

1940.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(TWENTY-THIRD ANNUAL REPORT OF THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

Wellington, 23rd July, 1940.

YOUR EXCELLENCY,—

I have the honour to submit for your Excellency's information the report of the Department of Industries and Commerce for the past year.

I have, &c.,
D. G. SULLIVAN,
Minister of Industries and Commerce.

His Excellency the Governor-General of the Dominion of New Zealand.

Wellington, 10th June, 1940.

SIR,—

I have the honour to submit the annual report of the Department of Industries and Commerce. This report deals with the work of the Department since the previous report was placed before Parliament, and covers generally the period ended 31st March, 1940. In certain instances, however, matters subsequent to that date are also referred to.

I have, &c.,
L. J. SCHMITT, Secretary.

The Hon. D. G. Sullivan, Minister of Industries and Commerce.

INDEX TO CONTENTS.

	PAGE		PAGE
General Trade Review	2	Bureau of Industry— <i>continued.</i>	
Trade Treaties	2	Industrial Plans—	
Air Services	3	Flax	19
Overseas Trade Representation	3	Pharmacy	20
Exhibitions Overseas—		Sale of Motor-spirits	20
Golden Gate International Exposition	3	Fisheries Industries	21
New York World's Fair	4	Apple-juice	21
Canadian National Exhibition	4	Asbestos-cement products	21
War Measures	4	Dry-cell Batteries	21
Export-control	4	Wet-storage Batteries	21
Price-control	4	Cigarette-papers	21
Retail Prices	7	Footwear	22
Wholesale Prices	7	Paper-pulp and Paper Products	22
Export Prices	7	Radio-receiving Sets	22
Effective Wage-rates	8	Bituminous Roofing-materials	22
Industries Committee (Import Control)	8	Rubber Tires and Tubes	22
New Zealand Centennial Exhibition	8	Soap and Soap-powder	22
Statistics relating to Manufacturing Industries	9	Waxed Paper	22
Comment on Manufacturing Industries	11	Financial Assistance to Industries	22
New Industries	15	General	22
New Zealand Manufacturers' Federation and District Associations	16	Woolpacks	23
Directory of New Zealand Manufacturers	16	Motor-spirits Price-fixation	23
Stores Control Board	16	Motion-picture Industry	23
Bureau of Industry—		Wheat, Flour, and Bread	24
List of Members	17	Gas Regulations	24
Introductory	17	Chattels Transfer Act	24
Meetings held	18	Hire-purchase Agreements Act, 1939	24
Licensing	18	Standards Institute	24
Appeals	18	Agricultural-lime Investigation	25
		Tobacco Industry	25
		Library and Publications	26
		Miscellaneous Activities	26

GENERAL TRADE REVIEW.

THE overseas trade of New Zealand for the calendar year 1939 is briefly reviewed in comparison with the trade during the corresponding period of 1938. All 1939 figures given in this section are preliminary and will be subject to some minor alterations.

The total external trade fell from £113,798,472 to £107,395,900, a decrease of £6,402,572. This fall was mainly accounted for by imports falling from £55,422,189 to £49,587,182, a decrease of £6,035,006. Exports decreased from £58,376,283 to £58,008,717, a decrease of £367,566. This big decrease in imports and small decrease in exports resulted in the balance of visible exports rising from £2,954,094 in 1938 to £8,621,534 in 1939.

Among the more important products exported, wool increased by 23,992 bales for quantity, but declined by £519,405 for value; butter declined by 165,338 cwt. for quantity and £388,320 for value; cheese increased by 60,820 cwt. for quantity, but the value was £85,870 lower; frozen beef was 131,413 cwt. higher for quantity and value increased by £270,146; chilled beef decreased by 40,002 cwt. for quantity and £61,109 for value; exports of lamb increased by 161,025 cwt. and value rose by £20,142; mutton exported rose by 212,348 cwt., but value declined by £77,157; pork decreased by 54,743 cwt. for quantity and £162,216 for value; exports of gold increased by 23,883 oz. and the increased value amounted to £331,687.

Among the other products, increases in quantity and value were recorded for veal, potted and tinned meat, rabbit skins, sheep-skins without wool, kauri-gum, grass and clover seed, and milk (dried and preserved). Decreased quantities but increased values were recorded for cattle-hides and calf-skins, and for peas. Some of the products that showed decreases for quantity and value included casein, tallow, *Phormium tenax*, potatoes, apples, and timber. Increased quantities but decreased values were recorded for sheep-skins with wool and for sausage-casings.

Butter and cheese represented 37.9 per cent. of the total value of exports; meat, 25.7 per cent.; and wool, 20.1 per cent. The comparative figures for 1938 were—butter and cheese, 38.5 per cent.; meat, 25.2 per cent., and wool, 20.9 per cent.

The direction of our export trade is briefly dealt with as under, the figures for 1938 being shown in parentheses: British countries took 87.79 per cent. (90.75 per cent.) of our exports and foreign countries 12.21 per cent. (9.25 per cent.). Of the British countries the United Kingdom took 81.11 per cent. (84.17 per cent.), the only others of importance being Australia, 3.92 per cent. (3.77 per cent.), and Canada, 1.62 per cent. (1.94 per cent.). Among the foreign countries the chief buyers of New Zealand produce were United States of America, 4.94 per cent. (2.45 per cent.); France, 2.74 per cent. (1.75 per cent.); and Belgium, 1.52 per cent. (0.63 per cent.). The increased purchases by foreign countries were caused chiefly by their increased importations of our wool.

Our import trade was shared to the extent of 74.21 per cent. (73.56 per cent.) by British countries and 25.79 per cent. (26.44 per cent.) by foreign countries. Of the more important British countries, the United Kingdom contributed 46.83 per cent. (47.87 per cent.); Australia, 13.01 per cent. (12.92 per cent.); Canada, 8.86 per cent. (8.76 per cent.); Ceylon, 1.67 per cent. (1.48 per cent.); and India, 1.43 per cent. (1.02 per cent.). Among the foreign countries the chief contributors to our import trade were United States of America, 11.36 per cent. (12.37 per cent.); Netherlands East Indies, 4.93 per cent. (3.90 per cent.); Japan, 2.10 per cent. (2.18 per cent.); and Germany, 1.76 per cent. (2.02 per cent.).

All the principal countries, with the exception of India, Ceylon, and the Netherlands East Indies, recorded decreases for the value of commodities exported to New Zealand.

The big decrease in the figure for total imports was spread over a wide range of commodities, chief amongst these together with the amount of the decrease being as follows: Motor-vehicles, £1,235,113; apparel and ready-made clothing, £702,207; bar, bolt, and rod, £368,822; wheat, £359,882; electrical machinery and equipment, £329,430; tractors and parts, £228,245; hardware, cutlery, &c., £219,278; dredging and excavating machinery, £208,346; fancy-goods, £154,049; carpets, matting, and linoleum, £152,952; wireless apparatus, £146,399; cigarettes, £125,852; hosiery, £123,416; plate and sheet, black or uncoated, £119,592; footwear, £183,267; table-cloths, towels, sheets, &c., £100,722; agricultural implements and machinery, £108,695; and printing-paper, £110,213.

Increases of importance were recorded for sugar, £252,371; tea, £63,455; unmanufactured tobacco, £221,841; cotton piece-goods, £219,134; silk and artificial-silk piece-goods, £81,890; bags, sacks, and woolpacks, £114,411; motor-spirit, £138,621; railway and tramway plant, £220,715; and arms, ammunition, and explosives, £284,469.

The result of import selection is seen in a progressive reduction of imports during the year. The fall did not commence till July. Up to the end of June, the first six-monthly period of import licensing, the 1939 total was 1 per cent. higher than the figure for the corresponding period of 1938. Imports during the September quarter declined by 18 per cent. when compared with the corresponding quarter of 1938, and the figure for the first nine months of the year was down by 3½ per cent. The concluding quarter of the year recorded an even sharper drop, amounting to 33 per cent., making the total imports for the year 11 per cent. lower than the 1938 total.

TRADE TREATIES.

During the year no new trade treaties have been concluded.

AIR SERVICES.

During the year ended 31st March, 1940, the figures for the civil aviation services record an increase for freight carried and decreases for passengers and mails, as compared with the figures for the year ended 31st March, 1939. Comparative details are as under :—

	Passengers.	Freight. lb.	Mails. lb.
1939	53,039	166,278	316,380
1940	51,802	223,013	231,989
Increase	—	56,740	—
Decrease	1,237	—	84,391

Following upon the outbreak of war some of the regular services were abandoned. These included Christchurch—Palmerston North, Palmerston North—Gisborne, and Gisborne—Auckland. The regular services still in operation are Auckland—Wellington, Wellington—Dunedin, Wellington—Blenheim—Nelson, Nelson—Hokitika, Invercargill—Hokitika—Glaciers, and Hokitika—Jackson's Bay.

Since the close of the year under review the trans-Tasman air service has been inaugurated.

OVERSEAS TRADE REPRESENTATION.

The Department is represented overseas by permanent officers stationed at Sydney and Melbourne in Australia, Toronto and Los Angeles in North America, and Brussels in Belgium. In addition, close contact is maintained with the High Commissioner in London, while the services of honorary representatives are available in a number of other countries. Since the close of the year events in Europe have necessitated the withdrawal of our representative in Brussels, but prior to that withdrawal and since war broke out in September last the Trade Commissioner was enabled to carry out much useful work for the New Zealand Government, particularly in the matter of supplies of essential materials which it was found impossible to import through normal channels.

In addition to rendering much valuable service by contacting on behalf of New Zealand houses various overseas agents and generally rendering to New Zealand exporters some indication of market possibilities and requirements, the permanent officers have been in a position to give useful assistance to Ministers of the Crown and senior officers of various State Departments when travelling overseas on public business.

During the year under review overseas visits were paid by the Hon. W. Nash, the Hon. E. Langstone, and the Air Mission to Canada. In all of these instances the greatest possible use was made of the overseas organization, and in the case of the visit of the Air Mission to Canada an officer of the Los Angeles Office was seconded for secretarial duties with the Air Mission.

Were it not for the fact that permanent officers were stationed in Los Angeles and Toronto it would have been very difficult to arrange the New Zealand displays at the Golden Gate International Exposition and at the New York World's Fair. In each of these cases the officer in charge of the New Zealand Court was the permanent representative of the New Zealand Government at Los Angeles and Toronto respectively.

In any negotiations covering trade-treaty talks or variations invaluable assistance is rendered by these permanent officers who are in the closest touch with the conditions ruling in the overseas country concerned.

This organization provides a service to New Zealand businessmen in their endeavours to improve local manufacture, to expand export trade, and also offers facilities for the exchange of ideas.

The growing attention which is paid to overseas representation generally has been exemplified by the recent appointments by the United Kingdom and by Canada of High Commissioners representing the Governments of those two Empire countries in New Zealand, while Australia, in appointing a Minister in Washington, has recognized the growing importance of adequate Government representation.

EXHIBITIONS OVERSEAS.

As indicated in my last annual report, the Department arranged for displays at both the Golden Gate International Exposition, San Francisco, and the New York World's Fair. In addition, the New Zealand Government again participated in the Canadian National Exhibition at Toronto.

GOLDEN GATE INTERNATIONAL EXPOSITION.

The tasteful yet comparatively small exhibit at the Golden Gate Exposition covered chiefly items of a tourist nature, but, in addition, the opportunity was taken of typifying the progress of the Dominion during its hundred years of existence, and thus some indication was given of the growth of our industrial enterprise. It is estimated that at least two and a half million people took the opportunity of viewing the New Zealand exhibit, which was housed in a separate building in the form of a typical Maori dwelling, faced with carvings, and with palisading containing watch-tower and pataka.

NEW YORK WORLD'S FAIR.

During the 1939 season of this Exhibition some four million people availed themselves of the opportunity of viewing New Zealand's Court, housed in a portion of the British Pavilion. This exhibit was chiefly of an industrial nature, and typified New Zealand's chief industries, both primary and secondary. Dioramas depicting the chief tourist attractions were included, while particular emphasis was laid on the progress made by the Dominion during its first hundred years.

During the Exhibition period the opportunity was taken by New Zealand residents of New York City to present to the New Zealand Pavilion a bronze plaque dedicated to the ideals of peace and to the memory of those who served in the war 1914-18. Following the dedication ceremony an informal gathering was held in the office of the New Zealand pavilion, and at that meeting a temporary committee was set up with a view to establishing in New York a New-Zealanders' Society. This society is now an accomplished fact and should make for closer relationship between New-Zealanders resident in the United States.

The United States Government issued an invitation to participate in the World's Fair during 1940, and this the New Zealand Government decided to do.

CANADIAN NATIONAL EXHIBITION.

New Zealand again took advantage of the opportunity to arrange a display at the annual Canadian National Exhibition, held in Toronto from the 25th August to Saturday, the 9th September, 1939. The attendance during this brief period totalled 1,626,000, giving an average daily attendance of 116,000. The display this year was executed completely in Toronto, and, in keeping with the theme of the Canadian National Exhibition—transportation and communications—a suitable display portraying the arrival of the Maoris and from then on to the newer methods of transportation and communications, with statistical data of telephone, telegraph, railways, aviation, shipping, and motor transport, was included. Other items of particular interest were the trends of progressive legislation in New Zealand, agriculture, modern industry as compared with early industrial methods, and also sporting activities. An endeavour was made to give in its true perspective the advancement of the Dominion in all phases of its activity over the period of its first hundred years of colonization.

