

1937.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(TWENTIETH ANNUAL REPORT OF THE).

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

YOUR EXCELLENCY,—

Wellington, 30th September, 1937.

I have the honour to submit for your Excellency's information the report of the Department of Industries and Commerce for the past year.

I have, &c.,

D. G. SULLIVAN,

Minister of Industries and Commerce.

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

SIR,—

Wellington, 6th September, 1937.

I have the honour to submit the annual report of the Department of Industries and Commerce. This report deals with the work of the Department since the previous report was placed before Parliament, and covers generally the period ended 30th April, 1937. In certain instances, however, matters subsequent to that date are also referred to.

I have, &c.,

L. J. SCHMITT, Secretary.

To Hon. D. G. Sullivan, Minister of Industries and Commerce.

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GENERAL TRADE REVIEW.

As has been the practice for some years, a brief review is made of the overseas trade of New Zealand for the past calendar year.

For the year ended 31st December, 1936, the value of exports from the Dominion was £56,751,940, as compared with £46,538,678 for the year ended 31st December, 1935, an increase of £10,213,262. Imports for 1936 aggregated £44,134,326, as against £36,287,544 in 1935, an increase of £7,846,782. The total exports are the highest ever recorded.

The foregoing figures are exclusive of specie, exports of which during 1936 amounted to £45,245, as compared with £521,000 during 1935. Specie imports during these two years were £36,601 and £381,821 respectively. All figures are shown in terms of New Zealand currency, which since early in 1930 has been at a discount on sterling. Specie is given at its face value.

External Trade (excluding Specie).

Year ended 31st December,	Exports.	Imports.	Total External Excess of	
			Trade.	Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1927	48,496,354	44,782,666	93,279,020	3,713,688
1928	55,570,381	44,844,102	100,414,483	10,726,279
1929	54,930,063	48,734,472	103,664,535	6,195,591
1930	44,940,517	44,339,654	89,280,171	600,863
1931	34,950,698	26,498,151	61,448,849	8,452,547
1932	35,609,919	24,646,006	60,255,925	10,963,913
1933	41,005,919	25,581,366	66,587,285	15,424,553
1934	47,342,847	31,339,552	78,682,399	16,003,295
1935	46,538,678	36,287,544	82,826,222	10,251,134
1936	56,751,940	44,134,326	100,886,266	12,617,614

It is interesting to note that on only three occasions has the excess of exports over imports exceeded the figure for 1936, while the total external trade of the Dominion has exceeded £100,000,000 previously on only five occasions.

EXPORTS.

The table hereunder sets out the quantities and values of the principal commodities (excluding specie) exported from New Zealand in each of the past two calendar years :—

Principal Exports (excluding Specie).

Item.	1935.		1936.	
	Quantity.	Value.	Quantity.	Value.
		£(N.Z.)		£(N.Z.)
Butter Cwt.	2,789,298	13,616,740	2,796,145	15,317,576
Cheese „	1,727,552	4,376,512	1,658,206	5,122,438
Beef—				
Chilled „	110,247	188,511	240,433	382,469
Frozen „	707,339	791,200	495,564	607,378
Lamb, frozen „	2,605,526	8,184,521	2,603,805	8,417,209
Mutton, frozen „	1,025,305	1,837,600	883,844	1,672,522
Hides and calf-skins .. No.	1,788,003	685,873	1,608,789	761,511
Rabbit-skins „	13,536,745	395,090	16,928,931	763,961
Pelts „	11,765,293	894,181	10,847,249	1,245,993
Wool Bales	647,801	7,096,873	909,132	13,293,583
Tallow Tons	25,277	630,638	26,095	628,310
Kauri-gum „	2,872	79,113	3,237	96,961
Gold Oz.	172,779	1,452,940	168,914	1,404,973
Sausage-casings Lb.	4,192,001	787,261	4,416,070	641,393
<i>Phormium tenax</i> Tons	4,101	57,553	5,707	106,942
Apples Lb.	37,790,819	467,422	44,806,173	552,902
Grass-seed Cwt.	71,649	215,738	69,290	197,022
Timber Sup. ft.	39,585,198	364,359	26,993,334	265,108
Milk (dried or preserved) .. Lb.	20,783,080	370,890	23,742,354	405,801
Other items „	..	4,056,813	..	4,868,688
Total exports	..	46,538,678	..	56,751,940

The 1936 figures reveal increases over 1935 in quantities and values of exports of butter, chilled beef, rabbit-skins, wool, kauri-gum, *Phormium tenax*, apples, and milk (dried and preserved). There was a smaller quantity of frozen mutton and beef exported, with a corresponding lower aggregate return. Values of cheese, hides and calf-skins, and pelts improved considerably, while there was a decrease in the return for sausage-casings, although an increase in quantity occurred. The most notable increase in both quantity and value was that of wool, in which commodity the quantity exported increased by almost 50 per cent., and value by upwards of 80 per cent.

The direction of our export trade in 1936 is disclosed in the following table, which shows also the percentages of total exports to such countries. For comparative purposes figures for the three previous years are also given :—

Direction of New Zealand's Export Trade, with Percentages of Total Exports.

	1933.		1934.		1935.		1936.	
	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.
British possessions, protectorates, &c.—	£(N.Z.)		£(N.Z.)		£(N.Z.)		£(N.Z.)	
United Kingdom	35,275,909	86.03	38,629,240	81.59	38,921,568	83.63	45,492,989	80.15
India	34,326	0.08	65,161	0.14	60,956	0.13	125,826	0.22
Ceylon	2,670	0.01	393	0.00	1,528	0.00	1,401	0.00
South African Union	14,427	0.03	29,152	0.06	27,504	0.06	21,855	0.03
Canada	560,875	1.37	697,865	1.46	656,984	1.41	1,103,008	1.96
Australia	1,393,391	3.40	1,882,516	3.98	1,781,811	3.83	1,843,475	3.25
Fiji	87,035	0.21	85,493	0.18	86,191	0.19	102,076	0.17
Other British countries	153,516	0.37	190,581	0.42	241,999	0.52	272,736	0.52
Total, British countries	37,522,149	91.50	41,580,401	87.83	41,778,541	89.77	48,963,366	86.30
Foreign countries and possessions—								
United States of America	1,188,972	2.91	1,250,364	2.64	2,468,071	5.30	2,877,752	5.07
France	738,176	1.80	1,228,699	2.60	484,610	1.04	1,646,168	2.90
Belgium	330,284	0.81	612,646	1.29	647,212	1.39	618,356	1.09
Germany	376,886	0.92	944,310	2.00	165,304	0.36	272,481	0.48
Japan	354,462	0.86	856,014	1.81	432,495	0.93	1,554,837	2.74
Dutch East Indies	5,496	0.02	2,548	0.01	2,235	0.01	1,894	0.00
Other foreign countries	489,494	1.20	867,865	1.82	560,210	1.20	817,086	1.42
Total, foreign countries	3,483,770	8.50	5,762,446	12.17	4,760,137	10.23	7,788,574	13.70
Totals, all countries	41,005,919	100.00	47,342,847	100.00	46,538,678	100.00	56,751,940	100.00

Comments on the variations in the direction of our trade and on individual items of export will be made under paragraphs relative to countries, but it is pertinent to remark that in the case of foreign countries the variations in the proportion of exports depend almost entirely on wool purchases by these countries.

IMPORTS.

The following table sets out the quantities and values of the principal items imported into New Zealand in each of the past two calendar years:—

Principal Imports (excluding Specie).

Item.				1935.		1936.	
				Quantity.	Value.	Quantity.	Value.
					£(N.Z.)		£(N.Z.)
Wheat	Bushels	224,702	58,977	407,141	100,676		
Flour	Centals	244,733	202,855	152,083	135,190		
Sugar	Cwt.	1,703,826	710,639	1,751,243	663,285		
Tea	Lb.	9,972,438	648,535	11,242,534	750,026		
Whisky	Gallons	277,447	334,369	316,519	382,918		
Cigarettes	Lb.	923,170	343,349	1,021,489	382,188		
Tobacco	"	2,646,746	347,859	3,082,200	399,328		
Seeds	"	"	145,827	"	141,962		
Hosiery	"	"	193,742	"	246,536		
Apparel	"	"	1,107,546	"	1,261,519		
Boots and shoes	Doz. prs.	211,164	472,049	219,650	508,778		
Drapery	"	"	326,970	"	368,963		
Carpets	"	"	496,421	"	688,394		
Piece-goods —							
Cotton	"	"	1,667,074	"	1,829,589		
Silk	"	"	964,315	"	1,088,344		
Woollen	"	"	652,616	"	852,338		
Cornsacks	Doz.	448,032	165,476	364,089	125,628		
Other sacks	"	"	144,316	"	203,200		
Woolpacks	Doz.	60,225	87,927	45,776	54,085		
Kerosene	Gallons	5,355,622	87,531	6,076,443	88,949		
Motor-spirits	"	63,920,658	1,085,361	86,423,750	1,633,396		
Mineral lubricating oil	"	2,506,616	249,735	2,911,504	281,066		
Crude petroleum	"	40,736,100	311,130	30,075,252	230,415		
Coal	Tons	97,398	94,197	111,078	105,340		
Iron and steel—							
Bar, bolt, and rod	Cwt.	438,789	289,340	647,209	411,956		
Galvanized plate	"	434,981	406,644	541,166	513,665		
Hardware	"	"	651,986	"	802,411		
Electrical apparatus	"	"	1,276,316	"	1,841,500		
Wireless apparatus	"	"	319,446	"	440,604		
Timber—							
Sawn	Sup. ft.	15,898,729	206,164	20,062,369	276,021		
Sawn, other	"	"	195,722	"	154,210		
Paper—							
Newsprint	Cwt.	607,264	327,310	794,558	446,505		
Printing, other	"	129,663	222,966	144,363	238,963		
Other	"	"	578,925	"	677,196		
Manures—							
Phosphates	Tons	254,871	372,754	310,691	493,865		
Other	"	16,713	112,942	16,823	117,693		
Motor-vehicles	No.	20,845	3,207,431	30,264	4,547,065		
Tires for motor-vehicles	Lb.	7,068,325	735,042	6,603,969	669,746		
Other items	"	"	16,485,740	"	19,980,813		
Totals, imports			36,287,544		44,134,326		

The marked increase of almost £8,000,000 is accounted for by increased purchasing-power and consequent freer spending which is reflected in an increased volume and value of the imports of most commodities and, in particular, of motor-vehicles.

The sources of New Zealand's imports in 1936 are set out in the table hereunder, which includes, for comparative purposes, the two previous years. In addition to total figures, percentages of total imports are given.

Source of New Zealand's Imports (excluding Specie).

