

GAS.

During the prevalence of war conditions many complaints were made regarding the quality of gas supplied by various undertakings throughout the Dominion, and after investigation a recommendation was made to Government that provision should be made to enforce the system of charging for gas supplied on the basis of its heating-value. Action in this direction was deferred pending a return to more normal conditions, when the difficulties of securing regular and adequate supplies of good-quality gas-coal would not be experienced.

During the past year inquiries have been made in regard to the various systems of control in operation in other countries, and reports have been secured in regard to the success or otherwise of such methods.

It has now been decided that control is necessary, and reasonably possible under the circumstances in which the industry is carried on, and accordingly regulations under section 26 of the Board of Trade Act, 1919, have recently been drafted. It was considered advisable that the form and substance of the proposed regulations should be submitted for the criticism of representatives of the leading gas undertakings, and for that reason a conference was arranged by the Department, and held recently in Wellington. By this means there was secured the benefit of practical advice from experts, and suggestions which will undoubtedly assist in the carrying-out of control have been incorporated in the draft regulations.

Discussion with representatives of the gas companies has also enabled the Department (which throughout has worked in conjunction with the Dominion Analyst) to give to the companies a full explanation of the proposals, and to afford an opportunity to gas undertakings to make preparations for the initiation of control.

The proposed regulations, which are now the subject of legal scrutiny, will provide for safeguards in the matter of quality and pressure, and will ensure that consumers receive service in accordance with the payments made to suppliers.

The price of gas has, in general, shown some recession during the past year, and as costs tend downwards further modification of price may be looked for. In main centres the quality and pressure are now entirely satisfactory, though the present shortage of supplies of good-quality gas-coal is causing some difficulty. This position, however, is not likely to continue beyond the winter months.

MANURES.

In conjunction with the Department of Agriculture, inquiries have been made during the year in respect of the trade in manures, with particular reference to prices of Nauru phosphates and super-phosphates.

In addition to complaints of overcharging, a general allegation relative to prices and distribution in the Otago and Southland districts were inquired into, and, where necessary, adjustments in prices were brought about.

Suggestions of unreasonable restraint of trade were made, and voluminous evidence was submitted to show that farmers had been refused supplies from manufacturers at other than retail prices. It could not be proved, however, that this refusal was unreasonable or that manufacturers were acting in any way contrary to accepted commercial practices in giving a preferential price to sub-distributors.

The profits of distributors and manufacturers were challenged on the ground that the fall in the price of imported rock phosphate justified a downward revision of prices greater than had taken place. It was found on investigation, however, that the supplies which had gone into distribution at allegedly high prices were manufactured from rock costing considerably more than current quotations, and that little of the lower-priced rock had at that time come forward to New Zealand. Moreover, considerable stocks of expensive materials had been brought forward from the previous season, and had warranted to some extent the prices being charged. Railage to country stations was in general also being paid by manufacturers and distributors, and even bulk supplies for a time had to be railed from Canterbury to the southern districts.

General reductions in prices have since been made possible, and there is every probability of further adjustments as costs decline.

PRICE-REGULATION.

The question of the legality of fixing selling-prices by manufacturers has been raised from time to time by various manufacturers in the Dominion, who claim that their interests are prejudicially affected by the process ordinarily known as "price-cutting," and legal protection has been sought under the provisions of the Board of Trade Act.

The goods that are subject to price-cutting are usually what are known as "proprietary lines." Goods the quality and price of which are widely known and associated are especially subject to the practice of cutting, for the public, having for a long time associated a given commodity with a given price, are quick to detect a lowering of price, and so confine their purchases to the retailer who has cut the price. The effect is to compel competing retailers either to meet the cut, to discontinue handling the goods, or to handle the line half-heartedly, offering substitutes where possible. Eventually the price-cutters themselves, having exhausted the advertising value of the cut price, lose interest in the line and either drop it or attempt to displace it by offering substitutes which afford bigger profits.

The effects which are said to result from price-cutting may be summarized as follows: (1) A decline in the value of the stock owned by traders who are in the realm of influence exerted by the price-cutters; (2) a reluctance on the part of other traders to handle the goods, thus involving the