

1949
NEW ZEALAND

DEPARTMENT OF INDUSTRIES AND COMMERCE

(THIRTY-SECOND ANNUAL REPORT OF THE)

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

YOUR EXCELLENCY,—

Wellington, 6th September, 1949.

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..

A. H. NORDMEYER,

Minister of Industries and Commerce.

His Excellency the Governor-General of New Zealand.

SIR,—

Wellington, 31st July, 1949.

I have the honour to submit the annual report of the Department of Industries and Commerce for the year ended 31st March, 1949.

I have, &c.,

G. W. CLINKARD,

Secretary.

The Hon. A. H. Nordmeyer, Minister of Industries and Commerce.

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PART I—INTRODUCTORY

SECTION 1—GENERAL REVIEW

THIS year, for the first time since the war ended, we are able to modify to a marked and welcome degree the description appropriately applied to previous years that, as a general condition throughout the world, supplies of food, raw materials of manufacture, and consumer goods of wide range were not sufficient to meet the demand. It is true that shortages in some commodities remain and that some challenging problems, particularly in the international exchange of goods and in the finance of that trade, still have to be overcome. It is equally true, however, that most significant advances have been achieved and continue to be made in the expansion of the production of basic foods, industrial raw materials, and consumer goods. No less significant are the improvements in transport services, both international and internal, to carry the increasing volume of goods being produced.

In New Zealand the range of goods in which supplies are adequate for free consumer selection has further extended in the past year and formal rationing among consumers has almost disappeared.

Full employment and general prosperity themselves involve heavy demands for commodities, both locally produced and imported, but added to these factors we have on the one hand the lag from difficulties due to restricted availability of goods from overseas, and, on the other, the heavy demand for capital goods created by the progressive development of our country by both private enterprise and the State. The combined effect strains our overseas funds, and despite the high level of our export income, import control is still necessary. Particularly rigid control has had to be exercised over dollar expenditure, with consequent limitation on the range of certain lines of goods available, but the effect of this has been alleviated by the increases in import licences for goods from sterling area sources. Moreover, inconvenience from inability to import all things sought is greatly reduced by the capacity of our industries to meet creditably, from their own manufactures, many products which in former years had to be imported.

For the time being while domestic building must take precedence over industrial construction there is, through lack of factory space, some slackening in the establishment of enterprises to undertake new lines of production. When factory accommodation can again be more freely extended, however, development of new enterprises, which is now restrained because of the inability of proprietors to obtain space, can be expected once more to proceed. In the meantime, we note improvement of techniques, as well as extensions and diversification of production, of existing industrial units. Nor, as we note from Section 13 herein, has the development of new enterprises ceased.

The development of our secondary industry in recent years has been most striking and local products compare favourably with those of more highly industrialized countries. Except in a few industries our tradition in factory production is not long and our local market is relatively small, but, nevertheless, the general efficiency of our factories reflects credit on both employers and employees.

For so long as demand cannot be fully and freely met from supplies available under conditions either of competitive enterprise or by publicly-controlled institutions, the necessity remains for a price control organization to restrain exploitation of monopolistic power. That such an organization has been, and is, available for protecting consumers has contributed greatly to the maintenance of commercial stability in the years when goods generally were in short supply.

With such significant progress already achieved in reducing the gap between demand and supply, we look confidently to our industries, working with continued Government assistance, being able in the near future to complete the task of surmounting the few consumer shortages which remain as effects of the diversion of productive capacity to war purposes.

SECTION 2—ORGANIZATION

Consolidation of the Department in accordance with organization plans previously prepared was facilitated during the year when its Wellington staff was transferred into quarters on a single floor designed for its requirements in the Departmental Building in Stout Street.

Branch offices in New Zealand are maintained at Auckland, Christchurch, and Dunedin. Representation overseas is provided at the points and in the manner described in Section 5 of Part III herein. The Office of the Food Controller is no longer necessary and such functions as are required of the Rationing Controller are carried on by the officer of the Department who also acts as the Factory Controller. The Price Control Division, the Wheat and Flour Committee (whose General Manager is also Wheat and Flour Controller), the Tobacco Board, the New Zealand Standards Institute, and the Shipping Controller are associated with the Department, but each carries on his or its functions in his or its own right. The report of the New Zealand Standards Institute is published separately from this report.

SECTION 3—STAFF

The vacancy as Assistant Secretary of the Department caused by the retirement of Mr. F. Johnson was filled by the appointment to that office of Mr. J. E. Stokes, who was previously in charge of the Commerce Division (now the Overseas Trade Division).

From the following table it will be noted that the numbers in the employ of the Department have decreased substantially as between 31st March, 1948 and 1949. In the Price Control Division, however, further increases in staff have had to be made.

TABLE SHOWING STAFF AT 31ST MARCH, 1948 AND 1949, AND THEIR LOCATIONS AT 31ST MARCH, 1949

—	Overseas.	Head Office, Wellington.	Auckland.	Christ- church.	Dunedin.	Total, 1949.	Total, 1948.
Department of Industries and Commerce	20*	149	19	7	7	202	220
Price Control Division ..	..	143	57	22	18	240	206
Standards Institute ..	..	45	..	..	..	45	53
Food and Rationing Control	..	..	..	..	..	..	63
	20	337	76	29	25	487	542

* Staff engaged locally at various offices are not included.

Again I wish to record my appreciation of the splendid co-operation and assistance given by all officers throughout the year.

PART II — INDUSTRIES

SECTION 1—INTRODUCTORY

In the past year further encouraging progress was made in overcoming difficulties which post-war conditions have imposed on industry. Raw materials have been more freely available, labour shortages have not been so acute, and transport services have improved. The results are seen in the greater volume and variety of consumer goods on display in retail stores and in the sales campaigns characteristic of pre-war trading practices.

Shortages of materials and labour for building construction still persist, but in general there are significant indications that supplies of iron and steel are improving. However, the crescendo of demand for new construction of industrial premises is not being maintained at its earlier intensity and schemes for new projects are not as numerous as for the years from 1945 to 1948.

Because statistics are not yet available, this report cannot include such data to show later than 1947, trends in development, employment, and output in the various secondary industries with which this Department is particularly concerned. However, there are details of interest which are at hand, and these are given below.

SECTION 2—BUILDING MATERIALS, ROPE AND TWINE, PAPER

(a) WALLBOARD AND BUILDING SHEET OF PLASTER

That local production of softboard and hardboard has been maintained at a high level is apparent from the fact that output exceeded 39,000,000 square feet. Moreover, local supplies are being supplemented by imports of certain specifications of hardboard from Australia. Production of interior lining boards and fibrous-plaster sheet has, however, again been hampered by the shortage of plaster-of-paris, but, to overcome this, importations from the United Kingdom are supplementing local output of plaster-of-paris. Exterior wallboard output is still being hindered by cement shortage, whilst the shortage of asbestos fibre has until recently curtailed the production of asbestos-cement sheet. Supplies of fibre are now being received, and as provision has been made for finished asbestos-cement sheets, both corrugated and flat, to be imported, it is anticipated that the shortage will be quickly overtaken.

(b) BRICK, TILE, AND POTTERY MAKING

Production of bricks in both the North and South Islands has in general been maintained at the level of recent years, except that in Wellington district the major works, on which the bricklaying trade is dependent, have operated at only one-quarter capacity. Over-all output is insufficient to meet demand, and until difficulties due to shortages of labour and coal are overcome the prospect is not encouraging. As a means of saving labour, resort is being made to the installation of tunnel kilns. One such unit in the South Island is already being brought into production and another is being built in Wellington.

Production of sanitary ware, insulators, and crockery has been satisfactorily maintained, and with the installation of a modern tunnel kiln for sanitary ware a South Island producer should be able further to increase output.

A marked advance is being shown in the appearance and quality of locally-made crockery.

(c) CEMENT

Production of cement in New Zealand remains inadequate to meet the heavy local demand. The three cement-manufacturing companies have plans in hand for extending their plants and technical experts from overseas are assisting in the schemes under way for achieving greatly increased output. Production from these extensions cannot be expected for two or three years, and in the meantime licences to import cement are being granted.

(d) ROPE AND TWINE

Because, on the one hand, baling-wire has again not been available in the full quantities desired, and, on the other that some farmers appear to prefer twine to wire, demand for baling-twine has remained heavy. Nevertheless, the demand for twine was met, and large quantities of rope and lashings as well were produced by the local manufacturers.

Raw material supplies for these purposes included the 1,500 tons additional output this year in locally-produced phormium fibre, but even that enhanced volume is below our requirements, and sisal from British East Africa still has to be imported. Fortunately, expense and delay affecting our sisal imports have been reduced by the avoidance this year of transhipment.

Local manufacturers continue to extend the range of soft fibre products which they are marketing. Included in these products are jute and cotton twines of varying thicknesses in spools, balls, and cones; jute and cotton piping cords; linen-flax thread, seaming, mattress, and ham twines; and twines in which linen flax and jute are combined. The linen thread being used is spun from flax grown in the South Island and marketed by the Linen Flax Corporation.

(e) PAPER BAG AND BOX MAKING

The rationing of the output of Whakatane Board Mills, Ltd., among New Zealand users, which had been under the direction of the Factory Controller since October, 1945, was discontinued during the year. Imports of board from soft currency sources have been available to supplement local output in sufficient volume to meet demand adequately. Cartons and containers have also been in good supply.

Supplies of paper for the bagmaking industry have been satisfactory, and backlogs of orders no longer exist. The production of multi-wall paper bags was begun in Auckland during the year.

Bags and containers of transparent and moisture-proof materials are being produced in increasing quantities to meet rising demand through the use of automatic packing and wrapping machines.

(f) PRINTING, PUBLISHING, AND BOOKBINDING

The policy of dollar conservation keeps the supply of newsprint below the level of pre-war imports. Paper requirements for printing-houses and others are available in satisfactory quantities from soft currency sources, but shortages of staff still present a problem to many firms. Extension, replacement, and modernization of plant continues, although it has been necessary to curtail imports from Canada and the United States.

SECTION 3—CHEMICALS, RUBBER, AND TOBACCO

Considerable improvement has been shown during the year in deliveries of chemicals from overseas. The United Kingdom has been able to increase allocations of caustic soda to this country, but for so long as we were unable to obtain our full requirements from that source, purchases had to be made in the United States and Europe. Of particular importance to our dairy and glass-manufacturing industries is the improvement in supplies of soda ash. The United Kingdom is now able to meet our requirements for this in full.