	1934.		1935.		1936.	
	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.
British possessions, protectorates, &c.—	£(N.Z.)		£(N.Z.)		£(N.Z.)	
United Kingdom	15,789,761	50·38	18,283,884	50·39	21,852,347	49·51
India	667,552	2·13	571,627	1·58	554,102	1·26
Ceylon	585,689	1·87	633,594	1·75	750,982	1·70
South African Union	56,092	0·18	55,800	0·15	119,385	0·27
Canada	2,098,610	6·70	2,450,616	6·75	3,325,692	7·53
Australia	3,238,124	10·33	3,955,677	10·90	4,941,313	11·19
Fiji	103,166	0·33	80,084	0·22	95,802	0·22
Other British countries	600,619	1·92	571,401	1·57	558,435	1·26
Totals, British countries	23,139,613	73·84	26,602,683	73·31	32,198,058	72·95
Foreign countries and possessions—						
United States of America	3,749,559	11·96	4,534,086	12·50	5,525,431	12·52
France	240,813	0·77	221,982	0·61	215,115	0·49
Germany	482,644	1·54	534,442	1·47	748,374	1·70
Belgium	137,139	0·44	217,516	0·60	409,102	0·91
Japan	836,595	2·67	1,100,177	3·03	1,328,199	3·01
Dutch East Indies	1,381,974	4·41	1,437,379	3·96	1,722,802	3·90
All other foreign countries	1,371,215	4·37	1,639,279	4·52	1,987,245	4·52
Totals, all foreign countries	8,199,939	26·16	9,684,861	26·69	11,936,268	27·05
Totals, all countries	31,339,552	100·00	36,287,544	100·00	44,134,326	100·00

The 1936 figures show that practically all countries participated in the general rise in the value of imports, the most outstanding increases being those of the United Kingdom, Australia, Canada, and the United States of America. A decrease in the actual proportion of total imports was experienced in the case of the United Kingdom, while both Canada and Australia improved their positions.

TRADE WITH THE UNITED KINGDOM.

With exports from New Zealand to the United Kingdom at £45,492,989 and imports from the United Kingdom amounting to £21,852,347 during the calendar year 1936, increases of £6,571,421 and £1,379,854 respectively are recorded over 1935 figures.

Notwithstanding these marked increases in value, exports to the United Kingdom represented 80·15 per cent. of total exports in 1936, as compared with 83·63 per cent. in 1935. Imports from the United Kingdom in the same two years represented 49·51 per cent. and 50·39 per cent. of total imports respectively.

In considering the importance of the United Kingdom as a market for our produce due regard must be paid to the fact that, owing to the lack of direct shipping facilities to the Continent, a considerable entrepôt trade in New Zealand produce has developed between the United Kingdom and Continental countries. Wool is the chief commodity entering into this entrepôt trade accounting for as much as 80 per cent., while hides and skins account for a great portion of the remainder. Dairy-produce was at one time an important item, but with the development of agrarian policies of self-sufficiency by Continental countries re-exports of these commodities have fallen off considerably, except to Northern America. This entrepôt trade in 1934 was valued at £5,354,425 sterling, while in 1935 the amount was £3,885,986 sterling, there being a fall in the value of New Zealand wool re-exported of approximately £2,000,000 from £4,500,000 to £2,500,000.

The imports from the United Kingdom comprise mostly manufactured goods, the most important item of which is motor-vehicles, which has shown a remarkable and progressive growth in value since 1932, from £517,408 in that year to £2,674,155 in 1936. Cotton piece-goods and machinery are other very important items.

The table below sets out the more important of our exports to the United Kingdom over the past two years, together with the percentage quantity of the United Kingdom's total requirements supplied by New Zealand.

Principal Imports into the United Kingdom of Products of New Zealand Origin, with Percentage of Total Imports of such Commodities into United Kingdom.

Item.	Unit.	1935.			1936.		
		Quantity.	Percentage of Total Imports.	Value.	Quantity.	Percentage of Total Imports.	Value.
				£(stg.)			£(stg.)
Chilled beef	Cwt.	110,697	1·3	177,964	228,263	2·6	320,301
Frozen beef	..	464,758	27·1	606,849	277,900	18·6	344,007
Boned beef	..	217,617	36·6	302,853	210,453	31·6	285,586
Tongues, &c.	..	22,257	3·35	48,797	23,299	3·18	49,820
Veal, chilled and frozen ..	..	101,297	56·3	168,092	107,561	56·2	179,534
Mutton, frozen and chilled ..	..	1,041,563	60·7	1,754,720	888,864	66·1	1,616,778
Lamb	..	2,591,399	51·9	8,063,996	2,641,880	53·3	8,266,051
Pork, chilled or frozen ..	..	490,301	53·5	1,279,103	579,086	56·5	1,500,208
Cheese	..	1,762,915	64·9	4,198,564	1,681,147	62·8	4,773,989
Butter	..	2,637,502	27·4	11,571,543	2,791,914	28·6	13,445,227
Apples	..	296,130	4·08	443,902	377,480	6·67	434,136
Wool, crossbred	1,000 lb.	150,992	45·5	5,890,527	208,269	56·0	8,389,333
Tallow	Tons.	6,523	47·8	170,165	10,316	61·3	254,884
Hides and skins—							
Ox and cow	Cwt.	77,097	7·43	181,684	59,419	5·6	150,475
Sheep and lamb, woolled ..	..	89,285	20·3	259,562	62,884	13·96	258,512
Other than woolled	No.	3,885,367	64·5	299,911	2,890,356	58·3	314,435

The table above discloses the fact that New Zealand dominates the market in so far as frozen and chilled mutton, lamb, cheese, crossbred wool, hides and skins (other than woolled) are concerned, while in the case of pork, butter, and tallow she is the largest single exporter to the United Kingdom.

The declared policy of the United Kingdom to encourage home production of dairy-produce and the safeguarding of the live-stock industry of Great Britain may have a very important bearing on the trade of New Zealand with the Mother-country in these primary products.

The strong sentiment of the Dominion for closer trade relations with the Empire, and particularly with the United Kingdom, is evidenced in a practical manner by the fact that 73 per cent. of our total imports were of Empire origin in 1936, the imports from the United Kingdom being 49·5 per cent. As the result of discussions at the Imperial Economic Conference and of the trade mission of the Hon. Walter Nash, it is hoped that intra-Imperial trade will be still further increased.

TRADE WITH AUSTRALIA.

Our total trade with Australia still continues to expand, as is shown by the table hereunder, which sets out the value of this trade over the past five years, together with the visible trade balance :—

Total Trade with Australia.

Year ended 31st December,	Total Trade.	Exports to Australia.	Imports from Australia.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932	3,813,153	1,444,860	2,368,293	923,433
1933	3,969,403	1,393,311	2,576,092	1,182,781
1934	5,120,640	1,882,516	3,238,124	1,356,608
1935	5,739,209	1,781,811	3,957,398	2,175,487
1936	6,784,788	1,843,475	4,941,313	3,097,838

While the value of New Zealand's exports to Australia increased by only £61,664 in 1936 as compared with 1935, the imports from Australia increased by £1,049,579; the percentage taken by Australia of our total exports shows a further decline from 3·83 per cent. in 1935 to 3·25 per cent. in 1936. Imports, on the other hand, show an increase of from 10·90 per cent. to 11·19 per cent. of total imports.

The increasing industrialization of Australia has had the effect of augmenting the quantity and value of manufactured articles imported from that source into the Dominion, and it may be mentioned that imports of hardware and machinery, steel, dried fruits, cut tobacco, timber sleepers, and cream of tartar show major increases.

The Department, acting in collaboration with the Customs Department, is keeping the closest possible watch on importations, particularly of goods of a class which are already being made in New Zealand, in order to ascertain the effect of any increased importations upon the present position and future development and expansion of those local industries. In a number of instances where circumstances have warranted it action has been taken to open negotiations with the Governments of the countries concerned.

The table hereunder sets out the nature of the commodities which enter into our export trade with Australia, quantities and values being shown for the past two calendar years :—

Commodity.			1935.		1936.	
			Quantity.	Value.	Quantity.	Value.
				£(N.Z.)		£(N.Z.)
Timber, sawn	Sup. ft.	37,608,594	347,960	25,693,632	242,570	
<i>Phormium tenax</i>	Tons	2,419	36,932	2,965	59,202	
Tow	"	401	3,312	217	2,372	
Grass and clover seeds	Cwt.	20,725	54,596	32,409	68,020	
Peas	Centals	26,017	22,489	33,778	33,675	
Oats	"	1,968	915	1,952	961	
Fish, frozen	Cwt.	49,253	108,178	53,029	130,403	
Sugar of milk	Lb.	288,960	7,752	393,120	10,558	
Wool	"	8,213,554	216,861	9,232,465	313,809	
Tallow	Tons	149	3,499	479	10,183	
Sausage-casings	Lb.	301,380	18,827	292,221	16,215	
Hides, pelts, and skins—						
Calf-skins	No.	178,806	40,060	66,387	23,994	
Cattle-hides	"	116,889	144,737	87,616	139,442	
Sheep-skins, without wool	"	293,745	21,847	143,054	15,247	
Sheep-skins, with wool	"	2,196	484	6,518	1,863	
Pumice and sandstone	Tons	3,124	8,296	2,995	8,210	
Gold—Bar, dust, ingot, and sheet	Oz.	30,645	246,279	31,186	248,632	
Dairying machinery	"	"	13,506	"	15,246	

Notable increases have taken place in the case of wool, *Phormium tenax*, fish, seeds, and dairying machinery, while decreases have occurred in exports of timber and hides and skins. With a view to conserving supplies of white-pine, the export of this New Zealand timber has been prohibited except under license, and no doubt this action is in a large measure responsible for the fall in exports of timber.

During the past year the expansion of secondary industries has been accelerated, more particularly in iron products, motor-car and aeroplane construction being in the forefront of industrial policy at the moment. Total production in Australia according to the latest figures available, 1934–35, is as follows :—

Rural	188,000,000
Forestry, mining, and fish	31,000,000
Manufacturing	137,000,000
£356,000,000	

Of the total exports of Australia primary products account for 96 per cent., and, with the exception of New Zealand, she has not, up to the present, developed an export market for her manufactured products.

During the year trade treaties were concluded by Australia with Belgium, Czechoslovakia, and France, while discussions with Canada and Germany were held. With the object of diverting trade to Australian and British manufacturers and “good customer” foreign countries, a licensing system, together with increased duties and import quotas on certain commodities, was instituted.

TRADE WITH CANADA.

A gratifying increase in the trade with Canada is apparent from the figures hereunder, which portray the value of New Zealand’s exports to and imports from Canada, together with the visible trade balance.

Total Trade with Canada.

Year ended 31st December,				Total Trade.	Exports to Canada.	Imports from Canada.	Excess of Imports over Exports.
				£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932				1,351,234	244,160	1,107,074	862,914
1933				1,825,807	560,875	1,264,932	694,057
1934				2,796,475	697,865	2,098,610	1,400,745
1935				3,107,600	656,984	2,450,616	1,793,632
1936				4,428,700	1,103,008	3,325,692	2,222,684

The table shows that our exports to Canada have increased by £446,124, while imports have risen by £875,076. Canada now takes 1·96 per cent. of our total exports, as against 1·41 per cent. in 1935, while imports of Canadian origin are 7·53 per cent. of our total imports, compared with 6·75 per cent. in 1935.

Imports from Canada comprise a great variety of individual items mostly manufactured, of which the most important are the following (1935 figures are shown in parentheses): Motor-vehicles £891,016 (£549,740); newsprint, £424,706 (£323,980); rubber tires, £261,807 (£254,626); hosiery, £103,967 (£61,416); boots and shoes, £109,546 (£100,380).

