

1948
NEW ZEALAND

DEPARTMENT OF INDUSTRIES AND COMMERCE

(THIRTY-FIRST ANNUAL REPORT OF THE)

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

YOUR EXCELLENCY,—

Wellington, 9th September, 1948.

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.,

A. H. NORDMEYER,

Minister of Industries and Commerce.

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

SIR,—

Wellington, 15th July, 1948.

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, 1948.

I have, &c.,

G. W. CLINKARD,

Secretary.

The Hon. A. H. Nordmeyer, Minister of Industries and Commerce.

PART I.—INTRODUCTORY

SECTION 1.—ORGANIZATION

ALTHOUGH three years have passed since active hostilities ceased, conditions affecting industry and trade induced by the war continue to influence the operations of this Department. Conditions of demand for and supply of goods and the over-burdening of sea transport in relation to facilities available are such that it has not yet been to the general interest to revoke all of the wartime legislation administered by the Department. My Department realizes the important role it is playing in the industrial and commercial life of the country and will continue to assist to the utmost extent possible with a view to maintaining and enhancing the progress of this vital section of the national economy.

Branch offices and overseas offices remain as they were given in my report last year. There has been one important organizational development in that the Control of Prices Act, 1947, gave permanent status to the Price Tribunal, which now functions as a Division of this Department. There continue to be associated with the Department the following :—

The Food and Rationing Controller.

The Wheat and Flour Controller.

The Tobacco Board.

The Factory Controller.

The New Zealand Standards Institute.

The Shipping Controller.

The Linen Flax Corporation of New Zealand, in terms of section 18 of the Linen Flax Corporation Act, 1945, will be submitting a separate report.

SECTION 2.—STAFF

At 31st March, 1948, Mr. F. Johnson, who had for a number of years been Assistant Secretary of the Department, retired.

The following table shows the distribution of staff as at 31st March, 1948 :—

—	Overseas.	Head Office, Wellington.	Auckland.	Christ- church.	Dunedin.	Total, 1948.	Total, 1947.
Department of Industries and Commerce	20	170	16	9	5	220	263
Price Control Division ..	..	126	49	19	12	206	186
Standards Institute ..	..	53	..	..	..	53	59
Food and Rationing Control	..	42	12	4	5	63	76
	20	391	77	32	22	542	584

I wish to record here my sincere appreciation of the co-operation which I have experienced from my staff during a year in which the problems confronting us were wide in their scope and complex in their nature.

PART II.—INDUSTRIES

SECTION 1.—INTRODUCTORY

The pressure of demand for buildings, labour, materials, and power continued throughout the year, although the effect of these conditions was not, of course, equal in each type of industry or in every locality. In some cases the labour position was not as acute as in the recent past. For some industries the flow of raw materials has improved, although, unfortunately, this cannot be said of those very important commodities, iron and steel, in their many varieties.

Full statistics of factory production are not yet available for periods later than the year 1945-46, but progressive development in secondary industry in New Zealand is shown by the following statistics. With the shortages that have inevitably existed during the war years, and since, the industrial expansion is, indeed, remarkable. We can, I am certain, look forward to an even greater measure of expansion when most of the existing impediments, an aftermath of the war, have been substantially removed :—

Year.	Number of Establishments.	Number of Employees.	Salaries and Wages paid.	Value of Output.	Value of Land, Buildings, and Plant.
			£	£	£
1925-26 ..	4,794	78,708	16,153,822	82,358,851	54,388,936
1935-36 ..	5,536	86,588	14,844,367	90,014,748	67,438,879
1938-39 ..	6,146	102,535	22,270,010	114,447,426	76,497,802
1945-46 ..	6,991	128,208	41,499,113	195,258,614	103,890,518
1946-47* ..	..	133,989	45,153,000	216,462,000	..

* Interim figures.

In the more detailed review of individual industries which follows statistics are given, where they are available, for 1938-39 as the latest pre-war year and for the year 1945-46, with interim figures for 1946-47. In almost all cases expansion in the period has been most striking.

SECTION 2.—BUILDING MATERIALS, ROPE AND TWINE, PAPER

(a) WALLBOARD AND BUILDING SHEET OF PLASTER

			1938-39.	1945-46.	1946-47.†
Number of units engaged	..	..	.. *	55	..
Number of persons engaged	..	..	.. *	803	829
Salaries and wages paid	..	..	.. *	£303,209	£318,000
Value of output	..	..	.. *	£1,160,207	£1,175,000

* Statistics not available.

† Interim figures.

Softboard production was maintained at a high level during the year, and, following the arrival of replacement machinery from overseas, production of hardboard was recommenced in July, 1947. To fulfil the demand for hardboard during the temporary cessation of local production provision was made to import supplies from Sweden and Finland. Production of other interior lining boards and fibrous-plaster sheet declined in the year because of the shortage of locally manufactured plaster-of-paris. The volume of plaster-of-paris formerly obtained from Australia has not been available, but provision which has now been made for importation from the United Kingdom, United States of America, and Canada, as well as from Australia, should afford relief to the fibrous-plaster industry. Exterior wallboard production has been

impeded by cement shortage, while asbestos-cement-sheet output has been drastically curtailed through world shortage of asbestos fibre. Limited fibre-supplies have been received, and prospects of continued deliveries are more promising than was formerly anticipated.

(b) BRICK, TILE, AND POTTERY MAKING

	1938-39.	1945-46.	1946-47.*
Number of units engaged	60	54	..
Number of persons employed	1,117	1,374	1,488
Salaries and wages paid	£250,968	£447,032	£495,000
Value of output	£569,634	£869,141	£999,000

* Interim figures.

The brick industry has been unable to meet demand principally through its inability to compete with other industries for available man-power on account of the heavy and unattractive nature of the work in brick and pipe manufacture. Irregular coal deliveries and disruption of electrical supplies also prejudiced production in some centres.

So as to minimize the labour needed in this industry modern tunnel-kiln-production methods are being installed in some units to secure the advantage of mechanizing all operations from forming the brick to stacking the final product in the yard.

Production has been extended to include mosaic tiles, whilst preparations are in hand to produce hearth and wall tiles in the near future. Further progress has been made in the technique of production of domestic table ware, and a wider range of shapes of better quality is being manufactured. Output of sanitary earthenware and insulators has been maintained, and the output of smaller electrical porcelains has been increased.

The chief pottery and ceramics manufacturers have recently combined to form the Pottery and Ceramics Research Association, which has engaged an experienced pottery expert from the United Kingdom, who, in conjunction with the Department of Scientific and Industrial Research, concentrates on technical, material, and production problems confronting the industry.

(c) CEMENT

Production of the three units engaged in the industry has again been insufficient to meet full requirements. Transport difficulties continue to preclude delivery of adequate tonnages to usage centres, and inadequate deliveries of coal to the works has, on occasions, curtailed output. Provision has been made for the importation of 1,000 tons of cement from the United Kingdom, and inquiries are being made with a view to locating further supplies comparable in price with that ruling for the local product. Distribution is still being carried out by the Building Controller and the District Cement Allocation Committees.

(d) ROPE AND TWINE

Whilst production of rope and binder twine has been maintained at normal scale, the call for increased supplies of baling-twine to make good the shortage of wire necessitated a marked increase in production of this line. Increased demand was met to an appreciable extent by the units engaged in manufacture, and farmers were able to obtain their requirements almost to the full extent. Shortage of phormium-supplies prevented orders for baling-twine from being completely met. The supply of phormium for rope and binder and baling twine continues to be short of the full requirements, but an increase in production in the coming year is assured and will assist the position to some extent.

Allocation of sisal from British East Africa was more satisfactory, but direct shipping is still not regularly available and transshipments via Australia have been slow and expensive.

Production of shop twine, &c., is expected to increase as the manufacturers have added to their equipment, while supplies of raw materials which have been facilitated by the Department will greatly assist in building up output.

Locally produced linen flax has been used, as during the previous year, to assist in the manufacture of seaming twine.

(e) PAPER BAG AND BOX MAKING

	1938-39.	1945-46.	1946-47.*
Number of units engaged	22	30	..
Number of persons employed	621	1,011	1,086
Salaries and wages paid	£101,085	£265,723	£310,000
Value of output	£451,997	£1,420,964	£1,706,000

* Interim figures.

The New Zealand cardboard-box makers have continued to draw to a large extent upon the board produced by Whakatane Paper Mills, Ltd., to meet the needs of the packaging industries. Increasing quantities were, however, available from Scandinavian sources in the past year, and this relieved the pressure on the limited output of the local mill.

Wrapping-paper requirements and the demand for bag reels have been reasonably covered by local production, even though demand has considerably increased since pre-war. Further demand will come from a multiwall-paper-bag factory which it is anticipated will be in production shortly to supply a considerable portion of the packaging necessary for cement and fertilizers.

(f) PRINTING, PUBLISHING, AND BOOK-BINDING

	1938-39.	1945-46.	1946-47.*
Number of units engaged	373	346	..
Number of persons employed	8,337	7,065	7,697
Salaries and wages paid	£2,003,930	£2,325,894	£2,641,000
Value of output	£4,873,530	£6,857,067	£7,716,000

* Interim figures.

Paper has been obtainable in reasonable quantities from Canadian, United Kingdom, and, latterly, Scandinavian sources, and, on the whole, the industry has experienced little difficulty with supplies except in the case of newsprint. The quantity of this paper available from Canada was still short of requirements, causing newspapers still to restrict the size of their publications. The modernizing and extending of plant has been continued, although delivery of machinery from overseas is frequently much delayed.

SECTION 3.—CHEMICALS, RUBBER, AND TOBACCO

Difficulty in obtaining desired quantities of raw materials has continued to be particularly marked in the case of alkalis. Especially has this been so with caustic soda and soda ash, which are required in important local industries. As Great Britain could not export enough caustic soda to meet New Zealand's minimum requirements we were forced to obtain supplies from America and the Continent. Scarcity of soda ash mainly affected the glassmaking industry, and production of white glass could not be continued. Some soda ash became available from America, Japan, and Europe, and towards the end of the year supplies improved. The position now looks promising, but procurement of caustic soda will require close attention. While the other alkalis are not in easy supply, future prospects for them are fair and further serious difficulty is not anticipated.

(a) SOAP AND CANDLE MAKING

			1938-39.	1945-46.	1946-47.*
Number of units engaged	..	..	19	24	..
Number of persons employed	..	..	520	704	732
Salaries and wages paid	..	..	£112,041	£205,740	£220,000
Value of output	..	..	£542,188	£1,157,983	£1,323,000

* Interim figures.

While manufacture has been retarded by the shortage of alkalis, there has been improvement in deliveries of other raw materials, as, for example, paraffin wax. Candle output in the past year was much higher than in 1947, and indications at present are that the production of the soap and candle group in the coming year will be a record.

(b) COSMETIC AND TOILET PREPARATIONS

			1938-39.	1945-46.	1946-47†.
Number of units engaged	..	..	*	38	..
Number of persons employed	..	..	*	460	504
Salaries and wages paid	..	..	*	£105,292	£121,000
Value of output	..	..	*	£616,791	£655,000

* Statistics not available.

† Interim figures.

The products of further additional units recently established in New Zealand has increased the range of preparations available, while the re-entry into trade of more overseas countries is providing a greater variety of raw materials, with consequent beneficial effect on the quality of the locally-produced goods.

(c) PLASTICS

Since the first moulding-press was installed in this country in 1932 there has been steady growth in the processing of plastic substances, until now when we have eight injection-moulding machines and over two hundred compression presses in operation.

In addition, a number of firms are engaged in fabricating imported plastic sheet into a variety of articles. In the initial stages there was a tendency to make a great many novelty articles, but recently the industry has been concentrating on utilitarian lines. A large variety of goods is turned out for other industries which often fill the place of articles that were previously imported. Examples are electrical switches and fittings, door-handles and other builders' hardware, buttons, and bottle-caps. Consumer articles now familiar in plastic include tooth-brushes, combs, buttons, babies' baths, sinks, and garden hose.

(d) PAINT AND VARNISH MANUFACTURE

			1938-39.	1945-46.	1946-47.*
Number of units engaged	..	..	25	23	..
Number of persons employed	..	..	332	483	507
Salaries and wages paid	..	..	£78,452	£174,727	£187,000
Value of output	..	..	£578,941	£1,655,582	£1,959,000

* Interim figures.

The paint industry has been hampered by the shortage of certain raw materials over the past year, and production has not yet met the demand. The shortage was, and is, most acute in linseed-oil and white lead for the manufacture of leaded paints. Supplementary supplies of linseed-oil have been imported (in limited quantities) from North America, but the failure of the local crop from which half of New Zealand's

annual requirements was expected has had a serious effect. Linseed and linseed-oil are being imported to the maximum extent from sterling sources, but, owing to a world-wide shortage, the quantities are necessarily limited. Nevertheless, it has been decided to discontinue the importation of ready-mixed paints and to concentrate on obtaining additional supplies of raw materials for domestic manufacture so as to employ our adequate productive capacity.

