

1943

## NEW ZEALAND

## DEPARTMENT OF INDUSTRIES AND COMMERCE

(TWENTY-SIXTH ANNUAL REPORT OF THE)

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

Wellington, 29th June, 1943.

YOUR EXCELLENCY,—

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

I have, &amp;c.,

D. G. SULLIVAN,

Minister of Industries and Commerce.

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

Wellington, 24th June, 1943.

SIR,—

I have the honour to submit the annual report of the Department of Industries and Commerce. This report deals with the work of the Department since the previous report was placed before Parliament, and covers the period ended 31st March, 1943.

I have, &amp;c.,

L. J. SCHMITT,

Secretary.

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

## PRICE CONTROL

The control of all prices for goods and services which was initiated at the commencement of hostilities has been continued and intensified, and the volume of work executed by the Price Tribunal has greatly increased during the year under review.

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 60 of such Orders have been made during the year, giving a total of 127 Orders since the regulations came into effect. These Orders cover a wide range of commodities. Since the inception of the regulations, Court proceedings have been taken 370 instances, resulting in 361 convictions and 9 dismissals.

On the 15th December, 1942, Amendment No. 3 to the Control of Prices Emergency Regulations 1939 came into force. This amendment contained four matters of the utmost importance to the Tribunal in its efforts towards better control:—

- (1) It defined the offence known as "black marketing" and simplified the procedure for bringing profiteers to account. Drastic penalties for both black marketing and profiteering were provided, the minimum fine on a conviction in the case of an individual being £50, with a maximum of £1,000; in the case of a company £250, with a maximum of £5,000. In addition, an individual becomes liable on conviction to six months' imprisonment:
- (2) It brought within the scope of the regulations trading transactions of all local authorities:
- (3) It gave to the Tribunal the power to prohibit the sale of declared classes of goods until approved prices had been obtained therefor:
- (4) Hire-purchase agreements, which previously were beyond the control of the Tribunal, were brought within its jurisdiction.

The other clauses of the amendment were mainly of a machinery nature, designed to simplify the procedure of price control.

In addition to the thirty-eight lines which were stabilized at prices ruling on 1st September, 1941, in accordance with the principle recommended by the Stabilization Committee, a comprehensive schedule of goods and services has been brought under the Stabilization Scheme announced by the Prime Minister on 15th December, 1942. This stabilization plan was designed to promote economic stability of New Zealand by preventing or at least minimizing inflation and by holding down the cost of living within narrow limits. The regulations under which the stabilization scheme is administered were gazetted on the 15th December, 1942, and are known as the Economic Stabilization Emergency Regulations 1942.

The policing of the regulations has been carried out by an augmented staff of Inspectors attached to the Tribunal's Office in Wellington, and to the district offices of the Department of Industries and Commerce at Auckland, Christchurch, and Dunedin. In smaller towns and more remote districts such policing has been effected by periodic visits of the Tribunal's Inspectors and by the District Inspectors of Factories.

The Price Tribunal is co-operating fully with the Standards Institute in the formulation of standards, and is represented on a number of committees of the Institute engaged in formulating standards in different commodities.

The extent to which the retail-price index has risen from the outbreak of war up to 31st December, 1942, is 13·4 per cent. Comparable figures for other Empire countries are not available for a date later than August, 1942, and in the case of Canada and India, July, 1942, and Australia, September, 1942. At these dates the increases shown since September, 1939, were—New Zealand, 12·4 per cent.; Australia, 20·71 per cent. (September, 1942); Canada, 16·8 per cent. (July, 1942); United Kingdom, 29 per cent.; India, 60 per cent. (July, 1942); Egypt, 76·6 per cent. (June, 1942). Comparison of the foregoing figures indicates that New Zealand continues to show the smallest increase of any of the countries mentioned.

### MANUFACTURING : GENERAL COMMENTS

Manufacturers in general report that activity has been at a high level during the year. In the case of industries intimately connected with the Dominion's war effort increasingly heavy demands have been made for munitions, war equipment, and for food and clothing for the Services. Industry is measuring up splendidly to these demands, and production programmes are well in hand. Further large-scale additions to buildings, plant, and machinery have been made during the year in many war industries to enable output of critical materials and goods to be stepped up.

Shortages of raw materials and skilled labour have raised serious difficulties in the case of industries not on war work, or to a limited extent only, but the fact that many have been able to employ their surplus productive capacities on the manufacture of new lines, either wholly themselves or in co-operation with other firms, is a tribute to the resourcefulness and adaptability of New Zealand's manufacturing industries.

Concomitantly with increased activity in manufacturing industries, a considerable amount of overtime was worked. The latest figures of overtime available are those for 1941–42, during which period nearly nine million hours overtime were worked, an increase of approximately 2,850,000 hours on the previous year. No doubt the figure for 1942–43 when published will reveal a still greater total of overtime worked.

