

1942.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(TWENTY-FIFTH ANNUAL REPORT OF THE).

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

YOUR EXCELLENCY,—

Wellington, 20th August, 1942.

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, 13th August, 1942.

I have the honour to submit the annual report of the Department of Industries and Commerce. This report deals with the work of the Department since the previous report was placed before Parliament, and covers generally the period ended 31st March, 1942. In certain instances, however, matters subsequent to that date are also referred to.

I have, &c.,

L. J. SCHMITT, Secretary.

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

PRICE CONTROL.

As in the case of immediately preceding years, the complete control of prices for goods and services which was instituted at the outbreak of war has been continued.

Under the Price Stabilization Emergency Regulations 1939 no increases in the selling-prices of goods or services may be made above the levels ruling on the 1st September, 1939, without the prior consent of the Hon. the Minister of Industries and Commerce or the Price Tribunal. The policy which was laid down by the Government as the basis on which the Tribunal should approve increases in selling-prices can be stated briefly as being that only those increases which are absolutely unavoidable should be approved. As a general rule actual extra costs have been allowed, but if traders are in a position to absorb increased costs they have been required to do so. Except under very special circumstances, no trader has been allowed to make any profit on increased costs, but has been required to maintain gross profits on the unit basis which operated prior to the outbreak of war.

Under the Control of Prices Emergency Regulations which empowered the Tribunal, with the consent of the Hon. the Minister, to make Price Orders, a further thirty-three of such Orders have been made during the period under review, covering an extensive range of commodities, giving a total of sixty-seven Orders made since the regulations came into effect. In terms of Amendment No. 2 of the regulations gazetted on 29th January, 1942, it is the duty of every retailer who is for the time being engaged in selling any goods, of which the retail price has been fixed by a Price Order, to keep a copy of the Order or a statement of the prices fixed thereby prominently displayed in every part of his shop in which any such goods are sold or offered for sale, or, alternatively, to keep in his shop a record or file of such Price Orders available for inspection by customers on request.

The general issue of official price-lists incorporating all prices authorized by the Tribunal presents difficulties because, except in the case of Price Orders and except where provision is otherwise made, the Tribunal's decisions apply only to individual traders, and not to all traders in the particular industry. This means that any increases approved apply only to those traders who have made application and who have proved to the Tribunal the justification for such increases.

Realizing the importance of ensuring strict compliance with the Price Regulations, the staff of Inspectors has been augmented. Apart from automatically providing a ready and effective liaison service between the Tribunal and individual traders, &c., it is very evident that the activity of these officers has had a most desirable effect against the levying of prices higher than those authorized.

In instances where breaches of the regulations are discovered, careful consideration is exercised in the light of all surrounding factors in making decision as to the institution of Court action, or otherwise. Since the inception of the Price Emergency Regulations action has been taken in 136 instances, resulting in 130 convictions and 6 dismissals.

As at 1st September, 1941, in accordance with the principle recommended by the Economic Stabilization Conference convened in late 1940, the following thirty-eight commodities, &c., were stabilized in price at the levels ruling at that date:—

Foodstuffs.—Meat, flour, milk, sugar, bacon, cheese, honey, eggs, bread, butter, coffee, condensed milk, tea, rolled oats, oatmeal, baking-powder, and salt.

New-Zealand-made Clothing and Footwear.—Men's, women's, boys', and girls' shoes (New Zealand leather in each case), men's all-wool underwear, women's woollen underwear, boys' all-wool underwear, boys' all-wool jerseys, girls' all-wool underwear, men's woollen socks, boys' school hose, woollen piece-goods, knitting wools, blankets, suitings (from New Zealand wools), and shoe repairs.

Public Services : Fuel and Light.—Tram fares, electric light, gas, coal, and coke.

Simultaneously, it was indicated that the list as above was subject to extension in the light of future circumstances.

In view of the inter-relation between standards and price stabilization, the Tribunal continues to co-operate closely with the Standards Institute.

The working-arrangements made by the Tribunal during preceding years with many trade associations to provide for prices in those trades and industries being effectively controlled have been still further extended so that they now cover practically all branches of trade and industry. Each arrangement is evolved to suit the particular conditions current in the trade or industry concerned, so that, in effect, compliance with the Price Regulations is facilitated without undue disturbance of normal methods of trade operation.