WAR MEASURES.

The full activities of the Department in connection with the war are set out in parliamentary paper H.-38, being "Activities of the Ministry of Supply in relation to the War," tabled in June of this year.

The Department, in association with the Organization for National Security, undertook considerable work prior to the outbreak of war in building up an organization which would be enabled to assist industry to carry on under war conditions. The question of the building-up of reserve stocks of essential commodities, the possible expansion of production to cover the needs of the armed Forces, and the exploration of alternative sources of supply all received consideration.

Consideration was also given to the necessity of controlling trading by enemies or enemy concerns, and thus when war broke out in September, 1939, the Department was in a position to put into full effect the war measures adopted.

EXPORT CONTROL.

Under the Export Control Emergency Regulations 1939 the Ministry of Supply has acted in liaison with the Customs Department in the matter of conferring with the various Controllers relative to the advisability, or otherwise, of permitting the export of a wide range of commodities to be effected.

Up to 31st March, 1940, 1,351 applications for permits to export passed through the hands of the Department and in each case a recommendation was made to the Export Licensing Authority (the Customs Department) as to whether or not the desired permission should be granted.

PRICE-CONTROL.

The control of prices was brought into operation by the Hon. D. G. Sullivan, Minister of Industries and Commerce, and is exercised through various Acts and regulations, some of which are under his jurisdiction and are general in character and some of which relate specifically to particular commodities. The Board of Trade Act, 1919, contains provisions giving authority for the making of regulations to prevent unfair business methods, the fixing of prices, and the control of prices generally. Under this Act, regulations have been made fixing the prices of a number of important commodities. A section of this Act states that it is an offence for goods to be sold at an unreasonably high price.

The Prevention of Profiteering Act, 1936, was placed before Parliament and passed by the present Government soon after it assumed office and is designed to prevent profiteering by prohibiting the making of an unreasonable increase in the prices charged for goods and services. Early in May, 1939, the Government, on the recommendation of the Minister of Industries and Commerce, established the Price Investigation Tribunal, whose function it would be to exercise continuous supervision over prices, to examine price-increases, to arrange for investigations and inquiries, and to make recommendations to the Minister. On the 2nd June, 1939, the Government made the Board of Trade (Price Investigation) Regulations, under which persons or firms making increases in the price of specified goods after the 2nd June, 1939, had to notify the Tribunal and give the reasons for such increases. These regulations applied to a wide range of commodities, and also to the performance of prescribed services other than a contract of services between master and servant.

The Tribunal had become established with a staff for investigating prices efficiently when war broke out.

On the 1st September, 1939, the Minister brought down the Price Stabilization Emergency Regulations 1939, which were brought into operation by the Government, under the powers contained in the Public Safety Conservation Act, 1932, and charged the Price Tribunal with their administration. The regulations make it an offence, for which heavy penalties are provided, for the prices or charges for any goods or services to be raised above the lowest levels ruling on the 1st September, 1939, without prior consent. The regulations provide that such consent to raise prices may be given by the Minister of Industries and Commerce, but shortly after the regulations had been in operation these powers of consent were delegated by the Minister to the Tribunal. The regulations also contained provisions to prevent hoarding, which were very necessary in the early days of the war, when rumours of shortages and memories of shortages in the last war prompted some people to attempt to lay in excessive stocks of essential commodities.

The immediate purpose of the regulations was to hold all prices at existing levels during the first days of the war, when the first reaction might have tempted some traders to exploit the position, or to anticipate increases in prices, or for buyers, by buying or attempting to buy in larger quantities of goods than formerly, to out-bid each other for stocks. That such conditions might have developed had there been no control is more than probable, as the Tribunal was immediately in receipt of hundreds of personal, telephonic, and written representations, all designed to impress the necessity for considerable increases in selling-prices. It became apparent that prices could not be held at pre-war levels indefinitely, and especially was this so in the case of imported commodities. A number of factors, singly and in combination, had the effect of raising the costs of landing goods in New Zealand from overseas. First, there was the immediate charge for war-risk insurance. Secondly, there were steep increases in freight rates. Thirdly, there were increases in the prices charged by overseas manufacturers or traders. Fourthly, supplies from certain sources were cut off, and goods obtained from other sources cost more. Fifthly, the value of sterling in terms of the dollar and certain other currencies fell, and this had the effect of raising the costs of all goods imported from the United States of America, Canada, certain European countries, &c. A sixth cause of higher costs was changes in the methods of packing, &c. When it is realized that for many commodities all these factors operated not only in combination, but cumulatively, it will be appreciated that the added cost to New Zealand of such goods increased very considerably. Consequently it became necessary to approve increases in selling-prices above 1st September levels, but in approving such increases two radical departures from orthodox business practice were made. Firstly, traders normally adjust their prices on the basis of replacement cost—that is to say, if the cost of replacing a particular commodity rises, they immediately raise the prices of all such goods as they have in stock by an equivalent percentage. Thus, if the replacement cost doubled, their selling-prices of stocks in hand would be doubled, too. The second orthodox business practice is to arrive at the selling-price by adding a percentage to prime cost. The application of these two principles may be illustrated by an example. A trader lands goods into his warehouse for, say, £100, and adds 50 per cent. to cover his overhead and selling-expenses and profit, making the selling-price of the goods £150. Supposing the replacement cost of the goods doubled, so that the next shipment of goods cost him £200, adding his 50 per cent. gross profit makes the price £300. Normally the trader would sell not only the newly arrived goods for £300, but he would also mark up the goods he had in stock to £300. Thus for the two lots of goods he would have asked £600.

The Government decided that in a time of national emergency it would not be just to consumers to permit these two principles of business to be continued, since it would mean in practice that all sellers of goods would obtain much higher profits because of the outbreak of war. In other words, while traders might not consciously indulge in profiteering, the effect of these large price increases would be very much the same as if they did deliberately profiteer. Their net profits would have been considerably augmented, and the extra profits would have come from consumers' pockets. Accordingly, the Government directed the Tribunal to approve increases in selling-prices in accordance with the following principles:—

- (1) Increases could be approved to the extent of actual additional costs:
- (2) Such increases could be applied only to those goods which had incurred extra costs:
- (3) Where the margin of gross profit formerly obtained on similar goods appeared to be excessively high, some or all of the extra costs should be absorbed by the vendors.

The application of these principles to the example quoted above is as follows: The goods in stock which have not incurred additional costs must be sold at the pre-war price—namely, £150. The price of the newly arrived goods can be increased by the amount of the additional costs—i.e., £100—thus making the new price £250. Thus the whole of the goods, new and old, would be sold for £400,

and not £600 as would have been the case under normal conditions. The sum of £100 is a maximum price, since the Tribunal might have considered the original mark-up of 50 per cent. was excessive, in which case it would have approved only such an increase in price as it thought would give no more than a reasonable return, and the vendor might have been compelled to absorb some or all of the extra costs himself.

At a later date the Government agreed that the strict application of the above principles might inflict undue hardship on particular traders, and gave the Tribunal power to approve the addition of a margin of profit on the extra costs in special cases where it was evident that such a margin was necessary as a matter of justice. The Tribunal has given all such applications for a margin of profit on extra costs its very close scrutiny, and at the time of writing has not given any such approval for extra profit.

The administration of price-control during the first few months of the war revealed the necessity for giving the Tribunal wider and more specific powers, and in order to meet the position the Government issued the Control of Prices Emergency Regulations 1939 in December last, under which the Tribunal was specifically constituted as the "Price Tribunal" with the same personnel as had been set up by the Minister under the Board of Trade Act with the name "Price Investigation Tribunal" namely, the Hon. Mr. Justice Hunter, a Judge of the Arbitration Court, as President, and Mr. H. L. Wise, Advisory Officer of the Department, as a member. Its functions are to investigate complaints as to prices, to issue price-orders, to exercise the powers and functions conferred on the Minister of Industries and Commerce by clause 11 of the Price Stabilization Emergency Regulations, to hold judicial inquiries, in private or in public, hear evidence on oath, summon witnesses, demand the production of books and documents, and generally maintain a survey of all prices, institute proceedings for offences in relation to prices, and to take such other steps as in its opinion may be necessary to prevent profiteering or the exploitation of the public.

An important new provision was the power given to the Tribunal, with the authority of the Minister, to make price-orders. Such price-orders may fix actual, minimum, maximum, wholesale, or retail prices or margins within which goods may be bought or sold, or, by reference, to amounts or percentages by which selling-prices may exceed specified prices, or in any other manner to meet particular circumstances. One such price-order has been made to fix maximum prices for new corn-sacks, maximum prices for "once-shot" or "double-brushed" flour-sacks, and fixed prices for "unbrushed" flour-sacks.

This wider and more rigid control of prices has increased immensely the work and responsibility of the Tribunal, and it was found necessary to strengthen the staff by the addition of men who had been trained and were skilled in various branches of commercial activity. In addition, close collaboration has been maintained with other Government Departments—in particular, Agriculture, Internal Marketing, the Head Office of the Industries and Commerce Department, and the Bureau of Industry. Similarly investigations have been made at the request of Departments purchasing materials and stores—into the prices tendered for the supply of such commodities. The Tribunal also found it both desirable and necessary to work in close collaboration with trade associations, and with a number of such associations schemes are in operation which considerably reduce the volume of individual applications to increase prices without any lessening of the control itself. Negotiations are also proceeding with other associations in an endeavour to establish similar schemes. The Tribunal has developed a system whereby all applications to increase prices are thoroughly investigated with the minimum of delay, and decisions communicated to applicants as speedily as possible. Traders now realize the extent to which they may be permitted to raise their prices, and supply with their applications comprehensive and adequate documentary evidence to support their claims, so that such applications can be dealt with expeditiously by the Tribunal within the policy laid down, and always with the aim of keeping prices down to the lowest reasonable levels.

The success of price-control in New Zealand is well recognized, and is borne out by the evidence of the relatively small rise in prices, despite abnormal war conditions, as shown by the Government Statistician's index numbers, and by a comparison with the rises which have taken place in other countries. Between July and December, 1939, wholesale prices in New Zealand rose by 4.7 per cent., whereas in the United Kingdom the rise in such prices over the same period was 23.2 per cent. Other increases in wholesale prices in that period were—Belgium, 33.5 per cent.; the Netherlands, 20.8 per cent.; Switzerland, 15 per cent.; Denmark, 24.3 per cent. In the first month of the war wholesale prices in the United States rose by 5.5 per cent., whereas in New Zealand there was a fall of 0.6 per cent., and even up to December the New Zealand index had only risen by 4.7 per cent. The rise in wholesale prices in Australia from September, 1939, to February, 1940, was 4.6 per cent. The index for retail prices in New Zealand has risen since the outbreak of war by 1.8 per cent. In other countries the rise in the cost of living has been much higher—for example, in Great Britain it was 14.8 per cent. up to March, 1940, in Denmark up to January it was 10.9 per cent., in Eire up to February it was 13.9 per cent., in the Netherlands up to December it was 7.4 per cent., in Norway up to January it was 5.8 per cent., in Sweden up to January it was 5.3 per cent., in Switzerland up to February it was 5 per cent., in Canada up to February it was 3.8 per cent., and in Egypt up to December it was 7 per cent. The increase in Australia for the quarter ended March, 1940, over the figure for the quarter ended September, 1939, was 1.5 per cent., due probably to its lower ratio of imported manufactured goods compared with this country.

The actual policing of the regulations is carried out by the staff of the Tribunal in Wellington and the District Officers of the Department of Industries and Commerce at Auckland, Christchurch, and Dunedin. In addition, Inspectors of Factories in other towns make periodical checks to ensure

that the prices being charged are those approved by the Tribunal. The Tribunal receives from time to time inquiries from members of the public as to whether the prices being charged for particular goods are approved or are reasonable, and the Tribunal makes a full investigation in all such cases and takes appropriate action.

Members of the staff of the Tribunal are at present engaged in collecting evidence in regard to a number of cases where it appears that traders have put up their prices without first obtaining the requisite authority, and the first of such cases has already come before the Court, and a conviction entered against the defendants and a fine imposed.

Two cases where substantial savings were effected to consumers may be quoted as examples, but savings in other industries have also been of considerable magnitude.

On the outbreak of war the Government was able to come to a very satisfactory arrangement with the Colonial Sugar-refining Co., Ltd., in regard to the supply of sugar. On the basis of replacement value the retail price in New Zealand would have advanced very materially, but through the action taken by the Government the price still remains the same as it was before the outbreak of war. The action of the Government in this connection saved the consumer approximately £300,000.

Again, although the price of tea has been advanced with the approval of the Tribunal, by reason of increased costs of new supplies the increase that has taken place has been only to the extent of actual increased costs, and has only been incurred in respect of new stocks which have actually borne the increased costs. Had the Tribunal not been in existence, then old stocks would have been advanced in price, and an additional amount of profit would have been obtained both on old stocks and new stocks. Over a few weeks it is estimated that the savings to the consumers in this connection were no less than £25,000, and the total saving over the whole period of control has, of course, been considerably greater than this amount.