The supply of lacquer has improved over the past year, and is now adequate to meet the authorized demands for it. Releases are permitted only for essential purposes, and are subject to the Factory Controller's approval.

(e) GLUE

Production of various types of glue in New Zealand continues to increase, and local manufacturers are now able to cope with practically all demands made for their products. Various glues now manufactured locally include casein, animal, rubber based, bitumastic, and the phenolic resin type. The only shortage during the past year was in glue to make the gummed tape for butter-packing. Sufficient material was imported for this purpose.

(f) RUBBER GOODS AND VULCANIZING

	1939-40.*	1945-46.	1946-47†.
Number of units engaged	50	73	..
Number of persons employed	351	1,198	1,394
Salaries and wages paid	£69,397	£395,210	£498,000
Value of output	£223,295	£1,399,593	£1,859,000

* Separate statistics for 1938-39 not available.

† Interim figures.

With eight major, and many smaller units engaged in the manufacture of rubber goods and with raw materials more freely available during the year, output over a diversified range was maintained at a high level. Local manufacturers can now cater for New Zealand's total requirements in many types of rubber goods, and, with keen competition prevailing, their standard of quality is high.

The three companies which were granted licences to manufacture motor-tires have continued throughout the year with the erection of their factories, and, although supply difficulties have been encountered, steady progress has been made. One unit expects to be in production shortly. These three companies, which will eventually produce the bulk of New Zealand's requirements of motor-tires, have at their disposal the technical knowledge of major overseas manufacturers. This should ensure their being kept abreast of the results of overseas research and secure production of tires of high quality.

(g) TOBACCO AND CIGARETTE MANUFACTURE

	1938-39.	1945-46.	1946-47.*
Number of units engaged	8	6	..
Number of persons engaged	797	1,066	1,063
Salaries and wages paid	£129,287	£300,252	£311,000
Value of output	£1,275,024	£2,853,744	£2,965,000

* Interim figures.

Local production is still unable to meet consumer demand, and imports have been necessary to allow market requirements to be met. More labour was attracted to the industry in the past year, while another factor which is directly contributing to increased local output is the operation of two subsidiary factories established under the decentralization policy of the two major manufacturers.

SECTION 4.—ENGINEERING AND TRANSPORT

(a) RADIO APPARATUS: MAKING AND ASSEMBLING

		1938-39.	1945-46.	1946-47.*
Number of units engaged	.. ..	24	25	..
Number of persons employed	.. ..	475	1,232	1,219
Salaries and wages paid	.. ..	£90,429	£379,136	£371,000
Value of output	.. ..	£324,112	£1,218,738	£1,344,000

* Interim figures.

There is now established in this country an efficient and highly competitive manufacturing industry capable of meeting the requirements of the 416,767 registered radio-set owners. The trade offers a wide selection of models ranging from portable types right through to fourteen-valve de luxe radio-gramophones. Car-owners also have a choice of several makes of automobile radios. New Zealand technicians keep in close contact with overseas radio developments, and it has been authoritatively stated that New-Zealand-built radios are equal in quality and sensitivity to domestic radio receiving sets made in any other part of the world.

Post-war trends in taste are, on the one hand, towards compact sets, usually in moulded plastic cabinets, and, on the other, towards radio receivers incorporating record reproduction. Interest is at present being shown by manufacturers in types not previously made in New Zealand, such as miniature personal portable receivers; but the demand for these is expected to be limited until such time as the number and power of broadcasting-stations are increased to allow full use to be made of these limited range sets.

With the accumulated demand for standard types of radio sets having been overtaken, several manufacturers are diversifying their production into such lines as tricycles, fluorescent lighting ballasts, and electrical appliances, while some are contemplating the manufacture of electronic devices for use in industry.

(b) ELECTRICAL ENGINEERING

		1938-39.	1945-46.	1946-47.*
Number of units engaged	.. ..	97	110	..
Number of persons employed	.. ..	1,018	1,707	1,864
Salaries and wages paid	.. ..	£184,375	£503,868	£581,000
Value of output	.. ..	£542,013	£1,904,182	£2,236,000

* Interim figures.

(i) *Electrical Power Distribution Transformers*

Although difficulties have been experienced over the past year in obtaining a continuous supply of semi-fabricated materials for this industry, production has been maintained at a surprisingly high level. Electrical steel sheet and structural steel present special difficulties in supply. On the other hand, a considerable improvement has been apparent of recent months in the supply from the United Kingdom of textile-covered copper winding wire and insulating-material, particularly elephantide.

(ii) *Insulated Cable*

A comprehensive range of 230-volt flexible power cable, radio wires, and automotive cable is now being produced in quantity, but runs have also been made of special types of cables such as heavy-gauge welding and others made to the specifications of Government Departments. Further expansion in the industry is planned.

(iii) *Domestic Electric Ranges*

A total of 18,000 full-sized domestic electric ranges and 6,750 domestic electric range-ttes was produced in 1946, and since then the demands of housing construction have been catered for in full despite a slight falling off in production of full-sized ranges due to difficulties in obtaining supplies of enamelling quality sheet steel.

(iv) *Electric Lamps*

The two New Zealand factories have continued with the production of general lighting service lamps of 110 volt and 220/240 volt from 15 to 200 watts inclusive, and also with general purpose lighting lamps from 6 volts to 32 volts inclusive. Products are to British standard specifications, and the total local needs have been met.

(v) *Electric Wiring Accessories*

The range of these accessories now being produced includes 5 and 10 amp. flush and surface-type switches, ceiling roses, flush and surface type sockets, several designs of plugs, a complete range of flush-plates, switchboard-type fuses up to 15 amps, cord-connectors, through-cord switches, and appliance plugs. Extensions planned include the production of switches up to 60 amps. capacity.

(vi) *Electrical Appliances*

A comprehensive range of the smaller type of domestic electrical appliances, including radiators, toasters, jugs, kettles, immersion heaters, convector heaters, irons, towel-rails, hotplates, and breakfast cookers is being made in New Zealand factories, which have productive capacity sufficient to supply the full needs of this country.

(vii) *Batteries*

(a) The industry engaged in the manufacture of lead-acid-type storage batteries has the capacity to cater for our requirements of a considerable range of batteries of certain capacities suitable for use in motor-vehicles, radio sets, electric fences, lighting systems, &c. Over the past year difficulties were encountered in obtaining certain materials, such as lead, but improvement in this respect is anticipated, and an increased output during the next twelve months is probable.

(b) *Dry-cell Batteries.*—Production of this type of battery consists of a range suitable for use in flashlights, bicycle-lamps, radio sets, hearing-aids, &c. It is expected that production over the next twelve months will be maintained at present levels.

(viii) *Domestic Refrigerators, Washing-machines, and Vacuum Cleaners*

The necessity to curtail dollar expenditure had an adverse effect upon the production of domestic refrigerators and washing-machines. Four organizations, however, three of which have a background of manufacture of other electrical appliances, are engaging in large-scale production of vacuum cleaners, the components of which are obtainable from "soft" currency areas. Their total output should approximate the total demand for the New Zealand market.

(c) *ENGINEERING, IRON AND BRASS FOUNDING, BOILERMAKING, ETC.*

		1938-39.	1945-46.	1946-47.*
Number of units engaged	.. ..	261	348	..
Number of persons employed	.. ..	5,001	7,796	8,297
Salaries and wages paid	.. ..	£1,168,794	£2,781,287	£2,916,000
Value of output	.. ..	£3,113,210	£7,125,580	£7,318,000

* Interim figures.

Supply difficulties arising partly from curtailment of exports, particularly by Australia, and partly from shipping problems have hampered output during the year. Coke, pig iron, and steel have all been in short supply, and sources of supply other than Australia have had to be sought for brass-founders' requirements. The position of the non-ferrous metals supplies is, however, relatively much better than that of the ferrous group. Deliveries from the United Kingdom of bronze, brass, and copper rods and sheets, and, in a lesser degree, tubes, have improved. Fortunately, too, of late shipments of pig iron and billets for rerolling have improved from Australia, but experience is not so favourable in respect of structural and reinforcing steels. Galvanized and black sheet allocations from the United Kingdom and Australia have been so small as to necessitate the reimposition of control, and users are now investigating the possibility of utilizing aluminium alloy in many instances where steel has hitherto been used.

(d) AGRICULTURAL AND DAIRYING MACHINERY AND IMPLEMENT MAKING

	1938-39.	1945-46.	1946-47.*
Number of units engaged	60	85	..
Number of persons employed	1,137	1,474	1,479
Salaries and wages paid	£267,194	£499,083	£496,000
Value of output	£1,146,970	£2,176,302	£2,051,000

* Interim figures.

In the face of such difficulties as nearly all industries have encountered with supplies of raw materials and transport, this group have maintained production very well. With improved supplies an increasing contribution to the needs of primary producers can be anticipated. The overseas reputation of New Zealand dairying machinery stands high, and exportation has continued at a very satisfactory level.

SECTION 5.—TEXTILES AND LEATHER

Although the supply of textile piece-goods and clothing has been better during the past year than at any time since hostilities ceased, and fortunately shows every indication of further improvement in the coming year, the Department's services are still called for to assist in overcoming the difficulties which arise from such factors as the necessity to reduce expenditure in hard currencies, and the impact of the United Kingdom's export scheme upon the balancing of our supplies for all types of textiles. We are attempting, too, to facilitate the reopening of trade in raw silk with Japan.

For financial reasons our demand has been increasingly diverted to the United Kingdom. India is supplying substantial quantities of cotton piece goods in the utility field, but during the year both the Indian and Pakistan authorities, while retaining destination quotas, abolished price-control, which has resulted in substantial increases in the price of cotton textiles from these sources.

The dollar shortage has made it necessary for New Zealand's imports to be confined, as far as possible, to Great Britain and India. Certain very necessary types of cotton goods and, in particular, waste-yarn fabrics, such as diaper cloth, towels, and flannelette, are still difficult to obtain. Offerings of cotton yarn from the United Kingdom are, in general, showing substantial increases, but there is still some difficulty in securing our needs in certain qualities and counts.

Progress is being made in preparations for the recommencement of trade in textiles to a limited extent with Japan, but as dollars have been stipulated as payment for cotton piece-goods (with some exceptions) in particular, trade in those lines has been

precluded to date. The Government has had the advice of two accredited trade representatives who visited Japan, and a survey of the German position has been carried out by this Department's London representative in collaboration with New Zealand and British textile representatives. The United Kingdom is taking substantial quantities of Continental and Japanese textiles and yarns for further processing and finishing in the United Kingdom before re-export.

In an endeavour to alleviate local shortages the Department has given particular attention towards securing increased deliveries of blankets (including cot blankets), towels and towelling, diaper cloth, babies' and infants' clothing, flannel, flannelette, Viyella and Clydella, winceyette, blind holland, hand fingering yarns (including baby wool), pillow cottons, sheetings, and tickings. We have also sought increased allocations of cotton and rayon yarns, sewing-threads, worsted yarn, worsted suitings, linings and interlinings, bag calico, surgical gauze, cellulose wadding, ducks and drills, palmer nap and denim, and cotton and rayon tire fabrics for our local industries. Our requirements of meat-wraps and cheese-bandages continue to be assured from the United Kingdom, with the assistance of the United Kingdom Ministry of Food. Furnishing fabrics have been freely available from various sources, but prices are high.

The production of the local woollen-mills continues to be limited by labour shortages, but our imports of piece-goods have allowed demand to be substantially met in these lines. Worsteds suitings are still not in full supply, but are more readily available than hitherto, and the improvement should continue. Woollen-yarn production and imports have together been insufficient to meet our needs, but supplies from the United Kingdom are increasing. The over-all New Zealand allocations from Australia of worsted yarn increased slightly, but the quota for worsted piece-goods was less than for the previous year.

To assist in relieving shortages, substantial imports of finished clothing were permitted in 1947 and landings have continued well into 1948. The general position is improving, and the Department, with the co-operation of manufacturing, wholesale, and retail organizations, has endeavoured to ease specific shortages. Preference has been given to materials suitable for men's and children's wear, but non-availability of cloths, particularly flannels and shirtings, is still a limiting factor. Supplementary supplies from overseas of such lines as woollen underwear, men's working-socks, babies' and infants' knitted apparel, and boys' school hose still appear to be necessary.

Prices of both raw cotton and raw wool showed further increases during the year. In the case of raw cotton it was approximately 100 per cent. for Egyptian types and 20-25 per cent. for American types, and this has, in turn, caused steep increases in the prices of textiles and clothing. For raw wool the increase was also substantial, and similar trends are noticeable in respect of processed goods of wool.

