

33. The paint industry has operated under considerable difficulties during the past year, due mainly to shortages in the supply of raw materials. Local manufacturers have met approximately 60 per cent. of our requirements of paint, varnishes, and enamels, but the position has been less favourable in production of lacquers. Locally-produced linseed blended with overseas supplies has resulted in an average production of 40,000 gallons of oil per month, but supplies are, nevertheless, still acute. Supplementary supplies have been obtained in limited quantities from overseas, principally from Canada.

(g) CASEIN

34. With the addition of a further unit recently, there are now three factories producing lactic casein in New Zealand. Approximately 25 per cent. of the annual production is required locally, and although there is a world-wide shortage with a strong demand from overseas countries, almost all exports have been made to the United Kingdom.

(h) TOBACCO AND CIGARETTE MAKING

(Year 1945-46)

|                                               |    |    |    |            |
|-----------------------------------------------|----|----|----|------------|
| Number of units engaged                       | .. | .. | .. | 6          |
| Number of persons engaged                     | .. | .. | .. | 1,067      |
| Annual value of salaries, wages, and drawings | .. | .. | .. | £300,252   |
| Annual value of production                    | .. | .. | .. | £2,853,744 |

35. Although output has been maintained at a level comparable with that of the war years, it has not been possible, due almost entirely to the shortage of female labour, to increase the output of the industry to cope with the increased demands for tobacco products.

36. When it was realized that there was little prospect of the local units overtaking the shortage, and it was apparent that this situation would continue for some time to come, the question of tobacco importations to supplement the local production was investigated, and arrangements were made with the Customs Department to issue import licences for the deficiency between local output and market requirements, which was estimated at approximately 35 per cent. of the local output.

37. While the substantial quantities of overseas brands that have been imported during the year have assisted in alleviating the shortage, it has been evident that the locally-manufactured tobacco products have been competitive in price and generally more popular with the consuming public.

38. It is anticipated that, with the decentralization plans of the two major tobacco-manufacturers, the local output should slowly but steadily improve during the forthcoming year.

SECTION 4.—ENGINEERING AND TRANSPORT DIVISION

39. The stimulus given to the development of the local engineering and transport industry as a result of World War II has led to a greater degree of diversification in the field of local manufacturing. In the engineering group alone there are now operating some 3,155 units, employing 38,171 males and 3,614 females, and, although substantially dependent upon overseas sources for raw material supplies, the industry, as a whole, is playing an increasingly important and useful role in our domestic economy. Many of the major units are now soundly established, and production technique is steadily being improved. On the basis of male employment the engineering industry is probably now the most important manufacturing group among New Zealand's secondary industries.

40. Comments are given hereunder on certain selected industries within the control of the Division :—

(a) RADIO APPARATUS: MAKING AND ASSEMBLING

(Year 1943-44)

|                                               |    |    |    |          |
|-----------------------------------------------|----|----|----|----------|
| Number of units engaged                       | .. | .. | .. | 23       |
| Number of persons engaged                     | .. | .. | .. | 905      |
| Annual value of salaries, wages, and drawings | .. | .. | .. | £254,884 |
| Annual value of production                    | .. | .. | .. | £661,438 |