(a) SOAP AND CANDLE MAKING

Manufacture of soap was maintained at a high level during the year, and in addition to meeting New Zealand's requirements our factories were able to increase substantially the volume available for export. With adequate quantities of candles in stock, however, there was little demand for further production of this product.

(b) COSMETIC AND TOILET PREPARATIONS

The range and quantities of goods of these classes produced in New Zealand have been extended further during the past year.

(c) PLASTICS

Eight hundred persons are employed by the 49 units engaged in the manufacture of plastics. The undertakings vary in size from large plants carrying on injection and compression moulding and extrusion to small factories engaged on a simple phase of production. The larger units have their own tool-shops in which to manufacture dies used in moulding and extrusion operations. The range of goods being produced continues to increase, but this extension is in the utility lines. The number of novelty articles on which there was a tendency to concentrate at first has declined.

(d) PAINT AND VARNISH MANUFACTURE

During the past year, materials required for paint-manufacture were in better supply than for a number of years. This, combined with extensions both to premises and plant which local manufacturers have undertaken, has resulted not only in greater stocks being available to consumers, but also in those stocks being of better quality than in the recent past. Progress in overtaking arrears of maintenance of wooden buildings should now be facilitated.

To supplement quantities of locally-grown linseed for the production of linseed-oil in New Zealand, supplies of seed were imported. This production was itself supplemented by imports of linseed-oil from Canada, India, and Uruguay, and the general supply position became such that the Factory Controller was able to relinquish control over the distribution of the local product.

A proposal of interest which is now being investigated involves the manufacture locally of sufficient quantities of white lead to meet New Zealand's requirements.

Materials necessary to produce our lacquer requirements are now available and the Factory Controller is no longer required to control the use of this product.

(e) GLUE

With supplies of animal-glue pieces from local sources again improving, it is hoped that the necessity to import finished glue will soon cease. For a period, labour shortages in the freezing industry reduced supplies of raw materials below the needs of the New Zealand glue-manufacturers.

(f) RUBBER GOODS AND VULCANIZING

The first motor-car tire to be made in New Zealand was produced in a new tire-factory in Christchurch in June, 1948. The two other motor-tire factories, one at Upper Hutt and the other at Auckland, turned out their first products in March, 1949. These factories are all of the most modern design and are equipped to perform their processes by the most modern methods. As they settle into their production programmes they are increasing the range and quantity of their products, and their combined capacity is such that this country will produce its full requirements of motor-tires of usual types and dimensions.

(g) TOBACCO AND CIGARETTES

Local manufacturers were able to increase their output as compared with the previous year, but they were still unable to satisfy the growing domestic market. With local production supplemented by imports, however, the necessary confidence was established to permit the lifting as from 1st October, 1948, of the control which the Factory Controller had had to exercise for several years. The companies were most co-operative in operating the controls, and since these were discontinued distribution has been equitably made.

Under schemes of decentralization, two of the major manufacturers now have factories at Otaki, Feilding, and Taumarunui in addition to their city plants. With these units in production and with more modern machinery in use local output should further expand in 1949.

SECTION 4--ENGINEERING AND TRANSPORT

(a) RADIO APPARATUS: MAKING AND ASSEMBLING

There has been continuation of the trend which was noted in last year's report that, after having overtaken the accumulated demand for standard types of radio sets, manufacturers were diverting their production into new lines both of radio and of alternative types of product. Miniature radio receivers and light engineering products are the lines to which most manufacturing capacity which was previously devoted to standard types of domestic radio has been diverted. The industry now uses a much higher proportion of components from sterling sources and a lower proportion of United States material than was previously the case.

(b) ELECTRICAL ENGINEERING

In general this industry has completed its establishment on the lines planned for the post-war phase of its development. Its output is of considerable diversity and ranges from small electrical fittings to large transformers operating at pressures up to 11,000 volts.

Steel-supplies have been difficult and output has been restricted on this account. Enamelling steel sheet required for domestic ranges has been particularly hard to obtain in adequate quantities, but co-operation between the Department and manufacturers has resulted in production of sufficient domestic ranges for new houses and to meet replacement demands.

An important new local industry is the making of electric motors in a range at present of 1, 1½, and 2 horse-power of the three-phase, 400-volt, screen-protected type.

Production of general types of electrical accessories, appliances, and lamps has proceeded smoothly during the year.

Aerial power cables and copper wire in gauges suitable for general purposes are now being produced in New Zealand. Considerable further expansion is planned in this field.

(c) DOMESTIC MACHINERY AND EQUIPMENT

For such items as dish-washing machines and domestic vacuum cleaners, components required have been available from the sterling area, and local production has been adequate to meet New Zealand's requirements. Indeed, some dish-washing machines are exported to Australia. Manufacturers of domestic refrigerators and washing-machines, however, have been hampered in their volume of output because of their dependence on components from dollar sources. Some improvement is now being enjoyed through components becoming more freely available from Britain and Australia.

(d) ENGINEERING, IRON AND BRASS FOUNDRY, ETC.

It is in this field where supply problems have proved to be very protracted. Nevertheless, improvements are taking place. In recent months, for example, the general steel-supply position has shown most welcome improvement. Substantial offers made in increasing numbers by foreign suppliers enable us to supplement the limited quantities available from the United Kingdom and Australia. Some special steels are still difficult to obtain, but this appears to be only a temporary condition. There are indications, too, that prices from some sources are tending to fall.

As a means of alleviating the problem created by restricted deliveries of black steel sheet and galvanized sheet, some manufacturers have used as a substitute aluminium sheet, which has been more freely available.

Fencing-wire, which has been in such very heavy demand by farmers, is now coming to hand in more satisfactory volume.

Improvement, too, can be anticipated in the supply of reinforcing rods and sections when double-shift operations begin in the rolling-mill at Green Island, Dunedin. The refurbishing of the plant is well advanced in readiness for its operation under licence from the Crown by the Otago Iron Rolling Mills Co., Ltd.

Tinplate is now more freely available from overseas and it is no longer necessary for purchases to be made from the United States.

The local shortage of galvanized piping and of galvanized sheet remains acute despite all attempts to secure increased quantities from several overseas markets.

In the non-ferrous metals group there has been general improvement during the year. Ingot copper, however, cannot be freely purchased abroad, but fortunately local scrap is available to help us out of the difficulty. Ingot zinc and pig lead are in satisfactory supply from Australia and ingot antimony from the United Kingdom. Neither of these countries can meet our full needs for ferro manganese, but Norway is able to send us this material. Primary aluminium ingot is obtainable only from Canada. Aluminium and other non-ferrous processed forms can, however, be freely obtained from the United Kingdom.

(e) AGRICULTURAL AND DAIRYING MACHINERY AND IMPLEMENT MAKING

Steel shortages have restrained volume of output, but in other respects production has moved smoothly. The industry places high importance on the necessity for keeping abreast of technical developments, and no doubt this contributes to our being able to export regularly dairy machinery, particularly of types which include pasteurizers and heavy churns.

Field equipment manufactured here now includes mounted ploughs of modern design, hydraulic loaders, and heavy ploughs and disk harrows with hydraulic lift suitable for use with either British or American tractors. If steel supplies continue to improve, the coming year's output should exceed that for 1948. This extended use of tractor-drawn farm implements is complementary to the substantial numbers of tractors imported both from Britain and the United States.

SECTION 5—TEXTILES AND LEATHER

(a) TEXTILES

Notable improvement has been made in the past year in the volume of nearly all kinds of textiles and clothing available to consumers. Supplies are being sent to us in greatly increased quantities by the United Kingdom, with the consequence that the range of products not freely available now includes only a few lines. Tire cord, some nylon yarn, and limited quantities of special materials and fittings for corsetry-manufacture are the only essential textile raw materials for which we must depend in some degree on dollar sources. Certain special machinery and replacement parts are also obtainable only from North America. Sewing-threads have given some difficulty, particularly the glacé-finish type for the footwear and clothing trades, and white cottons, both mercerized and other, for domestic use, but more adequate deliveries by the United Kingdom are now coming to hand.

Finished goods, too, are now in reasonable supply on the local market, and such shortages as remain are principally in the choice of items rather than in the lack of goods in a general sense. An indication of the improvement is given by the fact that the Department is not now required to assist in obtaining greater supplies of knitting-wool, diaper cloth, and suitings, for these gave much difficulty in the past. All supply problems, however, have not yet been overcome, and in addition to the commodities already noted as being in short supply we require more blankets, flannel for shirts and singlets, women's stockings, and blind holland.

Imports of made-up apparel are now much smaller than in the immediate post-war years. Small supplies of knitted woollen outerwear and underwear are still being imported, but, apart from these lines and infants' clothing, most apparel for use in this country is now being made up in New Zealand.

Our requirements of cotton piece-goods have been assisted by exports from India. Silks and selected lines of cotton fabrics became available from Japan under the trade arrangement negotiated between certain sterling area countries and the Supreme Commander for the Allied Powers in Japan. Thus, fuji silk has reappeared in New Zealand shops for the first time for some years.

Competition has returned to most fields of the clothing trade, and much greater price consciousness among buyers is reported by retailers. This, it appears, accounts for Australian woollens being less enthusiastically sought after, since United Kingdom prices they consider, in general, to be more attractive. This is a notable change from a year ago when supplies of woollen yarn and piece goods were eagerly bought, with price a secondary consideration. In general, prices have recently been fairly stable, with a tendency to some easing in cottons.

The production of the local woollen-mills continues to be hampered by labour shortages, but with a large new mill at Auckland building up its output and with extensions and improvements in other mills, supplies for consumers' selection should continue to become more adequate than for some years.