Comparative quantities of main classes of textile materials imported during 1946 and 1947 have been as follows :—

	1946.	1947.
Woollen piece-goods (sq. yd.)	3,810,250	5,785,998
Woollen yarns (lb.)	1,385,269	1,606,326
Cotton and linen piece-goods, woven (sq. yd.) ..	44,731,423	37,872,378
Cotton piece-goods, knitted (lb.)	494,331	494,877
Cheese-bandage and meat-wraps (lb.)	2,083,800	2,140,763
Cotton yarns (lb.)	1,797,755	1,664,019
Silk and rayon piece-goods, woven (sq. yd.) ..	9,635,968	16,496,603
Silk and rayon piece-goods, knitted (lb.) ..	461,039	526,440
Silk and rayon yarns (lb.)	362,421	479,360
Tailors' trimmings (sq. yd.)	2,097,746	1,502,618

Statistics of the three main divisions of our textile industry—woollen-milling, hosiery manufacture and knitting, and clothing-manufacture—show very marked expansion in recent years.

(a) WOOLLEN-MILLS

		1938-39.	1945-46.	1946-47.†
Number of units engaged	.. ..	12	18*	..
Number of persons employed	.. ..	2,406	3,557	2,996
Salaries and wages paid	.. ..	£392,393	£970,695	£891,000
Value of output	.. ..	£951,636	£2,579,171	£2,389,000

* Includes hand weaving-plants and units engaged in spinning yarn for carpet-manufacture.

† Interim figures.

From the following comparative statement of the domestic output of woollen yarn and piece-goods for the years 1945, 1946, and 1947 it will be noted that 1945 production levels in the lines specified are not being maintained. Shortages of labour are the source of much difficulty to the mills:—

		1945.	1946.	1947.
Yarns (lb.)	.. ..	1,835,672	1,663,674	1,403,822
Woollen and worsted piece-goods (sq. yd.)	.. ..	3,984,654	3,381,945	3,400,000
Flannel (sq. yd.)	.. ..	794,428	529,860	500,000
Blankets (pr.)	.. ..	152,988	128,942	142,381

(b) HOSIERY AND KNITTING MILLS

		1938-39.	1945-46.	1946-47.*
Number of units engaged	.. ..	36	51	..
Number of persons employed	.. ..	1,259	2,113	2,254
Salaries and wages paid	.. ..	£182,956	£540,034	£584,000
Value of output	.. ..	£574,237	£2,223,907	£2,447,000

* Interim figures.

Production in this group covers wool, cotton and rayon fabrics, together with a wide range of garments, including bathing-costumes, underwear, socks, and stockings, and knitted outerwear for juveniles and adults. Since silk has again become available for making women's full-length hosiery there has occurred a substantial reduction in the number of pairs made of lisle, both of the circular-knitted and fully-fashioned types.

(c) CLOTHING-MANUFACTURE

		1938-39.	1945-46.	1946-47.†
Number of units engaged	.. ..	380	496	..
Number of persons employed	.. ..	12,270	14,825	15,377
Salaries and wages paid	.. ..	£1,568,886	£3,167,997	£3,516,000
Value of output	.. ..	£3,809,093	£9,126,411*	£10,308,000

* Includes own materials used, but excludes value of customers' materials made up.

† Interim figures.

Clothes-rationing was discontinued at the end of 1947, and in some lines the return of a buyers' market is reported. Labour is somewhat easier than before, and it appears that manufacturers will be intensifying their attention to such things as price and quality.

(d) FOOTWEAR AND LEATHER

(i) *Boot and Shoe Manufacture*

		1938-39.	1945-46.	1946-47.*
Number of units engaged	.. ..	69	90	..
Number of persons employed	.. ..	3,075	4,660	4,992
Salaries and wages paid	.. ..	£486,649	£1,258,716	£1,497,000
Value of output	.. ..	£1,355,398	£3,562,309	£4,084,000

* Interim figures.

In general the supply of raw materials showed steady improvement in the past year, although shortages of grindery persisted. Labour continues to be the most acute problem in both the manufacture and repair sections of the industry, despite a slight improvement in male labour in the latter part of the year. Provision for the importation of 275,000 pairs of adult and children's and 358,000 pairs of infants' shoes was made during the year to supplement local production in providing for local requirements. Output from local factories is still increasing and during the current year is expected to be 6 per cent. above the level of the previous year.

(ii) *Tanning*

		1938-39.	1945-46.	1946-47.*
Number of units engaged	.. ..	13	19	..
Number of persons employed	.. ..	459	937	896
Salaries and wages paid	.. ..	£109,680	£353,180	£359,000
Value of output	.. ..	£491,209	£1,575,495	£1,655,000

* Interim figures.

The tanning industry continues to meet the country's requirements of all but the finer types of leathers. The labour problem intensified in certain localities, with the result that some difficulty has been experienced in maintaining supplies of certain types of output, as, for example, curried leathers. Local tanners still enjoy priority in obtaining New-Zealand-grown hides and skins at stabilized prices, and small exportable surpluses available from time to time have been directed principally to Australia and the Pacific Islands.

(iii) *Sundry Leather and Travel Goods*

With the exception of the glove and handbag section of the industry wherein production has more than kept pace with demand, the demand for leather sundries and general travel goods has been buoyant. Labour and material supply have been reasonably satisfactory in these sections of the industry.

SECTION 6.—BUREAU OF INDUSTRY

(a) *GENERAL REVIEW*

The Bureau of Industry has continued throughout the year its functions in respect of those industries which operate under the provisions of the Industrial Efficiency Act, 1936. The desire to expand or to bring up to date manufacturing and service facilities to meet post-war demand remains a strong feature of licensed industries, as is shown by the large number of applications made to the Bureau to install new machinery and plant and to open new units. For its part the Bureau is concerned to ensure as far as it is possible to do so that the extension of manufacturing capacity is not carried to a point at which an industry will be unduly vulnerable to a falling off in the level of abnormal demand.

To avoid difficulties arising from housing and labour shortages in the main centres there is evident desire in some instances to set up factories either as main or as branch units in provincial areas.

A large number of applications continue to be received from ex-servicemen to establish new businesses in licensed industries or to have existing licences transferred to themselves. In these cases the Bureau works in close collaboration with the Rehabilitation Department, and at all times sympathetic consideration is given in the interests of rehabilitation. In cases where servicemen had been obliged to dispose of their businesses before entering the Armed Forces licences have been granted on application to start in business again.

(b) PERSONNEL OF BUREAU

The only change in the personnel of the Bureau during the year was the retirement of Mr. F. Johnson, Deputy Chairman, who completed his service with the Department of Industries and Commerce on 31st March, 1948.

(c) LICENSING OF INDUSTRIES

No new industries were licensed during the year under the Industrial Efficiency Act, 1936. On the other hand, four were delicensed by notices published in the *Gazette* as follows :—

- 5th June, 1947 : Manufacture of dry-cell batteries.
- 12th June, 1947 : Dehydration of plants for medicinal purposes.
- 26th June, 1947 : Manufacture of radio receiving-sets.
- 10th February, 1948 : Canning of fruit and vegetables.

At 31st March, 1948, twenty-seven industries were licensed under the Act.

(d) RESELLING OF MOTOR-SPIRIT

The year under review was a busy one in matters concerning the administration of the licensing of the retail selling of motor-spirit. A total of 618 applications was dealt with by the Bureau. Of this number, 170 were for new pumps, 265 were for transfers of licences, and 183 were for miscellaneous matters such as permission to install additional pumps, to change sites on which pumps were erected, and to sell motor-spirits in drums. Applications and their fate are classified in the following table :—

New Pump Licences—				Granted.	Declined.
Service stations	..	..	..	7	34
Garages	..	..	..	57	15
Other businesses	..	..	..	14	43
Transfers—					
Service stations	..	..	..	75	..
Others	..	..	..	188	2
Miscellaneous	..	..	..	125	58

The great majority of the new licences issued were granted to ex-servicemen. A feature of the transfers of licences at service stations was the large number involved in conversions of ownership to limited-liability companies. Apart from these conversions, the transfers related in most cases to the taking over of businesses by ex-servicemen.

Throughputs of stations are back to pre-war level, and the general indications are that returns to operators are not unsatisfactory. In August, 1947, the gross margin permitted to resellers under the Motor-spirits Prices Regulations was reduced from 3½d. per gallon to 3d., but in recent years income has been supplemented by development in service and accessory sales such as lubrication, tires, &c.

(e) INDUSTRIAL PLAN COMMITTEES

Four Industrial Plan Committees have been established under Part II of the Act to assist in the administration of the respective industries for which they were set up. However, the Committee concerned with the manufacture of electric ranges has not functioned for some time, and the summary which follows deals with the other three :—

(i) *Flax-milling (Phormium tenax) Industry*

Measures introduced by the Government to increase production which were enumerated in the last year's report met with a co-operative response, and in the year now under review the decline in production of fibre and tow that had been so marked in the two earlier years was arrested. The volume and trend of production of fibre and tow for the past six years are shown by the following table :—

					Tons.
1941-42	..	..	..	..	3,371
1942-43	..	..	..	..	3,961
1943-44	..	..	..	..	6,637
1944-45	..	..	..	..	4,969
1945-46	..	..	..	..	3,496
1946-47	..	..	..	..	3,655

It is hoped that production in the current year will show an even more marked increase, but it will still be far below the target of 10,000 tons per annum. Since last year's report was published further inducement to increase production has been offered by extending to ten years the period for which the Government undertakes to purchase the output. The Government's offer of finance to extend or to develop green-leaf areas has already been availed of in one or two instances, and it is hoped that further advantage will be taken of this facility.

(ii) *Pharmacy*

There has been considerable activity during the year in opening up pharmacies in areas previously unserved or only partly serviced. Some applications have had to be declined, however, because premises in which to operate were not available.

An increasing tendency for pharmacy-owners to take senior assistants into partnership has contributed in some degree towards rehabilitating servicemen. This, together with transfers of existing licences and issue of new licences, has met the problem of rehabilitation in this industry.

(iii) *Footwear-manufacture*

At 31st March, 1948, 125 licensed units were operating within the industry as the result of 21 new licences having been granted and 2 revoked during the year.

The Footwear Plan Industrial Committee held ten meetings during the year. In addition a number of sub-committees were working to give consideration to several matters of particular importance to the industry. Among these are incentive-pay schemes, production allocations, and the utilization of the Committee's funds. In turn the main Committee advised the Bureau on these subjects, as well as on all matters relating to applications for licences, plant installations, immigration, and on proposals to extend research facilities and to improve employer/employee relationships. Recommendations have also been made in relation to the necessity for importations of footwear.

The Committee held several conferences with the New Zealand Footwear Manufacturers' and the New Zealand Retailers' Federations, and the New Zealand Tanners' Association, while members also attended the annual conference of footwear-manufacturers at Rotorua. Close liaison was maintained with the Standards Institute and the New Zealand Shoe and Leather Research Association on questions of research, qualities, and standards generally.

Whether or not licensing was to be continued was perhaps the footwear industry's most contentious issue during the year. However, in an official ballot conducted early in June, 1947, by the Bureau in collaboration with the New Zealand Footwear Manufacturers' Federation, the industry declared itself in favour of the continuation of licensing under a revised industrial plan by a 16-per-cent. majority. This revised industrial plan has been incorporated in the Industrial Efficiency (Footwear) Regulations 1948, which supersede the 1941 regulations. They provide for the appointment of a new Committee on a wider basis of representation and for the retirement of members each three years.

(f) APPEALS AGAINST DECISIONS OF BUREAU

During the year 43 appeals against decisions of the Bureau were heard. Of these, 27 were successful and 16 were not upheld.

Acting on medical advice, The Hon. Sir Francis Frazer relinquished the office of Industrial Appeal Authority. Unfortunately, he later passed away. Judge O. G. Stevens was appointed as the Appeal Authority when Sir Francis Frazer retired.

SECTION 7.—IMPORT LICENSING SYSTEM IN RELATION TO INDUSTRY

The Department, in order to facilitate the co-ordination of domestic factory production with import demands, has continued the important function of making recommendations to the Customs Department on the applications for import licences covering industrial plant, raw materials, and consumer goods of types produced in this country which are referred for this Department's comments. During the past year more emphasis even than usual has had to be placed on restraining purchases from "hard" currency areas. This policy in many instances has required sources of supply to be sought in the sterling area where this alternative is available, but where "hard" currency areas are the only sources for materials necessary for essential purposes purchase from those areas is recommended. Our trade representatives overseas perform valuable service in locating supplies from new sources.

SECTION 8.—INDUSTRIAL RAW MATERIALS AND THE SUPPLY POSITION GENERALLY

It can be stated that, in general, there has been some improvement during the past twelve months in the supply position of most of the raw materials which are required to maintain our industries. Deliveries have been more regular and delays in executing orders less protracted than formerly.