The following statistics relating to what may be termed the "true" manufacturing industries, give an indication of the high level of activity which exists in these industries to-day, and also the extent of the expansion which has taken place since last year:—

| Year.    |    |    |    | Persons engaged. | Salaries and Wages paid. | Materials used. | Value of Production. |
|----------|----|----|----|------------------|--------------------------|-----------------|----------------------|
|          |    |    |    |                  | £                        | £               | £                    |
| 1940–41  | .. | .. | .. | 80,646           | 17,190,692               | 33,291,110      | 64,172,737           |
| 1941–42  | .. | .. | .. | 83,261           | 19,054,534               | 37,164,925      | 71,936,676           |
| Increase | .. | .. | .. | 2,615            | 1,863,842                | 3,873,815       | 7,763,939            |

Comments on some of the more important industries follow:—

*Woollen-mills.*—Mills have been fully occupied during the year mainly on production of material and clothing for the Armed Services. Productive capacities of mills have been substantially increased over the period, and an indication of the efforts being made by the industry to meet the ever-increasing demands of the services for clothing is contained in the following statistics relating to the industry as a whole and covering the last three years:—

| Year.   | Persons engaged. |       | Value of Production, £ |
|---------|------------------|-------|------------------------|
| 1939–40 | ..               | 2,980 | 1,461,750              |
| 1940–41 | ..               | 3,489 | 2,243,460              |
| 1941–42 | ..               | 3,855 | 2,670,080              |

*Clothing Industry.*—Increased demands have been made on this industry for military clothing and from 80 per cent. upwards of the productive capacities of the larger factories is being employed on this type of work. Additional clothing factories were brought into the production of military clothing during the year, and the total output of this class of clothing increased by nearly 50 per cent. over 1941. The restricted quantities of textile piece-goods arriving under quota from overseas and the inability of local mills to supply cloth for civilian needs are causing concern to the smaller firms, who are finding it increasingly more difficult to maintain staffs and keep plant going to reasonable capacity.

*Tanning Industry.*—There has been a steady expansion in production to cope with the heavy demand for leather for military footwear. Tanneries are working to capacity, and in an endeavour to meet the position several firms are carrying out large extensions to their works. Others have completed extensions to building and plant—one firm has just completed extensions to its sheep-skin tannery at a cost of approximately £41,000 in order to substantially increase its output of skins for leather jerkins and boot-linings, and the duplication of its hide tannery, the cost of which is estimated at £20,000, is well under way; another has additions to plant in its chrome and sole leather departments

well in hand, whilst still another tannery has finished extensions to its chrome leather department which will increase production by about 40 per cent. Several of the smaller tanneries have increased their output of the lighter grades of leather, most of which is going into military jerkins.

*Footwear.*—Production during the year seems to have been on a par with that of last year, an increasing proportion of the total consisting of military footwear for both the Dominion and allied forces. All suitable units in the industry are on military work to the greatest extent possible and production programmes are well in hand. Output of civilian footwear has been kept up to the highest level possible, but the inevitable result of intensified production of military footwear has been periodical shortages in certain types and sizes of civilian footwear. Supplies of sole leather from the tanneries have not been able to keep pace with demand from footwear-manufacturers, but the position is likely to be improved in the near future by the extensions which several tanneries have completed or nearly completed to their sole leather departments.

The remarkable expansion to meet wartime needs which has taken place in the footwear industry is illustrated by the following statistics:—

| Year.   | Persons engaged. | Value of Production.<br>£ |
|---------|------------------|---------------------------|
| 1939-40 | 3,731            | 1,864,320                 |
| 1940-41 | 4,384            | 2,548,860                 |
| 1941-42 | 4,620            | 2,954,900                 |

*Biscuits and Confectionery.*—Factories have been busy during the year on military contracts, some finding it necessary to work three shifts. The shortage of materials, particularly sugar, for civilian lines of biscuits and confectionery, coupled with the scarcity of labour, resulted in fancy biscuits, chocolate, and many other lines of confectionery disappearing almost entirely from retailers' shelves. Towards the latter part of 1942 the position was relieved to some extent and since then supplies of biscuits for civilian use have become more plentiful, but most lines of confectionery are still scarce.

*Foundries and Engineering Workshops.*—Foundries and engineering workshops continue to play a vital part in the Dominion's war effort in supplying munitions to the armed Services, in undertaking important constructional work, and in meeting the needs of primary and secondary industries for plant, machinery, and machine tools previously imported. In the heavy industry activity has been concentrated almost entirely on defence work, and the year has seen a considerable expansion in the output of munitions. In addition, large quantities of parts and replacements for the efficient maintenance of Army, Navy, and Air Force equipment have been turned out. A substantial amount of overtime has been worked to cope with defence orders and to make up to some extent for the shortage of skilled labour.

As far as light engineering firms are concerned, the bulk of orders for E.P.S. equipment placed during 1941 have been completed, and this work has now given place to equally important Service contracts, as well as the execution of orders from essential industries.

*Tinware.*—Since contracts for tins for packing Service biscuits, oatmeal, and chocolate were completed during the year canister-makers have been working only to the extent that available supplies of labour and tinplate and the restriction on the manufacture of certain items of tinware allow.

*Brush and Broom Industry.*—Units in this industry have been steadily engaged throughout the year in spite of difficulties associated with the securing of adequate supplies of raw materials. A large part of the work has been for the Services. To conserve materials the range of products has had to be reduced.

*Furniture and Cabinet Making.*—Furniture-manufacturers report that the volume of business offering during the year could not be handled, owing mainly to depletion of staffs. Imported timbers are largely off the market, but supplies of local timbers are said to have been satisfactory.