The principal commodities entering into our export trade with Canada are set out in the table below. It is interesting to note in this connection that 84 per cent. of the 1936 exports were made up of wool, calf-skins, and sausage-casings.

Principal Exports.

Item.	1932.	1933.	1934.	1935.	1936.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Butter	29,441	31,320	23,277	8,951	13,013
Cheese	9	2,133	201	4,731	3,082
Sausage-casings	40,523	129,129	156,645	223,633	157,483
Wool	81,295	149,245	301,058	197,163	613,766
Hides, pelts, and skins ..	45,749	196,562	153,764	161,837	257,665
Seeds	4,757	3,363	6,919	8,813	12,607
Frozen meat	3,884	4,143	2,299	2,403	554
Apples	7,583	13,358	25,280	23,686	12,445
Kauri-gum	3,096	2,146	2,960	1,709	4,938
Phormium fibre	2,614	604	793	1,094	970
Tallow	..	525	..	5,207	852

As mentioned above, the most important commodity exported to Canada is wool, which showed an increase in value of £416,603 over 1935 figures. It must be remembered that this direct export item is comprised mainly of wool-in-the-grease. If cognizance is taken of the indirect imports of New Zealand wool from the United Kingdom in the form of "tops" conservatively estimated by Canadian authorities at 33 per cent. of total indirect imports of wool from the United Kingdom, an additional amount of £427,000 should be credited to our export trade with Canada. The grading, packing, and freighting of our wool is deemed to be outstanding, and a considerable goodwill has been established with our customers.

The trade in hides, sheep-skins, and calf-skins has not been quite so satisfactory, and there is a definite need for the grading and classification of all hides. The cultivation and extension of the Canadian market, where it is considered tanners can absorb the bulk of our output, is well worth while, and attention to grading and classification as mentioned above is essential. Notwithstanding the reduction in weight of hides and calf-skins exported to Canada and the fact that offerings from New Zealand have not been forthcoming, there was an appreciable gain in value over the previous year.

Seeds showed a further important upward trend, and it is pleasing to note that the New Zealand Trade Commissioner has been successful in interesting Canadian importers in this direction.

Although there was an actual increase in the value of butter exported to Canada this product has ceased to be a factor in the trade between the two countries as local production in Canada has now reached export proportions. There is, however, a market for a limited amount of New Zealand cheese.

The trade in apples, though showing a decline this year, has held its position, and when the difficulties of marketing fruit in a country capable of growing huge exportable quantities are considered, results are very satisfactory. This is only possible in the short off-season in Eastern Canada—April, May, and June—and has required the fixation of prices to wholesalers on a fair market value and judicious advertising of the fruit explaining its New Zealand origin and freshness from our orchards. Fresh pears were marketed for the first time during the year, and while the samples sent did not stand up to the long journey involved the flavour and varieties were the subject of favourable comment.

New items entering into the trade have been pears, referred to above, casein, again offered in limited quantities and sold, chamois-skins, grease for soap and oils, horse-meat, peas, and wool (noils).

An endeavour was made during the year to introduce frozen rabbits for fox-feeding purposes, but this was unsuccessful, although possibilities still exist for this valuable and desired trade to be resumed now that fox-pelts are reaching higher values. Competition from offals, and especially low-priced meats, renders success difficult, although the Breeders' Association recognize the superiority of the New Zealand product. It is hoped that further investigation in the autumn may lead to successful negotiations for the opening-up of this trade.

One pleasing feature of the trade relations between the two countries is that there is more evidence of good will and better understanding in Canada towards New Zealand products than in previous years. It is yet possible that New Zealand foodstuffs, frozen or canned, may command interest, though present tariff duties in some instances render it difficult. The duty of 3 cents per pound on frozen lamb is a particular case in point, and with its removal there should be a valuable seasonable trade in this commodity. Particular attention should be paid to the judicious advertising and attractive labelling of our speciality canned foodstuffs if they are to find a place in leading Canadian stores.

TRADE WITH THE UNITED STATES OF AMERICA.

Total trade for 1936 as disclosed by the figures appearing hereunder show increases over the calendar year 1935 in both imports from and exports to the United States of America amounting to £990,371 and £409,686 respectively. The United States of America provides our second-best market, taking in 1936 5·07 per cent. of our total exports, as against 5·30 per cent. in 1935. In respect of imports, the United States of America supplied in 1936 12·52 per cent. of our total requirements, as compared with 12·50 per cent. in 1935, and, after the United Kingdom, ranks as the most important source of our imports.

It is interesting to note that of the total imports into the United States of America New Zealand supplies 0·48 per cent., while, expressed as a percentage of the total exports of the United States of America, we take 0·79 per cent.

Total Trade with United States of America.

Year ended 31st December,				Exports to the United States.	Imports from the United States.	Excess of Imports over Exports.
				£(N.Z.)	£(N.Z.)	£(N.Z.)
1930	..	..	..	2,116,752	7,893,114	5,676,362
1931	..	..	..	920,931	4,227,550	3,306,639
1932	..	..	..	690,015	3,565,846	2,875,831
1933	..	..	..	1,188,972	2,952,009	1,763,037
1934	..	..	..	1,250,364	3,749,559	2,499,195
1935	..	..	..	2,468,066	4,534,086	2,066,994
1936	..	..	..	2,877,752	5,525,431	2,647,679

The continued growth of our direct trade with the United States of America is very much in evidence, and while it has not yet reached the proportions obtaining in 1929 the figures show that the disparity between imports and exports has improved very materially.

The principal exports from New Zealand to the United States of America are given in the table below. It may be seen that sheep-skins without wool, rabbit-skins, and wool continue to be the most important items.

Principal Exports.

Commodity.				1933.	1934.	1935.	1936.
				£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Wool	..	..	..	88,923	104,005	302,476	660,777
Tallow	..	..	..	1,327	39,907	339,858	77,993
Calf-skins	..	..	..	82,537	43,684	56,931	86,240
Cattle-hides	..	..	..	30,869	17,360	32,766	30,567
Rabbit-skins	..	..	..	155,852	187,287	348,784	642,932
Sheep-skins, with wool	..	..	..	64,035	43,862	41,414	114,883
Sheep-skins, without wool	..	..	..	380,197	372,824	528,778	814,588
Sausage-casings	..	..	..	170,019	312,626	345,279	178,906
Grass and clover seeds	..	..	..	22,066	33,066	44,377	61,056
Butter	..	..	..	2,904	4,693	226,020	102,353

The marked increase in the value of wool exported is particularly pleasing, and as a matter of interest I quote hereunder figures showing the United States of America classifications of the wool imported from New Zealand and indicating the quantities which are dutiable and which are free.

The period covered by this survey is from 1st October, 1936, to February, 1937, inclusive. The grades suitable for the making of floor-coverings, approximating £4,500,000, have been admitted duty-free, and there appears to be great future possibilities in this direction.

Imports for Consumption of Unmanufactured Wool from New Zealand, Period from October, 1936, to February, 1937, inclusive.

					Dutiable (Actual Weight). lb.	Free (Actual Weight). lb.
Donskoi, Smyrna, &c., and similar wools without Merino or English blood (carpet wool)—						
In the grease	..	..	..	..	132,389	3,710,829
Washed	..	..	..	..	1,958	..
Sorted, or matchings, if not scoured	..	..	..	..	..	20,238
Scoured	..	..	..	..	11,638	59,318
All other wools not finer than 40's—						
Woollen type—						
In the grease	..	..	..	..	42,763	..
Scoured	..	..	..	..	275	8,219
Worsted type—						
In the grease	..	..	..	..	1,103,260	653,794
On the skin	..	..	..	..	343,528	..
Sorted, or matchings, if not scoured	..	..	..	..	14,899	4,048
Wools n.s.p.f. (not specially provided for)—						
Woollen type (clothing wool) finer than 40's, but not finer than 44's—						
In the grease	..	..	..	..	106,582	..
Sorted, or matchings, if not scoured	..	..	..	..	57,192	..
Finer than 44's, but not finer than 56's—						
In the grease	..	..	..	..	526,602	..
On the skin	..	..	..	..	844	..
Finer than 56's—						
In the grease	..	..	..	..	119,485	..
Worsted type (combing wool) finer than 40's, but not finer than 44's—						
In the grease	..	..	..	..	752,954	..
On the skin	..	..	..	..	145,757	..
Washed	..	..	..	..	5,151	..
Sorted, or matchings, if not scoured	..	..	..	..	17,812	..
Finer than 44's, but not finer than 56's—						
In the grease	..	..	..	..	1,228,907	..
On the skin	..	..	..	..	129,565	..
Sorted, or matchings, if not scoured	..	..	..	..	87,772	..
Scoured	..	..	..	..	7,416	..
Finer than 56's—						
In the grease	..	..	..	..	139,667	..
On the skin	..	..	..	..	197,090	..
					5,173,506	4,456,446
Total					9,629,952 lb.	

Consequent on floods and droughts and the loss or slaughter of vast herds of cattle in the United States of America the demand for hides and skins from overseas has considerably improved. The production of footwear, following better economic conditions, has reached record dimensions, some 415,000,000 pairs being manufactured during 1936, or more than 30,000,000 pairs greater than the average. Tanners' requirements for the current year are estimated at 20,000,000 hides, and of this quantity some 2,000,000 additional may be required to be imported over the quantity imported last year.

During 1936 quantities demanded by both Canada and the United States of America were not forthcoming, and the New Zealand Trade and Tourist Commissioner for the territory points out the desirability of paying particular attention to the requirements of these markets, which have been difficult to promote.

The export of sausage-casings showed a very marked decline in value over 1935 figures, as also did that of tallow. It should be remembered that in 1935 tallow imports were exceptionally high due to special taxes on imported vegetable oils being imposed, thus forcing soap-manufacturers to use tallow as a substitute therefor. An internal tax of 3 cents per pound operating from 1st August, 1936, had the effect of drastically curtailing shipments.

The value of seeds imported into the United States of America again shows a marked increase, being in 1936 almost treble that of 1933.

Inquiries for casein met with restricted offers and even then appeared out of line with those received from competing countries. The duty and charges amount to approximately 5½ cents per pound. While domestic supplies are likely to be in greater volume this year owing to factories switching over from the production of dried-milk powder to casein manufacture, it is felt by reliable importers that, due to the short stock position in the Argentine, the opening prices in October and November, 1937, may be encouraging.

The importation of New Zealand butter continues, and direct exports of the commodity amounted to 20,281 cwt. in 1936. According to United States of America statistics imports from all sources of this product have decreased by 43 per cent. to approximately £(N.Z.)500,000.

The activities of the New Zealand Trade and Tourist Commissioner in endeavouring to promote trade expansion with Western American States have been somewhat hampered by adverse influences, notably the Pacific Coast shipping strike. There are, however, definite openings for speciality cheeses provided careful consideration is given to market requirements and for the supply to Pacific Coast markets of certain varieties of New Zealand fish. This question of New Zealand's export of fish has been investigated to some extent in the Dominion by the Department, but little interest has so far been displayed by local exporters. Inquiries made by American importers of timbers point to the possibility of developing a small trade in figured timbers for fancy panelling. The sale of our specialty woollen products, particularly travelling-rugs and reversible floor-rugs, would, it is felt, meet with a certain degree of success if specialized selling agencies were appointed.

