

1946
NEW ZEALAND

DEPARTMENT OF INDUSTRIES AND COMMERCE

(TWENTY-EIGHTH ANNUAL REPORT OF THE)

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

Wellington, 20th September, 1946.

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, 31st July, 1946.

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 the period ended 31st March, 1946.

I have, &c.,

P. B. MARSHALL, Secretary.

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

SEPARATION FROM TOURIST AND PUBLICITY DEPARTMENT

In the period since the last annual report was presented there has occurred a major development in the Department's history. For the first time since its amalgamation in 1930 with the Tourist and Publicity Department, the Department of Industries and Commerce, in consequence of the Government's decision in November, 1945, to divide the two organizations, now resumes its separate identity. It is accordingly of some interest to refer briefly to the events of the years which immediately preceded the separation, and to describe the functions, the objectives, and the form of the Department of Industries and Commerce.

CHANGES DUE TO GROWTH AND RECESSION OF MINISTRY OF SUPPLY

In 1941-42 the task of procuring the country's wartime requirements of non-munitions goods was entrusted to the Department, the head of which was appointed Secretary of Supply, while retaining office as Secretary of the Department. What happened at that point was that the duty which had previously been the function of the Department under the import-licensing system of ensuring, as far as possible, that industry received its requirements of plant, equipment, and materials, then grew into the task of the actual procurement of a wide range of both industrial and commercial requirements. The resultant supply organization came to be known as the Ministry of Supply. A combination of supply problems under the emergency of war caused procurement by the Government under bulk buying procedures to take the place of much private importation. Practically all of the country's requirements by way of imports for the maintenance of its industrial and commercial economy during the war were procured by or through the Ministry of Supply, either for cash or under lend-lease and mutual aid, while important classes of war goods produced by local manufacture were made under contracts arranged and controlled by the Ministry. The magnitude and diversity of this task overshadowed the functions of the Industries and Commerce Department. With the cessation of hostilities and the consequent reversion to commercial procedures as far as international circumstances permit, the Ministry of Supply has receded in strength, while the more usual features of Industries and Commerce administration are again emerging. Leaving aside all the trials and difficulties which beset the Department in the immense task which was then new to Government procedure and experience, an outstanding feature of the wartime operation was the knowledge and experience acquired by the Ministry of Supply of the requirements of industry and of trade in this country and abroad. It is not an overstatement to say that in the years from 1942 to 1946 a deeper insight into the industrial economy of the country was gained than could have been gleaned in double or treble that period under normal conditions. Nor is it an overstatement to say that in the same period there has been a greater degree of combined action between traders and industrialists on the one hand and the Department on the other to meet the country's commercial and industrial requirements. It is much to be regretted that the great pressure of work and shortage of staff in those years did not permit of thorough compilation and complete assimilation of records and statistics, for these would have greatly enhanced the value of the experience gained. Nevertheless, much value remains in the enhanced knowledge acquired of overseas conditions as well as of our own.

ORGANIZATION DESIGNED TO ASSIST INDUSTRY AND TRADE

When the time came to change back to peacetime conditions not only had it become clear that the Department should be enabled to apply as effectively as possible the experience it had gathered, but it also became clear that local industrial and commercial interests were anxious to enjoy the benefit of the Department's knowledge and experience. To further these ends, two Divisions of the Department were formed—one relating to industries and the other to commerce. It was apparent that New Zealand's development of versatility in industrial affairs and her development under changing

conditions of trade called for as much assistance and guidance as the Department could be equipped to give. It is the purpose of the creation of the Industries Division to give every encouragement and assistance that industry requires. Likewise, it is the objective of the Commerce Division to keep abreast of changing conditions of trade and to give every encouragement to New Zealand trade and commerce, including the development of as many export outlets as possible for the products of industry. These objectives are, after all, merely those which were laid down in 1894 when a Department of Industries and Commerce was first formed, but they are given added point and emphasis by the events of the past few years and by the prospects of the future.

The dominating influences upon the activities of the two Divisions are not merely such administrative duties as are defined in the regulative sections of the Board of Trade and Commercial Trusts Acts; nor is it intended that they should act only in response to the requests made to the Department by existing industrial units and commercial interests. The Divisions are designed to serve the need for the development and the diversification of New Zealand industry, to develop overseas trade, and to assist in meeting the urgent necessity for greater production to help bridge the gap between available funds and available commodities. New Zealand industry rendered outstanding service in the war effort, and there is every justification for encouraging in the coming years that degree of industrialization which inevitably accompanies economic development.

BASIS OF AND SCOPE FOR INDUSTRIAL EXPANSION

The expanded agricultural and pastoral production of recent years has been accomplished without an equivalent relative increase in the working population engaged in that field. In 1945 the rural population aggregated 37 per cent. of total population, as compared with 63 per cent. urban population. The contrast of the 1945 figures with those for 1881 and 1921, as shown in the following table, is striking:—

Distribution of Total Population (excluding Maoris)

| | | | | | | Rural. Per Cent. | Urban. Per Cent. |
|------|----|----|----|----|----|---------------------|---------------------|
| 1881 | .. | .. | .. | .. | .. | 60 | 40 |
| 1921 | .. | .. | .. | .. | .. | 44 | 56 |
| 1945 | .. | .. | .. | .. | .. | 37 | 63 |

These changes from period to period suggest that there have been strong influences to bring them about. Some of the major factors which are relevant to these figures are:—

- (1) While New Zealand is very favourably placed by virtue of land fertility, streams and climate for the production of agricultural and pastoral products, there are no longer substantial areas of first-class land waiting to be brought into use. Future land-development must therefore, generally speaking, be confined to marginal or second- and third-class land.
- (2) In the abnormal conditions of the present time there are extraordinary demands for our food products throughout the world, and these demands will presumably be sustained for some time. Nevertheless, New Zealand is aware of the possibility that present markets may not continue to be available for all exportable surpluses of her primary products. For one thing, the development of competing substitutes is continuing.
- (3) Improvements in pastures, in herds and flocks, in mechanical aids to farm production, and in farming competence generally have for a long period led to an increase in the output of farm products per unit of labour, with the consequence that in the long-run our food requirements for home use and for export are produced by a decreasing percentage of the population.
- (4) New Zealand's population is increasing, and because of this and the other factors just mentioned relatively more labour is normally available for pursuits other than farming.

Maintenance of full employment of both persons and material resources is an objective accepted as a basis for Government policy. Experience has shown that unemployment is a serious potential menace in a simple economic environment such as characterized New Zealand for many years. It is now recognized as essential to the economic well-being of the country that a right balance be maintained as between the rural and urban populations, that is, too, between primary and secondary industries. It is logical, therefore, that, in planning for the maintenance of full employment industrial development should find an important place. Matters involving broad issues or policy have continued to be studied by the Industrial Development Committee which was set up in 1944 under the Chairmanship of the Hon. Minister of Industries and Commerce, and which includes representatives of the New Zealand Manufacturers' Federation, the New Zealand Federation of Labour, and of this Department.

Fortunately, it has not been a problem either for the Industrial Development Committee or for the Department to devise means of stimulating industries in New Zealand. In the period covered by this report there has been continuation of the feature evident since the late 1930's that there were strong desires among manufacturers, both in New Zealand and overseas, to extend existing industries or to establish new ones in this country. In the short period since 1st April, 1944, until the present time the Department has been engaged with matters concerning the establishment of sixty industrial units which have either commenced operations or are under consideration. These units embrace electrical and general engineering, rubber tires, ropes and twines, textile and carpet manufacturing, and so on. Their employment potential, quite independently of the associated building, maintenance, and transport industries, is 6,400 males and 2,000 females. Yet the field of possible expansion of secondary industries, based on New Zealand raw materials, has been only lightly cultivated and further local and export markets are within the bounds of practical future possibility for manufacturing industries processing our natural products. An appreciation of this possibility is quickly formed on reflecting upon the importance of the utilization of our large exotic forests and forest products, and upon the prospects of the woollen-mills, the dried-milk and lactose-producing industries, the industries engaged in the canning of vegetable produce and fruits, as well as those which produce certain chemical and synthetic substances.

It is most desirable that efforts to develop New Zealand's industrial economy should be directed first to those lines of production which are allied to our national resources and to our primary products. Much interest has been shown recently in the possibilities of processing greater quantities of our wool locally than has hitherto been the case. Because of the importance of the considerations involved and of their complexity, the Government, through this Department, invited Professor A. F. Barker, an eminent authority on this subject, to investigate and report on such matters as the suitability of New Zealand wool for the uses to which it is applied, the present state of the woollen-milling and associated industries, and the possibilities of further expansion in these fields. The professor's report has been received and is now being studied.

At the same time expansion is occurring in industries using imported raw material and plant and a substantial proportion of overseas capital. This is encouraged, because both the recent war and economic events which preceded it clearly showed that a much greater measure of industrial diversification is not only desirable but essential. There is not necessarily anything unsound or uneconomic in the establishment of efficient undertakings which utilize imported raw materials, and our industrial policy should not be such as to exclude enterprises of that type if they are capable of attaining efficiency even though, to secure the necessary technical skill, many of the major ventures

may require to be conducted by overseas companies employing capital from abroad in association with capital raised in New Zealand. Enterprise founded here by overseas companies and interest in starting further establishments continue. An example of that interest is provided by the visit to this country during the year of a delegation from the British Rayon Federation to investigate the prospect of establishing a rayon-weaving plant in New Zealand. There is evidence, too, of increasing interest by British and Australian concerns, with official encouragement, to disperse large factories to this country. The approaches made to the Department indicate every probability of quite large expansion due to this cause. Moreover, as conditions of employment and rates of wages alter in other countries it becomes possible to increase the range of industries in which it is practicable for branch factories to be established in New Zealand, where the high intelligence of New Zealand workers and the potential capacity for high workers' output open up the possibility of satisfying a wider range of local requirements by local production instead of by imports and of establishing exports in lines other than a narrow range of primary products. An important factor underlying the increasing trend for overseas interests to commence production here, and underlying also the encouragement which should be given to economic ventures, is the strategic need on the one hand to transfer operations to this part of the world, and on the other to increase our population substantially. This last can be encouraged by providing wider opportunities for employment. It is to be remembered, too, that a wider range of industry brings with it the need for more ancillary trades and services, which themselves contribute to economic expansion, while both the industrial units and their employees become consumers of the products of our primary industries.

CHANGES CONSEQUENT ON INDUSTRIAL DEVELOPMENT

An outcome of economic development on these lines would undoubtedly be that some of the new production would be competitive with established lines of trade. Another outcome would be certain changes in the character of our trade. To the extent that we advance the processing of our own raw materials we should be able to sell, in addition to materials in the crude form, goods partially processed or in the finished state from our own production. Our woollen industry, for example, appears to offer good prospects for further development in this way. Except perhaps in an isolated case occurring in the period between the two world wars, past experience has shown that economic development of a country has not led to a shrinkage of its trade with the rest of the world, but, instead, its people have become consumers of commodities for which they did not provide such good markets previously. Reasons have not yet appeared to show that New Zealand would prove to be an exception to general experience.

RESTRICTIONS IMPOSED BY LIMITED RESOURCES

In our case, developments in industrial expansion deserve some thought in relation to the frequently expressed opinions that New Zealand is a poor country in that it has limited resources of raw materials for manufacturing industries. It is unfortunately true that we have no minerals in sufficient quantities for large-scale industrial development, but in very few countries are there both a wealth of raw materials for manufacture and an abundance of agricultural and pastoral resources to enable a high scale of diversification to be attained. The position of Great Britain herself in this respect is frequently overlooked. The raw products yielded by other countries which are imported into the United Kingdom to form finished products and in turn exported as producers' materials or consumer goods to other countries far exceed the raw-material resources indigenous to Great Britain. In many respects our industrial potential, particularly as regards power resources, is greater than that of several countries which, although similarly handicapped by the lack in their natural resources of certain raw materials are making marked headway in development of manufacturing industries.

To provide employment for our rising population available for other than primary pursuits and to enable the Dominion to hold an effective place among the nations bordering the Pacific, the opportunities for industrial expansion in harmony with our increasing population cannot be neglected because of non-availability of certain raw materials within the Dominion's natural resources. Nor should they be neglected because of the present heavy demands for labour.

Opinions are sometimes expressed that the present is an inopportune time in which to extend our industrial activity because of strains on man-power, building, and other resources.

It is true that at present there are very heavy demands for man-power, but it is also true that substantial factors contributing to this state of affairs are not of a permanent character. The war has left belligerent nations very short of many essential lines of goods and services, while wartime savings and high rates of remuneration make it possible for purchasers to impose heavy demands for goods and services of great variety. The reorganization of industry and trade to recover the ground lost in war and to resume peacetime functions in many cases involve great difficulties, and even after reconversion of plants has been achieved essential materials may not be available. Relaxation of controls on man-power led to some workers leaving employment, while others changed their occupations. These and other factors, which are essentially of a short-term character, exercise a strong influence on the present situation, but, with the knowledge that a considerable period must elapse between the time when an industrial unit is planned and when it is functioning, it seems sounder policy to have industrial plants available for use when the present abnormal factors have receded than to start then to look for employment possibilities.

ALLOCATION OF FUNDS AVAILABLE FOR IMPORTS AND TERMS OF TRADE

Administratively, the necessary co-ordination between the operations of local manufacturers on the one hand, and of importers on the other, to meet local demands is achieved by the arrangement whereunder the Comptroller of Customs refers to this Department applications for import licenses embracing plant and machinery, raw materials for use in manufacture, and finished products of types produced in New Zealand. Many factors have combined to enable the Department to take a widely informed view in carrying out its functions in this respect. Not only is the work so organized that particular officers are able to concentrate their attention on a section of products with the consequence that they become familiar with details of local production and of imports, but these officers also enjoy the advantage accruing from their experience gained when the Ministry of Supply became the actual importer or purchaser of so many of these products. Another procedure under which an informed view can be obtained is that of giving applicants for licenses the opportunity to meet the departmental Committee concerned (known as the Industries Committee) to discuss the applications if they or the Committee so desire.

Difficulties attendant upon the supply of goods are dealt with elsewhere in this report, but it is appropriate to state here that one of the objectives at present uppermost in guiding the Committee's policy is the desire to make goods available either by importation or by local production to meet consumption needs. Because of the pressure of purchasing-power against available supplies, the allocation of overseas funds to assure appropriate shares to purchasers of capital goods, producers' materials, and consumer goods is a matter of considerable importance to which great care is given. This matter has become more important because prices for goods imported by New Zealand have increased more since 1939 than have the prices obtained by this country for its exports.