*Canning Industry.*—Canneries are working to capacity almost entirely on defence orders. One large concern reports an increase in output over 1941 of 60 per cent. and another 27 per cent. Shortage of labour is making it difficult for the industry to cope with the large programme of production set it, and a substantial amount of overtime has been worked to help alleviate the position.

*Ranges and Cookers.*—Production of electric ranges and gas-cookers has been severely restricted owing to shortage of vital materials and skilled labour, while sales show a decline on last year's figures as a result of the limitations on house-building, which naturally exist under present conditions. It was mentioned in last year's report that several units in the industry, in an endeavour to utilize surplus productive-capacity, were undertaking the manufacture of new lines. Further developments have taken place in this direction during the year under review. The manufacture of enamelled cast-iron cooking-utensils has been extended, and the production of other types of enamel-ware considerably expanded—one manufacturer is co-operating with a metal-pressing firm in the production of enamelled mugs from scrap materials, and also enamelled plates; another has commenced the manufacture of enamelled saucepans. In another instance bomb castings and special cooking and heating equipment for the armed forces are now being turned out. These new activities combined with the production of their main lines of ranges and cookers have kept firms fully employed during the year.

#### NEW INDUSTRIES

The following important additions to our manufacturing industries were made during the year: Dehydration of food, linseed-oil, fish-meal, fish-liver oil, rubber reclamation, macaroni, plastic substitutes for tin, enamel mugs and plates, gasmasks, turret lathes, batteries for hearing-aids, power-presses.

## BUREAU OF INDUSTRY

### INDUSTRIAL EFFICIENCY ACT, 1936

REPORT FOR THE YEAR ENDED 31ST MARCH, 1943

During the year there were no changes in the personnel of the Bureau.

The activities of the Bureau, due to war conditions, have been curtailed, but the industries that have been licensed under the Industrial Efficiency Act have been in a better position to rationalize their activities on a wartime basis than the industries which were not subject to licensing. In view of the fact that most industries throughout the country are under the control of one of the wartime Controllers, and the question of the supply of essential materials in many instances is so difficult, no new industries have been licensed under the Act during the year under review.

An amendment has been made to the Act giving the Hon. the Minister of Industries and Commerce authority to appoint a permanent appeal authority. Prior to the amendment, the Minister himself was the appeal authority, but had power to appoint some one to make recommendations to him. The new amendment does away with this, and enables an appeal authority to be appointed who will have power to make a final decision. The Hon. Sir Francis Frazer has been appointed to this position.

To meet wartime conditions, regulations under the Act, called the Industrial Efficiency Emergency Regulations 1943, were brought down enabling the Bureau to issue temporary licenses. This procedure was found necessary to protect the interests of those licensees who had joined the armed Services. The temporary licenses will in the main be issued to new entrants to a licensed industry in localities which were previously served by licensees now in the armed Service, and for the duration of the war only.

Brief *résumés* of the principal action which has been taken during the period under review in regard to the more important of the licensed industries, are set out hereunder:—

*Fisheries Industries.*—War conditions have affected the industry adversely, in that a number of the most efficient fishing-vessels have been taken over for naval service, and, moreover, a substantial number of fishermen are serving overseas or with the armed forces within New Zealand. The diminution in supplies has given rise to serious marketing problems, and the question of more equitable distribution of the catches now being landed is receiving the close attention of the Food Controller.

In so far as canning is concerned, a new unit has commenced operations at Picton.

*Pharmacy.*—Under present conditions the Pharmacy Plan Industrial Committee has not found it practicable to embark upon the development of further features of the Pharmacy Plan, but in the meantime the work already done is increasing in usefulness. The production of a standard pack of household drugs has proved a great success.

During the year another goodwill advertising campaign was covered, and met with general approval.

There has been the usual amount of activity in connection with matters affecting pharmacy licenses, and the Committee has made recommendations to the Bureau in respect of numerous applications for transfers of licenses and changes of address. One new license was granted during the year.

*Flax* (*Phormium tenax*).—There has been considerable activity in this industry. A new State flaxmill was opened at Westport in December, very favourable reports of which have been received, and in view of the considerable areas of flax available in the vicinity it is confidently expected that the mill will soon be working at full capacity.

Mills were also opened at Pakawau, Collingwood; at Kanieri near Hokitika; at Otanomomo near Balclutha; and at Te Aroha and Kaiangaroa in the North Island. Another new mill is in the course of erection at Kerepeehi, and the productive capacity of the mill at Dargaville has almost been doubled by the introduction of new equipment.

*Sale of Motor-spirit.*—A steady decline has taken place since 1939 in the number of applications made to the Bureau, under regulations governing the sale of motor-spirits, due to the falling-off of business brought about by restrictions. Many licensees have voluntarily closed down, and others have been forced to close through being called up for the armed forces. Those concerned have transferred their licenses or have made application to the Bureau of Industry for the suspension of same for the duration of the war, or until such time as conditions return to normal. In most cases satisfactory arrangements have been made for the licensee to resume business at the same premises on cessation of hostilities.

*Footwear.*—Since the last annual report five meetings of the Footwear Plan Industrial Committee have been held for consideration of various matters affecting the industry. Close co-operation has been maintained with the Director of Production and the Factory Controller, particularly in regard to the production of military footwear. Military commitments for 1943 are such that it was necessary to prepare a programme of civilian production that would meet our urgent essential needs, and at the same time allow the greatest possible military production.