Special State restrictions in connection with the marketing of New Zealand beef, lamb, and rabbits will need to be removed or partially removed before any appreciable amount of export trade could accrue to New Zealand. That there is a possibility of our obtaining a footing in this market is apparent from the retail prices for meats ruling on the Pacific Coast, and suitable action has been taken by the New Zealand Government with a view to the removal of these restrictions.

The total external trade of the United States has increased in value by 12·5 per cent. above 1935, while in quantity the increase is 8·2 per cent. The great reduction in the export balance from £59,000,000 in 1935 to £8,250,000 in 1936 is accounted for by the following factors:—

- (1) Greater increases in import prices than in export prices.
- (2) Greater American purchasing-power in world markets.
- (3) The 1936 drought resulting in large importations and lower exports of agricultural products than usual.
- (4) The maritime strike's effect on exports—estimated loss of \$50,000,000 export sales.

Imports increased by 18 per cent. from all countries and exports by 7½ per cent., while the trade with countries which have concluded reciprocal trade treaties with the United States of America show increases of 21·9 per cent. and 14·1 per cent. respectively.

TRADE WITH THE BRITISH WEST INDIES.

It is gratifying to note that reciprocal trade with the British West Indies continues, and the table hereunder sets out the total trade with that colony over the past five years.

Total Trade with British West Indies.

Calendar Year.	Total Trade.	Direct Exports to Jamaica.	Imports from Jamaica.	Excess of Imports over Exports.
	£	£	£	£
1932	14,364	15	14,349	14,334
1933	37,021	20,864	16,157	4,707*
1934	69,911	42,228	27,683	14,545*
1935	109,973	53,966	56,007	2,041
1936	93,773	48,796	44,977	3,819*

* Excess of exports over imports.

On balance over the five-yearly period there is an excess of exports over imports in favour of New Zealand, and with the improved shipping service in both the homeward and outward journeys we may look forward to an expanding trade with Jamaica.

The imports from Jamaica comprise chiefly oranges, £16,671 (£18,990); grapefruit, £1,190 (£749); cocoa-beans, £6,455 (£16,756); rum, £8,213 (£5,055); asphalt and bitumen, £5,654 (£5,973); spices, £2,275 (£1,990). Figures in parentheses represent corresponding values for the calendar year 1935.

The principal exports are given in the table below:—

Item.	Principal Exports.	
	Calendar Year, 1935.	Calendar Year, 1936.
	£(N.Z.)	£(N.Z.)
Butter	50,406	45,866
Cheese	360	213
Frozen meat	812	1,079
Tinned meat	67	..
Dried and condensed milk	871	460
Tallow	1,335	806
Other items	115	372
Totals	53,966	48,796

It is seen that butter dominates the position in so far as our exports are concerned, and, in fact, of the total importations into Jamaica of this product, amounting to 1,099,629 lb., the quantity supplied by New Zealand was 1,059,422 lb., or 96 per cent. This export trade in butter has doubled since the visit of the New Zealand Trade and Tourist Commissioner in Toronto in 1933. There appears, further, to be a market for other lines of New Zealand produce, as is evident from recent agency inquiries received from Jamaica, and close touch is being maintained by the New Zealand Trade Commissioner with this market.

Hurricanes during the year affected the banana industry, and the reduced quantities available for export seriously reduced the national income. With reasonably good seasons it may be anticipated that increased purchasing-power will increase the consumption of products which New Zealand can supply.

TRADE WITH SOUTH AMERICA.

The trade between New Zealand and South American countries is set out for the past three years in the table below, imports being shown according to country of origin :—

	Exports.			Imports.		
	1934.	1935.	1936.	1934.	1935.	1936.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Argentina	4,079	3,401	11,795	20,412	16,586	18,746
Bolivia	..	..	..	2,091	3,576	1,413
Brazil	13,080	11,517	5,937	12,665	27,559	15,955
Chili	11,500	76	2,520	10,446	10,625	7,560
Ecuador	..	281	1,161	3,042	5,003	6,624
Paraguay	..	..	..	6	10	20
Peru	7	..	72	81	196	161
Uruguay	10,722	14,268	36,081	12	..	..
Totals	39,388	29,543	57,566	48,755	63,555	50,504

The marked increase in the exports of New Zealand produce to South American countries, as shown by the 1936 figures, is due in the main to shipments of potatoes to Uruguay. Crop failures in the Argentine and Uruguay have necessitated importation. During the calendar year 1936, 4,711 tons, valued at £23,687, were exported from New Zealand. For the first six months of 1937 a quantity of 6,882 tons, valued at £54,119, was exported to Uruguay and 497 tons, valued at £3,233, to Argentina. It must be remembered that of the exports consigned to Uruguay a large proportion may ultimately be consumed in the Argentine.

Other exports to these countries are fresh apples and sheep. Imports from these countries comprise the following :—

Argentina : Undressed hides, pelts and skins, crude tanning-materials, and seeds.

Bolivia : Edible nuts.

Brazil : Edible nuts and raw cocoa-beans.

Chili : Nitrate of soda.

Ecuador : Raw cocoa-beans.

ISLAND TRADE.

The trade with the Pacific Islands, while comparatively small in actual value, is nevertheless of considerable importance, and particulars are given hereunder of the trade of the more important islands and dependencies.

Fiji.

Trade with Fiji during the calendar year 1936 showed a marked improvement over 1935, as is disclosed by the table of total trade shown hereunder. Exports to the Island have increased by £15,885, or 18·4 per cent., and imports from Fiji by £15,712, or 19·6 per cent., over the 1935 figures.

Total Trade with Fiji.

Year ended 31st December,	Exports to Fiji.	Imports from Fiji.	Total Trade.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
1931	89,245	112,955	202,200
1932	88,693	116,645	205,338
1933	87,435	106,096	193,531
1934	85,493	103,166	188,659
1935	86,191	80,090	166,281
1936	102,076	95,802	197,878

The exports of New Zealand produce to Fiji consist of a fairly wide range of products, of which those mentioned hereunder were the most important in 1936, the 1935 figures being shown in parentheses for purposes of comparison :—

Meats, salted, frozen and tinned, £17,785 (£11,235) ; potatoes, £5,845 (£6,212) ; soap, £5,089 (£4,617) ; refined sugar, £4,301 (£3,069) ; tallow, £3,289 (£2,010) ; bacon and hams, £3,787 (£2,506) ; baking-powder, £2,126 (£1,102) ; sawn timber, £1,987 (£1,630) ; butter and cheese, £2,382 (£1,470) ; onions, £1,607 (£152) ; lard, £1,199 (£504).

Imports from Fiji consisted mainly of bananas, £72,499 (£59,274) ; raw sugar, £9,058 (£7,989) ; molasses, £1,489 (£1,745) ; potatoes, £4,201 (£2,145) ; coconut-oil, £3,165 (£2,368) ; mandarins, £1,809 (£2,426) ; oranges, £326 (£1,683).

WESTERN SAMOA.

During the calendar year 1936 further considerable expansion took place in the total trade of this territory, as disclosed in the following table. Exports from Western Samoa increased by £73,957 or 39 per cent., and imports into Western Samoa by £31,263, or 23 per cent., over 1935 figures.

Total Trade of Western Samoa.

Year ended 31st December,					Imports into Samoa.	Exports from Samoa.	Total Trade.
					£(N.Z.)	£(N.Z.)	£(N.Z.)
1931	..	..	..	..	164,950	194,447	359,397
1932	..	..	..	..	150,902	183,028	333,930
1933	..	..	..	..	150,856	173,837	324,693
1934	..	..	..	..	92,784	128,117	220,901
1935	..	..	..	..	135,757	189,298	325,055
1936	..	..	..	..	167,020	263,255	430,275

The total values of importations into Western Samoa from various countries during the calendar year 1936 were : New Zealand, £53,218 (£51,384) ; United Kingdom, £31,165 (£22,855) ; Australia, £27,530 (£22,032) ; Japan, £17,781 (£13,662) ; United States of America, £11,636 (£14,151) ; Canada, £7,239 (£3,016) ; Dutch East Indies, £5,959 (£1,396) ; Fiji, £4,464 (£3,381) ; India, £4,114 (£2,195) ; Germany, £1,176 (£242). These ten countries together supplied over 98 per cent. of the total imports into Western Samoa during 1936.

Exports from Western Samoa during 1936, totalling £263,255, were shipped to the following countries : United Kingdom, £64,570 (£29,601) ; New Zealand, £56,869 (£59,251) ; Netherlands, £17,682 (£2,094) ; Mexico, £15,470 (£6,500) ; United States of America, £14,762 (£9,836) ; other countries, £93,902 (£82,016).

While New Zealand is the largest supplier of the needs of Western Samoa, it is noticeable that the United Kingdom is now the largest purchaser of goods from that country and took in the year under review 24·5 per cent. of the total exports from the territory. The two most important items were copra, £38,540 (£21,520), and cocoa-beans, £24,417 (£6,691).

The chief commodities taken by New Zealand were bananas, 128,045 cases, valued at £46,737 ; and cocoa-beans, 76 tons, valued at £3,880. Re-exports of silver coin amounting to £6,000 were also taken by New Zealand.

Imports into Western Samoa from New Zealand comprise small quantities of a large number of commodities, the largest being tinned meats, £13,732 ; sugar, £10,381 ; butter, £2,422 ; vegetables, £1,115 ; dressed timber, £1,017.

The quantities and values of the principal exports of Western Samoa during the past five calendar years are shown hereunder :—

Principal Exports from Western Samoa.

Year ended 31st December,					Copro.		Cocoa-beans.		Bananas.	
					Tons.	Value.	Tons.	Value.	Cases.	Value.
						£(N.Z.)		£(N.Z.)		£(N.Z.)
1932	..	..	..	..	10,879	108,698	825	49,712	66,715	20,016
1933	..	..	..	..	11,526	101,347	899	41,813	81,983	26,999
1934	..	..	..	..	8,948	60,654	1,027	29,498	96,225	35,796
1935	..	..	..	..	12,501	108,695	576	19,639	109,000	38,146
1936	..	..	..	..	13,014	156,873	1,065	46,607	128,045	46,737

COOK AND NIUE ISLANDS.

The export and import trade with the Cook and Niue Islands shows a further advance during the period under review, and it is pleasing to note that in the case of Niue Island exports at £22,992 constitute a record. Total exports from the Islands, valued at £90,548, show an increase of 40 per cent., and total imports, at £97,238, an increase of 26 per cent. over 1935 figures. Total trade of the Islands is shown in the table hereunder for the last five years :—

Total Trade, Cook and Niue Islands.

Year ended 31st December,	Exports.			Imports.		
	Cook Islands.	Niue Islands.	Total.	Cook Islands.	Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932	73,409	13,987	87,396	63,585	14,756	78,341
1933	73,983	11,542	85,525	76,716	13,123	89,839
1934	59,307	12,341	71,648	61,449	13,372	74,821
1935	53,599	12,076	65,675	61,676	15,288	76,964
1936	67,556	22,992	90,548	72,576	24,662	97,238

The distribution of the trade is shown in the following table, from which it will be noted that New Zealand's share in the total trade is £152,290, or 81 per cent. The United Kingdom, United States of America, and Australia come next in importance in that order.