This has not been possible without strenuous efforts on the part of the Department and its representatives overseas, and many constant and personal approaches, both through official and commercial channels. The Government, in its endeavours to ensure continuity of supply, sent an official Mission to the United Kingdom in February of this year, led by the Secretary of the Department, Mr. G. W. Clinkard, and all aspects of our position were represented to the United Kingdom Government and the individual Departments concerned, such as the Board of Trade, Ministry of Food, and the Ministry of Supply. The Mission accomplished excellent work, and its arrival in the United Kingdom was most timely.

Certain materials, however, continue to be in short supply throughout the world, and, as was the case last year, these are subject to international allocation or quota controls in the supplying countries. The interests of New Zealand have been carefully watched by close liaison with the authorities in the countries administering these controls.

Steel and steel products is the main item continuing to cause concern. The Supply Mission represented our case to the United Kingdom authorities as fully as possible, but on present indications it does not appear that we can expect any substantial improvement in the position, which is serious, affecting as it does the whole of our national economy. Supplies are being obtained to a limited extent from other sources such as Australia, Belgium, and the United States of America, and every possible endeavour is being made to ensure that the suppliers in these and other countries and the authorities concerned are aware of our need for any additional supplies. The position has deteriorated considerably this year, with the result that it has been necessary to bring black steel sheet and galvanized sheet back under control. Even so it is clearly evident that our present allocations from the United Kingdom and Australia are insufficient to meet even our most essential needs. Building materials generally are still in short supply, and to some extent shipping has been a contributing factor in this field.

It is pleasing to note an improvement in the supply of most types of industrial chemicals, and the textile position, including all types of yarns for our domestic knitting-mills, has also improved substantially. There are particular items, however, where some difficulty still exists.

There are some other items which are causing concern in particular phases of industry, mainly because, although they are readily available from overseas, the sources of supply present difficulty so far as foreign exchange is concerned. In many such instances, as, for example, the corsetry and underwear group, the units concerned have been given every possible assistance in their efforts to obtain suitable raw materials from alternative sources. Other cases have arisen where there have been no alternative sources for essential materials, and here we have endeavoured to arrange reasonable provision for their needs. Unfortunately, in terms of the proposed end-usage of materials and the critical dollar situation, supplies to some other units will depend largely upon the extent to which funds can be made available in "hard" currency countries.

SECTION 9.—SHIPPING IN RELATION TO INDUSTRY

Despite the fact that the tonnage of ships operating both coastwise and trans-Tasman is somewhat greater than during the pre-war period, the relatively slow turn-round of vessels, combined with greater tonnages of cargoes offering, has resulted in difficulties throughout the year in regard to the sea-carriage of essential raw materials and other commodities. Consequently, it has not yet been possible to revoke the Shipping Control Emergency Regulations. Moreover, whilst the position remains that priorities in the movement of cargoes must be allocated, the control is necessary.

Mr. J. H. Gilbert continues his able assistance in the office of Shipping Controller, and through the close and co-operative relations between him and the Department (through both its New Zealand and overseas offices) the movement of urgently needed raw materials and other goods has been facilitated.

Trans-Tasman cargoes principally affected by delays have been hardwoods, pig iron, gypsum, steel and steel products, wheat, sugar, and trans-shipment cargoes at Sydney. Delays have been occasioned coastwise in coal, cement, sugar, flour, building-materials, a wide range of raw materials essential to continuity of production in industry, and, in many instances, finished goods for wide distribution.

For the greater part of the year eleven chartered vessels have operated trans-Tasman, but in view of the world-wide demand upon tramp tonnage it is not expected that the number can be retained. On the other hand, the Union Steam Ship Co. has

acquired two newly-built vessels, the "Komata" and the "Koromiko," each of 5,000 tons, and two larger vessels, the "Wairata" and the "Wairimu," each of 7,500 tons. These additions should relieve the position somewhat in the future.

A feature of the trans-Tasman service has been the re-entry of Messrs. Sleigh and Co.'s "James Cook" into the timber trade. Later the same company's vessel "Matthew Flinders" will also take up this run and thus assist in relieving the difficulties which have persisted in shipping hardwoods out of Australia and our softwoods to Australia.

SECTION 10.—INDUSTRIAL LABOUR

Most fields of industry continue to suffer from the disability of labour shortage, although the intensity of the shortage in particular cases varies not only as between the different industries, but also as between the different centres and according to whether the demand is for male and female labour. For example, the woollen-mills are very badly placed in respect of their women operatives.

Difficulties in obtaining raw materials have in certain cases made the demand for labour less intense than otherwise would have been the case. As a means of meeting the problem of labour shortage many industrialists are installing, where possible, additional mechanical aids or are making such internal reorganization of their facilities as will utilize more effectively the labour force available to them. Prospects for the future are improved by the arrival of immigrants.

SECTION 11.—INDUSTRIAL BUILDING AND POWER

Government policy in giving first priority to housing construction makes it necessary to continue the deferment of industrial and commercial building except for the most urgent of projects. Some relief is being given by the allocation for industrial use of space in buildings erected for war purposes, but it is obvious that a heavy programme of work on new construction, alterations, and repairs will follow the relaxation of the present necessary controls affecting building activities.

Additional power-supply from new generation units when brought into operation should ease that aspect of manufacturers' problems.

SECTION 12.—DECENTRALIZATION OF INDUSTRY AND DEVELOPMENT OF INDUSTRIAL ESTATES

The advantages of establishing manufacturing units in localities other than the main centres have for some time provided the basis for advice from this Department that new factories (where other factors were not an over-riding consideration) should be set up in provincial towns. The attendant advantages of this course are being appreciated by an increasing number of manufacturers who not only have found recruitment of labour less difficult, but who see the desirability of arresting the drift to centres already congested and of easing the strain on housing, gas, electric power, water, and transport services in those centres.

Another aspect of the location of industry which continues to have the active attention of the Department is the development of industrial estates. With Government approval of a policy of acquiring and developing an area before leasing it for industrial purposes, the Industrial Areas Committee, comprising representatives of

Ministry of Works, Treasury, Lands and Survey, Labour and Employment, and this Department, has been set up to advise on the establishment of trading estates and related matters in this country. The work of the Committee covers, in particular—

- (a) The acquisition by the Crown of land for industrial purposes and the subsequent allocation and leasing of sites to manufacturing and other commercial interests ;
- (b) The control, allocation to industrial units, leasing, and administration of Government-owned stores and other buildings assigned for industrial purposes ;
- (c) The development, when and where appropriate, and subsequent administration of Government-owned blocks of rental factories of modern design and construction, provided with up-to-date amenities and services for selected light industries along the lines of similar developments abroad.

The allocation to industry has already begun of buildings erected during the war but now surplus to Government requirements, and at Tamaki, Auckland, approved industrial tenants are already occupying a portion of the large block. The over-riding control of these buildings is vested in the Ministry of Works, which, in accordance with a defined plan of utilization, arranges for their release to the Industrial Areas Committee. It is expected that additional buildings in the Tamaki area, as well as a portion of a similar block in the Hutt Valley, will shortly be released for allocation by the Committee. Further proposals under consideration as part of a plan for the development of the Hutt Valley include the establishment of a heavy industrial area at Seaview, a light industrial area at Taita, and a servicing area at Naenae. The allocation of sites to firms interested in leasing the land will be proceeded with as soon as possible.

SECTION 13.—NEW INDUSTRIAL PROJECTS

In last year's report an enumeration was made of products for the manufacture of which projects had been examined by the Department. There have been no significant additions in the past year to the number or type of such projects, but work has proceeded steadily towards bringing into production some important units among those listed last year. Rubber vehicle-tires and steel tubes will soon be produced here, and carpet-manufacture will be expanded. The development is proceeding of the solar salt area at Lake Grassmere, which scheme was recently investigated and reported on by Professor W. L. Badger, of the United States of America, who is a leading authority in chemical engineering in this field. Spinning and weaving of cotton are not so far advanced as yet. There is evidence that further new proposals for industrial expansion will be put forward when pressure on buildings, power, and labour recedes.

SECTION 14.—FACTORY CONTROL

Persistent supply difficulties have made it necessary to retain the operation of the Factory Emergency Regulations 1939, and the Factory Controller, who at present is Mr. L. R. Morriss, of this Department, has throughout the year regulated the use of tinsplate, paint, manila fibre, tobacco and cigarettes, container board, and paraffin wax. The marking of clothing is also subject to control. Lifting of control has been possible from cordage other than manila fibre, of which use is limited to lifeboat falls, and cargo slings and nets. There has, too, been improvement in respect of tobacco and cigarettes and container board, but it is considered that circumstances are not yet sufficiently favourable to make it desirable to lift control over them.

It is unfortunate that unfavourable experience in the supply of certain essential materials is making it necessary to reintroduce control over certain goods. This action has been taken in relation to galvanized-iron sheets, black-steel sheet, and galvanized and wrought iron tubing.

PART III.—COMMERCE DIVISION

SECTION 1.—INTRODUCTORY

The functions of the Commerce Division of the Department were set out on page 23 of the 1947 report. Matters of considerable importance in overseas trade have engaged the attention of the Division during the year, and, where necessary, full co-operation and collaboration have been maintained between this and other Departments.

SECTION 2.—COMMERCIAL POLICY

(a) INTERNATIONAL TRADE ORGANIZATION

Three members of the Department's staff were included in the New Zealand delegation to the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment, held in Geneva from April to August, 1947. (The first session had been held in London in October and November, 1946.) At Geneva the Committee completed the drafting of a Charter proposing the establishment of an International Trade Organization which was to have as its purpose the achievement, through international co-operation, in the fields of trade and employment, of peaceful and friendly relations among nations. The Preparatory Committee's draft Charter was submitted to the nations invited by the United Nations to attend the International Trade Conference at Havana in November, 1947. The Department was also represented at the Havana Conference, which did not complete its task until March, 1948, when a Charter, based substantially on the Geneva draft, was accepted by fifty-four of the fifty-eight nations attending the Conference for submission to and acceptance by their Governments.

Concurrently with, and subsequent to, the discussions on the proposed ITO Charter at Geneva, negotiations were undertaken there to complete a multilateral agreement among the members of the Preparatory Committee on tariffs and directly related subjects. The results of these negotiations are incorporated in the General Agreement on Tariffs and Trade, which, before coming into effect in so far as New Zealand is concerned, requires Parliament's approval. If New Zealand adheres to the Agreement, we shall grant, on the one hand, and shall be accorded, on the other, tariff concessions which it is anticipated will be to the advantage of all concerned.

(b) TRADE RELATIONSHIPS WITH OTHER COUNTRIES

Both in its own right and as a member of Inter-departmental Committees this Department has continued to be closely concerned with the development of New Zealand's trade relationships with other countries. Particular concern has arisen from the necessity to make the best possible use of such dollars and other "hard" currency as was available and to encourage to the maximum exports to these areas.

(c) RELATIONS WITH JAPAN

On the 1st September, 1947, private trade with Japan was reopened. Of the four hundred businessmen who were permitted after 15th August to enter Japan, if sponsored by their Governments, a revolving quota of six was allotted to New Zealand. Only five local businessmen have, however, so far taken the opportunity to obtain permission to make business trips to Japan. Only very limited trade has been possible as Japan is regarded as a "hard" currency country, and there is, as yet, only a limited range of goods available from that source. Negotiations have been proceeding with the Supreme Commander for the Allied Powers regarding the sale, on a Government

basis, of wool, hides and skins, and seeds to Japan, but no arrangements have been completed. Close collaboration with the Governments of the United Kingdom and other Commonwealth countries is being maintained regarding trade with Japan, and it is possible that arrangements of a comprehensive nature may be made to permit of some two-way trading with that country on a commercial basis. Economic aspects of the proposed Japanese Peace Settlement, which entailed a study of the Japanese economy as well as of the proposals of the Far Eastern Commission (FEC) for the future levels of economic life of the Japanese and the restrictions necessary to ensure Japan's complete industrial disarmament, have also engaged attention during the year.

SECTION 3.—TRADE PROMOTION

Normally, one of the major tasks of the Commerce Division would be the development and expansion of New Zealand's export trade, for which purpose it is closely linked with the overseas trade representation service, but, because at present New Zealand's main export products are either committed to the United Kingdom or are finding a ready sale in well-established markets, trade promotion work is limited. There are many opportunities for the sale overseas of a variety of manufactured goods which New Zealand industry could produce at competitive prices, but, under existing conditions, shortages of certain materials, as well as of labour, prevent the full exploitation of these opportunities. Unfortunately, it is sometimes necessary to discourage exports as is done in cases where the immediate or possible future effect would be to cause a shortage on the local market either of the goods themselves or of some essential raw material from which they are made. Nevertheless, the service offered by the Commerce Division, through the Trade Commissioner Service, to assist manufacturers or their agents to find markets in other countries for their surplus production has been increasingly availed of during the year.

Assistance, too, is accorded to traders generally by disseminating commercial information and by passing on to appropriate firms or organizations the many overseas trade inquiries received. The Trade Commissioner Service has also rendered valuable assistance to importers and manufacturers in locating sources of supply of materials and in facilitating their release and shipment.