*Salt.*—A license has been granted to the Latex Rubber Co., Ltd., of Christchurch, to manufacture salt in New Zealand subject to conditions calculated to safeguard New Zealand industry, and at a later date to provide the basis for possible embarkation on a programme of manufacture of all allied products such as soda ash and other sodium compounds.

Active steps have been taken by the licensee to prosecute the undertaking and commence the necessary evaporation of sea-water at the earliest possible moment. Some little time will be required to bring the project to the stage where salt will actually be produced.

*Pulp and Paper Products.*—The manufacturing operations of all the New Zealand units at Matura, Whakatane, and Penrose are in full swing. All mills are manufacturing various types of paper, board, &c., required specially for use in avenues directly associated

with the war effort, and increased output has been made possible by extensions to plant. Insulating-board is being exported to the Eastern Group Supply Council, India.

*Radio.*—The manufacture of radio receiving sets was officially discontinued in July, 1942. This was necessary to conserve vital materials required in the manufacture of radio equipment for the armed Services, and followed similar action taken in other countries.

The Radio Plan Industrial Committee has met on several occasions during the year. Its activities are restricted by virtue of the fact that all radio-manufacturing units are now engaged on war work. Two members of the Committee were appointed to the Executive of the Radio and Electrical Man-power Utilization Committee.

*Agar.*—Since the last report the Davis Gelatine Co., Ltd., has been granted a license to manufacture agar. The company has already installed a pilot plant which has produced a satisfactory commodity. Recent discussions have indicated that there is every possibility that early production on a commercial scale will be attained.

*Linseed-oil and Linseed-cake.*—A license to manufacture linseed-oil and linseed-cake was issued to Dominion Industries, Ltd., during the period under review. The company has erected an up-to-date factory at Dunedin which was opened by the Minister of Industries and Commerce on the 9th April, 1943. The capacity of the factory is 300,000 gallons, and will therefore supply about a third of New Zealand's requirements. The utilization by this factory of linseed will prove a very convenient outlet for the seed which is harvested with the linen-flax straw, the latter being processed into fibre.

### MINISTRY OF SUPPLY

The year under review has seen an extension of control measures and a great impetus in lend-lease supplies. The general war situation and the combining and pooling of the resources of the United Nations have all demanded corresponding measures so far as New Zealand is concerned in obtaining her imported requirements of materials for the country's war effort. The various Controllers within the organization of the Ministry of Supply have continued to exercise their powers in keeping with the trend reported last year following the extension of the war to the Pacific Area.

*New Zealand Supply Council.*—The provisioning of the American forces in the South Pacific Area indicated the desirability of widening the scope of the New Zealand Supply Council. As stated in last year's annual report, War Cabinet had decided that "the Supply Council shall control the executive organizations necessary to ensure the most efficient, economic, and expeditious production of all supplies." Accordingly it was found desirable, in order to co-ordinate more fully our supply and production problems, to extend the membership of the Supply Council. The Hon. Adam Hamilton, Minister of War Expenditure, was appointed Deputy Chairman and the Commissioner of Supply, the Secretary of Industries and Commerce, and the Controller of Primary Industries were added as members. The Minister of Defence and the Minister of Agriculture and Marketing were constituted *ex officio* members, free to attend at their discretion. The representatives of the United States Joint Purchasing Board in New Zealand and the representatives of the American Office of Lend-Lease Organization in New Zealand were given facilities for attendance by invitation at any meetings of this Council on matters affecting supplies to the American forces or our requirements under Lend-Lease Act.

The value of the Supply Council has proved itself in many ways, not the least in being able to deal efficiently with the increasing and varying demands being made upon this country's resources by the United States forces in the South Pacific area, our own forces at home and overseas, and by the Eastern Group Supply Council on behalf of British Forces in the Middle East.

For two years the New Zealand Supply Council has functioned smoothly and efficiently in the directing and co-ordinating of the production and supply of clothing, equipment, and foodstuffs for the forces and in assisting the promotion of a munitions industry of considerable proportions to utilize to the full New Zealand's engineering and scientific capacity.

The members of the Supply Council have merited the thanks of the Government and the people for their capable and faithful service to the country throughout the period of the war.

*Lend-lease and Import Procurement.*—Similar to the procedure adopted in Australia, a Lend-Lease Mission to New Zealand was established during the year. This Mission works in close contact with the Ministry of Supply under a procedure whereby New Zealand's requisitions are examined as to eligibility and given a priority by the United States Military Authorities in New Zealand as to urgency of delivery in relation to other requirements in the South Pacific Area. The objective of the Mission is to interpret to this country the official attitude of the Lend-Lease Administration in the United States whilst at the same time assisting New Zealand in her justifiable claims to benefit under the Lend-Lease Act.

A noteworthy feature has been the reorganization of New Zealand's lend-lease and import procurement machinery covering our non-munitions requirements. During the latter part of the year reorganization took place within the Ministry of Supply under powers delegated by the Hon. the Minister to the Commissioner of Supply, Mr. F. R. Picot. The Ministry of Supply, Wellington, which is the New Zealand agency responsible for lend-lease transactions involving principally non-munitions requirements, is operated by a staff based upon the peacetime Industries and Commerce Department, but, of course, greatly strengthened by additions from other Government Departments and commercial interests. The principal supply office in Wellington is administered by the Commissioner of Supply, the North American end dealing with our lend-lease and cash requisitions, is

served by the New Zealand Supply Mission in Washington, whilst direct contacts on supply matters in other countries are maintained by the Liaison Officers situated in the United Kingdom, Australia, India, and Canada.