Thus for a similar volume of exports we have been able to purchase a decreasing volume of imports. This affects the purchasing-power of our apparently substantial overseas funds. A similar development, which it is interesting to note, was experienced in the intra-war period. If we take the year 1928-29 as the basis we see, according to information derived by the Government Statistician, that the following changes in the New Zealand prices of farm products and of imported goods occurred :—

- (1) Farm products prices fell by nearly 50 per cent. between 1928-29 and 1932-33. When import control was introduced in 1938-39, farm products prices were still 21 per cent. below their 1928-29 level.
- (2) Import prices were only 14 per cent. lower in 1932 than they were in 1928, and in 1938 were 10 per cent. below the 1928 level.

These movements of relative prices meant that before the adoption of import control the purchasing-power derived from farm produce exported had fallen considerably and that a given quantity of farm produce paid for a smaller quantity of imports than in pre-depression years. With the decline in purchasing-power made available by exports and the depletion of overseas funds available for obtaining imported goods, the expansion of secondary industry made it possible to divert the use of available funds to the importation of those commodities of which import was essential, while the remaining consumers' requirements were left in the hands of local manufacturers. In the years 1939-44 the purchasing-power of exports measured in terms of goods imported fell still further, and though offset to a certain extent, firstly by the granting of lump-sum payments to meet increased cost of imports, and secondly by increased farm production within New Zealand, our exports are now able to buy substantially less than the quantity of goods obtainable for a similar volume of farm production in immediate pre-war years.

A study of relevant price movements indicates that the general increase in prices for locally manufactured commodities has not been greater since the depression years than the general increase in prices for imported commodities. Indices have not yet been compiled for periods later than 1943-44, but tentative figures suggest increases in prices for 1944 imports, with a lesser increase in that year for locally manufactured commodities. The deductions from these data provide justification for the utilization of existing resources of capital and labour within New Zealand on the production locally of commodities suited to New Zealand's industrial set-up. They serve, too, to signify that industrial development under import licensing has not had undesirable effects on prices of locally manufactured goods. The analysis does emphasize, however, the importance which attaches to ensuring that goods reach this country in the quantities and of the types best suited for our economy.

ADMINISTRATION OF LICENSING PROCEDURES FOR PLANT, MATERIAL, ETC.

It is through the functions of the Industries Committee that machinery is provided whereby conflicting claims can be determined on questions which may arise concerning such matters as priorities to funds for establishing and expanding industries and for providing materials for them. Other questions of financial import arise in connection with the requirements of the Registrar of Companies where the issue of new share capital is proposed in consequence of expanding existing industrial units or of setting up new ones. Liaison between the Department and the Registrar is designed to remove any inconvenience to the parties which may otherwise result. The possibilities of securing labour, buildings, and power are all factors taken into account when the Committee is considering these questions, and the merits of proposals in contributing to the rehabilitation of servicemen are fully considered.

INDUSTRIAL REVIEW

Although the statistics covering the year under review are not yet available to show either the aggregate totals of employees engaged in industry and the value and volume of production or the changes which have taken place in these respects in particular industries during the year, the facts which deserve mention concerning the recent past are :—

- (1) With the cessation of hostilities, demands for goods for military use greatly contracted and manufacturers in consequence required to transfer the use of resources to peacetime needs.
- (2) Demands for civilian goods have been extremely heavy and the gap between demand and supply has been widened both by the inability of overseas suppliers to fulfil orders and by the delay in having orders shipped to this country.
- (3) Relaxation of man-power controls, with consequent changes in staffs and adjustments due to the reabsorption of ex-service personnel into peacetime employment, has combined with the heavy demand for goods to result in shortages in available man-power in many industries.

Industries which have shown very great expansion in the value of their output and the capacity to provide employment since the economic recovery following the slump of the nineteen-thirties include important sections of the textile and leather group, electrical, radio, and general engineering; furnishing and building materials; and fruit and vegetable packing. Tobacco-processing, paint-manufacture, as well as confectionery, biscuit, and soap making and rubber-goods manufacture, are industries in which there has also been considerable growth. War demands stimulated developments, too. New Zealand engineering works, foundries, and motor-assembly plants were engaged in the manufacture of munitions and articles for war to such an extent that cessation of war production without plans for alternative work would have caused substantial disruption in employment both of workers and plants. That this disruption did not occur can be largely attributed both to the early preparations made under the guidance of the Industrial Development Committee for the change, and to the resourcefulness shown by manufacturers and workers in substituting peacetime products in place of wartime requirements.

In the case of other industries their plants could more easily be converted to work on peacetime products, for which in nearly all instances there is extremely heavy demand.

The striving of manufacturers to secure their share of the heavy volume of business available has led to intense demand on a great variety of raw materials both locally produced and imported. Increased output in local manufactures has been achieved in many products, particularly in the building-materials group, embracing wallboards, plywoods, and veneers. In other types of building requirements, however, materials shortages are causing inconvenience. Cement, and timber for building, for joinery, and for furniture, are in short supply in relation to the heavy demands. Special factors prevented production of pulp and paper products from reaching its otherwise attainable level during the year, in that major mechanical attention had to be given to the plants of two companies. In general, however, when proper weight is ascribed to the many disruptive factors which are inevitable in the aftermath of war, it can be said that our industrial output is satisfactory.

ASSISTANCE TO INDUSTRY AND TRADE IN OBTAINING MATERIALS

As was anticipated, there has been, since hostilities ceased, tremendous pressure on a very wide range of commodities in all stages from the raw material to the finished article. Indeed, because of such factors as strains on transport systems, gigantic programmes for reconstruction, difficulties attendant on demobilization, and the necessity to share with the European peoples the many things essential to existence, a number of commodities in the classes both of consumption goods and producers' materials have been even more difficult for us to obtain than when the war was at its height. Certain important commodities are still the subject of controls in supplying countries, and the continuance of procurement procedures in the nature of quotas and allocations adopted during the war necessitates the Department retaining close association with overseas purchasing. Our interest and action in securing essential requirements have, however, gone beyond the making of purchases. As soon as there was indication of the limits to which the difficulties were likely to extend and when their possible effect on our industry could be gauged, the best course by which manufacturers and others in this country could be assisted was sought and adopted. That was to reinforce the office of the High Commissioner in London by sending there for a period a representative with up-to-date knowledge of New Zealand's urgent supply needs who could undertake negotiations at a high level with representatives both of Governments and of trade and industry. Mr. F. R. Picot, Commissioner of Supply, was chosen by the Government for the task, and for several months he has concentrated his activities on endeavouring to secure greater supplies of those factory materials which are most difficult to procure even in quantities much below our normal needs. Fortunately, he has been successful in obtaining a considerable range of goods. Among these are cotton yarns and piece-goods for both clothing and industrial use, wood-pulp, paper, white lead, leather, and a range of chemicals necessary for factory production. Iron and steel products, however, are those on which it has been necessary for him to concentrate most attention, and although the overall world supply in these commodities has deteriorated to an alarming degree, Mr. Picot has been able to arrange relatively favourable allocations for this country from the United Kingdom.

In addition to the work of the Commissioner of Supply in the United Kingdom, a great deal of work in pressing our claims for supplies has been carried out by the Department's permanent representatives overseas with the Governments of the United Kingdom, Canada, Australia, South Africa, India, the United States, and the Scandinavian and other countries. In some instances, trade missions have been sponsored in the endeavour to locate supplies, while many individual trade representatives have been assisted in their missions by our overseas offices. There are many cases wherein importers have sought our assistance in pressing claims for allocations of goods, and in a number of instances the Department has been able to give assistance by suggesting sources of supply other than those usual to the trader. Assistance, too, has been given in obtaining supplies by careful examination of information on wartime surpluses of other nations and by claiming shares of goods available under reparations.

It is apparent that the efforts of the Department in this field will have to be continued for some time if no opportunity is to be missed of securing materials essential to this country as they become available. To this date we are satisfied that New Zealand has been fairly treated in allocation of materials sought by us. We are certain, too, that if the special efforts made by the Commissioner of Supply and by the Department had not been undertaken our industries would be in a less favourable position for materials than is now the case.

World shortages which are of major concern to this country include iron and steel products, textiles in the cotton and rayon groups, pulp and paper, rubber, fertilizers, certain industrial chemicals including particularly such items as caustic soda and white lead, and certain synthetic materials. It has been necessary to accept supplies of many lines upon a basis of quota, and even this, in some instances, has been steadily diminishing. Cotton yarns and piece-goods from the United Kingdom are an example of goods for which such an experience has been suffered, and to alleviate the position it has been necessary to seek additional supplies from India, Canada, and the United States of America. The total quantity made available from all sources is, however, short of our needs. Iron and steel in their various forms are in extremely short supply, and at the present time world production is not sufficient to meet the expanded world demand. Synthetic lacquer, which is used for finishing leather and other products, is an example in another field of a substance the lack of which is retarding output of local factories. In some substances, as, for instance, gypsum and pig iron, shipping is the difficulty. While these shortages are causing acute problems even to the point of temporary cessation of operation in certain local plants, and while in some cases it appears that permanent improvement in the flow of supplies will not be assured for some time yet, everything possible is being done by both private and Government interests. The fact remains that New Zealand is relatively in a very favourable position for supplies, while the productive capacity of New Zealand industry continues to be of immense value, as it was in the war years.

ASSISTANCE TO INDUSTRY AND TRADE IN SHIPPING GOODS

By facilitating the movement of goods as well as by assisting in their purchase or manufacture, the Department is giving service to industry and to commercial interests. The important place occupied by shipping and other transport services during the war years is recognized and appreciated, but, although cessation of hostilities has removed war dangers to shipping, it has not removed extreme demands on the services of the depleted tonnages which remain. It has been found essential for the Department to continue the functions carried on by the Ministry of Supply in the war years to meet difficulties in the movement by sea of goods from abroad and around the New Zealand coast. These functions have been to take all possible action, firstly, to secure shipping space in the general sense of the term for supplies other than those being moved under direct military control, and, secondly, to secure it at particular places and times determined by the urgency of the demand for the movement of the various classes of goods. In our endeavours to secure the maximum of shipping space to which we could lay claim, we have maintained pressure on the British Ministry of War Transport and other interests for vessels to be made available to this country either under charter to companies operating locally in our coastal and inter-colonial trade or under other appropriate conditions. Assistance, too, has been accorded to shipowners in the acquisition of new tonnage, both under reparations and by purchase of vessels owned by Governments of other countries.

Much value has been derived from our contact with shipping affairs embracing world-wide scope which has been secured through the membership of the United Maritime Consultative Council and of its predecessor, the United Maritime Authority.

It is at once apparent that, with greater volumes of cargo than there has been space, the fixing of scales of priorities would give rise to much difficulty. Inflexible factors such as the types of ships required and conflicts in demand for their use prevent, in many cases, attainment of the aim that goods for which demand is most urgent actually secure the earliest transport. The Department's staffs in those countries abroad from

which most of our imports have their origin have been able to collate data on consignments requiring transport to this country and to assist in assigning priorities to them, while in New Zealand its officers have been directly concerned in the discharge, transshipment, storage, or distribution of cargoes. A most valuable effect of our close working contact with the industry during wartime activities in these respects is that members of the Department's staff have acquired close knowledge of shipping problems and of the manner in which our efforts can be best directed towards their solution. In the reconstitution of the Department to meet the post-war requirements of industry and commerce, the experience gained and the personal contacts established are proving invaluable in helping to overcome the shipping difficulties confronting this country. The Department's problem, of course, is confined to matters relating to the movement of goods as distinguished from such matters as, for instance, the surveying of ships.

In the past year our difficulties continued because of substantial tonnage losses during the war years and because of the heavy demands for troop movements and for services on routes serving enemy areas as well as Allied countries. These factors delayed release by the British Ministry of War Transport of important vessels normally engaged in the New Zealand trade. Its consequences were particularly evident in the inter-colonial and the trans-Pacific services. The difficulties thus occasioned were further accentuated by the steel strike in Australia and by certain delays on the New Zealand coast. The drought in the North Island in the late summer, too, had the effect of imposing an added strain on the already depleted tonnage serving this country by requiring the diversion of coastal and inter-colonial shipping to carry fodder from the South Island ports.

These factors have caused accumulations of substantial backlog cargoes for New Zealand in Australia and at certain New Zealand ports for shipment to other ports on our coast. In attempts to meet the problems our overseas offices, particularly in Australia, and the New Zealand Shipping Controller have continued the untiring efforts characteristic of the war years to maintain steady movement of cargoes. In this respect, too, a feature of the Department's experience has been the ready and whole-hearted co-operation of the shipowners. They have continued to show their willingness to serve the national interest, even though at times it has been at considerable inconvenience to themselves. However, until the deficiency in shipping tonnage is overtaken and ancillary services regain normality we can expect that there will be difficulties in the movement of goods by sea.

The present and potential problems affecting post-war shipping were such that early in the year the Government set up an inter-departmental committee under the Chairmanship of the Secretary to the Treasury to take action in respect of them. The survey, as far as New Zealand is affected, of shipping tonnages, the routes followed, and the periods of coverage on those routes, contrasting 1939 with the present, shows how far the position changed in the war years. It shows too, the relevance of the Department's concern to protect and even to regain for local shipowners their recognized pre-war trades, which, in many instances, were of necessity passed over to other companies and even to other flags during the war.

In Australia the Government has established a Commonwealth Shipping Board, on which representatives of Government and non-Government interests sit, to exercise a supervisory function in relation to shipping there. In Britain, too, there is close association between the Government and shipping interests. Viewpoints in those countries thus appear to be similar to what are held here that collaboration between the Government and the shipping interests will be to mutual advantage and in the public interest if it is continued in the post-war years. An efficient and progressive shipping industry is of unusual importance to a country with our geographical characteristics, and, as an industry, the shipping interests are entitled to enjoy as much assistance as any other industry enjoys from this Department in furthering the public interest. As it now appears, the problems of the future facing our shipping organizations will require the full co-operation of the operators and the Government.

