

1936.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(NINETEENTH ANNUAL REPORT OF THE).

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

YOUR EXCELLENCY,—

Wellington, 1st September, 1936.

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

I have, &c.,

D. G. SULLIVAN,

Minister of Industries and Commerce.

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

SIR,—

Wellington, 29th August, 1936.

I have the honour to submit the annual report of the Department of Industries and Commerce. This report deals with the work of the Department since the previous report was placed before Parliament, and covers generally the period ended 30th April, 1936. In certain instances, however, matters subsequent to that date are also referred to.

I have &c.,

L. J. SCHMITT, Secretary.

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

GENERAL TRADE REVIEW.

IN accordance with previous practice a brief review is made of the statistics of the overseas trade of New Zealand for the past calendar year.

For the year ended 31st December, 1935, the value of exports from the Dominion was £46,538,678, as compared with £47,342,847 for the previous year, a decrease of £804,169. Imports for 1935 aggregated £36,287,544, an increase of £4,947,992, as compared with the figures for 1934, in which year the imports were assessed at £31,339,552.

The foregoing figures are exclusive of specie, exports of which during 1935 amounted to £521,000, as compared with £2,283,900 for 1934. Specie imports during these two years were £38,821 and £1,242,000 respectively. All figures are shown in terms of New Zealand currency, which, since the beginning of 1930, has been at a discount on sterling.

External Trade (excluding Specie).

Year ended 31st December,	Exports.	Imports.	Total External Trade.	Excess of	
				Exports.	Imports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1926	45,268,924	49,811,763	95,080,687	..	4,542,839
1927	48,496,354	44,782,666	93,279,020	3,713,688	..
1928	55,570,381	44,844,102	100,414,483	10,726,279	..
1929	54,930,063	48,734,472	103,664,535	6,195,591	..
1930	44,940,517	44,339,654	89,280,171	600,863	..
1931	34,950,698	26,498,151	61,448,849	8,452,547	..
1932	35,609,919	24,646,006	60,255,925	10,963,913	..
1933	41,005,919	25,581,366	66,587,285	15,424,553	..
1934	47,342,847	31,339,552	78,682,399	16,003,295	..
1935	46,538,678	36,287,544	82,826,222	10,251,134	..

EXPORTS.

The table below sets out the quantities and values of the principal commodities exported from New Zealand in each of the past two calendar years.

Item.	1934.		1935.	
	Quantity.	Value.	Quantity.	Value.
		£		£
Butter Cwt.	2,614,519	10,042,776	2,789,298	13,616,740
Cheese "	1,984,496	4,694,459	1,727,552	4,376,512
Beef, frozen "	827,310	871,359	817,586	979,711
Lamb, frozen "	2,584,405	7,903,337	2,605,526	8,184,521
Mutton, frozen "	901,938	1,595,564	1,025,305	1,837,600
Hides & calf-skins No.	1,586,234	627,371	1,788,003	685,873
Rabbit-skins "	13,035,015	257,585	13,536,745	395,090
Pelts "	9,243,726	725,782	11,765,293	894,181
Wool Bales	741,916	12,516,425	647,801	7,096,873
Tallow Tons	27,662	480,354	25,277	630,638
Kauri Gum "	3,209	86,917	2,872	79,113
Gold Oz.	167,160	1,353,715	172,779	1,452,940
Sausage casings Lb.	4,524,412	625,394	4,192,001	787,261
Other items "	..	7,845,709	..	6,042,625
Total exports .. ..	..	49,626,747	..	47,059,678

The 1935 figures reveal increases over 1934 in quantities and values of exports of butter, lamb, mutton, hides, and calf-skins, rabbit-skins, pelts and gold. Decreases in both quantities and values occurred in cheese, wool, and kauri-gum. In the cases of beef, tallow, and sausage-casings, a decreased quantity was exported, but the value was higher in each case. The most notable increase in value occurred in the case of butter—namely, an increase of £3,573,964.

The direction of our export trade in 1935 is disclosed by the table which follows, the figures for the three previous years being also given for purposes of comparison.

Value of New Zealand's Exports (excluding Specie) according to country of Destination, 1932-35.

	1932.	1933.	1934.	1935.
British possession, protectorates, &c.—	£	£	£	£
United Kingdom	31,344,670	35,275,909	38,629,240	38,921,568
Australia	1,444,860	1,393,311	1,882,516	1,781,811
Canada	244,160	560,875	697,865	656,984
All other British countries	314,774	292,054	370,780	418,178
Totals, British countries	33,348,464	37,522,149	41,580,401	41,778,541
Foreign countries and possessions—				
United States	690,015	1,188,972	1,250,364	2,468,071
Belgium	167,629	330,284	612,646	647,212
France	508,960	738,176	1,228,699	484,610
Germany	289,917	376,886	944,310	165,304
Japan	236,799	354,462	856,014	432,495
All other foreign countries	368,135	494,990	870,413	562,445
Totals, all foreign countries	2,261,455	3,483,770	5,762,446	4,760,137
Totals, all countries	35,609,919	41,005,919	47,342,847	46,538,678

Exports to all British countries during 1935 increased by £198,140, and those to foreign countries decreased by £1,002,309, a net decrease of £804,169.

In 1935 exports to British countries represented 89·77 per cent. of total exports, as compared with 87·83 per cent. in 1934, while exports to foreign countries represented 10·23 per cent. in 1935, in comparison with 12·17 per cent. in 1934.

The percentages of total exports shipped to each of the principal countries trading with the Dominion during the past four calendar years are shown in the following table :—

Country of Destination.				1932.	1933.	1934.	1935.
				Per Cent.	Per Cent.	Per Cent.	Per Cent.
United Kingdom	..	..	..	88·02	86·03	81·59	83·63
Australia	..	..	..	4·06	3·40	3·98	3·83
Canada	..	..	..	0·69	1·37	1·46	1·41
United States	..	..	..	1·94	2·91	2·64	5·30
Belgium	..	..	..	0·47	0·81	1·29	1·39
France	..	..	..	1·43	1·80	2·60	1·04
Germany	..	..	..	0·82	0·92	2·00	0·36
Japan	..	..	..	0·67	0·86	1·81	0·93

The principal feature of the foregoing table is the increase in the percentage of exports taken by the United Kingdom. This percentage declined steadily from 88·02 in 1932 to 81·59 in 1934, but has now recovered to 83·63. The percentage of New Zealand exports taken by the United States is twice as high as it was in 1934, and Belgium also increased her percentage. The other countries all showed reductions in the proportion of our goods taken, the most marked being Germany, the figure falling from 2·00 in 1934 to 0·36 in 1935.

IMPORTS.

Below are given the quantities and values of the principal items imported into New Zealand in each of the past two calendar years :—

Item.				1934.		1935.	
				Quantity.	Value.	Quantity.	Value.
					£		£
Wheat	..	..	.. Bushels	111,895	28,331	224,702	58,977
Flour	..	..	.. Centals	218,785	163,365	244,733	202,855
Sugar	..	..	.. Cwt.	1,481,609	646,150	1,703,826	710,639
Tea	..	..	.. Lb.	10,170,188	725,164	9,972,438	648,535
Whisky	..	..	.. Gallons	265,994	319,621	277,447	334,369
Cigarettes	..	..	.. Lb.	593,570	249,490	923,170	343,349
Tobacco	..	..	.. Lb.	2,755,512	305,002	2,646,746	347,859
Apparel	..	..	..	..	1,036,201	..	1,107,546
Boots and shoes	..	..	.. Doz. prs.	205,708	434,802	211,164	472,049
Carpets and floor-coverings	..	..	..	..	433,901	..	496,425
Drapery, &c.	..	..	..	..	325,540	..	326,970
Cotton piece-goods	..	..	..	..	1,703,289	..	1,667,074
Silk piece-goods	..	..	..	..	875,714	..	964,315
Woollen piece-goods	..	..	..	..	673,904	..	652,616
Petrol and kerosene	..	..	.. Gallons	68,655,863	1,149,237	69,276,280	1,172,892
Coal	..	..	.. Tons	100,715	98,355	97,398	94,197
Hardware	..	..	..	..	489,085	..	651,986
Electrical appliances	..	..	..	..	1,293,003	..	1,595,762
Timber	..	..	..	..	232,038	..	401,886
Motor-vehicles	..	..	.. No.	14,415	2,261,968	20,845	3,207,431
Motor-tires	..	..	..	(Not recorded)	740,333	7,068,325	735,042
Other imports	..	..	..	..	17,155,059	..	20,094,770
Total imports				..	31,339,552	..	36,287,544

The principal countries of origin of New Zealand's imports during 1935 are shown in the next table in comparison with the figures for the two preceding years:—

Value of New Zealand's Imports (excluding Specie) according to Country of Origin, 1933-35.

	1933.	1934.	1935.
	£	£	£
British possessions, protectorates, &c.—			
United Kingdom	13,126,032	15,789,761	18,283,884
India	576,915	667,552	571,627
Ceylon	551,388	585,689	633,594
South African Union	50,646	56,092	55,800
Canada	1,264,932	2,098,610	2,450,616
Australia	2,576,092	3,238,124	3,955,677
Fiji	106,096	103,166	80,084
Other British countries	543,664	600,619	571,401
Totals, British countries	18,795,765	23,139,613	26,602,683
Foreign countries and possessions—			
United States	2,952,009	3,749,559	4,534,086
France	246,210	240,813	221,982
Germany	471,440	482,644	534,442
Belgium	172,468	137,139	217,516
Japan	675,571	836,595	1,100,177
Dutch East Indies	998,224	1,381,974	1,437,379
All other foreign countries	1,269,679	1,371,215	1,639,279
Totals, all foreign countries	6,785,601	8,199,939	9,684,861
Totals, all countries	25,581,366	31,339,552	36,287,544

Imports from British countries during 1935 increased by £3,463,050 when compared with 1934, and imports from foreign countries increased by £1,484,922, a total of £4,947,992.

In 1935 imports from British countries represented 73·31 per cent. of total imports, as compared with 73·49 per cent. in 1934, while imports from foreign countries represented 26·69 per cent., in comparison with 26·51 per cent. in 1934.

In the table below imports from each of the principal countries trading with New Zealand are shown for the past three years as percentages of total imports:—

Country of Origin.	1933.	1934.	1935.
	Per Cent.	Per Cent.	Per Cent.
United Kingdom	51·31	50·38	50·39
India	2·26	2·13	1·58
Ceylon	2·16	1·87	1·75
South African Union	0·20	0·18	0·15
Canada	4·95	6·70	6·75
Australia	10·07	10·33	10·90
Fiji	0·42	0·33	0·22
United States	11·54	11·96	12·50
France	0·96	0·77	0·61
Germany	1·84	1·54	1·47
Belgium	0·67	0·44	0·60
Japan	2·64	2·67	3·03
Dutch East Indies	3·90	4·41	3·96

The principal feature disclosed by the foregoing table is the continued rise in the proportion of our imports coming from Canada, Australia, the United States, and Japan. A markedly smaller proportion of our imports came from India, Ceylon, and Fiji. The proportion of our imports from the United Kingdom remained almost the same as in 1934.

TRADE WITH THE UNITED KINGDOM.

Exports from New Zealand to the United Kingdom for the calendar year 1935 were valued at £38,921,368, as compared with £38,629,240 for 1934, an increase of £292,328, while imports into New Zealand from the United Kingdom increased by £2,494,123, from £15,789,761 in 1934 to £18,283,884 in 1935.

Our exports to the United Kingdom in 1935 represented 83·63 per cent. of total exports, in comparison with 81·59 per cent. in 1934, while imports from the United Kingdom in the same two years represented 50·39 per cent. and 50·38 per cent. respectively.

The importance of the United Kingdom as a market for our principal primary products is readily apparent from the foregoing statistics. The steady decline in the proportion of our total exports taken by the United Kingdom which was observable up to 1934 has now been reversed, and the percentage has risen from 81·59 in 1934 to 83·63 in 1935.

On the other hand the proportion of our imports from European countries, with the exception of Belgium, showed substantial reductions.

In considering the importance of the United Kingdom as a market for New Zealand products it must be borne in mind that a not inconsiderable part of our exports is sent thither merely as a convenient depot for subsequent sale and shipment to the Continent of Europe and to America. This is partly due to the absence of direct shipping facilities. The latest figures are not yet available, but in 1933 the total of such re-exports of New Zealand produce was £5,264,804, and the figures for later years probably show a larger volume of re-exports of New Zealand produce from the United Kingdom to the European countries and America.

The strong sentiment prevailing in the Dominion towards closer trade relations with the Empire, and more particularly with the United Kingdom, continues to be indicated in a practical manner by the maintenance of the percentage of our imports which are the produce of Empire countries. The proportion of our imports from the United Kingdom increased very slightly, from 50·38 per cent. in 1934 to 50·39 per cent. in 1935; imports from Canada over the two years increased from 6·70 per cent. to 6·75 per cent. In 1933 the percentage of Canadian goods was only 4·95 per cent. of the total. Imports from Australia in 1934 were 10·33 of the total, and the percentage in 1935 had increased to 10·90.

The total percentage of our imports derived from Empire countries in 1935 was 73·31.

TRADE WITH AUSTRALIA.

The value of our trade with Australia in each of the past five calendar years is shown in the table below :—

Year ended 31st December,			Exports to Australia.	Imports from Australia.	Total Trade.
			£(N.Z.)	£(N.Z.)	£(N.Z.)
1931	..	..	1,157,403	2,073,361	3,240,764
1932	..	..	1,444,860	2,368,293	3,813,153
1933	..	..	1,393,311	2,576,092	3,969,403
1934	..	..	1,882,516	3,238,124	5,120,640
1935	..	..	1,781,811	3,955,677	5,737,488

The value of New Zealand exports to Australia declined in 1935 by £100,705, and the value of our imports from that country increased by £717,553. Prior to 1935 Australia was second only to the United Kingdom as a buyer of New Zealand goods, but second place has now been assumed by the United States, which purchased £2,468,071 worth of goods from us in 1935.

The Trade Commissioner at Sydney has devoted considerable attention to the development of our export trade, and from time to time has submitted reports on trade activities and inquiries from potential buyers of New Zealand goods. Wherever possible exporters and importers in New Zealand have been put in touch with buyers and sellers of a number of products in Australia, and in a number of cases business has followed as a result of the efforts of the Trade Commissioner and the Department.

The following table covering the past two calendar years shows the nature of the commodities that enter into our export trade with the Commonwealth, and the quantities and values of the principal items :—

Principal items :—			1934.		1935.	
Commodity.			Quantity.	Value.	Quantity.	Value.
				£(N.Z.)		£(N.Z.)
Timber, sawn	Sup. ft.	33,205,938	305,615	37,608,594	347,960	
<i>Phormium tenax</i> (New Zealand hemp)	Tons	2,607	36,750	2,419	36,932	
Tow .. ..	..	500	4,179	401	3,312
Grass and clover seeds ..	Cwt.	18,292	49,885	20,725	54,596	
Peas	Centals	19,883	19,436	26,017	22,489	
Oats .. ..	..	3,051	1,307	1,968	915
Fish, frozen	Cwt.	47,552	93,422	49,253	108,178	
Sugar of milk	Lb.	371,920	9,942	288,960	7,752	
Wool .. ..	..	8,098,596	331,980	8,213,554	216,861
Tallow	Tons	678	11,681	149	3,499	
Sausage-casings	Lb.	248,245	13,447	301,380	18,827	
Hides, pelts, and skins—						
Calf-skins	No.	337,964	63,027	178,806	40,060	
Cattle-hides .. ..	..	139,971	183,517	116,889	144,737
Sheep-skins, without wool ..	..	217,533	14,521	293,745	21,847
Sheep-skins, with wool ..	..	578	141	2,196	484
Pumice and sandstone ..	Tons	2,279	6,179	3,124	8,296	
Gold—Bar, dust, ingot, and sheet	Oz.	24,736	190,974	30,645	246,279	

As will be observed, substantial increases occurred during the past year in sales of timber, peas, sausage-casings, sheep-skins, pumice and sandstone, and gold.