In connection with tea-prices it will be of interest to note that reductions from the levels of the first few months following upon the outbreak of war have since been made. The Tribunal is in continuous touch with the position in overseas markets, and wherever downward movements occur the Tribunal makes every effort to ensure that commensurate reductions are effected in the prices of the products in New Zealand. This checking of overseas market prices applies to many other products than tea, and reductions in prices have also been effected in such lines as sago, tapioca, industrial raw materials, &c.

In February, 1940, the Tribunal conducted a public judicial inquiry into an application made by the Whakatane Paper Mills, Ltd., for permission to raise the selling-prices of their products. The public inquiry extended over two weeks, and there were subsequent discussions held in private on various phases of the company's activities. The whole subject of the company's establishment and operations were subjected to the closest examination, and all the figures of costs of production inspected and discussed by the Tribunal with representatives of the company. Expert accountants were detailed by the Government to the task, and the company also employed expert accountants.

The Tribunal finally approved new prices for the company based on what it considered reasonable, having regard to the capitalization of the company, its operating experience and costs, the absence or normal competition due to war conditions, the value of the unit in a time of national emergency when supplies from overseas were likely to be curtailed, and generally the economic and strategical importance of the industry in New Zealand.

The relative movements in the various groups of prices, as expressed by the official index numbers, comparing the indexes at the 31st March, 1940, with those at the same date in 1939, were as follows:—

Retail Prices. The all-groups index rose from 966 to 1012—that is, by 46 points, or 4·8 per cent. Meat showed the greatest rise, from 1046 to 1120—that is, a rise of 74 points, or 7·1 per cent. The three food groups combined rose 5·0 per cent., from 1010 to 1060. Groceries rose by 4 per cent., from 989 to 1029, and dairy-produce 2·9 per cent., from 982 to 1010. Both the clothing, drapery, and footwear and miscellaneous groups rose by 6·7 per cent.—that is, from 940 to 1003 and from 1067 to 1139 respectively. The rent index advanced 3·3 per cent., from 877 to 903, and the fuel and light index by 0·8 per cent., from 990 to 998. The above indexes are based on the period 1926–30 = 1000.

Wholesale Prices. The all-groups index rose by 10·0 per cent.—that is, from 1050 to 1155. This substantial increase was mostly due to the considerable rise in the prices of imported commodities, which amounted to 13·6 per cent.—that is, from 1066 to 1211, or 145 points. Locally-produced commodities rose 4·8 per cent., from 1029 to 1078, or 49 points. Of the various groups which went to make up the average for the whole, the group showing the largest increase was that for mineral oils, which rose by 30·2 per cent., followed by semi-manufactured animal products (not foods), 22 per cent., and “other” foods and groceries of vegetable origin, 17·4 per cent. Textile manufactures rose by 12·7 per cent., metals and their products by 11·5 per cent., “other” foods and groceries of animal origin by 5·4 per cent., and chemicals and manures by 5·1 per cent. Agricultural produce showed a decline of 11·3 per cent., coal showed no change, meats were 0·6 per cent. higher, and the other groups displayed upward movements of less than 3 per cent.

Export Prices. The all-groups index of prices for goods exported showed an increase of 17·8 per cent., rising from 1330 to 1567. The largest increase was in the “other pastoral produce” group, which rose from 850 to 1481, or 74·6 per cent. The other groups showed increases of—minerals, 40·5 per cent.; wool, 35·1 per cent.; meat, 9·5 per cent.; agricultural produce, 9·3 per cent.; and dairy-produce, 7·1 per cent. The index for all pastoral and dairy-produce rose by 17·4 per cent. The only reduction was timber, which fell by 3·0 per cent.

Effective Wage-rates. On the base 1926 30 = 1000 the nominal wage rate index in March, 1939, stood at 1097, and by March, 1940, it had risen 5 points to reach 1102—that is, by 0·5 per cent. Over the same period retail prices advanced by 46 points, or 4·8 per cent. In March, 1939, based on 1926 = 1000, the index of effective wages stood at 1134, but by March, 1940, this had fallen to 1089, a loss of 45 points, or 3·9 per cent.

It has been said that price-control has been more rigid in New Zealand than that in any other part of the British Commonwealth, but the necessity for such control may be gauged by the rapid and large increases which took place in countries where control was less rigid. While it has not been possible to maintain prices at pre-war levels, profit margins per unit have, generally speaking, been left at those levels up to the present, and it is obvious that such action has been of considerable benefit to all consumers.

INDUSTRIES COMMITTEE (IMPORT CONTROL).

The Department has continued to play its part in ensuring to manufacturers an adequate supply of raw materials from overseas. Recommendations to the Licensing Authority (the Customs Department) are made by the Industries Committee upon numerous applications pertaining to secondary industries.

Another phase of the work of the Industries Committee has been the close contact maintained with local industries and the examination of numerous proposals for the expansion of these industries, and for the establishment of new ones, with the twofold object of assisting in the development of the production of many classes of goods previously imported and of the expansion in production of other goods in order to cater, as far as possible, for the market demand for finished goods the importation of which has been restricted or prohibited.

The Industries Committee is represented on the Budgetary Committee, which latter Committee is charged with advising on the preliminary allocation of the sterling funds available to cover importations. In this way industry is assured of the maximum possible amount of sterling to cover its needs. The results of this policy of import selection and control which was adopted in December, 1938, have been most encouraging. Imports for the calendar year 1939 were 11 per cent. lower than for the preceding year, and considerable expansion in existing units of local industry has taken place, while many new products are being produced.

Since the outbreak of war the Industries Committee has maintained the closest contact with the various Controllers appointed under the Ministry of Supply.

NEW ZEALAND CENTENNIAL EXHIBITION.

As is usual with exhibitions, the last few weeks of preparation were full of action, culminating in a last-minute rush which enabled the Fair to be practically complete on opening day. This almost unprecedented position reflects great credit on the organization and associates, as many of the difficulties which had to be overcome were unexpected and called for prompt action. At this point mention should be made of the freedom from labour troubles, major accidents, fires, and other forms of interference during the erection of buildings, despite adverse weather conditions over the two years occupied in preparation.

One of the unforeseen difficulties was the tardiness of manufacturers in taking space. As an offset to this participation by overseas Governments was carried out as promised, and representations by the United Kingdom, Canada, Australia, Tasmania, Fiji, and California materially assisted in the success of the Exhibition. It is worthy of note that exhibiting manufacturers were particularly enthusiastic and assisted generally in the success of the Fair.

The greatest difficulty was the outbreak of war. After conference between the Exhibition Company and the Government it was decided to carry on, which decision proved a wise one, despite the obvious influence on attendances.

Financial problems were circumstantial and dealt with as they arose. The support given by the Government in this direction alone was most valuable.

No report, however brief, could be complete without reference to the lighting of the Exhibition, which was a scheme of greater magnitude than has ever been attempted south of the Line. The outside effects included every phase of modern lighting, and was most impressive; it could only be described as magnificent.

The Governor-General, Lord Galway, declared the Exhibition open on 8th November, 1939, before an assembly of 40,000 people, including representatives of every walk of life.

Preliminary speeches were made by the Chairman of Directors, Mr. T. C. A. Hislop, Mayor of Wellington, and the President, the Hon. D. G. Sullivan, Minister of Industries and Commerce. His Worship the Mayor reviewed the origin of the Exhibition and expressed the gratitude of the company to all those who were playing their part in the National celebration.

The Hon. D. G. Sullivan read cablegrams from the Secretary of State for Dominion Affairs, the Governor of Fiji, the Acting Prime Minister, the High Commissioner for New Zealand, the Minister of Department of Overseas Trade, the Hon. C. R. Atlee, and Lord Strabolgi.

The Hon. D. G. Sullivan in his speech epitomized the history of the Dominion over the hundred years, and, after emphasizing the importance of the celebrations, dwelt on a conception of the future.

His Excellency Lord Galway concluded his speech with the following message received from His Majesty the King:

“I am glad to hear that the Exhibition in connection with New Zealand's Centenary will be opened at Wellington to-morrow and send my best wishes for its success.

“GEORGE R.I.”

The declaration of the formal opening of the Exhibition by His Excellency was followed by a fanfare of trumpets.

A description of exhibits in Courts and Pavilions is outside the scope of this report, but a brief reference to the major industrial exhibits should be placed on record.

Whilst the United Kingdom Pavilion dealt solely with the subject of transport, the Australian exhibit was comprehensive and included special reference to secondary industries as part of the resources of the Commonwealth. The exhibit illustrated increase in production with attendant progress and decentralization of plants, avenues for industrial investment, and establishment of a wide range of fresh industries.

Canada relied on dioramas, and those illustrating the timber and canning industries, amongst others, are worthy of note.

In the Transport Court the story of the various processes in motor-car manufacture was attractively told, and the Oil Exhibit, portraying all the stages of oil, was of great interest.

Trade displays in the Engineering Court adequately illustrated modern machinery used in primary and secondary industries. One of the outstanding exhibits was a full-size power-grader designed by the Public Works Department and manufactured entirely in the Dominion. The grader was installed to allow inspection of the mechanism, which was operated for the benefit of visitors.

The New Zealand Industries Court clearly demonstrated the growth of secondary industries, and the layout indicated new standards in display, which was a feature of the Exhibition generally. It would be invidious in this brief report to make reference to any of the exhibits, but only fair to record the general comment that the Court was worthy of the occasion.

The General Exhibits Court displayed a variety of interests, and, among others, the exhibits staged by the New Zealand Wool Publicity Committee and the Colonial Sugar-refining Company were examples of good demonstrations of industry.

A tribute must be paid to the organization behind the Women's Section, which portrayed the activities of women in a most interesting manner and, whilst the pioneer hut and period room were outstanding, the wide range of exhibits demonstrating cultural and practical pursuits was illuminating and instructive.

The Government Court constituted one wing of the buildings, and occupied 96,000 square feet. The building was provided with a ceiling divided into five bays and decorated with coloured lighting, which subscribed to the general artificial lighting, which was a feature of the Court.

The floor was covered throughout with linoleum, and the system of pressure ventilation was an innovation which for magnitude ranks with the lighting system.

The general layout of the Court aimed at creating an immediate impression on visitors, and by common consent achieved its object.

The principles on which the Court was designed were—

- (1) Impression :
- (2) Easy assimilation :
- (3) Details.

Twenty-six Departments were represented, and the progress made during the hundred years was stated to allow easy comprehension, and at the same time full details were available for the most ardent student.

Co-ordination between Departments to facilitate efficiency in the State machine was sufficiently apparent to be easily grasped by the average visitor.

It is recognized that the Court set new standards in Exhibition displays, and critics from overseas who had visited current and recent exhibitions in various parts of the world stated that the Government Court would measure up to the best overseas standards.

Whilst sometimes taken for granted, the work of the Police, Customs, Fire Brigade, as well as the voluntary organizations covering St. John Ambulance, Red Cross, Free Kindergarten, and Plunket Society, all contributed to the smooth running of the Fair.

The Official Guide to the Government Court, which contains a review of work of Departments, as well as description of Pavilions, is a valuable publication and will prove of future use.

The Governor-General, Lord Galway, formally declared the Exhibition closed on Saturday, 4th May, 1940.

The daily average attendance at the Exhibition was 17,149, and the total of admissions throughout the Exhibition season was 2,641,043.

STATISTICS RELATING TO MANUFACTURING INDUSTRIES.

The latest available statistics relating to the manufacturing industries of the Dominion cover the factory year 1938-39. The rise in the value of products and in "added value" is not strictly comparable with the two previous years, due to the fact that the value of products prior to 1938-39 included, in the case of some returns received, an unknown amount of selling and distributing charges. These charges were definitely excluded from the total returned for 1938-39. The recorded decline of 4.9 per cent. for "other expenses" is in the main due also to this cause.

The number of establishments exceeded the 6,000 mark for the first time, the actual number being 6,146, an increase of 222. As compared with the increase in the number of factories,

the increase in the number of employees was small, only 191 additional people being employed. Female employees decreased by 526, while male employees showed an increase of 717. Salaries and wages paid during 1938-39 recorded an increase of £1,288,423, or 6.4 per cent.

	Year.			Index Number (1936-37 = 100).	
	1936-37.	1937-38.	1938-39.	1937-38.	1938-39.
Number of establishments	5,728	5,924	6,146	103	107
Number of persons engaged	96,401	102,344	102,535	106	106
Salaries and wages paid	£18,333,077	£20,981,587	£22,270,010	114	122
Cost of materials used or operated upon	£70,668,075	£75,084,173	£75,344,181	106	107
Other expenses	£10,751,343	£10,827,593	£10,292,526	101	96
Value of products	£105,941,722	£113,691,556	£114,447,426	107	108
Added value	£35,273,647	£38,607,383	£39,103,245	109	111
Value of—					
Land and buildings	£24,445,338	£25,573,741	£27,201,642	105	111
Plant and machinery	£45,151,927	£47,164,981	£49,296,160	104	109
	£69,597,265	£72,738,722	£76,497,802	105	110

Included in the aggregate figures shown in the above table are figures relating to such industries as meat-freezing, butter and cheese making, &c. In the following table the figures are shown as they relate to groups according to general character of industries and the nature of the operations carried on. In this way the position of the real manufacturing industries of the Dominion is more clearly indicated, as distinct from those industries closely associated with the primary industries or representing the provision of public utilities under monopoly conditions, including gasworks and electricity generation and supply.

