1929.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE
(TWELFTH ANNUAL REPORT OF THE).

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

THIS report deals with the work of the Department of Industries and Commerce since the last report was placed before Parliament, and covers the period ending 30th April, 1929.

STAFF CHANGES.

To a greater extent than usual there have been staff changes in the Department during the year—changes which affected executive officers and disorganized for a time the progress of the work of the Department. Mr. G. W. Clinkard, M.Com., Advisory Officer, was promoted at the end of March last to the important position of Secretary to the Samoan Administration, and Mr. L. J. Schmitt, Advisory Accountant, left the service of the Department to take the responsible post of employers' representative on the Court of Arbitration. Both were experienced officers with high qualifications, and during their association with the Department—eleven and eight years respectively—gained the confidence and good will of the commercial and industrial community of New Zealand. Mr. G. W. Clinkard, whose transfer is of a temporary nature—two years' contract—is on loan from the Department, and may probably rejoin on completion of his service. Whilst it is satisfactory to know that both officers have received well-earned promotion, it is at the same time a grievous loss to the Department's personnel, and unfortunate that they should both leave the Head Office at the same time. The vacancies were filled by the promotion of Messrs. D. Colquhoun and F. Johnson, officers in charge of the branches at Christchurch and Dunedin respectively. Both these officers have had valuable experience in the Department's work. The position vacated at Christchurch has been filled by the appointment of Mr. A. G. Cannons, who has had a long experience in commercial matters and is a qualified accountant. Mr. E. Sheed, Accounts Clerk of the Head Office, has been transferred from Wellington to Dunedin. His place at headquarters has been filled by the appointment of Mr. H. L. Wise, under the designation of "District Officer." Mr. Wise, in addition to being a qualified accountant, possesses the useful degree of Master of Commerce. His knowledge of economics and his practical experience as a commercial accountant should specially fit him for his duties at Wellington. Other minor changes were made; but it is confidently felt that with the transfers effected and the new appointments made the general efficiency of the Department will be maintained.

GENERAL TRADE REVIEW.

It is pleasing to report that for the year ending 31st March last trade has shown a distinct improvement, and the value received for our products in overseas markets exceeds the returns received for any previous year. This result has had a marked effect upon the economic conditions within the Dominion, especially as the value of imports has been kept down to such an extent that a balance of £11,302,215 can be claimed. For the past ten years this is the highest surplus shown, and it has given rise to general satisfaction throughout the Dominion. It was emphasized last year that the overseas trade of New Zealand is probably greater in proportion to total production than in the case of any other country in the world which has passed its initial stage of colonization and primary development. The surplus referred to is regarded as an economic barometer. This comparison of exports and imports from year to year is therefore most closely watched, and the margin between the value of exports and the cost of imports is followed with the greatest interest. Given a range above £7,000,000, which is usually calculated as required to meet interest and other commitments outside the Dominion, spells prosperity and stability. Other figures which will be quoted in this report will demonstrate that future prospects are most promising, and the success of 1928-29 should be repeated in the year ending 31st December next.

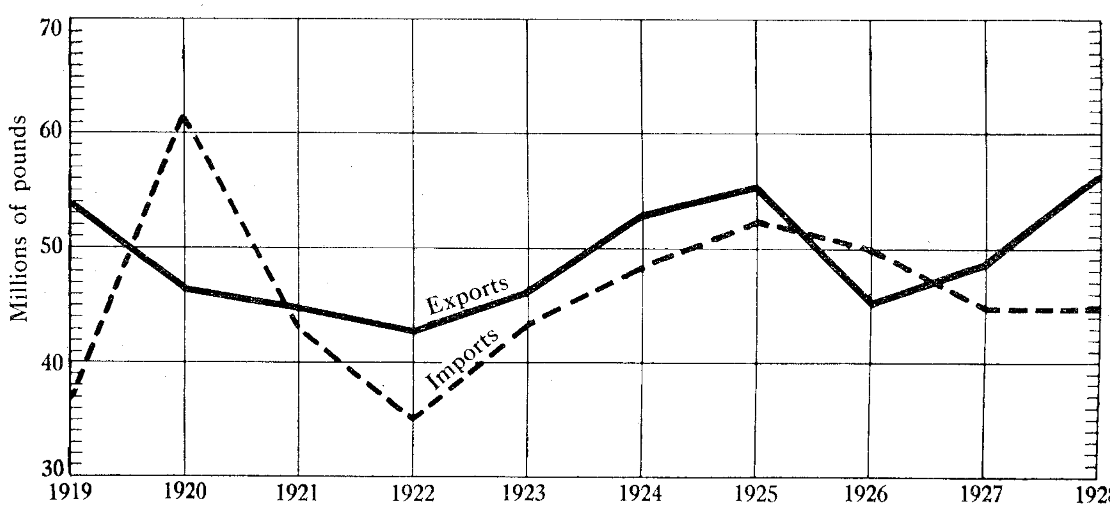
The following table sets out for each of the past seven years the value of our imports, exports, total external trade, and trade balance :—

Year.	Imports.	Exports.	Total External Trade.	Excess of Exports.
	£	£	£	£
1922	35,012,561	42,726,249	77,738,810	7,713,688
1923	43,378,493	45,967,165	89,345,658	2,588,672
1924	48,527,603	52,612,711	101,140,314	4,085,108
1925	52,456,407	55,262,272	107,718,679	2,805,865
1926	49,889,563	45,275,575	95,165,138	4,613,988*
1927	44,782,946	48,496,354	93,279,300	3,713,408
1928	44,886,266	56,188,481	101,074,747	11,302,215

* Excess of imports.

Exports during 1928 reached a new record, exceeding that of the previous record year, 1925, by nearly £1,000,000. The excess of exports over imports for 1928 (£11,302,215) has only once been exceeded, and that was in the abnormal year of 1919.

The diagram which follows illustrates these figures graphically. It will be noticed that on only two occasions during the ten years covered by the diagram have the values of imports exceeded the exports — namely, in 1920 and 1926. The wide divergence between the lines representing imports and exports in 1928 clearly represents the very favourable trade balance in that year.



VALUES OF EXPORTS AND IMPORTS OF NEW ZEALAND, 1919–28.

EXPORTS.

The following figures show the values of the main items of export in 1928 as compared with 1927 :—

Item.	1927.	1928.	Increase.	Decrease.
	£	£	£	£
Butter	10,915,233	11,302,667	387,434	..
Cheese	5,582,596	6,693,951	1,111,355	..
Beef (frozen)	583,871	1,043,782	459,911	..
Lamb (frozen)	6,011,936	6,641,222	629,286	..
Mutton (frozen)	2,035,558	1,946,013	..	89,545
Hides and calf-skins	922,825	1,228,105	305,280	..
Rabbit-skins	682,658	582,148	..	100,510
Pelts	1,195,044	1,409,514	214,470	..
Wool	12,961,744	16,679,098	3,717,354	..
Tallow	714,441	804,271	89,830	..
Kauri-gum	278,632	240,139	..	38,493
Gold	534,652	489,584	..	45,068
Sausage-skins	755,523	799,356	43,833	..

Some important increases in the values of exports are noticeable in the above figures. As compared with the previous year, the quantities of the following items exported show increases—namely, cheese, frozen beef, frozen lamb, hides and skins, wool, tallow, and sausage-casings ; while decreases in quantities are recorded in butter, frozen mutton, rabbit-skins, pelts, kauri-gum, and gold.

The actual figures are set out in the following table :—

Item.		1927.	1928.	Increase.	Decrease.
Butter	Cwt.	1,455,539	1,449,570	..	5,969
Cheese	,,	1,492,792	1,567,272	74,480	..
Beef (frozen).. ..	,,	425,823	699,274	273,451	..
Lamb (frozen) ..	,,	1,720,906	1,832,079	111,173	..
Mutton (frozen) ..	,,	1,051,243	997,420	..	53,823
Hides and calf-skins ..	No.	1,171,933	1,201,147	29,214	..
Rabbit-skins ..	Lb.	2,128,990	1,868,743	..	260,247
Pelts	No.	8,945,923	8,817,267	..	128,656
Wool	Bales	645,254	657,849	12,595	..
Tallow	Tons	23,875	25,748	1,873	..
Kauri-gum	,,	4,674	4,394	..	280
Gold	Oz.	130,171	118,722	..	11,449
Sausage-skins ..	Lb.	3,445,350	3,771,636	326,286	..

It will be noticed that while the quantity of butter and the number of pelts exported show decreases of 5,969 cwt. and 128,656 respectively, the values of these commodities increased during the period by £387,434 and £214,470, due to better prices being received.

The direction of our export trade is of interest. The following table records the values of our main markets in 1925, 1926, 1927, and 1928 :—

—	1925.	1926.	1927.	1928.
British Possessions, Protectorates, &c.—	£	£	£	£
United Kingdom	44,073,323	35,102,087	36,877,887	40,510,075
Australia	2,502,113	3,054,433	3,665,962	3,402,655
Canada	423,068	861,717	1,666,598	2,469,150
All other British countries	594,128	508,380	551,130	873,783
	47,592,632	39,526,617	42,761,577	47,255,663
Foreign Countries and Possessions—				
United States of America	4,349,758	3,818,232	2,681,091	4,260,315
France	600,814	681,668	1,008,291	1,800,897
Germany	1,614,090	364,629	1,139,654	1,290,071
All other foreign countries	1,104,978	884,429	905,741	1,581,535
	7,669,640	5,748,958	5,734,777	8,932,818
Totals, all countries	55,262,272	45,275,575	48,496,354	56,188,481

This table so far as it relates to the statistics for 1928 is satisfactory in several respects, particularly so in regard to the increased value of sales to Great Britain, to Canada, and to the United States. The declining proportion of our trade with the United Kingdom as compared with our total trade, to which we have previously referred, appears to have been maintained, and is demonstrated in percentages in the following table. The favourable position of our trade with Canada is most reassuring, and is dealt with in more detail in another section of this report.

The following percentages show the proportions of our total exports taken by our leading customers in 1925, 1926, 1927, and 1928 :—

—	1925.	1926.	1927.	1928.
	£	£	£	£
United Kingdom	79·76	77·53	76·04	72·09
United States of America	7·87	8·43	5·53	7·58
Australia	4·53	6·75	7·56	6·05
Canada	0·77	1·90	3·41	4·39
France	1·07	1·51	2·08	3·20
Germany	2·92	0·80	2·35	2·30
Belgium	0·35	0·38	0·34	0·54
Japan	0·42	0·36	0·52	1·17

Imports.

From the following table it will be seen that our imports are drawn to a much greater extent from British than from foreign sources, the percentages in 1928 being—British, 68·64; foreign, 31·36. In the same year, however, foreign countries purchased from us only 15·90 per cent. of our total exports.

Value of New Zealand's Imports according to Country of Origin, 1925, 1926, 1927, and 1928.

—	1925.	1926.	1927.	1928.
British Possessions, Protectorates, &c.—	£	£	£	£
United Kingdom	25,572,802	22,827,406	21,464,114	21,289,275
India and Ceylon	1,757,337	1,730,399	1,614,624	1,643,030
South African Union	113,950	140,021	122,597	104,043
Canada	3,916,237	3,431,533	2,739,826	3,258,828
Australia	5,249,493	4,625,200	3,869,246	3,499,151
Fiji	1,239,456	892,894	424,785	571,728
All other British countries	413,001	426,288	482,369	444,134
	38,262,276	34,073,741	30,717,561	30,810,189
Foreign Countries and Possessions—				
United States of America	8,885,265	10,000,507	8,079,467	8,204,197
France	918,572	814,929	891,277	820,592
Germany	500,475	673,472	837,777	898,901
Dutch East Indies	610,686	793,457	882,590	999,524
Japan	693,632	582,352	591,963	576,495
All other foreign countries	2,585,501	2,951,105	2,782,311	2,576,368
	14,194,131	15,815,822	14,065,385	14,076,077
Totals, all countries	52,456,407	49,889,563	44,782,946	44,886,266

These figures clearly show that, while the total of our purchases from foreign countries is fairly well maintained, our buying from British countries has appreciably declined during recent years.

The percentages of our imports coming from the main countries of origin during the past four years have been as under:—

—	1925.	1926.	1927.	1928.
United Kingdom	48·75	45·76	47·93	47·43
United States of America	16·94	20·05	18·04	18·28
Australia	10·01	9·27	8·64	7·79
Canada	7·47	6·88	6·12	7·26
India and Ceylon	3·36	3·47	3·61	3·66
Fiji	2·37	1·79	0·95	1·27
France	1·75	1·63	1·99	1·83
Germany	0·95	1·35	1·87	2·00
Japan	1·32	1·17	1·32	1·28
Dutch East Indies	1·17	1·59	1·97	2·23

Official statistics for the period ending 31st March, 1929, show that the upward course of business has been maintained, and a feeling of optimism prevails. Exports total £57,154,343, and imports £45,105,865, showing a favourable balance of £12,048,478.

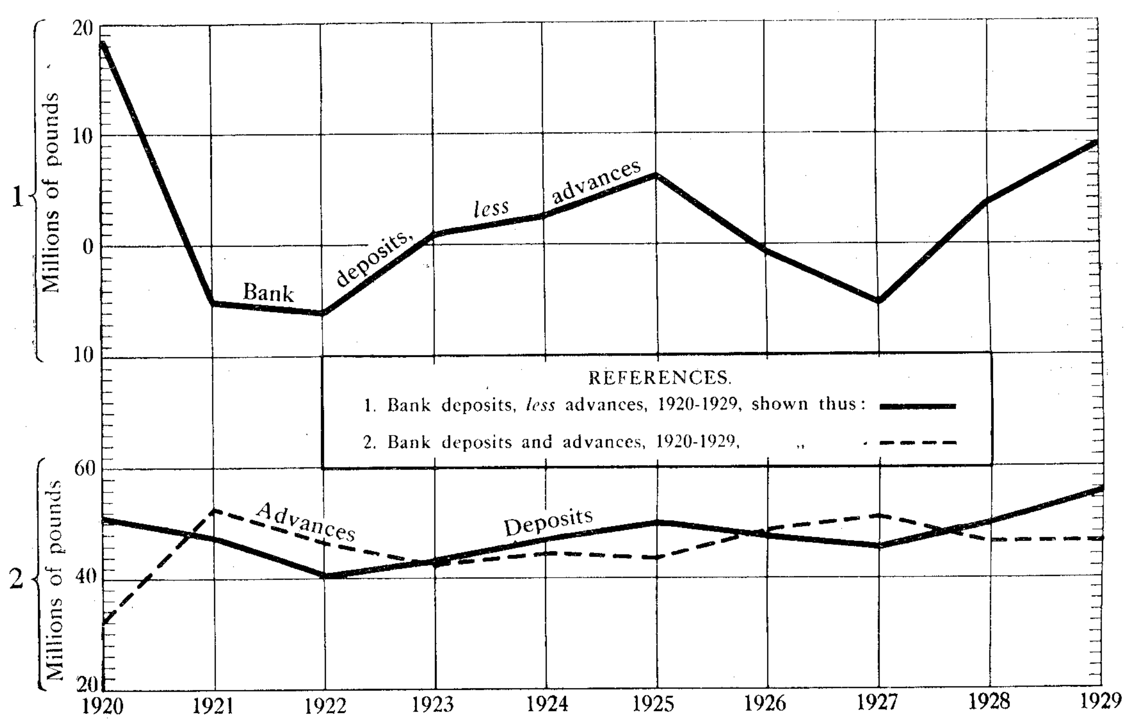
Banking Returns.