The extent to which the retail-price index has risen from the outbreak of war up to 31st December, 1941, is 10·5 per cent. Comparable figures for other Empire countries are not available for a date later than October, 1941, and in the case of Canada, August, 1941. At these dates the increases shown since September, 1939, were: New Zealand, 8·5 per cent.; Australia, 10·13 per cent.; Canada, 12·8 per cent. (August, 1941); United Kingdom, 44 per cent. Thus New Zealand has shown the smallest increase of any of the above countries.

MANUFACTURING : GENERAL COMMENTS.

For the greater part of the year manufacturers held their ground remarkably well. The period was not without its difficulties and trials, particularly in relation to continuity of supplies of raw materials and the depletion of staffs due to the expansion of the defence services. Where the source of raw materials used was domestic in its origin production was substantially increased, much of the additional output being for defence purposes. This was revealed in the woollen-mills, boot and shoe factories, and biscuit-factories.

Summed up, it can be said that the manufacturing industries have made a major contribution to New Zealand's war effort and that, due to the degree of expansion over recent years, the supply of civilian-consumed goods was maintained at a higher level than would otherwise have been the case.

An indication of the remarkable expansion which has occurred in what may be termed the *true* manufacturing industries of the Dominion is contained in the following statistics of employment relating to these industries:—

1934-35	..	..	53,468	1938-39	..	..	71,881
1935-36	..	..	58,659	1939-40	..	..	76,665
1936-37	..	..	66,419	1940-41	..	..	80,646
1937-38	..	..	71,485				

Between 1934-35 and 1940-41 the total number of new employees engaged by the true manufacturing industries was 27,178.

The following are comments on some of the more important of the Dominion's industries:—

Woollen-mills.—The story of the woollen-mills of the Dominion during the past twelve months is one of progressively increased production of material and clothing for the armed forces necessitating expansion of buildings and plant and extension of working-hours.

Clothing Industry.—Contracts for the manufacture of uniforms have kept factories busy during the year, some being engaged exclusively on this class of work.

Tanning Industry.—Military and civilian requirements are causing the pits to be used to the fullest possible extent. As a rule the biggest single item of output is sole leather, the demand for this leather by manufacturers engaged on Army footwear contracts increasing month by month. Further extensions to premises have been made in several tanneries during the last twelve months. Supplies of tanning-materials have been satisfactory, and with an assured supply of hides present progress should be maintained.

Footwear.—Footwear-factories have been busy throughout the year on military and civilian work. The percentage of production devoted to military footwear has steadily increased over the period, particularly since the arrival of orders for boots for export, and some units are engaged exclusively in the manufacture of military footwear. Production programmes for military work are well in hand, some of the larger units being ahead of schedule.

Biscuits and Confectionery.—Reports indicate that sales of confectionery have been very satisfactory. Biscuit manufacturers have been extremely busy on contracts for service biscuits and the working of shifts has required to be resorted to in many cases. The output of civilian lines has necessarily been greatly curtailed.

Foundries and Engineering Workshops.—Engineering firms generally have been busy throughout the year, shifts or overtime being regularly worked in many instances. The manufacture of munitions, &c., absorbs a large portion of the local foundry and workshop capacity. A considerable and expanding amount of constructional work is done to-day, as well as replacement and repair-work.

Most firms engaged in the light engineering trade have been employed to a considerable extent on contract work for the Army and Air Force and in manufacturing such lines as stirrup pumps and fire-fighting equipment for E.P.S. organizations. Civil orders have been held up to a certain extent, and in so far as this class of work is concerned preference has been given as far as possible to essential industrial machinery.

Ranges and Cookers.—The decline in civilian building activity, due largely to concentration on defence construction, coupled with difficulty which has been experienced during the year in obtaining supplies of certain raw materials, has led to a substantial decline in the total sales of electric ranges, coal-ranges, and gas-cookers. In an attempt to utilize some of their surplus capacity several firms have commenced the manufacture of new lines.