Direction of Trade of Cook and Niue Islands, 1936.

Country.	Exports.			Imports.		
	From Cook Islands.	From Niue Islands.	Total.	Into Cook Islands.	Into Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
New Zealand	60,182	15,915	76,097	53,913	22,280	76,193
United Kingdom	3,509	..	3,509	6,196	609	6,805
Australia	..	..	..	5,519	649	6,168
United States of America	3,861	..	3,861	4,176	50	4,226
Japan	..	..	..	1,050	238	1,288
Canada	..	..	..	665	39	704
Western Samoa	..	5,152	5,152	..	769	769
Mexico	..	1,925	1,925	..	..	..
Other countries	4	..	4	1,057	28	1,085
Totals	67,556	22,992	90,548	72,576	24,662	97,238

The principal exports from the Lower Group of the Cook Islands are oranges, bananas, tomatoes, and copra ; from the Northern Group copra and pearl shell, and from Niue copra and bananas.

TONGA.

The table given hereunder shows the values of New Zealand's exports to and imports from Tonga in each of the past five calendar years :—

Total Trade with Tonga.

Year ended 31st December,					Exports to Tonga.	Imports from Tonga.
					£(N.Z.)	£(N.Z.)
1932	..	..	..	..	27,266	9,412
1933	..	..	..	..	19,407	8,331
1934	..	..	..	..	12,948	13,282
1935	..	..	..	..	19,104	15,200
1936	..	..	..	..	27,215	11,296

A further rise in the exports from New Zealand to Tonga took place in 1936, the increase being 42.5 per cent. over 1935 figures. On the other hand, imports which had been increasing steadily over the past few years receded by £3,904, or 25 per cent. over 1935.

The principal imports from Tonga were bananas, £10,645 (£14,079) and potatoes, £374 (£650). Exports included meats, salted and tinned, £10,248 (£8,346) ; refined sugar, £3,107 (£1,761) ; timber, £2,063 (£1,340) ; butter, £2,014 (£790).

TRADE WITH THE CONTINENT OF EUROPE.

The table following sets out the trade with European countries, other than the United Kingdom, for each of the past three years, according to New Zealand statistics, imports being given according to country of origin :—

—					1934.	1935.	1936.
Exports to—					£(N.Z.)	£(N.Z.)	£(N.Z.)
Germany	..	..	..	..	944,310	165,304	272,481
France	..	..	..	..	1,228,699	484,610	1,646,168
Belgium-Luxemburg Union	..	..	..	..	612,646	647,212	618,356
Italy	..	..	..	..	205,673	21,092	1,767
Netherlands	..	..	..	..	165,074	79,615	112,539
Switzerland	..	..	..	..	699	2,892	1,360
Sweden	..	..	..	..	117,529	47,142	64,936
Norway	..	..	..	..	4,098	569	656
Poland	..	..	..	..	133,234	103,321	173,159
Czechoslovakia	..	..	..	..	1,986	12,969	20,064
Denmark	..	..	..	..	22,092	12,098	11,219
Finland	..	..	..	..	5,278	9,977	1,212
Spain	..	..	..	..	20,696	24,283	15,158
Other European countries	..	..	..	..	2,739	13,750	73,340
Totals	..	..	..	..	3,464,753	1,624,834	3,012,415
Imports from—							
Germany	..	..	..	..	482,644	534,674	748,374
France	..	..	..	..	240,813	222,049	215,115
Belgium-Luxemburg Union	..	..	..	..	137,139	217,513	409,102
Italy	..	..	..	..	192,342	225,157	45,279
Netherlands	..	..	..	..	139,611	161,480	210,397
Switzerland	..	..	..	..	91,283	97,208	140,776
Sweden	..	..	..	..	234,314	285,792	343,985
Norway	..	..	..	..	58,116	64,918	72,041
Poland	..	..	..	..	11,905	5,596	8,607
Czechoslovakia	..	..	..	..	79,892	120,590	142,215
Denmark	..	..	..	..	17,427	16,600	17,822
Russia	..	..	..	..	70,118	169,756	192,080
Finland	..	..	..	..	21,804	31,694	46,608
Spain	..	..	..	..	58,617	63,054	70,511
Other European countries	..	..	..	..	67,735	63,507	85,551
Totals	..	..	..	..	1,903,760	2,279,588	2,748,463

The most noticeable feature brought out by the table is the marked rise of almost £1,500,000 in the total of our exports, seven of the countries listed contributing to this increase. Italy and Spain, due to internal unrest, and in the case of the former country the imposition of sanctions, absorbed considerably less of our products during the period than had been the case in previous years.

Imports from European countries again showed an increase, there being only two of these mentioned—namely, Italy and France—which did not participate in the general improvement. The most noteworthy increases apparent from the table were in the products of Germany, Belgium-Luxemburg Union, and Sweden.

In considering New Zealand's trade with the Continent it must not be forgotten that, owing to the lack of direct shipping services, a considerable proportion, estimated in 1935 at £3,885,986 sterling, of the produce is consigned to the United Kingdom and then re-exported. A small percentage of this amount is forwarded to countries other than Europe, particularly North America.

The direct exports to the countries listed in the foregoing table are shown hereunder, and it is pertinent to remark that the greatest increase over exports in 1935 is shown in the case of wool.

Other marked increases occur in casein, tallow, rabbit-skins, and fish, while the only decreases are in calf-skins and sausage-casings.

Direct Exports to European Countries listed above.

Commodity.	Value.	Commodity.	Value.
	£(N.Z.)		£(N.Z.)
Wool	2,513,943	Seeds, grass and clover	7,648
Sheep-skins, with wool	78,847	Casein	8,148
Pelts	72,630	Tallow	16,928
Cattle-skins	112,299	Rabbit-skins	11,431
Calf-skins	46,343	Sausage-casings	320
Apples	32,613	Fish	3,704
Kauri-gum	14,322		

The activities of the New Zealand Trade and Tourist Commissioner in Brussels have been largely responsible for increased quantities of New Zealand apples being admitted into the Netherlands and Germany, which latter country during 1936 took apples to the value of £17,096, as against none at all in 1935. In the case of casein, crayfish, honey, butter, milk-powder, and meats the Trade Commissioner has been successful in expanding our Continental market. The increasing trade in New Zealand grass and clover seeds is gratifying, and it may be stated that a definite interest is now being evinced by the Netherlands, Denmark, Belgium, and Sweden.

The difficulties of developing New Zealand business with the Continent owing to the various restrictions imposed by Continental authorities, lack of direct shipping, and consequent transshipment with its attendant drawbacks, have received, and are receiving, the very close attention of the New Zealand Trade and Tourist Commissioner in Brussels. It is hoped that as the result of recent trade discussions and personal contact many of the present difficulties will be overcome and that trade expansion of direct benefit to New Zealand will thereby be facilitated.

TRADE WITH THE EAST.

The total trade with undermentioned Eastern countries for each of the calendar years 1933, 1934, 1935, and 1936 is shown in the table hereunder.

Total Trade with Eastern Countries.

	1933.	1934.	1935.	1936.
Export to—	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Dutch East Indies	5,496	2,548	2,235	1,894
British Malaya	22,929	49,727	63,771	71,383
Burma	743	208	618	946
Ceylon	2,670	393	1,528	1,401
Hong Kong	15,143	16,238	11,249	22,176
India	34,326	65,161	60,956	125,826
China	54,564	19,099	7,718	32,854
Japan	354,462	856,014	432,495	1,554,837
Philippine Islands	413	2,493	3,945	5,983
Totals	490,746	1,011,881	584,515	1,817,300
Imports from—				
Dutch East Indies	998,224	1,381,974	1,437,379	1,722,802
British Malaya	63,181	64,826	81,457	97,246
Burma	17,239	11,622	9,679	11,361
Ceylon	551,388	585,689	633,594	750,982
Hong Kong	6,299	9,681	10,356	17,695
India	576,915	667,552	571,627	554,102
Japan	675,571	836,595	1,100,150	1,328,199
China	72,785	98,454	97,244	151,299
Philippine Islands	7,033	13,268	10,837	14,824
Totals	2,968,635	3,669,661	3,952,333	4,648,510

In considering these figures one is struck with the marked increases in exports to Japan (£1,122,342), India (£64,870), China (£25,136), Hong Kong (£10,927), British Malaya (£7,612) over the corresponding figures for 1933.

Increased exports to India are accounted for by tallow £89,751 (£30,994), butter £15,743 (£11,664), and wool £5,614 (£1,390); figures in parentheses relating to 1935 export values. Imports from this source decreased by £16,500.

In the case of China, wool to the value of £18,081 was exported in 1936, whereas no wool was exported to that country in 1935. Similarly, tallow valued at £2,136 was exported in 1936. In the case of butter the exports increased from £5,230 in 1935 to £7,988 in 1936.

Total imports from China are stated at an unduly high figure, due to the importation of a collection of antiques, the imports under this heading being £27,570. Imports of walnuts increased from £12,019 in 1935 to £24,354 in 1936.

Of the exports to Hong Kong, that of butter shows an increase of £9,396 to £13,480, while there have been increases in the importation of electric lamps and boots and shoes from that source.

Increased imports of tea amounting to £112,859, which bring the total imports of tea from Ceylon to £723,355 for 1936, account for the increase in imports from that country.

Increased imports of motor-spirit from the Dutch East Indies amounting to £384,376 brought the total to £1,008,227 in 1936. Sugar imports fell by £178,498 to £402,386.

The export of apples to Eastern countries has been continued, a total of 6,205 cases having been exported in the season just closed. The destinations of our exports in this direction have been Singapore (1,001 cases), Batavia (1,855 cases), Saigon (50 cases), Manila (1,153 cases), Hong Kong (916 cases), Shanghai (1,130 cases), and Calcutta (100 cases). Inability to secure shipping space has hindered exports to India and Ceylon. Full advantage has been taken of the direct shipping services provided by the Japanese Line Osaka Shosen Kaisha since 1936, and also by the South Pacific Line inaugurated by the Royal Packet Navigation Company in May, 1937. The provision of a larger vessel early in 1938 to replace the s.s. "Van Rees" in this service should give increased opportunity for shipment of apples to Eastern markets.

Inquiries for a variety of New Zealand products continue to be received from all parts of the East, both direct from Eastern importers and through the Department's honorary agents in Colombo, Hong Kong, Shanghai, and Tientsin. In all cases the inquirers have been placed in direct touch with New Zealand firms likely to be interested. It is pleasing to note that in the majority of cases mutually satisfactory business relations have resulted from these contacts. With the opening-up of a direct service to the Netherlands East Indies and adjacent territories inquiries from this source have increased considerably.

TRADE WITH JAPAN.

In the table hereunder is depicted the total trade between New Zealand and Japan over the past six years. From this it is seen that, except for the years 1934 and 1936, there has been a balance of trade in favour of Japan.

Total Trade with Japan.

—			Exports.	Imports.	Percentage of Total Imports.	Excess of Imports over Exports.
			£(N.Z.)	£(N.Z.)		£(N.Z.)
1931	..	..	267,899	335,000	1·2	67,101
1932	..	..	236,799	478,000	1·9	241,201
1933	..	..	354,462	677,000	2·6	322,538
1934	..	..	856,014	836,000	2·7	20,014*
1935	..	..	432,000	1,100,150	3·0	668,150
1936	..	..	1,554,837	1,328,199	3·0	226,638*

* Excess of Exports over Imports.