Banking returns as at the 31st March, 1929, record a signal improvement over the position disclosed by the returns for the past four years. It will be recalled that two years previously—namely, at the 31st March, 1927—advances were in excess of deposits by an amount of no less than £5,271,996. At the end of March this year the excess of deposits amounted to nearly £9,000,000.

The following table shows for the past ten years the deposits and advances as at the 31st March in each year :—

As at 31st March,	Deposits.	Advances.	Excess of Advances.	Excess of Deposits.
	£	£	£	£
1920	50,665,091	32,042,043	..	18,623,048
1921	47,155,731	52,446,341	5,290,610	..
1922	40,360,390	46,491,316	6,130,926	..
1923	43,465,816	42,521,571	..	944,245
1924	47,033,292	44,403,524	..	2,629,768
1925	49,897,228	43,730,262	..	6,166,966
1926	47,302,480	48,285,140	982,660	..
1927	45,528,813	50,800,809	5,271,996	..
1928	49,958,295	46,070,370	..	3,887,925
1929	55,345,493	46,359,742	..	8,985,751

The graphs which follow illustrate these figures diagrammatically. In the first one bank deposits, less advances, are represented for the ten years 1920–29, excess of deposits being shown above the zero line and excess of advances in any particular year being shown below. In the second one the actual figures of deposits and advances are represented for the same ten years.



The bank returns, like the overseas-trade returns, reflect the greatly improved trade balance, for both the favourable balance and the funds available have reached exceptionally high levels. Other indicators of business conditions also show considerable improvement, and confirm the tendency towards the marked recovery of business activity shown by the above figures.

Post Office Savings-bank returns, which became rapidly less favourable during 1927, have now shown steady improvement for more than a year. For the year ended 31st March, 1929, deposits totalled £27,252,381 and withdrawals £28,111,940, being an excess of withdrawals over deposits of £859,559. For the previous year, ended 31st March, 1928, deposits amounted to £27,611,066 and withdrawals were £30,584,997, an excess of withdrawals over deposits of £2,973,931. These figures show a greatly improved position for the past year, and there are indications that the period of excess withdrawals has come to an end and that a period of excess deposits will be resumed, for the deposits for the quarter ended 31st March, 1929, were £6,908,589 as compared with withdrawals amounting to £6,517,949, an excess of deposits of £390,640.

Returns of bank debits, interbank clearings, and note-circulation similarly all point to a steady increase in business activity. These figures are shown in the table which follows:—

Debits, Clearings, and Notes.—Monthly Averages.

(£ millions.)

—	Bank Debits.	Clearings.	Net Note-circulation.
1928.			
April	18·83	9·36	6·57
May	19·49	9·42	6·11
June	18·62	8·91	6·23
July	18·63	8·91	6·10
August	17·87	8·37	6·04
September	16·91	7·97	6·13
October	19·25	8·87	6·20
November	18·85	8·88	6·15
December	22·89	10·60	6·93
1929.			
January	20·65	9·63	6·18
February	26·41	12·19	6·22
March	27·79	12·95	6·47

The figures represent the average of four- or five-weekly returns, the period in each case terminating with the week ending on the last Monday of the month. Bank debits show the total debits charged against all accounts during the month. Clearings represent cheques, &c., cleared between banks; and notes are those actually in circulation, and exclude those held by the banks.

These figures give a fairly adequate idea of the volume of business being transacted and of the state of trade. It is obvious that there has been a considerable expansion during the year in both bank debits and interbank clearings, and to a lesser degree in note-circulation. Allowance must be made, of course, from month to month for seasonal variations, holiday periods, or for other factors, but even so the expansion has been both steady and continuous.

Increased imports of goods have not yet responded to any extent to increased funds available, due perhaps to some degree to lack of confidence in New Zealand business conditions. For a similar reason there appears to have been some export of capital for investment overseas, mainly to Australia.

The normal result of a large favourable balance of trade is an increase of purchasing-power available for expenditure in various directions, bringing about an increase in the amount of goods imported and a reduction in the margin between the values of our exports and imports. It will not be unusual, therefore, to find that as confidence returns—and there seems to be no reason why it should not return—the surplus of exports over imports shown above in the figures of overseas trade, and the excess of deposits over advances shown in the banking returns, will be reduced.

A further significant feature of recent banking returns, pointing to the fact that there is some distrust shown on the part of potential investors of the conditions of industry in New Zealand, is the exceptionally high proportion of fixed deposits to total deposits. Holders of money have in many cases preferred to place their funds on fixed deposit with the banks, and consequently fixed deposits have reached record figures. A comparison of deposits on current account with fixed deposits provides an index of business conditions pointing to this conclusion, and the following table will therefore be of interest:—

March quarter,	Free Deposits.	Fixed Deposits.	Totals.
	£	£	£
1924	28,436,162	18,597,130	47,033,292
1925	29,765,517	20,131,711	49,897,228
1926	26,865,851	20,436,629	47,302,480
1927	24,440,778	21,088,035	45,528,813
1928	24,482,151	25,476,144	49,958,295
1929	25,736,741	29,608,752	55,345,493

As confidence returns and capital flows into industry free deposits will increase and fixed deposits will fall.

Other indices of trade conditions may also here be mentioned as indicating the recovery shown by the foregoing figures. The amount of mortgages registered shows a rising tendency during the past year, although still considerably lower than in the years from 1924 to 1927. The figures are given below:—

Year ended 31st March,	Mortgages registered.
	£
1924	37,862,419
1925	41,123,966
1926	47,093,780
1927	39,979,681
1928	33,190,519
1929	33,559,932

Although affording a valuable index of the movement over the period, the figures cannot be accepted as indicating the amount of indebtedness incurred by way of mortgage. Duplicate registrations are included, as are also collateral and guarantee mortgages not representing money indebtedness. In addition, there are numbers of privately arranged advances, bills of sale, liens, &c., which are not registered, and not included in the statistics.

Land transfers, which fell heavily in 1926 and 1927, have also improved during the past year.

Figures of railway traffic, too, reflect in some measure the increased activity in business conditions, for the number of passengers carried by railways and subsidiary services (excluding season-ticket holders) for the year ended 31st March, 1929, was 11,994,598, as compared with 10,159,192 for 1928 and 10,506,020 for 1927; while the total tonnage of all goods, &c., carried for the year ended 31st March, 1929, was 7,686,078, as compared with 7,380,698 and 7,320,307 respectively for the two preceding years.

Island Trade.

Fiji.

New Zealand continues to do a substantial share of the total trade of Fiji, but by far the greater proportion is represented by imports (mainly raw sugar) from that country.

The imports into New Zealand for the year ended 31st December, 1928, amounted to £571,728, and the exports to Fiji £138,706, the total trade being £710,434.

The imports by Fiji from New Zealand during the past five years have fluctuated considerably, as is shown by the following figures: 1924, £128,000; 1925, £117,000; 1926, £142,000; 1927, £124,775; 1928, £138,706.

The exports to New Zealand have fallen off considerably, due chiefly to the fluctuations in the values and quantities of sugar shipped. In 1924 the exports amounted to £787,000; in 1925 to £1,024,000; in 1926 to £710,000; in 1927 to £410,039; in 1928 to £571,728.

A study of the detailed imports of Fiji indicates a still further possible expansion of our export trade to that country in certain lines, such as confectionery, biscuits, bottled beer, cement, manures, soaps, timber, and brushware.

Western Samoa.

The following table gives in general terms the external trade for the past five years:—

Calendar Year.	Imports.	Exports.	Total Trade.
	£	£	£
1924	274,803	361,418	636,221
1925	345,989	379,388	725,377
1926	324,940	320,783	645,723
1927	304,369	335,978	640,347
1928	326,553	422,175	748,728

It will be noted that the only adverse trade balance was in 1926.

Goods worth £77,832 were sent to the United Kingdom in 1928. Germany (£26,061), United States of America (£43,571), Holland (£10,828), and New Zealand (£19,466) were the other chief buyers last year, and European ports (exact destination unknown) took goods worth £240,867 (mostly copra and cocoa-beans). New Zealand uses only a very small quantity of the classes of goods exported by Samoa, and the amount purchased in 1928 is made up chiefly of cocoa-beans (£8,000) and bananas (£11,219).

The values of the imports into Western Samoa from the main countries concerned were during 1924–28 as under:—

Calendar Year.	Australia.	New Zealand.	United Kingdom.	United States of America.
	£	£	£	£
1924	99,000	87,000	25,000	42,000
1925	104,000	91,000	64,000	55,000
1926	80,000	92,000	50,000	66,000
1927	69,000	89,000	63,000	51,000
1928	68,000	96,000	71,000	50,000

It will be seen that the United Kingdom is gaining and that Australia is losing trade.

The quantity and value of the chief exportable products of Samoa during the past five years are shown below:—

Calendar Year.	Cocoa.		Copra.		Rubber.	
	Tons.	Value.	Tons.	Value.	Tons.	Value.
		£		£		£
1924	1,016	57,958	13,202	284,272	..	..
1925	664	39,626	14,519	331,274	3	1,165
1926	356	20,151	12,249	275,086	33½	6,702
1927	792	48,216	11,665	242,672	158	24,802
1928	959	69,507	15,989	319,259	167	17,268

The export of rubber from Samoa ceased in 1918, and has been re-established only in recent years. The quantity exported during 1928 exceeded that of 1927, but the value was less owing to the fall in the price of rubber.

Cook and Niue Islands.

The Dominion proper does a substantial trade with the Cook and Niue Islands.

The following figures show the value of goods purchased during the past four years by the Dominion from these islands: 1925, £126,465; 1926, £119,407; 1927, £113,396; 1928, £112,817.

The exports from the Dominion to Cook and Niue Islands amounted in 1925 to £80,977; in 1926 to £109,636; in 1927 to £98,669; and in 1928 to £95,914.

The total external trade of the Cook and Niue Islands last year was £290,265. Trade between Cook and Niue Islands and New Zealand in 1928 represented 71·9 per cent. of the total imports and exports of those islands.

The principal items received by the Dominion in 1928 were oranges, £58,000; tomatoes, £18,000; bananas, £26,000; copra, £7,000.

TRADE WITH CANADA.

Our trade with Canada continues to expand, and the year's exports proved to be a record both in volume and value. In last year's report it was pointed out that there was an increase of just over 100 per cent. in the value of the exports, and for the financial year just past the figures show a further large increase, the comparable values being 1927–28, £2,065,222, and 1928–29, £2,866,623, an increase of 38·80 per cent. Canada now ranks fourth in importance in her purchase of New Zealand products.

The value of the trade with Canada during the last four years was as follows:—

Calendar Year.	Exports to Canada.	Imports from Canada.
	£	£
1925	423,068	3,916,237
1926	861,717	3,431,533
1927	1,666,598	2,739,826
1928	2,469,150	3,258,828

The value of the main lines of produce exported to Canada during the last four years was as follows:—

—	1925.	1926.	1927.	1928.
	£	£	£	£
Butter	26,360	230,562	899,727	1,565,646
Sausage-casings	231,884	319,470	422,655	461,074
Hides, pelts, and skins (undressed) ..	66,809	97,316	56,062	81,785
Wool	53,951	158,329	213,140	224,810

The increases in sales of butter, sausage-casings, hides and skins, and wool noted in 1927 continued in 1928, in addition to which there were increases in the exports of frozen meats, cheese, hemp, and kauri-gum. The volume of sales of butter, wool, and sausage-casings to Canada has been a great benefit to New Zealand producers. The diversion of the large quantity of butter (10,000 tons) during the year from the London market has had a very material bearing upon the trend of world prices, and helped to secure for New Zealand dairymen a range of prices higher than would otherwise have been the case. The progressive increases in values shown each year, particularly during the last three, are due mainly to New Zealand's participation in the Canadian National Exhibition at Toronto in 1926, and the operation of a reciprocal tariff. In no part of the British Empire—or, in fact, the world—is New Zealand treated so favourably in regard to her leading exportable products. The following list of commodities and duties is published for general information. In several of the items, notably apples, casein, tinned meats, and tallow, this Dominion receives even more favourable treatment than other Empire countries, with the exception of Australia.

Name of Commodity.	Tariff Rate.	Name of Commodity.	Tariff Rate.
Apples	10 per cent.	Lard	Free.
Binder-twine	Free.	Fresh meat	½ cent per pound.
Butter	1 cent per pound.	Onions	Free.
Casein	12½ per cent.	Sausage-casings	Free.
Cheese	Free.	Seeds (agricultural)	Free.
Eggs	Free.	Soups and canned meat	15 per cent.
Hemp	Free.	Tallow	10 per cent.
Hides and skins	Free.	Wool	Free.
Honey	1 cent per pound.		

It is remarkable, in view of this treatment, that our trade is not more fully exploited in Canada. There are splendid prospects in this friendly sister Dominion for some of our products which are now practically neglected. A large volume of trade could be done in tinned meats, agricultural seeds, casein, onions, hemp, and tallow, but as long as New Zealand fails to supply the necessary samples and requisite trade information the buyers will purchase from other sources which give these particulars. For the past ten years the need for trade representatives in Canada has been strongly urged by the Department, and it is satisfactory to know that the matter is favourably viewed by Government and that such appointments may eventuate in the near future. Australia, which has a lesser value of trade, took this step early in the present year, and this action was most favourably commented upon in Canadian Government and business circles.

In regard to imports, the values show an increase on the figures for the previous financial year as follows: 1927–28, £2,507,339; 1928–29, £3,808,298—an increase of £1,300,959. The items which have principally contributed to this very large increase were motor-cars and materials for same, apparel, boots and shoes, hosiery, iron and steel tubes, wire, electrical machinery, indiarubber goods, belting, plaster-of-paris, and wrapping-paper.