Tinware.—Tinsmiths report that activity has been at a high level during the greater part of the year under review, principally due to the big demand for tins for packing service biscuits and oatmeal and for dairy utensils. Supplies of tinplate for essential purposes have been adequate, but many non-essential lines have been dispensed with in order to conserve stocks.

Brush and Broom Making.—Shortages of bristles and wire have caused manufacturers some anxiety during the year, but despite this, production in most lines has been maintained to a surprising extent. Semi-defence work and contracts of national importance have bulked large in total output of the industry.

Furniture and Cabinet Making.—Reports from manufacturers reveal that whilst some have experienced satisfactory trading conditions, others have found business to be very quiet. Shortages exist in upholstery coverings, hardware, and mattress wire. Japanese oak is off the market, and this, combined with the restriction of supplies of timber from Australia, has led to considerable expansion in the demand for local timbers, particularly Southland beech.

NEW INDUSTRIES.

Expansion of local industry has continued, manufacture of the following commodities being commenced or developed to a greater extent during the past twelve months: Metal and novelty buttons, typewriter-ribbons, inks and stains for finishing footwear, potato-sorting machines, enamel cast-iron stewpans and casseroles, gas-producers, can-sealing compounds, plywood, wooden handles, egg-grading machines.

BUREAU OF INDUSTRY.

INDUSTRIAL EFFICIENCY ACT, 1936.

REPORT FOR THE YEAR ENDED 30TH APRIL, 1942.

During the year there were a few changes in the personnel of the Bureau, Mr. E. L. Greensmith, Second Assistant Secretary to the Treasury, resigned on account of pressure of work, and his place was taken by Mr. C. R. J. Atkin, Chief Investigating Officer of the Treasury. Mr. G. L. O'Halloran, Secretary of the Bureau, and Mr. J. E. Thomas, Food Controller, of the Internal Marketing Division, were appointed additional members to the Bureau. Mr. I. Matheson, who was one of the Manufacturers' Representatives, resigned, and Mr. E. W. Ackland, Managing Director of the National Electrical and Engineering Co., Ltd., was appointed in his place. Unfortunately, Mr. Ackland did not enjoy very good health and attended only a few meetings. His death took place towards the end of March.

The progressive intensification of the war effort, which received added impetus from the entry of Japan into the war, has affected the whole economic and industrial structure of the Dominion both in regard to the manufacturing of commodities in New Zealand and to importation from overseas. Under these circumstances it has been extremely difficult to further the purposes of the Act. The restrictions on exports from overseas countries and shipping difficulties have had a restraining effect on the importation of machinery and raw materials so essential to the industrial growth of the Dominion. In consequence of this the activity of the Bureau has not been associated with new industries quite to the same extent that it has in the past.

Various industries have been controlled for war purposes, while in many other industries the control of such materials as metals has placed considerable restrictions on certain types of industrial units. In some cases the activities of Supply Controllers have, to some extent, superseded the activities of the Bureau. The Bureau has recognized that the war must take precedence over peacetime activities and has adapted its policy accordingly.

The Bureau proceeded with the drawing-up of plans for various industries. Two of the plans—those relating to the manufacture of soap and of storage batteries—were rejected by the manufacturers, and in accordance with his previous statement that he would not have an industry licensed under the Act where the licensees had rejected a plan, the Minister delicensed these industries. In the industries for the manufacture of radio receiving sets and electric ranges the plans were carried by a substantial majority, and regulations were brought down providing for these plans. Several other plans which were in the course of preparation and nearing completion were deferred meantime pending the easing of the war situation.

In the report for last year mention was made of the setting-up of the Footwear Industrial Committee under the plan for that industry. That Committee has continued to function and is doing valuable work for this industry at a time when it has to meet increased demands placed on it for military supplies. Committees have also been set up in connection with the plans for the electric-range industry and the radio-manufacturing industry. This brings the number of Industrial Committees under the Act to five—namely: Footwear Industrial Committee; Flax Plan Industrial Committee; Pharmacy Plan Industrial Committee; Radio Plan Industrial Committee; Electric Range Plan Industrial Committee.

These Committees are doing valuable work at a critical time, and much is expected from them in the post-war years.