Lend-lease aid to New Zealand since the establishment of American Command in the South Pacific Area has greatly increased and because transactions must be conducted on a Government-to-Government basis many radical changes have become necessary in the procurement methods followed by New Zealand in peacetime. Outside direct military equipment, we are securing under lend-lease a large proportion of the necessary machine tools, raw materials, and components necessary to develop and maintain our war production. The change from importation of our non-munitions requirements formerly purchased for cash under a system of import licensing has been effected by means of co-operation with commercial houses. Typical examples of how the Ministry utilizes the assistance of business interests whilst retaining complete Government control of import, distribution, and use are Consolidated Importers (N.Z.), Ltd., and Steel Distributors, Ltd. The former company, which is non-profit-making and open to all, is representative of the peacetime agencies, and investigates and consolidates New Zealand's bulk forward requirements in such items as machine tools, artificers' tools, and other general hardware, whilst Steel Distributors, Ltd., is similarly a non-profit-making company under direct Government supervision, formed from the peacetime agencies for the express purpose of storing the Government's imports of steel and distributing through merchants to the trade generally. The experience and resources of business firms are used in many other directions to handle our lend-lease importations, subject, of course, to a strict Government supervision in terms of our undertaking given in the Lend-Lease Agreement.

A most significant development in overseas procurement which has followed the establishment of combined boards between the United States and the United Kingdom dealing with raw materials, production, foodstuffs, and shipping has been the increasing tendency for the war production of both countries to be based on forward planning and programming. The effect of this upon New Zealand's essential imported requirements has drawn attention to the necessity for creating adequate machinery which will be able to effect forward programming requirements for submission to these combined authorities. Programming is designed to enable a complete picture of the requirements of the various United Nations to be obtained in London and Washington, thereby rendering possible the planning of production and allocation of raw materials and finished products. It follows, therefore, that New Zealand, in keeping with other countries, must plan her overseas requirements in advance and submit them well ahead of actual production if we are to be successful in obtaining allocations of the goods we require. The Ministry is concentrating on this problem in an endeavour to fulfil all requirements indicated to us from overseas by way of programming requisitions.

The radical change required by the exporting countries from normal commercial ordering practises to one of direct Government-to-Government ordering has now been achieved for most of our imported essential requirements from North America, although the Ministry is still facing the problems involved in co-ordinating and centralizing innumerable individual repetitive orders no longer available on a private import basis. Apart from lend-lease, there are still importations which, because of various special reasons, are procured by Government cash orders through the Ministry or by commercial importers.

*Production.*—The Director of Production (Mr. G. H. Jackson) has vigorously pursued the work of directing and watching all phases of production in terms of his appointment, which I outlined in my last report. A change has been effected in the control of shipbuilding and repairs in that this control is now vested in the Shipbuilding Controller (Mr. James Fletcher), with the Chairman of the original Committee (Mr. G. E. Breeze) as Deputy Controller, and Mr. E. W. C. Smith the Chief Executive Officer. The organization forms a separate Division in the Marine Department.

In production of naval craft good progress has been made during the year. There are some hundreds of units in hand, some of which are completed, comprising such craft as composite and steel minesweepers, patrol vessels, barges, tugs, towboats, powered lighters, and other auxiliary craft for our Allies in addition to our own use. Ship-repair work has become a most important phase of New Zealand's war activities, and this Ministry has made strenuous endeavours to have available in the country those imported materials so necessary in this work.

In radio production it has been necessary to stop completely the manufacture of sets for domestic use in order that the industry might be able to satisfy local Army requirements, and also to implement an order for a very large number of sets for the use of the various military commands in the Eastern Group Area. A prominent member of the radio industry, Mr. R. Slade, was appointed to the Ministry to organize this work as Controller of Radio Production.

In the building and ancillary trades—sawmilling, manufacture of joinery, &c.—it has been necessary to regulate so that urgent works receive priority. Provision for vast areas of storage space has been necessary as also has been the erection of new hospital accommodation.

Munitions production has expanded very considerably, and in the year under review millions of rounds of small-arms ammunition have been produced and hundreds of thousands of grenades completed for supply to New Zealand forces and combat areas east of Suez and coming within the purview of the Eastern Group Supply Council. Complete requirements of universal carriers for the New Zealand forces have been manufactured. General types of fuses for various shells are in production, while mortars and mortar bombs are being produced in increasing numbers. Certain types of automatic rifles, besides numerous other lines of equipment so important in modern warfare, are being manufactured in our various engineering shops throughout the Dominion, both for New Zealand requirements and for export overseas.

In clothing our troops hundreds of thousands of battledress have been manufactured. Woollen-mill production has been such that millions of yards of the necessary material have been produced, as also have hundreds of thousands of pairs of blankets, while the number of pairs of sox manufactured also runs into millions. In footwear the quantities produced in the year under review reach well over seven figures of all types; these have been made available to New Zealand forces both in New Zealand and overseas; American forces; and for military commands east of Suez.

Regarding the production of food, New Zealand has been called on to supply ever-increasing quantities for the armed forces based in New Zealand, while exports of butter, cheese, canned meats, &c., have been continued to the United Kingdom.