The following items have shown a falling-off in value: Iron and steel (unmanufactured), hardware, nails, agricultural machinery, engineers' tools, leather, timber, printing and writing paper and stationery.

The balance of trade is still well in favour of the northern Dominion, but if the ratio of increase in our export trade continues on the same basis as during the last three years, and steps are taken as indicated in this section of the report, it should not be long before the balance will be equalized, or even be in favour of the Dominion. Our transport facilities are adequate and regular, our production seasons are opposite, we have the good will and respect of importers; but we have no one, unfortunately, in Canada who is officially accredited and competent to give up-to-date commercial information and to seek for trade in commodities which we produce in ever-increasing quantities in New Zealand from year to year.

Trade with the United States.

In view of the interest that has been aroused and the discussion that has taken place in regard to the proposed increases in the import tariff rates of the United States, a brief survey of the extent and nature of the trade between New Zealand and that country will not be out of place. Our relations with that country have always been most friendly, and our trade for some years has reached considerable dimensions. Actually our trade with the United States ranks second in importance both as regards exports and imports, the United Kingdom, of course, occupying first place.

For the three years 1926 to 1928 our exports to the United States amounted to £3,818,232, £2,681,091, and £4,260,315, which respectively represented 8·43, 5·53, and 7·58 per cent. of the total value of our exports in those years. For the same three years our imports from the United States amounted to £10,000,507, £8,077,066, and £8,203,342, which expressed as percentages represented 20·05, 18·04, and 18·28 per cent. of the whole value of our imports.

Our chief exports to the United States are as follows, the figures for 1928 being given in parentheses: Hides, pelts, and skins (£1,874,226), wool (£701,730), frozen beef (£358,345), butter (£328,140), sausage-casings and skins (£272,616), kauri-gum (£141,845), *Phormium* fibre (£96,291), seeds (£70,087), gold (£57,941).

Approximately half of the value of the imports from the United States in 1928 consisted of motor-spirit and other mineral oils (£2,263,948), and motor-vehicles and materials and parts for same (£1,737,059). The remainder of the trade covers a wide range of articles, in which iron and steel goods, timber, sulphur, tobacco, fruits, cinematograph-films, &c., figure prominently.

An important announcement was made early this year by one of the shipping companies—that, with a view toward improving trade facilities between New Zealand and Pacific coast ports of the United States, it intended installing refrigerating machinery in four vessels for that particular trade. By this means it was hoped to offer greater inducement for the export of frozen meat and other primary products from the Dominion.

In view of the efforts which are being made by exporters in this country to open up new markets and develop existing ones by instituting additional shipping facilities and in other ways, it is to be regretted that the United States Government has proposed to raise the tariff rates. The Bill which was recently introduced provides for increases in import levies on many classes of agricultural and manufactured commodities, and for the taxing of some articles previously admitted free of duty. Advances in duties, designed to aid the farmer and manufacturer, affect such commodities as wool, cattle, dairy-products, meats, grains, sugar, textiles, glass, paper, furniture, and clothing of all descriptions.

Such important commodities as hides, leather, boots and shoes, cement, common building-brick, cedar, maple, and birch lumber long allowed free entry into the United States are now dutiable. As far as New Zealand is concerned, the main items affected are hides, wool, and butter. Hides, formerly admitted free, may now be assessed with 10 per cent. *ad valorem* duty. Wool, on which the duty was formerly 31 cents per pound, may now be subject to 34 cents per pound. On butter the duty was formerly 12 cents per pound, and it is now proposed to increase it to 14 cents.

Formal protests have been made by a number of nations against the duties contained in the Bill, while others have informally presented their distaste for the provisions of the Bill through their trade associations, and reprisals have been threatened in some cases.

As to just what effect the new duties will have on exports from New Zealand it is yet too early to say, but it seems inevitable that they will have some effect. Whether the increased duties will provide sufficient determent to keep out our commodities, and sufficient incentive to induce home producers to supply the full requirements of the people of the United States, depends upon the relative costs of production in the two countries, including, of course, in the case of the exporting country, the cost of transportation and charges incidental thereto, and, further, upon whether the duties can be passed on to the consumers, for that is generally the first effect of the imposition of a duty or an increase in duty, owing to the producer's desire to get his usual return.

Trade with the East.

As has been pointed out on previous occasions by this Department, continued expansion of production in New Zealand must go hand-in-hand with the extension of the markets for the commodities which this country has for exchange. The wider the market, the greater is the demand, and the better is the price or terms of exchange between our products and those of overseas which we wish to import. If exporters wish to increase their trade in a market in which there is no corresponding increase in demand, then a reduction in the prices they receive for their goods is inevitable.

Increased production must be accompanied by increased competition of buyers for the articles produced, and the Department has therefore persisted in its efforts to interest exporters and manufacturers in the possibilities of trade with the East, a market which has as yet been comparatively untouched, and which offers great opportunities for enterprising traders.

Various causes have contributed to the apathy which has been displayed in regard to this matter. The absence of satisfactory financial arrangements and organizations, and the lack of regular shipping and cold-storage facilities, are some of the factors that have been a bar to the exploitation of Eastern markets. These difficulties, however, are gradually being removed.

The necessary business organizations, with officers possessing a knowledge of conditions and tastes in the East, are already established. Cold-storage facilities are rapidly being provided, and the main obstacle, that of shipping facilities may be overcome shortly, following an announcement by the Right Hon. the Prime Minister to the effect that as soon as the Dominion's finances are restored to a favourable balance the Government intends to subsidize steamer communication between this country and the East to enable our products to reach new and existing markets.

The tables given below show the principal items exported to and imported from the East during the three years 1926, 1927, and 1928, and will convey some idea of the extent of our trade and of the need for its development.

Value of Principal Articles exported to Undermentioned Countries.

Country.	Articles.	1926.	1927.	1928.
		£	£	£
Hong Kong	Butter	1,643	4,583	3,372
	Fungus	11,064	20,310	8,540
India	Wool	10,094	..	..
	Gold	13,113	73,642	297,585
	Silver	50,200	41,008	43,355
Straits Settlement	Butter	18,071	29,404	20,848
	Milk and cream (preserved, condensed, and dried)	1,268	3,849	8,546
China	Butter	6,051	22,155	30,366
Japan	Butter	14,923	22,430	13,275
	Casein	27,139	44,587	45,237
	Wool	118,938	150,305	588,226
Philippine Islands	Butter	13,836	9,298	3,364
Dutch East Indies	Butter	10,283	17,418	8,510

The greatest increase in our exports to the East occurs in the figures for Japan, due to the fact that each year increasing quantities of wool are being purchased by that country; but, even so, our exports to Japan in 1928 only amounted to 1·17 per cent. of the whole. Our exports to the East have expanded from £322,245 in 1926 to £523,152 in 1927 and £1,140,363 in 1928. Our imports from the East in the same three years were £3,487,190 in 1926, £3,440,535 in 1927, and £3,607,913 in 1928. Some of the principal items imported and the countries from which they came are set out below. The figures are also given for the two previous years, for purposes of comparison.

Value of Principal Imports from Undermentioned Countries.

Country.	Articles.	1926.	1927.	1928.
		£	£	£
India	Cornsacks	276,593	249,470	211,709
	Jute and hessian bags	175,660	165,946	211,459
	Wool-packs	146,626	104,676	147,906
	Hessians and scrim	72,519	77,528	67,503
	Tea	61,747	48,720	33,459
Ceylon	Tea	843,228	823,266	836,759
Dutch East Indies	Mineral oils	620,945	487,306	290,865
	Sugar	607	262,924	601,092
	Kapok	80,821	68,247	64,166
Japan	Silk piece-goods (including artificial silk)	323,720	377,832	368,160
	Cotton piece-goods	64,007	61,347	51,606
	Timber	58,247	47,625	48,951
	Apparel	23,371	22,501	24,969

Other important items imported in 1928 were hemp from the Philippine Islands amounting to £25,593, rice from Burma to the value of £21,494, fruits (preserved and bottled) from the Straits Settlement totalling £44,488, spices from the same country amounting to £24,838, and nuts (edible) from China, which reached £28,322.

Two items are worthy of special mention. One is that of sugar imported from the Dutch East Indies, which it will be noted rose from £607 in 1926 to £262,924 in 1927 and £601,092 in 1928. This great increase is reflected in decreases in the imports of raw sugar from Fiji and Cuba. There have been considerable changes of recent years in the direction of our imports of this commodity, and these are shown in the section relating to sugar.

The other item which should be particularly mentioned is that of mineral oils, also imported from the Dutch East Indies, the value of which declined from £620,945 in 1926 to £290,865 in 1928. This is mainly accounted for by increased imports of motor-spirits from the United States, and a corresponding decline in the quantity imported from the Dutch East Indies. The decline in value may be accounted for to some extent, too, to the change to importation in bulk. The quantities of motor-spirit imported from the Dutch East Indies were 10,374,644 gallons in 1926, 11,841,133 in 1927, and 8,604,189 in 1928, as compared with imports from the United States amounting to 34,135,875 gallons in 1926, 36,201,437 in 1927, and 45,935,868 in 1928.

The Department is willing at all times to co-operate with any firm desiring to open up trade relations, and will endeavour to advise it upon any matters connected therewith.

Overseas Trade Representation.

The Department has no officers abroad exclusively engaged in trade-development work, but to an increasing extent every year calls are made upon the Government representatives located at Melbourne, Sydney, and Vancouver, and to a lesser extent much useful commercial information is obtained from New Zealand representatives at San Francisco, Durban, Johannesburg, Honolulu, Belgium, Marseilles, and Calcutta.

The Department has honorary correspondents in other localities, notably New York, where Mr. Frank Kennedy, a New-Zealander, who is manager and agent for a large British manufacturing concern, affords on request advice and information on trade matters. Mr. Kennedy has been particularly helpful and courteous to New-Zealanders visiting New York.

The expansion of our trade relations with Canada during the last three years has imposed upon Mr. W. A. James, the New Zealand Government Representative at Vancouver, a great deal of extra work of a commercial nature. The call for this extra work emanated from the New Zealand end, and has been undertaken most willingly. Acknowledgment should be made of the fact that the services are most efficiently carried out. Mr. James has kept the Department in close touch with industrial and commercial affairs in Canada, and his offices have been frequently used by New Zealand visitors to Canada. The increasing growth of our trade with that country has rendered it necessary for special consideration to be given to our representation there, and the subject has been dealt with more fully in the paragraph relating to Canadian trade.

In Australia Messrs. H. J. Manson, Melbourne, and W. R. Blow, Sydney, devote a good deal of their time to commercial matters, and regular reports are received from each officer as to the duties undertaken. So far as the trade relations with the Commonwealth are concerned, it has been apparent for some years past, probably owing to changed communications and to the establishment of the Federal Government headquarters at Canberra, that Sydney is becoming the more important centre. For the past three years New Zealand has been less dependent for its supplies of wheat and flour on Commonwealth sources, and the bulk cargoes that were imported from Victoria to New Zealand ports have fallen off considerably. The exports to New Zealand from the Commonwealth for the twelve months ending the 31st March, 1929, show a decrease in value of £322,138 as compared with the previous twelve months, and the trade from the Dominion to the Commonwealth shows a reduction of £607,193. In his annual report Mr. Manson describes this decrease in general trade to be due to the widespread unemployment following the trouble in the coal and timber industries, and to the recent tariff restrictions imposed on certain New Zealand commodities, notably butter and cheese. The virtual embargo on potatoes has also debarred New Zealand from a lucrative market. Generally speaking, however, every effort has been made to extend our trade with the Commonwealth. The field is a large one, and despite the fact that the Dominion has to compete with commodities produced under somewhat similar conditions in Australia the high quality of some of our manufactures and products enables them to command ready sales. The proposal to re-establish a regular steamer service between the South Island ports and Melbourne, Mr. Manson states, has been received with the utmost satisfaction in business circles, and it is considered that the re-establishment of the service will have a stimulating effect on trade between Victoria, Tasmania, and New Zealand generally.

In regard to Sydney, Mr. W. R. Blow reports that he has had increased inquiries from business people in Australia, and many calls from New Zealand business men. In order to give Mr. Blow a better status in trade circles, it was decided in May of last year to add the designation "Trade Commissioner for New Zealand in New South Wales" to the designation already held—*i.e.*, "New Zealand Government Agent at Sydney." Mr. Blow has assisted many Australian business men when visiting New Zealand by giving them letters of introduction, and as a result many manufacturers have made permanent arrangements in this Dominion for the distribution of their manufactures. Similarly assistance has been afforded to New Zealand business men visiting Australia.

Recently a shop has been opened in Sydney for the exclusive retail sales of New Zealand produce and manufactures. The establishment of this shop has been closely watched, and has been materially assisted by this Department and by the Sydney officer. Agencies have been secured for tinned foods, smoked and fresh fish, oysters, cheese, bacon, toheroa soup, and other specialty lines. From this store, which has been opened most auspiciously in one of Sydney's main thoroughfares, New Zealand tourist booklets will be issued to customers, and, as it is controlled by interests who have a close knowledge of New Zealand affairs, it should prove most useful from a propaganda point of view.

Following a visit to Sydney and Melbourne by an executive officer of this Department a few months ago, advantage was taken for a full inspection to be made of the work conducted by the New Zealand Government offices. Certain recommendations were made both to the Government and to the Public Service Commissioner in the direction of increasing the efficiency of both offices.

CHAMBERS OF COMMERCE.

The Department is represented on the executive of the chambers of commerce in each of the four chief centres, and continues to keep in close touch with commercial activities and problems. This close relation has proved to be a great advantage, especially in the interchange of views on matters relating to the development of trade and in regard to questions which directly affect State Departments.

The annual conference of the Associated Chambers of Commerce, with a Dominion-wide representation, was held in Wellington in October last. The business discussed was of great importance to the commercial interests of New Zealand. The Associated Chambers of Commerce is increasing in importance and influence as the medium of conveying the considered opinions of the trading community.

The monthly bulletins issued by the Canterbury Chamber of Commerce on the trend of business in New Zealand are a feature of the work of that chamber, and form important contributions on economic matters affecting the welfare of the Dominion.

Commerce Train.

As noted in last year's report, the Auckland Chamber of Commerce engaged a special train in October–November last to enable sixty members of the chamber to visit, in nine days, various points in the Auckland Province. The project was both novel and educative, and, as the idea first emanated from this Department, it is pleasing to record that the experiment was successful in every way.