So far as licensing is concerned, during the year three industries were brought within the provisions of the Act. These were manufacture of agar from seaweed, linseed products, and medicinal plants. None of these industries was established in the Dominion at the time of the publication of the licensing notice. There was, however, much preparatory and experimental work done in connection with medicinal plants and agar.

Agar is a gelatinous substance made from seaweed and used for medicinal, bacteriological, and various commercial purposes such as the canning of meat. The manufacture of this in New Zealand has become essential owing to the cutting-off of our sources of supply, due to the spread of the war to the Pacific. At present there is a substantial export market available to the Dominion if it can produce this substance in sufficient quantities.

Linseed products comprising linseed-oil and linseed-cake were made in New Zealand some years ago, but were not financially successful. However, with the present production of large quantities of linseed within New Zealand there seems no reason why the manufacture should not be carried out economically in the Dominion.

The cutting-off of overseas sources of supply is also the reason for the licensing of the medicinal-plant industry. This industry comprises the artificial dehydration of four plants—namely, foxglove, deadly night shade, thorn-apple, and henbane. From these plants essential drugs are obtained, and an export market to England is also available for the crude drug material from these plants.

During the year four industries were delicensed—namely, the manufacture of waxed paper and the refining of used oil, as it was found that these were but sections of more comprehensive industries; and the manufacture of soap and of storage batteries because of the rejection by these industries of the plans prepared for them.

MINISTRY OF SUPPLY.

The past year has been noteworthy for marked changes, and it has been found necessary to implement major measures of control. Rationing has been introduced in lines which affect all households, notably sugar, tea, and clothing. It was for a time found necessary to restrict the use of cement, and while this ban on normal usage has been lifted, nevertheless numerous other items, particularly those utilized in construction, have been limited to the most essential uses. The fall of Malaya and the Netherlands East Indies has rendered the rubber situation most acute in the Allied countries, and accordingly it has been found necessary to restrict the release of tires to vital essential services only. Similarly, conservation of petrol stocks has necessitated restriction of issue to a minimum.

The Ministry of Supply, as originally set up with Controllers administering vital commodities and services, has continued, the various Supply Controllers having exercised their powers to a much greater extent than was necessary during the previous period. Indicative of this some brief comments on the functions and action taken by various Controllers follows:—

Munitions Control.—The Department records with deep regret the death, early in the period, of Mr. E. T. Spidy, the first Munitions Controller in New Zealand. Following the death of Mr. Spidy, Squadron Leader G. Carter, who had been assisting Mr. Spidy prior to his decease, was appointed Munitions Controller.

Considerable expansion has taken place in the output of munitions, and New Zealand to-day is manufacturing a very wide range of items for defence purposes.

Owing to the shortage of mild-steel supplies it was decided to duplicate the existing plant of the Otago Iron Rolling Mills. The machinery, with the exception of special items such as the rolls, has been manufactured in the Dominion. The additional production of bar-steel sections will accelerate the manufacture of munitions, and the plant will be of permanent benefit to the engineering industry.

Factory Control.—The main problems during recent months have revolved round the question of diminishing supplies of imported raw materials, and it has been found necessary to exercise full control

over the utilization of steel and steel products. Procurement of non-ferrous metals has also presented some difficulty, but the Ministry has managed to purchase some supplies of ingot metals, and these have been released to manufacturers as necessary.

Rigid control is exercised over rubber-manufacturing companies, and each firm engaged in the industry is obliged to obtain the Factory Controller's sanction to the use of the raw materials for production of a restricted range of commodities. The use of paper has been restricted in so far as wrapping and other purposes are concerned, while the size of newspapers has been very greatly reduced.

Action in the way of rationalizing the boot industry and the woollen and clothing industries has resulted in very marked increases in production to meet the demands of the armed forces, and to some extent this has affected civilian supplies. The increased boot programme has involved an additional call on tanneries for special types of leather, and extensions are under way to meet this enhanced demand.

Building Control.—The defence building programme necessitated the slowing-down in non-defence building, and building permits for work, the estimated cost of which was expected to exceed £1,500, were approved only where it could be shown that such works were essential and associated with the Dominion's war effort.