SECTION 4.—TRADE COMMISSIONER SERVICE

The reorganization and strengthening of the Trade Commissioner Service has proceeded during the year. Continued reduction in the amount of procurement work required of Trade Commissioners has led to a corresponding reduction in the staffs employed in some overseas offices, but in India the Acting New Zealand Supply Liaison Officer has been replaced by a Trade Commissioner and an Assistant Trade Commissioner, while a permanent Trade Commissioner has been appointed in Melbourne and an Assistant Trade Commissioner in Sydney. The present overseas representatives of the Department are as follows:—

United Kingdom Representative	..	..	..	London.
New Zealand Trade Commissioner in U.S.A.	..	..	..	Washington.
New Zealand Trade Commissioner in Canada	..	..	..	Montreal.
New Zealand Senior Trade Commissioner in Australia			..	Sydney.
Assistant New Zealand Trade Commissioner	..	..	..	Sydney.
New Zealand Trade Commissioner	..	..	..	Melbourne.
New Zealand Trade Commissioner in India	..	..	..	Bombay.
Assistant New Zealand Trade Commissioner	..	..	..	Bombay.
Temporary New Zealand Trade and Reparations Representative				Tokyo.

As occasion has required, these representatives have attended on various international committees, as in the instances that the Trade Commissioner in Washington attended meetings of the International Emergency Food Committee (IEFC), the Food and Agricultural Organization (FAO), the Inter-Allied Trade Board for Japan, and the International Wheat Council; while our officer in Tokyo is a member of the Reparations Technical Advisory Committee.

SECTION 5.—COMMERCIAL INTELLIGENCE

All information received from Trade Commissioners and from overseas publications which is of interest to other Government Departments, or to trading firms or organizations, and which can be conveniently communicated to them, is passed on.

As overseas trade becomes more competitive and New Zealand's markets more diversified, this Department is preparing to assume the responsibility of providing the New Zealand commercial public with a more comprehensive service of trade information, including such facts as overseas market conditions and import regulations of other countries. At present the Department has no satisfactory medium for the dissemination of such information, but it is making preparations so that, at the appropriate time this responsibility will be adequately discharged.

At present the *Commerce Bulletin*, a monthly booklet designed to keep the Department's overseas officers informed on matters of use and interest to them, is prepared and circulated. Information given more particularly relates to New Zealand's industrial development and export possibilities. *Commerce Bulletins* published in the past now provide a valuable reference and guide to New Zealand primary and secondary producers and their respective products. It is hoped, in the coming year, to extend the scope of the *Commerce Bulletin* to provide overseas representatives with more complete information concerning primary and industrial production, crop and market reports, trends in the pattern of New Zealand's overseas trade, and general information concerning the economy of New Zealand.

The Department, during the course of the year, has dealt with a very large number of trade inquiries. A great number of these inquiries come from India and other Eastern countries, but many from Europe, Australia, and North America. Many have been concerned with New Zealand's primary products, but there has been also no lack of requests for manufactured goods. All inquiries receive a considered reply, and, where appropriate, they are referred to the firms or organizations most likely to be interested. Full advantage is taken of the co-operation offered in this respect by the Associated Chambers of Commerce of New Zealand, the New Zealand Manufacturers' Federation, and other trade organizations, as well as by other Government Departments.

SECTIONS 6.—REPARATIONS

(a) GERMANY

The Inter-Allied Reparations Agency (IARA), comprising eighteen allied nations, including New Zealand, which was established at Brussels in 1946, has continued its operations throughout the year, although its recent advices convey the Agency's disappointment over the slow progress being made. Indeed, it has requested the Allied Control Authority to speed up the allocation of plant and equipment of which disposal is desired. In the year to 31st March, 1948, New Zealand was allocated two small plants *in toto*, and individual items of machine tools and equipment from a further 54 plants, together with 95 items from the British and 156 from the French Emergency Delivery Schemes respectively. The value attached by the IARA to equipment allocated to this country during the period is £201,466, and to the end of March the portion landed in New Zealand totalled £44,294 on IARA valuation. The equipment received has been distributed by the War Assets Realization Board on the basis that 25 per cent. is allocated

for Government Departments and 75 per cent. for local industries, from which tenders are invited. Trade and manufacturers' associations are kept advised of the position, and so far there has been a steady demand for the equipment received. Further allocations are expected to be made to this country from time to time.

(b) JAPAN

In conjunction with the Department of External Affairs, this Department has maintained a close watch over the development of plans for Japanese reparations which are being worked out by the Far Eastern Commission in Washington and being implemented by the Supreme Commander for the Allied Powers in Japan, in conjunction with the Reparations Technical Advisory Committee in Tokyo, of which the New Zealand Government Trade and Reparations Representative in Japan is a member. A small number of countries whose properties were devastated by the Japanese have received allocations under the advanced transfer programme, and this equipment, amounting to approximately 30 per cent. of the estimated total available for reparations, is being removed by these countries, which include China, United Kingdom, Netherlands, and Philippines. The Supreme Commander of the Allied Powers is proceeding with the preparation of inventories and valuations of the remaining equipment. All claimant countries will have the opportunity to make inspection and to lodge claims for what they desire when policy decisions are made by the Far Eastern Commission.

SECTION 7.—MISCELLANEOUS

(a) CONTROL OF EXPORTS

In carrying out its function of making recommendations to the Customs Department on applications for permits to export certain goods as required by the Export Prohibition Emergency Regulations the Department has endeavoured to maintain a fair balance between the objective of maximizing export trade and the necessity of safeguarding the local supply position. Important factors taken into account include New Zealand's obligations to the International Emergency Food Committee (IEFC), our commitments for the supply of products to the United Kingdom, and our desire to encourage exports to "hard" currency countries.

(b) INTERNATIONAL EMERGENCY FOOD COMMITTEE

The co-ordination of information required by the IEFC as to New Zealand's requirements and production of those foodstuffs and materials which are subject to IEFC allocations, and which include cereals (including rice), fats and oils, pulses, cocoa, animal foodstuffs, grass and clover seeds, and fertilizers has continued to be carried out by this Department and supplied through External Affairs Department to the New Zealand member of the Committee in Washington.

(c) INTERNATIONAL WHEAT AGREEMENT

Work done locally in connection with New Zealand's participation in the negotiations for an International Wheat Agreement at a special session of the International Wheat Council in Washington from 27th January to 6th March, 1948, was carried out by this Department. The three main wheat-exporting countries and the thirty-three importing countries were represented at the session, at which a draft agreement was negotiated. New Zealand signed the agreement on 25th March, 1948. Both in preparing the instructions to the New Zealand delegation, and in considering the draft Agreement, close liaison was maintained with the Wheat and Flour Controller, the Economic Stabilization Commission, and the Department of Agriculture to ensure co-ordination of the views of the various Government agencies concerned with the production and importation of wheat in New Zealand.

(d) UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

When the work of UNRRA ceased, the United Nations International Children's Emergency Fund (UNICEF) was established to do what was possible to meet the needs of nursing and pregnant mothers, children, and adolescents in countries where their plight made such assistance desirable. The New Zealand Government contributed £250,000, and this Department has had the responsibility for all administrative details connected with the purchase from this fund of needed goods and their shipment. By arrangement with the fund headquarters, a survey was made to determine the availability from New Zealand of various commodities required by the fund, and the various purchases which have been approved will, when completed, absorb the total contribution.

(e) GOVERNMENT PROCUREMENT

Procurement of goods which during the war years was so largely carried on by the New Zealand Supply Missions overseas on a Government-to-Government basis has now almost entirely reverted to commercial organizations. Nevertheless, the Department finds it necessary still to maintain, through its overseas offices, a service for the purchase of goods required by certain other Government Departments, and, in exceptional cases, of commodities in short supply required by industry, but which, for various reasons, cannot be obtained through normal channels.

(f) PUBLIC RELATIONS

The Public Relations Officer has continued to carry out the Department's policy of offering assistance to visiting overseas industrialists and businessmen. This service is widely availed of, and in the course of the year this officer assisted many visitors from overseas by arranging the contacts they required, by facilitating accommodation and travel arrangements, and by supplying helpful information. The favourable first impression of the country gained by visitors and the spirit of goodwill created make their contribution to the development of favourable business relations.

PART IV.—OTHER DEPARTMENTAL ACTIVITIES

SECTION 1.—ACCOUNTS SECTION

As was the case last year, the accounting functions of the Department have covered both the departmental accounting and that relating to the clearing-up of Ministry of Supply activities.

Details of this Department's expenditure are published in the Estimates, so it is not thought necessary to restate them here. This opportunity is taken, however, to give particulars of the transaction involving £705,925 for the purchase of cement-bags. This covered ten million paper bags from France for use by the fertilizer and cement manufacturers because supplies of jute bags from India were inadequate and deliveries uncertain. The full consignment of French bags has been sold to the manufacturers at landed cost.

Transactions concerning the Ministry of Supply fall into the following main classifications. There are those which relate to deliveries coming to hand from overseas under orders placed by the Ministry, those which relate to sales of stocks, those which relate to the clearing of debtors' balances, and those which relate to the supply of goods to the United Nations Relief and Rehabilitation Administration (UNRRA).

In the year 1947-48, 1,247 consignments, valued at £1,472,896, were received on 110 vessels. In the previous year 4,000 consignments, valued at more than £9,000,000, were received on 146 vessels.

As a consequence of the disposal of stocks during the year, stores occupied were reduced from five in April, 1947, to three in March, 1948. Stores still occupied include two at Aotea Quay, Wellington, and one at Lyttelton. Disposals made have included surplus equipment taken over from the Munitions Controller, and for the year were of an aggregate value of £1,125,897. Among matters taken over from the Munitions Controller and dealt with were the dismantling of the small-arms ammunition plant at Hamilton and its transfer into storage at Auckland.

Expenditure charged to War Expenses Account (Civil Division) on account of Ministry of Supply for the past year totalled £2,742,815. In this amount £414,196 is in respect of purchases on behalf of UNRRA. Revenue received under this heading totalled £3,851,951. The excess of revenue over expenditure arises, firstly, from the liquidation of stocks and, secondly, from the realization of debtors' balances.

Purchases on behalf of other Governments or of international organizations have been finalized in the cases of the Netherlands East Indies, the United Kingdom on behalf of Far Eastern Territories, and UNRRA. In the case of UNRRA, after fulfilling all requests for supplies and providing for contingent expenditure, a credit balance of £96,814 remains from New Zealand's contribution of £5,200,000, which is now being paid to UNRRA in sterling.

Buying on a Government-to-Government basis similar to that followed by the Ministry of Supply remains in operation in respect of tinplate, tin, ingot tin, electrical black sheet, and sisal.

SECTION 2.—LIBRARY AND INFORMATION SERVICE

(a) LIBRARY

During the year the departmental library has again been used extensively as a source of reference and assistance to officers of the Department, manufacturers, and industry generally. Inquiries received by the Department arising from material published in the Department's *Industrial Bulletin*, which is issued in collaboration with the Department of Scientific and Industrial Research, continue to increase, and direct inquiries received arising from abstracts published in this *Bulletin* totalled 3,200 during the year.

Compilation of the material for the new issue of the Directory of New Zealand Manufacturers was completed during the year, and it is now in the hands of the printer. Unfortunately, publication has been somewhat delayed due to printing difficulties, but it is anticipated that the new volume will be available in July or August, 1948.

(b) EXHIBITIONS AND INDUSTRIAL FAIRS

Participation in industrial fairs and exhibitions continues to be administered by the Department, in close collaboration with the inter-Departmental Committee, comprising representatives of Departments which have special interest in bringing displays before the public. During the year various exhibits were arranged, of which brief particulars are now given. The "Meet New Zealand" Exhibition, which was conducted by the United Kingdom Office of Information, opened in London in October, 1947, and is to be taken to various points in the United Kingdom over a period of twelve months. It has as its main purpose the presentation of a composite picture of New Zealand to the man-in-the-street. A British Empire Exhibition, in which New Zealand participated, was held in conjunction with the 1947 Royal Agricultural Society Easter Show in Sydney. A New Zealand Court was provided in the revived Canadian National Exhibition held in Toronto. An exhibit was also provided in the annual New Zealand Industries Fair, organized by the Canterbury Manufacturers' Association at Christchurch, while, in conjunction with the Otago Centennial "Pageant of Progress," the Department organized and co-ordinated the displays of floats in which nine different Departments of State were interested. Several discussions were held by the Inter-departmental Committee in connection with the proposed International Exhibition planned by Canterbury for its centennial in 1950, but the promoting authorities have agreed that the venture should be postponed until a more favourable time.

SECTION 3.—MOTION-PICTURE INDUSTRY

Administration of the Cinematograph Film Regulations 1937 was carried out by the Department during the year. At 31st March, 1948, 315 theatres were licensed to exhibit films. Shortages of materials and labour are still retarding renovations to premises, while new construction which is desirable in some locations is also held up.