DECENTRALIZATION OF INDUSTRY AND ESTABLISHMENT OF TRADING ESTATES

During the year, reports for Government consideration were submitted as the result of work done by sub-committees of the Industrial Development Committee on the subjects of encouraging the decentralization of secondary industries in New Zealand and on the practicability or otherwise of establishing trading estates in this country. Much information of value is available from reports of inquiries conducted and official action taken in the United Kingdom, but the data on which consideration was given to specific aspects of the possibilities for decentralization in New Zealand were gained from a survey conducted through the medium of a special committee of local bodies appointed by the Minister and in co-operation with the South Island Local Bodies' Association to discover details of existing facilities in various districts in labour, transport, raw materials, electric power, gas, coal, water, housing, methods of rating, industrial building, and public amenities. The possibility of establishing trading estates in this country on the lines of those existing in the United Kingdom and elsewhere is a matter of considerable interest. The Department is aware of one instance wherein a syndicate has been formed in one of our country districts now devoted solely to farming where, with the object of attracting manufacturing industries to the locality, the syndicate proposes to found a trading estate to be operated on usual joint-stock-company lines. Not only would success to this venture diversify the nature of employment available locally, but it would assist in overcoming present difficulties arising from the general shortage of factory space. Features of the development in the United Kingdom, where Government sponsorship of a number of trading estates has added impetus to their growth, are that the estate purchases the land, erects factories, and provides such facilities as roading, railway sidings, cafeteria, recreation-rooms, playing-fields, and the like for an all-in rental figure. Water, steam, electricity, and gas are charged at rates assessed on metered quantities of usage. It is an important advantage of this type of enterprise that, with no requirement to make any capital outlay for land or buildings, small manufacturers with limited financial resources are able to develop their particular skills. Moreover, the working-conditions provided include more amenities than small manufacturers may be able to afford to provide. Experience in the United Kingdom has been that trading estates are particularly suited to the development of light industries, which are a type, under present conditions, very suitable for encouragement in this country. It is apparent that the possibility should be further studied of using trading estates to achieve the ends of decentralization and improved factory conditions in New Zealand.

INFORMATION SERVICE TO INDUSTRY

Industrial technique has had tremendous importance in the economic standards of communities from earliest times, and advances in scientific knowledge and its increasing application to all phases of industry serve only to intensify that importance. It is, of course, impossible for individual persons and companies of the strength and size of the average New Zealand organization to keep abreast of information published on the extraordinarily wide range of subjects affecting industry and trade which are published in ever-growing numbers of technical books and periodicals. With realization not only of the fact that it was in the national interest to keep industry and commerce up to date in modern developments, but also of the fact that to carry on their own research was beyond the capacity of many of our units, the Department felt that useful service could be rendered if it maintained a library of relevant technical information for reference and if, at least, the "highlights" from current periodicals or other sources could be circulated to those who desired to receive them. The encouragement from manufacturers both through their organizations and individually left no doubt as to their wishes in these respects. Over the past few years there has thus been set up a library containing a useful nucleus of high-standard works and into which a wide variety of current volumes

and of periodicals are regularly received. Accessibility to the information contained in these publications is aided by an analytical technological index embracing subjects not dealt with in recognized works of reference. The use being made of these resources increases year by year.

Based upon the information so available, and in conjunction with the Department of Scientific and Industrial Research, this Department issues an *Industrial Bulletin* containing extracts or summaries from publications on matters calculated to be of value to manufacturers. Distribution of the *Bulletin* is made only to those who signify a desire to receive it. That it is appreciated is evidenced by the fact that in the past year its circulation brought more than three thousand inquiries on a great variety of subjects for further information or for the full article from which the extract was taken or for some other service.

Inquiries based on the issue of the *Industrial Bulletin* do not, however, set the limit upon inquiries received for information on technical questions. It is, of course, the Department's desire to meet all proper requests for assistance in the provision of information on matters within its scope which bear on our industry and trade. To render this service we frequently require to go beyond our own resources, and to this end we welcome the scheme made through the New Zealand Libraries Association whereunder the resources of the National Library and the various public and departmental libraries on technical subjects of interest to the industrial and commercial community will be available to us. We welcome, too, the opportunities available to the Department to supplement its sources of information on particular subjects by liaison with the New Zealand Manufacturers' Federation and its constituent associations and with the representatives of overseas Governments stationed in New Zealand. Our membership of Associations of Special Libraries in the United Kingdom and in the United States is most helpful, while invaluable assistance has been enjoyed from the local United States Information Library and the Technical Advisory Services Division of the United States Department of Commerce in Washington. Some requests made to the Department have occasioned our referring points to New Zealand official representatives overseas, who themselves have enjoyed helpful co-operation from Departments of State in their respective countries.

Developments overseas in providing technical advisory services by State Departments are being studied, and it may well be if the desire by our own manufacturers for service continues to grow as it has done in the past year or so, that something more will be required of us than has been given up to the present.

INTERNATIONAL TRADE AND DEPARTMENT'S ACTIVITIES IN FURTHERING NEW ZEALAND'S INTERESTS THEREIN

It has been stated earlier in this report that the objective of the Commerce Division is to keep abreast of changing conditions of trade and to give every encouragement to its development. Such encouragement as can be given must, of course, be within the terms of international agreements and official prescriptions relating to trade and commerce, and it must conform to our own national policy. A great deal of attention is at present being given to these matters by the Department, both as to the basis on which they now rest and to the possible effects of changes upon New Zealand industry and commerce in consequence particularly of the Government's decision that New Zealand should be a party to international Conferences which it is proposed to hold later this year and in 1947 on trade and employment. These Conferences are to be convened in the first instance to consider proposals submitted by the Secretary of State of the United States of America under date of 6th December, 1945, which have been published by the New Zealand Department of External Affairs as Publication No. 14. The United States' proposals mark the start in the process to meet the desire

of the United Nations Organization to secure world economic co-operation through the establishment of an International Trade Organization. As the questions to be considered are deemed to have fundamental bearing on future world peace and are to involve the examination of trade policies in general and in detail in so far as they have international effect, study of what is involved and preparation of data are major tasks now being undertaken by the Department.

These questions are of much more than academic interest to New Zealand because of the high volume of our overseas trade in relation to our population and because there appear to be favourable opportunities for us to extend the field of our exports beyond a narrow range of agricultural and pastoral products. Thus any changes in international policy are of profound significance to this country, and what is of equal importance is that New Zealand should be equipped to make its contribution in moulding international economic policy.

The second world war intensified changes which were already evolving in the sphere of international trade to cause national agencies to be concerned in trade transactions. Purchases by Governments from Governments of commodities during the war and the practices of permitting the movement of goods between countries under approvals signified by export and import licenses directly involved the State in commerce in wider spheres than had hitherto been the case. Since hostilities ceased, Governments have continued to provide the agency through which goods are obtained for such organizations as are instanced by UNRRA (the United Nations Relief and Rehabilitation Administration) and NIGEO (the Netherlands Indies Government Import and Export Organization). What future developments will be in connection with the direct participation by Governments in international trade is not yet clear, but what is clear is that most of the leading exporting countries of the world have entered the post-war period with a very marked consciousness of the tremendous scope now offering for the development of their overseas trade. Each day brings fresh evidence of the energy and drive with which these nations are directing their efforts to exploit new markets. In most cases the Departments which administer the trade and commerce activities of these countries have been noticeably strengthened both at home and in their representation overseas. One British Commonwealth country with forty-seven Trade Commissioners abroad and with thirty new Assistant Trade Commissioners selected for training recently announced that it intended to station a Trade Commissioner in every major trading centre in the world. That this reinforcement and expansion is being achieved so rapidly would appear to result from the fact that the diversification of trading interests in those countries even before the war had necessitated their providing a much wider coverage in trade intelligence services than was necessary for New Zealand, whose exports were mainly confined to narrow groups with only two or three principal destinations.

Official representation abroad requires careful thought, for what suits the requirements of one country does not necessarily apply in the case of another. The whole question of our overseas trade representation is at present under review, and it is hoped that as soon as possible an adequate trade-representation service will be provided in all localities which offer reasonable prospects for the development of our trade. Existing overseas offices of the Department are :—

United Kingdom : Representative in the United Kingdom of the New Zealand Industries and Commerce Department, London.

Canada : New Zealand Trade Commissioner, Montreal.

Australia : New Zealand Senior Trade Commissioner, Sydney, and New Zealand Trade Commissioner, Melbourne.

India : New Zealand Supply Liaison Officer, Bombay.

U.S.A. : New Zealand Supply Mission, Washington, D.C.

Although in some cases they retain wartime designations which are now somewhat out of date, the officers, in fact, include among their duties those of trade representatives. To provide an efficient and reliable service to New Zealand traders the Department must have the means of obtaining promptly up-to-date information of market conditions in those territories where New Zealand products can be sold and where New Zealand requirements can be procured. It seems to be a generally accepted viewpoint that official representation is necessary to provide the coverage which is beyond the scope of individual traders.

Two factors are combining to emphasize interest in exports from New Zealand under headings other than our traditional products. One is the extremely heavy demand throughout the world for goods of all kinds, which is creating, as it were, pressure from the outside. The other is the manufacture of goods here by industries developed under the stimulus both of new enterprise and of war necessity, which is creating pressure from the inside. The flow of inquiries from local sources and from abroad is sufficient evidence that there is widespread interest in the possibility of our increasing the range and volume of products for export and this Department is the agency through which assistance on such matters can be made available. Our manufacturers and exporters now more than ever before, need detailed information to guide them through the problems created by foreign laws, regulations, and controls; they need, too, up-to-date data concerning potential export markets and sources of supply abroad, as well as information which we can give them bearing on foreign trade. This means that our Commerce Division must keep in close touch, on the one hand, with known and likely importers of our goods in other countries and, on the other hand, with manufacturers and exporters here. In this sphere the Commerce Division will be extensively engaged in providing a wide variety of trade-promotion information and commercial intelligence. To this end, and to give a wider and more effective medium of distribution of this material, plans are under consideration for the issue of a monthly trade and commerce journal covering useful and helpful points of commercial intelligence.

Inquiries from abroad for New Zealand goods are both general and specific. Where they refer to specific commodities, contact is made with all possible suppliers. Where they are of a general nature or cover a large range of goods, they are given wide publicity among manufacturers and exporters through the co-operation of the New Zealand Manufacturers' Federation, the Associated Chambers of Commerce, and other organizations such as the Woollen-mill Owners' Association. For their part, manufacturers and traders are providing information on potential surpluses for export from production of secondary industries, and this knowledge serves as the means of providing estimates of the future trade position as well as allowing us to answer inquiries and to keep our representatives overseas up to date with details which may prove of benefit to the manufacturers themselves. Already, of course, manufacturers and exporters in New Zealand who desire to establish their goods in overseas markets are given all possible assistance by the Commerce Division, including the Department's representatives overseas.

It is in consequence of the Government's interest in furthering the trade in New Zealand-made goods that this Department takes so prominent a part in such exhibitions as the New Zealand Industries Fair, held annually in Christchurch under the auspices of the Canterbury Manufacturers' Association. At the 1945 fair the Department erected a spacious court and lounge in which the Standards Institute, Post and Telegraph Department, Dental Hygiene Division of the Health Department, the Tourist Department, Rehabilitation Department, National Film Unit, as well as our own Department, made displays. The fair was an unparalleled success, the total attendances being in the vicinity of 175,000, with a peak of 19,000 on VJ Day. Proposals for similar exhibitions in Auckland, Dunedin, and Wellington have been considered, but fairs were not held in any of these three centres during the year.

SUMMARY OF FUNCTIONS AND ORGANIZATION OF DEPARTMENT

Although other sections of this report elaborate on the functions of the Department, it is convenient to summarize them here so that the relationship of functions and organization can be more readily appreciated. The functions may be summarized as—

- (1) To foster the development of industry and commerce ;
- (2) To assist industrial and commercial interests in overcoming particular problems ; and
- (3) To exercise controls imposed by the Legislature, both on social aspects of industry and trade in such fields as the prevention of either monopoly exploitation or indiscriminate competition, and on the use of materials in short supply, as, for example, rationing of tires.

In practice, functions under each of these headings expand into a wide sphere of operation, and, of course, in practice they do not retain clear demarcation one from the other. The fostering of the development of industry, for instance, embraces the problems of competing factors as between groups of industries (both primary and secondary) and as between imports and local manufacture. It embraces, too, the problems of licensing of industries under the Industrial Efficiency Act, as well as the problems of protection to industry under other means (tariff and import license). Dissemination of information assists in developing both industry and commerce. Development of commerce must necessarily have regard for international trade agreements and practices, including import and export-licensing procedures and exchange-control operations both here and abroad, as well as more specific practices relating to particular commodities. It is in these fields that our overseas representation is helpful, although outlets for products of our industries will probably become of more relative importance if the development of local industries results in their yielding a wider range of products for export.

Examples of assistance to industrial and commercial interests in overcoming particular problems are provided by Government procurement of goods, where necessary, by assistance in obtaining quotas where goods are under allocation in other countries, and by our part played in respect of shipping services. Mention has already been made of such matters as decentralization, technical advisory aid, and trading estates ; there are also such features as assistance to the Building Controller in advising upon applications to erect factory premises and to the Registrar of Companies in respect of capital issues affecting industrial expansion ; the sponsorship of visits abroad by New Zealand industrialists and contact here with visiting industrialists from overseas.

Powers of control in such matters as monopolies have been vested in the Department for some time, but the recent war experience has intensified the application of administrative measures to reduce the disadvantage to consumers from profiteering. Action on another aspect—that of reducing the effects of indiscriminate competition—is seen in such measures as the control on the exhibition of cinematograph films and the control of the retailing of motor-spirit. The social and economic effects of both overgrowth and restraint in the distributive services (the so-called tertiary industries) may prove to be as important as these same factors are in primary and secondary industries ; this also is a question claiming the attention of the Department.

To carry out these functions the Department is divided broadly into an Industries Division and a Commerce Division. The duties cannot, of course, be confined in any water-tight manner because of the nature and the extent of the interaction between matters which concern industry and matters which affect trade. Administrative co-ordination is achieved through the Secretary of the Department, while at all points there is the necessary contact between officers concerned with the two Divisions. District offices are maintained in Auckland, Christchurch, and Dunedin, while overseas representatives are stationed in the United Kingdom, Canada, United States, India,

and Australia. The Price Tribunal, the Wheat Committee, the Tobacco Board, the Standards Institute, Food Controller, and Munitions Controller function as separate units from the two main Divisions because they are constituted as semi-autonomous bodies.

BUREAU OF INDUSTRY

The following paragraphs have been selected as the main points of a report for the year ended 31st March, 1946, circulated to members of the Bureau.

The Bureau of Industry, which was established under the Industrial Efficiency Act, 1936, has shown increased activity over the past year, as, with the termination of hostilities, attention has been given to the reorganizing of industry to take its place in post-war economy.