The facilities provided by the Railway Department proved to be most suitable and comfortable for the tour. Besides four sleeper compartments and several day cars, the train possessed a selling-booth for articles in everyday use, a post-office (equipped with a telephone), shower-baths, and a parlour-car for common use. This latter car, because of its suitability for general social gatherings, proved to be one of the most useful of the many amenities provided. Opportunity was taken on the tour to study the resources of the province. Progress in agriculture, afforestation, hydro-electricity, State-farm experimentation, manufacturing industries, flax-cultivation, land-settlement, harbour and transport facilities, were all noted. The chief advantage of the tour, however, was the privilege it afforded of the country dwellers meeting the business men of Auckland. Many friendships were formed, and at the various lunches, dinners, and evening socials tendered to the party opportunity was taken to discuss problems of local and provincial importance, and the interchange of views was felt to be mutually advantageous and educative. The tour has been described in detail in a special issue of the journal published by the Auckland Chamber of Commerce. Those who participated in the tour are unanimous in saying that it proved to be a signal success—so successful, in fact, that during this coming spring another tour of the province on somewhat similar lines is being organized.

MANUFACTURERS' ASSOCIATIONS.

Close co-operation with the manufacturers' associations in each of the four chief centres has been maintained during the past year. The district officers of the Department act in an advisory capacity to the executives, and practical assistance has been rendered on many occasions, particularly in relation to exhibition undertakings. The associations in the centres have taken commendable steps for increasing their membership and status. Much useful propaganda work is done in connection with the extension of sales of New-Zealand-made goods. In Auckland recently a newspaper advertising campaign was started to cover a period of twelve months for furthering national good will towards industry. A page in a weekly supplement is devoted to the display of advertisements, and a fund adequate for the purpose was founded by the association. Supplementary articles on various economic phases of industry appear regularly, and undoubtedly prove educative to the public.

In Dunedin wide support was given to the project for displaying New-Zealand-made goods in retailers' shop-windows. No less than 306 windows were made available in 200 shops. A fine spirit of co-operation marked the whole of the operations in connection with these displays, which were made in the most attractive manner, and showed conclusively the extent to which New Zealand industries are prepared to cater for the demands of the country. The public interest created considerably surpassed that of last year. Mr. J. Sutherland Ross, president of the Dunedin Manufacturers' Association, at the conclusion of the display, said, "The main object in this display is that the public should first have their attention drawn to our goods, and then that they should avail themselves of the opportunity of comparing them with the imported article. Our attitude, as manufacturers, is that we seek no favours, but merely ask the right of fair comparison as regards workmanship, cost, and finish. And, lastly, there is a point of great importance in these displays which is of special interest under present conditions—that is, the educational value of these exhibits to the juveniles. We hope that the goods and the work shown will encourage the youthful members of the public in the direction of taking steps to support these industries with their own training and abilities."

The Christchurch and Dunedin associations have been active in exhibition work. At the winter shows in these centres very fine displays are made of New-Zealand-made goods, and the increased attendance of the public from year to year shows that their efforts are highly appreciated. More attention has been given in exhibitions to the display of working machinery, and demonstrating how wonderfully automatic modern plant converts raw material into finished articles.

The Auckland winter show has perhaps the largest floor-space devoted to the display of New-Zealand-made goods, and indications point to a very successful exhibition being held in early July of this year.

In all these enterprises the Department has fully co-operated with the manufacturers. In both Christchurch and Wellington last year the Department took space at the exhibitions, and demonstrated by means of graphs, diagrams, and models the growth of commerce and industry in New Zealand. In both centres similar action will be taken this year.

The annual conference of the New Zealand Manufacturers' Federation was held in Wellington during the latter part of February of this year, and proved to be one of the most instructive and useful conferences held. Unanimity of action was most marked among the delegates attending from each of the four centres. Important matters dealt with at the conference included the passing of a resolution requesting the Government to set up a Board to advise on matters relative to the development of industries. A special committee appointed by the conference has since placed before Ministers the following suggestions:—

(1) That a Commission or Board be set up, comprising five members, two representing Government and three representative of the industries of the Dominion:
(2) That the Board shall be appointed for a period of three years, and that its members shall be paid such salary and allowances as may be agreed upon:
(3) That the Board shall be called "The Development of Industries Board":
(4) That its chief object shall be to develop those industries of New Zealand for which this country is particularly adapted from an economic point of view, and that its powers shall include inquiries into and reports upon any proposed changes in the existing tariff referred to it by Government or by the executive of the New Zealand Manufacturers' Federation.

The question of the proposed adoption of a national trade-mark for New-Zealand-made goods was also considered at the conference, and favourable resolutions were passed for its adoption. One of the difficulties encountered is to secure a design suitable for use on all classes of material—fabrics, leather, wood, metal, &c. There are also several difficulties to overcome—for instance, whether the trade-mark should be a mark of origin merely, or both a mark of origin and a guarantee of quality. A further point discussed was whether or not the New Zealand trade-mark should be used where the raw material is not of local origin. A woollen rug or blanket made entirely from New-Zealand-grown wool would undoubtedly qualify, but the question was raised as to what proportion of the factory value should be necessary to entitle the goods to be branded with the proposed trade-mark. The subject is under close investigation by a sub-committee, which is drawing up a considered scheme for further discussion.

During the past year the federation has appointed the *National Review*, a monthly magazine published in Auckland, as its official organ.

A manufacturers' association, fostered by the Canterbury association, has been formed in Timaru. A movement worthy of notice is the organization of a women's auxiliary to the Canterbury Manufacturers' Association. This auxiliary is proving a source of great strength to the association, especially in propaganda-work.

STATISTICS RELATING TO MANUFACTURING INDUSTRIES.

In many respects the manufacturing industries of New Zealand continue to expand, but it is regretted that, taken as a whole, the progress expected has not been realized. This lack of progress is exemplified from a study of the official statistics for the years 1926–27 and for those of 1927–28. There has been a reduction of 164 in the number of employees engaged, explainable, no doubt, by the depression in the sawmilling, footwear, and woollen industries. The wages paid were also down by £171,000; but perhaps the most surprising unfavourable difference occurs in the item "Added value"—*i.e.*, the difference between the cost of materials and the value of products—which stood at £32,421,285 in 1927–28 against £32,799,021 in 1926–27.

The following table, showing certain summarized statistics of all the Dominion's factories, indicates the general growth during the past year:—

—	Year ended 31st March,		Differences, 1927–28.	
	1927.	1928.	Absolute.	Relative per Cent.
Establishments (number)	5,088	5,166	78	1·53
Persons engaged—				
Males (number)	66,976	65,995	—981	—1·46
Females (number)	14,928	15,745	817	5·47
Total	81,904	81,740	—164	—0·20
Salaries and wages paid—	£	£	£	£
To males	15,534,622	15,299,985	—234,637	—1·51
To females	1,513,101	1,575,890	62,789	4·15
Total	17,047,723	16,875,878	—171,845	—1·01
Motive power (h.p.)	408,739	417,105	8,366	2·05
	£	£	£	£
Cost of materials used	50,213,482	55,308,197	5,094,715	10·15
Value of products	83,012,503	87,729,482	4,716,979	5·68
Added value	32,799,021	32,421,285	—377,736	—1·15
	£	£	£	£
Value of land and buildings	22,875,447	23,301,449	426,002	1·86
Value of plant and machinery	39,847,678	41,372,701	1,525,023	3·83
Total	62,723,125	64,674,150	1,951,025	3·11

NOTE.—The minus sign (—) denotes decrease.

In the following table a summary is given of the position of industry, under three main headings, in each of the four provinces indicated. It will be noted that Auckland and Wellington run very closely so far as value of production is concerned, and that in both of these provinces the figures exceed the value of products of both Canterbury and its allied districts and of Otago and Southland. This is mainly due, of course, to the high value of output from the semi-primary, dairying, and allied industries in the North Island. In the purely manufacturing field both the Canterbury and neighbouring districts, and Otago and Southland, occupy a very important place.

Summary by Districts.

—	Persons engaged.	Salaries and Wages.	Value of Products.
		£	£
Auckland	26,815	5,682,534	30,780,743
Hawke's Bay, Taranaki, Wellington	23,386	5,032,582	28,345,219
Marlborough, Nelson, Westland, Canterbury	17,478	3,492,945	16,864,705
Otago, Southland	14,077	2,669,717	11,741,336
Totals	81,756	16,877,778	87,732,003

In the following tables the various classes of industries contributing to the factory production of the Dominion have been grouped according to general character:—

Table showing for the Years ended 31st March, 1926, 1927, and 1928, Figures relating to the various Industries classified into Four Groups as stated.

Year.	Persons engaged.	Salaries and Wages paid.	Materials used.	Value of Products.	Value added by Manufacture.	Land, Buildings, Plant, and Machinery.
			Group 1.			
Group 1 includes meat-freezing, ham and bacon curing, butter, cheese, and condensed milk, sausage-casing, fellmongering and wool-scouring, boiling-down, and manure-making.						
	Number.	£	£	£	£	£
1925–26..	11,825	2,795,711	31,848,741	38,984,651	7,135,910	9,934,754
1926–27..	10,780	2,724,508	28,761,058	35,949,071	7,188,013	9,099,276
1927–28..	11,692	2,726,430	32,892,737	40,316,821	7,424,084	9,125,123
			Group 2.			
Group 2 includes gas making and supply, electricity generation and supply, electric tramways.						
	Number.	£	£	£	£	£
1925–26..	7,348	1,673,962	2,980,311	5,499,195	2,518,884	25,683,829
1926–27..	7,583	1,789,606	3,573,037	6,109,861	2,536,824	28,514,595
1927–28..	7,210	1,851,644	4,221,136	6,601,850	2,380,714	30,087,314
			Group 3.			
Group 3 includes fish curing and preserving; log-sawmilling; lime crushing and burning, &c.; brick, tile, and pottery making, concrete block or pipe and fibrous plaster making; pumice insulation; flax-milling.						
	Number.	£	£	£	£	£
1925–26..	13,802	3,256,974	2,086,501	8,285,241	6,198,740	5,146,112
1926–27..	12,303	2,863,200	1,926,225	7,407,603	5,481,378	4,988,310
1927–28..	11,228	2,529,511	1,733,150	6,635,991	4,902,841	4,901,587
			Group 4.			
Group 4 includes all other industries.						
	Number.	£	£	£	£	£
1925–26..	48,725	9,150,234	15,411,445	32,023,347	16,611,902	18,304,306
1926–27..	51,238	9,670,409	15,961,735	34,173,036	18,211,501	20,120,944
1927–28..	51,610	9,768,293	16,461,174	34,174,820	17,713,646	20,560,126
			Percentage of each Group to Total.			
			1926–27.			
1 ..	13·16	15·98	57·28	43·31	21·91	14·51
2 ..	9·26	10·50	7·11	7·36	7·74	45·46
3 ..	15·02	16·80	3·84	8·92	16·71	7·95
4 ..	62·56	56·72	31·77	40·41	53·64	32·08
Total..	100·00	100·00	100·00	100·00	100·00	100·00
			1927–28.			
1 ..	14·30	16·15	59·47	45·95	22·90	14·11
2 ..	8·82	10·98	7·63	7·53	7·34	46·52
3 ..	13·74	14·99	3·14	7·56	15·12	7·58
4 ..	63·14	57·88	29·76	38·96	54·64	31·79
Total..	100·00	100·00	100·00	100·00	100·00	100·00

The above tables assemble what might be termed (*a*) semi-primary industries, (*b*) certain public utilities and services, (*c*) semi-extractive and processing industries, and (*d*) other manufacturing industries.

Analyses of the data for the various industries disclose the following principal differences between 1927–28 and 1926–27:—

Persons engaged.

Increases.—Meat-freezing, &c., 711; clothing, 220; printing and publishing, 179; butter and cheese, 171; motor and cycle engineering, 152; chemical fertilizers, 89.

Decreases.—Sawmilling, 893; flax-milling, 173; electric supply, 167; electric tramways, 155; biscuit and confectionery, 154; general engineering, 110.

Salaries and Wages paid.

Increases.—Motor and cycle engineering, £55,262 ; printing and publishing, £53,399 ; chemical fertilizers, £37,965 ; electric tramways, £32,022 ; electric supply, £24,030 ; grain-milling, £13,631.

Decreases.—Sawmilling, £272,612 ; flax-milling, £52,593 ; agricultural machinery, £22,519 ; biscuit and confectionery, £18,702 ; woodware and turnery, £17,853 ; saddlery and harness-making, £17,659.

Added Value.

Increases.—Meat-freezing, £278,758 ; ham and bacon curing, £94,186 ; electric tramways, £91,644 ; woollen-milling, £77,136 ; grain-milling, £61,669 ; cooperage factories, £48,998.

Decreases.—Sawmilling, £550,827 ; electric supply, £239,942 ; butter and cheese, £172,986 ; printing and publishing, £145,493 ; biscuit and confectionery, £68,344 ; flax-milling, £59,349.

Land, Buildings, Plant, and Machinery.

Increases.—Electric supply, £1,634,839 ; printing and publishing, £172,483 ; grain-milling, £85,773 ; meat-freezing, £82,496 ; chemical fertilizers, £49,940 ; iron and brass foundries, £34,430.

Decreases.—Biscuit and confectionery, £155,975 ; sawmilling, £133,601 ; butter and cheese, £45,403 ; furniture-making, £35,652 ; boot and shoe, £31,275 ; ærated waters, £22,112 ; agricultural machinery, £21,632.

In the appendix to this report details are given of the position with respect to several of the more important industries, but it may be said in concluding this section that the number of new establishments registered during the year was not great. There was general absence of optimism except in a few important industries, and manufacturers had a hard struggle to maintain output and to gain reasonable profits. Faith, however, was never relinquished in their capacity to regain the lost ground, and a good deal of attention has been given to more efficient methods of production with a view to reducing costs. It is also worthy of particular note that in no case coming under the observation of the Department was there a desire to sacrifice quality of output in order to meet the competition of goods from outside sources. The ideal to maintain high-quality products is greatly to be commended ; it is felt that it must eventually merit a more generous recognition from the buying public.

Rationalization of Industry.

In the course of this report reference has been made to the "rationalization of industry," a term that has come into general use in the last two years, and, as much is expected from the practical application of the ideas and principles underlying this term, a few words may here be said about it.

Rationalization is an attempt to reorganize industry on rational lines. This involves co-operation by firms within an industry, elimination of waste, amplification, and standardization. The characteristic of association may resemble trustification, but the co-operation involved is usually less organic than in trustification. To this development is attributed the recovery of German industry, and, if we believe the writers on the subject, it will diminish unemployment and increase prosperity in any country in which it is applied. Wherever it has been applied, whether in Germany or elsewhere, it has met with a degree of success that promises well for the future. The movement is not universal, but it is steadily gaining prominence, and reorganization of industry is steadily being continued.