The supplies made available to the American troops based in New Zealand have been in the nature of reciprocal lend-lease aid in conformity with the agreement reached with the United States. Huge quantities of meats, butter, vegetables, bread, biscuits, &c., have been supplied.

*Eastern Group Supply Council.*—During the year considerable orders calling for warlike and common user stores were allocated by the Eastern Group Supply Council and accepted by New Zealand. These orders were placed on behalf of Central Provision Office, India, this organization being the military counterpart of the Eastern Group Supply Council and responsible for bringing before the Council the requirements of the various commands within the Eastern Group Area. The extension of the war into the Pacific at the time of Japan's entry into the conflict, together with the immediate threat of the invasion of New Zealand, made it most difficult for New Zealand to accept Eastern Group orders. However, every endeavour was made to assist wherever possible, and it is most gratifying to be able to report that the Council has expressed great satisfaction in the manner in which New Zealand responded during those difficult days. Items already referred to under the general heading of production include considerable quantities of stores produced for the Eastern Group Supply Council. The major items were clinometers and instrument stands and components, small-arms ammunition, mortars and components, mortar bombs, hand grenades and components, Bren-gun carriers, fuses of various types, insulators, hydraulic jacks, concrete-mixers, centrifugal pumps, winches, wallboard, radio transceivers, boots, a wide range of military clothing, and thousands of field telegraph and multi-airline ladders, nails and barbed wire.

### RECLAMATION OF WASTE MATERIAL

The Department records with deep regret the death during the year of Mr. Charles Todd, who, as the first Chairman of the National Council for Reclamation of Waste Material, was largely responsible for organizing the activities of the Council. The new Chairman is Mr. J. W. Collins, formerly Deputy Chairman.

As a result of the activities of the National Council and its affiliated Boards and Committees during the twelve months to the 31st March, 1943, the sum of approximately £10,000 was paid into the National Patriotic Fund, making the total contribution since the Council's appointment in July, 1940, £24,482.

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.

To co-ordinate the work of the Ministry of Supply and that of the Council and to cope with increased activities, Mr. J. B. Lymburn was appointed Controller of Salvage under the Director of Production.

During the year the collection of waste paper has been extended to include all parts of the Dominion, and to meet the greatly increased tonnage quotas required by the two New Zealand paper-mills situated at Whakatane and Mataura.

In view of these increased national activities many centres which previously, due to their geographical location and on economic grounds, had not been active have now been embraced, new committees and depots having been established. This expansion brings the organization to large dimensions, comprising upwards of eighty-six committees and/or depots. To get the best results from these, official assistance and guidance have been necessary, and in this regard the services of the Controller of Salvage have been made available to the Council and have proved of very material help. The Controller has made a complete tour of the whole of New Zealand, meeting committees, assisting in obtaining depots and arranging co-operation of various bodies who are in a position to help the effort, particularly in regard to transport. He has also subsequently visited many depots in company with Mr. J. W. Collins, of the National Council.

The Council continues to direct drives made for the planned collection of now precious metals, cleaning rags for the military forces, and has collected, in conjunction with the New Zealand Retail Motor Trade Association and all dairy companies, hundreds of tons of waste rubber to be processed eventually to meet military and essential civilian needs.

### INDUSTRIES COMMITTEE (IMPORT CONTROL)

During the past year the Industries Committee, which assists in the administration of the Import Control Regulations, has pursued the usual policy of ensuring that adequate provision is made for raw materials essential for our wartime needs and the maintenance of a reasonable standard for our civilian requirements.

The Committee has maintained the usual close co-operation between the Customs Department, the various Controllers, and manufacturers and importers generally.

## NEW ZEALAND MANUFACTURERS' FEDERATION AND DISTRICT ASSOCIATIONS

With the changed conditions of war as a background, the relationship between the Department and the New Zealand Manufacturers' Federation and its constituent associations has been one of close co-operation. When it has been necessary to impose restrictions on the use of vital raw materials, the federation and the industry group concerned have been consulted. There has been a free exchange of information on all subjects of mutual interest and close collaboration on the question of publicity for the encouragement of developing New Zealand manufactures. The thanks of the Department are extended to the executive and administrative officers of the federation and the four constituent associations for their continued assistance in the solution of common problems.

## TOBACCO INDUSTRY

In spite of many difficulties which have arisen as a result of war conditions, the tobacco-growing industry remains in a sound and healthy position.

For four successive seasons—that is, for the harvests of 1939, 1940, 1941, and 1942—growers have received an average price of 1s. 10½d. per pound for flue-cured and 1s. 7½d. per pound for air-dried leaf, and it has been decided that no change will be made in respect of leaf of the 1943 crop. These prices have been fixed by the issue of Price Orders by the Price Tribunal. Stabilization has therefore been effectively accomplished, and the assurance of a definite average price for their leaf has done much to encourage growers to maintain production at the highest level possible.

The minimum price below which raw leaf cannot be sold has been the same as for the five previous seasons—namely, 1s. 2d. per pound. Regulations fixing this price are passed annually under the Board of Trade Act, 1919, and are entitled the Board of Trade (Raw Tobacco Price) Regulations.

