

Linen Flax Industry

Accounts of the Linen Flax Section of the Industries and Commerce Department have been audited to the 31st March, 1946, and the Audit Office has certified a statement of apportionment of loss showing a trading loss for the year of £128,204 14s. 3d. and a claim against the United Kingdom Government in respect thereof of £109,435 10s. 10d. This claim and all previous claims against the United Kingdom Government, totalling in all £479,709 5s. 4d., have been met.

On the 1st April, 1946, the Linen Flax Corporation took over portion of the assets of the Section at a price of £162,675 4s. 7d., which it has paid. The Corporation also undertook the liquidation of the remainder of the assets and the completion of the production, processing, and realization of the 1945 crop.

Section 31 of the Finance Act (No. 2), 1946, amending section 18 of the Linen Flax Corporation Act, 1945, changes the end of the Corporation's financial year from the 31st March to the 31st December. The accounts of the Corporation for the period of nine months ended the 31st December, 1946, covering both the liquidation of the Linen Flax Section's assets, and transactions on its own behalf, have been audited, and the Audit Office has certified a statement showing an additional trading loss for the year ended the 31st March, 1946, of £20,961 5s. 6d. and a trading loss for the period of nine months ended the 31st December, 1946, of £26,958 7s. 2d. These losses arise from crops sown by or on behalf of the Industries and Commerce Department and, in accordance with the agreement to share trading losses, claims are being made on the United Kingdom Government amounting to £17,892 10s. 11d. and £17,245 5s. 3d. respectively.

The liquidation of the assets of the Linen Flax Section has not yet been completed, and, as mentioned last year, a considerable capital loss will be sustained. The United Kingdom Government has agreed to bear capital losses in the same proportion as trading losses, but agreement has not yet been reached on the basis of valuation of the assets taken over by the Linen Flax Corporation.

In discussing "trading losses" mentioned in the foregoing with the Industries and Commerce Department it submitted that they are in fact unrecouped production and operating costs in respect of fibre produced under emergency conditions and sold mainly to the United Kingdom Government. They do not necessarily provide an indication of the probable financial results of the production and sale of fibre under peacetime conditions.

Moutoa Estate

The Moutoa Estate, which has been purchased and developed by the Crown for the encouragement of the flax industry, was referred to in last year's report with particular reference to the costs of development and revenue likely to be produced.

During the year ended 31st March, 1947, expenditure amounted to £42,538, and cash received by way of royalties and miscellaneous items totalled £2,363. The expenditure from purchase date to 31st March, 1947, totals approximately £302,500, excluding £52,000 charged against vote, "Labour" (Employment Promotion Scheme 13), whilst cash receipts over the same period amount to £13,300.