In the transitionary period the rehabilitation of returning service personnel has been a major consideration, as also the projected expansion of industry to ensure maximum utilization of both available raw materials and man-power, and so provide for the implementing of the Government's announced policy of full employment.

Industries which during the last six years were diverted from civilian to war production are now resuming their former activities, in many cases on a larger scale and covering a wider range of commodities. As a result, the Bureau has had a greater number of applications in both manufacturing and distributive industries for new licenses and for extensions of licenses. The manufacture of rubber tires and tubes for motor-vehicles is an example of a new industry, establishment of which had to be deferred during the war, but which is now being proceeded with. In this case the Bureau, at a special three-day hearing, decided to grant three licenses for factories to be established in Auckland, Wellington, and Christchurch respectively. Appeals against the Bureau's decisions were heard by the Hon. Sir Francis Frazer, who decided that they be disallowed and the decisions of the Bureau confirmed.

The petrol-reselling industry, with the gradual lifting of petrol restrictions, is steadily returning to normal trading conditions. Of the eighty-three applications made for new licenses, fifty-nine were granted to ex-servicemen, these including seven service stations and forty repair garages.

Reference was made in last year's report to the desire of the Bureau to assist, as far as possible, in the successful rehabilitation of discharged servicemen into licensed industries. Many servicemen whose licenses had been held in trust for them during their period of service have now resumed their former businesses, while a number of others have sought to enter into the different licensed industries, particularly footwear, radio, and petrol reselling. The introduction in June, 1945, of the Industrial Efficiency Emergency Regulations 1943, Amendment No. 1, has given the Bureau greater powers of extending preference to returned servicemen, both in regard to new licenses and transfers of licenses.

PERSONNEL

Several changes have taken place in the personnel of the Bureau during the year under review. Mr. W. Bromley, a foundation member of the Bureau, resigned on his retirement from the Public Service. Mr. J. G. Pound was appointed in place of Mr. D. W. A. Barker as representative of the Treasury and Mr. H. Morrison, one of the farmers' representatives, resigned.

FINANCIAL ASSISTANCE

The Bureau has continued to act as recommending authority to the Government on applications for financial assistance under section 29 of the State Advances Corporation Act, 1936, and has made certain representations to the Government suggesting an alternative method of dealing with requests for financial assistance to industry.

LICENSING

The hand-shovel-making industry was declared a licensed industry by a notice under section 14 of the Act gazetted on 21st February, 1946.

It was decided during the year that the time was propitious to dispense with the control of the fishing and related industries under the provisions of the Industrial Efficiency Act. Notices removing the licensing provisions from the retailing, wholesaling, and export of fish were accordingly gazetted on 2nd August, 1945. The licensing of fishermen and oyster-dredgers was taken over by the Marine Department pursuant to the Fisheries Amendment Act, 1945, passed on 24th November, 1945.

The thirty-two licensed industries as at 31st March, 1946, were as follows: manufacture of agar; manufacture of apple-juice; manufacture of asbestos-cement products; manufacture of dry-cell batteries; manufacture of bituminous roofing; manufacture of cement; manufacture of cigarette-papers; manufacture of colloidal sulphur; dehydration of plants for medicinal purposes; extraction from fish livers of nutritional or medicinal oil; fish-canning; flax-milling (*Phorium tenax*); manufacture of footwear; fruit and vegetable canning; manufacture of gut; manufacture of hand-shovels; manufacture of linseed-oil and linseed-oil cake; manufacture of macaroni; manufacture of malt extract; manufacture of nails; manufacture of paper pulp and paper products; sale by wholesale of petrol; retail sale and distribution of petrol; manufacture of petrol-pumps; pharmacy industry; manufacture of radio receiving-sets; manufacture of electric ranges; manufacture of rennet; manufacture of rope and twine; manufacture of salt; manufacture of tires and tubes, rubber; and the manufacture of wooden heels.

Although outside the period covered by the report, it should also be mentioned that the manufacture of cement was delicensed by notice gazetted by the Minister on 11th April, 1946.

At the request of the Minister, the Bureau gave consideration during the year to proposals to license the following industries, the position in respect of each being indicated:—

| | |
|---|-------------------------|
| Non-ferrous products | Under consideration. |
| Manufacture of televisors | " |
| Manufacture of paua-shell ornaments and jewellery | " |
| Manufacture of barbed wire | Deferred twelve months. |
| Bottom-stock cutting | Declined. |

INDUSTRIAL PLAN COMMITTEES

There are five Industrial Plan Committees established under Part III of the Act to assist with the administration of industries. The position of each of these is briefly summarized as follows:—

Footwear.—The Footwear Plan Industrial Committee has held eleven meetings during the year, and, besides making recommendations to the Bureau with respect to applications for new licenses or variations of licenses, has discussed and taken appropriate action or recommended certain courses to the Bureau or the Government with regard to various general matters concerning the industry. These included such matters as wages, Branding Regulations, children's footwear survey, civilian footwear allocations, supplies to Netherlands East Indies, footwear shortages, wages subsidies for rehabilitated servicemen, reports from the Leather and Shoe Research Association, production of nurses' shoes, licensing of bottom-stock cutters, standard specifications for flexible welted and single veldtchoen footwear, shortages of upper leathers, manufacture and test of shoe-drier for use with conveyor systems, footwear for Polish children, prices of footwear, subsidies for training returned servicemen, and shortages of female labour.

A special conference was held with officers of the Price Tribunal to discuss prices and basis of price fixation, with the result that action is being taken to formulate a uniform method of costing and to secure a standard form for the preparation and submission of costs. The Branding Regulations and the Specialization Plan have received special attention and have been strongly advocated for acceptance and implementation.

In all matters pertaining to returned servicemen and servicewomen and rehabilitation, close co-operation has been maintained with the Rehabilitation Department, and officers of that Department have attended meetings when such items were being reviewed. The Committee has also kept in touch with the Standards Institute and the New Zealand Leather and Shoe Research Association (Department of Scientific and Industrial Research) in matters affecting the industry, and has evidenced a willingness to co-operate with the Price Tribunal in regard to price fixation and costing proposals.

Production of all types of footwear, including slippers and rubber footwear, has been as follows:—

| | | | | | | Pairs. |
|------|----|----|----|----|----|-----------|
| 1941 | .. | .. | .. | .. | .. | 5,160,615 |
| 1942 | .. | .. | .. | .. | .. | 5,867,167 |
| 1943 | .. | .. | .. | .. | .. | 5,294,228 |
| 1944 | .. | .. | .. | .. | .. | 5,353,503 |
| 1945 | .. | .. | .. | .. | .. | 5,423,031 |

The above figures are compiled as at 31st May of each year. From present figures it is apparent that production of leather footwear for the year ending 31st May, 1946, may drop approximately 250,000 pairs as compared with 1945, due primarily to the shortages of labour and certain materials. The total production of military footwear passed the 3,125,000 mark, including approximately 1,125,000 pairs for the United States Forces and Eastern Group Supply Council.

Radio.—During the year the Radio Plan Industrial Committee met six times to consider matters relating to the industry, especially reconversion from wartime to peacetime production. A survey of the industry was carried out which showed that as a result of war work the total capacity of the industry was considerably greater than it had been before the war and greatly in excess of the estimated annual requirements. A large number of applications were received for new licenses and a limited number were granted to discharged servicemen to permit them to rehabilitate themselves in this industry.

Electric Ranges.—The Electric Range Plan Committee has not been operating during recent years, due to the considerably reduced activity in the industry through lack of raw materials and finished parts. The greatest endeavours have been made to meet increasing demands brought about by the intensified housing scheme, and future production will be limited only by the ability to obtain a continuous flow of materials and an adequate supply of labour.

Flax-milling.—The Flax Plan Industrial Committee has continued its valuable and close co-ordination and encouragement of flax-milling. The comparative yearly production is given hereunder:—

| | | 1945-46. | 1944-45. | 1943-44. | 1942-43. |
|----------------|-------|----------|----------|----------|----------|
| | | Tons. | Tons. | Tons. | Tons. |
| Fibre | | 3,964 | 4,797 | 5,141 | 3,371 |
| Tow | | 687 | 775 | 711 | 784 |
| Stripper slips | | 70 | 127 | 115 | 69 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 4,721 | 5,699 | 5,967 | 4,224 |

The decrease in production as compared with the past two years has been brought about by the cutting-out of areas which were operated during the war years under subsidy arrangements and the closing-down of three mills due to labour and other difficulties.

The contract for the manufacture of rope from phormium for the United States of America Navy has terminated, and this has reduced the fibre needs by approximately 1,000 tons. At the moment the needs of manufacturers are being met, but when labour becomes freely available at Foxton difficulties may arise in the fibre-supply position, and measures to overcome this are now before the Government.

The machine capacity of the New Zealand Woolpack and Textile's factory at Foxton is approximately 1,000,000 woolpacks per annum, which would provide for the total requirements of the Dominion. For the past few years the Foxton woolpack has sold below the cost of the jute pack from Calcutta, and as the price of woolpacks has been stabilized a very considerable subsidy has been paid by the Government to allow the imported packs to be sold at the stabilized price, based on the selling-price of the New Zealand phormium pack.

The State mill at Westport is still not producing to capacity on account of shortage of cutters, but the State mill at Kerepehi has shown a much improved turnover with a slight profit on the year's workings.

The Moutoa Estate has supplied a considerable quantity of green leaf for the Foxton woolpack-factory, and cutting will show increased results in the near future. The incidence of yellow leaf has been a matter for very great concern, and a combined drive by various sections of the Department of Scientific and Industrial Research has been organized in an attempt to discover the cause and provide a remedy. All the officers concerned deserve the highest praise for their continued and combined efforts, from which it is hoped practical results will soon eventuate. Alongside this specially directed effort, the normal experimentation and research activities have been maintained in regard to planting technique and the development of better strains of fibre, &c.

Pharmacy.—It can be safely claimed that the objective of the Pharmacy Plan—namely, to rehabilitate the industry—has been achieved. The appearance of prosperity which the industry now enjoys has been effected to a considerable extent by the influx of dispensing work under social security. Although high wages are the rule, there is still a noticeable urge among assistants to acquire pharmacies of their own, and it has been perhaps fortunate that some restraint by way of licensing has existed, as otherwise there might well have been an excessive and consequently uneconomic number of new units opened up. Actually there are not enough pharmacists available to do comfortably the work to be done, and the opening of new units would not improve the position.

A development taking place is the tendency of the older businesses to reconstruct on a private company or partnership basis with a view to giving former assistants some financial interest in the business. This is a desirable movement and should tend towards greater efficiency in a manner that the widespread dispersal of personnel could not accomplish. During the year there were twelve such cases.

In every case which does not involve a transfer within the family of a pharmacist or the taking-in of a professional associate of long standing, full opportunity is given through the Director of Rehabilitation to all servicemen to present their claims for consideration, and a useful contribution is being made to the problem of rehabilitation.

APPEALS

The Hon. Sir Francis Frazer has continued to act as Industrial Efficiency Appeal Authority throughout the year, and has heard a total of twenty-nine appeals, of which four were allowed. The decision of the Bureau was varied in two further cases, and the remaining twenty-three were disallowed. Appeals have in every case been decided by the Appeal Authority after a personal hearing at which all interested parties were invited to be present. The help and guidance given by the Hon. Sir Francis Frazer has been much appreciated by the Bureau, and it is pleasing to record also that the various parties attending appeals have repeatedly expressed themselves as fully satisfied with the manner in which the appeals have been conducted.

WHEAT, FLOUR, AND BREAD INDUSTRIES

The Wheat and Flour Controller's report for the year ended 31st January, 1946, sets out the main features experienced in respect of wheat, flour, and bread for that period, and it is accordingly appropriate to reproduce the statement hereunder :—

The main features of the trading results of the Wheat Committee for the year to 31st January, 1946, are briefly reviewed below:

The turnover by weight was—

| | | | | | | Bushels. |
|------------------------------|----|----|----|----|---------|------------|
| * Wheat (including Canadian) | .. | .. | .. | .. | Tons. | 10,760,112 |
| White flour | .. | .. | .. | .. | 159,579 | |
| Wholemeal | .. | .. | .. | .. | 11,169 | |
| Biscuit meal | .. | .. | .. | .. | 374 | |
| | | | | | Tons. | |
| | | | | | 171,122 | |
| Bran | .. | .. | .. | .. | 21,272 | |
| Pollard | .. | .. | .. | .. | 29,824 | |
| Stock meal gristed locally | .. | .. | .. | .. | 995 | |

* This does not include New Zealand wheat sold as fowl wheat or which goes into consumption on farms where it is produced. The figure covers only the quantity bought and sold by the Wheat Committee. The Committee handled only 5,698,921 bushels of New Zealand wheat, whereas the total production was 6,992,204 bushels.

Wheat turnover exceeded last year's figure by 1,143,084 bushels, principally because of our inability to obtain stock meal, barley, maize, &c., formerly imported from Australia for stock-feeding purposes, and wheat has been used in place of these alternative feedstuffs. Flour trade was slightly below last year's figure, whilst biscuit meal showed a recession from 6,450 tons to 374 tons, owing to cessation of military contracts. Stock meal gristed locally dropped from 5,437 tons to 995 tons.

The cash turnover was :—

| | | | | | | £ |
|---------------|----|----|----|----|----|-------------------|
| Wheat Section | .. | .. | .. | .. | .. | 3,748,142 |
| Flour Section | .. | .. | .. | .. | .. | 2,812,925 |
| | | | | | | <u>£6,561,067</u> |

Cash turnover, which is assessed on the selling-price in New Zealand and not on the cost of importations, exceeded last year's figure of £6,196,637 by £364,430.

Administration costs show a decrease over all of £211 from last year. An exceedingly low loss through bad debts was again recorded, this year's figure being £43.

The Flour Section administration costs, which cover all the charges arising from collecting orders, ordering out from mills, invoicing, collecting accounts, paying proceeds to mills, *del credere* risk, &c., amounted to 1.205 per cent., in comparison with 1.129 per cent. last year. Millers pay the Wheat Committee 1½ per cent. commission for this work, so that the net result is a profit, notwithstanding the fact that in certain localities where the Wheat Committee has not its own office established the Committee pays 2 per cent. to merchant agents to handle the flour sales. Hundreds of poultry-keepers are in the habit of buying pollard and bran direct from the Wheat Committee at wholesale prices, which means that the Wheat Committee has done this business for approximately 1½d. per sack. No other middlemen have entered into the picture, so that the total cost of the Wheat Committee's services has been so small as to be almost negligible. The percentage of operating-costs over all wheat and flour, including the 1½d. per bushel to brokers on all New Zealand wheat handled and the 2 per cent. to certain merchants handling flour, was only 0.98 per cent. of the turnover. Whilst the 1½d. per bushel was paid in respect of brokerage on New Zealand wheat, no such charge is incurred on imported wheat which is distributed by the Committee. The 0.98 per cent. of turnover recorded as the operating-costs is spread over all turnover, including imported wheat, and reflects a most satisfactory result, being lower than the 1.06 per cent. last year.