The Economic Conference of the League of Nations in 1927 decided that the judicious and constant application of rationalization is calculated to secure "to the various classes of producers higher and steadier remunerations."

The movement has been brought about partly through the changes in demand that took place during the war and post-war periods, and partly through the new and severe competition which European countries have had to meet from their rivals in the markets, many of whom, like America and Japan, obtained firm footings in the industrial field while Europe was engaged in war. Other factors, of course, have also aided the movement, as, for instance, the imposition of higher tariffs, which have affected industry by changing the volume and direction of trade.

Rationalization has been described as consisting of four phases—stabilization, simplification, standardization, and specialization. Production is to be organized so that it will be more steady and continuous, waste is to be eliminated, and cost lowered by the reduction in the number of varieties and types of commodities, and specialization in the actual processes and organization of manufacture is to be obtained by agreement between producers. These four phases involve improvement in business management ; interchange of information, ideas, and experiences between competing firms ; investigations and research in not only chemical and technical work, but also in such matters as industrial relations, sales, production, administration, manufacturing processes, factory costs, and such like ; improvement in educational facilities ; and, finally, improvement in merchandising methods. With the rapid increase of productive capacity, in many cases in excess of immediate demand, manufacturers are giving more and more attention to the problem of distribution, and to the establishment of a balance between production and consumption. Sales-management is becoming a distinctive branch of business, and schools and colleges are now giving courses in marketing, management, advertising, and salesmanship.

Rationalization of industry is not a panacea for all existing evils. It is yet too early to judge the results of the movement, and it is possible that its effects have been overestimated. As far as can be seen, however, from the results that have been achieved wherever it has been put into practice, considerable economies have taken place, with consequent benefit to the producers, and ultimate benefit to the consumers. Maladjustment in production, lack of balance between consumption and production, cyclical periods of fluctuations and depressions, and unemployment will still, no doubt, occur, but all these can be modified considerably and their effects mitigated. At all events, whatever effects rationalization has in the way of stabilizing industry, it will in the long-run be reflected in a diminution of unemployment, although temporarily, during the period of reorganization, it may actually increase it.

Scientific and Industrial Research.

Close co-operation continues between the important Department of Scientific and Industrial Research and the Department of Industries and Commerce, and acknowledgment should be made of the prompt help afforded to manufacturers by this new Department. Many problems of a minor nature have arisen during the year, and the advice and assistance of the expert research officers have been readily given, and have been greatly appreciated.

During the recent annual conference of the manufacturers of New Zealand a proposal to establish a standards laboratory was warmly commended, and a scheme for the extension of scientific assistance to manufacturing industries was also mentioned and supported. The importance, too, of early consideration being given to the questions of providing standard specifications, simplification of manufacturing processes, and standardization is under discussion with interested parties. In the near future some concrete proposals in this regard will be discussed with the Minister in charge of the Department of Scientific and Industrial Research. A preliminary meeting of departmental heads concerned, together with representatives of manufacturers, has already taken place, and the recommendations arrived at will be fully discussed with the Minister. It is unfortunately necessary to say that the general feeling among manufacturers is that the time is not ripe for a forward progressive policy in this respect, but when the full proposals are published and understood it is felt that they will be readily approved and adopted.

Footwear-manufacturing Industry.

Brief reference was made in last year's report of the Department to the fact that an investigating Committee had been set up by Government to inquire into and report upon the footwear industry of the Dominion, which for years past has not made the progress which the general development of the Dominion justifies. The Committee comprises four representatives of the boot-manufacturers, four representatives of the operatives, and six departmental officials possessing expert knowledge of industrial conditions in New Zealand. The inquiry has proceeded steadily, although progress was interrupted for a time owing to the elections and the change of Government. A preliminary survey of the industry was made by a sub-committee. Selected factories were visited in the four chief centres, and the matters agreed upon for investigation were—

(1) Production:—
- (*a*) Factory layout, lighting, &c., general efficiency of.
- (*b*) Labour restrictions imposed by law; possibility of improvement by elimination of unnecessary restrictions.
- (*c*) Possibility of adoption of improved basis of labour-payment.
- (*d*) Possibility of economy in purchasing supplies of materials by joint action or otherwise.
- (*e*) General factory economy and cost factors arising from restricted use of plant available; consequently degree to which cost might be reduced if reasonably full output were available.
- (*f*) Extent to which cost is affected adversely or otherwise by diversification of output.

(2) Marketing:—
- (*a*) Systems under which footwear, both local and imported, is marketed; advantages and disadvantages from point of view of manufacturer.
- (*b*) The attitude of the retailer; his margins on imported and local footwear; his objections, if any, to handling local footwear.
- (*c*) Profit margins available in respect of different classes of footwear; difficulties, if any, arising from financial pressure.
- (*d*) Advertising, relative cost of; extent to which adopted, and possibility of joint trade action.
- (*e*) Possibility and advisability of establishment of direct outlets for manufacturers' products; possibility of bringing about joint action for retail sale by associated manufacturers.
- (*f*) General profit position of the industry.

The sub-committee presented a comprehensive and useful report, which has been studied in detail by the general Committee. Further investigations were proceeded with, including a close and useful survey of one of the most efficient factories in regard to layout and plant equipment, and in regard to award conditions—the possibility and advantages of introducing voluntary piecework or bonus systems in lieu of the rates fixed by awards, &c. These matters have been discussed and considered, and it is expected that before the issue of this annual report an interim report will be published covering the points dealing with footwear production. A second and probably a final report will be issued at a later date dealing with marketing problems. In view of the fact that these reports will be available shortly for the information of the manufacturers and workers engaged in the industry, it is not proposed to go into detail here; suffice to state that it is felt that the inquiry will prove to be of the greatest value in helping those directly concerned to appreciate the special difficulties of the industry, and, more important still, will assist by indicating certain constructive means of overcoming them.

Timber.

In last year's annual report the fact was mentioned that the sawmilling industry had been subjected to a close investigation of a special Committee appointed by the Government, including representatives of the trade (and of certain Government Departments), to work under the direction of the Minister of Industries and Commerce. The Committee has been steadily at work during the year, and has held frequent meetings. Its main business has been devoted to the devising of a new set of grading and classification rules, as well as definitions of minimum and maximum defects in timber. This classification of domestic timber was specially desired as a basis for the purchase of the timber requirements of the State, and as a basis of uniformity in timber specifications for all buildings constructed out of loan-moneys advanced by Government Departments. Furthermore, it was considered that by the adoption of a new system of timber classification and grading it would materially help the local industry in making possible a wider use of New Zealand timbers. The work has been one of considerable magnitude, as the Committee desired, if possible, to make the scheme national in its operations, and to gain the good will of those engaged in the distribution and use of timber. The Committee has in view the grading and classification of timber for export markets, and it is pleasing to record that in one of our main markets—Australia—considerable interest has been shown in the new scheme, and that it is generally conceded that if timber can be purchased on grade, properly cut and seasoned, it will place the Dominion in a better competitive position, and ensure a wider and more stabilized market. As the new classification and grading rules have been printed and issued to interested parties, it is not proposed to incorporate them in this report. It is satisfactory to report that the scheme has commended itself to a large majority of the sawmillers throughout the Dominion, and that the Right Hon. the Prime Minister has issued instructions on behalf of the Government to all State Departments concerned to give preference wherever possible to New Zealand timbers in all future orders for supplies, and that the classes and grades used are to be those defined under the classification and grading rules. To those Departments responsible for the issue of loan-moneys the Right Hon. the Prime Minister has instructed that all applicants for loans are to be notified—(*a*) That the use of New Zealand timber, all things being equal, is preferred as a matter of State policy; (*b*) that it will facilitate the granting of loan-money if domestic timber is used which meets the Valuation Department's requirements; and (*c*) that the classes and grades of New Zealand timber suitable for constructions on which loan-moneys are advanced shall conform to those recently drawn up by the special Timber Committee for Government requirements.

In an endeavour to secure the co-operation and support of the municipalities towards the new grading and classification rules, the Mayors and expert officers connected with the City Councils in the four chief centres have been approached. The system has been fully explained, and it is satisfactory to report that it was well received and the principle generally endorsed. Negotiations are continuing, and it is felt, when the advantages of the new scheme are thoroughly understood, that the local bodies will follow the lead of the Government. Negotiations are also pending with the New Zealand Timber-merchants' Federation, the New Zealand Builders' Association, and with the New Zealand Institute of Architects.

So far as the sawmillers' federations are concerned, steps have already been taken to cut and grade the timbers required, and the success or failure of the new scheme will, it is felt, largely depend upon the service given by the sawmillers. The sawmillers have expressed the opinion that the adoption of uniform and definite grading and classification rules is probably the biggest step forward yet undertaken to place the industry on a permanently improved footing, but it must necessarily take some little time before the benefits of the new system will be thoroughly understood and appreciated by timber-users. After all, New Zealand is simply following the lead of other countries engaged in the production of timber for domestic and export markets. No doubt it will be most difficult in some localities to break down the practice of years and change over from the old classifications, which were mainly local or provincial in application, but it must eventually prove to be a great national gain that timber may soon be procurable from mills from any part of the Dominion which will conform to standards, specifications, and grades laid down by the special Timber Committee.

The Committee will continue to function throughout the present year with a view to rendering further assistance to the industry. Consideration will shortly be given to the advisability or otherwise of setting up an advertising campaign on behalf of New Zealand timber, especially to emphasize its beauty and its wide utility for local use. Consideration will also be given to the institution of better efficiency in the mills, and a special study made of existing marketing methods.

Production of Timber.

The production of the main varieties of timber in the Dominion for the last eight years (as at 31st March) is given in the following table:—

Year ended 31st March,	Total.	Kauri.	Rimu.	White-pine.	Matai.	Totara.	Others.
	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.
1921 ..	307,667,834	20,393,788	153,529,022	73,168,750	21,329,043	17,984,189	21,263,042
1922 ..	314,972,310	21,435,728	157,345,928	68,486,633	24,830,368	19,570,561	23,303,092
1923 ..	304,351,877	22,460,759	155,627,936	66,088,219	23,747,049	20,843,718	15,584,196
1924 ..	317,069,216	19,743,196	181,093,581	56,699,443	24,326,148	18,904,361	16,302,487
1925 ..	344,094,874	22,891,535	195,572,705	65,572,439	23,947,707	18,509,551	17,600,937
1926 ..	353,224,196	22,765,877	195,451,758	75,634,869	26,141,027	14,109,576	19,121,089
1927 ..	305,675,258	18,474,981	170,498,282	65,490,059	19,380,469	14,179,462	17,652,005
1928 ..	269,783,000	15,874,000	156,314,000	53,736,000	15,207,000	15,728,000	17,924,000

The decrease in output which was contemplated in last year's report has eventuated, and the lowest total production for many years was recorded for the 1928 period. The reduced output affects all the well-known classes, and is indicative of the generally poor business conditions which ruled so far as timber-sales were concerned during the year just concluded. It may be said with conviction that the period was one of the hardest experienced in the history of the industry. Despite the lower outputs, the competition for sales was most keen, and the sawmillers frequently quitted stocks at little or no profit. Many of the mills accumulated large stocks, and could not find either local or export markets at profitable prices.

During the winter of 1928 the industry was in a particularly bad plight, and accusations of unfair dealing between competing mills, particularly in selling timber below cost, were rife. The conditions towards the end of the year, and more particularly in the early part of 1929, showed considerable improvement, and much of the suicidal competition has been eliminated. Apart from domestic troubles, the miller has had to face increased competition from imported supplies. The following table shows in thousands of superficial feet the quantities of timber, other than Australian hardwoods, which have come into New Zealand during the last five years:—

——	1924–25.	1925–26.	1926–27.	1927–28.	1928–29.
Ash, hickory, lancewood, lignum-vitæ, beech, mahogany, walnut	*	127	219	145	146
Cedar	2,314	7,571	8,202	1,910	1,642
Oregon	13,653	16,206	18,622	16,298	16,674
Hemlock	1,747	4,258	3,744†	2,053†	6,019†
Spruce	899	1,463	239†	144†	90†
Oak	2,136	2,586	2,343	1,656	2,112
Other kinds, including redwood	2,812	8,716	9,628‡	10,845‡	12,413‡
Totals	23,561	40,927	42,997	33,051	39,096

* Included under "Cedar."
† Does not include timber for butter-boxes or cheese-crates (if any) of hemlock or spruce. Previous years' figures for hemlock and spruce include any butter-boxes or cheese-crates of these species.
‡ Includes all butter-boxes and cheese-crates of any species of timber. Redwood in 1928–29 was 8,370,000 superficial feet.

SUGAR.

Sugar constitutes one of the most important items of New Zealand's imports, our raw-sugar requirements amounting to approximately £1,000,000 per annum. Our imports of raw sugar are derived mainly from Fiji, Dutch East Indies, Cuba, and Peru, although of recent years there have been considerable changes in the quantities obtained from each country, as will be seen from a glance at the following figures:—

Imports of Raw Sugar, 1926–28.

Country.	1926.		1927.		1928.	
	Cwt.	£	Cwt.	£	Cwt.	£
Fiji	976,241	736,279	316,011	270,156	570,889	423,825
Dutch East Indies ..	..	..	363,927	258,516	919,141	595,970
Cuba	607,272	378,751	432,554	322,684	..	..
Peru	..	..	128,431	89,999	96,642	55,921

There has been a considerable decrease in the quantity purchased from Fiji, and a corresponding increase in the quantity purchased from the Dutch East Indies. Cuba, which supplied a large proportion of our imports in 1926 and 1927, supplied none at all in 1928. Peru supplied the remainder of our requirements.

The Department has continued to receive and record information regarding the world's sugar-markets, and has compared the movement of overseas prices with the prices ruling for the product of the New Zealand refinery. The prices of refined sugars are, of course, appreciably above those quoted for standard raws, while the latter are, too, subject to more frequent fluctuations than in the case of the finished product. The downward tendency, which has been so marked during recent years, has been steadily continued during the period under review. On the 13th February, 1928, the price of No. 1A sugar (the popular table grade), f.o.b. Auckland, was quoted at £21 10s. Since that date there have been four reductions of 10s. a ton each in 1928, and three in the current year to date, the latest quotation being £18 per ton.