As stated in the last report, it was desired that the production in 1942 should be even greater than that which resulted from a record harvest in 1941. To this end every effort was made, but it was envisaged from the commencement of the season that the greatest deterrent would be an inadequate supply of labour occasioned by war requirements and the entry into the armed forces of a considerable number of experienced growers and key workers. Unseasonable frosts, one of which occurred in the early part of the planting season, and two in the middle of harvesting operations, were additional factors in effecting a reduction in the yield, which was, nevertheless, the second highest that has been realized.

A keen interest has been taken in the research programme operated by the Tobacco Research Committee, and grants from the Tobacco Board have been continued towards the cost of the upkeep of the Research Station at Umukuri.

*Statistics of Tobacco-growing.*—The following table provides comparative figures for the past five seasons:—

| Season. |    |    |    |    | Number of Growers. | Acreage. | Production. |
|---------|----|----|----|----|--------------------|----------|-------------|
|         |    |    |    |    |                    |          | lbs.        |
| 1937-38 | .. | .. | .. | .. | 442                | 2,563    | 2,067,827   |
| 1938-39 | .. | .. | .. | .. | 342                | 2,225    | 1,423,610   |
| 1939-40 | .. | .. | .. | .. | 339                | 2,570    | *2,217,040  |
| 1940-41 | .. | .. | .. | .. | 381                | 2,963    | 3,143,355   |
| 1941-42 | .. | .. | .. | .. | 381                | 3,063    | 2,721,539   |

\* Amended figure.

## WHEAT AND FLOUR

The year under review has been a record one for turnover, both in tonnages and value, the quantities involved being 267,244 long tons of wheat, 175,000 short tons of flour, and 58,000 short tons of bran and pollard. Total turnover was valued at just under £6,000,000.

During the year the price of wheat to growers was raised to 6s. 2d. per bushel March Tuscan basis f.o.b.s.i. grower's nearest port. Regulations have been gazetted for the purpose of administering the insurance fund which is being provided by the retention of ½d. per bushel from the price mentioned above.

The 1942 harvest yielded approximately 8,671,244 bushels of wheat from 258,002 acres, or an average of 33.61 bushels per acre. This year's harvest is expected to yield 9,500,000 bushels from 283,000 acres. Importations were made from Australia during the year to the extent of 2,776,300 bushels of wheat (1,764,000 for milling and 1,012,300 for fowl feed) and 5,977 short tons of stock meal for poultry food.

The flourmilling industry has continued to operate economically and very satisfactorily, the closest co-operation existing between the Controller and the industry. The output of the mills constituted an all-time record.

## LINEN FLAX

The past year has seen the completion of the rapid and extensive development of the industry, and attention is now being directed towards establishment. The six new factories, with the exception of Seddon, are now operating at nearly full capacity, and with the eleven older factories in steady production a continuous supply of finished products is being despatched overseas and to New Zealand manufacturers.

Since the commencement of operations over 2,000 tons of line fibre have been produced and nearly 1,000 tons of tow. Exports of line fibre and tow to the British Ministry of Supply to the end of March, 1943, amounted to 2,255 tons, valued at approximately £343,900 (New Zealand currency).

In addition to the supply of fibre urgently required by Great Britain for war purposes it has been possible to supply New Zealand manufacturers of rope and twine with materials to replace those which are no longer available from overseas. Markets for tow not suitable for other purposes are being developed with fibrous plaster and carpet manufacturers and upholsterers, and the possibility of utilizing tow fluff or dust for the filling of soft toys is being explored. An inquiry has also been received for straw rakings and tow, as supplied to fibrous plasterers, for use in the manufacture of a substitute for cotton-waste. Samples of the substitute material appear most promising.

A factory erected at Dunedin to manufacture linseed-oil, and which will shortly be in operation, will absorb all the surplus linen-flax seed produced. This new development will be of very material benefit to users of linseed-oil at a time when the obtaining of adequate supplies from overseas is presenting a serious problem.

Total sales of products and by-products to 28th February, 1943, are as shown hereunder:—

|       |    |    |    | Line Fibre. | Tow and Pluckings. | Seed.    | Chaff and Meal. | Other By-products. | Total.   |
|-------|----|----|----|-------------|--------------------|----------|-----------------|--------------------|----------|
| Tons  | .. | .. | .. | 1,886       | 1,005              | 4,205    | 1,138           | ..                 | ..       |
| Value | .. | .. | .. | £404,033    | £75,034            | £111,102 | £2,984          | £1,078             | £594,231 |

The establishment of the linen-flax industry, in addition to supplying Great Britain with fibre urgently required for the manufacture of aeroplane fabric, canvas hose, webbing, &c., is thus proving of very great value to New Zealand in meeting shortages of vital materials. The whole of our requirements of seaming-twine are being manufactured locally from linen fibre, and supplies of medium-grade fibre and tow are now being made available for the manufacture of shop and ham twines.

Increasing use is being made of female labour in the industry to replace men called up for military service and to provide an adequate number of workers at each factory. Of a total staff of 1,105 at 28th February, 1943, 281 consisted of females. To accommodate the women workers five hostels have been established in localities where no ordinary accommodation is available, and at other centres lunch and retiring rooms have been built.