The trade in flour represented 120.42 per cent. of the basic allocation made to mills when the scheme was inaugurated in 1936. This is 3.04 per cent. less than the 123.46 per cent. of allocation sold in the previous year.

Quality.—It was anticipated that following on the disastrous floods which occurred early in 1945 our wheat would be seriously affected. Steps were taken therefore to import Australian flour, and the admixture of this flour and Canadian wheat with our own damaged wheat whenever possible was brought about. It may be stated, however, that the quality of flour thus produced was better than expected, and few complaints were registered. The Wheat Research Institute, by advising bakers as to the best method of treatment of the flour, were able to overcome any difficulties which cropped up.

Wheat Importations.—It is usual for New Zealand to obtain the balance of its requirements above the domestically produced crop from Australia, but in 1945, because of the serious drought conditions which affected that country, arrangements were made by the Hon. D. G. Sullivan, Minister of Supply and Munitions, for supplies from Canada. The quantity of wheat imported from Canada was 5,061,191 bushels, as compared with 3,810,535 bushels imported from Australia in the

previous year. No less than 2,792,051 bushels were received under the mutual-aid arrangements at no cost to the Dominion, the Canadian Government providing not only this quantity of wheat, but the ships in which it was carried, free of cost. Of the 5,061,191 bushels of Canadian wheat received during the year, 3,591,327 bushels came to the North Island and 1,469,864 bushels to the South. In all, 4,049,407 bushels of imported wheat went to the mills and 1,011,784 bushels to the poultry industry. Because of the difficult shipping position which prevailed in the earlier part of the year, importations were relatively small during the first half, with the greater portion coming to hand in the second half of the year, and particularly in the last two months.

An innovation to New Zealand was the acceptance on our part of several cargoes constituting part bulk shipments of wheat, all of which were discharged at Auckland. This was made possible by the co-operation of and arrangements worked out by the two Auckland mills in conjunction with the Auckland Harbour Board, and sincere appreciation is recorded of these efforts and of the resultant success achieved. By utilizing grabs at the wharf and transferring the wheat into specially constructed hoppers it was possible to discharge loose wheat into lorries for ultimate transfer to the mills. An appreciable quantity was handled in this way, and because of the arrangement we were able to receive wheat from Canada at a time when the limitations in both bags and bagging equipment there, combined with the aggregation of shipping for world markets at Canadian ports, may otherwise have seriously interfered with the supply of wheat to this country.

New Zealand Wheat.—The New Zealand crop totalled 6,992,204 bushels from 183,886 acres, representing an average yield of 38.02 bushels per acre. The main features were the poor acreage and the high yield by comparison with the figures over a number of years. The unfavourable weather conditions which prevailed undoubtedly had a marked effect on the acreage. The price was 6s. 6d. per bushel f.o.b. grower's nearest port, equal to 6s. 2d. on trucks or 6s. 0½d. on farm.

Wheatgrowers' Compensation Scheme.—Because of the extreme weather conditions, the claims on the Insurance Fund were heavy, insurance payments totalling £15,243, as compared with £2,037 in the previous year. The number of claims met were 130, as against 19 last year. The worth of the scheme as a safeguard to the interests of the wheatgrowers against the unseasonable factors of damage from frost, hail, or flood can be gauged from the amount of compensation paid this year.

Flour Importations.—During the year 15,359 tons of Australian flour were imported, of which 3,186 tons were landed in the North Island and 12,173 tons in the South Island. This flour was mixed with New Zealand flour at the mills as a means of offsetting the effects of damage resulting from sprouted wheat.

Flour-mills.—The same number of mills, 43, continued to function throughout the year. The excellent record of the mills in meeting all requirements in the face of difficulties inherent in conditions of war and its aftermath is a matter for record.

Wheaten Stock Foods Control Notice 1945.—This Notice was gazetted on the 14th March, 1945, and was designed to conserve supplies by making it an offence to feed wheat and wheaten products to stock other than poultry, except under the special written authority of the Wheat and Flour Controller.

Bread-baking Industry.—The number of bread-baking units on the register at 31st January, 1946, was 567, which is the same figure as at 31st January, 1945. When the Bread-making Industry Control Notice was gazetted (27th June, 1940), the proportion of bread-bakers per head of population was 1 to 2,242 persons; at 31st January, 1946, the proportion was 1 baker serving 3,050 people.

Immediately after cessation of hostilities the Delivery Emergency Regulations (1942) were revoked, and as a consequence there is to-day no official bar to the resumption of house-to-house deliveries of bread.

Man-power.—From a recent survey of the man-power position and covering 559 of the 567 bread-baking units, the following information was gained:—

| | | | | | |
|---|----|----|----|----|-------|
| Bread-baking units employing labour | .. | .. | .. | .. | 506 |
| Bread-baking units not employing labour | .. | .. | .. | .. | 53 |
| Staff, including working proprietors— | | | | | |
| Males | .. | .. | .. | .. | 2,242 |
| Females | .. | .. | .. | .. | 641 |
| Ascertained staff shortage (allowing for anticipated staff outflow and inflow)— | | | | | |
| Males | .. | .. | .. | .. | 195 |
| Females | .. | .. | .. | .. | 31 |

Skilled tradesmen shortage is recorded as 121 males.

Rehabilitation of Ex-servicemen as Bread-baking Proprietors.—During the latter portion of the control period, arrangements were made to accord to ex-servicemen a priority both in taking up new bread-baking opportunities and in securing transfers of existing bread-making establishments. The following is a summary of the results achieved:—

| | | | |
|--|----|----|-------------|
| (a) Ex-servicemen rehabilitated into bread-bakeries in their own right | .. | .. | 46 |
| (b) Ex-servicemen in partnership with civilian bakers | .. | .. | 14 |
| (c) Ex-servicemen bread-baking partnerships | .. | .. | 5 (11 men) |
| | | | 65 (71 men) |

The number of bread-baking units solely or partially controlled by returned servicemen equal 11.48 per cent. of operating units. As there are 11 ex-servicemen engaged in category (c), the aggregate number of ex-servicemen rehabilitated into the industry is 71. Included in these figures are 8 former proprietors who resumed bread-baking after their discharge from the Forces.

Bread-bakers' Flour Consumption.—During the period under review the quantity of flour used by bread-bakers and bread-pastrycooks increased by 3,838 tons. Comparative figures are as under :—

| For the year ended 31st January— | | | | | | | | Tons. |
|----------------------------------|----|----|----|----|----|----|----|---------|
| 1944 | .. | .. | .. | .. | .. | .. | .. | 101,120 |
| 1945 | .. | .. | .. | .. | .. | .. | .. | 103,877 |
| 1946 | .. | .. | .. | .. | .. | .. | .. | 107,715 |

Appreciation.—Throughout the year an excellent measure of co-operation was received from all sections—wheat-growers, flourmillers, bakers, grain-merchants, and poultry-keepers, and thanks are due to all sections.

LINEN FLAX

The control of this industry has now passed to the New Zealand Linen Flax Corporation, which was constituted by Act of Parliament in December, 1945, and in accordance with provisions of the Act the Corporation will be concerned with the growing, harvesting, and the processing of linen-flax straw up to the fibre stage. This will involve the retention and operation of factories which are located at Geraldine, Fairlie, Washdyke, Methven, Makihiki, and Winton.

Appointments of directors, representing various interests most concerned with the welfare of the industry, have been made as follows :—

F. Johnson, Chairman, and A. R. F. Mackay, Deputy Chairman (representing the Government).

A. McF. Hart and R. W. L. Beattie (representing the linen-flax growers of New Zealand).

W. Aspinwall and H. F. Sincock (representing the manufacturers using linen-flax fibre as a raw material).

F. J. Burnell, a member of the New Zealand Workers' Union.

H. A. Bissett, the manager of a factory producing linen-flax fibre (both F. J. Burnell and H. A. Bissett representing the employees of the Corporation).

T. C. Watson acts as deputy for W. Aspinwall during his absence from New Zealand.

The growing and processing of linen-flax fibre in this country was undertaken in consequence of the urgent request of the British Government in May, 1940, when, because supplies of fibre, which were previously obtained from Russia, the Baltic States, and Belgium, were cut off by enemy action, the shortage became acute. Its importance for use in aeroplane fabrics, parachute harness, fire-hose, canvas, and many other articles made it a vital war material. The agreement made with the British Government at that time extended for the duration of the war with Germany and for twelve months thereafter, but the period has since been extended to embrace the output of fibre produced from our 1945 crop, which approximates 10,000 acres.

New Zealand was not the only Empire country to which requests for flax fibre were directed, and it is interesting to note that developments in various Empire territories have led to the production on the following scale :—

| | Tons. |
|---------------------|--------|
| Canada | 14,510 |
| Australia | 6,820 |
| New Zealand | 7,460 |
| Kenya | 3,840 |

The value of fibre and tow shipped to the British Ministry of Supply from New Zealand represents a value of £(N.Z.)2,775,000. As well as assisting the Mother-country, the Dominion was able to supply fibre to the local spinner for the manufacture of linen-flax sewing and seaming twines and other products which would have been unobtainable had there been no local source of supply.

The arrangements with the British Ministry of Supply provided for the total costs of production to be met by the British Government. The loss which will result from the disposal of factories and other assets not required by the Corporation will be shared

between the British and New Zealand Governments in proportion to the value of fibre sold and shipped to the British Ministry of Supply and that sold to the local spinner. Negotiations are proceeding in regard to the valuation of the six factories which will be retained and operated by the Linen Flax Corporation. The fibre produced will be sold to Messrs. Donaghy's Rope and Twine Co., and the Linen Thread Co., who are proposing to open a spinning-factory in Dunedin. The fibre processed by these companies will be utilized in the production of various kinds of thread for the footwear and tailoring trades, seaming-twine, ham-cords, and a wide range of other cordage. In addition, the companies will produce yarn suitable for the weaving of canvas, fire-hose, and other woven-flax fabrics.

In production of linen-flax fibre the seed remains as a by-product available for the production of linseed-oil and cattle-cake. This has led to the establishment of a linseed-oil-producing plant in this country, which has absorbed all surplus seed from the linen-flax plants. To the end of March, 1946, the output of linseed-oil from the local factory exceeded 1,000,000 gallons. This has been a most welcome addition to our linseed-oil supplies, because the available quantities of this oil are far below the level of world demand.

TOBACCO

The 1945 harvest resulted in a record-breaking total of leaf, a very satisfactory and desirable achievement, in view of the aim of the Government and of the Tobacco Board to effect an increase in the percentage of domestic leaf, which manufacturers are required to use over their total manufacture.

The basic average prices of tobacco leaf for the 1945 harvest were 2s. 0½d. per pound for flue-cured and 1s. 9½d. per pound for air-dried leaf, and were fixed by the issue of a Price Order by the Price Tribunal. These prices were 1d. in advance of those of the previous season. Prices were increased still further in respect of the 1946 crop to 2s. 2d. (flue-cured) and 1s. 11d. (air-dried).

Climatic conditions during the 1944-45 season were, in the main, abnormal. Temperatures during the spring and early summer months were much below average, and right throughout the season night temperatures were relatively cool. Sunshine was also less than usual. On the other hand, the rainfall was consistently high during the growing period and even on the coarser sands it was not necessary to irrigate. A frost on the 20th March spoilt some leaf, particularly in the Tapawera and Stanley Brook districts. In view of the seasonal conditions that obtained, the quality of the crop, in the main, was good.

During the year under review the Board contributed £530 14s. towards the cost of the programme of tobacco-research work carried out by the Tobacco Research Station. The total amount so far contributed by the Board for this is £6,848.

During the year covered by this report a fund was established for the purpose of compensating tobacco-growers for loss of leaf caused by frost, hail, and flood. On the recommendation of the Hon. Minister of Industries and Commerce, Cabinet decided to assist in the establishment of an Insurance Fund by way of guaranteeing any deficiency in the amount of the fund up to a specific limit for a period of five years after its establishment. The limit of the Government's liability in each of the first five years will be the difference between the amount of the fund and £10,000, which was considered a reasonable figure to enable the fund to be maintained by the growers themselves. The Government guarantee was granted subject to the Tobacco Board being willing to set aside £2,500 from its Accumulated Fund, and to increase levies which it makes on the tobacco-growers, so as to provide a further amount of not less than £1,500 per annum to assist in the building-up of the fund. The necessary measures were taken by the Board to comply with the Government's guarantee, and regulations under the Tobacco-growing Industry Act, 1935, were gazetted on the 14th June, 1945, providing for compensation in respect of leaf of the 1945 crop that was totally destroyed by frost, hail, or flood.

A total of 53 claims was received from growers during the first year that the fund was in operation. Of these, 41 claims were allowed, in that they qualified in terms of the regulations. The quantity of leaf covered by compensation was 62,178 lb., while the aggregate value was £1,251 6s. 5d. An analysis reveals that, of this total, 18,194 lb. was on account of frost, 11,153 lb. was destroyed by hail, while 32,831 lb. was lost through flood.

In view of the fact that it was necessary to gazette regulations in connection with the Tobacco Growers' Insurance Reserve, opportunity was taken to have all the regulations and amendments under the Tobacco-growing Industry Act, 1935, brought up to date by means of a consolidation of the relevant regulations under the title of the "Tobacco-growing Industry Regulations 1945."

The following table supplies comparative figures of growers, acreage, and production for the past seven seasons :—

| Season. | Number of Growers. | Acreage licensed. | Production. |
|-----------------|--------------------|-------------------|-------------|
| | | | lb. |
| 1938-39 | 342 | 2,225 | 1,423,610 |
| 1939-40 | 339 | 2,570 | 2,217,040 |
| 1940-41 | 381 | 2,963 | 3,143,355 |
| 1941-42 | 381 | 3,063 | 2,721,539 |
| 1942-43 | 360 | 2,960 | 3,185,183 |
| 1943-44 | 414 | 3,106 | 3,083,094 |
| 1944-45 | 487 | 3,383 | 3,286,067 |

On the manufacturing side, supplies of pipe and cigarette tobacco and cigarettes from local and overseas sources in 1945 totalled 6,649,324 lb. The production rate during 1946 has increased and present indications are that the figures for the record year (1944) will be exceeded.