Sugar-markets continue to reveal a depressing atmosphere, and quotations to stand at nearly the lowest on record. Owing to a considerable expansion of sugar-growing since the war, due largely to a recovery in the European beet-sugar, but also to greater production of cane-sugars, without any corresponding increase in the demand for sugar, producers have experienced extreme difficulty in disposing of their product at payable prices. Cuban producers, who in recent years have produced nearly one-fifth of the world's total sugar-output, have particularly felt the stress of the severe competition and the low prices.

So seriously has the sugar industry been affected that a consultation of experts by a delegation of the Economic Committee of the League of Nations took place at Geneva in April last. Although the deliberations of the Committee did not produce any scheme or measure for the relief of the industry, the members obtained a good general insight into the position of the world's sugar industry. It proposed to take till June to consider its report, and in the meantime would consult with experts of the beet-sugar industry in respect to that branch of sugar-production. It was clear to the Committee that the present situation of the sugar industry throughout the world was essentially due to lack of equilibrium between production and consumption; hence the natural conclusion was that, to re-establish equilibrium, either an attempt must be made to increase consumption, or production must be reduced, or both solutions must be sought. The League itself could not initiate measures of that sort, and the solution of the problem, therefore, rested on a definite agreement being arrived at between international producers. The problem was an international one, which could not be solved by the action of any single country or by the producers of any one country. The findings of the Committee in connection with its June meeting will therefore be awaited with interest.

As was mentioned in the last report, the position became so acute some time ago that Cuba adopted, in relation to her 1927 crop, a policy of limitation of output, and by an international agreement with the European beet-sugar interests restricted exports for the 1928–29 season upon an arranged quota for each participating country, in an endeavour to regulate prices. As the agreement was, however, only conditional, and as a great portion of the world's sugar-production was not covered by the agreement, only a small measure of success was expected from the scheme. As mentioned above, prices have continued to fall and markets to be depressed.

The great problem confronting the industry, and confronting many other industries, too, seems to be that of marketing. If it is not carried on successfully, no profits above the cost of making are secured. Exhaustive scientific research has been applied all over the world to increasing sugar-production, to the search for better methods of cane-cultivation, milling, and sugar-fabrication, without any considered effort or expenditure being dedicated to efforts to increase the consumption of sugar. The Cuban sugar industry has been developed along modern mass-production lines, with little or no accompanying modernization of selling methods. Marketing methods must be renovated and proper salesmanship employed to build up large-volume trade that will absorb the great sugar crops. Single-selling combinations, schemes to hold sugar off the market, and Government interference will not raise the price as long as the sugar is in existence and has no place to go to. Expansion of consumption by modern marketing methods appears to be the solution to the difficulty.

Wheat and Wheat Products.

Although the New Zealand Government has ceased to control the sale of wheat and flour in the Dominion, and has not directly interfered with the three great industries of wheat-growing, flour-milling, and breadmaking during the past year, it is necessary for the Department, owing to the important place these industries occupy in the economic life of the Dominion, to be kept informed of world movements relative to wheat and flour prices, in addition to a knowledge of conditions in New Zealand.

Briefly, the principal wheat-producing countries are carrying large surplus stocks, with a consequent reduction in prices for wheat. In Australia the export trade in wheat and flour is dull, and millers are quoting flour for export at prices much lower than those quoted for home consumption.

The sliding scale of duties on wheat and flour entering New Zealand imposed under the tariff of 1927 has had the effect to a great extent of stabilizing wheat-prices in the Dominion. No violent fluctuations have taken place in the prices for wheat and flour during the period under review.

The formation of a wheat-growers' selling organization marks a new departure by the farmers. The New Zealand Wheat-growers' Co-operative Association, Ltd., with headquarters at Christchurch, has been functioning for some months. A considerable quantity of wheat is being sold through the new organization.

The following table gives information concerning the grain-mills of the Dominion for the year ended 31st March, 1928:—

Number of establishments	52
Value of land, buildings, and plant	£830,178
Persons engaged	697
Amount paid as salaries and wages	£175,956
Cost of material used	£2,341,026
Value of products	£2,949,021
Added value	£607,995

Included in the materials used were 6,358,865 bushels of wheat, of a value of £2,050,873. The quantity of flour produced was 134,976 tons, of a value of £2,301,039. There were also produced 31,460 tons of pollard, valued at £250,619, and 19,698 tons of bran, valued at £125,295.

The following table shows the quantity and value of wheat and flour imported in each month of the year ended February, 1929:—

Importations of Wheat and Flour into New Zealand.—Season 1928–29.

Month.	Wheat.		Flour.	
	Quantity.	Value.	Quantity.	Value.
	Bushels.	£	Tons.	£
March	12,458	3,800	1,003	15,826
April	8,555	2,695	617	10,640
May	6,161	2,007	738	12,214
June	11,361	3,391	770	12,617
July	20,886	7,482	810	13,497
August	65,256	21,374	692	11,224
September	29,648	10,484	973	15,109
October	41,958	8,444	668	10,834
November	44,340	12,819	1,153	18,085
December	30,711	8,098	625	10,026
January	61,302	17,550	718	10,410
February	7,160	2,638	792	11,569
Totals for season ..	339,796	100,782	9,559	152,051

Together the imports of wheat and flour last year represent an amount approximately equivalent to New Zealand's flour-consumption for one and a half months. The importations for the corresponding period of the previous year amounted to 673,766 bushels of wheat and 9,466 tons of flour, equivalent approximately to New Zealand's flour-consumption for two months.

From the foregoing it will be noted that even when the Dominion's wheat-production reaches a high figure—as was the case during the past two seasons—some importations will continue. The research work now being carried out by the Wheat Research Institute of the Department of Scientific and Industrial Research will, when further advanced, have an important bearing on the importations of "stronger" flour for blending purposes, in that the Research Chemist of the Institute, in co-operation with the flour-millers and bakers, is securing encouraging results from a blending of New Zealand flours combined with treated and specially heated flour. These experiments, if successful, should obviate the necessity for importations of much of the flour now secured from overseas. The New Zealand flour for the past year has also improved in quality; there have been remarkably few complaints from bakers or consumers.

A noteworthy feature of breadmaking in the Dominion is the desire amongst the bakers to keep up to date with the latest improvements in machinery and methods, and generally it can be stated that the bakers of the Dominion are making a good standard of bread. Two complete reorganizations of factory and plant have been made at considerable capital costs. The efficiency and modernity of these plants are such as to warrant the statement that there is nothing better in the Southern Hemisphere. Considerable expenditure on new plant has been incurred in all the centres, but progress has been checked by the price-cutting tactics of a number of bakers in each of the main centres. The enlightened buyer recognizes that industry is maintained and progresses by the creation of profits, and these profits must be attained if improvements are to be carried out which aim at improved quality, lower cost of production, and more effective distribution. The manufacturer who adheres to a price which provides a moderate profit usually gives a better product, better service, and eventually lowers his costs and prices.

Gas Regulations.

The regulations under the Board of Trade Act for the control of the sale and supply of gas have had wider application during the past year owing to the inclusion of fourteen gas undertakings located outside the centres. The four chief centres have been under control since 1925. The heating-value of gas, its purity, pressure, price, and measurement, have been subject to official survey, and it may be claimed that a useful and proper service has been performed in the public interest by the operation of these regulations. Some criticism, however, has been voiced by the Gas Institute of New Zealand against the industry being controlled, and a resolution was passed at the last annual conference of the Institute, held in January and February this year, to the effect that the Government's notice should be drawn to the advisability of deleting the Order in Council bringing the smaller gas undertakings under the regulations. Prior to this conference being held, a deputation from the Gas Companies' Association of New Zealand waited upon the then Minister of Industries and Commerce to ask for freedom in the fixation of gas-prices, which right had been taken from the gas undertakings by the regulations, and the power given to the Minister of Industries and Commerce. These suggestions for amendment of the regulations and for relief from their operations have been reported to the present Minister in charge of the Department both by deputation and correspondence, and the parties concerned have been advised that the Government will probably refer the whole matter to a parliamentary Committee this session. The Committee, which will represent all parties in the House of Representatives, will be asked to advise whether or not legislation, apart from regulation by Order in Council, is considered necessary; and, if so, to what extent should control be exercised. The parties were also informed that until the Committee had dealt with the subject the regulations would not be altered in any way.

In view of the complaints made, it might be appropriate to place on record a brief review of the work carried out under the regulations, and a short history of their introduction. During the war, and for many years afterwards, there were numerous complaints as to the quality and price of gas supplied by various undertakings. In the second annual report of the Department of Industries and Commerce it was recommended that legislation be introduced making it compulsory for companies to supply gas of a heating-value of not less than 500 British thermal units net. As a result of these complaints the Dominion Analyst, Dr. Maclaurin, was asked by the Hon. the Minister of Internal Affairs to prepare a draft Bill dealing with the subject. This draft was accordingly prepared and submitted to the Government, but the Minister of Internal Affairs decided to utilize the powers conferred by the Board of Trade Act to deal with the industry by regulations. These regulations were drafted, and were discussed at conferences between representatives of the gas companies, officers of this Department, and the Dominion Analyst, and in 1924 were finally agreed to and gazetted. The regulations became operative in January, 1925, and the necessary steps were taken to make the requisite appointments. In addition to the appointment of Dr. Maclaurin as Chief Gas Examiner, he and two other gentlemen were appointed as Gas Referees. Gas Examiners were appointed in Auckland, Wellington, and Christchurch, and later in Dunedin. Inspectors of Meters were also appointed in Wellington, Christchurch, and Auckland. At the outset it was deemed advisable to apply the regulations only to the gas undertakings of the four chief centres, but it was never intended that they should be so restricted, and after consultation with the representatives of various companies and undertakings in the smaller towns it was decided that fourteen (with a comparatively large output of gas) should be added to the schedule. This addition necessitated the appointment of three additional officers—an Inspector of Meters for the South Island, and an additional Gas Examiner and Inspector for the Wellington District. The work of the Gas Examiners and Inspectors of Meters has resulted in systematic control being exercised of the calorific value, purity, and pressure of gas on the one hand, and the regular testing of meters on the other. It is claimed that this work must be of benefit to the consumers of gas, and to a very large extent beneficial to the gas undertakings, by eliminating irritating disputes about the correctness of meters, and by giving consumers greater confidence that they will receive full value for their money.

Generally speaking, it may be claimed that the official relations with the gas companies and municipal undertakings have been most satisfactory, those subject to the regulations affording every assistance to the officers appointed to carry out their duties. The chief grievance appears to centre in the fact that the industry is governed by regulations and not by Act, and that the price charged for gas may be fixed or altered by the Minister charged with the administration of the Order in Council. From the point of view of the Department it might be claimed that the regulations have proved distinctly helpful to the gas undertakings, in that, following the appointment of technical officers, much expert advice has been given, and closer attention has been paid by the companies to general efficiency methods and the provision of up-to-date and approved appliances.

The coal dispute in the Commonwealth of Australia is causing some of the gasworks increased expense in securing supplies of suitable gas-producing coal. In this connection the Department has under consideration the question of the greater use of New Zealand coal by the gas concerns of the Dominion, and is accordingly securing information and data for dissemination among the gas undertakings.

Commercial Trusts Act.

In view of the changing conditions of industry, the Commercial Trusts Act, 1910, is becoming increasingly difficult to administer. Section 2 of the Act defines a commercial trust as any association or combination formed for the purpose of controlling, determining, or influencing the supply or demand or price of any goods in New Zealand or elsewhere, or of creating or maintaining in New Zealand or elsewhere a monopoly, whether complete or partial, in the supply of or demand for any goods.

There is nothing unlawful in the creation of a commercial trust or in being a member of one, but the Act aims at the prevention of the commission by commercial trusts of the unlawful acts specified in it. Briefly, it may be said that the Act prohibits the giving of concessions, &c., in consideration of exclusive dealing, prohibits refusals to deal if such refusals arise for certain reasons, prohibits sales at unreasonably high prices where such prices have been fixed or influenced in any way by a commercial trust, and provides in general terms against monopolies which are of such a nature as to be contrary to public interest. It may here be pointed out that every combination or association of firms, or every working arrangement between them, is not necessarily contrary to public interest; in fact, they may be as much to the advantage of the public as to the individual firms concerned.

Because of the increasing tendency in modern industrial organization towards amalgamation and combination, the idea is prevalent that the Act is being evaded. Rationalization of industry—which is the new name for the science of industry, the science that deals with the elimination of waste, the unification and amalgamation of industry into larger units in order to take advantage of the benefits of large-scale production, that deals with efficiency and order in every stage and every line of production—is hastening this tendency.

Combinations and working agreements which formerly might have been regarded as contrary to public interest are now realized and accepted under the changing conditions of industry to be necessary means in many cases for the maintenance and development of industry and trade, for the elimination of wasteful competition, for the reduction of production and distribution costs, and for continued progress and prosperity.

The Act is still necessary as a safeguard to the public, to business men and traders, against harmful commercial practices, as it exercises a deterring influence over the whole field of industry, and prevents, or at any rate hinders, the adoption and development of such practices. Whenever a complaint is made to the Department that the provisions of the Act are being infringed prompt action is taken and full investigation undertaken into the circumstances. On several occasions during the year it has been necessary to carry out such investigations into alleged breaches of the Act, particularly in regard to alleged refusals to supply and the fixation of prices of commodities covered by the schedule to the Act, but in no instances have the facts been such as to justify legal action being taken.

Cash-order Trading.

This system, which showed signs of considerable expansion in the main centres of the Dominion, was the subject of an investigation early this year by the Hon. J. G. Cobbe, Minister in Charge of the Department. The Secretary of the Department, Mr. J. W. Collins, was associated with the Minister in the course of the inquiry.

As a full report has already been tabled in both Houses of the General Assembly, it is not intended to deal with the matter at any length in this survey. It is considered expedient, however, that the salient features of the report should be placed on permanent record.

Many complaints had been made by traders throughout New Zealand against the system, which was claimed to be opposed to sound business principles, added to the cost of goods, and was increasing the cost of distribution. The system, as generally followed in New Zealand, is as follows:—

An individual or firm issues to approved clients orders which on presentation to a trader will be accepted for their face value in exchange for goods. The firm or person issuing the cash order collects from the client the amount of the order in instalments, usually spread over a period of twenty weeks. The usual weekly repayments are fixed at the rate of 1s. for every £1 value of the order issued. The client also pays a commission of 1s. or 2s. in the pound on the value of each order. On a £5 order, 5s. to 10s. is paid, and this commission is charged at the commencement of the transaction. Two cash-order firms charge no commission to clients. The retailer accepting the order tenders it to the order-issuing house, and secures payment, less an agreed-upon discount, which ranges from 10 per cent. to 15 per cent.; the average discount granted by retailers is 12½ per cent. The majority of cash-order-issuing houses therefore make two profits—the commission charged to the client, and the discount received from the retailer.