The Australian Commonwealth Government has recently announced the adoption of a new external trade policy involving the introduction of an import licensing system. The objects of the scheme are to increase the volume of Australian primary produce, to expand secondary industries, and to improve rural and industrial employment. All goods of British origin are to be exempt from the licensing proposals, so that no adverse effects will be sustained by New Zealand as a result of the introduction of the scheme. There has been insufficient time so far to ascertain what effects the new policy will have on New Zealand's external trade, but one minor result has been that the direct shipping service between Japan and the Dominion has been modified so that the Japanese steamships now call at Australia *en route* to New Zealand from Japan or *vice versa*. In other respects the direct service remains unaltered, the only difference so far as New Zealand is concerned is that the voyage takes three or four days longer than when the ships did not make these calls at Australian ports. With the settlement of the present Japanese-Australian trade difficulties it is anticipated that the service will again become direct between Japan and New Zealand with no calls at Australia during the voyage.

TRADE WITH CANADA.

The value of our export, import, and total trade with Canada in each of the past five years is shown in the following table, together with the percentage which such trade bears to the total exports and imports:—

Year ended 31st December,				Exports to Canada.	Percentage of Total Exports.	Imports from Canada.	Percentage of Total Imports.	Total Trade.
				£(N.Z.)		£(N.Z.)		£(N.Z.)
1931	..	..	..	256,890	0·74	1,342,321	5·06	1,599,211
1932	..	..	..	244,160	0·69	1,107,074	4·49	1,351,234
1933	..	..	..	560,875	1·37	1,264,932	4·93	1,825,807
1934	..	..	..	697,865	1·46	2,098,610	6·69	2,796,475
1935	..	..	..	656,984	1·41	2,450,616	6·75	3,107,600

It is gratifying to note that despite generally adverse conditions our trade with Canada has shown steady improvement during the past two years. Our exports have increased in value from £244,160 in 1932 to £656,984 in 1934, while imports have increased from £1,107,074 in 1932 to £2,450,616 in 1935. In the same period the percentage of our total exports taken by Canada has increased from 0·69 to 1·41, and the percentage of our total imports from Canada has increased from 4·49 to 6·75.

The values of the principal items exported to Canada from New Zealand in 1935 are shown below, in comparison with the figures for the previous four years:—

Item.	1931.	1932.	1933.	1934.	1935.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Butter	20,797	29,441	31,320	23,277	8,951
Cheese	213	9	2,133	201	4,731
Sausage-casings	117,761	40,523	129,129	156,645	223,633
Wool	57,540	81,295	149,245	301,058	197,163
Hides, pelts, and skins	25,152	45,749	196,562	153,764	161,837
Seeds	11,153	4,757	3,363	6,919	8,813
Frozen meat	2,719	3,884	4,143	2,299	2,503
Apples	447	7,583	13,358	25,280	23,686
Kauri-gum	4,074	3,096	2,146	2,960	1,709
Phormium fibre	1,291	2,614	604	793	1,094
Tallow .. .. .	..	..	525	..	5,207

Every effort has been made by the New Zealand Trade and Tourist Commissioner in Canada to increase the sales of our principal exportable products, and in numerous instances sales have definitely resulted as a direct consequence of his efforts.

The trade in fruit is showing steady expansion. The market is very restricted as to time—May, June, and early July—when Canadian stored apples are usually unavailable in quantities in eastern cities. During these months of the current year and outside the fiscal year under review the quantities exported to Canada have again increased, and an initial experiment in the sale of New Zealand pears is being tried out. Usually Canada proves itself to be a payable market, the returns received being equal to, if not slightly in excess of, the values realized on the English market.

Competition is usually very keen, as New Zealand fruit is sold side by side with stored apples of domestic and United States production. The fact that our fruit retains its freshness is a favourable factor in meeting this competition. The Canadian Government some time ago imposed a fixed valuation for duty purposes against foreign apples in order to assist in the profitable marketing of

domestic supplies, and this has proved of substantial value to New Zealand in securing payable returns. Without this special duty New Zealand fruit probably could not successfully compete against the low quotations usually offered from New York and other nearby storage and producing States. The facts as to New Zealand's ability to cater for Canada's full requirements of apples during the off-season and as to the trade being of a reciprocal nature have on recent occasions been expressed to the Canadian authorities.

As to butter, due to overproduction in Canada, the market has been listless and bulk sales have been impossible from any outside source. Since 1932, when the 5 cents duty was imposed on New Zealand butter by treaty, local production has increased from 321,000,000 lb. to over 345,000,000 lb. in 1935. The latter quantity more than meets the domestic demand, and an export outlet was found for nearly 8,000,000 lb. mainly in the United Kingdom. In hides and skins the volume of trade for the past three years has been substantial. Next to wool and casings these form the most valuable items of our exports to Canada. The trade in seeds is also showing substantial gains. The two main items of our export trade to Canada are wool and casings, and the former marked a record over the previous four years. It may be expected that the purchase of raw wool from New Zealand will continue to expand, but it is to be observed that many of the Canadian mills are equipped only to deal with tops, main supplies of which are imported from Australia and the United Kingdom.

Inquiries have recently been received from Canadian firms with reference to the importation into Canada of New Zealand frozen rabbits and other meat-products for fox feeding purposes. The development of fox-breeding in Canada has assumed very large proportions, and difficulties have been experienced by fox-breeders in securing adequate supplies of meat at reasonable prices for feeding to foxes.

Several New Zealand firms have indicated their interest in the export of frozen meat and rabbits for this particular purpose, and it is hoped that an appreciable volume of business will be developed, which will make a valuable addition to the already existing trade in frozen meat for human consumption.

TRADE WITH THE UNITED STATES.

Exports from New Zealand to the United States in 1935 were valued at £2,468,071, as compared with £1,250,364 in 1934. Expressed as percentages, the figures represented 5·30 per cent. and 2·64 per cent. respectively of total exports in those years. The value in 1935 was thus nearly twice that in 1934, and the percentage of total exports was similarly increased to twice the 1934 percentage.

Imports into New Zealand from the United States during 1935 were valued at £4,534,086, in comparison with £3,547,446 for the previous year. These figures represented 12·50 per cent. and 11·96 per cent. of total imports respectively in 1935 and 1934. The proportion of our imports obtained from the United States has continued to show a steady rise after the fall from the percentage of earlier years. In 1926, for example, the percentage of our imports derived from the United States was 20·08, and in 1931 it was 16·04 per cent.

The position, so far as our trade with the United States is concerned, is briefly summarized in the table below covering the past seven calendar years:—

Year ended 31st December,	Exports to the United States.	Percentage of Total Exports.	Imports from the United States.	Percentage of Total Imports.
	£(N.Z.)		£(N.Z.)	
1929	3,553,427	6·51	9,319,926	19·12
1930	2,116,752	4·71	7,893,114	17·82
1931	920,931	2·66	4,227,550	16·04
1932	690,015	1·94	3,565,846	14·55
1933	1,188,972	2·91	2,952,009	11·62
1934	1,250,364	2·64	3,749,559	11·98
1935	2,468,071	5·30	4,534,086	12·50

The marked increase in values of our exports to the United States in 1935, nearly twice as much as in 1934 and over three times the amount exported in 1932, is to be noted with satisfaction, especially in view of the difficulties encountered in effecting sales of our raw material to a country which is so largely self contained and desirous in its national policy to give a decided preference to domestic production. Few, if any, of our exports can be classed as non-competitive.

The New Zealand Trade Commissioner at Toronto has kept in close contact during the year with leading importers in the United States who are interested in the purchase of New Zealand products, and the opportunity was taken during the year to call upon all agents interested in New Zealand products in the City of New York and separate reports have been received by the Department on the contacts made and the result of the discussions. Whilst under present fiscal and economic circumstances trade with the United States of America is very difficult and speculative, the market is certainly most valuable and should be exploited and cultured in every possible way. The Government of the United States has in the past two years effected trade treaties with fourteen foreign countries, and has announced its intention to negotiate with four more.

The extent of sales of the more important New Zealand products to the United States in each of the past three years is shown in the following table :—

Commodity.	1933.	1934.	1935.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
Wool	88,923	104,005	302,476
Tallow	1,327	39,907	339,858
Calf-skins	82,537	43,684	56,931
Cattle-hides	30,869	17,360	32,766
Rabbit-skins	155,852	187,287	348,784
Sheep-skins, with wool	64,035	43,862	41,414
Sheep-skins, without wool	380,197	372,824	528,778
Sausage-casings	170,019	312,626	345,279
Grass and clover seeds	22,066	33,066	44,377

Every item of the above, except the comparatively small value of sheep-skins with wool, shows a substantial increase in value for 1935 as compared with the previous year. The value of our exports of wool was nearly three times as great last year as in 1934, and tallow was eight times as large. Rabbit-skins almost doubled in value, and there is evidence that this commodity will play an even more important part in our export trade to the United States than it has played in the past.

The office of the Trade and Tourist Commissioner to the Pacific Coast of the United States of America was officially opened at Los Angeles on the 1st November, 1935. Every effort has been made, in the comparatively short time the office has been opened, by the Trade and Tourist Commissioner to induce importers in the United States to become interested in various commodities which New Zealand exports for which profitable marketing opportunities appear to exist. The difficulties of trading with the United States are many, but there has been evidence recently of a desire on the part of the American Government to stimulate international trade and a realization by high American officials and important business leaders that it is necessary to accept imports from foreign countries to pay for exports of American produce to those countries.

The Trade and Tourist Commissioner at Los Angeles reports that the price of butter in the Western States of America has so far not risen sufficiently to permit of profitable importation of New Zealand butter, and the same remarks may be applied to cheese, with regard to which, in addition to the duty charged on importations, the local price has not offered an opportunity to New Zealand exporters to compete with the American article.

Importers have, however, been induced by the Trade Commissioner at Los Angeles to interest themselves in other New Zealand foodstuffs, particularly toheroa soup, oysters, whitebait, &c., and, in the case of New Zealand Stilton cheese, through the efforts of the Trade Commissioner a definite avenue of trade has been opened up and a trial shipment of this produce has been ordered from a New Zealand firm. The report of the Trade Commissioner indicates that in order to create a worthwhile demand for foodstuffs such as the above it is necessary to advertise fairly extensively.

Attention has also been devoted by the Trade Commissioner at Los Angeles to the question of the importation of New Zealand meat into the United States, and his report indicates that, apart from the price factor, there are restrictive regulations in operation, particularly in the State of California, which tend to make the marketing of frozen meat practically impossible in that State. Were these removed or partially removed, it is considered that there would be opportunities for New Zealand in respect of meat. This matter is now being considered by the New Zealand Government.

TRADE WITH THE BRITISH WEST INDIES.

Towards the end of 1933 the New Zealand Trade and Tourist Commissioner at Toronto visited the British West Indies with the object of obtaining first-hand information concerning the market for New Zealand products in that territory. As was indicated in last year's annual report, since the survey was made considerable progress has been made in the sale of New Zealand exportable lines, especially foodstuffs, and the good will of the merchants in the British West Indies has been enhanced by the visit and by the services rendered by New Zealand shippers. In 1933 the value of products exported from New Zealand to the British West Indies was £20,970; in 1934 this amount had more than doubled and was £42,228; and in 1935 a further increase was recorded of £11,768, the figure for that year being £53,996.

Butter is the principal item exported from the Dominion to the British West Indies, the values being £20,571 in 1933, £33,519 in 1934, and £50,406 in 1935.

It is interesting to note that the imports into New Zealand from the British West Indies have increased more than proportionately to our exports to that territory. In 1933 the value of British West Indies products imported into New Zealand was £16,157, in 1934 the value rose by £11,526 to become £27,689, while in 1935 the value was £56,007, an increase of £28,324 over the 1934 figure. The visible balance of trade has therefore changed from being in our favour to the extent of £4,414 in 1933 and £14,545 in 1934 to an unfavourable balance of £5,601 in 1935.

The principal items imported into New Zealand from the British West Indies during the years 1933, 1934, and 1935 are set out below :—

	1933.	1934.	1935.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
Oranges, fresh	3	7,616	18,990
Cocoa-beans, raw	6,215	4,845	16,756
Rum	3,851	4,576	5,055
Asphalt and bitumen	2,271	3,519	5,973

The admission of New Zealand apples and pears into Trinidad has hitherto been prohibited by the authorities there on the grounds that such classes of fruit may be infected with the Mediterranean fruit-fly. Strong representations were made recently by the Department of Industries and Commerce to the authorities in Trinidad for the removal of the restrictions on the importation of New Zealand apples and pears on the grounds that Mediterranean fruit-fly is not, and never has been, in existence in New Zealand. It is gratifying to announce that, following upon these representations, restrictions have been removed as far as these classes of New Zealand fruit are concerned. The only proviso is that the fruit must be accompanied by a certificate of origin stating to the satisfaction of the Director of Agriculture in Trinidad that the fruit was grown in New Zealand.

ISLAND TRADE.

Fiji.

Exports from New Zealand to Fiji in 1935 were valued at £86,191, as compared with £85,493 in 1934, an increase of £698. Imports into the Dominion from Fiji decreased by £2,451, the figures for 1935 being £80,084 as against £82,535 in 1934.

The value of both our export and import trade with Fiji in each of the past five calendar years is set out below for purposes of comparison. As will be readily observed, trade in each direction has shown a steady recession during that period, except that in 1935 our exports to Fiji showed a slight increase.

Year ended 31st December,	Exports to Fiji.	Imports from Fiji.
	£(N.Z.)	£(N.Z.)
1931	89,245	112,955
1932	88,693	116,645
1933	87,435	106,096
1934	85,493	103,166
1935	86,191	80,084

Exports of New Zealand produce to Fiji consist of a fairly wide range of commodities, of which the following were some of the more important in 1935, the 1934 figures being shown in parentheses for purposes of comparison :—

Bags and sacks, £11,152 (£12,133); meats, frozen, smoked, and tinned, £11,275 (£6,331) potatoes, £6,212 (£4,233); refined sugar, £3,069 (£4,203); soap, £4,617 (£3,643); tea, £4,967 (£4,442) cinematograph-films, £6,677 (£9,064); bacon and hams, £2,506 (£2,221); tallow, £2,010 (£1,324); baking-powder, £1,102 (£907); butter and cheese, £1,470 (£1,469); timber, £1,630 (£646); fresh apples and pears, £855 (£649); dried, preserved, and condensed milk, £720 (£743); provisions and confectionery, £1,807 (£650).