Import licenses have been granted for 1,300,000 lb., calculated to cover the estimated deficiency from local production.

MOTION-PICTURE INDUSTRY

There have been no changes of a major nature during the year in the number of licenses issued for the exhibition of motion pictures. Statistics published during the year show how heavily motion pictures are patronized in New Zealand, although there has been some recession in this respect from the peak number of admissions (38,256,659 for the year) in 1943-44. Some theatres call for reconstruction and others for extensive renovation, but with the continued intense demand for building-materials and labour it is not possible yet to state when the materials required can be released for these works.

Amending regulations have been introduced in the interests of the rehabilitation of ex-servicemen, and it is now necessary for the licensing officer to consider the claims of ex-servicemen for exhibition licenses, and the Director of Rehabilitation is entitled under the amending regulations to be considered as a person materially affected and is thus able to make representations on behalf of ex-servicemen.

The question of film-supply formed a subject of inquiry during the year in so far as Auckland City was concerned, but a satisfactory agreement was arrived at as a result of the efforts of the Department, in association with the Chief Inspector of Films.

The Department has continued to take part in the deliberations of the Film Industry Board, which now meets at regular two-monthly intervals, and a wide range of matters affecting the industry have been dealt with by the Board. As indicated in last year's report, in spite of the difficulties of keeping theatres up to pre-war standard on account of the shortage of materials, the industry has continued to give good and adequate service to the community.

PRICE CONTROL

The Price Tribunal reports that it has continued to maintain control over the prices of goods and services during the past year, and also submits the following observations:—

A simplified procedure has been adopted, wherever possible, in order to facilitate the speedy application of approved prices without departing from Government policy as regards the control of prices. Difficulties confronting traders in the transition period since the cessation of hostilities, including the necessity to rehabilitate returned servicemen, have resulted in a tendency for costs to rise and increase the responsibility of the Tribunal to safeguard the interests of consumers. The volume of work involved in administering subsidy payments has increased considerably and the staff has been further augmented. On the removal of man-power control a number of temporary officers returned to commercial positions, but all permanent officers have remained on the staff. To meet the Tribunal's staffing requirements on the accountancy side of the work, transfers of permanent officers by way of secondment have been made from other Departments.

The number of Price Orders issued during the year ended 31st March, 1946, was 157—numbers 350 to 506 inclusive—this latter figure representing the cumulative total of Price Orders to 31st March, 1946. This number included amendments as well as new Orders, and covered a comprehensive range of commodities, and particularly foodstuffs and articles of clothing.

During the year 310 convictions for breaches of the Price Control Regulations were entered. The number of traders affected was 173, and 3 cases were dismissed. The total fines imposed now total £9,916 15s., of which the sum of £1,671 5s. was in respect of the past year.

The co-operation between the Tribunal and the Standards Institute, referred to in previous reports, has again been maintained. There has also been an increasing measure of co-operation with the Department of Industries and Commerce and the Bureau of Industry with the object of co-relating price control and production.

The Clothing Stabilization Committee, set up during the previous year, has handled a large volume of work covering subsidization of essential lines of clothing. The personnel of the Committee has again included representatives of the Tribunal, Treasury, and the Economic Stabilization Commission, and co-ordination between these Departments has been maintained.

In addition to essential clothing, subsidies relating to farm products, foodstuffs, and other stabilized goods are also administered by the Tribunal.

In general the Tribunal has continued to receive the valued co-operation of most traders and industries.

MINISTRY OF SUPPLY

In last year's report it was stated that the time was approaching when the Supply Organization would disappear and when the Department of Industries and Commerce would resume its normal functions. Reductions in purchases abroad for warlike stores and in local contracts for similar purposes were then already substantial. The principal activity of the Ministry of Supply to-day—apart from what may be termed cleaning up of wartime work—is supplies for our Forces in Japan and such Government-to-Government transactions as are necessary to obtain commodities in short supply.

It is only now when the actual emergency is receding into history and we are able to reflect on the events of the past seven years that we can ascribe perspective to the scale and the diversity of the demands imposed by the war on the Ministry. Nor is the magnitude of its task sufficiently signified by the statement that its transactions exceeded £100,000,000 in value. Its full significance is conveyed only when account is taken, firstly of the difficulties imposed by war on the purchase and movement of goods, and secondly, of the novel features introduced into trading during the war to ensure the greatest advantage to the war effort of the Allied Nations. Organization for war in other countries made it necessary for the New Zealand Government (as also was the case with other Governments) to enter into trade in many essential commodities. In many cases it was necessary for the Government to become a stockist of goods so that local reserves against emergency could be maintained. Many commodities in short supply were the subject of allocation by control bodies, whose authority embraced all the Allied Nations. Very large proportions of the goods which moved between the Allied Nations were not subject to payment or continuing liability under the customary procedures of international trade, but were transferred as mutual aid. The principles of mutual aid characterized lend-lease goods and services from the United States, reverse lend-lease

goods to the United States, and mutual aid from Canada. While these and other novel aspects of the Ministry's wartime functions deserve full record, that will require to be given elsewhere than in this report.

As soon as possible after the capitulation of Japan, review was made of controls enacted under the emergency legislation. Relaxation to the greatest extent practicable in the controls over materials which were exercised in pursuance of the Supply Control Emergency Regulations and the Factory Emergency Regulations 1939 has since then resulted in the revocation of the great majority of the control notices. Those administered by this office which remain are the ones relating to rubber tires and tubes, cordage and fibre, tinplate, paint, and the marking of clothing. World supplies of the above-mentioned commodities and of essential raw materials required for their manufacture continue to be in such short supply that the quantities which are available must be allocated according to the priority of claims to them. It is the Government's desire to see these remaining controls removed as soon as it is reasonable to do so. There has recently been some improvement in supplies of raw rubber, but because of shortages in other elements used in tire-manufacture no immediate substantial improvement in the general availability of automobile tires can be expected. The position to-day is that, while truck and bus tires for heavy transport are available in sufficient quantities, there is no possibility of meeting to any substantial degree the huge accumulated demand for car tires. Some easing of the position for motorists can be expected, however, when the control on retreads is revoked. The three companies which have been granted licenses by the Bureau of Industry for the manufacture of tires in New Zealand are unlikely to have their plants ready to come into production in less than a year.

Orders placed for goods during the year have been confined to those for which procurement by the Government has been essential to obtain them. Substantial quantities of materials were, of course, still not to hand when hostilities ceased, and deliveries against these form a large portion of the goods embraced in the stock which came to hand during the year totalling £2,633,485. The reduction of stocks held in reserve by the Ministry had already begun some months prior to the end of the war in Europe, but the capitulation of Japan made it possible to accelerate their liquidation. Sales for the year to 31st March, 1946, including both current arrivals and reserve stock disposals, totalled £5,058,198. At the end of the year the value of stocks still held by the Ministry was slightly in excess of £2,000,000. Most of the goods are manufacturers' raw materials, but because a large proportion were of lend-lease origin their disposal had to be withheld until the negotiations of the lend-lease settlement were completed. Because of the nature of the goods and for the reason that their normal users or ordinary channels of distribution are familiar to us from our wartime experience, disposals have in the main, not been a problem. Usually the commodities can be sold at ruling market values to normal users. Where circumstances permit, opportunity is given to UNRRA and similar organizations to purchase stocks which they desire and which are available for sale. So that conflict may be avoided in disposals of the Ministry's stocks and of stocks under the control of the War Assets Realization Board, close liaison is maintained between the two organizations on commodity surpluses. Another procedure helpful in achieving orderly disposal and in avoiding waste is the co-ordination of information from applications for import licenses with records of materials held by the Government for sale.

The policy embracing disposal of stocks and the prices at which they are sold remains, with other aspects of our dealing in commodities, under the supervision of the Commodity Prices Committee, which was constituted in 1943, and whose membership includes representatives of the Treasury and of this Department. In view of the importance of the functions undertaken by this Committee in relation to the operation of the Ministry of Supply, it is considered appropriate that a brief review of its activities should be placed on record.

Consisting of two officers of Treasury and two officers of the Ministry of Supply, it was originally set up to fix the prices at which lend-lease goods and other goods imported by the Ministry for which insufficient documents were available passed into use. It quickly developed, however, to be the clearing authority for any transactions of the Ministry which involved problems of a financial nature. While these were widely varied, they can be classified under the following broad headings :—

(1) *Prices*.—Under wartime conditions many circumstances arose to cause the cost price of goods procured to be inappropriate as the basis on which to sell them in New Zealand. Every case for a reduction in price was carefully examined by the Committee. Such price reductions as were made were granted mainly because of the effect of the Government's stabilization policy, under which there was a limit in any case to the price which could be charged for stabilized goods. Other claims arose where prices were pooled from varying sources of supply or where extraordinary charges were incurred due to circumstances of war.

(2) *Distribution of Commodities*.—Distribution agreements with master agents, and the remuneration payable thereunder, have been supervised by the Committee.

(3) *Approval of Orders*.—From September, 1943, onwards the Committee was the authority supervising the terms of ordering goods procured under Government orders overseas. A system of order forms embodying proper commercial protective clauses was introduced, and this made clear the terms on which transactions were entered into between the Ministry and the trader. Orders handled in this way totalled more than £27,000,000.

(4) *Claims against the Department*.—Another important part of the Committee's work has been the scrutiny of miscellaneous trading claims against the Ministry, including those arising from damaged consignments, disputed orders, liabilities under contracts, agents' commissions on inwards consignments, and similar matters.

(5) *Disposal of Stocks*.—The Committee has supervised the disposal of the Ministry's reserve stocks. In general, the disposal channels have been through normal traders.

(6) *General*.—A variety of other matters relating to finance or accounting have also been dealt with by the Committee as they have presented problems.

It will be evident that the scope of the Committee's functions have been very wide, and since the first meeting on the 16th April, 1943, 145 meetings have been held, at which more than 600 different recommendations have been made relating to practically every type of commodity.

It is intended to continue the functions of the Committee until all consignments against old overseas orders have arrived and all stocks on hand have been disposed of by the Department.

Under war conditions, when it was essential to carry on only those services necessary for the war effort, it was consistent with economy in the use of resources for the Government to enlist the aid of established business houses in distributing the commodities other than for direct war use which, under the demands of the emergency, it was necessary for the Government to procure. Under this policy these direct advantages were enjoyed :—

(a) Technical advice was available where it was most helpful.

(b) Existing channels of trade were not disturbed.

(c) Existing facilities of staff, procedures, and accommodation of the firms concerned could be availed of.

Agency agreements were made to cover a great variety of commodities, and the agreements themselves differed substantially in the obligations which they imposed. In some instances agreements were made with a single company acting for the group

handling the commodity. In other instances the Ministry dealt individually with a number of companies in connection with a single commodity. Perhaps the most interesting creations in this field of Government-commercial co-operation in distribution of supplies were the non-profit companies, Consolidated Importers (N.Z.), Ltd., and Steel Distributors, Ltd., whose shareholders embraced the importers usually engaged in the handling of the commodities for which the new companies became the intermediary between the Ministry and the importer.

It is interesting and of value at this stage to recount that in December, 1941, the Allied Nations' supply problems were such that forecasts had to be made of requirements for all commodities in critical supply. To rank for allocations of these goods from abroad a full statement of intended use was a prerequisite. It will at once be apparent that each importer's justification for each individual indent could not retain identity in our claim for supplies and the only practicable procedure involved the grouping and consolidating of all New Zealand orders. Hardware and steel presented problems of great diversity in specifications. Commercial interests conceded that bulk buying was the only course, and as an alternative to the suggestion that the number of importers be restricted, it was agreed that merchant importers of hardware should establish a private limited-liability company to be styled Consolidated Importers (N.Z.), Ltd., among whose objects there were the provisions that it would exercise the authority delegated to it by the New Zealand Government to co-ordinate orders and arrange distribution of all imports within a limited range of Tariff items as may from time to time be agreed upon between the company and the Government, and in whose constitution it was provided that the company was formed as an emergency war measure for the purpose stated and not for any purpose of profit. The capital was fixed at a small nominal amount, and the membership embraced all importers regularly engaged in the importation of the lines (mainly hardware) which it was agreed should be consolidated. The expenses of the company were met by a levy on each importer based on the value of the goods imported to his account. The establishment of the company proved to be of great value, and as the war proceeded the necessity for programming and bulk buying became more and more strongly emphasized. This was enforced under lend-lease procurement and under procurement from the United Kingdom.

Steel of the types embracing structural, reinforcing, plates, billets, rails, and the like, but excluding sheets and tinplate, was a commodity for the wartime handling of which a special non-profit company (Steel Distributors, Ltd.) was set up. Major factors which caused the Government to become purchasers of steel were its subjection to allocation by supplying countries under Government direction, its availability under lend-lease for which Government purchase was essential, and the necessity to level prices for equivalent types in which there was wide disparity according to sources of supply and routes of transit. Because the collection of orders and the distribution of the goods on delivery could best be undertaken by those familiar with the special problems, it was considered that the position could best be met if a company were formed embracing the merchants to work in accordance with Government approval on such matters as procurement, distribution, and price. In practice the company's duties have been to collect orders and to consolidate them in a form suitable for overseas bulk buying, to clear consignments from ships on arrival and to distribute them to customers or to take them into stores supervised by the company, and to render invoices and to account for sales proceeds to the Ministry. What has proved of great value, too, has been the willingness with which officers of the company have given their expert advice on the difficult problems associated with the maintenance of New Zealand's supplies in this important commodity group.

In accordance with its policy, the Ministry revived normal commercial procurement after hostilities ceased and has not continued to purchase goods for any longer period the procurement conditions overseas have dictated. In consequence, the volume of

transactions involving the Ministry, Consolidated Importers (N.Z.), Ltd., Steel Distributors, Ltd., and the many agents has decreased greatly. Where they are still acting, their functions are in the main confined to the disposal of remaining stocks, and this should be completed in the cases of most commodities by the end of the present year. In retrospect, the arrangements whereunder commercial interests co-operated with the Government in carrying out the distribution of goods through the emergency stand out as having been very successful.

Sufficient will have been said for it to be clear that the end of hostilities did not mark the end of the Ministry of Supply's operations. However, with the great decrease in Government orders, its purchasing, its shipping, its storage, and its accounting problems are also decreasing. Unfortunately, so many of the Ministry's staff were obtained and held under man-power controls that when these were relaxed a large number resigned, even though in many instances it would have been helpful if they could have been retained. Staff changes and difficulties in obtaining replacements are adding substantially to the administrative problem of liquidating the Ministry.

