

COMMERCIAL TRUSTS ACT.

Brief reference was made in the annual report for 1924-25 to the action taken under the Commercial Trusts Act against several firms engaged in the manufacture, sale, and distribution of flour and by-products. Detailed comment on this important case was held over pending the hearing of an appeal by the Crown against the decision of His Honour Mr. Justice Sim, who heard the case in Dunedin in November, 1924, and whose judgment was in favour of the defendants.

The case for the Crown, upon evidence collected by the Department in conjunction with the Crown Solicitors, was based upon section 5 of the Commercial Trusts Act, 1910. It was claimed that an offence against that section had been committed by Distributors Limited (a firm engaged in the sale and distribution of flour, bran, and pollard), and by certain milling companies associated with Distributors Limited. It was contended that by conspiring to form a commercial trust of such a nature as to be contrary to the public interest the parties had offended against the law. Penalties were sought, and an injunction against the continuance of the trust was asked for.

It was not disputed that a trust had been formed, the question turning essentially upon the point as to whether or not the operations of the combination were of such a nature as to be contrary to the public interest. The Crown sought to show that by placing restrictions upon the output of individual mills, by the partial elimination of the choice of brands and qualities of flour available to users, by the production and forced sale at maximum prices of flour of unsatisfactory quality, and by its operations generally, the trust was of a harmful nature. The defence claimed that such activities were in their effects of little detriment, and that compensating benefits must be considered. It was further claimed that the unsatisfactory condition of the industry necessitated some such combined action on the part of producing firms, and that had such action not been taken the industry would have suffered from ruinous competition.

Lengthy evidence and argument was placed before the Court, judgment, as above mentioned, being given against the Crown. From this judgment the Attorney-General appealed, and the case came before the Court of Appeal in Wellington in July, 1925. The Crown was represented by the Hon. the Attorney-General (Sir Francis Bell, K.C.), the Solicitor-General (Mr. Arthur Fair, K.C.), and Mr. F. B. Adams, Crown Solicitor, Dunedin. Counsel for defendants were Messrs. C. P. Skerrett, K.C., and M. Myers, K.C., with junior counsel.

After a hearing which lasted for seven days the appeal was upheld by a majority judgment, and the case was remitted to the Supreme Court for fixation of penalties and costs. The defendants were each fined £50, but an injunction against the continuance of the trust was held over pending an appeal by the companies to the Privy Council. This further appeal will be heard during the current year, when a final interpretation of the law on this matter will be secured.

Apart from the merits of the case in question, the subject is of considerable importance to the trading community, which will no doubt appreciate a further clarification of the rights and responsibilities of trade combinations.

Other suggested offences against this Act are from time to time under consideration by the Department, but in general it may be said that although, in the Dominion as in other countries, combinations of trading interests form an increasingly prominent feature of modern commerce, traders do not allow their operations to exceed the limits laid down by the law. At the same time it may be noted that the administration of this law and the detection of possible offences is by no means a simple matter, and even without reference to the underlying question of the reasonableness and justification of the legislation against trust methods, continuous attention must be given to restriction of possible harmful trade practices.

For the Department of Industries and Commerce,
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Acting-Secretary.

APPENDIX A.

MANUFACTURING INDUSTRIES.

AGRICULTURAL IMPLEMENTS AND DAIRYING MACHINERY.

Output: 1906, £200,000; 1924, £600,000; 1925, £620,000. Employees: 1924, 761; 1925, 759.

The production of this industry increased by £20,000 during the year ended 31st March, 1925. Reports from manufacturers of agricultural implements in both Islands indicate keen competition from overseas, but at the same time state that sales of New-Zealand-made machinery have been satisfactory. Importations of Danish, Swedish, and German dairying machinery are increasing, to the detriment of the locally produced articles. This foreign competition, together with a rather unfavourable dairying season, has probably resulted in a falling-off in the value of the output of Dominion manufacturers during the year ended 31st March, 1926. The prospects for the coming year are reasonably satisfactory.

ENGINEERING.

Output: 1906, £437,000; 1924, £1,750,000; 1925, £1,846,000. Employees: 1924, 3,336; 1925, 3,359.

The output of this industry for 1925 is approximately £100,000 more than it was during 1924. A rather pleasing feature in the engineering industry is that most of the foundaries have used Onakaka (New Zealand) pig iron during the past year, and have proved the quality to be quite equal, and in most cases superior, to the best imported pig iron. The installation of bulk-oil plants has assisted this industry. The better class of labour offering has resulted in greater output *per capita*. The