Imports from Fiji consisted mainly of raw sugar, £7,989 (£10,357); molasses, £1,745 (£884); and bananas, £59,274 (£82,526).

Western Samoa.

The value of the total import and export trade of Western Samoa in each of the past five calendar years is shown in the following table :—

Year ended 31st December,	Imports into Samoa.	Exports from Samoa.	Total Trade.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
1931	164,950	194,447	359,397
1932	150,902	183,028	333,930
1933	150,856	173,837	324,693
1934	92,784	128,117	220,901
1935	135,757	189,298	325,055

It will be observed that both imports and exports increased considerably in 1935, the total trade improvement being £104,154.

The total value of importations from various countries during 1935 were—New Zealand, £51,384; United Kingdom, £22,855; Australia, £22,032; United States, £14,151; Japan, £13,662; Fiji, £3,381; Canada, £3,016; India, £2,195; Dutch East Indies, £1,396; Hong Kong, £546. These ten countries together supplied over 99 per cent. of the imports into Western Samoa during 1935.

Exports from Western Samoa during 1935, totalling £189,298, were shipped to the countries mentioned below, to the extent indicated: New Zealand, £59,251; United Kingdom, £29,601; United States, £9,836; Mexico, £6,500; Spain, £6,033; Australia, £2,974; Holland, £2,094; other countries, £116,289.

New Zealand is the largest buyer of Western Samoan products and the largest supplier of the needs of that country. The main commodity taken by New Zealand is bananas, the quantity in 1935 being 109,000 cases, valued at £38,146. The balance of exports to New Zealand mainly consisted of cocoa-beans, the value of this item being £3,622. Together these two items amounted to £41,768. Re-exports of silver coin amounted to £16,800. The total of these three items amounted to £58,568 out of a total of £59,251 exported to New Zealand.

The quantities and values of the principal exports of Western Samoa during the past five calendar years are shown hereunder:—

Year ended 31st December,	Copra.		Cocoa-beans.		Bananas.	
	Tons.	Value.	Tons.	Value.	Cases.	Value.
		£(N.Z.)		£(N.Z.)		£(N.Z.)
1931	11,062	109,220	620	35,284	85,231	39,022
1932	10,879	108,698	825	49,712	66,715	20,016
1933	11,526	101,347	899	41,813	81,983	26,999
1934	8,948	60,654	1,027	29,498	96,225	35,796
1935	12,501	108,695	576	19,639	109,000	38,146

Cook and Niue Islands.

Exports from the Cook and Niue Islands together in 1935 were valued at £66,075, in comparison with £71,648 in 1934, while imports into these islands in 1935 amounted to £76,964, as compared with £74,821 in the preceding year. The figures of exports from and imports into these islands are shown below for the past five years:—

Year ended 31st December,	Exports.			Imports.		
	Cook Islands.	Niue Islands.	Total.	Cook Islands.	Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1931	79,945	7,191	87,136	69,260	11,507	80,767
1932	73,409	13,987	87,396	63,585	14,756	78,341
1933	73,983	11,542	85,525	76,716	13,123	89,839
1934	59,307	12,341	71,648	61,449	13,372	74,821
1935	53,599	12,076	65,675	61,676	15,288	76,964

Most of the trade of these territories is naturally conducted with New Zealand, whose share of the total trade (£107,149) in 1935 was 75.1 per cent. The United States, the United Kingdom, Australia, and France, come next in order of importance.

The distribution of the trade of the group in 1935 is shown hereunder:—

Country.	Exports.			Imports.		
	From Cook Islands.	From Niue Islands.	Total.	Into Cook Islands.	Into Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
New Zealand	40,382	10,010	50,392	43,566	13,191	56,757
United Kingdom	175	..	175	5,759	942	6,701
Australia .. ..	..	..	..	6,057	780	6,837
United States of America	10,079	..	10,079	4,468	..	4,468
France	1,211	..	1,211	201	..	201
Other countries	1,752	2,066	3,818	1,625	375	2,000
Totals	53,599	12,076	65,675	61,676	15,288	76,964

Cook Islands.

The principal exports from the Lower Group of the Cook Islands are oranges, bananas, tomatoes, and copra; from the Northern Group, copra and pearl-shell; and from Niue, copra and bananas.

Tonga.

The table given hereunder shows the values of New Zealand's exports to and imports from Tonga in each of the past five calendar years:—

Year ended 31st December,					Exports to Tonga.	Imports from Tonga.
					£(N.Z.)	£(N.Z.)
1931	..	..	..	..	29,926	625
1932	..	..	..	..	27,266	9,412
1933	..	..	..	..	19,407	8,331
1934	..	..	..	..	12,948	13,282
1935	..	..	..	..	19,104	15,200

The value of our export trade with the Kingdom of Tonga showed a steady decline from 1931 to 1934, but in 1935 it showed the substantial rise of over 47 per cent. over the previous year.

Imports still continue to show a steady tendency to increase, and the figure for 1935 (£15,200) is in marked contrast to that of 1931, when the amount of our imports from Tonga was only £625. This increase is due to our larger purchases of bananas, our principal item of import from Tonga. In 1935 this item was valued at £14,079.

The values of the principal commodities exported to Tonga from New Zealand in 1935 were as follows: Tinned meats, £8,122; meats, all classes, other than tinned, £224; sugar, £1,761; provisions, £865; timber, £1,340; miscellaneous hardware and ironmongery, cordage, and rope, £251; butter, £790.

TRADE WITH EUROPE.

The following table shows, according to the New Zealand statistical records, the value of our export and import trade with principal European countries for each of the past three calendar years:—

					1933.	1934.	1935.
					£(N.Z.)	£(N.Z.)	£(N.Z.)
Exports to—							
Germany	..	..	..	..	376,886	944,310	165,304
France	..	..	..	..	738,176	1,228,699	484,610
Belgium-Luxemburg Union	..	..	..	..	330,284	612,646	647,212
Italy	..	..	..	..	97,330	205,673	21,092
Netherlands	..	..	..	..	64,827	165,074	79,615
Switzerland	..	..	..	..	1,219	699	2,892
Sweden	..	..	..	..	33,984	117,529	47,142
Norway	..	..	..	..	2,908	4,098	569
Poland	..	..	..	..	28,463	133,234	103,321
Czechoslovakia	..	..	..	..	23	1,986	12,969
Denmark	..	..	..	..	9,404	22,092	12,395
Other countries	..	..	..	..	10,878	28,713	48,049
Totals	..	..	..	..	1,694,382	3,464,753	1,625,170
Imports from—					£(N.Z.)	£(N.Z.)	£(N.Z.)
Germany	..	..	..	..	378,753	386,116	469,854
France	..	..	..	..	198,639	192,653	180,424
Belgium-Luxemburg Union	..	..	..	..	138,620	109,712	204,744
Italy	..	..	..	..	115,888	183,948	190,592
Netherlands	..	..	..	..	93,437	111,690	150,330
Switzerland	..	..	..	..	87,987	73,029	74,801
Sweden	..	..	..	..	199,562	194,652	278,249
Norway	..	..	..	..	36,903	46,495	59,586
Poland	..	..	..	..	4,997	10,419	3,377
Czechoslovakia	..	..	..	..	42,439	58,668	102,784
Denmark	..	..	..	..	9,855	15,393	15,144
Russia	..	..	..	..	125,644	56,732	121,905
Other countries	..	..	..	..	86,287	132,825	134,268
Totals	..	..	..	..	1,519,011	1,542,352	1,986,058

The most important features of the above table are that exports to eight of the countries listed showed a decline from the figures of the previous year, and in the case of three countries only did the

value of our exports show an increase over the previous year's figures. Exports to other countries in Europe not listed in the table were greater in 1935 than they were in 1934. The total direct exports to Europe were less than half the previous year's figures.

On the other hand, importations into New Zealand of the products of every European country listed, with the exception of France, Poland, and Denmark, showed increases during the year under review over the figures for 1934. The outstanding increases were in the products of Belgium, Russia, Czechoslovakia, Germany, and the Netherlands.

With regard to the above figures of the Dominion's export and import trade with various European countries, it must be observed that while imports are recorded according to countries of origin exports are recorded according to the country to which goods are consigned from New Zealand. A considerable amount of New Zealand produce is consigned to the United Kingdom, and from there it is re-exported to various countries on the Continent. The recorded statistics indicate that the goods are exported to the United Kingdom, whereas they are destined finally for various continental ports.

Recent statistics of the re-exports of New Zealand produce from the United Kingdom are not available, the last year for which particulars are published being 1933, when the value of such re-exports was £5,264,804.

Direct exports to the eleven European countries enumerated in the foregoing table consisted principally of the following products :—

Commodity.				Value.	Commodity.				Value.
				£(N.Z.)					£(N.Z.)
Wool	..	..	..	1,216,385	Casain	..	..	..	2,733
Sheep-skins	..	..	..	133,156	Tallow	..	..	..	2,039
Cattle-skins	..	..	..	96,406	Rabbit-skins	..	..	..	2,717
Calf-skins	..	..	..	69,334	Sausage-casings	..	..	..	1,800
Apples	..	..	..	25,618	Fish	..	..	..	979
Kauri-gum	..	..	..	5,670	Peas	..	..	..	290
Seeds	..	..	..	3,277					

The development of the market for New Zealand apples in Holland is receiving attention from the Trade and Tourist Commissioner at Brussels. A fairly large quantity of apples is imported into this country for re-export to other European countries, and by this intermediary country it is possible for New Zealand apples to be sent into other countries where, due to various restrictions, quotas, &c., it would not be possible for direct shipments to be sent.

Efforts have also been made by the Trade and Tourist Commissioner in Europe to secure a quota for New Zealand in respect of the importation of apples into France, but so far this has not been granted.

The office of the New Zealand Trade and Tourist Commissioner in Europe was opened in Brussels in December, 1935. The establishment of this office in Europe gave recognition to the fact that the Continent, with its wide variety of industrial enterprises and tremendous volume of production, together with the large population of the countries in Europe, is of great importance as a potential market for foodstuffs and raw materials produced in New Zealand. A great deal of preliminary work has already been done by the Trade Commissioner in Europe.

It is anticipated that the fact of having an office in Europe will prove of material advantage to New Zealand. It is realized, of course, that the nationalistic policies adopted by the various countries of Europe, with their numerous restrictions on international trade, make it very difficult for a country like New Zealand to develop a large volume of trade.

Much of the work done so far has been of an investigational character with a view to ascertaining what New Zealand products are likely to find a profitable market on the Continent and the best means of introducing our products to potential buyers. The existence of these trade restrictions makes direct representation in overseas markets not merely desirable but essential if the volume of our export trade with European countries is to be increased or even maintained.

TRADE WITH THE EAST.

The Department has continued to give special attention to the question of the development of our export trade with the East. During the last year efforts have been made to introduce New Zealand ghee into the East and elsewhere, and, with that object in view, the Department arranged for the despatch of a number of samples of ghee, prepared in different ways and from different types of butter, to be sent to such countries as India, Burma, Ceylon, British Malaya, Dutch East Indies, Hong Kong, China, and Fiji, with a view to trying out the markets.

Reports were received on these samples, and, on the basis of these reports, further sets of samples have been prepared by the Dairy Research Institute, which was also responsible for the preparation of the samples previously sent, and the Department has now arranged for these to be despatched to the different countries for the individual markets. When these reports are received the Department should be in a position to know more or less definitely whether New Zealand is able to produce types of ghee which will satisfy the requirements of the different markets.

A beginning has been made with the development of an export trade in New Zealand apples to Eastern countries, and the prospects of developing this trade are definitely promising. In 1934 a total of 100 cases were sent to that part of the world. In the following season the total shipments increased to 956 cases. During the 1935-36 period the quantity of apples consigned to the East aggregated 7,641 cases, the numbers of cases to the various ports being as follows: Hong Kong, 1,891; Shanghai, 1,800; Bombay, 500; Singapore, 650; Manila, 950; Calcutta, 200; Batavia, 200; Colombo, 200; Madras, 100. This quantity would have been increased if shipping space could have been procured. With the exception of 750 cases shipped on the "Narbada" the rest of the consignment had to be transhipped either at Sydney or Honolulu. Although the Eastern demand for apples and pears is strictly limited, and this demand fairly well catered for, it should be possible for New Zealand to obtain a share in this trade, especially with the development of direct shipping services.

In the past the Dominion has been severely handicapped in its endeavours to develop a market in Eastern countries for its products by reason of the fact that direct shipping services were unavailable, and all consignments had to be sent via ports in Australia or America, with a consequent increase in transportation charges due to the necessity for goods to be transhipped. However, so far as China and Japan are concerned, this drawback has been removed by the inauguration of the direct shipping services by the Japanese steamship lines—the Osaka Shosen Kaisha and the Yamashita Kisen Kaisha lines. In regard to Japan, however, apples and pears cannot be imported, due to restrictive legislation.

Numerous inquiries for a variety of New Zealand products continue to be received from all parts of the East, both direct from Eastern importers and through the Department's honorary agents in Colombo, Hong Kong, Shanghai, and Tientsin, and in all such cases the inquirers have been placed in direct touch with the persons, firms, or organizations in New Zealand likely to be interested.

The following table shows the value of our export and import trade with various Eastern countries for each of the past three calendar years:—

—				1933.	1934.	1935.
Export to—				£(N.Z.)	£(N.Z.)	£(N.Z.)
Dutch East Indies	..	..	..	5,496	2,548	2,235
British Malaya	..	..	..	22,929	49,727	63,771
Burma	..	..	..	743	208	618
Ceylon	..	..	..	2,670	393	1,528
Hong Kong	..	..	..	15,143	16,238	11,249
India	..	..	..	34,326	65,161	60,956
China	..	..	..	54,564	19,099	7,718
Japan	..	..	..	354,462	856,014	432,495
Philippine Islands	..	..	..	413	2,493	3,945
Totals	..	..	..	490,746	1,011,881	584,515
Imports from—						
Dutch East Indies	..	..	..	998,224	1,381,974	1,437,379
British Malaya	..	..	..	63,181	64,826	81,457
Burma	..	..	..	17,239	11,622	9,679
Ceylon	..	..	..	551,388	585,689	633,594
Hong Kong	..	..	..	6,299	9,681	10,356
India	..	..	..	576,915	667,552	571,627
Japan	..	..	..	675,571	836,595	1,100,177
China	..	..	..	72,785	98,454	97,244
Philippine Islands	..	..	..	7,33	13,268	10,837
Totals	..	..	..	2,968,635	3,669,661	3,952,350

The principal feature disclosed by the foregoing table with regard to our direct exports to the various countries listed is the considerable decline in the value of our exports to Japan from the value exported in 1934. Increases occurred in our exports to British Malaya (£14,044); Philippine Islands (£1,452); Ceylon (£1,135); and Burma (£410). Decreases in the value of our exports occurred to the following countries: Japan (£425,519); Hong Kong (£4,989); India (£4,205); China (£11,381); Dutch East Indies (£313).

The net decline in the value of our exports to the above countries was £427,366.

With regard to imports in 1935, the table reveals an increase over the 1934 figures in the value of goods imported into New Zealand from the countries mentioned. Increases occurred in the cases of goods from Japan (£263,582); Dutch East Indies (£55,405); Ceylon (£47,905); British Malaya (£16,631); Hong Kong (£675). A decrease was recorded in each of the following countries: India (£95,925); Philippine Islands (£2,431); Burma (£1,943); China (£1,210).