The systems adopted by different cash-order companies vary slightly, but they are all of the same general character. A few retail houses carry as part of their method of giving credit a cash-order system. This eliminates the third party, but the methods of conducting the system are substantially the same, except that the purchases must generally be made in the shop from which the order is accepted.

The classes of articles usually bought under the cash-order system are unlike those which are purchased under instalment plans. They comprise goods which usually depreciate rapidly, and once in possession of the purchaser and used are of little resale value. The vendor has no lien on goods usually sold under the cash-order system.

Evidence was taken in Wellington, Christchurch, Dunedin, and Auckland, and some fifty-five witnesses were examined, comprising representatives of trade organizations, principals of cash-order-trading companies, retailers, and householders. The orders issued affected mainly the drapery and boot trades, and to a limited extent were accepted by jewellers and opticians. Over 95 per cent. of the orders were taken out by married women, and their total value last year amounted to approximately £300,000. Of this total Auckland's share was £140,000, Wellington's £120,000, and in Christchurch and Dunedin the values approximated £15,000 each.

The full report issued showed the extent of the system in the Commonwealth of Australia, the data having been secured officially by an executive officer of this Department during a visit to Australia in the latter part of 1928. It was evident that the system had grown to an appreciable extent in the States of New South Wales and Victoria, and that a very considerable proportion of business was done through the medium of the orders. It was further shown that the cash-order companies were making considerable profits, and dividends paid to shareholders recently had reached 35 per cent.

The full case for the cash-order companies, the retailers, and the general public is dealt with in the main report. The Committee of Inquiry in New Zealand stated that the evidence tendered enabled a complete investigation to be made, and that there was no failure on the part of any party to disclose full information, even of a confidential nature. The conclusion the Committee came to was that the system should be controlled by legislation, and recommended the Government to consider favourably proposals for reducing the charge to clients (not to exceed 6d. in the pound sterling), to limit the discount allowed by retailers (not to exceed 10 per cent.), to prohibit canvassing for the signing of the orders, to prohibit mail-order propaganda, and to make the orders open to any firms willing to accept them. It was also recommended that no orders should be issued to persons under the age of twenty-one years, or to married women without the consent in writing of their husbands.

In order to avoid legislation, if possible, the Committee recommended that three months' notice be given to the cash-order companies and individuals concerned to express their willingness or otherwise to conform to the above proposals, and in the event of acquiescence being shown by them, that the Government should not proceed with the legislation.

TAILORING TRADE REGULATIONS.

On the 1st March, 1925, regulations, administered under the Board of Trade Act, came into force relating to the manufacture of tailor-made and factory-made garments to measure. The legislation made it an offence to sell or offer for sale as " hand-made " or " hand-tailored " any garment which was not completely made by hand; and also made it an offence to sell or offer for sale as " tailor-made " or " tailored to measure " any garment which did not contain a specified amount of handwork.

Since that time this Department, in co-operation with officers of the Labour Department, has seen that the regulations have been given effect to, and has taken action where necessary. The provisions of the regulations are well known now by the trade, and they have a deterring effect on any efforts at misdescription or misrepresentation. Nevertheless, breaches of the Act do occur, and the Department then takes prompt action. Several cases were reported during the past year and were duly investigated, in one or two instances convictions being obtained and fines imposed by the Court.

Amongst the matters that have come up for consideration is that of the employment of unfair tactics against legitimate trading. The advertising of non-existent goods, and other methods that are of such a nature as to attract customers when it is not intended to deliver the goods advertised, are dishonest, and should be prohibited. It might be mentioned that efforts are being made by interested parties to obtain legislation making such tactics punishable offences.

CHATTELS TRANSFER ACT, 1924.

It is provided by this Act that Orders in Council may be issued to extend the Seventh Schedule of the Act by adding further classes of chattels recognized as being the subject of " customary hire-purchase agreements."

Section 57 of this Act provides for the protection of bailors of such chattels as are referred to in the Seventh Schedule, without the necessity of registration. During the past year several applications for the addition of certain classes of articles to the schedule have been received and dealt with by this Department. These applications necessitate investigation and inquiry as to the customary trade practices, and as to the desirability or otherwise of adding such articles to the schedule. Applications during the past year were made in respect of the following chattels: Cinematograph-projection machines, and lighting and other equipment peculiar thereto; iron and steel fireproof safes and strong-room doors; radio apparatus and material; law books and law reports.

In the great majority of instances that have come before the Department requests to add to the Seventh Schedule of the Act have been refused. In the case of the application for the inclusion of cinematograph-projection machines, and lighting and other equipment peculiar thereto, it was, however, considered that the whole of the facts justified the power given in section 57 being availed of, and the application was accordingly approved.

The matter of including safes and strong-room doors was given very careful consideration in October, 1927, and was refused. When, therefore, a further application was recently made in respect of the same class of chattels the Department was unable to recommend any departure from the decision previously made. The matter of adding radio apparatus to the schedule also received careful consideration, but the circumstances were such that no action could be taken. An application has recently been made to include law books and law reports, and this is being inquired into at the present time.

In recent years considerable discussion has taken place regarding the general question of transacting business on time payment and by the system of hire-purchase. Instalment selling is not new; it has been employed for many years in the purchase of homes, in the furniture trade, in the sale of musical instruments and sewing-machines. With the development of the automobile, electrical appliances, and labour-saving machinery the volume of instalment selling has increased very considerably during the past few years. A vast volume of business has for years been done upon open-account credit, and it is reasonable to assume that a large proportion of the business now carried on under the hire-purchase system would formerly have been done on open account, and to the extent of this substitution no additional credit has taken place merely through the change in the method of transacting the business. It is simply a change in the form of credit previously created on ordinary open account, and now created by a method providing for payment by instalments.

On the other hand, there can be no doubt whatever that instalment selling has been of great service in business development, and has tremendously increased sales and expanded credit. Just as the credit system is the framework upon which for many years production has been based and our modern industrial organization built, so the time-payment or hire-purchase system is a method of financing consumption by the ultimate consumers.

The attitude of the various sections of the trading community appears to be influenced very greatly by the class of goods in which those traders are interested, and, while sellers of foodstuffs, clothing, and similar articles object most strongly to time-payment or hire-purchase methods, dealers in automobiles, musical instruments, furniture, and certain classes of machinery are equally emphatic in their support of the virtues of and necessity for the system.

It appears to be true in this, as in other instances, that it is the excessive and extravagant adoption of the principle of deferred payment which constitutes the only serious objection to a system of business which in certain respects has decided economic benefits. The time-payment system may claim to be an influence towards thrift as much as a cause of extravagance, and a means of enabling producers to use modern appliances or machines earlier than they would otherwise find possible.

The purchase of goods on a deferred-payment basis undoubtedly influences the direction in which the income of large sections of the community is spent, and in consequence of this some classes of goods may, to the disadvantage of other goods, secure a sale far greater than would be possible if cash trading were strictly adhered to. Credit trading is clearly not to be regarded as unsound or undesirable trading, and, provided that the buyer is reasonably able to meet his credit obligations, the main factor for consideration is the nature of the goods sold on credit, and the use which the purchaser intends to make of them.

Instalment purchasing as a system cannot be generally condemned; each transaction should be judged upon its merits. There are unquestionably unwise credit purchases, just as there are unwise cash purchases. The system has become an important part of our business structure. It is here to stay, and the Department must concern itself, therefore, with its proper application and guidance.

Conclusion.

In this report it is regretted that the Department is unable to say of the manufacturing industries generally that they continue to show a steady and healthy development. In particular cases this development has taken place, but taken in the mass it may be said that progress in industry is not buoyant.

As has been shown in previous chapters in this report, the Department has been closely associated with important economic investigations into the timber and footwear industries. It can be claimed with confidence that these inquiries have definitely shown that much good can be done by an intensive survey of existing conditions. In the case of the timber industry, the Committee has accomplished a most important work in inducing the sawmillers to adopt a new scheme of classification and grading of New Zealand timbers for Government use, and in the case of the footwear industry much useful information has been gleaned which should materially assist the manufacturers in the direction of the adoption of more efficient methods of manufacture.

The methods of marketing and marketing requirements have also been closely studied by the Committees, and it is felt that important assistance can be given to the industries concerned, particularly in bringing about closer co-operation between those engaged in manufacture and those concerned with distribution. The call, however, made upon the time of the officials and representatives of the industries concerned has been rather greater than anticipated, and if quicker results are to be obtained it will be necessary that the work should be done by men appointed for the particular purpose, who will be able to concentrate upon the collection of evidence, the making of the necessary inspections of factories and plant, and the drawing-up of reports and recommendations.

With the check experienced to the expansion of industry recently, the Department urges that the time has arrived for a general investigation to be made into the industries of New Zealand, and that this investigation should be conducted by a mission comprising in its personnel gentlemen of wide experience in industry, finance, and economics. Side by side with the setting-up of this mission, it is further recommended that a delegation from our own Dominion should be appointed, under the auspices of Government, to visit the Mother-country, and perhaps Canada, to study industrial enterprises, and, above all, to interchange views with the leaders of industry in those countries. New Zealand manufacturers are undoubtedly desirous of keeping up to date in their methods, and many enterprising manufacturers have already paid visits to the Mother-land and have greatly benefited thereby. New factory equipment has been purchased and new ideas incorporated, but it is felt, in the Department's view, that a well-organized delegation could in the short period of six to eight months make the tour indicated, and could prepare a report for general publication which would be invaluable both to the Government, the manufacturers, and the people generally.

Our isolation from the great manufacturing countries of the world may have given us a false idea of our strength and a lack of appreciation of the problems of the present and of the future. The proper perspective can only be obtained by the work of such a delegation.

Three questions of outstanding domestic importance are involved in the investigations—the questions of unemployment, apprenticeship, and lack of investment in industry. That industry could absorb a very much larger number of men and young people is unquestionable, provided stability could be given. It can be claimed that such employment, with few exceptions, runs over the whole year, and that it is, therefore, not subjected to the seasonable fluctuations of farm-work. It is also unquestionable that from the apprenticeship point of view alone the need for the investigation is very necessary. One of the outstanding features of industry during the last three years has been its inability to employ the lads who are leaving school, many of them possessing valuable training gained at our technical schools. The applications for work by lads, particularly at the close of the school year, have increased greatly, and the parents are much perturbed by their inability to secure useful employment for their boys. It is most desirable, therefore, that the opportunities for boys and girls leaving school should be widened. These opportunities can be afforded by extension of existing industries and the creation of new ones. The lack of investment in industry is a matter which has brought forth a good deal of public comment, especially in view of the fact that there appears to be so much capital available awaiting investment. In particular cases there is no lack of financial support, but it is considered that the reasons why some industries, sadly lacking capital, cannot secure it readily should be one of the main matters for investigation by the mission suggested.

For the Department of Industries and Commerce,
J. W. Collins, Secretary.

APPENDIX A.

Manufacturing Industries.

Fruit-preserving and Jam-making.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	7	8	9
Employees (number)	247	260	309
Wages paid	£44,625	£45,814	£54,825
Value of output	£234,775	£273,436	£323,915
Value added by manufacture	£83,720	£107,359	£122,895
Imports, calendar years :—			
Jams and preserves (including preserved ginger)	£27,738	£23,250	£28,555
Fruits bottled and preserved in syrup—			
Apricots	£23,352	£31,882	£27,195
Peaches	£45,989	£48,645	£51,469
Pears	£9,467	£6,987	£4,066
Fruit-pulp n.e.i.	£4,501	£5,660	£4,395
Total	£111,047	£116,424	£115,680

It will be seen from the above tables that the products of the fruit preserving and canning industry have increased appreciably in output for the past three years, the last year showing an increase in output of approximately £50,000. The imports are approximately the same figures as those of the previous year. A new departure has been made in putting up fruit-salad in tins and jars, which has met with a ready sale. In the jam trade conditions are not so favourable compared with the previous year.

Lime and Cement.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	26	26	27
Employees (number)	851	899	915
Wages paid	£207,282	£216,969	£218,017
Value of output	£904,955	£925,003	£961,561
Value added by manufacture	£684,551	£687,266	£732,907
Imports, calendar years :—			
Cement, building (cwt.)	49,801	82,846	24,854
Value	£9,969	£15,591	£7,078

Practically the whole of the requirements of the Dominion are supplied by the local works. The value of output appreciably increased for the past three years, that of last year showing an addition of £36,000 over the 1927 figures. Imports have decreased over 50 per cent. in value and 30 per cent. in quantity. New works have been erected in the Otago District which contain the latest improvements in cement-making machinery, capable of turning out 1,000 tons of cement per week. These works were opened by the Minister on the 11th March, 1929.

Engineering.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	196	214	203
Employees (number)	3,807	3,778	3,668
Wages paid	£802,707	£786,161	£779,764
Value of output	£1,993,911	£1,847,662	£1,828,818
Value added by manufacture	£1,282,314	£1,207,999	£1,202,751

The above figures of engineering-works show a slight falling-off during the past twelve months. With the increasing use of motors driven by current generated by hydro-electric power, the use of steam plants and suction-gas plants is rapidly going out of use. In oil-engines, concrete-mixers, and washing-machines it is reported that a satisfactory year was experienced by southern firms. In dairying machinery competition from foreign countries made business conditions difficult. In domestic cooking-appliances the coal-range is gradually being superseded by the gas and electric method of cooking. One manufacturing company in the South Island has increased its plant by the installation of a vitreous enamelling plant, which will further add to the appearance of what is already a high-class and attractive-looking gas-cooking appliance. In electric ranges noticeable improvements have been recorded; the local manufacturer has the advantage of being able to make appliances to meet the special requirements of his clients. Competition from overseas in small brasswork is particularly keen, notwithstanding that the local manufacturer has taken every precaution to instal the latest automatic and up-to-date machinery. In one particular line of brasswork an export of a small quantity to Australia has been made possible by the fact that no brasswork with a similar finish is made in that country. Manufacturers of sheet-metal work report a satisfactory year. It would appear from import statistics that the Onakaka pig iron is gradually superseding the pig iron previously imported.

Iron-production—A Key Industry.

The prediction in the seventh annual report of the Department that "the industry is possessed of great possibilities" has been fully justified. It can be confidently stated that the Onakaka Iron and Steel Co., Ltd., by producing iron of excellent quality, has secured the bulk of the trade of the Dominion.