Shortages of various essential materials and, over all, a shortage of labour had to be met, and with this object in view various notices were issued by the Building Controller, the most far-reaching of which was a total prohibition of the undertaking of constructional work without the previous consent of the Building Controller. This control is affected through local authorities. Returns of constructional plant and employees engaged in various works have also been called for, and labour is made available to the more important works as required.

Timber Control.—The demand for timber for air-raid shelters, boxmaking, &c., has been phenomenal, and increased hours are being worked in the timber industry.

Control notices have been issued stipulating the names to be applied to the different kinds of beech timber in order to prevent the sale and supply of unsuitable classes for munitions work in both Australia and New Zealand. To conserve supplies of imported timbers for specific purposes notices have been issued covering Australian hardwoods and the resawing of Douglas fir (Oregon pine). A further control notice restricts the use of insignis pine to the manufacture of wooden containers for food products, munitions, &c., while under the Second-hand Fruit-case Control Notice 1942 fruitgrowers may reuse good second-hand cases.

Mining Control.—Coal-production for the period has constituted a record, and every endeavour has been made to build a reserve supply of suitable coal in the North Island. Dumps have been arranged at the main ports to cover shipping needs, including requirements of the Navy, while at the chief steam-generating stations in the North Island stocks have been built up. Production of scheelite and mercury is being expanded.

Electricity Control.—Economy in the use of electricity has been found necessary, and a Committee acting with the Electricity Controller has been functioning in a successful endeavour to meet the position due to non-completion of extensions to the Government generating-capacity.

Supplies of poles, transformers, conductors, and hardware used in the industry have been maintained as well as circumstances permit, but to conserve supplies all extensions of existing lines or erection of new lines are carefully reviewed by District Advisory Committees. To meet essential demands for plant a survey has been taken of existing equipment, and from time to time it has been found necessary to direct transfers of certain of the equipment available.

Oil Fuel Control.—Bulk storage for motor-spirit has been expanded, while separate reserves for the Army for use in emergency have been arranged. Petrol rationing has been intensified, releases being made through the coupon scheme to private motorists and by a license to business and other users.

Medical Supplies Control.—Extensions to existing hospitals and the erection of emergency hospitals throughout New Zealand have been responsible for a very heavy call for hospital equipment, and a good deal of work has been involved in ensuring that these hospitals are adequately equipped and supplied with essential materials. Stringent control of some of the more important drugs has been necessary, and every endeavour is being maintained to import into the Dominion adequate reserves to meet possible calls.

Food-control.—While certain imported brands of foodstuffs do not appear on the shelves of retail and wholesale establishments, it can be said that sufficient supplies of normal lines have been available to the public, notwithstanding the heavy drain imposed by the needs of the armed Services, both within New Zealand and overseas.

Large orders have been placed with the co-operation of merchant houses for what can be termed reserve stocks of the more necessary foodstuffs, and these are being stored in strategic inland points in the Dominion. Every endeavour has been made to import adequate forward stocks of tea and sugar, which have now been rationed.

Wheat, Flour, and Bread.—Sales of flour and meal during the past year reached the record total of 159,296 tons, valued at £2,675,000. Of this quantity, 10,382 tons were wheatmeal. The quality of the flour has given widespread satisfaction. Sales of wheat-germ amounted to about 12 tons per month.

The wheat produced from the harvest of 1941 amounted to 8,305,865 bushels from 243,197 acres, at an average yield of 34.15 bushels per acre. The consumption was very high, being 9,600,000 bushels. This was an average consumption of 5,000 tons of wheat per week for all purposes. The poultry industry took an average of almost 1,000 tons per week. The difference was made up by importations from Australia. This year's harvest is expected to yield 8,600,000 bushels from 258,000 acres, and to bridge the gap between production and estimated consumption about 1,000,000 bushels will be imported. A further 1,000,000 bushels to build up reserves has also been arranged for.

An area of 300,000 acres at the average yield of 32 bushels is required to produce a full year's requirements, and a campaign was launched in February of this year to promote the sowing of such an area. The work was organized through the Dominion Council of Primary Production and the District Councils, who were assisted throughout by officers of the Department of Agriculture.