Two matters of particular interest since the last annual report are the setting-up of a Growers' Central Advisory Committee and Local Advisory Committees and the institution of a Crop Insurance Scheme. The Growers' Central Advisory Committee was set up by growers about the middle of 1942 and comprises a representative from each of the six provinces in which linen flax is grown and the Secretary of the New Zealand Farmers' Union. Local Advisory Committees representative of growers have been set up in each district in which a factory is located. The function of the local committees, of which the local Instructor in Agriculture is also a member, is to ensure greater co-operation between growers and departmental officers in the growing and handling of linen-flax crops.

The Central Committee handles matters affecting growers generally, and regular meetings are held in Christchurch between it and the Linen Flax Management Committee.

An innovation in the contract with growers drawn up in respect of the 1942-43 season was the provision made for the setting-up of a Crop Insurance Fund. In the 1940-41 season growers were guaranteed a minimum price of £5 per acre, but so many anomalies were created that the minimum price was abandoned next season. To recoup growers unfortunate enough to lose their crops through circumstances beyond their control for the cost of sowing and cultivation it was decided in the 1942-43 season to introduce a Crop Insurance Scheme. Participation in this scheme is compulsory on all growers. In the case of total failure, growers will be paid £4 per acre and no charge made them for seed supplied, the necessary funds being provided by the levying of a 5 per cent. premium on the net amount due to each grower.

*1941-42 Season.*—The total area sown was 19,912 acres (amended since last report), the following being the results:—

|                         |    |    |                            |
|-------------------------|----|----|----------------------------|
| Accepted for line fibre | .. | .. | 16,713 acres=84 per cent.  |
| Accepted for tow        | .. | .. | 1,023 acres= 5.2 per cent. |
| Accepted for seed       | .. | .. | 1,717 acres= 8.6 per cent. |
| Total failures          | .. | .. | 459 acres= 2.2 per cent.   |

The percentage of the total acreage sown accepted for fibre and tow—viz., 89.2 per cent.—represented a considerable improvement on the figure for the previous season—namely, 67 per cent.

The failures occurred mostly in the south—at Otautau, 191 acres; Tapanui, 107 acres; Winton, 48 acres. Dry spring conditions in north Canterbury resulted in short crops, and a large proportion had to be harvested for seed only.

The total yield of crop was approximately 36,900 tons.

*1942-43 Season.*—An area of approximately 21,600 acres was grown and is estimated to yield 35,800 tons.

One of the most satisfactory features of linen-flax production has been the ready response of farmers who have grown crops each year up to the full requirements of the industry. So enthusiastic have they been in regard to this new cash crop that no difficulty whatever has been experienced in most districts in securing an adequate acreage

to meet the needs of the factories in those districts. There are, however, one or two districts where the acreage forthcoming is not quite sufficient to meet the needs of the factories in the locality, and an effort is being made to encourage the growing of a greater acreage in such districts. On the other hand, owing to the good growing seasons experienced and the splendid efforts of farmers, a good stock of straw has been built up at certain factories, thus providing a valuable reserve against less favourable seasons. The possibility of extending the capacity of certain factories is being given attention.

The Linen Flax Management Committee has arranged that in the coming season contracts will only be made for crops intended to be sown in the most suitable types of soil. This may mean a slight limitation of area in some districts, but it is felt that any reduction likely to take place will be offset so far as the farmer is concerned by increased average crop yields giving higher returns. This will also result in the lessening of crop failures and unsatisfactory crops resulting from disease or low fibre content.

### MOTION-PICTURE INDUSTRY

During the year the investigations carried out by the Department in connection with the motion-picture industry concerned the question of the closing of theatres on account of war conditions rather than the opening of new theatres. A few smaller theatres have been closed where the proprietors on being called to the armed Services have been unable to obtain some one to carry on during their absence.

The Film Industry Board has met on a number of occasions and much useful work is being done in respect of all aspects of the industry. Questions such as the opening of theatres on Sunday afternoon and evening for the purpose of entertaining troops on leave in the main centres has formed the subject of discussion, and suitable arrangements were made to bring this about. The question of the operators for the machines formed the subject of discussions also, and as a result of suggestions made amending regulations were introduced relaxing certain existing regulations so that the machines could be operated by those who had undergone an intensive period of training rather than the customary apprenticeship necessary under ordinary peacetime conditions.

### STANDARDS INSTITUTE

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

### LIBRARY AND PUBLICATIONS

The outstanding feature of the work of the departmental library during the year has been the creation of a closer liaison with manufacturers. The facilities in the library for dissemination of information relative to new industrial developments overseas have been made available in greater measure than hitherto was the case to individual manufacturers and to industrial groups through the New Zealand Manufacturers' Federation and its constituent associations.

The library has also acted as a clearing-house for other State Departments in the procurement of publications and information through the New Zealand Supply Liaison Officers overseas.

Full co-operation has been received from, and has been extended to, the American Legation, the Department of Commerce and Foreign Trade, and the Library of Congress, Washington, D.C. Close touch is also maintained with all Consuls and representatives of overseas countries to our mutual advantage.

Using the resources of the library as a basis for the collection of information, all overseas officers are kept posted on developments in the Dominion, and comment furnished by these officers indicates the great help and value of the newsletters forwarded. The newsletters provide a comprehensive background of industrial, social, economic, and general information.

Industrial publicity has been well maintained within the Dominion, and much information, within the confines of the national security censorship, has been supplied to overseas journals and papers.

*Approximate Cost of Paper.*—Preparation, not given; printing (791 copies), £19.