It is expected that the Motion-picture Industry Committee set up by the Government to inquire into the motion-picture industry will open its proceedings and hear evidence before Parliament resumes. The order of reference covers a wide range of matters affecting the industry and the public interest, including the provisions for theatre licensing and the constitution, functions, and operation of the Film Industry Board. This Board, which was established by agreement between the principal industrial interests concerned, acts as an advisory body in the internal settlement of problems affecting the industry.

PART V.—ORGANIZATIONS ASSOCIATED WITH THE DEPARTMENT

SECTION 1.—PRICE CONTROL DIVISION

The following report covers the operation of price control during the past year :—

(a) GENERAL

Important developments in the administration of price-control in New Zealand occurred in the year under review. Until 30th November, 1947, the Price Tribunal continued to operate under former legislation and regulations, but, following a review of post-war developments, the Control of Prices Act, 1947, was passed, and came into force on 1st December. The principal changes brought about by the Act are dealt with below.

Although there was a certain easement in the general supply position over the year, demand continued at a high level owing to the sustained purchasing-power of consumers. The strict control over the prices of goods and services which has been maintained since 1939 was continued.

(b) THE CONTROL OF PRICES ACT, 1947

The Control of Prices Act, which drew on more than eight years' experience by the Price Tribunal, consolidated and extended the powers and functions formerly exercised mainly under Emergency Regulations. It defined the general duties of the Tribunal as the fixing of prices for goods and services, the investigation of complaints with respect to prices, the maintenance of a survey of prices, the institution of proceedings for offences, and the taking of such other action as might be necessary to prevent profiteering or the exploitation of the public.

The Act gave legislative recognition to the necessity for permanent price-control to ensure that the benefits of a full-employment policy, with its consequent sustained pressure of purchasing-power on production, are enjoyed by the community as a whole.

Continued public confidence has been promoted by the provision that, except in certain circumstances, the sittings of the Tribunal should be open to the public.

Following the passing of this Act, the Price Tribunal has become a separate body from the Price Control Division.

All administrative and enforcement duties are performed by the Division, and the Tribunal, in accordance with powers given to it by the Act, has delegated certain powers to the Director. The Act provides that any person directly or indirectly affected by any act or decision of the Director acting pursuant to such delegation may at any time appeal therefrom to the Tribunal.

(c) THE PRICE CONTROL DIVISION

A separate Division of the Department of Industries and Commerce, known as the Price Control Division, has been constituted. Mr. H. L. Wise, a member of the Tribunal since its inception in 1939, was appointed as Director of Price Control and administrative head of the Division.

Since the establishment of the Division, a review of pricing procedures has been undertaken, and as a result comprehensive plans for implementing simplified pricing schemes in certain trades have been prepared, and are under discussion with the trade organizations concerned.

Branch offices of the Division operate in Auckland, Christchurch, and Dunedin. It is evident that the service which these offices are rendering is welcomed by the traders and the public in the districts concerned, although the degree of decentralization which can be achieved is limited by the necessity for the maintenance of uniformity in the Dominion's price structure.

(d) PRICE TRENDS

During the year a close watch was kept on price trends, both overseas and within the Dominion. While the prices of New Zealand manufactures remained relatively stable, the cost of some imported commodities continued to rise fairly steeply. The movement in certain lines was sufficiently marked to warrant reductions in approved mark-ups to retain reasonable balance in the over-all price structure.

(e) PRICE ORDERS

During the year 193 Price Orders were issued by the Tribunal. These Orders, which included amendments to existing Orders, were distributed as follows :—

Commodity Group.	Number of Price Orders.				
Foodstuffs	..	..	..	..	162
Metal and wood products .. .	..	..	..	..	4
Apparel .. .	..	..	..	..	2
Services .. .	..	..	..	..	1
Other Goods .. .	..	..	..	..	24

(f) ENFORCEMENT

The activities of enforcement officers during the year covered a wide field in both town and country. Although the great majority of traders is prepared to co-operate with the authorities, it was found necessary to institute proceedings in a number of cases, particulars of which were as follows :—

Number of cases heard during year .. .	..	..	..	320
Number of traders affected .. .	..	..	..	193
Number of convictions secured .. .	..	..	..	315
Amount of fines imposed during year .. .	..	..	..	£1,352 10s.
Cumulative total of convictions secured from inception to 31st March, 1948 .. .	..	..	..	2,243
Cumulative total of fines imposed from inception to 31st March, 1948 .. .	..	..	..	£12,097 5s.

(g) RELATIONS WITH TRADE ORGANIZATIONS AND OTHER GOVERNMENT DEPARTMENTS

The success of price-control in New Zealand has been due largely to the helpful co-operation which has almost invariably been forthcoming from organizations of manufacturers and traders. This co-operation was continued during the year, and frequent discussions took place on matters affecting the administration of control measures.

Constant liaison was also maintained with the Economic Stabilization Commission, Standards Institute, and other Government Departments.

SECTION 2.—FOOD AND RATIONING CONTROL

(a) RATIONING

(i) *Sugar*

The rationing of sugar was continued throughout the year without alteration to the consumer scale of allocation of 12 oz. per head per week. This, however, was supplemented by three releases, each of 3 lb. per head, of sugar for jam. Manufacturers continued to receive 75 per cent. of the 1941 consumption. Unfortunately, the building-up of reserve stocks, which is so necessary before restrictions on sales can be removed, has been retarded because the shortcomings of coastal shipping services have caused recurrent shortages in several towns, particularly in the far South.

The flow of raw sugar to the refineries has been satisfactory, and, whilst stocks held are not heavy, there is no apparent danger of foreseeable future requirements not being met.

The United Kingdom (with an 8 oz. sugar ration) and New Zealand are the only two English-speaking countries still applying official sugar-rationing.

New Zealand continues to be a party to the Empire Sugar Agreement on prices and sources of supply, but there is now no arbitrary restriction on the amount of sugar available to the Dominion from the Pacific area. Purchases have been confined to Fiji and Queensland, where adequate stocks have been on hand to fill all the ships available.

In consequence of the heavy Cuban cane-sugar crop in 1947, the Sugar Committee of the International Emergency Food Council suspended sittings meantime.

(ii) *Tea*

Throughout the year the ration scale in New Zealand was held at the same rate as has operated since 1942—namely, 8 oz. each four weeks for each person ten years of age and over. The supplementary allowance to persons seventy years of age and over, introduced in 1946, was also maintained.

The Empire Tea Allocation Scheme ceased to operate, as scheduled, on 31st March, 1947, so that during the whole of the year we were free to purchase on the open market in India and Ceylon. Heavy purchases of tea were arranged in the first three months, but initial difficulties were experienced in transshipping from Australia to New Zealand. In recent months consignments have been coming to hand more freely, with the result that the advantages of the heavy buying in the early part of the year are now being enjoyed in the way of accumulating stocks. This policy has been followed with the object of building up a stock pile in New Zealand sufficient to enable packers to meet the full demand after rationing is terminated.

(iii) *Butter and Cream*

The rationing of butter to make available a greater volume of exports to the United Kingdom has been retained, and the domestic allocation continues at the rate of 6 oz. per person per week. In December the usual bonus of 8 oz. per head was granted for home baking of Christmas cakes. Commercial consumers receive 50 per cent. of their consumption in 1942–43. Cream-rationing, too, has been retained. It is assessed that the quantity of butter saved from local consumption under rationing during the year was 13,000 tons.

The restriction on the sale of cream to persons requiring it in their diet for medical reasons remained in operation as another means of saving butterfat for export. Difficulty has been experienced in enforcing the restriction in towns near sources of supply where numbers of milk-vendors operate in competition. Although this detracted from the value of the scheme, it still served its purpose as an indispensable adjunct to butter-rationing.

In the past year the rationing of butter was discontinued in the United States of America and Canada. It now remains only in New Zealand, Australia, and the United Kingdom.

(iv) *Meat*

During the first half of the year the weekly ration was 1s. 6d. per head, except for children under the age of five years, who received half of this. With the general increase in meat-prices at the end of September an appropriate adjustment was made to the value of meat coupons to provide the same weekly ration by weight. The value of this ration (2½ lb.) now stands at 1s. 11d., and the change has been effected by increasing the value of the variable H coupons from 3d. to 8d. and the value of J coupons from 3d. to 6d. The replacement system of supplying meat to traders against coupons collected continued to give satisfaction. The quantity of meat withdrawn from civilian consumption during the year amounted to 29,000 tons.

(v) *Bacon and Ham*

The consumption of these goods is still restricted by means of a quota system applied to all licensed bacon-factories.

(vi) *Eggs*

The number of eggs coming forward for consumption in the main centres remained insufficient to meet the public demand. Although, generally speaking, there were enough eggs on the market for a month or so during the flush period late in 1947, local shortages developed earlier than usual, and by February, 1948, it was necessary to operate the priority system of rationing in many towns so as to give preference to the needs of children under the age of five years, expectant and nursing mothers, and persons requiring eggs in their diet for medical reasons.

(vii) *Clothing*

Clothes-rationing in New Zealand was discontinued on 30th November, 1947, after having operated for five and a half years. While at that date shortages had not been overcome in all lines, the scheme did achieve the main purpose of its introduction, which was to prevent the creation of acute shortages caused through panic buying and hoarding.

(viii) *Hosiery*

As was expected, the increased importations of hosiery made it unnecessary for rationing of these goods to be continued, and on 1st June, 1947, the X coupon system of selective rationing was cancelled and hosiery made available against clothing coupons. As the supply position continued to be buoyant, hosiery-rationing was discontinued concurrently with clothing-rationing on the 30th November, 1947. The scheme had operated continuously since 27th April, 1942, and had succeeded in ensuring equitable distribution of the reduced supplies of silk stockings available to meet women's needs in that period.

(ix) *Rehabilitation*

The allocation of special quotas to assist in the rehabilitation of returned service personnel continued on the basis of allowing a serviceman desiring to set up in business on his own account sufficient rationed goods to enable him to become firmly established.

(x) *Offences*

A general improvement in the manner in which all classes of traders in rationed goods have complied with their obligations has been evident. In consequence of this there has been a considerable decrease in the number of prosecutions taken as compared with previous years. Ninety-seven prosecutions for alleged rationing offences were instituted in the year. Eight cases briefed were not proceeded with following the recommendation of the police after their further inquiries had been completed. Three cases were dismissed by the Courts. Numerous minor discrepancies and irregularities were reported by the Inspectors and District Rationing Officers and were dealt with by warning letters; but, generally speaking, traders have co-operated faithfully and well in operating the rationing schemes. Several allegations of "black marketing," mostly in regard to meat, were made during the year. Investigations proved in most cases that the allegations were based on suspicion, and no actual evidence was offered. It is conceded, however, that there is some "black marketing," particularly in cream, but evidence to justify Court proceedings is not always obtainable.

(b) *FOOD-CONTROL*(i) *Supply Position*

With the exception of dried vine fruits—viz., sultanas, raisins, and currants—the supply position of imported foodstuffs showed a considerable improvement on the past year over previous years, and with several commodities it was possible to revert to the normal practice of granting import licences to the usual importers.

Dried Vine Fruits (Raisins, Sultanas, &c.).—The New Zealand allocation of dried vine fruits from Australia was the lowest for the last ten years and it was necessary to supplement supplies with importations from the United States of America. Although the total quantity for which import licences were issued was sufficient to cover reasonable requirements, there was an acute shortage of these fruits during the latter part of 1947, caused solely through shipping difficulties. Although every endeavour to ease the position was made by the authorities concerned, it was not until December that reasonable shipments were received from Australia.

Dried Apricots and Peaches.—During the last few years only limited quantities have been available, and to ensure that essential requirements reached hospitals all imports were made as a Government purchase. During 1947, when dried apricots and peaches were released from control by the International Emergency Food Committee, Washington, it was possible to procure and import, through the usual trade channels, reasonable supplies from Australia, South Africa, and the United States of America.

Canned Fruit.—The position with canned fruit has been similar to that relating to dried apricots and peaches. Until 1947 only limited quantities were allocated to New Zealand, and it was necessary for the Government to import the total quantity and control the distribution. However, during 1947 over 100,000 cases were allocated to New Zealand from Australian supplies, and its importation and distribution was arranged through the usual trade channels.

Rice.—New Zealand's allocation of rice was again approved for supply to Asiatics, ships' stores, and hospitals only. The total quantity was imported by this office, but distribution was made through the New Zealand Wholesale Merchants' Federation.

Sago and Tapioca.—For the first time for many years supplies of these commodities were available in 1947 for export from Singapore, and imports to this country were made by the traders who usually handle these lines.

The prices were considerably higher than those ruling in pre-war years, for whereas the pre-war figure was around £18 a ton, in 1947 it approximated £100 a ton.