In so far as breadmaking is concerned, this industry is subject to the Breadmaking Industry Control Notice 1941, under the provisions of which no new unit can be opened for production and no existing unit can be sold, transferred, or otherwise disposed of without the consent of the Minister. Amalgamations and regrouping of interests in pursuit of greater efficiency have resulted in approximately one hundred bakehouses being closed down, and there have been resultant economies effected in the trade. The outstanding feature of the industry, however, has been the zoning of deliveries.

Rationing Control.—The institution of rationing, other than that relating to petrol, necessitated the appointment of a Rationing Controller, and Mr. J. E. Thomas, the present Food Controller, was appointed. Rationing has been introduced to cover sugar, silk stockings, clothing, and, lastly, tea, the ration being at this stage adequate to meet normal household needs.

Shipping Control.—Under the Shipping Supply Emergency Regulations 1942 provision is made for the appointment of a Shipping Controller the regulations applying to ships registered in New Zealand and also to ships not registered in New Zealand which are for the time being home-trade ships within the meaning of the Shipping and Seamen Act, 1908. This latter provision is subject to any Imperial Act and to any order or other instrument made under such Act. Under the regulations, and without the previous written consent of the Controller, it shall not be lawful for any ship registered in New Zealand which on the 2nd day of September, 1939, was engaged in trading in or with New Zealand to be diverted from that trade, whether permanently or temporarily. The Controller has powers to give directions with respect to the trades and voyages which may be undertaken by any ship, cargo which may be carried, hire of any ship, order of priority to be accorded to specified goods or classes of goods to or between any ports in New Zealand, ports at which cargo is to be loaded or discharged, ports at which consignees are to take delivery, and the form of bills of lading. Under these regulations Mr. J. H. Gilbert, Traffic Manager, Union Steam Ship Co., has been appointed Shipping Controller.

Construction of Naval Vessels.—The construction in New Zealand of mine-sweepers has been pushed ahead, and a number of vessels have already been handed over to the Navy.

Overseas Representatives and Purchasing.—As a result of the visit of the Hon. F. Langstone and the Right Hon. J. G. Coates to the United States for the purpose of investigating matters related to supplies and lease-lend administration, as they applied to New Zealand, the Washington Office was strengthened, and Mr. R. M. Firth, late Trade and Tourist Commissioner in Canada, was appointed as senior Supply Officer. The Los Angeles and Toronto Offices were closed, and offices were opened in New York and Ottawa, while an honorary representative to handle matters of shipping, forwarding, &c., on the west coast was appointed in San Francisco.

Various changes have also been made in the New Zealand organization to administer North American purchasing, a Lease-lend and an Indent Section being set up within the Ministry of Supply to handle purchases made by the Government as either under lease-lend or for cash.

A bulk-purchasing scheme has also been inaugurated. This covers co-ordination of orders which would normally be placed by a number of importing houses, and instead of numerous small orders going forward for important commodities the Government sponsors a major order covering New Zealand's requirements for a forward period of from six to twelve months. Tinplate, steel, industrial chemicals, and medical supplies are some of the items concerned. This method of purchase has been adopted following requests received from North America and the United Kingdom, and represents practically the only method of obtaining these much-needed supplies for New Zealand.

A system of priorities has been evolved covering both supply—that is, manufacture—and shipping. Importers have been asked to submit requests for priorities to the Department for transmission to the Supply Mission in Washington.

During the year a visit was paid to Australia by the Hon. Mr. Sullivan, Minister of Supply and Munitions, and the Right Hon. J. G. Coates. As a result of the visit considerable improvement has been effected in the supply of much-needed raw materials for production of the major munitions items in New Zealand.

Developments in the Pacific had the effect of limiting to some extent the work of the Eastern Group Supply Council, on which the Dominion was represented by Mr. F. R. Picot. As it was desired to strengthen New Zealand's representation in Australia, Mr. Picot was recalled and has been appointed New Zealand Supply Commissioner in Australia. Orders have been received from the Eastern Group Supply Council covering a varied assortment of articles for different theatres of war within the Eastern Group, including such items as Universal carriers, hand grenades, mortars, blankets, uniforms, hats and caps, shirts, jerseys, and boots.