Comparative quantities of the main items of textile materials imported during the past three years have been:—

	1946.	1947.	1948.
Woollen piece-goods (sq. yd.)	3,810,250	5,785,998	7,998,710
Woollen yarns (lb.)	1,385,269	1,606,326	1,925,854
Cotton and linen piece-goods, woven (sq. yd.)	44,731,423	37,872,378	33,960,715
Cotton piece-goods, knitted (lb.)	494,331	494,877	640,183
Cheese-bandage and meat-wraps (lb.)	2,083,800	2,140,763	2,961,505
Cotton yarns (lb.)	1,797,755	1,664,019	2,131,410
Silk and rayon piece-goods, woven (sq. yd.)	9,635,968	16,496,603	12,117,414
Silk and rayon piece-goods, knitted (lb.)	461,039	526,440	808,171
Silk and rayon yarns (lb.)	362,421	479,360	703,804
Tailors' trimmings (sq. yd.)	2,097,746	1,502,618	1,253,521

The volume of output of yarns, piece-goods, and blankets by our woollen-mills in recent years is given in the following table, from which it will be noted that greater quantities of the commodities listed were produced in 1948 than in 1947 : -

	1945.	1946.	1947.	1948.
Yarns (lb.)*	1,835,672†	1,663,674†	4,170,373†	6,032,064
Woollen and worsted piece-goods (sq. yd.) ..	3,984,654	3,381,945	3,131,003	3,374,615
Flannel (sq. yd.)	794,428	529,860	423,928	459,063
Blankets (pr.)	132,832†	120,697†	118,251†	126,087

* Does not include carpet yarns. † Quantities of yarn made by mills and used for their own weaving not included prior to 1st July, 1947. ‡ Amended to exclude rugs.

The hosiery and knitting mills and clothing-factories, with more adequate raw materials, have produced a great volume of goods during the year, but statistics for the year just closed are not yet available.

(b) FURS

All women's fur apparel now marketed in New Zealand is made here either from skins of local origin or from skins imported in the raw state and processed by our fur dressing and dyeing industry. In the past year, 60 per cent. in value of skins used were of local origin. In pre-war years this percentage was less than 20, but during the war local manufacturers were obliged to depend to an increasing extent upon New Zealand skins, particularly rabbit and opossum, and that position is continuing. Garments made from imported furs, however, command a higher price because of their relative scarcity and of the wider selection of skins. Imports are allowed to the greatest extent possible. The most recent statistics available show that 63 units with 552 employees were engaged in this industry and that the value of skins used in manufacture approximated £380,000 for a year.

(c) FOOTWEAR AND LEATHER

Statistics covering the production of footwear show that output declined substantially in 1948-49 as compared with the previous year. The figures are :—

	1947-48.	1948-49
	Pairs.	Pairs.
Footwear	3,407,615	3,041,563
Slippers	2,153,201	1,953,979
Rubber footwear	726,440	512,047
	6,287,256	5,507,589

Nevertheless, except in children's lines, the market appeared to be adequately catered for. Labour shortage is still felt in both manufacturing and repairing, but the decline in production appears as being due not so much to that as to the fact that the backlog of demand created by wartime conditions has been overtaken. Supplies of children's shoes are still being supplemented by imports. Manufacturers generally continue to place high importance on the quality of their products and more variety can be introduced now that pressure for volume has eased somewhat.

(d) TANNING

Shortage of labour has given some difficulty in this industry during the year, but, except for the lighter and finer grade leathers of types which in the main are imported, the country's leather requirements were met satisfactorily. Locally-grown hides and skins are still made available to our tanners at stabilized prices, but on such quantities of leather as are exported the subsidy requires to be paid, so that full cost is reflected in the export price.

(e) SUNDRY LEATHER AND TRAVEL GOODS

Production of handbags and travel goods has kept pace with demand and retailers now have ample stocks. Certain types of frames for handbags are now being made in New Zealand.

Gloves are now mostly made here, but the finer leathers used are still imported.

SECTION 6—BUREAU OF INDUSTRY

(a) GENERAL REVIEW

During the year the Bureau of Industry has continued to carry out its functions in respect of those industries which are licensed under the Industrial Efficiency Act, 1936. The continued buoyancy of post-war trading conditions is reflected in the large number of applications received both from manufacturing and servicing industries for new licences and for extensions or replacements of plant. In considering these the Bureau has been concerned to ensure, as far as possible, that expansion has not been carried to a stage that will render industry unduly susceptible to any tapering off of the present high level of demand.

Continued attention has been given to the rehabilitation of ex-servicemen when dealing with applications for new licences and transfers of existing licences, and in this respect close collaboration has been maintained with the Rehabilitation Department.

(b) PERSONNEL OF BUREAU

Two new members were appointed to the Bureau during the year. Mr. R. V. Jackson, of this Department, replaced Mr. G. A. Pascoe as Deputy Chairman upon Mr. Pascoe's retirement from the office of Acting Director of the Industries Division, and Mr. J. H. Manning replaced Mr. Nelson Jones as a special member when Mr. Jones retired from business and resigned from the Bureau.

(c) LICENSING OF INDUSTRIES

No new industry was licensed during the year and none delicensed. The number subject to the Act remains at 27, which include the manufacture of agar, apple-juice, asbestos cement, bituminous roofing, cigarette-papers, colloidal sulphur, footwear, hand-shovels, linseed-oil or linseed-oil cake, macaroni, malt extract, nails, paper pulp and paper products, paua-shell products, petrol-pumps, electric ranges, rennet, rope and twine, salt, rubber tires and tubes, wooden heels, the extraction from fish livers of nutritional or medicinal oil, the canning of fish, the milling of flax (*Phormium tenax*), the sale of motor-spirit by wholesalers and by retailers, and pharmacy retailing.

(d) RETAIL SALE OF MOTOR-SPIRITS

Applications to the Bureau under this heading totalled 589 for the year, compared with 618 in the previous year. A broad classification of the applications and of their fate is given in the following table :—

					Granted.	Declined.
New pump licences—						
Service stations	..	..	..	..	58	22
Garages	..	..	..	..	59	22
Others	..	..	..	..	12	15
Transfers—						
Service stations and garages			..	..	134	..
Others	..	..	..	..	116	..
Miscellaneous	..	..	..	..	109	42
					488	101

Compared with the preceding year, the number of new licences issued for service stations shows a considerable apparent increase, but because of a change in policy away from that requiring garage-proprietors to install their pumps inside the premises it is now somewhat difficult to distinguish between a garage and a service station.

The majority of new licences granted were to ex-servicemen, and they figured prominently among transferees of licences.

The entry of the British Petroleum Co. of New Zealand, Ltd., into the New Zealand market as a wholesale distributor of petroleum products is giving rise to a number of applications for adjustments in licences.

There has been during the year a further increase in the number of motor-vehicles in use in New Zealand, and the aggregate petrol sales were higher than in the previous year. These factors indicate that the garages and service stations again enjoyed a good trading year.

(e) INDUSTRIAL PLAN COMMITTEES

Three Industrial Plan Committees established under Part II of the Act were active during the year and a brief summary of important points concerning the industries involved is now given.

(i) *Flax-milling (Phormium tenax) Industry*

An encouraging response has been made to the inducements designed to increase production offered by the Government in the form of a guaranteed price and, from 1st April, 1948, of a guarantee to purchase all fibre produced over a period of ten years.

Since 1941 the annual output of fibre and tow has been as under :—

						Tons.
1941-42	..	..	..	..	..	3,371
1942-43	..	..	..	..	..	3,961
1943-44	..	..	..	..	..	6,637
1944-45	..	..	..	..	..	4,969
1945-46	..	..	..	..	..	3,496
1946-47	..	..	..	..	..	3,655
1947-48	..	..	..	..	..	5,070

The security given by the Government's guarantees allows growers and millers to proceed confidently in expanding their output, which is so strongly desired. A further inducement in this respect is offered by the Government's willingness to provide finance for the extension or development of green-leaf areas, the erection of mill buildings, and the provision of milling-plant.

(ii) *Pharmacy*

In the past year 18 additional licences were granted to allow pharmacies to be opened in new settlements or in areas wherein increases in population justify their establishment. In some instances, however, non-availability of premises prevents licensees from entering into business.

Rehabilitation of ex-servicemen has now reached the stage at which applications both for new licences and for transfers of existing licences from men with that status have declined substantially. Nevertheless, in those cases where interests of ex-servicemen are involved their claims to sympathetic consideration are taken fully into account.

(iii) *Footwear-manufacture*

At 31st March, 1949, 113 units were licensed in this industry, which was producing a full range of footwear.

The Footwear Plan Industrial Committee met on ten occasions during the year, while a number of sub-committees considered respectively such matters as incentive-pay schemes, bursaries, production allocations, standardization, and specifications for nurses' shoes. The Committee advised the Bureau not only on these matters, but also on such others as applications for licences, plant installations, shoe and leather research, and the importation of footwear. Conferences were held with the New Zealand Footwear Manufacturers' Federation, and the co-operation between that body and the Footwear Plan Industrial Committee was thus maintained.

Under the revised footwear plan as formulated in the Industrial Efficiency (Footwear) Regulations 1948, a new Committee was appointed in June, 1948, comprising five licensees' representatives, three workers' representatives, and one Government representative.

(f) APPEALS AGAINST DECISIONS OF BUREAU

During the year, 54 appeals against decisions of the Bureau were heard. Of these, 26 were successful and 28 were disallowed.

SECTION 7—IMPORT LICENSING SYSTEM IN RELATION TO INDUSTRY

The continued increase in the volume of production from the manufacturing industries in New Zealand emphasizes their vital part in the economic affairs of the country. Production is at a high level and the quality of many of the lines being produced is equal to the best available from overseas.

To facilitate the supply, where imports are necessary, of raw materials, plant, and machinery, the Department has maintained its contact with the Customs Department in the administration of the Import Control Regulations. As a background against which to consider applications for import licences it is necessary to assess the country's requirements of the end products. The Department's close contact with the various industries is invaluable in these respects.

Unfortunately, it has been necessary to continue restrictions on the importation of goods from hard currency areas, which are now mainly the North American countries, and licences for goods from hard currency countries have been limited to those most essential items which are still not available elsewhere. The Department's trade representatives overseas have located substitutes for many commodities which we formerly obtained from North America.

SECTION 8—INDUSTRIAL RAW MATERIALS AND THE SUPPLY POSITION GENERALLY

Improvement in the supply both of industrial raw materials and of consumer goods continued during the past year and reached the stage which justifies our saying that, in general (though there remain some exceptions), manufacturers are able to secure adequate supplies with a minimum of delay and retailers are able to display full selections of goods.

Steel and other metals, which have caused us so much anxiety, are now in better supply, and present prospects are that improvement will continue. Other commodities are dealt with in detail under the particular industries earlier in this report.

It is unfortunate that we are prevented by exchange difficulties from taking full advantage of the improved availability of raw materials and consumer goods for which there is heavy local demand. However, our overseas offices have had considerable success in locating sources of supply or substitute materials in areas with which our trade is not specially restricted by currency problems.