The net increase in the values of imports into New Zealand from the above countries was £282,689.

OVERSEAS TRADE REPRESENTATIVES.

New Zealand's trade representation overseas consists of the High Commissioner's Office in London, the New Zealand Trade and Tourist Commissioners at Brussels, Toronto, Los Angeles, and Sydney, and eight honorary agents and correspondents situated in Vancouver, Durban, Johannesburg, Colombo, Hong Kong, Shanghai, Tientsin, and Suva. In addition, the New Zealand Government Offices in Melbourne handle trade inquiries in that city for the Department.

The attention of the business and commercial community is drawn to the services and facilities offered by the above-mentioned Trade Commissioners and Honorary Agents overseas. They are at the disposal of any person or firm desiring to extend trade relations with the countries concerned. The services of these representatives have been availed of to an increasing extent, and the scope of their activities is steadily extending.

To the various Trade Commissioners every credit is due for the energetic manner in which they have represented the Dominion in their respective countries, and the Department's thanks are due to the Honorary Agents and correspondents for the ready assistance and close co-operation which have at all times been given by them.

Acknowledgment is also here made of the Department's appreciation of the services rendered by the High Commissioner's staff in London in connection with the carrying-out of trade inquiries on behalf of the Department.

TRADE AGREEMENTS.

The most important trade agreements affecting New Zealand's trade with overseas countries are the agreement made with the United Kingdom at Ottawa in 1932 and the agreements made with Canada and Australia in 1932 and 1933 respectively. In addition a reciprocal arrangement was entered into with South Africa in 1925, and a trade agreement was made with the Economic Union of Belgium and Luxemburg in 1933. In 1933 also New Zealand and Sweden agreed to extend most-favoured-nation treatment to the products of each other, and in 1928 by an exchange of notes between New Zealand and Japan a similar arrangement was entered into.

In addition to the above agreements and arrangements concluded by New Zealand with certain overseas countries, the provisions of a number of most-favoured-nation treaties entered into between the United Kingdom and certain foreign countries have been extended to New Zealand.

The present and future policy of the New Zealand Government in relation to the negotiation of trade agreements is expressed in general terms in the following statement—namely, that, firstly, an agreement will be sought with the United Kingdom; secondly, with other units of the British Empire; and, thirdly, with foreign countries.

With the object of endeavouring to conclude a trade agreement with the United Kingdom, the Government has arranged for the Hon. the Minister of Marketing and Customs to proceed to London at an early date.

EXHIBITIONS OVERSEAS.

CANADIAN NATIONAL EXHIBITION.

Following upon the practice adopted in former years, the New Zealand Government again participated in the Canadian National Exhibition held from the 24th August to the 27th September, 1935. The New Zealand display included a very comprehensive range of woollen and other industrial exhibits, together with publicity and advertising material descriptive of New Zealand's sporting and scenic attractions. In addition, a small cinema was included in the New Zealand Court, and here were displayed films and coloured lantern-slides which served to illustrate further the sporting and scenic attractions of the Dominion.

The exhibition was regarded as the most successful in the past six years. So far as the New Zealand Court was concerned, it continued to draw the public up to the close. The exhibition provides a most effective and economical advertisement for New Zealand. As a mark of recognition of the excellence of the New Zealand display, a gold medal was awarded to the Government by the exhibition authorities.

The Canadian National Exhibition is a yearly event, and the Government has decided to participate in the forthcoming exhibition to be held during August this year, and a splendid range of exhibits has been despatched to Canada for display.

EMPIRE EXHIBITION, JOHANNESBURG.

Arrangements have been made to have New Zealand represented at the above exhibition, which is to be open on the 15th September, 1936, and will continue until the 15th February, 1937. A representative of this Department has been appointed to take charge of the New Zealand Government's display.

The South African Government has generously allotted New Zealand a court at the exhibition free of charge. Exhibits forwarded from New Zealand comprise a comprehensive range of tourist and publicity material, including cinematograph-films, and a variety of native plants and trees. In addition, several industrial exhibits have been forwarded. The New Zealand display is designed to attract the tourist and sportsman to this Dominion, also to provide an opportunity for the promotion of increased trade between the two countries. In regard to this latter aspect, it is felt that opportunities exist for the development of an export trade from the Dominion to South Africa in stud sheep, such as

Corriedales and Romneys, also in grass and clover seeds. The presence of a representative in South Africa will also allow of a close examination of the prospects of the South African market for a number of our other lines of export.

Altogether, it is expected that New Zealand's representation at the exhibition and the visit of a representative of the Dominion to South Africa will bring material results. Incidentally, it is hoped that a reciprocal arrangement may be made whereby South Africa will be represented at the New Zealand Centenary Exhibition to be held in Wellington in 1940.

JAPANESE EXHIBITION.

During the year a representative of the Osaka Mainichi Co., publishers of the two newspapers *Osaka Mainichi* and *Tokyo Nichi-Nichi*, paid a visit to the Dominion for the purpose of gathering material for the publication of a good-will volume, entitled "Japan—Australia and New Zealand." At the same time the company proposed to sponsor an exhibition of Australian and New Zealand products in Japan, and the representative placed before various interests the plans in this regard.

This Department undertook the collection of a range of industrial exhibits, and these were duly displayed at the exhibition held in Osaka during September and October. The New Zealand display was inspected by a great number of people, while publicity was given to the effort in the *Osaka Mainichi*, in which appeared articles descriptive of New Zealand's attractions.

At the termination of the exhibition the New Zealand exhibits were transferred to the Fumin Kaikin (Agricultural Museum), where they are being held permanently.

STORES CONTROL BOARD.

The Department is represented by an officer on the Advisory Committee of the Stores Control Board, and, in addition to the ordinary duties devolving upon him as a departmental representative, he is also instructed to look to the interests of the New Zealand manufacturers in the matter of Government purchases of stores.

MANUFACTURERS' ASSOCIATIONS.

The Department continues to keep in close contact with the activities of Manufacturers' Associations in each of the four centres. The district officer of the Department in each centre attends the regular meetings of the association and acts in an advisory capacity on the executive.

The membership of the Auckland Association in November last stood at 260, according to the association's last annual report. By the 11th May, however, this figure had increased to 450, an increase of 190 on the figure for November. This achievement is somewhat remarkable, and the Auckland Association is to be congratulated upon its success in securing new members. The Auckland Winter Exhibition held in July, 1935, was considered to be a distinct improvement on exhibitions for several years past.

The fortieth annual report of the Wellington Association records a membership of 221 as at the 31st August, 1935. Since that date, however, many new members have been enrolled, and it is gratifying to note that at the present time the membership is in the vicinity of 320. The Wellington Association continues to distribute pay envelopes on which are endorsed a variety of slogans appealing to workers to buy products of New Zealand manufacture. The association in the course of its work receives numerous inquiries as to where special goods of New Zealand manufacture may be obtained, and the information is supplied wherever possible.

In its fifty-sixth annual report, the Canterbury Association records a roll of 187 members. The Tenth Winter Show and Exhibition was held during August, 1935, and an improvement in the attendance was recorded. In the past it has been customary to hold the exhibition in the King Edward Barracks, but in 1935 and again in 1936 the exhibition was held in premises in Moorhouse Avenue. Plans are at present being considered for the erection of a permanent building suitable for winter exhibitions, and for the general purposes of the association.

The membership of the Dunedin Association stands at 149 according to the last annual report. The usual "Made in New Zealand Week" was again sponsored by the Dunedin Association during May of the present year. It is estimated that approximately 500 shop windows were availed of for this purpose. The publicity value of the displays was enhanced by the publication of special industrial supplements by Dunedin newspapers, and radio talks through the courtesy of local broadcasting-stations, as well as by the striking illuminations in the Octogan by the Dunedin City Council. The "Made in New Zealand Week" plays an important part in the annual publicity campaign of the Dunedin Association.

STATISTICS RELATING TO MANUFACTURING INDUSTRIES.

The latest figures available are for the year ended 31st March, 1935. In comparison with the figures for the previous year, a definite improvement is observed.

The general improvement in trade has had the effect of decreasing the short-time worked by factory employees, the number of short hours worked being decreased from 3,345,750 in 1933-34 to 2,111,650 in 1934-35.

The following table summarizes the principal statistics for the years ended 31st March, 1934 and 1935 :—

	Year.		Index Numbers, 1934-35 (1933-34 = 100).
	1933-34.	1934-35.	
Establishments (number)	5,028	5,270	105
Persons engaged—			
Males (number)	55,299	59,874	108
Females (number)	17,352	19,484	112
Total (number)	72,651	79,358	109
Salaries and wages paid—	£	£	
To males	10,611,161	11,602,983	109
To females	1,495,339	1,641,390	110
Total	12,106,500	13,244,373	109
Motive power (horse-power)	645,547	721,223	112
Cost of materials used	£ 46,919,193	£ 52,084,741	111
Other expenses	8,257,261	9,002,456	109
Value of products	71,770,872	79,324,473	111
Added value	24,851,679	27,239,732	110
Value of—	£	£	
Land and buildings	22,159,073	23,159,573	105
Plant and machinery	42,231,331	44,108,877	104
Total	64,390,404	67,268,450	104

Analysis of the data for the various industries discloses the following principal differences for the years 1933-34 and 1934-35 :—

Persons employed.

Increases.—Clothing, 1,517; sawmilling, 1,002; coachbuilding and motor engineering, 982; general engineering, 489; printing, 335; furniture, 298.

Decreases.—Butter, cheese, and condensed milk, 559*; biscuit and confectionery, 147†; meat-freezing, 59; ham and bacon, 32.

Salaries and Wages paid.

Increases.—Sawmilling, £226,077; coachbuilding and motor engineering, £196,357; clothing, £120,973; general engineering, £103,397; printing, £69,346; furniture, £51,781.

Decreases.—Butter, cheese, and condensed milk, £73,351; biscuit and confectionery, £38,934; ham and bacon, £11,007.

Added Value.

From an industrial viewpoint, the best measure of the importance of an industry is the value created by the manufacturing operations carried on by the industry. This value is obtained by deducting the cost of materials used from the gross value of the products, and is referred to as the “added value.” As the basis of the added value is the value of the products, it is clear that it must be affected by fluctuations in values, and this fact must not be overlooked when use is made of this figure.

Increases.—Sawmilling, £511,571; coachbuilding and motor engineering, £336,014; general engineering, £203,322; printing, £200,780; clothing, £127,573; brewing and malting, £127,057.

Decreases.—Meat-freezing, £198,225; grain-milling, £70,525; fellmongering and wool-scouring, £50,240.

* Previous years' returns included approximately 200 persons not actually employed in dairy factories.

† Previous years' returns included an unknown number on sales staff.

In the following tables the various classes of industries contributing to the factory production of the Dominion have been grouped according to general character :—

Table showing for the Years ended 31st March, 1933, 1934, and 1935, Figures relating to the various Industries classified into Four Groups as stated.

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

Group 1 includes meat-freezing; ham and bacon curing; butter, cheese, and condensed milk; sausage-casings; fell-mongering and wool-scouring; boiling-down and manure-making.

	Number.	£	£	£	£	£
1932-33..	11,684	2,634,260	24,440,749	32,094,798	5,625,440	9,158,560
1933-34..	13,285	2,603,547	28,179,195	34,127,214	5,948,019	8,908,253
1934-35..	12,730	2,557,906	31,459,836	37,213,253	5,753,417	8,921,964

Group 2.

Group 2 includes gas making and supply, electricity generation and supply.

	Number.	£	£	£	£	£
1932-33..	4,406	1,003,961	4,316,691	5,950,247	1,633,556	32,197,635
1933-34..	4,561	1,026,161	4,079,104	5,862,564	1,783,460	31,745,616
1934-35..	4,637	1,058,884	4,170,349	6,004,384	1,834,035	34,214,699

Group 3.

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

	Number.	£	£	£	£	£
1932-33..	6,501	1,099,682	871,247	2,956,421	2,085,174	3,892,480
1933-34..	7,148	1,187,510	998,907	3,445,324	2,446,417	3,651,266
1934-35..	8,523	1,477,768	1,147,420	4,225,557	3,078,137	3,649,326

Group 4.

Group 4 includes all other industries.

	Number.	£	£	£	£	£
1932-33..	46,330	7,310,245	12,971,803	27,136,598	14,164,795	20,606,772
1933-34..	47,657	7,289,282	13,661,987	28,335,770	14,673,783	20,085,269
1934-35..	53,468	8,149,815	15,307,136	31,881,279	16,574,143	20,482,461

Table showing for the Years ended 31st March, 1933, 1934, and 1935, Figures relating to the various Industries classified into Four Groups as stated—continued.

Group Number.	Persons engaged.	Salaries and Wages paid.	Cost of Materials used.	Value of Products.	Value added by Manufacture.	Land, Buildings, Plant, and Machinery.
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Percentage of each Group to Total.

1932-33.

1 ..	16.96	21.86	57.37	47.10	29.97	13.91
2 ..	6.39	8.33	10.13	8.73	6.40	48.89
3 ..	9.43	9.13	2.05	4.34	8.16	5.91
4 ..	67.22	60.68	30.45	39.83	55.47	31.29
Totals	100.00	100.00	100.00	100.00	100.00	100.00

1933-34.

1 ..	18.29	21.50	60.06	47.55	23.93	13.83
2 ..	6.28	8.48	8.69	8.17	7.18	49.30
3 ..	9.83	9.81	2.13	4.80	9.84	5.67
4 ..	65.60	60.21	29.12	39.48	59.05	31.20
Totals	100.00	100.00	100.00	100.00	100.00	100.00

1934-35.

1 ..	16.04	19.31	60.40	46.91	21.12	13.26
2 ..	5.84	8.00	8.01	7.57	6.73	50.86
3 ..	10.74	11.16	2.20	5.33	11.30	5.43
4 ..	67.38	61.53	29.39	40.19	60.85	30.45
Totals	100.00	100.00	100.00	100.00	100.00	100.00

BUREAU OF INDUSTRY.

In furtherance of the announced policy of the Government of encouraging the establishment and expansion of secondary industries within the Dominion so as to achieve a greater measure of employment in those industries, a Bill has been drafted aiming, *inter alia*, at the securing of greater efficiency in industry, and the regulation and control of industrial units for the benefit of those engaged in such enterprises, the workers, and the public generally. It is anticipated that this Bill will be introduced shortly, and under its provisions statutory authority will be given for the setting-up and constitution of a Bureau of Industry. The functions of this Bureau will be advisory, and will include the securing of the co-ordination of various State Departments interested in proposals for setting up new industries, regulation or control of existing industries, the investigation of proposals which have for their objective the development of new industries and the extension of existing ones, and the consideration of means whereby assistance can be granted to those industries that operate economically and provide employment either directly or indirectly for the people of New Zealand. By means of this Bureau, the members of the staff of which will consist of State employees especially fitted by training and experience to consider problems of an industrial and economic nature, decisions and recommendations representative of all Departments concerned in each problem will be expedited. The Bureau will be allied to the Department of Industries and Commerce and will, therefore, operate in close conjunction and collaboration with the Department. The Bureau will also assume the functions of the previous Development of Industries Committee.

