

CONTRACT LAW

CASE NOTES



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Australian Woollen Mills v Commonwealth (1954) 92 CLR 424

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Court details: High Court of Australia

Facts:

- Commonwealth introduced a government subsidy scheme, in which purchase of domestic wool would be subsidised at a certain rate so as to allow manufacturers to supply products at low prices
- AWM purchased large quantities of domestic wool
- Scheme discontinued 2 years later; Cth announced that it would ensure each manufacturer would have a certain amount of wool in stock till a certain date
- Stockpile of wool held by AWM exceeded the amount, thus were required to repay the subsidiary paid on that excess. AWM paid, but later brought a claim to recover it

Issue: whether there was sufficient consideration present?

Reasoning / Decision (Commentary):

- The statements made by the Commonwealth were in the nature of policy announcements and no request to purchase wool could be implied. Statements of policy (rather than offers) are not a form of implied request, it is merely a policy and holds no relationship with quid pro quo
- Presence of request would usually indicate a contract, however in this case the presence of a request would not necessarily establish a contract
- The considerations (benefit conferred on the promisor) or the detriment (purchase of wool by AWM) suffered by the promisee must be given in return for the promise:
- AWMS's purchasing of wool provided no good consideration for the Commonwealth's promises to pay the subsidies, because although it satisfied the benefit/detriment test, there is no quid pro quo relationship (exchange, this for that) between the promise and the act relied on as a consideration for that promise

Ratio:

- Dixon CJ, Williams, Webb, Fullagar, Kitto JJ: "It is necessary, ... that it should be made to appear that the statement or announcement which is relied on as a promise [here the subsidy statement] was really offered as consideration for the doing of the act, and that the act [buying and using the wool as directed] was really done in consideration of a potential promise inherent in the statement or announcement"

Order: Appeal dismissed.

Balmain New Ferry v Robertson (1904) 4 CLR 379

Source: Hard copy via your law library or electronically via a subscription service

Court details: High Court of Australia

Procedural history: Appeal from the Supreme Court of New South Wales

Facts:

- Balmain Ferry Company operated a harbour stream ferry from Sydney to Balmain, in connection with which they used a wharf
- Balmain Ferry Company placed a notice at the entrance of the wharf stating that 1 penny was to be paid by everyone entering/leaving the wharf, whether they travelled by ferry or not
- Robertson, paid and went through the wharf through a turnstile
- Robertson missed the boat, so he tried to leave the wharf by another turnstile
- Refusing to pay a second penny for attempting to exit the wharf, the ferry owner's servants detained him

Issue: whether this term was implied by a course of dealings?

Reasoning / Decision (Commentary):

- "The plaintiff was aware that the only entrance to and exit from the wharf on the land side was through the turnstiles... Having travelled on many occasions backward and forward by the company's boats, and, as he says, paid his fare to the officers at the turnstiles, he must have been aware that the company's method of conducting their business was to release the turnstiles only on payment of a penny, and that in every case where there was a departure from that method "the tally of the turnstile," as he terms it, would be thrown out"
- Fact that he was using the business for a long period of time makes it known that he knew how the procedure.....



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