SECTION 9—SHIPPING IN RELATION TO INDUSTRY

Congestion in both coastal and trans-Tasman shipping has not been so marked in the past year as it was previously, when the volume of cargoes offering and the slow turn-round of vessels combined to cause considerable delays. It is deemed desirable to retain the powers conferred by the Shipping Supply Emergency Regulations in the meantime.

While the fleets owned by the companies catering for the trans-Tasman service are insufficient for the trade offering, chartered vessels are being used to increase the freight capacity. The Union Steam Ship Co., Ltd., commissioned the general cargo-vessel "Kaitoke," of 5,000 tons, into the Australia-New Zealand service during the year. It is understood that the company's cargo-carrying fleet is to be further augmented, and to the extent that this is achieved chartered vessels can be released. The trans-Tasman timber trade kept the three vessels, "Kopua," "James Cook," and "Matthew Flinders," fully engaged during the year in bringing Australian hardwoods to this country and in taking our softwoods to Australia.

Vessels recently commissioned for the New Zealand coastal service include the two colliers "Kaitangata" and "Konui," each of 3,000 tons, and two smaller cargo-vessels, the "Puriri" for the Anchor Line and the "Apanui" for the Northern Steam Ship Co.

SECTION 10—INDUSTRIAL LABOUR

A fall in the number of vacancies for staff of which notification is given to the Department of Labour and Employment and the loss of intensity in the searches by manufacturers for employees provide grounds for the view that the industrial labour position eased further in the past year. A combination of factors contribute to this change.

Among them are the increases in the labour force from immigration, increased mechanization in factories, decentralization of industries into provincial towns, and the general settling down of the community to peacetime pursuits as the disruption from war recedes into the past. In some factories where facilities are good and the task attractive applications for employment actually exceed vacancies, but this is exceptional.

SECTION 11—INDUSTRIAL BUILDING AND POWER

The extremely heavy pressure on the resources of the building industry to provide domestic accommodation makes it necessary still to restrain in great degree industrial and commercial construction. Nevertheless, where national advantage warrants it, this Department recommends to the Building Controller that permits be granted for new buildings or extensions for essential industrial use.

New generating capacity and maintenance of water volume by greater rainfall combined to improve the supply of electric power in the past year. Such control on use of power as was necessary did not have to be on scales as rigorous as in the immediately preceding years.

SECTION 12—DECENTRALIZATION OF INDUSTRY AND DEVELOPMENT OF INDUSTRIAL ESTATES

While the trend, begun in the war years, towards the decentralization of suitable industries away from the major cities to smaller centres is continuing, it is not now so general as it was in recent prior periods, because the labour pools in the smaller cities and towns have been sought out and absorbed. In some localities staff shortages in decentralized factories have led to keen competition for the limited labour available. However, this difficulty becomes less intense as more houses are built, and in such centres as Hamilton and Palmerston North rapid increases in population are accompanied by significant additions to their industries.

In the Hutt Valley the very big housing development scheme is nearing completion, while the development is already under way of the 70-acre State-owned industrial area at Taita. This land, adjacent to a railway-station, twelve miles from Wellington City on the main line to the Wairarapa which is scheduled for early electrification, is to be subdivided and leased to industry on long-term renewable leases at moderate rents. At the moment, even with a great many houses built in the locality, there is no surplus of labour, but as the houses are new the residents, in the main, are in the younger married group with young families, and on that account it is reasonable to assume that substantial numbers will reach working age in a few years.

When legal formalities now being dealt with are completed and the area being sought at Nae Nae is acquired, development of an industrial district there will proceed.

In the heavy industrial area at Seaview a section has been leased for the storage of petroleum products, and tenancy of another has been granted for the accommodation required to handle steel salvaged from the Pacific war theatre.

Wartime store buildings at both Gracefield and Tamaki, following their release by the Services, have been made available to the Industrial Areas Committee for allocation for industrial purposes.

Following a survey of Crown lands which are available for industrial purposes, where that appears more advantageous than their present use, recommendations to Government are being formulated to guide future policy concerning the use of these areas. Another proposal under consideration is that the Government should erect in Lower Hutt a building for rental to accommodate the numerous small factories now in sub-standard buildings in the residential parts of that city.

SECTION 13—NEW INDUSTRIAL PROJECTS

A notable achievement in our industrial development was marked by commencement of production during the year by the three companies which have established factories in this country for the manufacture of motor-tires. In another field—the manufacturing of pistons, rings, and other motor parts—United Kingdom and New Zealand interests have combined to undertake the production here. In yet another sphere—that of producing salt by solar processes—the Government is associating with private interests to form a company to operate at Lake Grassmere, on the Marlborough coast. The outcome of experiments now under way to test the prospect of obtaining iron from our ironsands will be watched with the greatest interest. Possibilities for using our timber resources for pulp and paper manufacture are also being thoroughly examined.

Nor have existing industries been standing still. The changes now taking place in them, however, are more in the nature of extension of or improvements to existing units than by way of the establishment of new units. As a result of negotiations in which this Department took a prominent part the British Ministry of Food agreed to contracts of an aggregate value of approximately £900,000 being made for New Zealand canners to supply to Britain canned tomato and other vegetable products. The poor season for ripening tomatoes contributed to the non-fulfilment of the whole programme, but the results achieved give grounds for the hope that New Zealand canners will have the opportunity to build up markets abroad for products of this type.

SECTION 14—FACTORY CONTROL

Further improvement during the year in supplies of commodities of which earlier shortages had made control and allocation necessary allowed the list of items subject to the Factory Controller's supervision to be reduced to embrace at 31st March, 1949, only tinplate, manila fibre, galvanized-iron sheet, black-steel sheet and galvanized- and wrought-iron tubing. Supplies of tinplate are again becoming more freely available, and the position with black-steel sheet is better too, although shortages of deep drawing and enamelling qualities still give difficulty.

Items released from control during the year included such important commodities as tobacco and cigarettes, container board, and paraffin wax.

PART III—OVERSEAS TRADE DIVISION

SECTION 1—INTRODUCTORY

The principal functions of the Overseas Trade Division, which was previously known as the Commerce Division, are to deal with those questions regarding New Zealand's external trade relations and export policy that come within the scope of the Department's activities and to assist the conduct and development of New Zealand's overseas trade. The Division is, on the one hand, closely linked with the New Zealand Trade Representation Service, and on the other it works in close collaboration with such other Departments as External Affairs, Customs, Treasury, and Marketing, as well as with the Dairy Products Marketing Commission, the Wool Disposal Commission, and the Meat-producers' Board. Some of the more important aspects of the work are elaborated on below.

SECTION 2 COMMERCIAL POLICY

(a) GENERAL AGREEMENT ON TARIFFS AND TRADE

In the 1948 report (at page 21) it was recorded that negotiations held in Geneva in 1947 had resulted in the drafting of the General Agreement on Tariffs and Trade. This agreement was later accepted by Parliament. This Department has co-operated with the Customs Department in making preparations for further negotiations on tariffs and associated subjects between a wider group of countries than had worked in Geneva in 1947. The further negotiations commenced at Annecy, France, in April, 1949, and this Department is represented in the New Zealand Delegation.

(b) TRADE RELATIONS WITH OTHER COUNTRIES

The maintenance and development of good trading relationships with all countries are made important by New Zealand's desire to share fully in the expanded world trade which the General Agreement on Tariffs and Trade and the proposed establishment of the International Trade Organization of the United Nations are designed to encourage.

Predominant factors influencing the direction of our trade are the long-term contracts for the sale of meat and dairy products to the United Kingdom and the continued necessity to curtail purchases from hard-currency sources. Pressure of demand for imports upon the funds provided by our exports makes it necessary still to use import controls. Despite these factors, which tend to keep trade within defined channels, there are few trading countries in the world with which New Zealand does not have commercial dealings.

This Department shares with the other Departments concerned the responsibility for dealing with the various questions which arise regarding New Zealand trade relations with those various countries. Contact is maintained with their Trade Representatives who are stationed in or who visit this country, and all possible assistance is given to overseas businessmen who come here to investigate trade prospects. New Zealand Trade Representatives overseas also assist in promoting healthy trade relations between New Zealand and their respective territories.

Ex-enemy countries are again becoming important in the trade field, and although all difficulties have not yet been overcome, normal trading relations are once more being developed with them. It is our endeavour to keep New Zealand importers and exporters advised of the procedures affecting trade with these countries.

An important development concerning trade with Japan was signified by the negotiation in May, 1948, of a Payments Arrangement between certain sterling-area countries and the Supreme Commander for the Allied Powers in Japan (SCAP) whereunder trade between those sterling-area countries and Japan should be conducted on a sterling basis, subject to the provision that such balance as remained outstanding between them at the end of each six-monthly trading period would be subject to settlement in United States dollars. Subsequently, as a corollary of this Payments Arrangement, a trade arrangement between certain countries of the sterling area on the one hand and SCAP on the other was made with a view both to expanding trade between the sterling area and Japan, and to balancing it at the highest practicable level without loss of dollars to either side.

New Zealand participated in these arrangements, and, in common with the other countries concerned, submitted an estimate of its trade with Japan for the period covered by the Trade Arrangement which extended from 1st July, 1948, to 30th June, 1949. Purchases by New Zealand included such essential goods as furniture-timbers and certain types of textiles, while commodities offered by New Zealand comprised wool, hides and skins, casein, and field seeds.

The reopening of trade between New Zealand and Japan is advantageous, as it provides New Zealand with a further source of supply of certain essential goods which in some instances are available only from hard-currency countries, and at the same time allows New Zealand to send certain of her exports to a market in which they have previously been sold. The New Zealand Government Trade Representative in Tokyo is able to assist greatly in overcoming the problems arising from the peculiar circumstances created by the occupation of Japan.

SECTION 3—TRADE PROMOTION

Numerous commercial inquiries are received by the Division from traders abroad. Every effort is made to furnish full information in reply, or where such action is appropriate the particulars are sent to all New Zealand traders likely to be interested. For this purpose full advantage is taken of the facilities offered by the Associated Chambers of Commerce of New Zealand, the New Zealand Manufacturers' Federation, and similar organizations.

New Zealand business houses, too, frequently request assistance in obtaining information necessary to assess the prospects of establishing markets overseas for New Zealand products. Our Trade Representation Service gives invaluable help in supplying data for use in connection with inquiries of this type.