Pending the setting-up of the Bureau as outlined in the foregoing paragraph, the Hon. the Minister of Industries and Commerce has appointed, under the provisions of the Board of Trade Act, an interim Bureau of Industry consisting of the permanent heads of various Departments directly interested in the development of industries. This interim Bureau held its first meeting on the 18th May, 1936, and up to 14th August nine full meetings had been held. In addition, however, some twenty-eight meetings of committees have been held to consider in detail the wide variety of subjects which have been referred to the Bureau for its consideration and recommendations. These subjects included the following matters :—

- Rubber Tire and Rubber Industry.*—Proposals to manufacture in New Zealand.
- Flax Industry.*—Improved methods of cultivation, manufacture, and utilization of phormium.
- Coal-utilization.*
- Dehydrated Grasses.*—Proposed manufacture for feed.
- Sodium Chlorate.*—Proposals for manufacture.
- Linseed-oil.*—Proposals for manufacture.
- Power Alcohol and Wood Distillate.*—Proposals for manufacture.
- Citrus Fruit.*—Expansion of the fruit-growing industry.
- Asbestos.*—Possible use of domestic supplies in manufacture.
- Forest products,* Utilization of.
- Industrial Costs.*—Effects of recent legislation.

In addition to the above, a considerable number of other subjects associated with the primary and secondary industries of New Zealand have received attention by the Bureau and its committees. Of especial note and importance is a comprehensive report which has been furnished to the Government by the Bureau upon the subject of the flax-milling industry. This report, embracing various recommendations, was completed after exhaustive inquiry and investigation both by the present Bureau, the previous Development of Industries Committee, and the various Departments concerned.

The Bureau works in close co-operation with the Labour Department in relation to the subsidizing of industries, and with the State Advances Corporation in regard to the extension of financial assistance to industries under the provisions of the State Advances Corporation Act, 1936.

It has been found that this advisory body appointed under the Board of Trade Act, and acting as the Bureau of Industry, pending the statutory creation of the Bureau upon a permanent basis under its own Industry Promotion and Efficiency Act, has been valuable in co-ordinating the activities and functions of the various Departments, in working in conjunction with the Department of Industries and Commerce in regard to industry generally, and in expediting the consideration of problems before the Government. It is anticipated, therefore, that when the Bureau of Industry proper is established under the provisions of a statutory authority, which will specifically enumerate the functions and duties of the Bureau, the organization will be most valuable in securing the establishment and development of industry along the most efficient lines, to the ultimate benefit of New Zealand manufacturers, workers, and the public generally.

WAGE CONDITIONS AND FORTY-HOUR WEEK.

The results of recent industrial legislation, with the amended conditions of employment set up by the Court of Arbitration, are now becoming effective.

Close contact has been maintained with manufacturers by the Department, and a considerable volume of data bearing upon the issues involved has been collected. Estimates of prospective increases in production costs of representative industrial groups have been carefully examined. While definite increments in the total cost of manufacture of many commodities will accrue from the new industrial conditions, these increments will vary considerably, owing to many contributing factors.

It has been stated by many industrialists that the loss in working-time of factories on Saturdays will not result in a proportionate loss in production, as that morning is not regarded as being a period during which production equals that of the rest of the week. In some industries there will also be a saving in the cost of starting and operating machinery and plant used only for four hours' operation. A number of industries will be immediately affected by increased purchasing-power of a large number of workers, which will bring additional turnover during the transitional stage, thus compensating in some degree for increased labour costs.

Many manufacturers are already striving to evolve ways and means of further improving productive efficiency, and it is considered that there is scope for definite savings to be made. The Department is assisting industry in every instance where it is found possible to reorganize, with the object of stabilization at a new level of production. Where the effect of the new industrial legislation is proving adverse to our manufacturing industries, investigations are being made to ascertain ways and means of assisting local factories to meet overseas competition.

TIMBER.

The production of the main varieties of timber in the Dominion for the past ten years (ending 31st March) is given in the following table :—

Year ended 31st March,	Total.	Kauri.	Rimu.	White-pine.	Matai.	Totara.	Others.
	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.
1926 ..	353,224,196	22,765,877	195,451,758	75,634,869	26,141,027	14,109,576	19,121,089
1927 ..	305,675,258	18,474,981	170,498,282	65,490,059	19,380,469	14,179,462	17,652,005
1928 ..	269,783,000	15,874,000	156,314,000	53,736,000	15,207,000	15,728,000	17,924,000
1929 ..	270,214,420	10,742,967	156,239,992	56,790,306	15,752,744	8,610,639	22,077,772
1930 ..	282,405,173	10,471,297	163,293,288	58,505,364	17,972,243	9,046,159	23,116,822
1931 ..	229,468,022	8,943,480	124,998,825	49,009,109	13,917,187	9,467,697	23,131,724
1932 ..	154,192,510	6,891,352	71,082,074	43,161,299	7,474,867	5,344,100	20,238,818
1933 ..	166,269,410	5,410,390	76,192,513	47,997,700	8,160,873	6,346,942	22,160,992
1934 ..	197,654,900	4,945,843	96,125,000	47,949,396	10,759,556	7,197,389	30,677,716
1935 ..	243,781,675	5,552,602	125,488,165	52,294,065	13,879,628	8,867,383	37,699,832

Included in the table above under other species not specified are *Pinus insignis* and beech. The production of these species for the past five years is as under :—

				<i>Pinus Insignis.</i> Sup. ft.	Beech. Sup. ft.
1931	..	..	..	.. 12,739,925	7,680,913
1932	..	..	..	.. 13,404,700	5,756,868
1933	..	..	..	.. 14,676,010	5,781,441
1934	..	..	..	.. 21,494,382	6,972,717
1935	..	..	..	.. 25,921,766	7,725,198

The above statistics show that the production of timber increased by approximately 46,100,000 superficial feet during the 1934–35 period, an increase of 18·1 per cent. Incidentally, this was the highest production recorded since 1929–30.

Employment figures show a substantial increase in the number of workers engaged in sawmills. The following figures illustrate this increase during the past four years: 1931–32, 4,591; 1932–33, 4,787; 1933–34, 5,323; 1934–35, 6,325.

EXPORTS.

For the twelve months ended the 31st December, 1935, there was an increase in exports of timber of 5,056,142 superficial feet and of £43,886 in value in comparison with the figures for the previous year. The relative figures for the two periods are shown in the table below :—

	1934.		1935.	
	Sup. ft.	Value.	Sup. ft.	Value.
White-pine	22,791,352	£(N.Z.) 213,287	22,708,732	214,243
Rimu	7,150,514	51,472	9,009,572	69,820
Beech	2,410,208	25,409	2,766,023	29,350
Kauri	677,644	18,424	626,521	18,044
<i>Pinus insignis</i>	712,205	5,618	1,606,846	9,660
Other kinds .. ..	..	..	..	..
Total	34,528,683	320,465	39,584,825	364,351

IMPORTS.

The following table shows in thousands of superficial feet the imports of timber which compete directly with New Zealand native timber:—

—	1931.	1932.	1933.	1934.	1935.
	(1,000 ft.)	(1,000 ft.)	(1,000 ft.)	(1,000 ft.)	(1,000 ft.)
Cedar	52	7	2	18	149
Oregon	2,950	1,081	1,354	3,128	3,472
Hemlock	662	..	..	..	18
Redwood.. ..	1,028	291	461	751	9
Butter-box shooks..	2,879	1,473	1,815	848	15
Cheese-crate shooks	732	175	5	..	..
Total	8,303	3,027	3,637	4,745	3,663

TOBACCO-GROWING INDUSTRY.

An Act entitled the Tobacco-growing Industry Act was passed in 1935 as the result of repeated requests by the industry for some legislative authority under which the industry could be controlled and production, manufacture, sales, and exports conducted on proper businesslike lines instead of under haphazard methods which existed in many instances in the past.

The industry had been in a more or less chaotic condition by reason of the fact that the production of leaf had borne no relation under the then existing conditions to demand or consumption. The fact that there had been over-production in the industry had been well established.

Production had proceeded more or less haphazardly without any regard to market requirements, and, in spite of the increased use of New-Zealand-grown leaf by New Zealand tobacco-manufacturers, production had outrun demand. Growers had not known from time to time just what quantity of leaf it was necessary to produce, or how much, within reasonable limits, they were likely to get for it when it was produced. Surplus leaf produced over and above contracts and the resulting stocks of leaf on hand had represented a danger to the industry and had prejudiced the position from the growers' point of view.

The primary object of the legislation was to stabilize the industry and to encourage and gradually develop production and consumption of New-Zealand-grown tobacco so far as it was a reasonably economic proposition.

In accordance with the provisions of the Act, a Board, known as the Tobacco Board, has been created. Members of the Board were appointed by the present Government on the 20th April, 1936. The Board consists of a representative of the Government, four representatives of growers, and four representatives of manufacturers. The Secretary of the Department of Industries and Commerce has been appointed as the representative of the Government, and, in accordance with the provisions of the Act, the Government representative is the Chairman of the Board. An officer of the Department of Industries and Commerce has been appointed Secretary of the Board.

The provisions of the Act in relation to the sale and purchase of tobacco-leaf under warrant and the growing of tobacco under license have been put into operation since the inception of the Board. It is a function of the Board not only to try and increase the use of New-Zealand-grown tobacco within the Dominion itself, but also, in conjunction with the Department of Industries and Commerce, to endeavour to open up and develop a market for it overseas. With this end in view a trial shipment of tobacco was forwarded to the United Kingdom last year, and very favourable comments were made as to the quality of the leaf supplied and as to the possibilities of developing a worth-while market in that country.

This year it is proposed to send a larger quantity, and arrangements are now well in hand for the export of this leaf. As a result of the shipment of this season's leaf, which is about to be made, much valuable information will be obtained as to the quality of leaf most suited to the requirements of the English manufacturers and as to the desirability of the Board taking active steps to develop the industry from the point of view of catering regularly for the requirements of an overseas market.

The importance of the tobacco-growing industry as a field for the absorption of labour is being steadily kept in mind by the Board, and also by the Department of Industries and Commerce, and consideration is now being given both by the Board and the Department to a long-range plan for the development of the industry.

At a recent meeting of the Board a resolution was passed recommending to the Government that a minimum price for leaf for the season ending 31st March, 1937, should be fixed. This recommendation is now under the consideration of the Government.

ONION GROWING AND MARKETING.

Representations have recently been made to the Government concerning the desirability of action being taken to develop the onion-growing industry in New Zealand, and particularly to safeguard onion-growers from the effects of unnecessary importations of onions from overseas.

A committee, consisting of one officer from each of the Departments of Agriculture, Customs, and Industries and Commerce, was recently set up to inquire into the position, particularly from the point of view of the necessity or otherwise of restricting imports.

This committee's inquiries in relation to the immediate position, and in relation to the position that is likely to arise in late November and in December of this year, have just been completed, and a report has been submitted to the Government, and this is now under consideration.

The question of producing and storing onions in New Zealand with a view to making them available over a longer period than has hitherto been the case is a matter for further investigation and research. As the Department of Agriculture has had considerable experience with cold storage of onions and has made preliminary investigations into the type of onions most suitable and conditions most favourable to storage, that Department is now preparing a report on the practicability of supplying a greater proportion of our requirements from locally grown onions, and outlining the experimental work necessary (if any) before storage can be undertaken on an extensive scale. When this report, which will be in the nature of a long-range plan so far as onion-supplies are concerned, is to hand it should have a bearing on the details of any policy which the Government might wish to adopt to protect local producers.

CITRUS-FRUIT INDUSTRY.

During the year investigations into the resources of the Kerikeri district in relation to the erection of a curing and packing shed and the organization of the marketing of the citrus fruits produced from that district were completed, and, as a result, the Government has promised substantial assistance to the Kerikeri citrus-fruit growers. It had been hoped to have a new shed built and the machinery installed in time to treat the first of the coming season's fruit, but owing to unexpected difficulties it is now evident that this object cannot be achieved. Every effort, however, is being made to have the grading and curing plant working at the earliest possible date.

In conjunction with the Departments of Scientific and Industrial Research and Agriculture soil surveys in various regions have been made with a view to determining the most suitable areas for the establishment of further orchards of citrus trees, especially with the object of supplying the South Island markets, as freight charges from the present orchards are a serious obstacle in the way of meeting the southern demand.

Each year more trees are coming into bearing, and there is every indication that a valuable industry is being built up, one that will offer congenial occupation and assist in supplying that fruit which is most necessary to the good health of the community.

INVESTIGATION INTO THE MARKETING AND HANDLING OF FRUIT AND VEGETABLES.

In response to representations from various sections of the fruit industry, and following the recommendations of the parliamentary Committee which investigated this question in 1930, the Minister of Industries and Commerce has set up a special Committee of inquiry to make a complete survey of the marketing and handling of fruit and vegetables in the Dominion, with a view to improving the existing methods of sale and distribution. The Committee is comprised of an independent Chairman, Mr. Alfred Coleman, and an officer of each of the Departments of Industries and Commerce and Agriculture. The order of reference of the Committee is a very wide one, and embraces all phases of the marketing and distribution of New-Zealand-grown and imported fruit and vegetables.

The methods of packing, grading, standardization, transport to markets and cool storage will be reviewed, also such matters as cool storage and the methods of selling and displaying products in wholesale and auction marts and retail shops. The costs of distribution will also be dealt with by the Committee. In addition, a special investigation will be made into the hop industry in the Nelson Province. Other phases of the inquiry relate to the small-fruits industry in Nelson and the marketing of New Zealand citrus fruits and their products.

Evidence is now being taken in the four main centres and the fruitgrowing areas of Otago Central, Nelson, Hawke's Bay, Auckland, Tauranga, and Kerikeri.

RAROTONGAN FRUIT INQUIRY.

In response to petitions presented to Parliament early this year by the fruitgrowers of Rarotonga, the Industries and Commerce Committee of the House was instructed to make a complete investigation into the marketing and handling of Island fruit. Although differing in detail the two petitions were in effect practically the same, and aimed at a complete reorganization of the fruitgrowing industry of the Islands.

In support of the petitions delegations of Island growers came to New Zealand and gave evidence before the Committee. In addition, a large number of witnesses representing the trading firms at the Islands, fruit-merchants, auctioneers, retailers, and other interests attended the sitting and submitted their views on the various aspects of the trade.

Before completing the inquiry the Committee considered that further investigations should be made in Rarotonga, as it was felt that certain phases of the problem could only be dealt with on the spot. It was accordingly decided to send a special parliamentary delegation to the Islands. This delegation left for Rarotonga in the early part of July, and will report to the Industries and Commerce Committee on its return about the middle of August, when the Committee will deliberate further on this question.

WOOLPACKS.

In the last annual report reference was made to assistance given to a company engaged in the manufacture of woolpacks from *Phormium tenax* at Foxton. Owing to complaints that had been received from the British Wool Federation, a member of the company was sent to England to meet the Federation and discuss the nature of the complaints and receive suggestions for their elimination in the future manufacture of packs. Discussions took place at Bradford at which the liaison officer of the Department of Scientific and Industrial Research attached to the High Commissioner's Office was present. Certain defects were pointed out, and an assurance was given that these would be rectified in the 1935-36 season's pack.