Dates.—Increased quantities were allocated to New Zealand from the 1947 Iraq crop, but the shipment did not reach here until early in 1948.

Figs.—For the first time for several years, supplies of figs were available. Control by the International Emergency Food Committee has now been released.

Prunes.—Reasonable supplies were available throughout the year.

Salt.—With the exception of coarse salt for industrial purposes the supply position was reasonable. Considerable difficulty was experienced in procuring adequate supplies of coarse salt, and these difficulties were aggravated by the lack of transport.

(ii) *Supply Prospects*

Dried Vine Fruits.—The 1948 allocation of dried vine fruits from Australia is considerably in excess of that made in 1947, and, subject to the shipping being available, quite reasonable supplies should reach this country this year.

Dried Apricots and Peaches.—Only limited quantities have been allocated from Australia, but it is hoped that additional supplies will be imported from South Africa.

Prunes.—On account of the United States dollar position, only limited quantities of 1947 season's Californian prunes were imported. These supplies arrived early in 1948, and the distribution was controlled by this Office in a manner to ensure that the usual importers, though they were not granted import licences, received a fair and reasonable share of the goods available.

Canned Fruit.—One hundred thousand cases have been allocated to New Zealand from the 1948 Australian pack, and the importation and distribution will be arranged through the usual trade channels. For the first time for several years the New Zealand pack has been reasonably good, and at least 50,000 cases have been distributed by the manufacturers.

Jam.—Due to the very favourable fruit season, local manufacturers will be able to supply full requirements.

Rice.—Owing to the pressing need in countries where rice is a staple food, it has been necessary for the International Emergency Food Committee to continue to control the allocation of rice. The New Zealand allocation for 1948 has been approved for supply to Asiatics, ships' stores, and hospitals. Present indications are that rice will not be available for domestic distribution until mid-1949 at the earliest.

(c) GENERAL

(i) *Procurement*

The following items were purchased by the Office on a Government-to-Government basis for distribution through normal trade channels:—

	Approximate Value.
	£
Coffee-beans (ex United Kingdom Ministry of Food) ..	58,000
Rice	40,000
Coconut (produce of Samoa)	82,000
Tea (auction sales—Ceylon and India)	2,500,000

(ii) *Purchases for Government Departments*

During the year the Office continued to function as the foodstuffs-purchasing authority for Government Departments, including the defence Services. In the main, requirements were obtained by direct imports from overseas and by direct purchases from local manufacturers. Contracts arranged included such perishable goods as meat, bread, fish, &c. Supplies of meat to the defence Services were regularly examined by officers of the Department of Agriculture, and it is pleasing to record that there were no adverse reports from that Department of contractors not fulfilling the terms and conditions of their contracts.

(iii) *Imperial Government Contracts*

Delivery of approximately 1,200 tons of oatmeal, valued at £58,000, was made to the British War Office in the year to 31st December, 1947.

(iv) *Export of Canned Foods to the United Kingdom*

Early in 1948 the High Commissioner for New Zealand in London advised that the British Ministry of Food was prepared to grant import licences to United Kingdom importers for the importation of certain classes of canned goods from New Zealand. Arrangements were accordingly made for various local manufacturers to submit offers to their agents in the United Kingdom under the sponsorship of the Department's London representative. Considerable orders have since been received by manufacturers for commodities such as tomato puree, tomato juice, &c.

(v) *Import and Export Licensing*

The Office continued to submit recommendations to the Comptroller of Customs in respect of applications for import licences for food commodities, and to make recommendations regarding applications for the export of food commodities.

(vi) *Sugar Subsidy*

It was decided early in the year that sugar used for making cakes, confectionery, cordials, and other such products should no longer be subsidized. Accordingly, from 14th April, 1947, subsidy on sugar was confined to that used for domestic consumption, and manufacturers using sugar in their products were required to pay the full market price. The scheme was operated by this Office in conjunction with sugar-rationing by a system of payments to merchants in respect of their sales to retailers for ultimate domestic use, and was continued until 29th September, 1947. By this time the rate of subsidy had risen to over £22 per ton, and the amount of subsidy saved over the whole period approximated £350,000. On the 29th September the subsidy on sugar was discontinued entirely.

SECTION 3.—WHEAT, FLOUR, AND BREAD INDUSTRIES

The Wheat and Flour Controller has reported in the following terms for the year ended 31st January, 1948 :—

(a) GENERAL REVIEW

The supply of wheat continued to give difficulty on a world-wide scale throughout the year under review, and the problem of keeping New Zealand fully supplied for all purposes was not accomplished without difficulty. New Zealand, in common with all other wheat-importing countries, is dependent on such allocations as are approved by the Cereals Committee of the International Emergency Food Committee, Washington. All requests for imports are carefully screened by this Committee, and before allocations are made details have to be given by the applicant country of its stocks, its requirements, and the uses to which supplies are to be put. Although we were successful in obtaining allocations sufficient to cover our bare needs in wheat, and in obtaining supplies from Australia, the allocations restricted our over-all supply to the same level as in the previous year, and necessitated the continuation of the various emergency controls in this country, which have as their objective the conservation of wheat supplies.

Our position in the past year was much less favourable than in previous years because the substantial reserves carried all through the war years were largely consumed in 1946–47. The effect of this was noticeable both at the beginning and at the end of the period, when in a few instances mills' stocks were reduced to bare boards. The position in each case was relieved, however, by the new harvest. Early in the present year the position was eased by the despatch of a vessel from South Australia on Christmas Eve with a cargo short-loaded so as to enable an earlier discharge at Lyttelton than otherwise would have been the case.

The present outlook is that wheat may continue to be short of world needs for some time, and, while there are signs that an improvement is taking place, it is hardly anticipated that any such improvement will be sufficient to reverse the scales in the immediate future. Consequently, it is believed that the system of allocation employed by the International Emergency Food Committee amongst the claimant countries for wheat will have to be continued while that situation remains.

(b) INTERNATIONAL WHEAT AGREEMENT

An International Wheat Agreement was negotiated at a Conference held in Washington early this year, and it has since been signed by New Zealand. It is, however, subject to formal acceptance on the part of signatory Governments by the 1st July, 1948, and is intended to come into force as from 1st August, 1948, for a period of five years. New Zealand undertakes to purchase each year 5,511,000 bushels. Under the terms of the arrangement the contracting exporting countries (Australia, Canada, and the United States) are, if required by the International Wheat Council, to sell certain guaranteed quantities of wheat to the contracting importing countries at the maximum prices provided for in the Agreement, and the contracting importing countries undertake, if required by the Council, to purchase certain quantities at prescribed minimum prices. Under present conditions the equivalent of the maximum price for Australian f.a.q. wheat has been estimated at 12s. 5d. per bushel, and the minimum for the first year at about 9s., falling to approximately 6s. 6d. per bushel in the final year. As the Agreement does not apply to the prices arranged under arrangements entered into before 1st March, 1947, the price payable by New Zealand for wheat supplied by Australia under the contract made between the two countries will not be affected.

(c) LOCAL CONTROLS ON USAGE

Controls on the usage of wheat and its derivatives operating in New Zealand which arise from supply difficulties are briefly summarized as follows:—

- (1) The Flour Extraction Control Notice, 1946, providing for a flour-extraction rate of 80 per cent. and enabling a saving of over 750,000 bushels per annum in the quantity of wheat used by the flourmills.
- (2) Wheat-supplies to the poultry industry in 1947–48 were carefully distributed through the same channels as before, and no more wheat was made available for this purpose than in the previous year.
- (3) Bran and pollard, reduced in quantity since the advent of flour of 80-per-cent. extraction, continued to be diverted to the manufacturers of a standard mash for the poultry industry, excepting when, at odd intervals, because of shipping setbacks, small surpluses accumulated at certain points, enabling releases of these offals to be made for other feed purposes. The quality and distribution of this standard mash is controlled by the Department of Agriculture.
- (4) The prohibition under the Wheaten Stock Foods Control Notice 1945 on the use of wheat or wheaten products for the feeding of live-stock other than poultry.

(d) NEW ZEALAND CROP

The acreage of locally-grown wheat fell from 161,049 acres in 1945–46 to 141,407 acres in 1946–47, but, fortunately, the high average yield per acre (37·96 bushels) from the 1946–47 crop gave a total yield of 5,368,120 bushels, this being slightly less than the previous year's total of 5,439,041.

The price paid to growers for the 1946–47 crop was 7s. 4d. per bushel, f.o.b. grower's nearest port, March Tuscan basis, as compared with 7s. 1d. per bushel for the previous year. For the 1947–48 and 1948–49 crops the price was fixed at 8s. per bushel, subject to the proviso that the price for the 1948–49 crop will be further increased to cover any further increased costs which may be shown prior to that time.

Under the Wheatgrowers' Compensation Scheme, which is designed to protect the growers from losses arising from hail, frost, and flood damage (the growers, however, meet the first 50 per cent. of the loss) insurance payments for the year totalled £1,304, spread over twenty claims. The average of claims was £3 5s. 6d. per acre. At the close of the financial year £34,519 stood to the credit of the fund.

(e) IMPORTATIONS

Imports during the year totalled 5,266,604 bushels, although 1,547,882 bushels of this quantity represented wheat of which delivery had not been taken by us in the previous year because of shipping difficulties.

The contract made between the New Zealand and Australian Governments provides for the supply to New Zealand of a total of 18,000,000 bushels over the crop years 1945-46 to 1949-50. To the 31st January, 1948, a total quantity of 8,579,467 bushels had been delivered by Australia against the contract. The first 4,500,000 bushels were delivered at the agreed upon rate of 9s. 6d. per bushel, sacks extra, f.o.b. Australian ports, and the price for the balance was fixed at 5s. 9d. per bushel between the respective Governments. On the 19th January, 1948, however, the home consumption price for wheat in Australia was advanced to 6s. 3d. per bushel, sacks extra, f.o.r. ports, whereas at the time of the conclusion of the contract, the home consumption price in Australia was 5s. 2d. per bushel, sacks extra, f.o.r. ports. The New Zealand Government, in keeping with this advance in the Australian home-consumption price, offered to increase the price for wheat bought under the Australian contract from 5s. 9d. per bushel, f.o.b., to 6s. 4d. per bushel, f.o.b., this price being the f.o.b. equivalent of the new Australian home consumption price. The Australian Government accepted this offer, and the increase for deliveries under the contract became effective as from the 19th January, 1948.

(f) FLOUR-QUALITY

A high standard of quality is more difficult to attain in milling wheat to an 80-per-cent. extraction than was the case when the extraction rate was about 72 per cent. Notwithstanding this, the flour produced was generally of a high standard, and it is to the millers' credit that no effort was spared to that end. Bakers also continued to employ their best techniques in the baking of bread from flour of 80-per-cent. extraction. Health and nutrition authorities state that the 80-per-cent. extraction flour has a higher food value than the white 72-per-cent. extraction flour, and that it contains minerals and vitamins previously lost in the milling process.

(g) TRADING RESULTS

The main features of the trading results of the Wheat Committee for the year ending 31st January, 1948, are given in brief outline below:—

Turnover, by weight, was as under—

						Bushels.
Wheat*	..	..	..	..	..	9,733,505
						Tons.
New Zealand white flour	..	..	..	..	..	159,221
Australian white flour	..	..	..	..	..	2,188
Wheatmeal	..	..	..	..	..	8,913
Bran	..	..	..	..	..	19,080
Pollard	..	..	..	..	..	20,022

* This does not include New Zealand wheat which goes into consumption on farms where it is produced or is sold to neighbours as provided for in the regulations. Certified seed wheat is also excluded. Only the quantity bought and sold by the Wheat Committee is included. During the year ended 31st January, 1948, the Committee handled 4,466,901 bushels only of New Zealand wheat, whereas the total production was 5,368,120 bushels.

The wheat turnover of 9,733,505 bushels was 2,360,082 bushels more than in the previous year, but 1,026,607 bushels less than the quantity of 10,760,112 bushels sold during the year ended 31st January, 1946.

Of the 9,733,505 bushels sold in 1947-48, 5,266,604 bushels represented Australian importations and 4,466,901 bushels New-Zealand-grown. Importations were 2,518,049 bushels more than in the previous year, but included a quantity of wheat (1,547,882 bushels) which but for shipping difficulties would have been landed in the Dominion during the previous year.

The South Island crop went to the mills and the poultry industry in the South Island, whereas most of the imported wheat (3,535,276 bushels) was landed in the North Island, and only 1,731,328 bushels in the South Island.

The trade in New Zealand white flour was 165 tons more than in the previous year. A small quantity of Australian flour was sold, this representing the balance of a quantity accepted in lieu of wheat at the end of 1946, at a time when inland transport difficulties in Australia retarded the movement of wheat to the port of shipment, while flour was readily available. Wheatmeal sales (8,913 tons) showed a decline of 982 tons on the previous year's figure. This decline in trade in wheatmeal has been a feature during recent years, and the availability of flour of 80-per-cent. extraction is believed to be the chief cause of this.