SECTION 4—INFORMATION SERVICES

In addition to providing information by way of answers to trade inquiries, the Department acts as a clearing-house for a large volume of industrial and commercial information received from a variety of sources in many countries. Regular monthly reports from all New Zealand Trade Commissioners and Trade Representatives abroad covering commercial matters and other detail about economic, political, industrial, and financial developments overseas are of great assistance in administration, and to the extent that the information is relevant it is relayed to other Government Departments or other organizations.

Our Trade Representatives overseas are kept informed from Wellington of current local matters by a monthly newsletter and by the monthly journal, the *Commerce Bulletin*, which deals in a more detailed way with developments in trade and industry in New Zealand. Both the newsletter and the *Bulletin* are for departmental use only.

SECTION 5—OVERSEAS TRADE REPRESENTATION

The New Zealand Trade Representation Service abroad is called upon to perform a wide range of duties, the scope of which varies according to the location served.

In the past year decision was made to combine the post of Consul-General for New Zealand with the newly created post of Trade Commissioner in New York, and an appointee has taken up duty there. Our present overseas representatives are:—

United Kingdom Representative of the New Zealand Department of Industries and Commerce (Mr. J. B. Prendergast)	London.
New Zealand Trade Commissioner in United States of America (Mr. R. W. Marshall)	Washington, D.C.
New Zealand Trade Commissioner (Mr. D. W. Woodward)	New York.
New Zealand Trade Commissioner in Canada (Mr. J. A. Malcolm)	Montreal.
New Zealand Senior Trade Commissioner in Australia (Mr. W. Taylor)	Sydney.
Assistant New Zealand Trade Commissioner (Mr. A. C. Davys)	Sydney.
New Zealand Trade Commissioner (Mr. B. R. Rae)	Melbourne.
New Zealand Trade Commissioner in India (Mr. R. J. Inglis)	Bombay.
Assistant New Zealand Trade Commissioner (Mr. R. T. C. de Lambert)	Bombay.
New Zealand Trade Representative (Mr. R. L. G. Challis)	Tokyo.

More limited services are provided by honorary official representatives in Johannesburg, Suva, Honolulu, Hong Kong, and Tientsin.

SECTION 6—REPARATIONS

(a) GERMANY

The Inter-Allied Reparation Agency (IARA), comprising eighteen allied nations, including New Zealand, which was established at Brussels in 1946, continued its operations during the year at a quicker tempo than previously, with the result that deliveries have been much better this year. Its functions of allocating equipment are, however, steadily drawing to a close.

In the year ended 31st March, 1949, New Zealand was allocated one small plant *in toto* and several items of machine tools and miscellaneous equipment from other plants.

The value of the tools and equipment allocated to New Zealand to date as valued by IARA is approximately £247,000, and of this amount £135,000 has been delivered during the year, bringing the total deliveries to £175,294 on IARA valuation.

The following is a summary of machine tools and equipment delivered and disposed of:—

Drilling-machines	..	..	..	..	193
Grinding-machines	..	..	..	..	97
Lathes	..	..	..	..	222
Milling-machines	..	..	..	..	79
Planers and shapers	..	..	..	..	45
Presses	..	..	..	..	130
Sawing and slotting machines	..	..	..	..	64
Total	..	..	..	..	830

Of these, 341 have been allocated to Government Departments and the balance allocated to private industry. Of the 121 items of miscellaneous equipment comprising electric motors, centrifugal pumps, air-compressors, testing-apparatus, &c., 47 items were allocated to Government Departments and the balance—74—to private industry.

There is a sustained demand for such machine tools from both Government Departments and private industry, and those already disposed of to them are being put to good use and are of considerable value to both maintenance and production.

(b) JAPAN

There have been no developments of importance to New Zealand in connection with Japanese reparations. The advance transfer programme, under which some countries whose property was devastated by the Japanese received allocations, is now almost completed, but no action on the final programme has been taken. Until the policy on the question of removal of Japanese industrial facilities is determined, no reparations apart from those allocated under the advance transfer programme will be made.

The New Zealand Government Trade Representative in Japan has continued to act on the Reparations Technical Advisory Committee.

SECTION 7—MISCELLANEOUS

(a) CONTROL OF EXPORTS

It is the Government's policy that exports of manufactured goods should be encouraged, except in cases where such exports would have a prejudicial effect on New Zealand's economy. In making recommendations to the Customs Department on applications under the Export Prohibition Emergency Regulations for permits to export goods, this Department is guided mainly by the effect there would be on the local supply position if the export were made.

This Department co-operates with the Customs Department in reducing the necessary controls to a minimum and in simplifying procedures.

(b) INTERNATIONAL EMERGENCY FOOD COMMITTEE

Increased production of foodstuffs throughout the world and improvements in their distribution have made it possible to cease to hold coarse cereals, animal foodstuffs, fats, and oils as being subject to allocation by the International Emergency Food Committee. At 31st March, 1949, the only commodities remaining under the control of that Committee were wheat and wheat flour, rice and rice products, cocoa-beans, and nitrogenous fertilizers, but early release from allocation by the Committee was planned for wheat and wheat flour and for nitrogenous fertilizers.

Such information as is required by the Committee about this country's production of and external trade in the commodities concerned is prepared by this Department for supply to the New Zealand member of the Committee in Washington, D.C.

(c) INTERNATIONAL WHEAT AGREEMENT

The Department was the co-ordinating centre for the work done locally in connection with New Zealand's participation in the International Wheat Conference held in Washington from 26th January to 23rd March, 1949, to negotiate an agreement designed to stabilize wheat prices in international trade. New Zealand's delegate at the Conference was Mr. R. W. Marshall, New Zealand Government Trade Commissioner

in Washington. Five exporting countries (United States, Canada, Australia, France, and Uruguay) and the thirty-seven importing countries of which New Zealand was one, signed a draft agreement as the result of the Conference. This document is subject to ratification by 1st July, 1949, and if it is accepted by a sufficient number of Governments it will apply to the crop-year August, 1949, to July, 1950, and the three successive crop-years. In preparing instructions to the New Zealand delegate the Department worked in close collaboration with the Wheat and Flour Controller, the Economic Stabilization Commission, and the Department of Agriculture to ensure co-ordination of the views of those Departments and agencies concerned with our production and importation of wheat.

(d) UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

This Department has the task, in collaboration with the External Affairs and Treasury Departments, of administering the agreement between the New Zealand Government and UNICEF relating to expenditure of funds contributed here to UNICEF. This has involved purchasing goods in New Zealand as directed by the Fund, and arranging packing, marking, insurance, storage, and shipment. Details of contributions received and of expenditure to 31st March, 1949, are given in Part IV of this report under the heading of the Accounts Section.

Countries which have received UNICEF goods from New Zealand include Italy, Greece, Hungary, Yugoslavia, Czechoslovakia, Poland, Austria, Finland, Rumania, Palestine, and China.

(e) UNITED NATIONS RELIEF FOR PALESTINE REFUGEES

During the year an appeal was made by the United Nations Organization in Geneva for foodstuffs urgently needed for refugees in Palestine. The New Zealand Government responded by sending quantities of selected foods purchased and shipped by this Department in co-operation with the Department of Agriculture.

(f) PUBLIC RELATIONS

The Department, through the services of its Public Relations Officer, has assisted in the making of arrangements for the conduct of their business here both by visiting representatives of overseas Governments and by visiting traders and industrialists. The benefits of this work accrue not only through the direct advantages of facilitating trade, but also through the intangible but nevertheless real contribution it makes towards friendliness and goodwill in New Zealand's relationships with other countries.

PART IV—OTHER DEPARTMENTAL ACTIVITIES

SECTION 1—ACCOUNTS SECTION

The accounting functions of the Department have continued to cover both the departmental accounting and that relating to the clearing-up of Ministry of Supply activities. As a consequence of the closing of the office of the Food Controller, this Department assumed the remaining accounting tasks.

Because details of expenditure arising from ordinary departmental functions are published in the estimates, it is not thought necessary to restate them here. Payments under subsidies administered by this Department but charged against vote "Stabilization" included amounts on account of bacon, £52,434; sugar, £118,184; and tea, £96,114.

Transactions in other categories have included imports from overseas under Government orders, sales of goods from Ministry of Supply stocks, reductions of debtors' balances, as well as transactions relating to the United Nations Relief and Rehabilitation Administration (UNRRA), the United Nations International Children's Emergency Fund (UNICEF), and the United Nations Appeal for Children.

In the year 1948-49, consignments valued at £2,686,905 were received on 73 vessels, compared with consignments valued at £1,472,896, received on 110 vessels in the previous year. The greater part (£2,346,507) of the 1948-49 imports embraced goods of the type of canned and dried fruit, desiccated coconut, and tea received to the order of the Food Controller. Receipts on this account totalled £2,670,631. Other imports handled by the Department included ingot tin, tinplate, black steel sheet, and sisal to the value of £1,162,034. Receipts totalled £1,697,278. In both instances the excess of receipts over payments was due to sales of stocks and clearance of debtors' accounts. As from November, 1948, when the Marketing Department (Extension of Powers) Regulations 1948 were enacted, the accounting for transactions under these heads was assumed by the Marketing Department.

Transactions during the year which exhausted the New Zealand Government's contribution of £5,200,000 to UNRRA included the transfer of £93,000 to the London office of that Administration and of the balance to the local UNICEF account.

In addition to the balance transferred from the UNRRA account funds for UNICEF were made available to the extent of £391,553 by public subscriptions to the United Nations Appeal for Children and to the extent of £350,000 by Government grant. To 31st March, 1949, £314,622 had been spent from moneys thus provided in the manner set out below:—

	£
Canned cheese and macaroni cheese	90,706
Milk powder, evaporated milk, and malted milk	43,800
Canned meats	40,711
Laundry soap	6,973
Fish-liver-oil capsules	64,994
Scoured wool	35,812
Freight and other charges	31,626
	<hr/>
	£314,622

SECTION 2—LIBRARY AND INFORMATION SERVICE

(a) LIBRARY

The departmental library continues to be used extensively as a source of information to officers of this and other Departments as well as to industrialists and members of the commercial community. The *Industrial Bulletin*, which is published in conjunction with the Department of Scientific and Industrial Research, is widely availed of by manufacturers for the information it contains on scientific research, technical and industrial developments, and arising from the circulation of that information numerous inquiries are addressed to this Department for further detail. The *Industrial Bulletin* also provides a convenient and effective means for giving publicity to standard specifications applicable in New Zealand and to matters concerning industrial hygiene.

