Linen-flax tow is at present in strong demand, and the Corporation is exporting its surplus production to Belgium and the United States. Offers have already been received for the purchase of the full production for 1948.

All seed produced is used either for resowing or is supplied to Dominion Industries, Ltd., for the production of linseed-oil. Australia also requires annually from 300 to 400 tons of high-grade seed for resowing.

The 1946–47 Crop Year

The Corporation's full responsibility for the growing and processing of linen flax commenced with the sowing of the crop in the spring of 1946. Continuous rain in certain districts during the spring delayed sowing, reduced the acreage sown, and affected detrimentally many of those crops which had been sown prior to the wet period. Apart from this, the season has been reasonably satisfactory, resulting in heavy yields being obtained of straw which, owing to the climatic conditions, has varied in fibre content from the very worst to the very best. Whereas the objective was the sowing of 5,400 acres, wet conditions resulted in the sowing of only 4,095 acres.

Financial Period ended 31st December, 1946

The Corporation assumed control of the industry on 1st April, 1946, taking over the fixed assets at six factories for the purchase consideration of £162,675, and undertook to liquidate the remaining fixed assets and all the current assets formerly held by the Linen Flax Section of the Department of Industries and Commerce.

The first financial period ended on 31st December, 1946, the balance date having been altered from 31st March to 31st December to facilitate the valuation of works in progress. The accounts for the nine months ended 31st December, 1946, now presented, disclose a net loss of £1,536, which has been transferred to the liquidation account. Since the first crop sown by the Corporation was not harvested during the period covered by this report the loss experienced in the nine months ended 31st December, 1946 (namely, £1,536), was confined to the completion of the processing of works in progress on hand at 31st March, 1946 (that is, the processing of earlier sown crops many of which had been held for some years and were of very poor quality). This is amply demonstrated by the costing records, which show that, while the 1945–46 crops processed during the nine months yielded profits aggregating £8,500, the remnants of the 1944–45 and earlier crops were processed at a loss of £10,036.

The balance-sheet as at 31st December, 1946, can be conveniently divided into the assets and liabilities of the Corporation, and the assets and liabilities merely taken into the accounts of the Corporation for purposes of liquidation. The former include the fixed assets taken over and expenditure by the Corporation to 31st December, 1946, on the 1946 crop ; the liability to Treasury for the assets purchased and the initial cash advance of £30,000 provided from National Development Loans Account.

Assets in the course of liquidation are shown in the lower portion of the statement, also the liability to Treasury which is being discharged as the liquidation proceeds.

The realization of the fixed assets of the wartime industry, comprising land, buildings, plant, &c., is being accounted for in a separate set of Liquidation Accounts, and these are not included in the accounts of the Corporation.

F. Johnson, Chairman of Directors.
J. W. Hadfield, General Manager.