The trade in New Zealand white flour and wheatmeal represented 118·31 per cent. of the basic allocation made to mills when the present system was inaugurated in 1936. Including Australian flour sold as such, trade represented 119·84 per cent. of the basic allocation, and this compares with the 120·34 per cent. of the allocation sold in the previous year.

The cash turnover during the past year was:—

	£
Wheat	4,096,215
Flour	2,671,652
	£6,767,867

This figure of £6,767,867 exceeds that of the previous year by £595,330.

The wheat figure is based on landed costs of Australian wheat and the growers' price of New Zealand wheat.

(h) ADMINISTRATION COSTS

The over-all administration costs of the Wheat Committee totalled £46,584 (0·688 per cent. of turnover of £6,767,867), apportioned as under:—

- (a) Wheat administration costs, covering the purchase and sale of all New Zealand and imported wheat, £11,011, or 0·269 per cent. of wheat turnover of £4,096,215.
- (b) Flour administration costs, covering all the charges arising from collecting orders, ordering out from the mills, invoicing, collecting accounts, paying proceeds to mills, acceptance on our part of the *del credere* risk, and including a commission of 2 per cent. paid to merchant agents handling flour in localities where there are no Wheat Committee branch offices, £35,573, or 1·332 per cent. of our flour turnover of £2,671,652.

Since millers pay the Wheat Committee $1\frac{1}{4}$ per cent. commission for this work it will be observed that the commission was slightly below the amount necessary to cover the flour administration costs in full.

Bad debts written off during the year amounted to £59; this amount, when compared with flour turnover, is infinitesimal.

(i) SUBSIDIES PAID TO STABILIZE PRICES

Subsidy payments made through the Wheat Committee on New Zealand and imported wheat, to keep prices of flour, bread, bran, pollard, and wheat at existing levels, amounted to £1,496,452 during the twelve months ended 31st January, 1948.

(j) REMOVAL OF SUBSIDY FROM JUTE GOODS

Arising from the decision of the Government to remove the subsidy on jute goods it became necessary for the Wheat Committee to adjust the price of wheat, flour, bran, and pollard separately from the price of sacks used to pack these goods. To identify the price of the sacks separately, a reversion was made from the practice of selling imported wheat and all flour, bran, and pollard on a "sacks in" basis, and as from the 8th September, 1947, the "sacks extra" basis was uniformly adopted.

(k) BREAD-BAKING INDUSTRY

On 31st January, 1948, 538 bread-baking units were operating, compared with 560 at 31st January, 1947. New businesses were established at Oneroa, Orewa, Tauranga, Hastings, and Lower Hutt. Bread-baking thus ceased at 27 units, accounted for as follows :—

- 11 decided to concentrate solely in manufacturing pastrycook lines, for which (at present) there is an unsatisfied demand.
- 6 disposed of their businesses to existing units, chiefly for reasons of old age and ill health.
- 4 storekeepers decided to close their bakery departments and act as bread-resellers.
- 4 uneconomic units closed down (one with unhygienic premises).
- 1 baker closed his business in Wellington and acquired another in New Plymouth, leaving the Wellington bakehouse closed.
- 1 bakehouse destroyed by fire.

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The units in operation were distributed as under :—				Number of Breadbaking Units, 31st January, 1948.	
North Auckland	..	..	..	..	35
Auckland Metropolitan Area	..	..	..	..	50
Waikato - South Auckland - Bay of Plenty	..	..	..	..	95
Gisborne and East Coast Bays	..	..	..	..	12
Hawke's Bay	..	..	..	..	19
Taranaki-Wanganui-Central Main Trunk	..	..	..	..	55
Manawatu - Southern Hawke's Bay - Wairarapa	..	..	..	..	50
Wellington - Hutt Valley	..	..	..	..	29
Marlborough	..	..	..	..	11
Nelson	..	..	..	..	14
Buller	..	..	..	..	6
Westland	..	..	..	..	17
Canterbury	..	..	..	..	72
Otago	..	..	..	..	46
Southland	..	..	..	..	27

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The size of the units engaged in bread-baking is indicated by the following table, which is based on the monthly average of flour purchases by the respective bakers :—

Consuming—

Less than 5 tons per month	..	..	96 units = 17·85% of total.
5 to 9 tons per month	..	..	149 units = 27·69% of total.
Over 9 to 14 tons per month	..	..	129 units = 23·98% of total.
Over 14 to 19 tons per month	..	..	60 units = 11·16% of total.
Over 19 to 29 tons per month	..	..	53 units = 9·85% of total.
Over 29 to 49 tons per month	..	..	24 units = 4·47% of total.
Over 49 to 99 tons per month	..	..	15 units = 2·77% of total.
Exceeding 99 tons per month	..	..	12 units = 2·23% of total.
			538 units 100%

The quantity of flour delivered to bread-bakers and bread-pastrycooks for the year ended 31st January, 1948, amounted to 109,644 tons, as compared with 109,973 tons for the year ended 31st January, 1947, a decrease of 329 tons. This period included the initial twelve months of 80-per-cent.-extraction flour usage, which, apparently, has arrested prior increases in the quantities of flour used in the industry, as follows :—

				Tons.
For the twelve months ended 31st January, 1944	..	..	..	101,120
For the twelve months ended 31st January, 1945	..	..	..	103,877
For the twelve months ended 31st January, 1946	..	..	..	107,716
For the twelve months ended 31st January, 1947	..	..	..	109,973

Allowing for the proportion of flour used by bread-bakers in the manufacture of pastrycook lines, it is estimated that 104,500 tons of flour were used for bread-baking during the year ended 31st January, 1948.

On the basis of 1,340 two-pound loaves per flour-ton, gives the equivalent of 140,030,000 two-pound loaves per annum, or 2,692,885 two-pound loaves per week.

On the basis of population at 31st December, 1947 (1,823,000 persons), the consumption per inhabitant, therefore, is 2·95 lb. bread per week.

Comparative statistics of flour-consumption are as under :—

Year ending,	Total Flour-consumption.	Quantity used for Bread.	Quantity used for Biscuits.	Quantity used for Householders, Pastrycooks, and for other Purposes.	Weekly Flour-consumption per Inhabitant.	Weekly Bread consumption per Inhabitant.
	Tons.	Tons.	Tons.	Tons.	lb.	lb.
31st January, 1946 ..	171,122	103,000	10,785	57,337	3·81	3·07
31st January, 1947 ..	171,020	104,850	8,999	57,171	3·69	3·03
31st January, 1948 ..	170,313	104,500	8,678	57,135	3·59	2·95

(b) THE WHEAT COMMITTEE

The personnel of the Wheat Committee is the Hon. A. H. Nordmeyer (Chairman), Mr. L. J. Schmitt (Deputy Chairman), and Messrs. C. H. Cowan, A. Grant, W. W. Mulholland, H. F. Nicoll, J. P. O'Connor, H. Worrall.

When the Committee was first set up it comprised a larger number of members, but the number was reduced when it was reconstituted in 1937. All present members except the Chairman have held their appointments since that date. This record of service prompted the following tribute from the present Chairman, the Hon. A. H. Nordmeyer :—

“ I wish to place on record my appreciation of the loyal service rendered by the Deputy Chairman and other members of the Wheat Committee, who have all served continuously since the time when the Wheat Committee was reconstituted in February, 1937. At all times the Committee has given full co-operation, help, and advice to the responsible Minister, and the Committee's work has greatly benefited the allied industries of wheatgrowing, flour-milling, and bread-baking, as well as consumers generally.”

SECTION 4.—TOBACCO BOARD

The following is a summary of the report of the Tobacco Board for the period under review.

(a) GROWTH OF INDUSTRY

This is the Board's eleventh year of administration, and the statistics show that crop production has risen from 1,197,161 lb. in 1936 to 4,706,723 lb. in 1947, which is an increase of approximately 293 per cent. The harvest for 1947 exceeded that for the previous year by approximately 15 per cent. This continued increase reflects the policy of the Government and the Board, although the rate of expansion is now being affected by such factors as the shortage of labour and the shortage of building-materials to provide accommodation for labour.

(b) 1946-47 CROP

The 1946-47 season was a very favourable one for the tobacco crop. Despite cold conditions in the spring and early summer, the late summer and autumn conditions more than compensated for this, and the very favourable harvesting conditions of the previous season were repeated. November, 1946, was the coldest for ten years, and this had the effect of retarding the plants both in the beds and in the field. Falls of snow were experienced on the hills right through December. Total rainfall was low, but falls were such that the maximum benefit was given to the plants, thus offsetting the disadvantage of quantity. Fine, sunny weather prevailed through February and March and into early April, which, in addition to favouring the maximum development of leaf, ripened the heavy crop rapidly, and enabled picking to be completed under ideal conditions. The leaf varied somewhat in quality, but in general was of good body and texture and sound.

(c) PRICES OF LEAF

The basic average prices for the 1947 harvest were 2s. 2d. per pound for flue-cured and 1s. 11d. per pound for air-dried leaf. These prices were given effect to by the issue of Price Order No. 682 (Raw-leaf Tobacco) by the Price Tribunal, and were the same as those for the preceding year. The minimum price below which leaf cannot be sold remains at 1s. 2d. per pound as fixed by the Board of Trade (Raw Tobacco Price) Regulations 1943.

(d) MINIMUM PERCENTAGE OF DOMESTIC LEAF

During the past year the minimum percentage of domestic leaf which all manufacturers were required to use in their total manufacture was maintained at 30 per cent.

(e) RESEARCH

The amount contributed by the Board towards the cost of maintaining the Tobacco Research Station during the 1946-47 season was £590 16s. 1d., which, added to previous contributions, brings the total to £8,667.

(f) CROP INSURANCE

The Crop Insurance Reserve Fund now stands at £5,580. A transfer from the Accumulated Fund of £3,106 was made during the year ended 31st July, 1947. Favourable climatic conditions greatly reduced claims on the Fund, and during the period under review only one claim was received. It arose from damage by hail and the quantity affected was only 300 lb.

(g) MEMBERS OF THE TOBACCO BOARD

The present members of the Tobacco Board are :—

Chairman and Government representative : Mr. L. J. Schmitt.

Representative of Manufacturers : Messrs. F. A. L. Hunt, T. P. Husheer, W. R. Olliver, and C. M. Paynter.

Representative of Growers : Messrs. F. A. Hamilton, N. Rowling, R. W. S. Stevens, and M. H. Thorn.

Mr. E. J. Fawcett, Director-General of Agriculture represents that Department in an advisory capacity at meetings of the Board.

Secretary : Mr. H. L. Wise.

Assistant Secretary : Mr. W. A. Clarke.

(h) TOBACCO-GROWING STATISTICS

A comparison between the year under review and the preceding years is tabled below :—

Season.					Number of Growers.	Contract Acreage.	Amended Contract Acreage.	Production
								(lb.)
1935-36	..	..	..	..	499	1,969	*	1,197,161
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	*	2,217,040
1940-41	..	..	..	..	381	2,963	*	3,143,355
1941-42	..	..	..	..	381	3,063	2,875	2,721,539
1942-43	..	..	..	..	360	2,960	2,907	3,185,183
1943-44	..	..	..	..	414	3,106	3,066	3,083,094
1944-45	..	..	..	..	487	3,383	3,303	3,286,067
1945-46	..	..	..	..	553	3,577	3,405	4,080,135
1946-47	..	..	..	..	628	3,934	3,805	4,706,723

* Not available.

The above production figures are the weight of leaf purchased from growers before redrying. Flue-cured leaf accounted for 93.9 per cent., and air-dried leaf for 6.1 per cent., of the 1946-47 crop.

SECTION 5.—PETROL-RATIONING

As a result of a request from Great Britain early in August, 1947, the Government agreed to reduce the Dominion's over-all petrol quota by 10 per cent. After the failure of voluntary efforts to achieve the required savings, petrol-rationing was reintroduced as from 15th November, 1947. To meet the wishes of the motoring public, the "permit" system was given a trial; under this arrangement the monthly quotas of each reseller were fixed on the basis of their sales over the corresponding period of the previous year, less 10 per cent.

This system was not a success, particularly as many essential users could not obtain their requirements and the total consumption exceeded the agreed-upon limit. As from 1st March, 1948, the Government abolished the permit system and replaced it by a simplified form of coupon and licence rationing. To minimize staffing requirements a series of basic rations was introduced, and all appeals were referred to Wellington; during March it was estimated that over thirty thousand appeals were received, and the bulk of them were dealt with before the end of the financial year.

This system ensured that uniform decisions applied throughout the country and set a standard of allowances for the guidance of all Sub-district Oil Fuel Controllers.

During April local Oil Fuel Controllers were given authority to deal with appeals in the first instance, and this change in procedure has led to a system which is operating with the minimum inconvenience to the business and farming community.

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