ANNUAL REPORT OF THE FOOD AND RATIONING CONTROLLER FOR THE YEAR ENDED 31ST MARCH, 1946

RATIONING

The year 1945-46, the fourth year of food and clothing rationing, was marked by the end of hostilities in Europe and Asia and saw the growth of the now all-important problem of world food-supplies. The effects of the food crisis were reflected during the year in the increasing importance of rationing as a means of increasing our basic food exports. Other factors of note affecting rationing administration during the year were shipping difficulties and the cessation of lend-lease and of delivery of food-supplies to the American Pacific Forces. There were no additions to the list of rationed commodities.

Details of movements for the various commodities follow :—

Sugar.—Early in 1945, in addition to the low world stocks of sugar, a shortage developed in shipping for the transport of raw sugar, so that by the middle of March no shipping was in sight for some months and stocks of sugar were insufficient to carry through this period. Accordingly, the consumer ration, which, with little variation since the beginning of 1942, stood at 12 oz. per week, was reduced on 19th March, 1945, to 10 oz. per week, with complementary reductions in the usage of sugar by restaurants and manufacturers. Shipping difficulties were overcome later in the year so that it was possible to reinstate the sugar ration to 12 oz. per week on 1st October, 1945. At the same time household allowances for jam-manufacture were resumed, and during the twelve months a total amount of 9 lb. per head was released for this purpose.

Tea.—There has been no change during the year in the tea position. A small increase in our tea quota for the year 1946-47 has been granted and an increase in the tea ration for old people seventy years of age and over has been arranged. The ration scale throughout the year was 2 oz. per week for all persons ten years of age and over.

Butter.—Butter is rationed in New Zealand purely to provide greater exports to Britain and so assist in maintaining the British fats ration. The New Zealand butter ration was reduced to 6 oz. per week on 11th June, 1945, and corresponding reductions were made in manufacturing and restaurant allowances. The effect of the cut was mitigated by exempting people over the age of seventy years, expectant mothers and nursing mothers, workers living in isolation or under camp conditions, and workers requiring to take two cut lunches to their work each day.

The problem of dairy butter was again in evidence during the year and a substantial quantity was successfully diverted for use in manufacturing industries and for conversion into dried butterfat, thus releasing factory butter for export.

Two years of butter rationing were completed in October, 1945, and the end of the third year is approaching with no immediate prospect of any relief. The world-wide food crisis is expected to reach its peak late in 1946 with the onset of the next European winter.

Cream.—During the year illegal sales of cream grew alarmingly. In April, 1946, cream was declared a rationed commodity and a general tightening-up is now proceeding.

Meat.—In April, 1945, meat rationing entered into its second year of operation, and during this year a number of reforms were introduced on the basis of experience during the first twelve months.

As with butter, the rationing of meat is maintained solely to provide more meat for Britain. For this reason, also, the meat ration was reduced from 1s. 9d. worth per week to 1s. 6d. worth from 11th June, 1945. Corresponding reductions were effected in meat usage for manufacturing purposes.

Pork.—Restrictions on the sale of pork were imposed on 3rd May, 1943. With the cessation of hostilities and the withdrawal of the American troops it was possible for the restrictions on the sale of pork to be lifted on 17th December, 1945. Since then, pork has been a rationed commodity and has not been subject to prohibition on sales.

Bacon and Ham.—These items are still subject to control on the basis of quotas. During the year, subsidy amounting to £223,643 was paid to bacon-curers under War Cabinet approval.

Abattoirs.—The "Weighing of Meat" Notice was gazetted in June, 1945, and from that date it became compulsory for all meat killed at abattoirs to be weighed and branded. This regulation effectively controlled all meat being released from abattoirs for local consumption.

Meat Subsidy.—The payment of a meat subsidy to approximately 1,450 butchers throughout the Dominion was undertaken during the year, under the authority of War Cabinet. War Cabinet approved the payment of subsidy at the rate of 1s. 7d. per £1 worth of coupons, related back to weight, as from 1st November, 1944, to the end of October, 1945. To provide for the increased meat schedule and increased costs, the subsidy rate was increased to 2s. 4d. from 1st November, 1945. The total payments made to butchers for the period ending 31st March, 1946, amounted to approximately £644,000.

Rehabilitation Assistance.—Special concessions in the way of allowances of sugar to returned servicemen commencing businesses on their own account were suspended in March, 1945, but were resumed in October with the reversion of the sugar ration to 12 oz. per week. The Office works in close co-operation with the Rehabilitation Department in making these special allocations, and during the year over 750 ex-servicemen were granted supplies of rationed goods. Another type of assistance given is the making of special allowances to manufacturers to enable them to supply increased quantities of ice-cream, soft drinks, and confectionery to returned servicemen. Although the necessity for working within our quota of sugar does not permit unlimited rehabilitation assistance to be given, returned servicemen are given absolute preference in the allocation of supplies and licenses.

Clothing.—The fourth year of clothing rationing showed no improvement in supplies on previous years and the restrictions had to be continued. There was no change in coupon values and the regular coupon issue of fifty-two coupons per annum was maintained. A minor amendment brought in during the year was the provision of canvas coats and working-boots free of coupons to farmers and farm workers.

Hosiery-supplies have, until recently, shown no improvement, and the nominal issue during the year was one pair of fully-fashioned stockings each six months to all women sixteen years of age and over. In November, 1945, the failure of importations and reduced local production of hosiery made necessary the extension of availability of the then current hosiery coupon for a further six months. Some improvement is now evident with supplies coming forward more freely from overseas, and it should not be long before the present hosiery-rationing system can be discontinued.

Enforcement of Regulations.—In April, 1946, the Rationing Regulations were further amended to give more power for enforcement. The amendment took the form of a clause requiring traders and other users of rationed goods to account for all the goods coming into their possession. With this amendment the enforcement of the regulations has been intensified, with the result that numerous prosecutions have since been taken.

During the year ending 31st March, 1946, numerous breaches of the Rationing Regulations were reported, but it would appear that publicity given to earlier prosecutions had had a salutary effect and very little evidence of what could rightly be termed "black marketing" has been detected. One hundred and eight prosecutions were briefed against traders, principally against butchers; 19 cases were withdrawn before coming before the Court; 5 cases were dismissed by Magistrates. The total number of convictions entered was 84, involving the offenders in fines totalling £1,716.

FOOD CONTROL

Local Purchasing.—During the year the Purchasing Section of this Office continued to function as the foodstuffs-purchasing authority for New Zealand Government Departments, including the Defence Services, and as the ordering authority for all foodstuffs purchased on behalf of the United States Joint Purchasing Board.

The purchase of foodstuffs to the value of £1,200,000 was arranged for the New Zealand Government Departments, including the Services and the New Zealand Forces Club at Cairo.

Orders to the value of £13,000,000 were placed on behalf of the United States Joint Purchasing Board (see Appendix A following for particulars of the goods supplied).

Disposal of Surplus Stocks: other Government Departments.—Following the cessation of hostilities, it was necessary to dispose of considerable surplus stocks of goods held by the Service Departments. Goods which could not be transferred to other Government Departments were either returned to the manufacturers or sold to the New Zealand Wholesale Merchants' Federation.

This Office has operated also as the selling agent of the War Assets Realization Board for the disposal of surplus foodstuffs taken over from the United States Joint Purchasing Board.

United States Joint Purchasing Board Procurement Programme.—The cessation of the war against Japan during 1945 resulted in the termination of all United States Joint Purchasing Board food contracts covering supplies from New Zealand to American Forces in the South Pacific area. Primary products, including such items as frozen and canned meat, butter and cheese, bacon and ham, were held in cool store on account of the United States Joint Purchasing Board and were diverted to the United Kingdom.

Contracts.—Contracts were arranged for most Government institutions, Air Force stations, and Army camps for commodities such as meat, bread, milk, and fish. The main Army camps and Air Force stations continued to draw supplies of meat from freezing-works at the export f.o.b. schedule rates. Fresh meat was supplied during the killing season and frozen meat during the off season. In all cases contracts were arranged for first-grade meat, and it is significant to record that since meat grading has been in operation not one complaint has been received from institutions, &c., where graded meat has been supplied regarding the quality of the meat delivered.

Imported Foods.—Although the past year has been a difficult one from the point of view of supplies of imported foodstuffs, we have been fortunate in being able to obtain reasonably satisfactory quantities. The London Food Committee, when allocating supplies, has given every consideration to New Zealand's requirements.

It has been the policy to revert to pre-war distribution, and, where possible, recommendations are made to the Customs Department that import licenses be issued to the trade to cover the quantities of the various items allocated to New Zealand.

Allocations, 1946.—The allocations in respect of most commodities for 1946 have been fixed, and it appears that our imported food position for the next twelve months

may be much more difficult than last year. New Zealand's allocation of dried fruits for 1946 is 550 tons less than the quantity received during 1945 and the allocation of canned fruit is only 50 per cent. of the quantity programmed.

On the other hand, advice has been received that supplies of rice will be available for distribution to hospitals this year, whereas formerly it was possible to provide for our Asiatic population only.

ACCOUNTS

Imperial Government Contracts.—During the year the following items were produced under contract to the order of the British War Office :

| | | | | | Quantities. |
|----------------------|----|----|----|--------|----------------|
| Oatmeal | .. | .. | .. | 1,704 | tons. |
| Lime-juice cordial | .. | .. | .. | 32,736 | dozen bottles. |
| Tomato sauce | .. | .. | .. | 27,172 | „ |
| Worcestershire sauce | .. | .. | .. | 53,036 | „ |
| Jungle chocolate | .. | .. | .. | 621 | tons. |
| Service biscuits | .. | .. | .. | 401 | „ |
| Malted milk | .. | .. | .. | 89 | „ |

Stocks of Imperial Government Goods.—At the beginning of the year very heavy accumulations of stocks were held throughout New Zealand.

The Export Division, Marketing Department, arranged all shipments of Imperial Government contract goods during the year, in accordance with established procedure.

Total Revenue and Expenditure :—

| | | £ | s. | d. |
|---|----|-----------|----|----|
| Total revenue, 1st April, 1945, to 31st March, 1946 | .. | 6,402,992 | 10 | 11 |
| Total expenditure, 1st April, 1945, to 31st March, 1946 | .. | 5,285,767 | 0 | 9 |

| | | | | |
|---------------------------------|----|-----------|----|---|
| Excess revenue over expenditure | .. | 1,117,225 | 10 | 2 |
|---------------------------------|----|-----------|----|---|

Included in the expenditure total is a net irrecoverable expenditure on rationing and on approved subsidies amounting to £650,725 11s. 3d. The net excess of receipts over expenditure on the trading activities of the Office is therefore £1,767,951 1s. 5d. This excess represents a credit to War Expenses Account and is due principally to the liquidation during the year of the accumulated stocks of Imperial Government goods for which payment had been made in former years.

CONCLUSION

During the year the practice of consultation with trade groups in policy matters was continued, and appreciation should be recorded of the ready co-operation and assistance extended by the New Zealand Wholesale Merchants' Federation, the National Butchers' Executive Committee and the Provincial Meat Supply Committees, the National Executive Committee of Bacon Curers, the New Zealand Retailers' Federation, the New Zealand Master Grocers' Federation, the New Zealand Tea Brokers' Association, the New Zealand Tea Packers' Federation, the New Zealand Manufacturers' Federation, and the Associated Banks of New Zealand. Co-operation was also received from Government Departments, particularly the Department of Agriculture, Export Division of the Marketing Department, Census and Statistics Department, Post and Telegraph Department, Government Printing and Stationery Department, and Customs Department. Thanks are also due to the Shipping Controller, Mr. J. H. Gilbert, who has co-operated in our procurement arrangements to the greatest possible extent.

In all spheres of the work, relations with the above organizations have been most cordial and as a result a difficult task has been accomplished with the minimum of friction and criticism. The past year has been most difficult from the point of view of control of consumption and the procurement and distribution of imported foods, and it is hoped that the coming year will see worth-while improvements in the world food position with a gradual relaxation of controls and consequent benefit to the whole community.

APPENDIX A.—SUMMARY OF FOODSTUFFS SUPPLIED TO THE UNITED STATES ARMED FORCES DURING THE PERIOD 1ST JULY 1942, TO 30TH NOVEMBER, 1945

| Commodity. | 1st July, 1942, to 31st December, 1944. | | 1st January to 30th November, 1945. | | Grand Total, 1st July, 1942, to 30th November, 1945. | |
|----------------------------|--|------------|--|------------|---|------------|
| | lb. | £(N.Z.) | lb. | £(N.Z.) | lb. | £(N.Z.) |
| Butter | 39,729,961 | 3,407,588 | 14,466,545 | 1,391,069 | 54,196,506 | 4,798,657 |
| Cheese | 13,419,332 | 832,745 | 8,958,963 | 687,991 | 22,378,295 | 1,520,736 |
| Bacon and ham .. | 41,336,195 | 2,940,946 | 16,234,739 | 1,261,700 | 57,570,934 | 4,202,646 |
| Eggs, fresh (dozen) | 2,333,425 | 215,254 | 45,847 | 6,282 | 2,379,272 | 221,536 |
| Meat, frozen, &c. .. | 209,383,734 | 6,920,000 | 100,745,545 | 3,709,347 | 310,129,279 | 10,629,347 |
| Meat, canned | 64,352,964 | 3,790,655 | 13,230,534 | 981,300 | 77,583,498 | 4,771,955 |
| Milk, evaporated .. | 19,473,794 | 555,060 | .. | .. | 19,473,794 | 555,060 |
| Sugar | 65,773,907 | 877,189 | 21,897,776 | 326,660 | 87,671,683 | 1,203,849 |
| Tea | 946,976 | 196,447 | 474,643 | 111,124 | 1,421,619 | 307,571 |
| Vegetables, canned | 36,793,158 | 1,160,230 | 23,349,332 | 771,070 | 60,142,490 | 1,931,300 |
| Vegetables dehy- drated | 1,356,956 | 553,419 | 1,270,400 | 603,490 | 2,627,356 | 1,156,909 |
| Potatoes | 99,037,534 | 812,947 | 25,000,000 | 200,000 | 124,037,534 | 1,012,947 |
| Other fresh vegetables | 77,045,806 | 2,529,446 | 49,714,564 | 2,125,243 | 126,760,370 | 4,654,689 |
| Apples and pears, fresh | 33,525,082 | 500,616 | 13,175,770 | 201,770 | 46,700,852 | 702,386 |
| Other items | .. | 2,657,458 | .. | 730,395 | .. | 3,387,853 |
| Totals | .. | 27,950,000 | .. | 13,107,441 | .. | 41,057,441 |

APPENDIX B.—RATION SCALE, FOOD-RATIONING YEAR ENDED 31ST MARCH, 1946

Domestic

| Commodity. | Date rationed. | Initial Scale. | As at 1st April, 1945. | As at 31st March, 1946. | Changes. | Special Allowances. |
|------------|-------------------|-------------------|------------------------------|-------------------------------|----------------------|---|
| Sugar .. | 27/4/42 | 12 oz. | 10 oz. | 12 oz. | Increased 1/10/45 | 9 lb. per head jam allowance October–November, December–January, February–March. |
| Tea* .. | 1/6/42 | 2 oz. | 2 oz. | 2 oz. | .. | .. |
| Butter .. | 27/10/43 | 8 oz. | 8 oz. | 6 oz. | Reduced 11/6/45 | Extra 8 oz. Christmas 1945. |
| Meat† .. | 6/3/44 | 1s. 9d. | 1s. 9d. (= 2½ lb.) | 1s. 6d. (= 2¼ lb.) | Reduced 11/6/45 | Extra 6d. Christmas 1945. |

* No ration under ten years.