It became apparent soon after the present Government assumed office that if the company were to carry on, additional assistance would have to be provided. One of the main difficulties facing the company at the commencement of the season was the low price of jute packs due to fierce internal competition in Calcutta from the smaller mills. The Government was therefore faced with the position of either allowing the works to close and dismiss 180 employees and the consequential labour provided in flax areas and flax-mills to the extent of 100 men or providing an outlet for the company's products.

The Hon. the Minister of Industries and Commerce therefore convened a meeting of representatives of stock and station agents on the 24th March, 1936, and invited their co-operation and suggestions whereby the output of flax packs from the Foxton works could be absorbed during the current season. As a result of this conference a committee was appointed to co-operate with the Department in putting into effect the following plan:—

- (1) The Government to gazette an Order in Council prohibiting the importation of jute packs except under license.
- (2) The price of all packs to be fixed by Order in Council.
- (3) All importers of jute packs to purchase one flax pack to every two jute packs imported, and distribute the flax packs on a margin of $\frac{1}{2}$ d. per pack.

These arrangements have been duly carried out, and the Department appreciates the helpful co-operation of this Committee, the whole scheme working very smoothly. As a result of these arrangements the company will produce and sell approximately three hundred thousand packs by the end of December, 1936.

The future of the works is a matter that is now engaging the attention of the Department, as it appears very obvious that, if the company is to continue to supply woolpacks, additional plant will have to be installed to cater for a greater proportion of New Zealand's requirements of woolpacks.

FISHING INDUSTRY.

In last year's departmental report it was pointed out that the Fisheries Sub-committee of the now defunct Development of Industries Committee was directing special attention to the ways and means which might be adopted to promote the welfare of the fishing industry generally. To this end the Department undertook a commercial survey of the activities of the industry, and, with the object in view of developing the export trade as the first step, made arrangements for calling a conference with the Fisheries Sub-committee of all exporters in the trade.

It was agreed by the majority of delegates present at this conference that there was a need for the introduction of a greater measure of co-ordination and general efficiency in the industry, and that some central authority should be set up to regulate the export trade in particular, and it was recommended, *inter alia*, that all exporters should be licensed, a study should be made of overseas markets with a view to better adapting the quality and packing of fishing products to the consumers requirements, the Australian market in particular should be given special attention, and that full information should be obtained relative to handling and freezing.

Upon the abandonment of the Development of Industries Committee these and other proposals for the development of the industry were temporarily held over, but, now that the Bureau of Industry is established and a Fisheries Committee again set up under it, close attention is again being given to those matters which were previously under consideration.

The industry is an important one: the value of the catch of salt-water fish for the twelve months ended 31st March, 1935, is estimated at £334,000. The fishing industry gives employment to approximately two thousand whole-time and one thousand part-time fishermen.

In all matters relating to the welfare of the fishing industry a close liaison has at all times been maintained with the Marine Department and the Department of Scientific and Industrial Research.

EXPORT OF HIDES.

For some time past it has become evident that the classification and grading of New Zealand hides exported to certain countries has not by any means been all that might have been desired, and accordingly steps have been taken to devise ways and means by which overseas buyers, particularly in Canada, might be assured of the quality of the product which they are ordering.

Definite standards in respect of grading apply to cattle-hides exported from the main exporting countries—*e.g.*, the Argentine—and consideration has been given to the introduction of some similar system in so far as New Zealand is concerned.

A good deal of helpful information has been received from the New Zealand Trade Commissioner in Canada, and it has been mainly at his instigation that consideration has been given to placing the trade in export hides upon a better footing. The Department has co-operated with the Department of Agriculture and the Department of Scientific and Industrial Research, and meetings have been held from time to time with representatives of the exporters concerned.

As an outcome of these negotiations regulations governing the licensing of traders in hides, and the preparation, treatment, classification, grading, and sale of New Zealand cattle and yearling hides and calf-skins have been prepared for submission to all parties concerned, and it is anticipated that these regulations will be issued in time to cover the next season's output.

These regulations will provide, *inter alia*, for—

- (1) The licensing of exporters and dealers in hides ;
- (2) The exporter's registered mark to be clearly indicated upon each package of hides exported ;
- (3) Each hide shipped to be branded with a mark indicating first, second, and third grades for both freezer standard hides and abattoir standard hides ; and
- (4) The definitions of each particular grade.

WHEAT, FLOUR, AND BREAD.

During the year the Government's scheme for the rationalization of the wheat-growing, flour-milling, and bread-baking industries was formulated and put into operation. A great deal of work was involved in working out the detail of the scheme as it applied to the three industries concerned and to the individual units in each group.

Wheat.—Under the Board of Trade (Wheat) Regulations, 1935–36, the practice adopted by the Wheat Purchase Board was largely followed, provision being made for the handling, under the new constituted Wheat Committee, of milling-quality wheat, through the customary channels—*i.e.*, through authorized brokers appointed by the Committee. Purchase warrants are issued to the flour-mills from time to time in accordance with the allocation of wheat which has been made to them, and no broker is permitted to sell wheat to a miller unless a purchase warrant is held by the miller. The grower signs a purchase contract and the buyer a sale contract for each line.

The new scheme has resulted in a higher price being paid to the grower to the extent of an average of 4d. per bushel. The average price paid to the grower this season ought to work out to at least 4s. 8d. per bushel less administration costs, the initial payments being made upon a basis of 4s. 5d. per bushel.

Canterbury, unfortunately, experienced adverse weather conditions when harvesting operations should have been in full swing, and, consequently, a great deal of the wheat commenced to sprout and the general quality became depreciated accordingly.

Only wheat of milling quality came under the control of the Committee this year, but consideration is to be given as to the advisability of bringing the whole of the next season's crop under control.

The aim of the Government's plan is to make New Zealand entirely self-supporting in regard to wheat-supplies.

At all times a very close liaison is maintained as between the wheat-growers' organization and the Wheat Committee.

Flour.—The rationalization scheme as applied to the flour-milling industry came into effect in February by the Wheat Committee displacing Distributors Ltd., and also bringing under control the output of all mills outside this organization. Prices were fixed upon a basis of £13 12s. delivered f.o.b. or f.o.r. Auckland, Wellington, Christchurch, Dunedin, thus effecting an equalization in the price of flour in both the North and South Islands.

As an essential part of the plan an Order in Council was gazetted prohibiting the importation of flour except under permit issued under the hand of the Minister of Industries and Commerce, and by arrangement with the representatives of the bread-baking industry it was decided that each importer should be allowed to bring in for the remainder of the calendar year only a proportionate quantity of his customary trade. Unfortunately, the wet harvesting conditions in Canterbury had the effect of tending to keep the standard of the year's flour slightly below that of previous years, consequently the Government was forced to make early arrangements for the importation of a relatively small quantity of Canadian wheat for gristing here and it also allowed one shipment of Australian wheat to enter Auckland for mixing and gristing by the Auckland mills.

The ultimate exclusion of imported flour would result in the manufacture in New Zealand of approximately 4,000 tons additional bran and pollard which are required to aid the development of the poultry, pig, and dairy production. Only very limited quantities of pollard are obtainable from overseas sources, and the value of the local production of both bran and pollard cannot be too strongly emphasized.

Bread.—It naturally followed that consideration should be given to bringing the bread-baking industry of the Dominion within the scope of the proposals brought forward to rationalize these three industries which are so closely inter-related. Provision was, therefore, made for the fixation of bread prices at a common level in the four main centres and in certain towns in the South Island where flour was to be delivered at the basic price of £13 12s. (which reverts to the old standard rate which was in effect prior to the commencement of price-cutting amongst the flour-millers). In order to ensure that no advance would be made in the price of bread to the public, the Order in Council made on the 12th February contained a "blanket" provision that, in respect of all localities, other than those mentioned above, prices would be stabilized and held at the standard rates ruling on Saturday, the 8th February. By the standard price was meant the price at which the greater bulk of the bread was

being sold at that date under any particular mode of distributing, whether it was cash over counter, cash delivered, &c., or wholesale. These stabilized or standard prices could be varied only with the consent of the Minister of Industries and Commerce, and any increase or decrease would only be made when circumstances altered in respect of the price of flour and other ingredients or in relation to an alteration in the rates of wages or in the conditions of the bread-baking industry.

In so far as the bread-baking industry is concerned, the scheme which the Government has now put into operation has eliminated that disturbing element which has always been the bugbear of the baker—the indiscriminate price-cutter, who has, in many instances, brought prices down to uneconomic levels, and brought confusion to the trade. In other words, bread was used as a “decoy” in many trades. With the elimination of the “cutter” the bakers will benefit materially and will be rid of the ever-present fear that uneconomic price wars may be forced upon them at any time. This is of great value to the baking industry.

Mention must be made of the fact that under the rationalization scheme representatives of the bread-baking industry are now appointed to the Wheat Committee in order that their interests may be properly safeguarded and understood fully by the wheat-growers and the flour-millers.

Appreciation is expressed of the manner in which the changed conditions have been received by the majority of the bakers throughout the country, and also by the wheat-growers and the great majority of flour-millers.

The Minister of Industries and Commerce is Chairman of the Wheat Committee, with the Secretary of his Department as Deputy Chairman, the industries concerned being represented by four wheat-growers, three flour-millers, and two bakers.

MOTION-PICTURE INDUSTRY.

The Department has carried out investigations under the Board of Trade (Cinematograph Films) Regulations, 1935, into some twenty-four applications for exhibitors' licenses in various centres during the past year. Each investigation involves a personal visit by an officer of the Department to the district in which it is proposed to open the additional theatre. A thorough examination of the whole theatre situation in the particular locality under review is carried out, and the report invariably submitted to a Magistrate, who gives all interested parties an opportunity of supporting or opposing the application. The Magistrate then sets out his recommendation in accordance with the facts disclosed by the investigation and his interpretation of the regulations as they affect the particular application under consideration.

Of the twenty-four applications submitted to the Department last year, eleven were granted and thirteen declined.

MOTION-PICTURE INDUSTRY ADVISORY COMMITTEE.

The Hon. the Minister of Internal Affairs, acting under authority given by section 41 of the Cinematograph Films Act, 1928, has appointed an advisory committee consisting of Mr. W. F. Stilwell, S.M., as Chairman, and representatives of the Film Exchanges, Motion Pictures Exhibitors Association, Department of Industries and Commerce, and the Chief Inspector under the Cinematograph Films Act to advise him on the following matters:—

- (a) As to what amendments of the Board of Trade (Cinematograph Films) Regulations, 1935, are necessary or desirable;
- (b) As to whether or not the compliance already made with section 7 of the Cinematograph Films Amendment Act, 1934, is all that can reasonably be required of licensed film renters, and, if not, what amendments, if any, of the said section 7 are necessary to secure proper compliance; and
- (c) What amendments, if any, of section 12 of the Cinematograph Films Amendment Act, 1934, are necessary or desirable to fully carry out the intention of that section.

The Committee has met on several occasions, and considerable progress has been made in formulating a report arising out of the Order of Reference. Discussion has been held up temporarily owing to the absence of Mr. J. Robertson, M.P., who was appointed a member of the deputation to visit Cook Islands in connection with the fruit investigation.

PETROL.

The passing of the Motor-spirits (Regulation of Prices) Act, 1931, gave power to fix the maximum and minimum prices for the sale of motor-spirits, and, due to the disruption of the reselling trade in the Wellington city and suburban district through indiscriminate price-cutting, regulations were gazetted in February last fixing the wholesale and retail prices in what was known as the Wellington free-delivery area.

The regulations were framed to stabilize as much as possible existing trading conditions and to return to the reseller a fair margin of profit. The margin was fixed at 3d. per gallon, which the majority of resellers had endeavoured to maintain in spite of the price-cutting tactics of certain of their competitors. The price of motor-spirit supplied to *bona fide* farmers was fixed at the same level as previously, and large commercial user accounts taking 4,800 gallons a year continued to buy at the concessional rate previously enjoyed by them. In return for the fixed margin of profit, the proprietors of both garages and service-stations agreed to raise substantially the wages of their employees and reduce working-hours.

Just recently similar regulations have been gazetted in North Canterbury affecting Christchurch and the surrounding districts. A similar margin of profit has been fixed in that case, and similar wage conditions have been voluntarily undertaken by the service-station proprietors and most of the garages.

Representation for the fixing of the price of motor-spirits in other areas are at the present time under investigation by the Department, and there has been a very definite desire for fixation due to the price-cutting tactics employed by certain of the competitors in those areas where price-fixing has been asked for. Each case is thoroughly investigated on its merits, and it is anticipated that the general principle will be extended to other areas in the near future.

The fixing of the prices has been very well received by all sections of the petrol-selling industry, and has benefited wholesaler and retailer alike, while the employees of those engaged in the industry have received higher wages and better working-conditions.

GAS REGULATIONS.

The Board of Trade (Gas) Regulations administered by the Department are designed to provide protection in respect of calorific value, purity, pressure, measurement and price.

All the large undertakings, both private and municipal, have been brought within the scope of the regulations, and the number now covered by them is nineteen. At the present time, upon the recommendation of the Chief Gas Referee, an investigation is proceeding in connection with the bringing of the Sumner Gasworks under the provisions of the regulations.

The work of the Gas Examiners and Inspector of Meters has been carried out efficiently during the year, and official relations with the gas companies and municipal undertakings have, without exception, continued to remain most satisfactory.

COMMERCIAL TRUSTS ACT, 1910.

The Commercial Trusts Act is designed with a view toward preventing the giving of concessions, &c., in consideration of exclusive dealing, and also to prevent sales at unreasonably high prices which have been fixed or influenced in any way by a commercial trust. Provision is also made in the Act to prevent refusals to deal, if such refusals arise for certain reasons, and also provision is made to deal with monopolies which are of such a nature as to be contrary to public interest.

Quite a number of complaints have been made to the Department during the past year that certain of the provisions of the Act have been infringed. These complaints have mostly concerned alleged refusals to supply certain commodities and to alleged price-fixing of commodities that are covered by the provisions of the Act.

Each case that has come before the Department has been thoroughly investigated, and the nature and relative circumstances in each instance carefully examined. In no instances, however, during the past year did the evidence collected show that the case under investigation was one for prosecution.

The Commercial Trusts Act serves as a very useful deterrent against unfair trading practices, and is necessary as a safeguard to the public and to the business men. Its importance lies, perhaps, not so much in its enforcement through the Courts, but in its restraining influence.

CHATELS TRANSFER ACT, 1924.

The Department has charge of the administration of section 57 of the Chattels Transfer Act, 1924, which provides for the protection of bailors of such chattels as are referred to in the Seventh Schedule to the Act without the necessity of the registration of the agreement concerned. Provision is also made to enable Orders in Council to be gazetted extending the Seventh Schedule by the addition of further classes of chattels recognized as being the subject of "customary hire-purchase agreements."

Applications are from time to time received for the extension of the Schedule to include further classes of chattels, and thorough investigations are made in each of the four centres of the Dominion as to the customary trade practice adopted in the disposal of these chattels, and as to the desirability or otherwise of adding such chattels to the Seventh Schedule. During the past year application was received for the inclusion of electro-plated spoons and forks and cutlery to the Seventh Schedule, but the evidence obtained in connection with the application disclosed that there was not sufficient justification to warrant their addition to the Schedule.