The following table provides the basis of comparison of the classification of industries into four groups :

Table showing for the Years 1934-35, 1935-36, 1936-37, 1937-38, and 1938-39 Figures relating to the Various Industries classified into Four Groups as stated.

Year.	Persons engaged.	Salaries and Wages paid.	Cost of Materials used.	Value of Products.	Value added by Manufacture.	Land, Buildings, Plant, and Machinery.
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Group 1.

Group 1 includes industries such as meat-freezing; ham and bacon curing; butter, cheese, and condensed milk; sausage-casings, fellmongering, and woolscouring; boiling-down and manure-making.

	Number.	£	£	£	£	£
1934-35 ..	12,730	2,557,906	31,459,836	37,213,253	5,753,417	8,921,964
1935-36 ..	13,175	2,748,360	37,559,333	43,512,567	5,953,234	9,078,347
1936-37 ..	13,458	3,217,821	44,296,344	51,139,656	6,843,312	9,305,107
1937-38 ..	13,498	3,594,568	45,511,066	52,191,872	6,680,806	9,379,247
1938-39 ..	13,391	3,837,057	44,052,066	51,062,411	7,010,345	9,860,815

Group 2.

Group 2 includes industries such as gas making and supply, electricity generation and supply.

1934-35 ..	4,637	1,058,884	4,170,349	6,004,384	1,834,035	34,214,699
1935-36 ..	4,789	1,143,208	4,248,815	6,248,748	1,999,933	33,609,706
1936-37 ..	5,120	1,278,172	4,554,257	6,563,185	2,008,928	34,526,759
1937-38 ..	5,347	1,428,989	4,857,182	7,189,456	2,332,274	35,715,744
1938-39 ..	5,681	1,558,272	5,582,324	7,839,507	2,257,183	37,220,521

Group 3.

Group 3 includes such industries as fish-curing; log-sawmilling; lime crushing and burning, &c.; brick, tile, and pottery making; concrete block or pipe and fibrous-plaster making; flax-milling; pumice-products preparations.

1934-35 ..	8,523	1,477,768	1,147,420	4,255,557	3,078,137	3,649,326
1935-36 ..	9,965	1,823,952	1,570,068	5,340,289	3,770,221	3,774,949
1936-37 ..	11,404	2,363,626	1,864,514	6,488,431	4,623,917	3,875,066
1937-38 ..	12,014	2,763,509	2,197,525	7,424,367	5,226,842	4,083,510
1938-39 ..	11,582	2,821,706	2,401,864	7,700,379	5,298,515	4,106,289

Group 4.

Group 4 includes industries of a type not included in the above classifications, such as grain-milling, iron-smelting, motor engineering, &c.

1934-35 ..	53,468	8,149,815	15,307,136	31,881,279	16,574,143	20,482,461
1935-36 ..	58,659	9,128,847	16,562,177	34,913,144	18,350,967	20,975,877
1936-37 ..	66,419	11,473,458	19,952,960	41,750,450	21,797,490	21,890,333
1937-38 ..	71,485	13,194,521	22,518,400	46,885,861	24,367,461	23,560,221
1938-39 ..	71,881	14,052,975	23,307,927	47,845,129	24,537,202	25,310,177

Comparisons of Group 4, the industries which may be termed the genuine manufacturing industries, for the years 1937-38 and 1938-39 reveal that persons engaged increased by 396. Salaries and wages paid increased by £858,454. Cost of materials used, value of products, and "added value" all recorded increases.

Number of Establishments.

Increases.—Coachbuilding and motor engineering, &c., 83; furniture, 33; clothing, 23; electrical engineering, 13; concrete block and fibrous plaster, 9; fur-coat and necklet making, 9.

Decreases.—Sawmilling, 30; flax-milling, 13; butter and cheese, 9.

Persons engaged.

Increases.—Coachbuilding and motor engineering, &c., 380; electricity generation and supply, 312; brick, tile, and pottery, 208; tinned plate, &c., 196; printing and publishing, 184; electrical engineering, 163; general engineering, 141; joinery, 128; fruit-preserving and jam-making, 104.

Decreases.—Clothing, 646; sawmilling, 447; woollen-milling, 342; flax-milling, 283; butter and cheese, 184; sail, tent, and oilskin, 116.

Salaries and Wages.

Increases.—Meat freezing and preserving, £191,646; coachbuilding and motor engineering, &c., £158,571; printing and publishing, £104,868; electricity generation and supply, £102,357; general engineering, £77,038; tinned plate, &c., £67,865; brick, tile, and pottery, £50,133; furniture, £48,506.

Decreases.—Flax-milling, £55,338; woollen-milling, £29,847.

Cost of Materials used.

Increases.—Electricity generation and supply, £704,261; coachbuilding and motor engineering, &c., £256,332; brewing and malting, £181,673; sawmilling, £130,388; tobacco and cigarettes, £122,488; ham and bacon, £115,330; printing and publishing, £112,693; joinery, £85,039; tinned plate, £79,982.

Decreases.—Meat freezing and preserving, £876,236; butter and cheese, £495,556; woollen-milling, £225,561; fellmongering and woolscouring, £172,148; grain-milling, £115,903; tanning, £84,782; clothing, £53,282.

Value of Output.

Increases.—Electricity generation and supply, £620,291; coachbuilding and motor engineering, &c., £354,980; tinned plate, &c., £200,020; joinery, £165,048; lime crushing and cement, £158,426; concrete block and fibrous plaster, £125,848; general engineering, £110,664; biscuit and confectionery, £107,508; paint and varnish, £100,531.

Decreases.—Meat freezing and preserving, £574,567; butter and cheese, £432,704; woollen-milling, £306,683; grain-milling, £191,841; fellmongering and woolscouring, £174,869; clothing, £152,963; tanning, £92,078.

Added Value.

Increases.—Meat freezing and preserving, £301,669; lime crushing and cement, £136,846; general engineering, £135,420; tinned plate, &c., £120,038; coachbuilding and motor engineering, &c., £98,648; biscuit and confectionery, £98,291; brick, tile, and pottery, £82,199; joinery, £80,009; furniture, £67,533.

Decreases.—Sawmilling, £116,818; clothing, £99,681; brewing and malting, £95,748; aerated waters, £95,424; agricultural machinery, &c., £95,112; electricity generation and supply, £83,970; flax-milling, £81,692.

Land and Buildings, Plant, and Machinery.

Increases.—Electricity generation and supply, £1,562,372; coachbuilding and motor engineering, &c., £441,327; meat freezing and preserving, £333,444; brewing and malting, £208,296; printing and publishing, £136,336; clothing, £126,535; paint and varnish, £94,875; butter and cheese, £80,404.

Decreases.—Flax-milling, £97,142; gasmaking, £57,595; tanning, £26,680; grain-milling, £26,919.

The above statistics (the latest available) trace the development of industry up to the end of March, 1939. The following comments on some of the main manufacturing industries are compiled from the reports of the Department's District Officers in the four main centres and give an indication of the development that has occurred in industry during the subsequent twelve months—i.e., the year ended 31st March, 1940.

COMMENT ON MANUFACTURING INDUSTRIES.

1. Fruit-preserving and Jam-making.

On the whole, canning firms are well satisfied with their turnover for the past year. At the outset stocks of imported lines appear to have been fairly high, with the resultant time-lag before the full stimulus from import control was experienced. Sales at an exceptionally high level were experienced shortly after the outbreak of war, after which business returned to normal. Supplies of fruit and labour appear to have been fairly satisfactory throughout the season. New machinery has been installed in many instances, and further expansion has only been retarded owing to the difficulty in obtaining supplies of tin plate.

2. *Boot and Shoe Making.*

All firms report increased business over the corresponding period of last year. In many cases new plant has been installed, but output has been hindered by the difficulty of obtaining machinists, necessitating increased overtime being worked. The industry has been considerably stimulated by the constant heavy demand for military footwear, and activities in this direction have naturally taken precedence over output for ordinary commercial and domestic needs. A number of new units have been established and are now approaching capacity output. Existing units have increased their staffs. During the past year some attention has been given to the manufacture of men's and women's high-grade shoes to meet the demand for lines similar to those previously imported.

3. *Engineering.*

Allowing for the usual fluctuations in this industry, the volume of business has, generally speaking, increased substantially. General building requisites and roofing materials are in short supply, and the continual rise in overseas prices is hampering progress. On the other hand, boiler-making, mechanical engineering and brass finishing foundries, and general repair work have had an extremely busy year. Turnovers are in most cases up, but there has been some difficulty in obtaining sufficient skilled workers. The activities of the industry have been extended to include Dough brakes for the baking industry, electrical wringers, irons, washing-boilers, radiator valves, electric welders, electric-lift apparatus.

4. *Sauce, Pickle, and Vinegar Making.*

Pickle-factories, aided by the restriction on imported pickles, have been very active during the year. Manufacturers have extended their range of lines, and arrangements have been made in some cases with local growers to plant additional areas to furnish supplies of raw materials.

5. *Soap and Candle Making.*

Sales are slightly better than last year, and manufacturers have been very busy over the last few months due to heavy buying in anticipation of overseas price-rises. Business has been very good in respect of bar soap, soap-powders, and sandsoap. As the result of import control local firms have entered whole-heartedly into the campaign to manufacture toilet soap and allied toilet preparations. Increases in the number of employees appear to have been general, and many new lines, including a wide range of fancy gift boxes, are now produced. An overseas firm has recently completed the erection of a big factory in the Wellington district, and production has commenced.

One stearine factory is at present reorganizing and extending its plant and will shortly be in a position to supply all requirements in both higher and lower grades of stearine.

6. *Coach and Motor-body Building and Cycle-works.*

In the early part of the year steady business was done, and in the Christchurch district a new assembly plant was erected. However, petrol-restrictions imposed with the outbreak of war, combined with the import restrictions, have had the effect of creating a temporary setback in the coach-building industry. A compensating factor is the increase in repair work owing to the fact that old cars which would normally be turned in are being kept in commission.

7. *Biscuits and Confectionery Making.*

Factories engaged in this industry were exceptionally busy over the greater part of the year under review. Increased sales of chocolate confectionery have resulted from intensive radio advertising, and the Centennial Exhibition entailed a considerably increased production of fancy boxes. It is anticipated that production will continue at a satisfactory level. During the year a new factory commenced operations in the Wellington district, giving employment to some 150 people.

8. *Furniture and Cabinet Making.*

Firms report having a good trading year, and in some cases factories have been extended and staffs increased. Demand has been steady, and although there is a shortage in supply of certain timbers the general position does not appear to have been affected. Factors which have contributed to the growth of this industry over the past year have been the State housing scheme, the Centennial Exhibition, and the supply of furniture to the military establishments.

9. *Ham and Bacon Factories.*

Conditions in this industry have been normal, although from a number of causes, including the severe winter, there has been a shortage of pigs for curing purposes.

10. *Bricks, Pipes, Tiles, and Pottery Making.*

Requirements of the State housing scheme have provided a considerable market for manufacturers of these products. An increasing range is being turned out, and considerable development in the tile-manufacturing side of this business has been noted. In addition, new units have come into production, and it seems probable that further business will have an assured market in the Dominion, both in replacements and in new building activity.

11. *Clothing.*

There has been considerable activity in the clothing trade in connection with the manufacture of garments for the armed Forces but, apart from this fact, conditions during the whole year have been very good. Over the whole field demand still appears to be in excess of supply, and, as with other industries, some difficulty has been experienced in obtaining skilled female operatives. Several retail firms which previously imported women's frocks and coats have commenced production either on their own account or in collaboration with manufacturing firms. A certain quantity of buttons and belt slides are being obtained from local manufacturers. From orders on hand it would appear that a wide demand for made-up apparel exists, and in some factories with latent productive capacity the output to meet this demand is conditioned only by the availability of raw materials and the necessary labour. This feature is particularly marked in respect of frock-manufacturers.

Millinery-factories are also very busy, and a considerable amount of overtime has been found necessary. The manufacturers of men's hats during the past year have concentrated on the production of higher-quality lines to take the place of the imported hats previously marketed in New Zealand. It might perhaps be said that no industry has benefited more than the clothing industry from import-control.

12. *Agriculture and Dairy Machinery and Implement Making.*

During the year there has been considerable activity in this industry, and it appears probable that the two factors contributing to this increase have been the depletion of existing stocks of imported implements and machinery, and the continued influence of the import restrictions. Several firms have adapted their organizations to cope with these additional outlets for manufacturing activity, and an increasing number of milking-machines, seed-cleaners, drills, hay rakes, and other similar equipment is being made available to meet the needs of the primary industries. Difficulties in obtaining the iron and steel necessary has tended to hold up production since the outbreak of war, but prospects are good for the ensuing year.