In value our imports from Japan have shown a more or less steady growth over the period covered, while exports have been fluctuating with a rising tendency. The years 1934 and 1936 witnessed increased purchases of wool, which in the latter year aggregated £1,265,836, mainly owing to the tariff dispute with Australia.

It is interesting to note that the total importations from Japan in 1936 increased 20·73 per cent. over the imports for 1935, while the total importations from all countries over the same period increased 21·53 per cent. Thus the rate of growth was slightly less than total importations.

The increasing industrialization of Japan is apparent from the fact that the majority of our imports from that source are manufactured articles. Of these, silk and cotton piece-goods are the major items, and in the latter case an increase of almost 50 per cent. in value is noticeable over 1935 figures. Other important items are apparel, fancy-goods, electric-lamp bulbs, and sulphur.

The principal exports from New Zealand to Japan for each of the years 1931 to 1936 are given below :—

Principal Exports to Japan.

—			1931.	1932.	1933.	1934.	1935.	1936.
			£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Wool	..	..	179,049	181,246	233,229	689,851	241,697	1,265,836
Casein	..	..	50,248	30,865	52,436	92,342	128,667	142,124
Tallow	..	..	28,719	9,491	10,922	24,424	8,536	49,865
Butter	..	..	4,095	3,133	1,661	2,419	446	469
Hides, pelts, and skins	..	..	4,009	7,257	15,716	21,222	27,016	48,376
Scrap metal	..	..	..	..	37,038	18,418	18,990	24,870

As stated above, wool is by far the most important commodity, and in 1936 shows an increase of over £1,000,000 as compared with 1935. The increasing consumption of hides and skins is noticeable, while Japan's dependence on overseas sources of supply of metals and the increasing difficulty of obtaining adequate supplies is evident from the quantity of scrap metal imported from New Zealand in recent years.

The direct shipping services between New Zealand and Japan are affording considerable assistance to exporters, and with increasing Westernization and higher living standards further markets for our exportable surplus should be possible.

TRADE AGREEMENTS.

The most important trade agreements affecting New Zealand's trade with overseas countries are those made with the United Kingdom at Ottawa in 1932, with Canada in 1932, and with Australia in 1933, which are still operative either by extension or by lack of notice of termination. In 1933 a trade agreement was concluded with the Economic Union of Belgium and Luxembourg, and a modification of this agreement came into force on 1st September, 1936. Under the modification New Zealand receives free entry of sausage-casings, kauri-gum, and casein, while certain goods, such as electrical machinery, tools, &c., are to receive special treatment on entry into New Zealand. This agreement is to remain in force until the expiry of six months notification of revocation of the arrangement.

Other trade arrangements in the nature of an exchange of notes are operative between New Zealand and South Africa, New Zealand and Sweden, New Zealand and Japan, while New Zealand has the benefit of a number of most-favoured-nation treaties concluded by the United Kingdom and certain foreign countries.

Under the terms of the treaty concluded in December, 1936, by Australia with Czechoslovakia apples, provided they are cleared through the Czechoslovakian Customs within three months of picking, are entitled to a reduction of duty from 2½d. per pound to ¾d. per pound. Under most-favoured-nation treatment extended to New Zealand we enjoy the same duty-reduction.

The United States of America has during the last twelve months negotiated a large number of trade agreements, and the policy is adopted by the United States Government of extending the benefits of those reductions in duties made to other countries to all countries which do not discriminate against the United States. Thus New Zealand automatically benefits from the conclusion of such agreements.

During the visit in January, 1937, of the Hon. W. D. Euler, Canadian Minister of Trade and Commerce, the opportunity was taken of having preliminary talks on trade matters affecting New Zealand and Canada.

NEW STEAMSHIP LINES.

DUTCH EAST INDIES AND JAPAN.

There are two direct services between New Zealand and Japan—that of the Yamashita Kisen Kaisha, which commenced in January, 1936, and the Osaka Shosen Kaisha, which since 1930 has operated a service to and from New Zealand via Australian ports. The latter company, inaugurated in May, 1936, a direct monthly service between New Zealand and Japan. For three months during the unfortunate strained relations between Australia and Japan in connection with the Customs tariff the New Zealand service took in Australian ports, but from October last the direct voyages between New Zealand and Japan were resumed.

As the result of the activities of the Department the Royal Packet Navigation Co., Ltd. (K.P.M. Line), decided to inaugurate a direct service between New Zealand and the Netherlands, East Indies, British Malaya, and adjacent territories. Under the title "South Pacific Line" the company provides for monthly sailings with the m.v. "Maetsuycker" and the s.s. "Van Rees," the former of which cleared Wellington on its maiden voyage on the 14th May, 1937. The "Maetsuycker's" schedule is Wellington, Sydney, Port Moresby, Sourabaya, Semarang, Batavia, Singapore, Saigon, Singapore, Batavia, Semarang, Sourabaya, Port Moresby, Samarai, Rabaul, Port Vila, Noumea, Auckland.

The "Maetsuycker" is a new vessel of some 4,000 tons register having provision for fifty-one first-class passengers and ninety-two tons of cool and refrigerated space; while the s.s. "Van Rees" has accommodation for forty-seven first-class passengers, but no refrigerated space.

The introduction of this new direct service to eastern ports should be of material assistance to New Zealand exporters who wish to extend their business with the Netherlands East Indies and Malaya. Also the service should be valuable from a tourist viewpoint, as intending tourists will now be able to make the round voyage from New Zealand via Java ports and Singapore to Saigon without the inconvenience of transshipment.

The institution of this new direct service, following upon that of the direct shipping service to Japan, is a further step in the development of New Zealand's export trade to the east, which it is hoped will in due course become a very valuable outlet for our surplus exportable produce.

OVERSEAS TRADE REPRESENTATION.

New Zealand's trade representation overseas consists of the High Commissioner's Office in London, the New Zealand Trade and Tourist Commissioners at Brussels, Toronto, Los Angeles, and Sydney, and eight honorary agents and correspondents situated in Vancouver, Durban, Johannesburg, Colombo, Hong Kong, Shanghai, Tientsin, and Suva. In addition, the New Zealand Government offices in Melbourne handle trade inquiries in that city.

The expansion of New Zealand's trade overseas is one of the primary functions of the Department, and the representatives of the Government in overseas countries pay particular attention to the furtherance of this important phase of the Dominion's development.

The services of these officers and of the Department itself are available to all members of the commercial community desiring to extend their trade relation with overseas countries. That the services of these representatives is appreciated is apparent from the increasing number of inquiries which are now being received.

Not only do the Trade Commissioners deal with inquiries emanating from traders, but they are continually in touch with local conditions and with changes in the tariffs, quota restrictions, Customs regulations, methods of payment, &c., in the territories they respectively cover.

Again, these representatives are frequently called upon to obtain special information for the use of various State Departments and Producers' Boards in New Zealand.

As evidence of the useful work carried out by the Trade Commissioners may be mentioned the following instances:—

Under the quota system of importation of canned crayfish into France licenses were made to expire on a date which meant that the full quota allotted to New Zealand could not be exported within the duration of such licenses. The Trade Commissioner in Brussels was able to arrange with the French authorities to extend the expiry date by almost three months, thus enabling New Zealand exporters to take full advantage of the quota allotted to New Zealand.

After the conclusion of a trade agreement between Australia and Czechoslovakia the New Zealand Trade and Tourist Commissioner in Brussels was able to make arrangements whereby New Zealand apples entering Czechoslovakia received the same treatment as Australian apples, provided suitable packing certificates were supplied.

Difficulty was met with in importing New Zealand honey into Denmark, but the action of the New Zealand Trade Commissioner in Brussels in explaining the full position to the Danish authorities facilitated the granting of the necessary license for import.

Difficulty was experienced in connection with the shipment of New Zealand apples to Trinidad, but as the result of action taken by the New Zealand Trade and Tourist Commissioner in Toronto the apples were admitted, and no further difficulties have since arisen.

An instance might be quoted covering the action of the Honorary Agent for the New Zealand Government in Hong Kong, who has been instrumental in placing certain canned provisions on the Hong Kong market.

These instances, though chosen at random, will give some indication of the work carried out by the New Zealand Trade Commissioners in the development of New Zealand's export market in foreign countries, and the work of these Trade Commissioners is deserving of special mention, while the Department's thanks are also due to honorary agents and correspondents abroad for the ready assistance and close co-operation which have at all times been shown by them.

The Department further appreciates the services rendered by the High Commissioner's staff in London in connection with the carrying-out of trade inquiries on behalf of the Department.

EXHIBITIONS OVERSEAS.

During the year under review New Zealand participated in two major exhibitions—the Empire Exhibition at Johannesburg and the Canadian National Exhibition at Toronto. In addition to the latter exhibition, the New Zealand Trade and Tourist Commissioner in Toronto also arranged a display of New Zealand specialty food products at the Hotel and Culinary Exhibition sponsored by the Quebec Hotel Association at Montreal.

CANADIAN NATIONAL EXHIBITION.

This exhibition was held over the period 27th August to 12th September, and is an annual event, and last year marked the seventh consecutive year in which New Zealand had participated. The total number of people who visited the exhibition was 1,603,000, and of these, the greater number visited the New Zealand court.

The industrial exhibits forwarded by New Zealand manufacturers for display purposes created a very wide advertisement, and in two particular lines such was the demand made on the Empire shop at the exhibition that supplies were so depleted as to necessitate cabling to New Zealand for a further shipment.

Another section which created a very great deal of interest was that devoted to mothercraft and child-welfare which was arranged by the Royal New Zealand Society for the Health of Women and Children.

Participation in the 1937 exhibition has been arranged, as the publicity given to New Zealand's products and to its many tourist attractions is of great value to the Dominion.

JOHANNESBURG EMPIRE EXHIBITION.

This exhibition presented an unparalleled opportunity for the display of New Zealand's products in South Africa, with which Dominion our export trade is almost negligible. The exhibition authorities allotted to New Zealand a pavilion, and a suitable display of New Zealand life and activities was arranged by the New Zealand Commissioner, Mr. Maurice O'Brien. This display embraced manufactured articles (such as rugs, provisions, &c.), raw materials (wool and seeds), sporting goods and trophies, and also dioramas and photographs setting out our chief tourist attractions.

The New Zealand Commissioner was able, through contacts made at the exhibition, to gain first-hand knowledge of South Africa's requirements, and it is hoped that as a result we may be enabled to supply more of her needs. There is a market for our seeds, certain of our wool, hops, and tinned meats, while, no doubt, with suitable representation other of our products would find a ready market.

The exhibition was attended by approximately one and a half million people, and it is certain that the publicity given to New Zealand and the information obtained by the New Zealand Commissioner covering South African conditions will be of great value.

IMPERIAL ECONOMIC CONFERENCE.

The Imperial Economic Conference was held in London over the period 14th May to 16th June, 1937, and immediately followed the Coronation. Many topics of international interest and of particular interest to New Zealand were discussed, and it is hoped that as the result of these discussions there will be further improvement in world conditions.