New Zealand Supply Council.—The changed circumstances in the Pacific and the tremendous calls being made upon industry for war purposes necessitated expansion of the functions of the New Zealand Supply Council, and War Cabinet has now decided that "the Supply Council shall control the executive organizations necessary to ensure the most efficient, economic, and expeditious production of all supplies."

In an endeavour to meet more adequately the complex needs of the community, including the armed Services, Mr. G. H. Jackson, a member of the Supply Council, has been appointed Director of Production and Supply. His general functions are to direct and co-ordinate the work of Controllers and to organize and promote within New Zealand the manufacture and production of all supplies

RECLAMATION OF WASTE MATERIAL.

As a result of the activities of the National Council for the Reclamation of Waste Material (a war activity set up under the authority of the Minister of Supply) and its affiliated Boards and Committees during the twelve months to the 31st March, 1942, the sum of £9,440 was paid into the National Patriotic Fund, making the total contribution since the Council's appointment in July, 1940, £14,482.

In order to supply the needs of essential industries, especially those industries working on war production, the Council has followed strictly the policy of securing wanted waste materials, and has regarded as a secondary consideration the matter of securing funds. During the year the collection of waste paper, non-ferrous metals, and rags was continued. For the first time a drive for all types of bottles was made in order to meet temporary shortages. Sales of waste paper realized £3,664, metals £3,833, rags £1,309, and bottles £1,121.

INDUSTRIES COMMITTEE (IMPORT CONTROL).

The activities of the special Industries Committee which was set up to assist in the administration of the Import Control Regulations have, as has been customary in the past, been undertaken with a view to ensuring adequate supplies of raw materials for our essential industries, and a very large number of applications for licenses to import were dealt with.

NEW ZEALAND MANUFACTURERS' FEDERATION AND DISTRICT ASSOCIATIONS.

Close contact has been maintained throughout the year with the Manufacturers' Federation and its affiliated associations in the four main centres. Matters connected with the supply of raw materials under the policy of import selection are discussed to the mutual advantage of manufacturers and the Department.

The Department desires to place on record its appreciation of the co-operation extended by the federation and its district associations to the Ministry of Supply, Bureau of Industry, and the Industries Committee in their consideration of the various problems which arise from time to time.

TOBACCO INDUSTRY.

The usual close liaison has been maintained between the Department and the Tobacco Growing and Manufacturing Industry.

For three successive seasons—that is, for the harvests of 1939, 1940, and 1941—growers have received an average price of 1s. 10½d. per pound for flue-cured, and 1s. 7½d. per pound for air-dried leaf. In 1940, and again in 1941, it was recommended to the Government that the minimum average price to be paid by all manufacturers for the crops of these respective years should be on the same basis as in 1939, and that regulations to this effect should be introduced. The Government agreed to this, and the prices were accordingly fixed by Price Orders issued by the Price Tribunal. Price Order No. 77 again fixes the minimum average prices to be paid by tobacco-manufacturers for raw tobacco of the 1941–42 crop at the levels above mentioned. The stabilization of the industry, with an assurance of reasonable prices, has resulted in a steady increase in production, as is reflected in the statistics of the past two years, which are quoted later in this report. Growers are now assured of a reasonable and definite average price for their leaf.

The minimum price below which raw leaf cannot be sold has been the same as for the four previous seasons—namely, 1s. 2d. per pound. Regulations fixing this price were passed in accordance with the Board of Trade Act, 1919, and were entitled the Board of Trade (Raw Tobacco Price) Regulations 1941, being gazetted on the 2nd April, 1941.

One of the chief objectives has been the expansion of the production of leaf in New Zealand, and its increased utilization in local manufacture. It is therefore most encouraging that the 1941 harvest established a record for New Zealand with its production of 3,143,355 lb. At the same time an even greater proportion of domestic leaf is planned and the growers have been asked to co-operate with this plan and to extend their acreage of tobacco-planting during the 1941–42 season. Such an increase in production is very necessary having regard to war conditions and the necessity for conserving dollar funds.

As in previous years, a keen interest has been taken in the research programme effected by the Tobacco Research Committee, and grants have been continued towards the cost of upkeep of the Research Station at Umukuri. The Tobacco Research Committee comprises representatives of the Departments of Industries and Commerce, Agriculture, and Scientific and Industrial Research, the Tobacco Board, manufacturers, and growers.