At the present time the Government has under definite consideration an amendment to the Chattels Transfer Act which is designed to overcome a weakness whereby vendors of chattels are able to make a profit out of the default of the hirers. Cases have been brought to the notice of the Government where unscrupulous dealers have made considerable profits on the repossession and sale of chattels on which the hirer has paid a considerable amount owing. The contemplated amendment is providing for the protection of the hirer and intends to give him the right to establish his equity in the chattels in the only possible way—that is, by endeavouring to sell them himself, and, after accounting to the vendor for the amount due to him, to retain the balance. Certain reputable dealers who effect a considerable amount of business by hire purchase consider that such protection is justified, and, in fact, point out that in many cases such a practice is observed by them, although no such provision is necessary under the Act as it at present stands.

BOARD OF TRADE (FERTILIZER) REGULATIONS, 1936.

The Department has for some years past examined the cost of production and distribution of superphosphate throughout the Dominion. As a result of these investigations the price of superphosphate has now been fixed at £3 16s. per ton ex works in the North Island and £4 2s. per ton ex works in the South Island of New Zealand. These are the prices to farmers. The rate of profit that may be obtained by merchants, dairy factories, and storekeepers has also been fixed. In the North Island the merchant may obtain a profit of 4s. 6d. per ton, the dairy factory and storekeeper, 2s. per ton. In the South Island the rate of profit to the merchant has been fixed at 6s. 6d. per ton, and to the dairy factory and storekeeper, 4s. per ton.

It will be noted that the commissions allowed to resellers in the South Island are higher than those fixed for the North Island. This difference is due to the fact that fertilizers are generally more easily sold in the North Island, and also that the quantity sold is much greater than in the South Island, as the total figures for the last annual sales of all companies will show—North Island, 250,422 tons; South Island, 94,404 tons.

The selling-price to farmers of imported phosphatic manures has also been fixed in the regulations. In the North Island the price is fixed at a margin of 6 per cent., on the ex wharf landed cost, and in the South Island at 8 per cent. on a similar basis. The justification for fixing the rate of profit as above on imported phosphatic fertilizers is to prevent any special inducement on the part of importers to sell imported fertilizers in preference to locally made superphosphate, and to preserve to the local superphosphate-manufacturers, who employ a substantial number of workers, an assured portion of the market.

The prices ruling prior to the regulations being gazetted were—North Island, £4 per ton ex works; South Island, £4 5s. per ton ex works.

It will be seen, therefore, that a reduction of 4s. per ton in the North Island and 3s. per ton in the South Island was effected.

The reduction is estimated to amount to a saving of approximately £64,000 to farmers in the Dominion. In addition to this saving to farmers, the Government is relieved of the payment of the subsidy of 1s. 9d. per ton, which for the twelve months ended 30th June, 1936, amounted to £30,008.

CEMENT.

During the past year reductions in the price of cement have been made by the three cement companies operating in the Dominion. It was considered by the Government that some rationalization scheme throughout the industry would possibly result in reduced prices being charged to consumers. The industry itself put into operation the present scheme, and reductions have been effected through a territorial rearrangement in marketing. It is anticipated that at a later date further reductions will be made, when the results of the operations of the present scheme are known. In this regard the companies are going to submit to the Government, at the end of the first six months' operations under the present scheme, the result of the rearrangement in marketing.

TRADING-COUPONS.

Prior to the passing of the Trading-coupons Act in 1931, the system whereby coupons were redeemed for goods had been a matter of complaint before the Department for a number of years. Retailers whose particular line of goods was being offered in exchange for coupons levelled severe criticism at the system, which had the effect of interfering seriously with their trading profits. Under the provisions of the Trading-coupons Act, 1931, the redemption of trading-coupons otherwise than for cash became an illegal offence. The administration of the Act is in the hands of this Department.

During the year several instances of alleged breaches of the Act were reported, and in each case the scheme was carefully examined. In some cases it was found that the operations involved did not provide for the redemption of trading-coupons; in other cases the circumstances were such that the Department issued a warning to the offenders and requested the immediate withdrawal of the schemes. In only one instance was it found necessary to resort to legal action, this, however, taking place after a request for the withdrawal of a competition was not complied with. The competition involved a substantial prize, and was limited to those producing the particular label of a proprietary line. As a result of this action judgment was obtained in favour of the Department.

PREVENTION OF PROFITEERING ACT.

The Government recently passed the Prevention of Profiteering Act, its main purpose being to give protection to consumers and purchasers of goods generally from any form of exploitation in the matter of unjustifiable increases in prices, and it is already clear that the legislation is having the desired effect.

If the Government were to permit prices generally to be increased to an unreasonable extent, that is to say, unreasonable in relation to the particular circumstances which justify such increases, then the objects which the Government hopes to achieve through the passing of certain legislation would be defeated. The objects of that legislation are to improve the conditions of the people generally, to provide them through increases in wages with additional purchasing-power whereby they can obtain the comforts of life, and to give them through a reduction of hours of labour a greater amount of leisure. It is the aim of the Government to see that these benefits are not taken away from the people by any undue increase in the cost of living, and it is pleasing to see that this aim is being accomplished.

Under the provisions of the Act every person commits the offence of profiteering who sells goods or offers goods for sale at a price that exceeds the basic price of those goods by an unreasonable amount. The basic price is regarded for the purposes of the Act as being the current or general price ruling on

1st June, 1936. In cases, however, where a price lower than the current or generally ruling price was being charged on that day, the basic price will be regarded, so far as a particular person or firm is concerned, as being the actual price at which goods were being sold or offered for sale on that day. In other words, the basic price which will be the standard of comparison in relation to present or future prices will in any particular case be the current or actual price, whichever is lower.

Prices or rates for services are covered by the Act in a similar manner to the prices of goods.

The legislation provides for the setting-up of a tribunal or tribunals for the purpose of determining in any particular cases which may be brought before such tribunal or tribunals whether the price increases are reasonable or unreasonable.

In relation to this legislation it may be pointed out that the Government does not say that there must not be an increase in the price of commodities, but it does say definitely that such increases must be reasonable and justifiable. The Government is aiming, through the legislation, at fair play for business people, and it is equally emphatic that the general public shall receive all reasonable protection.

PHARMACY INQUIRY.

It was announced towards the end of last year that the well-known firm of Boots Ltd., Chemists, intended to commence business in Wellington, and would, presumably, open up a series of multiple shops throughout the Dominion. Representations were made to the then Government by New Zealand chemists asking for State action to restrict the competition of Boots Ltd., and petitions were presented to the House of Representatives praying for protection from the operation of chain and company pharmacy organizations. Boots Ltd. also presented a petition praying that legislation be not enacted to prevent the company of Boots the Chemists (N.Z.), Ltd., from carrying on business in New Zealand, and that they be heard. An arrangement was then made between the Government and representatives of Boots Ltd., whereby that firm would not open up more than two shops pending a full State inquiry into the position.

Further petitions were presented to Parliament during the first session of 1936, praying for protective legislation against chain and company pharmacy, these petitions being received from the Pharmaceutical Society of New Zealand (Inc.), Chemists and Chemists' Assistants, the Wholesale Druggists' Association of New Zealand and their employees, and the Dunedin Retail Chemists' Assistants' Industrial Union of Workers. Parliament decided to refer the matter to a Select Committee of the House, and an Industries and Commerce Committee, representative of both parties in the House of Representatives, with Mr. W. J. Jordan, M.P., as Chairman, was appointed to hold a public inquiry upon the question.

After hearing lengthy evidence from many witnesses, the representations of counsel on behalf of the Pharmaceutical Society of New Zealand, the Wholesale Drug Trade Association of Great Britain, Boots Ltd., and the Friendly Society Dispensaries of New Zealand, and also after a careful examination of the position in regard to the control of pharmacy and drugs in overseas countries, the Committee reported as follows:—

- (1) That the mass production and manufacturing facilities under the control of Boots the Chemists (N.Z.), Ltd., enable them to sell at lower prices than the independent chemist;
- (2) That the evidence submitted to the Committee tended to prove that—
 - (a) That there was considerable discrepancy between the prices charged for dispensing of prescriptions by Boots the Chemists (N.Z.), Ltd., and those charged by the private chemists;
 - (b) That the prices charged by private chemists were to a considerable extent an unnecessarily heavy burden owing to overhead costs, consequent upon the large number of dispensing establishments in operation, and the Committee is of opinion;
 - (c) That an adequate service could be provided by a smaller number of dispensing establishments;
- (3) That steps should be taken to ensure that the community generally will be able to procure pharmaceutical services at the lowest price compatible with quality and reasonable payment for all necessary work in connection with the service.

The Committee therefore recommends:—

- (1) That the organization of chemists' services be regulated by license under the control of the Minister of Industries and Commerce;
- (2) That the operation of large company pharmacies in New Zealand be not extended for a period of six months in order to enable existing chemists collectively to organize and plan their operations with the object of reducing the present scale of prices to the consumer while at the same time providing an adequate payment for services rendered;
- (3) That, on the expiry of the specified period, the position be reviewed by the Government, and should it be proved that existing chemists have not organized so as to satisfactorily adjust prices licenses may be issued to such companies and persons as may be determined by the Minister of Industries and Commerce;
- (4) That all chemists, if employing assistants, should be required to employ a specified proportion of qualified assistants;
- (5) That the Government investigate the possibility of the establishment of a National Pharmacy Service.

The foregoing report received favourable comment from all the petitioners, and at the present time a special committee appointed by the Pharmaceutical Society is engaged upon the formulation of a

plan of reorganization for their industry. The Department, in conjunction with the Department of Health, is now acting in close co-operation with this committee in bringing the plan to a state at which it can be considered in relation to the whole profession, and it is hoped that finally arrangements for reorganization and control will be completed to the satisfaction of all petitioners, and to the ultimate benefit of the profession and the public generally.

FEDERATION OF CHAMBERS OF COMMERCE OF THE BRITISH EMPIRE.

It has been arranged that the triennial Congress of the Federation of the Chambers of Commerce of the British Empire will be held at Wellington, commencing on 2nd October, 1936.

This is the fourteenth Congress of the Federation, and the event will be an outstanding one in the history of the Dominion, especially from the commercial and business point of view. This is the first Congress to be held in New Zealand, and it is, in fact, many years since the Congress was held in this part of the world, the last time being in Australia over twenty-five years ago.

The Right Hon. the Prime Minister of New Zealand, and the Hon. Ministers of Industries and Commerce, Finance and Customs, Public Works and Transport, and Agriculture have accepted invitations to attend the Congress as honorary delegates.

The Congress (with attendant functions in Wellington) will occupy approximately a week, and the main body of delegates will then have three weeks available for travel in the Dominion before sailing on 30th October. Free passes on the New Zealand Railways are being provided by the New Zealand Government, together with accommodation at half-rates at all Government hostels for each overseas delegate and his wife. The Government is also to tender a State luncheon in honour of the delegates.

Both the Industries and Commerce and Tourist and Publicity sections of the Department have acted in close collaboration with the Department of Internal Affairs and the Associated Chambers of Commerce in New Zealand in formulating the necessary arrangements for delegates, especially from the tourist point of view. The Department has produced, in conjunction with the New Zealand Associated Chambers, a special booklet in connection with this conference, and the Associated Chambers' office has distributed copies of this booklet and suggested tour itineraries to the various Chamber members throughout the Empire. In addition, Trade Commissioners representing the Department of Industries and Commerce in Canada and Australia, Honorary Representatives in South Africa, and the High Commissioner in London, have been actively engaged in promoting visits of delegates and other representatives of Empire Chambers to New Zealand for this Congress. In spite of the distance which the vast majority of delegates will have to travel, and the consequent inconvenience, especially for business reasons, it is indicated from information available at this date that large numbers of delegates from all parts of the Empire will attend the Congress.

The Department is now engaged in examining and considering the various draft resolutions which will come before the Congress. A number of these resolutions have a direct bearing on New Zealand economic affairs, and any decisions reached in regard to the resolutions will, no doubt, be of some moment in view of the representative and important nature of the Congress.

NEW ZEALAND CENTENNIAL.

This event will take place in 1940. One of the preliminary steps to co-ordinate the efforts of the various local bodies was taken by the Minister of Internal Affairs and Industries and Commerce by calling a conference on the 2nd March, 1936, to discuss generally the suggested proposals for fittingly commemorating this important event.

Subsequent to this meeting an announcement was made that the Government was prepared to expend a sum up to £250,000 for the following purposes :—

- (1) Permanent memorials, including a national memorial to be erected by the Government.
- (2) By a series of historical surveys of the first 100 years of our national life.
- (3) By suitable celebrations both national and local throughout the year 1940.

A further meeting of the Mayors of the main centres was called on the 18th June, 1936, when the Government's proposals were made known, which are as follows :—

- (a) Up to a maximum of £75,000 loan and subsidy for the exhibition.
- (b) (1) Balance of £175,000 for national celebrations held by the Government itself, or by the provincial organizations on behalf of the Government ; and
- (2) Subsidizing on a basis of £1 for £3 moneys raised locally for local celebrations or memorials.

A representative of the Department has been associated with a committee set up by the Mayor of Wellington since 1930. The Committee is definitely of the opinion that the most appropriate contribution that Wellington could make towards the Centennial would be the holding of an international exhibition in Wellington. The Government has favourably considered the proposal and is prepared to loan £25,000 free of interest, and a grant of £1 for every £2 of subscribed capital (with a limit of £50,000).

At a meeting held recently the Mayor was in a position to announce that a sum of not less than £35,000 had been promised by local bodies as share capital in the proposed public company which will be floated in connection with the exhibition project.

INDUSTRIAL AND COMMERCIAL BULLETINS.

During the past year the Department has continued the issue of bulletins containing information on industrial and commercial subjects.

As is customary, these bulletins have been widely distributed to the press, Chambers of Commerce, Manufacturers' Associations, prominent business executives, overseas trade representatives, and other persons and firms, both in New Zealand and overseas, to whom they are likely to be of interest and value.

The issues made during the period under review are as follows :—

Bulletins No. 33, 34, 35, and 36—Summary of the Finance, Trade, and Industries of New Zealand for the quarter and year ended 30th June, 1935, 30th September, 1935, 31st December, 1935, and 31st March, 1936, respectively.

The Department proposes during the current year to extend as far as possible the service which it is able to render to the business and commercial community generally through the issue of these bulletins by the greater utilization and wider dissemination of trade industrial and commercial information, especially in relation to overseas markets. It is probable that this will be done by means of additional issues of its bulletins at more frequent intervals.

MISCELLANEOUS ACTIVITIES.

The activities of the Department are wide and varied in character, and the inquiries received are so numerous that it is not possible to make reference to them all in this report, excepting those which fall under the broad general headings set out in the foregoing pages. Reference has been made to this fact in previous reports, also to the fact that many of the inquiries handled are of a confidential nature and, in consequence, cannot be referred to in reports for publication.

During the year under review the Department has again been called upon, and to a greater extent than has been the case in the past, to furnish information both general and detailed in character in respect to questions affecting trade, both internal and overseas, and to matters concerning industrial and economic development.

An indication of the wide variety of subjects which the officers of the Department are constantly handling may perhaps be gauged by reference to the following list of a few of the inquiries of lesser importance undertaken during the past year relating to overseas trade development: Markets for hides and skins, deer-skins, Stilton cheese, ghee, swordfish-liver oil, Samoan cocoa-beans, onions, kauri-gum, canned mushrooms, fish, whitebait, oysters, canned eels, soup powder, toheroa soup, eggs, garden-fertilizer, scoured wool, basket willow, apples and pears, angora wool, timber, pumice, rennet, meats (frozen and canned), radio sets, poultry, dairy-produce, casein, jams and preserves, flax-fibre.