The Department was called on to prepare a considerable amount of information for the use of members of the New Zealand delegation which attended the Conference, and this entailed a great deal of statistical research into trade matters and reviews of many questions incidental to the welfare of the Dominion and, in fact, of the Empire.

EMPIRE CHAMBER OF COMMERCE FEDERATION.

Wellington was the venue of the triennial conference of the Federation of Chambers of Commerce of the British Empire, which held its deliberations in the Wellington Town Hall on the 2nd, 5th, 6th, and 7th October, 1936.

The congress was attended by delegates representing practically all the chambers of commerce of the Empire, and the opportunities for free discussion and the obtaining of first-hand knowledge of New Zealand's potentialities cannot be overestimated. In view of the importance of the congress a considerable amount of detailed information was prepared by the Department for the members of the New Zealand Government invited to attend the congress as honorary delegates.

To mark the occasion of this fourteenth Empire Congress, exactly fifty years after the London Chamber of Commerce called the first congress, the Government of New Zealand issued a set of commemorative stamps, on which were depicted phases of New Zealand's industries.

At the close of the congress visiting delegates availed themselves of the opportunity to view some of the scenic beauties of the Dominion, the New Zealand Government granting free railway passes and reduced rates at Government hostels.

STORES CONTROL BOARD.

The Department is represented by an officer on the Advisory Committee of the Stores Control Board, and, in addition to the ordinary duties devolving on him as a departmental representative, he is also instructed to look to the interests of the New Zealand manufacturers in the matter of Government purchases of stores.

During the past year, in addition to the usual work in this connection, a large number of applications for variation of Government contracts, due to increasing costs caused by recent legislation, have been referred to this Department for investigation and report as to the reasonableness or otherwise of the increases requested. Contracts for the supply of coal to various Government Departments throughout the Dominion have been investigated, and also contracts relating to the supply of a large number of commodities manufactured wholly or partly within the Dominion.

NEW ZEALAND MANUFACTURERS' FEDERATION.

During the year under review the New Zealand Manufacturers' Federation has continued unceasingly its efforts on behalf of Dominion manufacturers and generally in the development of industrial activity and the fostering of co-operation as between manufacturers and others. The Dominion General Conference of the Federation was held in Wellington in December last, when many subjects of vital interest to manufacturers were discussed. The conference considered and made recommendations in such matters as the adoption of a registered mark for New-Zealand-made goods, the promotion of Dominion trade associations, the development of immigration, questions affecting trade, national defence, &c. In addition, the conference interested itself in matters relating to the employment of apprentices, the fostering of a preference for New-Zealand-made goods within the Dominion, and encouraging local manufacturers' associations to organize annual shopping weeks. These are but a few of the many and varied subjects which come within the ambit of the federation's work.

The Government and the Department have at all times been anxious to co-operate with manufacturers in endeavouring to overcome the problems facing our manufacturing industries and in making it possible to rationalize those industries in order that they may function along more efficient lines. The closer attention being afforded to these aspects is expected to benefit materially the industries concerned.

MANUFACTURERS' ASSOCIATIONS.

Through its district officer in each of the four main centres the Department is enabled to interest and associate itself closely in the work of the manufacturers' associations. Each district officer attends the regular meetings for the purpose of offering the advice and assistance of the Department.

The Auckland association is to be congratulated upon enrolling a large number of new members. The last report of the association discloses that there were 525 members, as compared with 260 in the previous year. The golden jubilee of the association was celebrated with a membership drive, the production of a souvenir booklet, and a "New Zealand Week," the principal feature of which was the shop-window displays of New-Zealand-made goods, which were of a high standard. The association continued in its efforts to emphasize the value of Dominion manufactures, and in this connection the Auckland Winter Exhibition sponsored by the association again proved most effective.

In its forty-first annual report the Wellington Association records an increase of 102 members for the year, making a total membership of 323. The Wellington Association anticipated the policy of the New Zealand Manufacturers' Federation, which urged associations to proceed with the organization of their members into trade groups, and as a result organized twelve such groups during the year.

The association and the federation co-operated with the *Dominion* in the production of a special supplement entitled "Manufacturing in New Zealand," consisting of forty-eight pages. This effort resulted in good publicity for articles of New Zealand manufacture.

The Canterbury Association held its fifty-seventh annual general meeting on the 5th November, when the membership of the association stood at 192. The Winter Show and Exhibition of Industries was held on the 8th August, when over fifty manufacturing firms were represented. In future it has been decided to devote even more attention to the good work of bringing the goods of Canterbury manufacturers under the notice of the buying public. The Canterbury Association has investigated various forms of publicity, which will be put into effect when opportunity occurs. A notable feature has been the delivering of radio talks from station 3YA by members, which is regarded as valuable propaganda for the stimulation of interest in New Zealand industries.

Each year the Dunedin Association sponsors a "Made in New Zealand Week," which aids materially the stimulation of a buyer's preference for New-Zealand-made goods. The effort held in May last compared more than favourably with those of previous years in regard to the number and standard of the displays. Contributing factors to the success of these displays were the special industrial supplements published by Dunedin newspapers and appropriate radio talks delivered from broadcasting-stations. In addition, striking street illuminations were provided by the Dunedin City Council.

The membership of the association has not varied to any extent from the figure at which it stood last year—namely, 150.

STATISTICS RELATING TO MANUFACTURING INDUSTRIES.

The latest available statistics relating to the manufacturing industries of the Dominion are for the year ended 31st March, 1936.

Reference to improved industrial conditions generally was made in the previous annual report covering the 1934–35 year. It is pleasing to record that this improvement continued throughout the following year, as is evidenced in the 1935–36 figures. By comparison with the 1934–35 statistics those for 1935–36 reveal a distinct betterment in the position of the manufacturing industries. The figures indicate that the total number of factories operating were the highest number yet recorded, rising from 5,270 in 1934–35 to 5,536 in 1935–36. Similarly, the figures show that a new record high level for factory employment was attained during the 1935–36 year (86,588), which exceeded the previous high figure of 1929–30 (82,861) by 3,727. The improvement in conditions resulted in many factories working to capacity. This point is perhaps better illustrated by reference to the marked increase in overtime worked by many factory employees and the decrease which resulted in the hours of short time recorded. The statistics reveal that the hours of overtime increased from 2,121,279 in 1934–35 to 2,689,647 in 1935–36, which represents an advance of almost 27 per cent. in the total number of hours of overtime worked. On the other hand, the hours of short time recorded for the manufacturing industries decreased by nearly 9 per cent. or from 2,111,650 hours in 1934–35 to 1,924,697 hours in 1935–36.

The following table summarizes the principal statistics for the years ended 31st March, 1935 and 1936, and provides the basis of comparison in the figures for the two periods:—

			Year.		Index Numbers, 1935–36 (1934–35 = 100).
			1934–35.	1935–36.	
Establishments (number)	..	..	5,270	5,536	105
Persons engaged—					
Males (number)	..	..	59,874	65,197	109
Females (number)	..	..	19,484	21,391	110
Total (number)	..	..	79,358	86,588	109
Salaries and wages paid—			£	£	
To males	..	..	11,602,983	13,046,105	112
To females	..	..	1,641,390	1,798,262	110
Total	..	..	13,244,373	14,844,367	112
Motive power (horse-power)	..	..	721,223	733,167	102
Cost of material used	..	..	£	£	
Other expenses	..	..	52,084,741	59,940,393	115
Value of products	..	..	9,002,456	9,606,824	107
Added value	..	..	79,324,473	90,014,748	114
Value of—			£	£	
Land and buildings	..	..	27,239,732	30,074,355	110
Plant and machinery	..	..	£	£	
Land and buildings	..	..	23,159,573	23,985,510	103
Plant and machinery	..	..	44,108,877	43,453,369	99
Total	..	..	67,268,450	67,438,879	100

The above table has been compiled partly from statistics of those industries closely related to the manufacturing industries of the Dominion, such as meat-freezing, butter and cheese making, &c., and partly from statistics of industries connected with public-utility concerns under monopoly conditions, such as gasworks and electricity generation and supply. To that extent, therefore, the position is somewhat obscured in so far as the real manufacturing industries of the Dominion are concerned.

In the following table the industries are classified within four groups according to general character :—

Table showing for the Years ended 31st March, 1934, 1935, and 1936, Figures relating to the various Industries classified into Four Groups as stated.

Year.	Persons engaged.	Salaries and Wages paid.	Cost of Materials used.	Value of Products.	Value added by Manufacture.	Land, Buildings, Plant, and Machinery.
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Group 1.

Group 1 includes industries such as meat-freezing ; ham and bacon curing ; butter, cheese, and condensed milk ; sausage-casings ; fellmongering and wool-scouring ; boiling-down and manure-making.

	Number.	£	£	£	£	£
1933-34..	13,285	2,603,547	28,179,195	34,127,214	5,948,019	8,908,253
1934-35..	12,730	2,557,906	31,459,836	37,213,253	5,753,417	8,921,964
1935-36..	13,175	2,748,360	37,559,333	43,512,567	5,953,234	9,078,347

Group 2.

Group 2 includes industries such as gas making and supply, electricity generation and supply.

1933-34..	4,561	1,026,161	4,079,104	5,862,564	1,783,460	31,745,616
1934-35..	4,637	1,058,884	4,170,349	6,004,384	1,834,035	34,214,699
1935-36..	4,789	1,143,208	4,248,815	6,248,748	1,999,933	33,609,706

Group 3.

Group 3 includes such industries as fish-curing ; log-sawmilling ; lime-crushing and burning, &c. ; brick, tile, and pottery making ; concrete block or pipe and fibrous-plaster making ; flax-milling ; pumice-products preparations.

1933-34..	7,148	1,187,510	998,907	3,445,324	2,446,417	3,651,266
1934-35..	8,523	1,477,768	1,147,420	4,225,557	3,078,137	3,649,326
1935-36..	9,965	1,823,952	1,570,068	5,340,289	3,770,221	3,774,949

Group 4.

Group 4 includes industries of a type not included in the above classifications, such as grain-milling, iron-smelting, motor engineering, &c.

1933-34..	47,657	7,289,282	13,661,987	28,335,770	14,673,783	20,085,269
1934-35..	53,468	8,149,815	15,307,136	31,881,279	16,574,143	20,482,461
1935-36..	58,659	9,128,847	16,562,177	34,913,144	18,350,967	20,975,877

The following is a summary of the principal variations in the comparison of the figures for 1935-36 with those of 1934-35 as affecting individual industries :—

Number of Establishments.

Increases.—Coachbuilding and motor engineering, 73 ; clothing, 28 ; furniture, 23 ; joinery, 15 ; printing and publishing, 11 ; sawmilling, 10.

Persons employed.

Increases.—Coachbuilding and motor engineering, 1,258 ; clothing, 902 ; sawmilling, 882 ; general engineering, 554 ; furniture, 388 ; butter and cheese, 275 ; biscuit and confectionery, 271 ; electrical engineering, 262 ; boot and shoe, 247.

Decreases.—Printing and publishing, 352* ; tinned-plate and sheet-metal working, 68 ; mattress making, 68 ; tobacco and cigarette making, 57.

Salaries and Wages paid.