13. *Woollen-manufacturing.*

In sharp contrast with conditions obtaining during 1938, woollen-mills during the year under review have been working to capacity. At the present time all mills are inundated with orders, and, owing to the necessity of keeping up to schedule with deliveries of military contracts, the demand from civilians cannot be fully met. Large increases in staff have taken place, and further increases could be made if the necessary skilled labour was available. Double shifts are being worked in some mills in an endeavour to cope with the demand. Three mills have plans in hand for an expansion of plant, although difficulties in obtaining delivery of machinery must to some extent hinder these extensions. As regards the future, this industry looks forward to another year of peak production and further consolidation of past achievements.

14. *Printing and Publishing.*

Demand in all cases appears to have been greatly increased, particularly as a result of the expansion of New Zealand manufacturing industries. For some considerable time shortages, particularly in the finer classes of printing-paper, have been noticed, but as yet there has been no restriction on the export of paper from the United Kingdom, which is the main source of supply. The effect of the war in Scandinavia may have a serious effect in the future, however, since the bulk of pulp-supplies, essential to the continuance of the United Kingdom manufacturing industry, are obtained from there.

Briefly, the position is that expansion in the printing and publishing industry is solely dependent on future supplies of paper. Demand for the products of the New Zealand Paper Mills, Mataura, has outstripped the capacity of the plant to supply.

15. *Brush and Broom Making.*

Conditions in this industry have been very good. Existing plant has been working to capacity with more operatives in employment than in the previous year, while in some cases extra plant has been installed, necessitating the employment of additional labour. During the year a feature was the considerable demand for painters' brushware. A new company has recently been formed to undertake the manufacture of toilet brushware, for which there appears to be a good potential market in the Dominion. Apart from the rising cost of imported raw materials, the most disquieting feature in the industry has been the insecurity attaching to these supplies, most of which came formerly from Russia, Poland, and China.

16. *Aerated-water and Cordial Factories.*

Sales in general throughout the Dominion have been on a good, steady level. In the Wellington district the Exhibition had a stimulating effect on production, and for some months manufacturers were hard pressed to keep up with deliveries.

17. *Iron and Brass Foundries.*

Iron-foundries have extended their production, in many cases in conjunction with the manufacturing activities of allied industries. A feature of casting work has been the additional output occasioned by the increasing number of agricultural implements. The demand for dredging equipment, which was previously manufactured overseas, has also given much additional work. Brass-foundries have been active, although raw materials have lately been in short supply. Some factories have been extended and new machinery has been installed, giving work to additional employees.

18. *Hosiery-factories.*

Factories have received an increased volume of orders from chain stores and other big retailers whose stocks of imported stockings have become exhausted during the year. In the early part of the year retailers were somewhat critical of the local product, but more recently demand for both fully-fashioned and circular hose shows such an increase that orders cannot be met. In practically all factories staffs have been considerably increased. Extensions to plant have been carried out, and further additions to plant are in view. Conditions in the industry are particularly bright, and it is anticipated that it will be another year before the demand can be met by the present productive units.

19. *Tinned-plate and Sheet-metal Working.*

Firms handling this type of product are exceedingly busy, and staffs have been increased. The increased demand has largely been due to the increased activity in canning foodstuffs, &c., locally. Production should continue to be very good, although supplies of tinned plate and wire are causing a little concern.

20. *Electrical Engineering.*

There has been considerable activity in this industry throughout the year, in spite of the short supplies of conduit and the consequent slowing down of sales of electrical fittings. New lines of domestic equipment have been introduced, and although one factory suffered a severe fire loss in the middle of the year, the factory concerned has since been reorganized and enlarged and is now working to capacity. One large factory has increased its floor-space considerably and staffs have been increased. The State housing scheme has largely increased the sale of all types of electrical fittings.

21. *Range-making.*

Coal-ranges.—Manufacturers report increased sales in these ranges, mainly as a result of the new and improved models with an enamel finish now being marketed.

Gas-cookers.—No increase in output in the early part of the year was recorded, and towards the end of the year there was a falling-off in sales, due perhaps to the competition of electric ranges.

Electric Ranges.—The year has witnessed a large increase in the production of electric ranges, one firm having doubled its output since the beginning of the year. Another firm have their first sample electric range on test and hope to be in full production shortly. Factories are manufacturing an increasing number of parts, and are installing additional plant to manufacture parts previously imported.

22. *Tanneries.*

This industry in particular has benefited considerably from the Import Control Regulations. Extensions have been made to existing plant, and whereas during the greater part of 1938 demand was very slack, for the whole of the past year production has been at peak-levels. Staffs have been increased in practically all instances, and the demand for military footwear has enhanced the importance of this industry. Difficulties in respect of adequate supplies of raw materials have been overcome to ensure a sufficiency of hides and skins. Several firms have installed new plant.

23. *Ice-cream Manufacture.*

This industry has continued to expand. Sales in general have been very good, and employment is at a high level.

24. *Canvas Goods and Tent-manufacture.*

Manufacturers in this line of business report that trading results have been quite satisfactory in the circumstances, and returns are on a par with the previous year.

25. *Manufacturing Chemists.*

Manufacturers of medicinal preparations, including herbalists, are steadily expanding their output with a view to keeping an extensive market supply. An increasingly important feature is the local development of the cosmetic and toilet preparation manufactures.

26. *Canisters.*

Without exception, firms in this trade report that business over the past year has been excellent. At the present time, owing to the shortage of skilled labour, it has been found impossible to replace those who have enlisted, and in consequence the working of overtime has been found necessary. The greater number of containers required by local manufacturing firms in order to market their increased production has given a distinct stimulus to this industry. A shortage of tinplate during the latter part of the year under review prevented even greater expansion of business.

27. *Paints, Varnishes, Synthetic Finishes, &c.*

This industry has experienced an exceptionally busy year and has benefited considerably from the prohibition of imported paints under the Import Control Regulations. Since the outbreak of war there has been some difficulty in securing supplies of raw materials from overseas.

28. *Mattresses and Bedding.*

Reports from this industry reveal that sales over the past year show an increase. Orders on hand for mattresses and quilts continue to be most gratifying, but the difficulty and delay in obtaining adequate supplies of imported raw materials are causing some concern. Two new factories connected with this industry are in the process of completion in the Wellington district, and will soon be in production.

29. *Radios.*

The industry has been brought within the licensing provisions of the Industrial Efficiency Act, and licenses authorizing new units to operate in this industry have been issued by the Bureau of Industry. This confines the industry at present to those who have received a license, subject, of course, to any license which may be granted to overseas applicants. Due mainly to the import-restriction scheme, the whole of the domestic radio market has been confined to New Zealand manufacturers, and this has resulted in the removal from the New Zealand market of some well-known brands. However, certain of the firms operating radio have extended their operations to manufacture under the existing brands, so that there is still a wide variety of types available to the public.

The demand has varied considerably as between individual units, but the past year has not been exceptional so far as sales are concerned. From present indications, however, it would appear that the coming season should show very much increased activity, and it is abundantly clear that the existing manufacturers in New Zealand are capable of meeting any demand which may arise. No outstanding developments have occurred in the radio field, and it can be said quite confidently that the New Zealand product has compared quite favourably with the best imported.

30. *Wireworking.*

Units in this industry have developed further lines of business, but progress has been somewhat retarded by difficulties arising out of war conditions in obtaining supplies of wire.

31. *Matches.*

Under the Import Control Regulations the imports of matches were greatly restricted as arrangements were made with the local industry to increase the production so that the whole of the New Zealand demand could be catered for, and with the existing plant considerable increases in production have been made, owing to the genuine co-operation of the manufacturers. Arrangements were made for the duplication of the plant for the manufacture of wooden matches, but delays in the supply of equipment arising out of war conditions have impeded the duplication of output, which is now expected to be effective by the middle of 1940. Some difficulty has also been experienced in obtaining suitable labour in the match-factories. Some agitation was raised in regard to shortage of matches, but it appears that this shortage has been accentuated by hoarding and possible faulty distribution of matches, and additional imports had to be allowed to maintain supplies on the market. It is anticipated that by the end of 1940, provided supplies of raw material are available, New Zealand will be producing its own supplies of matches.

NEW INDUSTRIES.

The expansion of local industry, which during the past few years has been a feature of the Dominion's economic life, was continued during the year under review. While official statistics are not yet available, a survey recently made by the Department indicates that during the past year at least 190 factories have been opened employing approximately 2,968 people. This list does not include all the factories which have commenced production, but is limited to those which from their size and the scope of their activities can be termed manufacturing industries in the real sense of the word. Of this number, 46 are new structures especially erected to carry out industrial processes. The number of people employed in these newly-erected factories totals 953.

In the Wellington district some 90 factories employing 1,645 people have gone into production during the year, necessitating the building of 29 new factories employing 494 people. Some of these newly-erected factories have only just been completed and production has not yet reached its peak.

Some idea of the progress that has been made by local manufacturers to supply the market for goods previously imported can be gained from the following list of products the manufacture of which has commenced during the past year: Parchment lamp-shades, rubberware for milking-machines, fruit-cases, soft-goods, tennis-shoes, rustproofing, trout-fishing flies, iodized table salt, fibrous plaster, tartan novelties, biscuits, bricks and tiles, sewing-mops, hosiery, corsets, boxes, springs, inks, handbags, terrazo, nails and staples, paint, paper cartons, rubber solution, zinc oxide, cosmetics, concentrated foods, jellies, toys, bolts and nuts, cornflour, liver salts, pharmaceutical preparations, electrical appliances, batteries, malted milk, lacquers, soap, litharge, mattresses, cotton-wool, carpets, carbon-dioxide gas, flock, plastics, buttons, buckles, &c., cigarette-papers, tobacco and cigarettes, steel wool and potmits, varnishes and waxes, washing-machines, sporting goods, dentifrice, raincoats, electro-plated ware, concrete goods, cordials, caravans, block board, veneer panels and mouldings, soldering-fluid, valve-grinding paste, plastic wood, gasket cement, spoons, forks, and butter-knives, hat-blocks, gluten, dextrine, glucose, and handkerchiefs.

NEW ZEALAND MANUFACTURERS' FEDERATION AND DISTRICT ASSOCIATIONS.

A close contact has been maintained between the Department, the Manufacturers' Federation, and the district associations in the four main centres. All these district associations are affiliated with the federation and are representative of industry in the widest sense. The membership is as follows: Auckland, 553 members; Wellington, 470; Christchurch, 430; and Dunedin, 150.

All those matters relative to the activities of the Bureau of Industry and those connected with the supply of materials under the policy of import selection and control are discussed with the federation. In particular the federation has afforded much useful information covering the expansion of local industry to meet the internal demand for many articles not now available from overseas.

One very noteworthy phase of the federation's activities has been the formation by the various associations of district trade groups with the idea of rendering New Zealand industry able to meet rapidly any demands which might be thrown upon it. A wider degree of flexibility is thus available within the federation, and as time goes on it is hoped to form national trade groups, which will be even more representative of individual industries than are the existing groups. The Department has during the year had some evidence of the usefulness of such groups within the federation, and in pursuance of an ever-increasing tempo in the war effort there can be no question but that the needs of the community will be best met by such an industrial structure.

The Woollen-mill Owners' Association, a separate association affiliated with the federation, has only recently appointed a co-ordinating officer with the object of co-operating to the fullest extent possible with the Government, and thus assuring the greatest possible production by this most important section of industry in New Zealand. In effect, this represents the ultimate in trade group formation and activity.

DIRECTORY OF NEW ZEALAND MANUFACTURERS.

The compilation of the directory was completed in July, 1939, and covered all registrations of factories up to 30th June. The directory, which has been distributed to commercial houses, manufacturers, and agents throughout the Dominion, and also to Government Departments, is printed in two sections, the first being an alphabetical list of products and services with the firms set out under the respective headings, and the second an alphabetical index of names and addresses of the manufacturers, together with details of branches, cable and telegraphic addresses, and postal-district indicators.

In order that this directory may be kept up to date the Department obtains monthly advice of all new factories registered. These are then communicated with by the district officers of the Department in the main centres and their names included in periodical lists of amendments, which are available from the Department on application.

STORES CONTROL BOARD.

The Department continues to be represented on the Advisory Committee of the Stores Control Board, and it is pleasing to note that increasing attention has been given to the possibility of granting further preference to goods manufactured, or partly manufactured, in the Dominion. While it is not possible to determine the relative proportion of the total expenditure applied to the purchase of New Zealand goods, the importance of being in a position to make such an analysis of the trend in this regard is recognized, and it is hoped that in the future it may be possible to obtain this information.

The greatest attention has been paid to the matter of purchasing to New Zealand standard specifications, which greatly simplifies and renders more effective purchasing procedure, while at the same time securing greater convenience and economy both to purchasing Departments and to suppliers. Manufacturers especially are assisted by this procedure, as they can reduce the number of their specifications and, as opportunity offers, build up their reserve stocks with less uncertainty.

BUREAU OF INDUSTRY.

INDUSTRIAL EFFICIENCY ACT, 1936.

REPORT FOR THE YEAR ENDED 30TH APRIL, 1940.