The publication of a new edition of the "Directory of New Zealand Manufacturers", which it was hoped to have had available in August, 1948, was again delayed on account of printing difficulties, but the setting of the type is now nearing completion and the new issue should be ready for distribution by October, 1949.

(b) EXHIBITIONS AND INDUSTRIAL FAIRS

Working through an inter-departmental committee, this Department combines with others in providing the Government exhibits at fairs and exhibitions. The two major events of this nature during the year were the New Zealand Industries Fair at Christchurch in August, 1948, and the Otago-Southland Centennial Industrial Fair held at Dunedin in September, 1948. The Government courts at both fairs were designed to encourage "Aid for Britain," and the favourable impression created with the public testified to the standard of the displays. Industrial exhibits arranged for by the Department were forwarded for the "Meet New Zealand" display, organized by the United Kingdom Office of Information, and featured in turn at various centres in the United Kingdom over the period from October, 1947, to October, 1948.

Several requests from overseas were received during the year for New Zealand to exhibit at fairs and exhibitions in other countries. The need to avoid dollar expenditure prevented New Zealand participation in the Canadian National Exhibition and in the Canadian International Trade Fair, both at Toronto.

Projects for the future include New Zealand Industrial Fairs at Christchurch in August, 1949, at Hamilton in October, 1949, and at Auckland in March-April, 1950, while the Canterbury Centennial Industries Fair is scheduled for August, 1950, the Canterbury Pageant of Progress for December, 1950, and the Wellington Jubilee Exhibition for October, 1950. A composite exhibit illustrating services rendered by the Government to the country in general and to industry in particular is being planned for each of these events. The Government has also promised support for the proposed Canterbury International Exhibition planned to be held from October, 1953, to April, 1954, and preliminary steps have been taken to have this exhibition accorded international status.

SECTION 3—MOTION-PICTURE INDUSTRY

Several investigations were made by the Department during the year under the Cinematograph Films (Issue of Exhibitors' Licences) Regulations 1937. In the main these investigations arose from applications for exhibitors' licences to screen films in small towns and in areas adjacent to centres in respect of which licences had already been issued. In the majority of cases additional licences were issued. There is increasing demand for the erection of new theatres in areas of growing population and for the renovation of old theatres, but action has to be postponed in the meantime in favour of housing and more urgent buildings.

The Parliamentary Committee of Inquiry into the motion-picture industry opened its hearings on the 18th May, 1948, and since then a considerable volume of evidence has been submitted to the Committee, but its work is not yet completed.

The Film Industry Board, comprising the Chief Inspector of Films and representatives of this Department, the film exchanges, the chain-theatre group, and the independent exhibitors, has continued its work as an advisory body in the settlement of problems affecting the motion-picture-exhibiting industry in this country. The annual election of two members to represent the independent exhibitors on the Board is conducted by this Department.

Since the peak of paid admissions to pictures and receipts was attained in the year 1934-44 there has been a recession to the extent shown in the following table :—

	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.
Paid admissions to theatres ..	38,256,659	35,520,450	36,965,771	*	34,078,349
Gross receipts	£2,803,086	£2,588,111	£2,817,646	*	£2,634,730
Average charge for admission	1s. 5·6d.	1s. 5·5d.	1s. 6·3d.	*	1s. 6·6d.

*Not available.

SECTION 4—GAS-MANUFACTURING INDUSTRY

The Board of Trade (Gas) Regulations 1924 are administered by the Department with the aid of technical staff employed by the Department of Scientific and Industrial Research.

Production of gas in New Zealand reached a new record of 14,960,000 cubic feet in 1948. In 1938 the volume was 11,350,000 cubic feet.

Regular tests are made at the larger gasworks for calorific value, pressure, and presence of sulphuretted hydrogen by gas examiners who are fully qualified scientists on the staff of the Dominion Laboratory. All gas-meters are tested by Inspectors of Gas-meters before installation at consumers' premises.

With a few exceptions, the calorific value has been satisfactorily maintained by the twenty-two works under supervision. Two important exceptions were Auckland and Petone, but in both these cases new plant has recently been installed. The position at Auckland is now satisfactory, and an early improvement at Petone is anticipated.

PART V—ORGANIZATIONS ASSOCIATED WITH THE DEPARTMENT

SECTION 1—PRICE CONTROL DIVISION

The following report, submitted by the Director of Price Control, covers the operation of the Price Control Division in the first full year since the passing of the Control of Prices Act, 1947 :—

(a) GENERAL

The reorganization necessary in consequence of the provision of that Act which separated the functions of the Price Tribunal from those of the Price Control Division was completed early in the year. The Division thereupon concentrated attention upon the problem of simplifying pricing procedures as a development toward maximum efficiency in methods of permanent control.

Steady increases in prices for manufactured goods imported from overseas continued in 1948 and maintained upward pressure on prices locally until the alteration in August, 1948, of the exchange-rate, whereunder New Zealand currency was appreciated to parity with sterling, had an impressive effect on internal prices both of imported goods and of goods made locally from imported raw materials. Intensive work was required of the Division to ensure that cost savings from the exchange adjustment were fully reflected in prices at all stages of production and distribution. The development of an irregular recession from peak prices became manifest towards the end of 1948 in the countries supplying the bulk of New Zealand's import requirements, but this change was too late to be reflected in marked degree as an offset to the rise in the prices of most of our imports in terms of sterling over the period covered by this report.

The supply of consumer goods available locally showed marked improvement during the year.

The standard-wage pronouncement made by the Arbitration Court in April, 1949, presages a further heavy programme of work for the Division.

(b) PUBLIC HEARINGS OF PRICE TRIBUNAL

A large number of public hearings was held by the Price Tribunal during the year. These covered a variety of industries and trades, including sawmilling, the asbestos-products industry, clothing-manufacture, various public utilities, and the distribution of groceries, hardware, electrical, and sporting goods. In general, the effect of the decisions of the Tribunal has been to strengthen the stabilization of the New Zealand price structure.

(c) DEVELOPMENT OF PRICING PROCEDURES

It is the aim of the Division to operate procedures which, while securing the effect desired, give rise to the least possible detail and paper work. The most important development in this respect so far devised is the arrangement whereunder a rate of percentage mark-up is made generally applicable to defined ranges of products. An example of this is provided by the Price Order covering grocery and imported hardware lines.

(d) CHANGE IN EXCHANGE-RATE BETWEEN NEW ZEALAND CURRENCY AND STERLING

To ensure that, as far as possible, savings in cost resulting from the return of New Zealand currency to parity with sterling were passed on to consumers by way of price reductions, the Division, after obtaining particulars of stocks held by industries

and traders, issued appropriate new Price Orders or approvals either to have effect as exchange-free imports passed into production or distribution, or to have effect from a specified date which allowed reasonable time in which to clear stocks that had borne the exchange loading.

(e) DE-CONTROL OF CERTAIN FRUITS AND VEGETABLES

In November, 1948, fruits and vegetables were released from price control with the exception of potatoes, apples, pears, New Zealand lemons other than Meyer lemons, imported citrus fruits, bananas, New Zealand walnuts, and all imported nuts. The immediate consequence was that prices of the de-controlled items rose considerably, but they later receded to levels which were in all centres above the ceiling prices at retail formerly applied by the Division.

(f) PRICE ORDERS

During the year 128 Price Orders were issued by the Tribunal. Of these Orders (which included amendments to existing Orders), no less than 111 related to foodstuffs and allied products.

(g) ENFORCEMENT

The duties of Enforcement Officers and Price Inspectors include the investigation of alleged breaches of price-control measures. In the past year such investigations numbered almost two thousand, the result being on the one hand that in some cases Court proceedings followed, but on the other that inquiries showed either that no breach had been committed or that no breach could be proved.

Particulars of proceedings taken in the Courts during the year are as under :—

Number of prosecutions instituted during the year	..	..	432
Number of traders affected	..	..	331
*Number of convictions	..	..	563
Amount of fines imposed	..	..	£1,878 15s.

*An individual prosecution often involves more than one charge.

During the year 1 prosecution was taken under section 23 of the Act, which covers profiteering. A conviction with a fine of £50 and an order to refund a sum of £100 was obtained.

In the period from early 1940 to 31st March, 1949, 2,806 convictions have been made and fines to a total of £13,976 imposed.

Apart from their function of investigating breaches, Price Control Inspectors assist traders and others in interpreting or applying Price Orders or approvals. There can be no doubt that the activities of the inspecting staff in the various centres has a salutary influence in obtaining compliance with price-control requirements.

SECTION 2—FOOD AND RATIONING CONTROL

(a) RATIONING

(i) Sugar

Rationing of sugar to individual consumers was lifted as from 30th August, 1948, and manufacturers enjoyed similar treatment as from 29th November, 1948. Until these respective dates the ration scale to individuals was maintained at 12 oz. per head per week, with supplementary allowances from time to time for jam-making, and to

manufacturers it was maintained at 75 per cent. of the 1941 consumption. Rationing of this commodity in Commonwealth countries remains only in the United Kingdom, but New Zealand continues to be a party to the Empire Sugar Agreement on prices and sources of supply. Our supplies of raw sugar are being drawn from Fiji and Queensland. Improvements in ocean and inland transport should overcome difficulties which have arisen in certain local areas.

(ii) *Tea*

Tea was derationed in New Zealand as from 1st June, 1948. To that date the ration scale had remained at 8 oz. each four weeks for each person ten years of age and over. After rationing was lifted, retail sales declined to a marked degree, apparently because consumers were prepared to use their own reserves built up as protection against possible shortage, but subsequently sales recovered. This country's requirements of tea continued to be purchased from India and Ceylon on the open market and no difficulty is foreseen in keeping our supplies at a satisfactory level.

(iii) *Butter and Cream*

As was the case in 1948, butter rationing continues in the United Kingdom, Australia, and New Zealand. We are thus able to maintain exports to the United Kingdom in greater volume than would otherwise be possible. The local ration scale for private domestic use remained constant throughout the year at 6 oz. per week, but as a Christmas concession an additional grant of 8 oz. was made in December, 1948.

An important change in procedure became effective as from 25th October, 1948, when the necessity for each consumer to register with a particular retailer was withdrawn. Under the new method consumers merely surrender coupons currently valid to obtain their purchases, while retailers obtain their stocks in return for coupons received from consumers.