Statistics of Tobacco-growing.—The following table provides a comparison between the year under review and previous years :—

Season.	Number of Licensed Growers.	Acreage.	Production. lb.
1936–37	508	2,770	1,609,493
1937–38	442	2,563	2,067,827
1938–39	342	2,225	1,423,610
1939–40	339	2,570	*2,202,387
1940–41	381	2,963	3,143,355

* Amended figure.

LINEN FLAX.

The past year has been one of rapid and extensive development. When last year's report was submitted ten factories had been erected and were about to commence operations. In response to a further request by the British Ministry of Supply extended sowings were undertaken in 1941-42, and six additional factories were erected. Simultaneously, the existing factories were extended by the inclusion of retting-tanks. Despite serious difficulties, the year's work resulted in the export of approximately 1,000 tons of fibre to Great Britain and the sale overseas of nearly 3,000 tons of seed.

The following table illustrates the expansion which has taken place in the industry since 1940-41 :—

				1940-41.	1941-42.
Factories erected	..	..	..	11	17
Retting-tanks	..	..	..	23	99
Acreage sown	..	..	..	13,123	21,190

Other buildings erected were—straw-stores, 21; office stores, 16; lunch-rooms, 16; deseeding sheds, 16; managers' houses, 15; foremen's houses, 22; staff cottages, 23; married accommodations, 89; single accommodations, 228; ablution blocks, 13; subsidiary buildings, 143.

Further accommodation is contemplated, much of which will be necessary in view of the employment of women workers.

The 1940-41 Season.—The results of the processing of the 1940-41 crop to the 31st January, 1942, reveal that, out of a total quantity of 17,584 tons harvested, 11,484 tons had been processed for 921 tons of linen-flax fibre.

The season in North Canterbury was unusually dry and crops were short. The result was that a large proportion of crops in the Oxford and Leeston districts had to be harvested for seed.

The 1941-42 Season.—The crop has now been harvested and processing has commenced. Once again dry spring conditions resulted in short crops in North Canterbury, and extended to Seddon and Blenheim. In Southland severe hailstorms caused much damage, more particularly in the Woodland areas.

The final crop inspection results are not yet available from all the southern areas, but on the data available to date 80 per cent. of the acreage of flax grown has been accepted for fibre, against 67 per cent. in the 1940-41 season, despite serious reverses in the Woodlands, Leeston, and Oxford districts. The acceptance of inferior crops for tow and Reiss is a new departure, and if included as acceptances the percentage is raised to 85 per cent.

Plans are now under way for the 1942-43 season's crop, the objective being an acreage of 22,250.

MOTION-PICTURE INDUSTRY.

A number of applications for licenses to operate motion-picture theatres were received by the Department during the year, the usual inquiries being conducted and reports furnished to Mr. W. F. Stillwell, S.M. Owing to the shortage of materials for construction of buildings and to difficulties in securing cinematograph-equipment, no new theatres have been opened.

STANDARDS INSTITUTE.

The activities of this section of the Department are covered in a separate report, parliamentary paper H.—44A.

LIBRARY AND PUBLICATIONS.

During the year, in collaboration with the Consul for the United States of America, an exchange of publications was arranged between the Department and the United States Department of Commerce and several American banking corporations. In view of the lease-lend activities between the United States and New Zealand the action of the United States Consulate in donating to the library directories of American manufacturers proved most helpful. Thanks are also due to the Australian and Canadian Trade Commissioners for trade directories relative to their respective countries.

Full use continues to be made of the interloan and exchange system instituted by the New Zealand Libraries Association, and during the year valuable co-operation was received from and given to other libraries. Close liaison has also been maintained with other State Departments to facilitate the compilation and dissemination of information.

DIRECTORY OF NEW ZEALAND MANUFACTURERS.

During the year a supplement to the Directory of New Zealand Manufacturers was issued covering returns of all factories registered up to the 31st May, 1941.

Approximate Cost of Paper.—Preparation, not given; printing (778 copies), £15.

By Authority: E. V. PAUL, Government Printer, Wellington.—1942.

Price 6d.]