by 1912, more than thirty years after the establishment of the firm’s pharmaceutical factory, only a few hundred of the 6,500 different pharmaceuticals and related sundries sold by ‘Kempthorne and Prosser’ were made by the firm. The rest were imported from overseas with the bulk of products coming directly from Britain.

An examination of ‘Kempthorne and Prosser’s’ manufacturing operations in chapter three noted that the firm was New Zealand’s largest pharmaceutical manufacturer. This chapter also outlined ‘Kempthorne and Prosser’s’ relationship with smaller New Zealand manufacturers. The discussion contained in chapter three informed the second major conclusion reached by this thesis; that ‘Kempthorne and Prosser’ played a leading role in the development of New Zealand’s pharmaceutical manufacturing industry but that this industry never came close to competing with the volume of products imported from overseas.

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There are a number of reasons why the New Zealand pharmaceutical manufacturing industry did not provide serious competition for overseas firms. The primary reason was that major New Zealand pharmaceutical manufacturing firms were also importers and wholesalers. There was therefore no financial motivation for these firms to manufacture a product which could be imported at a similar profit margin. The aggressive marketing of some overseas manufacturing firms ensured that their products became household names. This meant that it was not enough for New Zealand manufacturers to produce a medicine which had the same effect as those produced overseas, they also had to combat the popularity of foreign made products. It was also significant that New Zealand pharmaceutical manufacturers felt that they were not supported by the Government. Their opinion was that tariffs were used as a form of revenue gathering rather than as tool to encourage local industry. These factors combined to ensure that the New Zealand pharmaceutical manufacturers industry produced only a small fraction of the pharmaceuticals sold in New Zealand.

This chapter also explored the development of ‘Kempthorne and Prosser’s’ other manufacturing operations, the failed attempt to create a linseed manufacturing industry in New Zealand and more successful venture into the production of fertilisers. By the time of Kempthorne’s retirement in 1904 fertiliser production was well on its way to becoming the most profitable part of ‘Kempthorne and Prosser’s business.’

The fourth and final chapter of this thesis focused on the changes in the firm following the appointment of Henton as General Manager. It traced the increasing importance of the production of fertilisers within the firm and examined the rapid changes brought about by the unique economic conditions created by the First World War. Chapter four concluded with the retirement of Henton in 1918. This retirement meant that ‘Kempthorne and Prosser’ was no longer run by someone who had worked for the firm when it consisted of only a single privately owned warehouse in Dunedin. Instead by 1918 ‘Kempthorne and Prosser’ was run by a manager who had started working for the firm when it was a diverse, publicly listed nationwide company.
This thesis has examined only a part of ‘Kemphorne and Prosser’s’ history. The company’s fertiliser operations have been touched upon, but a great deal more research could, and should be undertaken to adequately examine an industry which was so vital to the development of New Zealand agriculture. Equally there is scope to explore both the company’s fertiliser and pharmaceutical businesses in the years following the First World War. In tracing the first 49 years of ‘Kemphorne and Prosser’s’ history this thesis has laid the basis for future work by outlining the early history of this important New Zealand company. It has also begun to fill the gap in the history of the industry which supplied New Zealand’s pharmacists. This industry was vital to the development of pharmacy in New Zealand and should be an important part of any pharmaceutical history. Kemphorne and Prosser was an uniquely New Zealand Company, created during a time of economic boom in Dunedin and surviving long after the city had ceased to be the financial powerhouse of the New Zealand economy.
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