For various reasons there were a number of changes in the ordinary membership of the Bureau during the year, four resignations having been accepted and one appointment having been made. Mr. W. N. Waugh, of the Customs Department, was appointed an ordinary member towards the end of 1939. Lieut.-Colonel W. G. Stevens resigned prior to his departure for overseas with the Second New Zealand Expeditionary Force. Mr. Justice Tyndall resigned on his elevation to the position of Judge of the Arbitration Court. Mr. D. W. Woodward, who had been Secretary of the Bureau from its inception, was awarded a Commonwealth Fund Fellowship during the year and left for the United States of America for a two years' course of study and travel. Finally, on the return of Dr. Marsden from abroad, Mr. N. L. Wright returned to London in his capacity of Scientific Liaison Officer. These four resignations were accepted by the Hon. the Minister with considerable regret, as all four gentlemen had rendered most valuable service to the Bureau.

The special membership remained unchanged during the year.

The membership at present is as follows:—

Ordinary Members—

Mr. L. J. Schmitt (Chairman), Secretary, Department of Industries and Commerce.
 Mr. F. Johnson (Deputy Chairman), Assistant Secretary, Department of Industries and Commerce.
 Mr. W. Bromley, Secretary, State Iron and Steel Department.
 Mr. E. J. Fawcett, Assistant Director-General, Department of Agriculture.
 Mr. E. D. Good, Comptroller of Customs.
 Mr. B. L. Greensmith, Second Assistant Secretary to the Treasury.
 Mr. J. S. Hunter, Director, Social Security Department.
 Mr. L. J. McDonald, Inspector of Licensed Industries, Department of Industries and Commerce.
 Dr. E. Marsden, Secretary, Department of Scientific and Industrial Research.
 Mr. G. A. Pascoe, Commissioner, State Iron and Steel Department.
 Mr. W. N. Waugh, Advisory and Investigating Officer, Customs Department.

Special Members—

Manufacturers' Representatives—

Mr. C. M. Bowden, Public Accountant, Wellington.
 Mr. I. Matheson, Director, Matheson and Wilkinson, Ltd., Wellington.

Farmers' Representatives—

Mr. T. C. Brash, late Secretary, New Zealand Dairy Board.
 Mr. H. Morrison, Sheep-farmer, Awatotoi, Masterton.

Mr. G. L. O'Halloran, Senior Investigating Officer, Department of Industries and Commerce, succeeded Mr. Woodward as Secretary of the Bureau.

INTRODUCTORY.

Three and a half years have passed since the Industrial Efficiency Act became law, and during that period the Bureau of Industry, whose function it is to administer the Act, can fairly claim to have achieved its intended position as a positive and integral factor in the industrial structure of the Dominion. The past twelve months have provided striking proof of the wisdom of making adequate provision for the development of the Dominion's industries on an orderly and constructive basis. That the act is meeting a real need in industry and that our leading industrialists are appreciative of this fact has been evidenced during the year under review by the number of important industries which have requested the Hon. the Minister to bring their respective industries under the licensing provisions of the Act. It is important to observe that the number of licensed industries has almost doubled during the year, no fewer than fifteen being licensed since the last annual report was presented.

Licensing is, however, only one phase of industrial planning. The more far-reaching and constructive action contemplated in the Industrial Efficiency Act relates to the preparation of industrial plans for different industries and the administration of these "plans" by Industrial Committees. It is through these committees that industries may achieve what virtually amounts to self-government, subject to the scope of the "plans" as voluntarily accepted by the respective industries, and subject also, of course, to the aims and tenor of the Industrial Efficiency Act. During the past year several draft industrial plans have reached advanced stages and would no doubt have been finalized had not the war intervened and hindered progress in this regard in a number of ways. At the moment the war makes it impossible to predict even the immediate future, but, unless untoward events occur, it is hoped that finality in regard to a number of industrial plans will rank among the achievements of the coming year.

Nevertheless, though the formulation of industrial plans during the year has not been realized in the manner anticipated a year ago, licensing by itself has been effectively administered to the benefit of the various industries. Particularly because of the added necessity during wartime of preventing wasteful redundancy of plant and capital expenditure of all kinds, the value of licensing is at once apparent. In licensed industries additional units are permitted to operate only if their operation would contribute to the economic welfare of the Dominion. In a number of cases additional units have been licensed during the year, but in other cases applications for licenses for new units have been declined on the grounds that the existing units were capable of adequately meeting the needs of the market and that the granting of the applications would, in the opinion of the Bureau, have resulted in economic waste.

The year has been one of marked industrial expansion and the greatly increased number of applications for industries to be licensed was no doubt largely due to the realization among industrialists that the Act provided an excellent opportunity for regulating the entrance of new units in industry in a manner calculated to have full regard for orderly long-term development. Actually there have been a number of examples during the period under review where the absence of licensing in some industries would have resulted in extreme redundancy of capital equipment with its inevitable ultimate increase in costs to consumers and uneconomic utilization of resources.

The activities of the New Zealand Manufacturers' Federation and the General Secretary of that body have been, as previously, most helpful to the Bureau in its negotiations with the various industrial groups linked with the federation. It is desired to place on record the Bureau's appreciation of the generous manner in which the executives of the different industrial groups have been prepared to wait on the Bureau in furtherance of the interests of the industries which they represent. There has

been a marked desire on the part of these busy executives to spare no reasonable efforts to improve the organization and general well-being of their industries as a whole. This promises well for our industrial future.

This year's report follows the lines of those of previous years, but as an economy measure it is much briefer. References to the general aims and purposes of the Act and details of the various phases of the Bureau's work were fully covered in earlier annual reports and are now fairly widely known.

MEETINGS OF BUREAU.

During the twelve months ended 30th April, 1940, the Bureau of Industry met forty-six times—usually each Monday afternoon. The Executive of the Bureau has met quite frequently, principally to hear verbal representations from applicants for licenses involving exhaustive submissions or to meet representatives of industries which desire licensing or in connection with formulating industrial plans. The executive consists of the Deputy Chairman, Messrs. Bromley, McDonald, and Pascoe, and one or more of the special members.

LICENSING.

The Hon. the Minister maintained his policy of licensing industries only where it was clearly in the general economic interests of the Dominion that they should be licensed, full regard always being had as to whether licensing would contribute to the welfare not only of those engaged in the industry itself, but also of the public as a whole.

At the time of submitting last year's report there were seventeen licensed industries. During the past twelve months, however, fifteen additional industries were licensed, bringing the total to thirty-two. Several major industries of the Dominion were included in those licensed in the period covered by this review, and it is noteworthy that the desire for licensing was almost unanimous among the units engaged in these industries. Included in these important newly-licensed industries are those respectively of the manufacture of footwear, the manufacture of radio-receiving sets, and the manufacture of soap and soap-powder.

Hereunder is a list of those industries which were licensed on the 30th April, 1940 (an asterisk indicates that the industry was licensed during the past year):—

- * Manufacture for sale of *apple-juice*.
- Manufacture of products consisting of a combination of *asbestos and cement*.
- Manufacture of batteries or cells, commonly known as *dry cells*.
- Manufacture and/or assembly of secondary or *storage cells and batteries*, commonly known as wet batteries, or any part or parts thereof.
- Manufacture of cement: Portland and other structural or building cement.
- The business of any *chemist or druggist* carried on by keeping of any open shop or place for the compounding or dispensing of prescriptions.
- Manufacture of *cigarette-papers*.
- * Manufacture of *colloidal sulphur*.
- Taking by a fisherman for sale of fish* (not trout, whitebait, or oysters).
- Export of fish* (not salmon, trout, whitebait, or oysters).
- * Preservation for sale in hermetically sealed cans, jars, or other containers of *fish*.
- * *Sale by retail of fish* (not trout or oysters).
- * *Sale by wholesale of fish* (not trout or oysters).
- * Manufacture for sale of *footwear*.
- * Canning of *fruit and vegetables*.
- * Manufacture of *malt-extract*.
- Importation and/or wholesale distribution of motor-spirits*.
- Retail sale and distribution of motor-spirits*.
- The manufacture of *nails*.
- Taking from oyster-beds of *oysters*.
- * Manufacture of *paper-pulp or paper products*.
- * Milling of *phormium products*.
- Manufacture of *pumps* or the assembly of parts thereof for the distribution of *motor-spirit*.
- * Manufacture for sale of *radio-receiving sets*.
- Manufacture of *electric ranges*, including the assembly of parts thereof.
- Manufacture of *rennet*.
- * Manufacture for sale of *bituminous roofing-material*.
- * Manufacture of *rope and twine*.
- Manufacture of *rubber tires and tubes* for all types of vehicles.
- * Manufacture for sale of *soap and soap-powder*.
- * Manufacture for sale of *waxed paper*.
- Manufacture of *wooden heels* for footwear.

APPEALS AGAINST BUREAU DECISIONS.

The Hon. Sir Francis Frazer has continued to act as the authority appointed by the Hon. the Minister under the relevant provisions of the Act to inquire into and report on all appeals lodged with the Minister against decisions of the Bureau of Industry. Forty-three persons exercised their rights of appeal during the year, and of these, fifteen were wholly or partially successful, the Bureau's decisions being reversed or varied in each of these cases.

INDUSTRIAL PLANS AND INDUSTRIAL COMMITTEES.

As indicated above, no industrial plans were finalized during the year. The plans for the flax industry and the pharmacy industry continued to be administered by the respective industrial committees. The experience of these two industrial committees provides evidence of the value of the Act through its provisions relating to industrial plans in promoting self-government of industry. In each case representatives of various sections of the industries and representatives of the Government have been able to discuss together problems related to the industry and to set in train constructive action for the betterment of the industry. This augurs well for the success of the industrial committees which it is hoped will be appointed during the coming year.

There follows brief *résumés* of the principal action which has been taken during the year in regard to the more important of the licensed industries:—

FLAX.

The Industrial Efficiency (Flax) Regulations 1938 were based on the industrial plan prepared for the flax industry, and the regulations are administered by the Flax Plan Industrial Committee comprised of the following persons:—

Nominees of—

Government.—Dr. E. Marsden (Chairman), Department of Scientific and Industrial Research; Mr. F. Johnson, Department of Industries and Commerce; Mr. E. J. Fawcett, Department of Agriculture; Mr. P. T. Robinson, Employment Bureau, Palmerston North.

Millers.—Mr. L. A. Niederer, Gorge Road, Southland; Mr. B. B. Wood, Christchurch.

Growers.—Mr. A. H. Long, Kaingaroa, North Auckland.

Manufacturers of Flax Products.—Mr. F. W. Vickerman, Wellington.

Workers.—Mr. H. H. Podmore, Foxton.

Executive.

As the majority of matters considered during the year have been closely concerned with Government policy, the full Committee has met only once, but the Executive has met on frequent occasions to consider further plans for the rehabilitation of the flax industry.

State of Industry.

The industry has been in a chaotic state owing to the accumulated effects of years of unco-ordinated individual action in regard to growing, cutting, milling, and marketing, and this unsatisfactory state of affairs has been accentuated by the low market price for hemp which has continued throughout the year. The Government has, however, been advised that the main hope for rehabilitation of the industry must be based on the local development of a textile industry and internal usage of fibre, and so the subsidy on hemp exported was discontinued on the 31st August.

Textile Developments.

The Government has given serious consideration to the rehabilitation of the industry on the basis suggested namely, the internal utilization of all fibre for rope, twine, and textile goods and other purposes, there being practically no overseas market for fibre. These proposals have been proceeded with, and definite progress has been made during the year.

Extension of Woolpack Factory.

The Government has decided to develop the woolpack industry so that it will be capable of meeting the total New Zealand demand (approximately 800,000) for woolpacks, and various steps have been taken to implement this decision.

Additional Plant and Buildings.

To enable this increased output to be undertaken the existing plant will need to be duplicated and additional buildings will be necessary to accommodate the additional plant. Certain of the machinery is being manufactured locally, and tenders for this machinery have already been let. A considerable amount of the machinery cannot, however, be manufactured locally, and orders for this plant have already been placed with James Mackie and Sons, Ltd., Albert Foundry, Belfast, whose previous installation of machinery has proved eminently successful and has given better results than those contained in the manufacturers' guarantee. Some of this machinery is being shipped in April and the balance before the end of May. The Public Works Department is actively engaged in preparing plans for the new buildings, and the collaboration of the Railways Department has been obtained in regard to the layout of the new factory.

It is anticipated that the additional plant will be in operation towards the end of 1940, and will increase *phormium* to 500,000 packs per annum, and that for the 1941-42 wool season the woolpack-factory will be able to supply all woolpacks required in New Zealand, with consequent increased local employment and diminished call on overseas funds.

Flax Plantation, Moutoa Estate.

To ensure adequate supplies of raw materials (*Phormium tenax*) the Government has taken by Proclamation under the Public Works Act some 4,621 acres of the Moutoa Estate, near Foxton, which will be developed as a flax-plantation. Plans for this development are being prepared by a special committee representative of the various Government Departments interested and practical flaxmillers, and this development is proceeding speedily. It is proposed to plant the whole area in pedigree varieties of *phormium* to supply the fibre requirements of the New Zealand woolpack-factory and even extensions into other textile operations.

Stripping-mill.

To maintain complete control of the fibre from the estate and to ensure that fibre suitable for use in the woolpack-factory is prepared at the least possible cost, a stripping-mill has been purchased at Foxton and is being adapted to the needs of the woolpack industry.

One of the greatest advantages of the steps outlined above will be that New Zealand will be independent of overseas supplies in relation to this necessary ancillary of its important woolgrowing industry.