The restriction of the sale of cream to those persons requiring it for medical reasons continues. Some difficulty was experienced during the year in enforcing the restriction in some areas (more particularly where producer-vendors are operating), but, notwithstanding this, the scheme continues to serve a valuable purpose as an adjunct to butter rationing.

(iv) *Meat*

Meat rationing in this country was discontinued as from 27th September, 1948.

(v) *Bacon and Ham*

As a means of restricting the consumption of bacon and ham, all licensed bacon-factories, while meat rationing was in force, were obliged to adhere to quotas limiting their local sales. When, on 27th September, 1948, meat rationing was lifted, the quota restriction applying to bacon and ham was removed.

(vi) *Petrol Rationing*

In order to assist in the restriction of dollar expenditure, petrol rationing was reintroduced as from 15th November, 1947, when an endeavour to ration through the resellers was made. This method proved unsatisfactory, and was replaced as from 1st March, 1948, by a simplified form of the wartime system of rationing by coupons and licences.

The average petrol consumption per road vehicle decreased from 326 gallons in 1947 to 297 gallons in 1948. (These figures are based on the average number of vehicles, excluding trailers, in use throughout the year.) Consumption for other purposes increased substantially in 1947 and 1948 because of expansion in farm mechanization, expansion of commercial aircraft services, the revival of aero club flying activities, and of the considerable increase in petrol-driven plant and machinery used on general construction and road-maintenance work.

The total consumption of petrol in New Zealand for the year 1948 was 118,300,000 gallons, of which 102,600,000 gallons was used by motor-vehicles. It is estimated that a saving of approximately 10,000,000 gallons of petrol was made in 1948 as a result of the reapplication of rationing.

(vii) *Rehabilitation*

There was in the past year a substantial decrease in the number of applications from returned service personnel for special allocations of rationed goods required to assist them in setting up in business.

(viii) *Offences*

The decreases in the number of commodities rationed is accompanied by a corresponding decrease in the number of breaches. In the main, traders have co-operated very well in carrying out the various rationing schemes.

(b) **FOOD CONTROL**

The availability of supplies of imported foodstuffs has sufficiently improved for the procurement of all lines other than tea, rice, and desiccated coconut to be handled through normal trade channels under import-licence procedure.

(c) **GENERAL**

(i) *Procurement for British War Office*

Contracts for the supply of oatmeal, Worcester sauce, tomato sauce, and vinegar for the British War Office were negotiated on its behalf during the year.

(ii) *Food and Rationing Control Office*

In March, 1949, the Food and Rationing Controller, Mr. A. J. Costelloe, assumed other duties. Such procurement functions as were still required to be carried on were assumed by the Marketing Department. It was no longer necessary to have an appointee as Food Controller, but Mr. L. R. Morriss, of this Department, has been appointed Rationing Controller.

SECTION 3—WHEAT, FLOUR, AND BREAD INDUSTRIES

The Wheat and Flour Controller, who is also General Manager, Wheat Committee, has reported in the following terms for the year ended 31st January, 1949 :—

(a) **GENERAL REVIEW**

Although great difficulty was experienced in keeping all districts in New Zealand fully supplied with wheat throughout the year, at no time did the supply fail anywhere, and by the end of the year the position had eased. The difficulty arose through the shortage of shipping and the partial break-down of the Australian inland transport system,

which delayed the loading of our ships. Serious hold-ups in Auckland were experienced with two cargoes on the s.s. "Mountpark," which vessel was the subject of a waterfront dispute concerning the weight and handling of the hatch covers. These circumstances necessitated continuation of the various controls over the use of wheat and wheaten products. Supplies from the New Zealand crop were so directed as to ensure that the country mills in the South Island received the maximum quantity possible. This avoids the extra expense that would be entailed in railing imported wheat inland. Port mills in the South Island were allocated about 50 per cent. of their requirements in New Zealand wheat. South Island poultry-keepers were allocated either New Zealand or Australian according to supplies available. Shipments of Australian wheat arrived throughout the year, and were used to supply the balance of South Island needs and almost the whole of the North Island requirements.

The year was characterized by a small locally grown crop (4,539,017 bushels) and by heavy importations (6,636,973 bushels). Wheat entering into international trade was allocated by the International Emergency Food Committee, Washington, whose allocations were only sufficient to meet the needs of importers. Our imports included wheat of under-milling quality, which was the only type we were permitted to import for feed purposes. We imported more than the 4,500,000 bushels stipulated as the maximum delivery for a crop-year under the contract arrangement between the Australian and New Zealand Governments, and of the 6,636,973 bushels imported a portion was carried over from the previous year's quantity, which had not all been lifted in 1947, and a portion was wheat drawn in advance from the 1949 quantity because the Australian Wheat Board advanced the date for commencement of delivery ex the 1948-49 crop to 1st November, 1948, instead of the 1st January, 1949.

The under-grade wheat imported for feed was found to contain an excessive quantity of saffron thistle (*Carthamus lanatus*) seeds and objections were made by United Wheatgrowers and other farming organizations. Badly affected lines were machine-dressed before being distributed to poultry-keepers.

(b) INTERNATIONAL WHEAT AGREEMENT

Because the United States failed to ratify the agreement negotiated early in 1948, that agreement did not come into force. However, another agreement was negotiated by the International Wheat Conference held at Washington, United States of America, from 26th January to 23rd March, 1949, and this requires formal acceptance by signatory Governments on or before 1st July, 1949, if it is to come into force as from the 1st August, 1949, for a period of four years. There are five contracting exporting countries (Canada, United States of America, Australia, France, and Uruguay), and their undertaking is to make available when required by the importers 456,000,000 bushels each year in return for an undertaking by the contracting importing countries that they will take when required by the exporters 456,000,000 bushels each year at prices determined as provided for in the agreement. New Zealand's guaranteed quantity is 125,000 metric tons (or 4,592,964 bushels) per year. Under conditions ruling at 1st March, 1949, the equivalent in New Zealand currency for f.o.b. prices of Australian f.a.q. wheat per bushel under the agreement would be as follows:—

				Minimum Price.		Maximum Price.	
				s.	d.	s.	d.
1949-50	7 2·8	8	11·1
1950-51	6 8·8	8	11·1
1951-52	6 2·9	8	11·1
1952-53	5 8·9	8	11·1

(c) AUSTRALIAN CONTRACT

Wheat continued to be delivered by Australia under the contract covering a total of 18,000,000 bushels over the crop-years 1945-46 to 1949-50, and by the 31st January, 1949, 15,117,551 bushels had been delivered by Australia against this contract. A further advance in the contract price from 6s. 4d. to 6s. 9d. (Australian currency) per bushel f.o.b. Australian ports took effect as from 1st December, 1948. This advance was in keeping with the advance made in the Australian home consumption price. This price of 6s. 9d. is the equivalent of 5s. 5-3226d. New Zealand currency.

(d) NEW ZEALAND CROP

A fall was again recorded in the acreage of New-Zealand-grown wheat, the area for 1947-48 being 123,751 acres, yielding 4,539,017 bushels, an average of 36.68 bushels per acre. In 1946-47 the area was 141,407 acres, yielding 5,368,120 bushels from the high average yield of 37.96 bushels per acre.

For the 1947-48 crop growers received 8s. per bushel f.o.b. nearest port March Tuscan basis, by comparison with 7s. 4d. per bushel paid in the previous year. For the 1948-49 crop the price was fixed at 8s. 6d. per bushel.

(e) WHEATGROWERS' COMPENSATION SCHEME

This scheme has been in operation since the 1943 harvest and affords protection to those growers whose crops suffer damage from hail, flood, or frost. The grower carries the first 50 per cent. of the risk, with the fund carrying the other 50 per cent., for which cover growers pay $\frac{1}{2}$ d. per bushel premium into a trust account.

Very little damage occurred in the past year, 1 claim only qualifying for compensation. In the six years of the life of the scheme to 31st January, 1949, however, 225 claims totalling £24,093 in compensation have been paid. Administration expenses, mostly fees and travelling-expenses paid to the assessors and the adjuster, amounted over the period to only 5.4 per cent. of the premium income. The accumulated total in the fund at 31st January, 1949, was £42,604, of which £41,000, was invested in New Zealand Government stock.

(f) FLOUR QUALITY

Some complaints were made by bakers about flour quality in the first half of the year, but in the latter months very little difficulty was experienced and complaints quickly disappeared. A conference in Wellington on 27th July, 1948, attended by representatives of the New Zealand Federation of Bakers and Pastrycooks (Inc.), New Zealand Flour-millers' Society (Inc.), Wheat Research Institute, and Wheat Committee was most successful and enabled a full discussion to take place on the problems affecting millers and bakers. Neither millers nor bakers have spared any effort to use their high degree of skill in milling and baking to obtain the best results possible.

The improved wheat supply made it possible for the Hon. the Minister to authorize a reduction in the extraction rate of flour from 80 per cent. to 78 per cent. as from 1st March, 1949.

(g) TRADING RESULTS

The following brief summary is given of the trading results of the Wheat Committee for the year ended 31st January, 1949, by comparison with the results for the previous year. Turnover by weight was as under:—

	Year Ending		Change Upon 1948.
	31st January, 1948.	31st January, 1949.	
	Bushels.	Bushels.	Bushels.
Wheat*	9,733,505	10,120,230	+386,725
	Tons.	Tons.	Tons.
New Zealand white flour	159,221	160,579	+1,358
Australian white flour	2,188	..	-2,188
Wheatmeal	8,913	8,489	-424
Bran	19,080	19,597	+517
Pollard	20,022	21,518	+1,496
Australian flour sold for mixing in at mills ..	..	3,255	+3,255
Australian wheatmeal .. .. .	..	144	+144

*This does not include New Zealand wheat which goes into consumption on farms where it is produced or is sold to neighbours as provided for in the regulations. Certified seed wheat is also excluded. Only the quantity bought and sold by the Wheat Committee is shown. During the year ended 31st January, 1949, the Committee handled 3,483,257 bushels only of New Zealand wheat, whereas the total production was 4,539,017 bushels.