† Half-ration under five years.

Commercial

| | Sugar. | Tea. | Butter. | Meat. |
|--|---------------------|--------|---------------------|---------------------|
| Hotels, restaurants, and tea-rooms— | | | | |
| Main meals and three- course meals .. | ½ oz. | 1½ oz. | 2½ oz. | * |
| Other meals .. | ¼ oz. | 1½ oz. | .. | .. |
| Manufacturers— | | | | |
| General | 50% previous usage | .. | 37½% previous usage | 50% previous usage. |
| Bakers and pastrycooks | 75% previous usage | .. | 50% previous usage | 50% previous usage. |
| Jam, canning, &c. .. | Full previous usage | .. | .. | .. |

* 5d. worth for every coupon collected.

MUNITIONS DEPARTMENT, MINISTRY OF SUPPLY

In order to give some idea of the not inconsiderable magnitude of New Zealand's war effort in the field of production of munitions and allied stores for the Armed Forces, the highlights of this effort are recorded as follows :—

The complete manufacture and filling of over 5,500,000 hand grenades and of over 1,250,000 trench-mortar bombs with fuzes.

The production of approximately 1,150,000 shell fuzes (fuze No. 119). The manufacture of this fuze was undertaken at the request of His Majesty's Government in the United Kingdom, who sent special missions to New Zealand to investigate our capacity and to satisfy themselves that this intricate and highly specialized munition could be successfully produced, and following their favourable reports special automatic machinery and other necessary equipment and materials were imported. As a tribute to the skill and adaptability of New Zealand workmen, we were gratified to receive advice from the United Kingdom couched in the most commendatory terms and stating that the fuzes produced here proved to be of equally high a standard as those manufactured in the United Kingdom.

The total production of small-arms ammunition amounted to 257,000,000 rounds. This necessitated a considerable expansion of the peacetime plant, and although capacity was expanded to provide for a nominal production figure of 60,000,000 rounds per annum, the factories actually achieved a peak output of 74,000,000 in 1943.

A total of 9,527 trench mortars (2 in. and 3 in.), plus 32,000 parts for maintenance spares, were manufactured in New Zealand during the war, and in addition over 10,000 Sten guns, 1,000 grenade mortars, 3,750 rifle grenade-dischargers, and 1,500 automatic rifles.

The output of 12-gauge cartridges, which were required in large numbers for training of air gunners, exceeded 20,000,000 rounds, 1,308,000 mortar bombs H.E. with fuzes were manufactured and filled complete, and in addition 69,000 aircraft practice bombs were produced for New Zealand Air Force requirements.

Production of universal-tracked M.G. carriers totalled 1,210 units complete with maintenance spares. The contract for the assembly of these armoured carriers was carried out in a large motor-assembly plant and subcontracts for the manufacture of the millions of parts were spread throughout the country.

Large quantities of containers were turned out of our factories during the war, such as 2,848,000 enamelled water-bottles complete with felt covers, 1,796,050 enamelled mugs ordered by the Eastern Group Supply Council, 40,000 mess-tins for New Zealand Army, thousands of milk-cans from 2 gallon to 20 gallon capacity for Eastern Group Supply Council and UNRRA., and 456 cordite containers for New Zealand Navy.

For the New Zealand Army's requirements, 54,000 steel helmets and 20,000 anti-tank mines were manufactured, and in addition 50,000 chemical land mines were produced for the United States Forces in the Pacific area, also over 19,000,000 ammunition-charger clips to the order of Eastern Group Supply Council.

The development of a new gasoline thickener for use with flame-throwing apparatus was a New Zealand achievement. This compound proved to be superior to the standard service types and a quantity of between 5 tons and 6 tons was produced for the American Forces in the Pacific.

Highly specialized and precision work undertaken in our machine shops and foundries included the manufacture complete of 18 Rypa turret and pellet ranges for New Zealand Army, and 4,200 sight and Vickers clinometers with 38,000 maintenance spare parts and 86,000 instrument stands plus 55,000 spares for maintenance purposes to the order of the Eastern Group Supply Council.

To the order of the Eastern Group Supply Council 900 anti-aircraft spotting-chairs and 1,546 fire pumps, trailer and stationary, and for New Zealand Army 207 Beaverette light armoured cars were supplied, and for the United States Forces in the Pacific 2,641 motor-vehicles were reconditioned.

Numerous items of allied engineering stores not in the direct munitions category but of equal importance to the fighting Services were manufactured during the war. The principal items ordered by the Eastern Group Supply Council are as follows: hydraulic lifting-jacks (4 tons to 30 tons capacity), 11,650; malleable cast fittings for tubular-steel scaffolding, (2 in. and 3 in.), 245,000; water-valves, 53,000; concrete-mixers, 431; foot tire-pumps, 22,860; electric accessories (roses, tumbler switches, sockets, spindles, and straps), 965,000; cultivators, 1,734; vertical cross-tube boilers, 24; grain-crushers, 36; nail-pullers, 3,600; carpenters' cramps, 7,420; airline lubricators, 2,555; rat-traps, 1,200; centrifugal semi-rotary pumps, 800; milking-machines, 50; and pasteurizers, 20.

To ensure that munitions components for fuzes, bombs, and grenades complied with the rigid specifications in respect to tolerances, it was necessary for manufacturing machine-shops to be provided with production gauges and the Army Inspectors with inspection gauges.

The Dominion Physical Laboratory was expanded and annexes were established in the four main centres, each of which was equipped with highly specialized machinery, thus enabling the many thousands of gauges of various types and precision tools to be manufactured, measured, and tested as required.

Approximately 300 machine tools of the latest type were procured for war-production purposes, and the utilization of these, in addition to existing equipment on specialized munitions and allied stores production, has given an impetus in the metal industries to more efficient methods and technique.

The change-over by the engineering industry from wartime to peacetime production has been facilitated by the use of machinery, tools and materials specially imported by the Government. Orders from relief organizations such as UNRRA and the Netherlands East Indies have assisted in providing suitable work to industry to replace the war orders cancelled, and in negotiating such orders consideration was given to the use of materials from available stocks. Other material is being released for normal peacetime production. Orders already completed include 60,000 shovels, 2,000 black-smiths' tongs, 5,000 spades, 160,000 hook bolts with washers, 11,440 cast-iron wad-jans, 20,000 steel butt hinges, 20,000 single-furrow ploughs, 120,000 plastic dinner-plates, 15,000 frying-pans, 750 cultivators, 200 fertilizer-distributors, 10 hay-stackers, 15 potato-planters, 100 federal disc harrows, and 5,000 powder-sprayers. Other orders are in the process of manufacture.

During the period the United States Forces for the Pacific were located in New Zealand, large quantities of camp cooking and other miscellaneous equipment were supplied, such items as 1,000 hospitals beds, 1,600 oil-fired hot-water boilers, 20,000 jungle and other knives, 2,500,000 tent pins and poles, 1,160 oil-fired cooking-ranges, 190,000 canvas water-bags, 70,000 galvanized containers comprising buckets, garbage cans, &c., 3,000 Sibley stoves for tent heating, including 6 miles of flue piping. Other miscellaneous items too numerous to classify totalled 4,500,000.

From the commencement of the mobilization of the Armed Forces in New Zealand, large quantities of miscellaneous general engineering manufactured stores and camp cooking and other equipment were supplied to the various training and defence points throughout the country. These items, which are too numerous to classify, include lines from hammock-rings and propellers to life-saving rafts for the Navy, soldering-irons to refrigerators for the Air Force, and cap badges to oil-fired cooking-ranges for the Army.

Since the termination of hostilities the reconversion of the industry to peacetime production has proceeded, and the measure of success may be gauged by the employment position. Large and small organizations which were almost wholly engaged on war

production have passed through the transition period with comparative smoothness. Stocks of material obtained for munitions and allied production were made available for transition production, and this, together with the use of machine tools imported for the same purpose, assisted in the change-over. The potential difficulties were of no mean order, but, with the co-operation of the industry, the cancellation of contracts has been effected with a minimum of disturbance to the industry as a whole.

War production brought to the industry new methods and new techniques. The experience gained in munition-production will inevitably be reflected in the production of civilian requirements of greater quality and wider diversity, and it is generally agreed that the engineers, scientists, and artisans of our engineering and allied industries, have proved themselves capable of the highest standards of research, inventiveness, and workmanship.

ASSISTANCE TO OTHER ADMINISTRATIONS

In view of the experience gained by the Ministry of Supply in obtaining supplies during the war period from both local and overseas sources, it was logical that its assistance should be sought when supplies from this country were desired by other administrations. Requirements for the Eastern Group Supply Council, whose headquarters are in India, were prominent among the Ministry's wartime contracts, but more recently considerable work has been done to assist the British Colonial Office, the United Nations Relief and Rehabilitation Administration, the Netherlands Government, and the Netherlands Indies Government Import and Export Organization. The services rendered may be illustrated by a brief reference to the cases of the United Nations Relief and Rehabilitation Administration and the Netherlands Indies Government Import and Export Organization.

Following the passing of legislation in 1944 authorizing the contribution by New Zealand of 1 per cent. of its estimated national income for the year ended 30th June, 1943, to the United Nations Relief and Rehabilitation Administration, the Ministry of Supply was charged with the translation of the contribution of the amount so determined, which equalled £2,600,000 (New Zealand currency), into the required goods and services. To carry this into effect, liaison was established with the south-west Pacific headquarters of UNRRA in Sydney. Although the cessation of hostilities made it possible to release productive capacity from war manufactures, and although certain surpluses became available through the War Assets Realization Board, there were, when UNRRA was in its infancy, difficulties in reconciling its requirements with New Zealand's capacity to produce. The main request made to New Zealand was, of course, for foodstuffs, but this request had to be subject, firstly, to existing commitments to the United Kingdom, and, secondly, to competing demands for these goods. Our exports in meat, fats, and dairy products were and still are subject to allocation by the London Food Council (on which New Zealand is represented) and by the Combined Food Board in Washington. Food, however, was not the only need, and orders for industrial and agricultural equipment, seeds, clothing, and wool were considerable. In certain cases the fulfilment of these demands had the effect of assisting the transition of industrial plants from wartime to peacetime production, while the UNRRA demand also allowed to be utilized a variety of goods obtained for war purposes but surplus to our immediate requirements when the fighting ended. New Zealand's assistance has, however, not been confined to goods obtained under the sum voted by Parliament. In 1945 a voluntary clothes collection was organized by the Government on a national basis and more than 1,500,000 lb. of used clothes and footwear were collected and sent as a gift to the distressed peoples of Europe. Voluntary donations of various kinds are still being made through the New Zealand Council of Organizations for Relief Services Overseas (CORSO), and these have been accepted on behalf of UNRRA and shipped at their direction.

The other goods supplied fall into the categories of foodstuffs and soap, leather and leather manufactures, industrial implements and materials, agricultural implements, cordage and rope, medical supplies, used military clothing, boots, &c., grass and vegetable seeds, and raw wool. Freights, storage, and administrative services have also involved expenditure on behalf of UNRRA.

Supplies of both goods purchased and goods donated have been shipped with our assistance to a variety of destinations. Among them we find Greece, Czechoslovakia, Yugoslavia, Poland, Albania, Italy, Austria, Ukraine, Byelo-Russia, China, and the Philippines. Although it is not an objective of our contribution, this distribution has as a consequence the effect of causing the quality and variety of some of our products to become well known in the respective areas, and already certain trade inquiries have been made.

In December, 1944, at the invitation of the Government, a Netherlands East Indies Government purchasing delegation arrived in New Zealand to examine the possibility of procuring supplies for the relief and rehabilitation of the Netherlands East Indies. The prospects of obtaining substantial quantities of Government reserve stocks and manufactured goods proved sufficiently attractive for the establishment in January, 1945, of a branch office in Wellington of the Netherlands Indies Government Import and Export Organization which during the next few months became widely known in departmental and commercial circles as NIGIEO. Officials of the Organization visited a number of factories in this country, and although it was the practice for orders to be placed by the Organization with this Department to arrange contracts with the manufacturers, in most cases preliminary negotiations were conducted directly between the supplier and the NIGIEO representative. The latter made a point of following the progress of orders and of offering any advice or information needed by manufacturers from time to time. Manufacturers' associations in the various centres proved very helpful to the visitors. Despite shortages of some raw materials and of man-power, but without affecting the tempo of production for war purposes, a number of contracts were placed with New Zealand manufacturers from the large programme of requirements which the Netherlands East Indies Government had prepared against the day of liberation. The most interesting feature of these contracts as far as New Zealand was concerned was the indication they gave of the enormous quantities of goods absorbed in the Netherlands East Indies. It also came to be appreciated that catering for Eastern markets is a matter of knowing not only what goods are needed, but also exactly how they should be made. It was natural that certain goods, required in unprecedented quantities, for Native use should be ordered to different specifications from the article customarily produced here. Some manufacturers met the position by installing new equipment, others by adapting existing equipment and altering processing methods. The total value of orders placed by the Organization in New Zealand was substantial, and if the introduction of this country's products into the East Indies can be exploited in the future it will go some distance towards bridging the gap between our imports from and our exports to that area.

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