Investigations were made on behalf of the Unemployment Board and the Labour Department in respect to applications which were received for financial assistance for the establishment of new industries or for subsidies to existing industries. The following were some of the subjects handled in this connection: Investigations and inquiries into costs of production of hemp and binder twine; canning of fruit; manufacture of clothes-pegs; manufacture of slag; application for assistance to erect a fish-reduction plant; manufacture of batteries; manufacture of petrol-pumps; various processes for stripping of fibre; manufacture of buttons; canning of eels; process for treating daggy wool; manufacture of automobile and industrial lacquers and synthetic enamels; process for treating kauri-gum; manufacture of calculating-machines; manufacture of vinegar from waste fruit; extraction of essential fruit-oils, &c.; manufacture of printing-machine; extraction of lanoline from wool. Many of these investigations were handled in conjunction with the Development of Industries Committee, which was later disbanded, its functions being taken over by the Bureau of Industry.

The Department also conducted a number of investigations into costs and prices of goods sold in New Zealand prior to the present investigations, which are being conducted following upon the bringing-down of the Prevention of Profiteering Act.

CONCLUSION.

The Department is grateful for the ready co-operation and assistance given by the Trade Commissioners, Consuls, and Vice-Consuls of overseas countries resident in New Zealand. The help of His Majesty's Trade Commissioner, the Australian Trade Commissioner, and the Canadian Government Trade Commissioner has been most valuable and greatly appreciated. Thankful acknowledgment is also made of the valuable assistance given by other Government Departments during the year, notably Customs, Scientific and Industrial Research, Labour, and Agriculture.

In conclusion, it is pleasing to record that economic conditions within the Dominion have displayed a marked improvement during the year under review. Production continues at a high level, while trade, both internal and overseas, has increased greatly.

Reports from the district officers of the Department in the four main centres indicate increased activity in almost every branch of industry. An improved demand for goods has resulted in many factories working to capacity, and turnovers in many instances have been reported to be on a par with those ruling in pre-depression days.

Finally, the Department has experienced a particularly busy period, and, whilst just recently it has had the assistance of some additional officers, those members of the staff who have so loyally borne the burden of the many extra duties which they were obliged to undertake have earned and deserve the highest favourable consideration for the volume of work attended to and for the expert and accurate manner in which they carry out their intricate and important duties.

APPENDIX.

MANUFACTURING INDUSTRIES.

NOTE.—In every case the factory-production statistics of each industry detailed hereunder relate to the twelve months ended 31st March, 1933, 1934, and 1935 (the latest year for which statistics are available).

The comments appearing below the statistics in each case relate, however, to the twelve months ending 30th April, 1936, the period covered by this report.

Fruit-preserving and Jam-making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	11	9	12
Employees (number)	388	347	371
Wages paid	£55,312	£48,830	£48,994
Value of output	£277,866	£257,263	£302,142
Value added by manufacture	£111,807	£123,437	£122,795
Imports, calendar years—			
Jams and preserves (including preserved ginger)	£(N.Z.) 8,011	£(N.Z.) 13,341	£(N.Z.) 13,218
Fruits, bottled, and preserved in syrup—			
Apricots	7,285	13,995	19,111
Peaches	15,367	17,871	29,093
Pears	227	585	849
Fruit pulp, n.e.i.	4,628	6,224	4,610
Total	35,518	52,016	66,881

In the South the fruit season was not normally successful owing to frost intervening during the fruit-setting period. As a result, employment usually at peak level during the summer months was below normal. Despite the poor fruit season, however, trading-conditions have been favourable.

The industry has also been affected from shortage of supplies in the North, and it is estimated that the severe gales experienced in February had so affected supplies that only about two-thirds of the requirements of pears were available, and canners were unable to supply more than 65 per cent. to 70 per cent. of orders. The tomato crop similarly suffered, with the result that tomatoes were also in short supply. Some difficulty was experienced in getting sufficient peas grown for requirements, while there was an over-supply of lemons for peel. Despite the counteracting tendencies experienced, the total turnover was about the same as in the previous year. Staffs were not diminished and were kept fully employed, with some overtime during the tomato season.

Boot and Shoe Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	70	71	76
Employees (number)	2,277	2,429	2,541
Wages paid	£332,061	£336,391	£344,504
Value of output	£1,029,011	£1,064,544	£1,102,950
Value added by manufacture	£535,697	£523,487	£540,663
Imports, calendar years	£253,439	£252,492	£282,123

The figures reflect a general improvement in the industry. Recent reports indicate a continued improvement in conditions, with sales showing a steady increase. One centre reports marked progress in sales of quality footwear.

Lime and Cement.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	45	45	50
Employees (number)	688	631	704
Wages paid	£134,842	£130,675	£144,617
Value of output	£483,840	£556,425	£582,784
Value added by manufacture	£381,912	£444,125	£459,483
Imports, calendar years:—			
Cement, building (cwt.)	3,981	9,370	9,275
Value	£2,330	£4,975	£5,161

The above figures indicating the numbers finding employment in this industry show a distinct improvement during 1934–35. Conditions in the industry have since shown a further improvement, this being attributable mainly to increased sales consequent upon a marked improvement in the building trade. There is every indication that the improvement will continue.

Engineering.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	188	181	196
Employees (number)	2,329	2,283	2,772
Wages paid	£414,409	£398,721	£502,117
Value of output	£974,490	£1,054,643	£1,413,701
Value added by manufacture	£623,079	£652,638	£855,960

The figures indicate a general improvement in all branches of the industry. Recent reports from the various centres indicate that general conditions in the industry show a marked improvement as a result of increased sales owing to a greater demand mainly from the building industry, the dairying industry, and from commercial laundries. There has also been an increase in the number of hands employed, and in the case of one centre it is reported that considerable difficulty exists in obtaining skilled labour.

Production has been reported to have commenced on the following new lines: Bread-moulding machine; plate-type pasteurizer for dairy factories; Bakelite products.

Sauce, Pickle, and Vinegar Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	20	19	18
Employees (number)	210	237	236
Wages paid	£38,086	£39,940	£38,345
Value of output	£177,861	£176,561	£192,219
Value added by manufacture	£103,104	£102,667	£108,125
Imports, calendar years—			
Pickles (gallons)	728	1,010	944
Value	£622	£669	£731
Sauce and chutney (gallons)	6,040	8,102	8,702
Value	£7,833	£10,466	£10,781
Vinegar (gallons)	20,379	18,676	12,670
Value	£6,868	£6,136	£4,068

Conditions generally in the industry show a slight improvement. The current year opened satisfactorily, and prospects are promising.

Soap and Candle Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	23	24	23
Employees (number)	470	468	513
Wages paid	£86,570	£85,207	£86,817
Value of output	£467,393	£468,988	£536,235
Value added by manufacture	£251,257	£258,324	£299,695

Soap sales show an increase over the previous year. Heavy local competition in bar soap is a feature of the trade, while overseas manufacturers are well represented in the toilet-soap market. A South Island firm has recently made an important addition to its factory, and, besides the manufacture of several new lines of toilet soap, the production of talcum, face-powders, and shaving-cream is now undertaken.

Throughout the industry the production of candles continues to diminish, owing to the increasing availability of electric light.

Coach and Motor-body Building and Cycle-works.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	1,042	1,024	1,077
Employees (number)	4,560	4,491	5,473
Wages paid	£731,296	£693,082	£889,439
Value of output	£1,895,253	£1,963,497	£2,570,963
Value added by manufacture	£1,101,961	£1,117,235	£1,453,249

The above figures show a progressive improvement in the industry during recent years. The employment position is particularly gratifying, and indicates an increase of 981 employees during 1934–35. The general improvement reflected in the figures continues.

Biscuits and Confectionery Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	58	57	57
Employees (number)	2,512	2,738	2,591
Wages paid	£313,210	£312,012	£273,078
Value of output	£1,246,733	£1,379,760	£1,481,575
Value added by manufacture	£654,443	£691,125	£734,421

Southern factories report a general improvement in the industry, with a small increase in sales resulting in increased numbers finding employment, and a good deal of overtime during rush periods. In the North, conditions have improved during recent months.

Although competition is keen as between New Zealand manufacturers and those from overseas, prospects for the current year are considered bright.

Furniture and Cabinet Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	299	281	285
Employees (number)	1,584	1,576	1,874
Wages paid	£236,860	£233,300	£285,081
Value of output	£611,019	£616,365	£773,810
Value added by manufacture	£348,980	£347,121	£414,012

Conditions throughout the year have shown a distinct improvement, and existing factories have increased their output considerably—from 10 per cent. to 27 per cent. in individual cases—while, in addition, a number of new units have sprung up. Increased building activity, more confidence in the future by the general public, and the setting-up of a larger number of new homes are considered the main factors operating in the general improvement. At the present time factories are working at pressure; in the North some difficulty has been experienced in procuring skilled hands.

Ham and Bacon Factories.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	40	39	43
Employees (number)	398	427	395
Wages paid	£87,675	£91,000	£79,993
Value of output	£702,442	£755,716	£805,113
Value added by manufacture	£275,572	£225,411	£228,608
Cost of materials used	£426,870	£530,305	£576,505

A steady improvement has taken place throughout the year and turnovers have increased: the increases in sales range from 5 per cent. to 17 per cent. in the South. The outlook for the current year is fairly promising, but in the North there is a reported scarcity of pigs, with higher prices ruling.

Bricks, Pipes, Tiles, and Pottery Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	44	43	47
Employees (number)	405	467	618
Wages paid	£74,167	£82,664	£111,988
Value of output	£180,785	£212,263	£285,164
Value added by manufacture	£168,548	£197,984	£264,729

The figures indicate a decided improvement during the past two years. The industry has enjoyed the benefits accruing from the increased activity in the building trade. Sales are reported to have increased greatly, resulting in a considerable increase in the numbers employed.

Flax-milling.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	20	23	21
Employees (number)	213	258	316
Wages paid	£27,349	£35,456	£42,160
Value of output	£54,658	£74,291	£80,711
Value added by manufacture	£38,591	£58,383	£68,911

Rope and Twine Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	5	6	6
Employees (number)	214	228	228
Wages paid	£34,684	£34,828	£36,052
Value of output	£144,502	£130,903	£128,506
Value added by manufacture	£72,654	£69,362	£69,668

Conditions in the flax industry have displayed a steady improvement during the past five years. The position of the industry is far from satisfactory, however, and the relatively small export trade now secured is due to the assistance extended to the industry by way of subsidies from the Employment Promotion Fund.

Exports of hemp and tow in each of the past nine calendar years were as follows :—

Calendar Year.					Tons.	£
1927	..	..	..	..	19,600	535,526
1928	..	..	..	..	15,683	394,450
1929	..	..	..	..	14,720	379,942
1930	..	..	..	..	9,493	221,923
1931	..	..	..	..	2,398	38,407
1932	..	..	..	..	3,850	47,312
1933	..	..	..	..	4,402	47,632
1934	..	..	..	..	4,173	52,018
1935	..	..	..	..	4,101	57,553

Rope and twine manufacturers report satisfactory conditions, one report stating that sales have increased from 7½ per cent. to 10 per cent. There is less competition in binder twines from overseas, but keen local competition continues for the restricted market. Employment has been normal.

The manufacture of woolpacks from *Phormium tenax* is now an established industry, which offers scope for the employment of a considerable number of workers, not only in the factory but also in the flax areas and mill from which the hemp is obtained. Very favourable reports have been received in regard to the quality of the New-Zealand-made woolpack, and the Government has recognized the possibilities of the industry by securing to the New Zealand factory a definite share of the local market and by other assistance.

Clothing.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	254	249	290
Employees (number)	7,616	7,877	9,394
Wages paid	£807,206	£831,871	£952,844
Value of output	£2,400,599	£2,631,182	£2,958,508
Value added by manufacture	£1,188,153	£1,264,304	£1,391,877
Imports, calendar years—			
Apparel	£941,466	£1,030,584	£1,073,844

A distinct improvement is reflected in the statistics for 1934–35, with an increase of 1,517 in the number of employees. During the current year, sales in all lines have been even better, and business has increased. Additional hands have been employed and a good deal of overtime worked. In certain cases there have been reported a scarcity of skilled operatives. Prospects are stated to be good.

Agricultural and Dairy Machinery and Implement Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	37	37	44
Employees (number)	542	532	689
Wages paid	£97,094	£95,301	£127,124
Value of output	£329,476	£338,049	£492,925
Value added by manufacture	£171,475	£179,032	£239,354

Conditions generally in this industry are brighter than in previous years. In the South sales show a continued increase of varying rates from 18 per cent. to 23 per cent., while in the case of certain firms the number of employees has shown increases ranging from thirty-four in one instance to ninety in another. In spite of this increase in labour, overtime has had to be worked during the year. The general improvement in the industry and the increase in numbers employed is confirmed by reports from North Island manufacturers.

Woollen-manufacturing.

Official statistics, year ended 31st March :—	1933.	1934.	1935.
Establishments (number)	10	12	12
Employees (number)	2,349	2,466	2,532
Wages paid	£316,352	£326,156	£345,591
Value of output	£888,546	£976,813	£1,048,849
Value added by manufacture	£564,936	£601,140	£588,448

South Island mills report a busier time than during the previous year, with an all-round increase in sales approximating 10 per cent., consequently more workers have been employed and a considerable amount of overtime had to be worked. Towards the end of the period under review a distinct shortage of female operatives was in evidence, and some mills had difficulty in executing orders as required. In the North the indications point to considerable improvement, with trade very buoyant at present and demand brisk.

The following table shows the imports of materials which compete with the products of New Zealand woollen-mills :—

Piece-goods.	1933.	1934.	1935.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
Artificial and pure silk.	725,078	875,714	879,544
Woollen	535,923	654,861	638,561
Cotton and linen	1,467,144	1,471,741	1,501,754
Totals	2,728,145	3,002,316	3,019,859

Printing and Publishing.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	362	366	373
Employees (number)	7,453	7,744	8,079
Wages paid	£1,447,735	£1,444,132	£1,513,478
Value of output	£3,473,987	£3,525,188	£3,758,937
Value added by manufacture	£2,540,824	£2,594,529	£2,795,309

Considerable improvement has been shown during the year, and prospects for the future are considered good.

Brush and Broom Making.

Official statistics, year ended 31st March—	1933.	1934.	1935.
Establishments (number)	13	15	15
Employees (number)	219	240	253
Wages paid	£33,987	£34,678	£37,008
Value of output	£97,470	£102,474	£118,251
Value added by manufacture	£54,981	£56,052	£61,910
Imports, calendar years—			
Brushes, brushware, and brooms	£32,341	£38,981	£54,242

South Island manufacturers report a generally busy year, but competition from overseas has affected some items. Sales, however, have increased materially, in some cases from 10 per cent. to 20 per cent. Employment has also increased, quite appreciably in some instances.

The statistics show that the value of output increased by £15,777 and imports by £15,261.

Approximate Cost of Paper.—Preparation, not given ; printing (1,244 copies), £46 10s.