During the past year further improvements have been carried out at the works at Onakaka. There has been installed a new aerial ropeway from the iron-ore deposit to the works, capable of handling 40 tons per hour, instead of 7 tons; extra crushing plant and ore-washers have been erected, and the blast furnace has been enlarged to give increased production to meet the requirements of a new pipe plant. Extra coking plant has been installed to give tar and gas for use in the pipe plant. The wharf has been lengthened by 100 ft., and also widened 10 ft., now giving a depth of 14 ft. at dead low water. Extra bin capacity has been added both at wharf and works—600 tons and 150 tons respectively—making 1,200 tons capacity at wharf and 450 tons at works. Additional storage capacity has been arranged for iron-ore, coke, and limestone at furnace. Plant for the manufacture of slag wool is being erected, and also a grinding plant to produce oxide of iron for use by gas companies in purifying gas. A hydro-electric plant has been installed, a concrete dam erected, and a pipe-line 4,100 ft. long put in place, with a head of 650 ft. This drives an automatic generating-set. Extra houses have been erected to accommodate forty more men, and additions have been made to offices and laboratory.

One of the problems facing the management was to secure a market for the whole output of pig iron. Whilst New Zealand engineers and founders have given excellent support, it was realized that in the absence of stable export markets it was desirable to ensure a wider use of the iron itself, and with that end in view the new and up-to-date vertical casting plant is being erected to produce cast-iron pipes for water and gas reticulation. Experts for this special class of work have been engaged from England and are now at Onakaka.

This enterprise has undoubtedly had a chequered career, but the faith of the promoters has always been strong in its future prospects. A feeling of optimism now prevails that the initial difficulties have been overcome, and that the large expenditure on improvements and extensions will ensure wider and more profitable sales.

Sauce, Pickle, and Vinegar Making.

Official statistics, year ended 31st March:—

	1926.	1927.	1928.
Establishments (number)	17	20	21
Employees (number)	237	258	278
Wages paid	£46,919	£49,082	£49,616
Value of output	£202,065	£210,779	£217,836
Value added by manufacture	£98,774	£105,096	£113,811
Imports, calendar years:—			
Pickles (gallons)	7,888	2,893	2,552
Value	£4,922	£1,808	£1,698
Sauce and chutney (gallons)	20,859	15,903	17,824
Value	£21,085	£17,055	£16,866
Vinegar (gallons)	31,818	30,820	30,310
Value	£8,666	£8,244	£7,699

This industry shows a further increase in output for the past three years, with imports at approximately the same figure. Internal competition in these lines is very keen, but the present prospects indicate a further satisfactory year. It is remarkable that in a country so suitable for an industry of this kind the sauces, condiments, and pickles from a foreign country should find so much favour.

Soap and Candle Making.

Official statistics, year ended 31st March:—

	1926.	1927.	1928.
Establishments (number)	23	25	24
Employees (number)	460	473	470
Wages paid	£97,916	£98,531	£100,930
Value of output	£538,026	£566,802	£521,172
Value added by manufacture	£256,548	£275,976	£254,294

Last year local manufacturers supplied 84 per cent. of the total requirements of the Dominion in the above lines. It is reported, however, that extreme competition exists in bar soap, which is manufactured almost exclusively in the Dominion. In order to obtain business in this line price-cutting is resorted to, resulting in unpayable prices being obtained. Under present conditions it would appear that the output from producing units is in excess of the requirements. It is not unlikely that some establishments will have to cease operations. In toilet soaps, competition is most keen from overseas manufacturers, and in order to obtain business the local manufacturer is compelled to reduce prices to fine margins.

Coach and Motor-body Building.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	173	179	190
Employees (number)	1,496	1,497	1,469
Wages paid	£327,970	£312,691	£309,961
Value of output	£764,491	£681,912	£672,212
Value added by manufacture ..	£478,066	£426,119	£432,732

The position of this industry is practically unchanged from that of last year ; a slight decrease has taken place in the number of employees, and a further decrease in the value of output. The value added by manufacture, which is a true indication of progress, has increased by £6,000. The building of motor-vehicle bodies is tending to decline, whilst the partial building and assembling has increased. The local body-builders hold the business for commercial trucks and buses, and also for bodies of special design. Reports from the southern manufacturers indicate that the future prospects of the industry are not bright.

Biscuit and Confectionery Making.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number) ..	69	79	83
Employees (number) ..	2,494	2,655	2,640
Wages paid	£347,878	£365,442	£373,896
Value of output	£1,588,459	£1,626,269	£1,637,597
Value added by manufacture ..	£805,691	£841,798	£846,915

This industry shows a very steady growth, which has been maintained for the past six years. Notwithstanding that the total consumption of the Dominion of these products declined by £68,000, local value of output increased by £11,000. The total decline in imports represented approximately £80,000, which no doubt is due in some measure to the tariff protection afforded by the Government in the 1927 tariff-revision. The effect of the tariff has also been to induce overseas manufacturers to erect factories within the Dominion, and consequently the number of factories has increased by four during the year. It has been already intimated in the press that the well-known English firm of Messrs. Cadbury and Fry also propose to erect a factory in the Dominion, the exact location of which has not yet been decided upon. Business among New Zealand manufacturers is reported as generally good, an improvement being particularly noticed since the commencement of the present year.

Furniture and Cabinet Making.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number) ..	311	337	343
Employees (number)	2,767	2,751	2,708
Wages paid	£532,808	£538,386	£522,923
Value of output	£1,375,620	£1,413,054	£1,318,957
Value added by manufacture ..	£747,900	£783,414	£752,261

The value of output shows a falling-off of approximately £100,000. Manufacturers complain generally that the increasing use of motor-cars for pleasure purposes has diverted trade which previously was obtained by them, the purchase of furniture being reduced to a minimum in order to provide funds for motor-cars. Since the beginning of the year, however, there has been a better tone in this industry, and manufacturers look forward to an improvement in output during the current year.

Ham and Bacon Factories.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number) ..	38	44	41
Employees (number)	353	401	394
Wages paid	£82,838	£93,378	£98,739
Value of output	£1,009,020	£1,164,180	£1,041,910
Value added by manufacture ..	£315,672	£240,289	£334,475
Cost of materials used ..	£783,348	£923,891	£707,435

The annual report of last year stated that the value added by manufacture showed a substantial decline as compared with the 1926 period, due to the high cost of raw materials. The figures for the current year, however, show the reverse position. The cost of the materials has decreased £200,000, and the value added by manufacture has increased by £94,000. The industry is in a relatively better position than for the four preceding years, notwithstanding the decrease in the value of output as compared with the 1927 figures.

Bricks, Pipes, Tiles, and Pottery Making.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	71	73	71
Employees (number)	1,392	1,316	1,300
Wages paid	£310,194	£303,561	£295,848
Value of output	£700,183	£697,477	£680,220
Value added by manufacture ..	£664,912	£666,096	£650,999

The figures for the current year have not appreciably altered from those of the previous year. In the Otago District the quality of sinks and other sanitary ware has considerably improved, and the manufacturers are obtaining increased support by plumbers and hardware-merchants.

Flax-milling.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	71	73	70
Employees (number)	1,241	1,193	1,020
Wages paid	£275,755	£233,897	£181,304
Value of output	£553,285	£495,784	£402,421
Value added by manufacture ..	£430,393	£369,465	£310,116

Rope and Twine Making.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	6	7	7
Employees (number)	227	228	225
Wages paid	£44,144	£45,151	£45,680
Value of output	£237,573	£227,562	£214,344
Value added by manufacture ..	£105,676	£100,198	£98,660

These two industries are closely related. Flax-milling shows a substantial decline in value of output as compared with the figures of 1927. The number of employees has also declined by 173 during the current year. The industry has drifted into an unfortunate state during recent years. In 1917 the output of New Zealand hemp was 30,809 tons ; in 1928 it had declined to 11,700 tons. The prices ruling in London regulate the prices of New Zealand hemp, and owing to competition from sisal and manila low prices have been realized for the New Zealand article. Manufacturers of rope and twine report that conditions are normal. In the Otago District considerable decline in business has been experienced during recent years through the area of oats sown being considerably reduced. The volume of the binder-twine trade depends to a great extent on the quantity of wheat sown.

Clothing.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number) ..	221	229	215
Employees (number)	6,833	6,881	7,101
Wages paid	£844,383	£873,140	£869,953
Value of output	£2,515,280	£2,600,462	£2,507,446
Value added by manufacture ..	£1,168,595	£1,211,716	£1,198,064
Imports, calendar years :—			
Apparel and ready-made clothing	£2,202,791	£1,994,525	£2,156,520

It will be noted that the value of output by New Zealand factories declined by approximately £100,000, whereas imports increased by £160,000. The countries from which increased imports were received were United Kingdom, £179,000 ; France, £38,000 ; Germany, £17,000. The number of New Zealand factories decreased by fourteen during the year, but the return of employees engaged in the industry is given as 7,101, an increase of 219. In the Auckland District manufacturers advise that competition is very keen and business has been quiet. In men's wear trade has been good, while women's frocks and costumes show decided improvement in style, and prices are competitive with imported goods. With the exception of special and exclusive patterns, the New Zealand factories can make all reasonable requirements. In the Canterbury District the outlook is not considered promising, the capacity of manufacture being greater than the demand. The standard of New-Zealand-made clothing shows a decided improvement in quality and style. One large clothing-manufacturer in the Otago District states that business has shown a decided improvement, with a consequent increase in the number of employees and the amount of wages paid. Prospects, in the opinion of this firm, are bright, and increased sales in the coming year are looked for.

Agricultural and Dairy Machinery and Implement Making.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number)	28	25	25
Employees (number)	1,040	885	779
Wages paid	£220,482	£191,002	£168,483
Value of output	£716,672	£607,339	£610,136
Value added by manufacture ..	£366,889	£311,614	£320,848

It will be noted from the above figures that the number of employees engaged in the industry has decreased by 106, with a reduction in wages of £23,000 ; the value of output has increased by £3,000, and the value added by manufacture by £9,000. Reports from the South Island show that the industry as a whole has improved during the past twelve months. Employees have been engaged on full time, and prospects for the ensuing year are good.

The following table shows the extent of the importation of machinery competitive with similar classes made in the Dominion. The total value of all agricultural machinery imported in 1926 was £176,317 ; 1927, £183,163 ; 1928, £182,569. The total value of dairying machinery imported in each of these three years was as follows : 1926, £140,951 ; 1927, £109,552 ; 1928, £153,192.

IMPORTS (CALENDAR YEARS).

—	1926.		1927.		1928.	
	Number.	Value.	Number.	Value.	Number.	Value.
		£		£		£
Agricultural machinery—						
Cultivators	121	1,442	541	7,102	1,282	7,667
Drills and sowers	662	9,211	1,233	17,629	336	6,309
Harrows, disc	329	5,028	621	8,102	296	3,219
Ploughs	1,205	17,363	848	9,419	876	9,262
Presses—wool, hay, and straw ..	22	1,287	32	2,045	20	1,733
Dairying machinery—						
Churns	2,610	8,944	2,158	5,189	2,447	3,467

Woollen-manufacturing.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number) ..	12	12	12
Employees (number)	2,326	2,380	2,451
Wages paid	£362,020	£369,323	£381,561
Value of output	£1,159,771	£1,053,306	£1,209,150
Value added by manufacture ..	£552,694	£550,169	£627,305
Imports, calendar years :—			
Woollen piece-goods (pure or containing wool)	£813,537	£787,986	£785,593

Woollen-mills in the Otago District report a much better tone in the industry. One factory states business is brisk, necessitating addition to factory buildings and plant, while another factory in the same district reports that there has been a considerable increase in business compared with the previous year. In spite of the increased use of art silk, wool still remains at a price which is not only profitable to the grower, but also to the manufacturer. With wool-prices stabilized at to-day's figures, prospects for the coming year are decidedly hopeful. In the Auckland District manufacturers report business as quiet, and in some factories difficulty is experienced in keeping staffs fully employed. In other centres it is reported that competition is keen, in view of the fact that there is not sufficient demand to keep the factories employed at full working-capacity.

Printing and Publishing.

Official statistics, year ended 31st March :—

	1926.	1927.	1928.
Establishments (number) ..	325	344	346
Employees (number)	7,274	7,874	8,053
Wages paid	£1,632,797	£1,752,291	£1,805,690
Value of output	£4,407,655	£4,527,696	£4,411,052
Value added by manufacture ..	£3,328,674	£3,421,672	£3,276,179

This industry shows a slight falling-off compared with the previous years, but it is difficult to report whether the slight decrease is due to slackness in printing establishments or newspaper offices, which latter are also included in the above figures. From the various centres, however, printing establishments report a general improvement in the business tone. The Auckland District goes so far as to state that the outlook is better than it has been for the past two years.

Brush and Broom Making.

Official statistics, year ended 31st March:—

	1926.	1927.	1928.
Establishments (number)	11	12	9
Employees (number)	249	238	223
Wages paid	£39,103	£42,571	£38,192
Value of output	£120,675	£130,287	£120,130
Value added by manufacture ..	£69,826	£74,777	£65,046
Imports, calendar years:—			
Brushes, brushware, and brooms ..	£83,779	£64,723	£76,291

While the value of output decreased by £10,000, imports increased by £12,000. Increased competition was felt from the United Kingdom, from which country £7,700 more worth of goods were imported than in the previous year, £2,000 more from Germany, and £1,000 more from Sweden. Competition from overseas is generally very keen, and the business obtained by New Zealand manufacturers is secured under somewhat difficult conditions.

Approximate Cost of Paper.—Preparation, not given; printing (950 copies, including graphs), £42 12s. 6d.

By Authority: W. A. G Skinner, Government Printer, Wellington.—1929.

Price 9d.]

Bread and Biscuit [illegible]

Annual statistics, year ended 31st March—

	[illegible]	1927.	1928.
Establishments (number)	11	12	9
Employees (number)	[illegible]	[illegible]	[illegible]
Wages paid	[illegible]	[illegible]	[illegible]
Value of output	[illegible]	[illegible]	£120,130
Value added by manufacture	[illegible]	[illegible]	£65,046
Imports, calendar years—			
[illegible]	£88,779	[illegible]	£76,291

While the value of output decreased by £[illegible], imports increased by £12,000. Increased competition was felt from the United Kingdom, from which country £[illegible] more worth of goods were imported than in the previous year, £[illegible] more from Germany, and £1,000 more from [illegible]. Competition from overseas is generally very keen, and the business obtained by New Zealand manufacturers is secured under somewhat difficult conditions.

Approximate Cost of Paper.—Preparation, not given; printing (2,050 copies, including graphs), £[illegible].

By Authority: W. A. G. Skinner, Government Printer, Wellington.—1929.

Price 9d.