The wheat turnover of 10,120,230 bushels in the past year was made up of 6,636,973 bushels of Australian wheat and 3,483,257 bushels of New-Zealand-grown wheat. Importations were 1,370,369 bushels more than for the year preceding. During the year 4,011,944 bushels of Australian wheat were landed at North Island ports and 2,625,029 bushels at South Island ports. No less than 4,686,028 bushels of this imported wheat went to the mills, while the balance, 1,950,945 bushels, was sold to the poultry industry.

The small New Zealand crop went to mills (3,045,300 bushels) and to the poultry industry (373,515 bushels), while 64,442 bushels were sold for seed.

A quantity of Australian flour (3,255 tons) was accepted in lieu of wheat at a time when inland transport difficulties prevented the movement of wheat to the ports of shipment. This Australian flour was mixed in with New Zealand flour at the Auckland mills.

Turnover in flour and wheatmeal represented 118·97 per cent. of the basic allocation made to mills in 1936, the first year of the present system. This figure compares with 118·31 per cent. of allocation sold in the previous year.

The cash turnover during the past two years was as under:—

	1948.	1949.
	£	£
Wheat	4,096,215	4,070,187
Flour	2,671,652	2,880,360
	<u>£6,767,867</u>	<u>£6,950,547</u>

Thus the cash turnover in 1949 was £182,680 more than in the previous year.

The wheat figure is based on landed costs of Australian wheat and the growers' price of New Zealand wheat.

(h) ADMINISTRATION COSTS

The over-all administration costs of the Wheat Committee totalled £48,103, apportioned as under:—

- (a) Wheat administration costs, covering the purchase and sale of all New Zealand and imported wheat, £11,890, or 0.292 per cent. of wheat turnover of £4,070,187.
- (b) Flour administration costs, covering all the charges arising from collecting orders, ordering out from the mills, invoicing, collecting accounts, paying proceeds to mills, acceptance on our part of the *del credere* risk, and including a commission of 2.155 per cent. paid to merchant-agents handling flour in localities where there are no Wheat Committee branch offices, £36,213, or 1.257 per cent. of the flour turnover of £2,880,360. This percentage was 0.075 per cent. less than in 1947–48, but it remained slightly in excess of the 1.25 per cent. commission paid by millers to the Wheat Committee for this work.

Bad debts written off, less recoveries of amounts written off in previous years, amounted to £53 16s. 3d., which was again a most satisfactory result.

(i) SUBSIDIES PAID TO STABILIZE PRICES

Subsidy payments through the Wheat Committee on wheat, flour, bran, and pollard handled amounted to £1,488,951 for the year ended 31st January, 1949. Payments for the previous year were £1,496,452.

(j) REMOVAL OF SUBSIDY FROM FEED WHEAT, BRAN, AND POLLARD

As from 22nd January, 1949, prices charged by the Committee for feed wheat, bran, and pollard were increased by 2s. 9d. per bushel for feed wheat and by approximately £3 per ton for bran and pollard. These changes have the effect of reducing subsidy payments accordingly, and at the request of the New Zealand Poultry Board were extended to apply in respect of eggs. The Committee's new prices for feed wheat supplied to merchants became as under:—

New-Zealand-grown wheat—South Island: 8s. 6d. per bushel, March basis, f.o.b. grower's nearest port, sacks extra, plus brokers' commission. To this basic price is added increments of 1d. per bushel per month of delivery, May, June, July, and $\frac{1}{2}$ d. per bushel per month for August, September.

Australian wheat—North Island: 9s. 1d. per bushel, c.i.f., sacks extra.

(k) BREAD-BAKING INDUSTRY

On 31st January, 1949, 526 bread-baking units were operating, compared with 538 at 31st January, 1948. On the basis of population at 31st December, 1948 (1,861,714), the proportion of bread bakeries was one for 3,530 persons.

The quantity of flour delivered to bread-bakers and bread-pastrycooks for the year ended 31st January, 1949, amounted to 110,533 tons, as compared with 109,670 tons for the year ended 31st January, 1948, an increase of 863 tons.

Allowing for the proportion of flour used by bread-bakers in the manufacture of pastrycook lines, it is estimated that 105,000 tons of flour were used for bread-baking during the year ended 31st January, 1949.

SECTION 4—TOBACCO BOARD

The following is a summary of the report of the Tobacco Board for the period under review :—

(a) GROWTH OF INDUSTRY

This is the Board's twelfth year of administration, and within that period crop production has risen from 1,197,161 lb. in 1936 to 4,770,827 lb. in 1948, which is an increase of approximately 398 per cent. The harvest for 1948 exceeded that for the previous year by approximately 1·3 per cent.

The continued increase in production is in keeping with the objectives of the policy of the Government and the Board, and further expansion could be achieved if more labour and building-materials were available. The problem of obtaining more labour is bound up with the provision of additional housing-accommodation for workers.

(b) 1947-48 CROP

Climatic conditions during the past growing season were abnormal, unusually heavy falls of rain being followed by prolonged dry spells. In spite of this, the crop generally made excellent growth, demonstrating the wonderful recuperative ability of the tobacco-plant. The early spring, which was very wet, with an average rainfall of 8 in. per month, considerably delayed the preparation of the land. November was dry and sunny and favourable for the planting of the crop. Heavy rain, however, in late November and early December caused much surface flooding and packing of the land. In mid-January heavy rain was again experienced, but most of it ran off the surface. Where, however, water could not get away rapidly the tobacco was drowned. A prolonged spell of dry weather followed this with conditions ideal in February. When rain came late in March, it was again of the flooding type.

The crop was again a heavy one. Mild autumn conditions permitted harvesting to take place with a minimum of loss, but the alternating extremes of wet and dry weather were reflected in some variation in the quality of the leaf. Nevertheless, the bulk was good with the leaf sound and bright.

(c) PRICES OF LEAF

The basic average prices for the 1948 harvest were increased over the previous season's basic prices. An application to the Price Control Division by the New Zealand Tobacco-growers' Federation in March, 1948, for an increased price per pound for new leaf resulted in approval of an increase of 3½d. per pound for both flue-cured and air-dried tobacco. The new basic average prices, which were given effect to by Price Order No. 890 (Raw-leaf Tobacco) are 2s. 5½d. per pound for flue-cured and 2s. 2½d. per pound for air-dried leaf. The minimum price of 1s. 2d. per pound below which leaf cannot be sold as fixed by the Board of Trade (Raw Tobacco Price) Regulations 1943 remains unaltered.

(d) MINIMUM PERCENTAGE OF DOMESTIC LEAF

During the 1947-48 season the minimum percentage of domestic leaf which all manufacturers in New Zealand were required to use in their total manufacture was 30 per cent., this being the same percentage as for the previous season.

(e) TOBACCO RESEARCH

The amount contributed by the Board towards the cost of maintaining the Tobacco Research Station for the period ended 31st July, 1948, was £387 12s. 2d., which, when added to previous contributions, brings the total amount to £9,054.

(f) CROP INSURANCE

A transfer of £1,500 from the Accumulated Fund for the year ended 31st July, 1948, brought the Crop Insurance Reserve Fund to £7,173. Payments from the Fund on account of claims during that year totalled £1,098 6s. 4d.

In January, 1949, heavy damage to the crop resulted from a hailstorm, and claims on the Fund for the 1948-49 season will in consequence be considerable.

Particulars of claims made by growers over the past four years and other relevant details concerning them are given in the following table:—

Harvest.	Claims Lodged.	Allowed.	Poundage Compensated.	Amount Paid.	Frost.	Hail.	Flood.
				£ s. d.	lb.	lb.	lb.
1945 ..	53	41	62,178	1,251 6 5	18,194	11,153	32,831
1946 ..	19	14	16,249	340 2 7	15,943	300	..
1947 ..	1	1	300	5 0 0	..	300	..
1948 ..	33	29	50,494	1,098 6 4	48,494	..	2,000

The Tobacco Board is at present examining the possibility of extending the crop-insurance scheme.

(g) FLOOD PROTECTION

During the year under review the question of protecting tobacco lands threatened by flooding of the Motueka River has been considered by the Board in collaboration with the Soil Conservation and Rivers Control Council, the Treasury, and other interested bodies. In consequence a scheme for protecting the land subject to flooding was submitted to the Government, whose agreement to undertake protection works at an estimated capital cost of approximately £100,000 has been obtained. Property-owners, including tobacco-growers, as well as residents of the Borough of Motueka, will also benefit greatly from the scheme. Costs should therefore be shared by them, and accordingly it has been agreed that the Tobacco Board and the Nelson Catchment Board will jointly contribute £25,000 towards the capital cost.

(h) MEMBERS OF THE TOBACCO BOARD

The Tobacco Board members at the 31st March, 1949, were:—

Chairman and Government Representative: Mr. L. J. Schmitt.

Representatives of Manufacturers: Messrs. F. A. L. Hunt, T. P. Husheer, and J. G. Lisman.

Representatives of Growers: Messrs. F. A. Hamilton, K. J. Newman, R. W. S. Stevens, and M. H. Thorn.

Mr. E. J. Fawcett, Director-General of Agriculture represents that Department in an advisory capacity at meetings of the Board.

Secretary: Mr. H. L. Wise.

Assistant Secretary: Mr. W. A. Clarke.

It is with deep regret that the Board records the untimely death of Mr. F. E. J. Jeffcott (Representative of Manufacturers), who lost his life in the air disaster at Waikanae in March, 1949. The vacancy caused by Mr. Jeffcott's death has since been filled by Mr. T. F. Varley.

(i) TOBACCO-GROWING STATISTICS

Comparison between the records of the years of the Board's operation is made possible by the following table :—

Season.				Number of Growers.	Contract Acreage.	Amended Contract Acreage.*	Production.
							lb.
1935-36	..	..	..	499	1,969	†	1,197,161
1936-37	..	..	..	508	2,770	†	1,609,493
1937-38	..	..	..	442	2,563	†	2,067,827
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	2,875	2,721,539
1942-43	..	..	..	360	2,960	2,907	3,185,183
1943-44	..	..	..	414	3,106	3,066	3,083,094
1944-45	..	..	..	487	3,383	3,303	3,286,067
1945-46	..	..	..	553	3,577	3,405	4,080,135
1946-47	..	..	..	628	3,934	3,805	4,706,723
1947-48	..	..	..	661	4,361	4,322	4,770,827

* Amended after planting operations completed.

† Not available.

The above production figures represent the weight of leaf purchased from growers before redrying. Flue-cured leaf accounted for 96·2 per cent, and air-dried leaf for 3·8 per cent. of the 1947-48 crop.

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