General Activities.

Mechanical Research.—The new tail-stripping machine developed by the Flax Plan Industrial Committee has justified the hope it inspired and has reduced the cost of production, while improving the quality and quantity of the fibre obtained. The Government has actually had a number of these strippers made, and these will be installed at Foxton in connection with the development of the woolpack industry. It is proposed to purchase several more of these improved strippers for use in other flaxmills with a view to improving the quality of production.

Research work has been continued throughout the year at the Government Experimental Station at Foxton by the Government's own officers (in association with practical flaxmillers), and, in addition to work on the new tail-stripping machine, attempts have been made to develop an improved flax-washing machine.

Licensing of Industry. A further feature of the flax plan was implemented during the year when the flaxmilling industry was gazetted a licensed industry under Part III of the Industrial Efficiency Act. This will be a considerable help in the consideration of further measures for the rehabilitation of the flax industry. It may be stated that the low prices of hemp on the United Kingdom market at the commencement of the war (which are insufficient to meet costs of production) are impeding any immediate possibility of increasing the export trade. Difficulties have also been occasioned by the fact that the quality of fibre produced in Southland is not in accordance with the requirements of local users and yet cannot be exported at payable prices.

Throughout the year close collaboration has been maintained with all Government Departments interested in the flax industry, including the Departments of Agriculture and Scientific and Industrial Research, while the Public Works Department has actively co-operated in all phases of the developments at Foxton. These developments have absorbed a very large proportion of the time and attention of members of the Executive, and as these plans are coming to fruition attention is being given to the rehabilitation of the industry in other parts of New Zealand.

PHARMACY.

The Pharmacy Plan Industrial Committee set up two years ago has continued to function efficiently. There was one change in the personnel of the Committee during the year, Mr. L. J. McDonald, a member of the Bureau taking the place of Mr. D. W. Woodward on the latter's departure for America.

The stabilization of prescription pricing methods having been satisfactorily established, the Committee turned its attention to the fulfilment of other features envisaged in the plan, and it is anticipated that activities proposed in the coming year will contribute further to the improvement of the pharmacy industry. It may be added that it is expected that the passing of the Pharmacy Act, 1939, also promises to promote the advancement of the industry both professionally and commercially. In anticipation of pharmaceutical benefits becoming operative under the Social Security Act, the Committee has placed at the disposal of the appropriate authorities the information and data which has been compiled since the Committee commenced its surveys and examinations of general problems, and the fullest co-operation will be afforded in the launching of the scheme when the time comes.

The Committee is co-operating with the Bureau of Industry to the fullest extent. Recommendations concerning a number of applications for licenses have been dealt with during the year, and it may be added that only one appeal was lodged against the decisions of the Bureau relating to the pharmacy industry, and this was in respect to the declining of an application for a license for a new pharmacy. The appeal was unsuccessful.

SALE OF MOTOR-SPIRITS.

During the first two years of licensing, 1937 and 1938, the total number of applications received for or in respect to licenses was just under 2,750—that is, an average for each year of 1,375. During 1939, however, the figure dropped to about 700. As a result of the imposition of the restrictions on the sale of motor-spirits in the latter part of 1939 under the Emergency Regulations it is anticipated that the drop during the current period will be still more acute.

The emergency restrictions, reducing consumption to approximately 6,000,000 gallons per month, are having serious effects on resellers, who report reductions in turnover varying from 25 per cent. to 33½ per cent. Some petrol-resellers report that they are finding it difficult to carry on, and notification has been received from several that they propose to suspend operations in connection with the petrol side of their business during the period of the restrictions. This is one of the problems involved in the coming year's administration.

A recent development, however, has been the setting-up of a Petrol Advisory Committee embracing representatives of all sections of the industry, including consumers. The functions of this committee may be summarized as (1) to advise the Bureau of Industry on licensing problems connected with the industry; (2) to advise the Oil Fuel Controller on questions arising from the administration of the restrictions; and (3) to consider any matter that the Hon. the Minister of Industries and Commerce wishes to place before the committee.

The Committee has already held its inaugural meeting, and there is every indication that it will be kept very busy for some considerable time.

FISHERIES INDUSTRIES.

At the beginning of the year under review the Bureau continued to keep close contact with the various branches of the sea-fishing industry, and further steps were taken to formulate an industrial plan for the better organization and more economical working of the industry in accordance with the recommendations made by the Sea-fisheries Investigation Committee which presented its report and recommendations in 1938.

Following a number of conferences with the various branches of the industry, a deputation, representative of all branches, waited on the Hon. the Minister and asked him to bring the industry under the licensing provisions of the Industrial Efficiency Act, 1936, and to introduce the industrial plan under this Act which has evolved from the various conferences referred to above. The Minister acceded to the requests of the deputation, and at the end of September, 1939, issued licensing notices covering the various fisheries industries concerned.

Under the provisions of these notices the Bureau of Industry has approved of the issue of licenses as under: Industrial fishing licenses, 1,398; fish wholesalers' licenses, 38; fish retailers' licenses, 567; fish-exporters' licenses, 25; Fish-canners' licenses, 8; and industrial oyster-dredging licenses, 11.

The industrial plan was practically completed at the outbreak of war, but was not then proceeded with. The provisions of the Foodstuffs Control Emergency Regulations gave all the authority which was necessary to implement a plan and to bring about the better organization and more economical working as amongst units of the industry concerned, and it was deemed advisable to operate under the Emergency Regulations. A representative committee (under the chairmanship of James Thorn, M.P.) was appointed to act in an advisory capacity, firstly, to the Bureau of Industry upon all matters concerning the licensing of the units of the industry and, secondly, to the Food Controller upon supply and distribution.

Summed up, it might be said that a greater measure of co-operation now exists as between the various interests at the different ports and throughout the Dominion as a whole. At all times particular attention has been paid to the interests of the consuming public within the Dominion, but the importance of the valuable export trade to Australia has not been lost sight of.

APPLE-JUICE.

As a means of encouraging the development of this industry, and on the recommendation of the Bureau of Industry, steps were taken to promote the sale of apple-juice at the Centennial Exhibition, and a section of the stall occupied by the New Zealand Fruitgrowers' Federation was utilized for the purpose. The results were most gratifying, and it is considered that the popularity of apple-juice as a light and health-giving beverage has been greatly enhanced by the large number of sales made at the Exhibition. The value of this industry as a means of utilizing surplus apples has assumed a new importance since the war.

ASBESTOS-CEMENT PRODUCTS.

The asbestos-cement products industry has become firmly established in the Dominion, and marked progress has been achieved during the two years of its existence.

DRY-CELL BATTERIES.

The local industry is now meeting the requirements of the Dominion in the matter of torch, radio, and most other dry-cell batteries, it being necessary to import meanwhile only relatively few special types of batteries.

WET-STORAGE BATTERIES.

The year has witnessed steady advances in the industry. With the exception of most of the containers (there being only two manufacturers of these) practically the whole of the New Zealand market for storage batteries is being met by domestic manufacture.

CIGARETTE-PAPERS.

The two licensees in this industry are now supplying the whole of the local demand for cigarette-papers.

FOOTWEAR.

The footwear industry was licensed during the year, and a provisional industrial plan has been formulated in consultation with representatives of the industry. Some seventy units are engaged in the manufacture of footwear, and this important industry offers considerable scope for effective industrial planning.

PAPER-PULP AND PAPER PRODUCTS.

An investigation is proceeding in regard to the possibilities of developing all aspects of the manufacture of paper, wallboard, paper-pulp, and allied products in the Dominion. This industry was licensed during the year.

RADIO-RECEIVING SETS.

The development of the radio manufacturing industry has been outstanding, and the local units are satisfactorily meeting the whole of the Dominion's requirements of radio-receiving sets. A very high percentage of component parts is also being manufactured in the local factories. Forty-four units are licensed in this industry.

BITUMINOUS ROOFING-MATERIALS.

This is a new industry for New Zealand, and it is anticipated that during the coming year a large proportion of our requirements of bituminous products will be available from local factories.

RUBBER TIRES AND TUBES.

The local industry is supplying an increasing proportion of our requirements of cycle-tires, and production of tubes is developing. During the year the Bureau reached an advanced stage in considering the applications received for licenses to commence manufacturing motor tires and tubes in the Dominion. Finality in the matter has not been reached.

SOAP AND SOAP-POWDER.

Forty-nine manufacturers of soap and allied products were issued with licenses during the period under review, and substantial steps were taken in the formulation of an industrial plan for the industry. Several meetings with representatives of the industry have taken place in this latter regard and more are anticipated.

WAXED PAPER.

The two units which were in the industry of the manufacture of waxed paper when it was licensed have taken steps to expand their respective outputs so as to enable them to meet the whole of the local demand. Already practically all the supplies of plain waxed paper can now be produced in the Dominion, and it is anticipated that within the next year the total demand for printed waxed paper will also be supplied by the local factories.

FINANCIAL ASSISTANCE TO INDUSTRIES.

Although the period covered by this report was one of rapid expansion of our industrial structure, the necessary capital was readily forthcoming from private sources. It is a significant indication of the confidence which industrialists and investors have in our industrial future that the number of applications for State financial assistance for industrial purposes fell from figures which have varied between twenty-five to thirty-five during recent years to only six during the past year. As in the past, the Bureau has investigated the applications and reported thereon to the Government.

GENERAL.

In addition to the matters mentioned so far in this report, and besides the general administrative work involved in dealing with the 20-odd licensed industries not specifically reported on above, the Bureau has again considered many subjects of a general nature affecting industry as a whole, besides certain aspects of a number of industries not licensed.

Altogether it would appear that the Industrial Efficiency Act has become firmly established as a means of aiding the orderly growth of those of our industries which have been brought under the administration of the Bureau of Industry. In many cases the problems involved are such as will require continued and patient endeavour over a period of years. However, the past year has revealed that action taken by the Bureau earlier in its existence is now being evidenced in positive and beneficial results in the industries concerned. Having regard to the current expansion of industry which is taking place in the Dominion and the wider influence which the Bureau of Industry is now enjoying, there would appear to be excellent prospects of the Bureau exerting an effective influence in the matter of our achieving the maximum efficiency in our industrial sphere with the minimum of economic waste.

One of the most gratifying features of the last year or two, so far as the Bureau has been concerned, has been the extreme willingness which those engaged in many industries have shown in their desire to co-operate with the Bureau and its officers in the efforts being made to promote efficiency and harmony in industry.

WOOLPACKS.

The system of control of importation of woolpacks to ensure the maximum consumption of New Zealand flax woolpacks locally manufactured has been continued.

As it was anticipated that New Zealand Woolpack and Textiles, Ltd., could produce 300,000 out of a Dominion requirement of 800,000, the proportion of jute woolpacks was fixed at three to five. The price of woolpacks was also fixed.

The number of packs of all sizes actually manufactured by the local company was 360,255, and the total quantity of fibre used was 1,689 tons hemp and 22 tons tow, totalling 1,711 tons.

Owing to the complete collapse of the export market, the company was unable to secure supplies of the by-product (tow) and was compelled to use line fibre exclusively.

Proposals for the extension of the factory and for ensuring supplies of raw materials have been given careful consideration by the Government, and it has been decided to extend the woolpack-factory so that eventually it will be able to manufacture all the woolpacks required in New Zealand. This enterprise is already well under way.

MOTOR-SPIRITS PRICE-FIXATION.

During the past year the policy of price-fixation of petrol has been extended to cover Westland district. An incidental effect of the stabilization of prices brought about by these regulations was the reduction in the reseller's margin which was able to be made in one or two areas. In other cases the retailer's margin was fixed at a figure actually below that usually allowed, this being done at the request of the resellers themselves.

In the course of the year amendments were made to the Motor-spirits Prices, Nelson-Blenheim, Hawke's Bay - Wairarapa, and Otago-Southland Regulations. In the first case it was found possible to reduce the price charged in Nelson and districts served therefrom to the extent of 2d. per gallon. This reduction was brought about by the installation of additional bulk-storage facilities in Nelson enabling overseas tankers to discharge direct, and thus saving the cost of transporting in drums from Wellington for the bulk of the petrol sold. The amendment to the Hawke's Bay - Wairarapa Regulations was introduced for the purpose of reducing prices charged in the Borough of Wairoa by 1½d. per gallon, which was found possible through the extension of rail-tank-car facilities and one company placing its drum-filling facilities at the disposal of the other oil companies. The Otago-Southland Amendment effected a slight adjustment by bringing petrol-prices at Clydevale in line with those fixed in similarly placed areas.

An important amendment recently made to the Motor-spirits Prices General Regulations 1938 was the reduction in the "bulk consumer" qualification from 4,800 gallons to 3,500 gallons per year. Previously firms using quantities of petrol in their own business were obliged to take 4,800 gallons per year to enable them to buy at wholesale rates. The rationing of petrol-supplies introduced as a war-emergency measure last year resulted in many firms who previously were able to purchase in sufficient quantities to secure wholesale rates no longer being able to do so, and consequently this measure was introduced to correct any anomalies caused. This amendment, it should be noted, refers to this year only.

