

Although continued dry weather was experienced during the growing season, heavy crops of good average quality flax have been grown in the six factory districts this year and give promise of yielding fibre of greater strength of the average than has been produced for some time. Besides the high yield of straw to the acre, there is also a high fibre content, and as growers are paid by the ton of straw on a fibre percentage basis excellent returns have been secured by them. Weather in Canterbury was good during harvest and crops went into stacks in excellent condition, except for one or two of the later sown ones which were attacked by rust. Several, especially in the Washdyke district, were damaged by hail. The Winton crop was a good one, but the weather broke during harvest and much of the straw was darkened in stook.

Assisted by the Department of Scientific and Industrial Research, the Corporation is as rapidly as possible bulking up three Russian varieties which are immune to the attack of rust spores (*Melampsora lini*), and this year will be sowing down 70 acres of one variety and 14 acres of another, while the Agronomy Division has the third still in the plot stage.

Serious capital loss during the year was suffered first at Methven late in September, 1948, and then at Makikihi in December, 1948, when the main factory buildings, together with plant and equipment, were totally destroyed by fire. Efforts are being made to have installed automatic fire-extinguishing equipment, which will minimize the likelihood of similar disasters at the remaining factories.

PRODUCTION

A total of 7,050 tons of crop was completely processed during 1948, and this tonnage yielded 7.9 per cent. of fibre, an increase of 0.6 per cent. on the previous year. This steady increase in fibre recovery is very pleasing and is an indication of increasing efficiency in processing technique.

A list of the principal products and their tonnages is shown below :—

	Tons.
Fibre	557
Rescutched tow	304
Buffed tow	202
Seed	560
Linmeal	437

MARKETS

This Corporation was set up principally for two purposes: one, to retain the nucleus of an important strategic industry; and the other, to supply local requirements for spinning into threads, twines, cordage, &c. Surplus production has been sold overseas at prices equivalent to or slightly below production costs. With the return to sterling parity of the New Zealand pound the overseas market became uneconomic, and consequently it is necessary to find local markets to absorb the surplus line fibre produced while making sufficient spinning tow for local requirements. The answer to this problem is the establishment of a weaving industry to supply canvas for tarpaulins, stack-covers, horse and cow covers, &c. Sales to Donaghy's Rope and Twine Co. increased from 299 tons in 1947 to 365 tons in 1948, maintaining the upward trend of their annual requirements. Besides concluding sales in the United Kingdom, the Corporation has sold tow to France and Oregon, United States of America. The demand from Oregon is a steady one for small quantities at satisfactory prices. A useful contract with John Grant and Co., in New Zealand for the supply of buffed tow for manufacture into underfelt was concluded on 31st December, 1948.

Seed, other than supplies kept for resowing, was in the main sold to Dominion Industries, Ltd., for oil-production, although 300 tons were sold to Australia on a barter arrangement. Towards the end of the year a trial shipment of 30 tons of sowing seed