The Act is still necessary as a safeguard to the public, to business men and traders, against harmful commercial practices, as it exercises a deterring influence over the whole field of industry, and prevents, or at any rate hinders, the adoption and development of such practices. Whenever a complaint is made to the Department that the provisions of the Act are being infringed prompt action is taken and full investigation undertaken into the circumstances. On several occasions during the year it has been necessary to carry out such investigations into alleged breaches of the Act, particularly in regard to alleged refusals to supply and the fixation of prices of commodities covered by the schedule to the Act, but in no instances have the facts been such as to justify legal action being taken.

## Cash-order Trading.

This system, which showed signs of considerable expansion in the main centres of the Dominion, was the subject of an investigation early this year by the Hon. J. G. Cobbe, Minister in Charge of the Department. The Secretary of the Department, Mr. J. W. Collins, was associated with the Minister in the course of the inquiry.

As a full report has already been tabled in both Houses of the General Assembly, it is not intended to deal with the matter at any length in this survey. It is considered expedient, however, that the salient features of the report should be placed on permanent record.

Many complaints had been made by traders throughout New Zealand against the system, which was claimed to be opposed to sound business principles, added to the cost of goods, and was increasing the cost of distribution. The system, as generally followed in New Zealand, is as follows:—

An individual or firm issues to approved clients orders which on presentation to a trader will be accepted for their face value in exchange for goods. The firm or person issuing the cash order collects from the client the amount of the order in instalments, usually spread over a period of twenty weeks. The usual weekly repayments are fixed at the rate of 1s. for every £1 value of the order issued. The client also pays a commission of 1s. or 2s. in the pound on the value of each order. On a £5 order, 5s. to 10s. is paid, and this commission is charged at the commencement of the transaction. Two cash-order firms charge no commission to clients. The retailer accepting the order tenders it to the order-issuing house, and secures payment, less an agreed-upon discount, which ranges from 10 per cent. to 15 per cent.; the average discount granted by retailers is 12½ per cent. The majority of cash-order-issuing houses therefore make two profits—the commission charged to the client, and the discount received from the retailer.

The systems adopted by different cash-order companies vary slightly, but they are all of the same general character. A few retail houses carry as part of their method of giving credit a cash-order system. This eliminates the third party, but the methods of conducting the system are substantially the same, except that the purchases must generally be made in the shop from which the order is accepted.

The classes of articles usually bought under the cash-order system are unlike those which are purchased under instalment plans. They comprise goods which usually depreciate rapidly, and once in possession of the purchaser and used are of little resale value. The vendor has no lien on goods usually sold under the cash-order system.

Evidence was taken in Wellington, Christchurch, Dunedin, and Auckland, and some fifty-five witnesses were examined, comprising representatives of trade organizations, principals of cash-order-trading companies, retailers, and householders. The orders issued affected mainly the drapery and boot trades, and to a limited extent were accepted by jewellers and opticians. Over 95 per cent. of the orders were taken out by married women, and their total value last year amounted to approximately £300,000. Of this total Auckland's share was £140,000, Wellington's £120,000, and in Christchurch and Dunedin the values approximated £15,000 each.

The full report issued showed the extent of the system in the Commonwealth of Australia, the data having been secured officially by an executive officer of this Department during a visit to Australia in the latter part of 1928. It was evident that the system had grown to an appreciable extent in the States of New South Wales and Victoria, and that a very considerable proportion of business was done through the medium of the orders. It was further shown that the cash-order companies were making considerable profits, and dividends paid to shareholders recently had reached 35 per cent.

The full case for the cash-order companies, the retailers, and the general public is dealt with in the main report. The Committee of Inquiry in New Zealand stated that the evidence tendered enabled a complete investigation to be made, and that there was no failure on the part of any party to disclose full information, even of a confidential nature. The conclusion the Committee came to was that the system should be controlled by legislation, and recommended the Government to consider favourably proposals for reducing the charge to clients (not to exceed 6d. in the pound sterling), to limit the discount allowed by retailers (not to exceed 10 per cent.), to prohibit canvassing for the signing of the orders, to prohibit mail-order propaganda, and to make the orders open to any firms willing to accept them. It was also recommended that no orders should be issued to persons under the age of twenty-one years, or to married women without the consent in writing of their husbands.

In order to avoid legislation, if possible, the Committee recommended that three months' notice be given to the cash-order companies and individuals concerned to express their willingness or otherwise to conform to the above proposals, and in the event of acquiescence being shown by them, that the Government should not proceed with the legislation.