A further feature of the Department's work has been the close check kept on landed costs of petrol in relation to the prices fixed by regulations throughout the country. In addition to the reductions effected in specific areas previously referred to, the Department was able, in the early part of this year, to bring about two general reductions of one halfpenny per gallon. With the advent of the war, however, prices have had to be increased. A system of average prices based on the c.i.f. and e. costs has been instituted, and the large increases in landed costs to the oil companies have had to be passed on to the consuming public when it was considered warranted. As far as possible price-increases have been stabilized to prevent sudden fluctuations from one shipment to another, and the increases have only been made when fully supported by confirmatory evidence. The average landed cost of all the petrol in the country only is considered, not the cost of an individual shipment.

With the introduction of regulations rationing petrol the industry has been faced with many problems, and the Hon. the Minister has set up an advisory Committee to assist him in the determination of the various matters that have come to his notice as a result of the emergency conditions. This Committee consists of representatives of resellers, oil companies, employers, transport operators and the automobile association, garage-proprietors, and two Government members. The Committee has had one or two meetings, and it is anticipated that much helpful assistance will be forthcoming as a result of its deliberations.

MOTION-PICTURE INDUSTRY.

During the past year eighteen applications for permission to open new theatres or reopen existing theatres at the time unlicensed came before the Department for investigation. All applications were subject to the customary inquiries carried out under the provisions of the Cinematograph Films (Issue of Exhibitor's Licenses) Regulations 1937 and referred to an independent Magistrate for his report to the Hon. the Minister in due course.

As has been mentioned in previous annual reports, the Hon. the Minister makes an almost invariable practice of submitting the Magistrate's report to Cabinet for permission, and of the applications received during the year only four were granted. Of the balance six were declined, and a further eight are, at the moment, still under consideration.

During the year a Film Industry Board has been set up to deal with the various problems that arise from time to time within the industry. This Board is representative of all sections of the industry, and is presided over by Mr. W. F. Stilwell, S.M. The film exchanges have four representatives, the independent exhibitors two representatives, while the two major exhibiting groups in the Dominion have one representative each. The Government has three representatives, two of whom are officers of this Department, the third being the Chief Inspector of Films.

One of the main activities of the Board, which has met on some half-dozen occasions, is that concerning amendments to the present regulations. In the course of the administration of the regulations certain defects have been noticed, and some very real progress in connection with the whole matter has been made through all interested parties being able to express their ideas as to the formulation of regulations which would be not only acceptable to the industry, but would cover all likely activities within the industry.

From the personnel of the Board it will be observed that the independent operators have equal representation with the large exhibiting groups, and while the Government representatives have full right to take part in discussions, when it comes to a question of voting they have no voice. This then means that through the constitution of the Board four representatives of the renters and four representatives of the exhibitors are presided over by an independent Chairman, who is a Magistrate, and up to the present the Board has proceeded with a very real endeavour to secure rationalization within the industry, a matter in which the Government is vitally interested.

WHEAT, FLOUR, AND BREAD.

The wheat, flour, and bread rationalization scheme has been continued during the year and has worked smoothly. On the outbreak of war Mr. R. McPherson, General Manager of the Wheat Committee, was appointed Wheat and Flour Controller under the Supply Emergency Regulations, and the Controller and the Committee have maintained the administration of the scheme without change.

The sowing season during 1939 was favourable, and the area sown was greatly increased. In addition, appeals made to wheatgrowers on the outbreak of war resulted in further increases in the area. It is expected that the crop now being harvested will yield a very substantial proportion of wheat for New Zealand's needs this year. The quality of the wheat is good.

A price based on 5s. 9d. per bushel f.o.b. for March sales of Tuscan has been announced for the 1941 season, and it is anticipated that a large area will be sown this year for the 1941 harvest.

The membership of the Wheat Committee this year is the same as for the previous year.

GAS REGULATIONS.

The administration of the Board of Trade (Gas) Regulations has proceeded smoothly during the year. Permission was granted to the Timaru Gas Co. to increase its prices by 5d. per 1,000 cubic feet to meet increased costs. Other applications are under consideration at present.

CHATELS TRANSFER ACT.

The Department is entrusted with the administration of section 57 of the Chattels Transfer Act, and during the year only one application has been received for the inclusion in the Seventh Schedule of the Act of an additional chattel.

The investigation concerned a request for the inclusion of cinematograph cameras, but after examining the particulars obtaining in the disposing of this class of chattel and giving consideration as to whether or not it was in the public interest that such a chattel should be so included it was decided that the practice followed did not warrant any further amendment in the Seventh Schedule.

HIRE-PURCHASE AGREEMENT ACT, 1939.

A feature of importance during the past year was the introduction of the above Act for the control of hire-purchase agreements generally. Prior to the introduction of this Act it was possible for an unscrupulous vendor of goods hired to make a profit out of the default in the payment of instalments by the purchaser. Fortunately such a practice was not general, but the weakness of the existing Chattels Transfer Act had left loopholes for those desirous of taking advantage of the default of hirers.

The introduction of the Bill before the House was in the hands of the Attorney-General, and a general consensus of opinion as to the desirable features of the Bill was expressed. Certain powers are given to a Magistrate to reopen hire-purchase transactions where the interest charged in the agreement is considered excessive or the transaction is harsh or unconscionable. These provisions, together with the other powers conferred by the Act, should go far towards remedying certain of the abuses which from time to time come to the notice of the Department.

STANDARDS INSTITUTE.

This section of the Department continues to assist industry to obtain maximum results and to eliminate waste by promulgating codes for simplification of production in industry. In the Dominion no fewer than 280 standards are in operation covering civil, mechanical, electrical, and chemical engineering, the paints industry, the welding industry, and sections of the dairy industry.

As a unit of the Empire standardizing bodies, the New Zealand Standards Institute is in a position to exchange services and ideas for the expansion of its usefulness to industry generally.

AGRICULTURAL-LIME INVESTIGATION.

The Committee appointed by the Hon. the Minister of Agriculture to inquire into this industry completed its report to the Government during the year. This Committee, under the chairmanship of Mr. G. A. Holmes, Department of Agriculture, was representative of all interests farming, manufacturing, and employees while the Government was represented by the Chairman and Mr. N. E. Dalmer, of the Department of Industries and Commerce.

Prior to making its report the Committee inspected most of the plants in the Dominion and took evidence from all interested parties.

TOBACCO INDUSTRY.

The Department has continued to remain closely associated with all matters relating to the development of the tobacco growing and manufacturing industry, this association being particularly close by reason of the Chairman and the Secretary of the Tobacco Board, Messrs. L. J. Schmitt and H. L. Wise respectively, being also officers of the Department. The Government and the Board have spared no effort to bring to fruition a long-range plan for the industry, and it is very pleasing to be able to report that this was fully implemented during 1939. The plan has included the raising of prices to the present level—namely, minimum average basic prices of 1s. 10½d. per pound for flue-cured and 1s. 7½d. per pound for air-dried leaf, the fixing of a minimum price below which leaf cannot be sold or purchased, the establishment of a tobacco-research station, the formulation of a comprehensive programme of research, and the adoption of minimum grades of leaf acceptable to manufacturers. Import control may also be regarded as an integral part of the long-range plan for the industry. By all these means both the growing and manufacture of leaf in New Zealand have been directly encouraged by the Government. As mentioned in last year's annual report, the Government decided that arrangements be made with manufacturers for payment to growers of a minimum average price of 1s. 10½d. and 1s. 7½d. per pound for flue-cured and air-dried leaf respectively of the 1939 crop on the understanding that they be recouped in a form to be finalized later to the extent of the additional cost of leaf involved. As manufacturers were prepared to pay on the basis of 1s. 8d. per pound and 1s. 5d. per pound for flue-cured and air-dried leaf respectively, these arrangements meant that the Government was assisting growers to the extent of 2½d. per pound. The method that the Government finally evolved was an increase in Customs duties on imported tobacco, cigarettes, and cigars, and a similar increase on tobacco, cigarettes, and cigars manufactured locally. The increase was to the extent of 25 per cent. of the duties previously payable. The new duties came into operation on the 27th September, 1939. The adjustment of duties enabled manufacturers to recoup themselves for the additional outlay of 2½d. per pound and at the same time provided a basis for the continuation of the prices of raw leaf at the figures mentioned. This action on the part of the Government, as already indicated, brought to fruition the plan for the stabilization of the industry. By collaboration between the Government and the Board prices have now been raised successively each year since the 1935-36 season. In that season, which was immediately prior to the setting-up of the Board, prices for flue-cured leaf averaged from 1s. 5d. to 1s. 6d. per pound, so that it will be seen that the prices stabilized in terms of the long-range plan for the industry are substantially in advance of the average obtained prior to the setting-up of the Board. At a recent meeting the Board recommended to the Government that the minimum average prices to be paid by all manufacturers for the 1939-40 tobacco crop should be on the same basis as in the preceding year, and that regulations to this effect should be introduced. The question of the issue of such regulations is receiving the consideration of the Government at the present time, but it is understood that manufacturers will in any case pay for the 1940 crop on the basis mentioned.

The Government has each year since 1936 fixed a minimum price below which tobacco leaf cannot be sold or purchased. For the 1936 season the minimum was fixed at 1s. per pound, but in the 1937 and following seasons the minimum was increased to 1s. 2d. per pound. For the 1939-40 buying season which recently commenced the minimum was again fixed at 1s. 2d. per pound, this being done by the Board of Trade (Raw Tobacco Price) Regulations 1940. The purpose of the regulations is to prevent the sale and purchase of leaf at very low and uneconomic prices that are unpayable to the growers. The regulations are designed primarily in the interests of, and for the protection of, the growers, but they have also been of definite advantage to manufacturers inasmuch as they have protected them from unfair competition which would otherwise have been created by the sale of manufactured tobacco and cigarettes made from leaf bought at very low prices that were unpayable to the growers. As in previous regulations, the 1940 regulations include a clause authorizing the Minister of Industries and Commerce, in any case where he considers it proper so to do, to permit the sale and purchase of raw tobacco at a price less than the price fixed by the regulations. The object of this clause is to enable leaf which is unfit for manufacture into tobacco and cigarettes and which would otherwise be rejected and destroyed to be used for manufacture into insecticides. The regulations remain in force until and including the 31st March, 1941.

A cause of difficulty in the past has arisen from the fact that all leaf has not been purchased in the district where it is grown. The grower likes to witness the sale of his leaf and to be present when the value of his leaf is appraised and the price determined. Difficulties which have arisen in this connection should be obviated during the purchase of the 1940 crop, because arrangements have been

made by one of the major manufacturing companies to purchase all leaf in the Motueka district this season instead of, as in the past, buying at the place of manufacture. This means that this company now falls into line with the practice of other major companies, and it will mean also that almost the whole of the crop will from now on be purchased in the district where it is grown, and this should be a cause of satisfaction to growers generally.

In the 1938-39 season the number of growers licensed was 342 and the area for which licenses were issued was 2,225 acres. Owing to a poor season production was less than anticipated, the total being approximately 1,500,000 lb. In the 1939-40 season the number of growers licensed was 338 and the area for which licenses were issued was 2,564 acres. The poundage contracted for was 2,480,000 lb., and as the season has been an exceptional one both in respect of quantity and quality of leaf it is anticipated that the yield will be up to the amount contracted for. Efforts are being made, both by the Government and the Board, to bring about a substantial expansion in production during the 1940-41 season, this being both desirable and necessary having regard to war conditions, to possibilities of interruption of supplies of leaf from America, and to the necessity for conserving sterling funds. Certain recommendations recently made by the Board to the Government in connection with the possibilities of expanding production are under the consideration of the Government at the present time.

LIBRARY AND PUBLICATIONS.

The complications arising out of the war situation and the rapid changes that have taken place in the economic field have necessitated a complete reorganization of the Department's library in order that the maximum use may be made of the material available.

The Librarian maintains close touch with other libraries, and any research undertaken is expedited through the Inter-Library Loan Scheme instituted by the New Zealand Libraries Association. The exchange of information on technical, commercial, and economic subjects is most useful in the work of the Department.

During the year the Department has continued publication of its quarterly report on finance, trade, and industries of New Zealand, which provides, in addition to the trading results of the Dominion, in a concise form some indication of internal conditions in industry and finance.

MISCELLANEOUS ACTIVITIES.

In the foregoing pages the major activities of the Department have been summarized, but it will readily be appreciated that a Department adopting the name of Industries and Commerce is vitally interested in the welfare of the community generally and in expanding and improving manufacturing and trade, both within the Dominion and overseas. Progress is essential if the Dominion is to take its place among the nations of the world, and in consequence it is only natural that the activities of the Department should be on an ever-increasing scale. Greater attention is being paid to the adoption of standards for the improving and simplification of production, and for the elimination of waste.

Since the war, in particular, numerous inquiries have been received from overseas for products of New Zealand manufacture, and in particular these have related to foodstuffs, and while every endeavour is being made to meet these requests the action of the Government in reserving for the United Kingdom all those products which it is thought the United Kingdom will require in its war effort has mitigated against meeting these inquiries in full. In Canada it has been possible to continue the marketing of New Zealand mutton and lamb, and it is hoped that as time goes on this avenue of export of one of our primary products will increase.

The closest possible contact has been maintained with individual factories throughout the Dominion, and officers, wherever possible, have rendered assistance to manufacturers in their endeavours to improve the service to consumers.

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