Increases.—Coachbuilding and motor engineering, £249,535 ; sawmilling, £235,294 ; general engineering, £100,550 ; meat freezing and preserving, £98,659 ; furniture, £98,180 ; butter and cheese manufacture, £75,114 ; clothing manufacture, £72,666.

Decreases.—Very few decreases were recorded, the two largest being—tinned-plate and sheet-metal working, £10,800 ; mattress-making, £9,762.

* Figures for previous year included an unknown number of part-time distributing staff.

ADDED VALUE.

A reliable guide to the relative importance of an industry, from an industrial viewpoint, is gained by the examination of the "added value" created by the manufacturing operations of that industry. This "added value" is arrived at by deducting the cost of materials used in an industry from the gross value of the products which result from manufacturing operations. As "added value" is governed by the value of products in relation to cost of materials, it is clear that it must be affected by fluctuations in these items, and this fact must not be overlooked when use is made of the term.

Increases.—Coachbuilding and motor engineering, £549,134; sawmilling, £441,416; general engineering, £199,090; printing and publishing, £167,863; electric supply, £147,436; furniture, £125,753; brewing and malting, £116,968.

Decreases.—Tobacco preparing and cigarette making, £418,104; grain-milling, £50,700.

In the Appendix to this report is given a brief *résumé* of the conditions obtaining in the principal individual manufacturing industries of the Dominion during the year covered by this report.

COST OF LIVING, PRICES, AND CONTROL.

Throughout the year the Department has maintained a close check on prices, and by constant investigation it has been enabled to prevent unjustifiable increases. By this system of investigation it has been able to assist in maintaining a high level of real wages.

When it is realized that wages have been substantially increased, the forty-hour week has been introduced, and overseas prices that enter very largely into the cost of production of many of our commodities have been showing a steady rise over the whole period, the general position in New Zealand is satisfactory.

The measures of price increases over the twelve-monthly period ended April last are available from published statistics and are as follows:—

Retail Price.—The "all groups" index-number shows a rise of 7·7 per cent., but over the same period wages have increased by 15·8 per cent. and are now practically the same as were ruling in 1929. Retail prices, however, are some 10 per cent. below the 1929 level.

Wholesale Prices.—The index-number for wholesale prices shows a rise of 7·6 per cent. in locally produced commodities and 4·8 per cent. increase on imported commodities.

Export Prices.—Here there is shown an increase of 17·4 per cent. over the same period.

Farm Expenditure.—An increase of 9 per cent. is shown as having taken place in farming-costs during the calendar year 1936. Included in this figure are items such as interest, wages, rates and taxes, freight, costs of farm implements; in fact, practically all the working-expenses of the average farm are included.

The reasons for these advances may be summed up under three headings, of which the rising prices of commodities entering into world trade bringing a return of world prosperity and freer spending are of major importance.

Industrial Legislation.—Increases in wages and reduced hours of labour without reduction in the weekly rate would in the absence of counteracting factors of necessity cause an increase in costs, but only to the extent that labour enters into the production of such commodities. Of course, the raw materials of one industry may, and in fact often have, a labour content while transport and handling charges are also increased as the result of higher wages and shorter hours. Against this, of course, must be offset the increased demand and production as a result of the increased purchasing-power of the people.

Increased Cost of Imports.—Returning prosperity overseas and improvement in international trade have had the effect of raising the price of imported commodities. This is particularly noticeable in the heavy industries, where the increased volume of orders combined with the rearmament programme have forced the price of base metals to rise sharply. This has affected costs in New Zealand.

Increased return for Exports.—The improvement in prices received for our chief exports, and more particularly those entering world markets—i.e., wool—has had the effect of raising the internal prices of these products.

Control Measures.—The Prevention of Profiteering Act, which reached the statute-book on the 12th August, 1936, was designed to prevent undue rises in the cost to consumers of goods or services consequent upon the industrial legislation affecting wages and hours of work.

It is in effect a control measure to prevent the exploitation of the public, and in the administration of this Act the Department has carried out numerous investigations. Many of these inquiries have been of only minor importance, while others again have necessitated careful and complete investigation by experts into some of the major industries of the Dominion.

In all, upwards of one hundred investigations have been made covering such industries as coal-mining and distribution by retail, footwear, clothing, groceries, meat, timber—to mention but a few.

The fact that machinery is available to check any unjustifiable price rises has no doubt prevented considerably greater increases taking place.

BUREAU OF INDUSTRY.

INDUSTRIAL EFFICIENCY ACT, 1936.

One of the most important measures passed by the present Government in its first session was, undoubtedly, the Industrial Efficiency Act, which is designed to bring economic planning into the whole industrial sphere by means of the operations and work of a body especially constituted for that purpose—namely, the Bureau of Industry.

The general purpose of the Act is described in the long title as “to promote the economic welfare of New Zealand by providing for the promotion of new industries in the most economic form and by so regulating the general organization, development, and operation of industries that a greater measure of industrial efficiency will be secured.”

Industry, in so far as this Act is concerned, includes any trade, occupation, business, manufacture, works, or service of any kind whatsoever.

The Act specially aims at the securing of co-operation between industry and the State, and for that purpose provision is made for the appointment, as members of the Bureau, of two representatives of both manufacturing and farming industries. The Bureau functions in conjunction with the Department of Industries and Commerce, which provides the necessary staff and organization.

FUNCTIONS OF THE BUREAU OF INDUSTRY.

The functions of the Bureau of Industry, as enumerated in the Act, are both advisory and executive.

Advisory functions of the Bureau include the making of recommendations in relation to the establishment and development of new industries; the consideration of Government assistance to industries; the raising of the quality of products; the adoption of uniform methods of accounting and costing; the preparation of statistics, standardization of materials, processes or products; the training and supply of workers; the marketing and distribution of products; and the purchasing of raw materials.

In addition to acting in an advisory capacity to the Minister of Industries and Commerce the Bureau is to be an industrial licensing authority as provided by the Act. The Minister of Industries and Commerce may at any time require that any industry shall only be carried on pursuant to a license issued by the Bureau, and the Minister is the appeal authority against any decisions of the Bureau in respect to licensing. The Bureau is also directed to maintain a continuous survey of industries and industrial methods; to arrange for the collection, publication, and distribution of statistics relating to output, costs, prices, markets, working-conditions, and other related matters; to collaborate with any research organizations; to arrange for the publication and distribution of appropriate information among persons or organizations concerned; and to facilitate collaboration between Departments of State with respect to matters affecting industry.

MEMBERS OF BUREAU OF INDUSTRY.

The following members (ten “ordinary,” being State members, and four “special,” representing farming and manufacturing industries) of the Bureau of Industry were appointed in January, 1937, by the Hon. the Minister of Industries and Commerce:—

Ordinary Members.—Mr. L. J. Schmitt (Chairman), Mr. F. Johnson (Deputy-Chairman), Mr. E. D. Good, Mr. A. Tyndall, Mr. J. S. Hunter, Dr. E. Marsden, Mr. E. J. Fawcett, Mr. L. J. McDonald, Mr. G. C. Rodda, Mr. G. A. Pascoe.

Special Manufacturers' Representatives.—Mr. C. M. Bowden, Mr. I. Matheson.

Special Farmers' Representatives.—Mr. T. C. Brash, Mr. H. Morrison.

During the absence of Mr. G. C. Rodda in England, Mr. E. L. Greensmith has been acting as a member of the Bureau.

MEETINGS HELD.

The first meeting was held on the 8th January, 1937, and up to the present twenty-nine meetings have been held. In addition, however, a large number of meetings of sub-committees have been held to consider in detail the wide range of subjects which have come under the consideration of the Bureau.

SUMMARY OF WORK UNDERTAKEN.

The following is a summary of the principal work being carried out in regard to the major sections of the Bureau's activities:—

Licensing.—One of the most important functions of the Bureau in its work of organizing industry along efficient lines is that of acting as a licensing authority under the Act. Fifteen industries have already been gazetted, and these are as under:—

- The manufacture of dry-cell batteries.
- The manufacture of asbestos-cement products.
- The manufacture of rubber tires and tubes.
- The manufacture of electric ranges.
- The manufacture of pumps for the distribution of motor-spirit.
- The manufacture of cement.
- The manufacture of rennet.
- The manufacture of phosphatic fertilizers.
- The manufacture of wooden heels for footwear.
- The importation and/or wholesale distribution of motor-spirit.
- The retail sale and distribution of motor-spirit.
- The business of any chemist or druggist carried on by the keeping of any open shop or place for the compounding or dispensing of prescriptions.
- The taking (by use of boats) of fish for purposes of sale.
- The export of fish.
- The taking of oysters from oyster-beds.

These industries were so gazetted in order that, through licensing in terms of the Act, greater efficiency could be secured to the benefit of the consuming public and to those engaged in the industry concerned. In this connection the Bureau has finalized the method of procedure to be adopted in considering applications for licenses, and many decisions have now been given in regard to the granting of licenses or otherwise.

Retail Sale and Distribution of Motor-spirit.—With the introduction of the Industrial Efficiency Act and the gazetting of the industry of the retail sale and distribution of motor-spirit, the Bureau of Industry was entrusted with the licensing of future reselling units and control of the position in regard to existing petrol-reselling businesses. Since the requisite *Gazette* notice was issued, no fewer than 805 applications have been received and investigated.

FISHING INDUSTRY.

On the recommendation of the Bureau, an extensive investigation is at present being made into all the phases of the fishing industry, including marketing, by the Sea Fisheries Investigation Committee, which is now taking evidence and making inspections of conditions in different parts of the Dominion. Pending the finalizing of these inquiries the Government decided to bring the industry of the taking of fish (by use of boats) for sale, the export of fish, and the taking of oysters from oyster-beds under the licensing provisions of the Industrial Efficiency Act. The Bureau is adopting a policy of holding the present position as far as possible after taking into account the immediate needs of any particular area or the circumstances affecting any application until recommendations of the Investigation Committee are available. As a general rule, therefore, if any particular application embodies proposals for a substantial increase in catching-capacity or supply to a particular market, and the granting of a license might therefore conflict with recommendations which may be made by the Investigation Committee in regard to that area, a final decision on that application is being deferred in the meantime. Applications for licenses dealt with number eighty-three. It should be noted that the licensing provisions of the Industrial Efficiency Act have not been made applicable to the retail sale of fish.

APPEALS.

The Industrial Efficiency Act provides that appeals may be made to the Minister of Industries and Commerce against any licensing decision of the Bureau, and in this connection, in accordance with powers given in the Act, the Minister has appointed Sir Francis Frazer as a person to inquire into and report to him upon the subject-matter of any appeal. Up to the present thirteen appeals have been heard, and the Minister has given decisions.

PLANS OF REORGANIZATION.

In addition to endeavouring to obtain greater efficiency in industry through the exercise of its licensing powers, the Bureau, with the same object in view, has given consideration to the formulation of plans for the reorganization or rehabilitation of various industries.

The following are brief comments upon plans which are under consideration in respect of major industries.

Flax.—One of the most important industries which has received consideration is the flax industry. The Bureau prepared a provisional plan of reorganization. When this plan was first placed before those engaged in the industry it was evident that, although a plan of rehabilitation was desired, it was necessary to reconcile many individual interests. The Bureau therefore arranged for the setting-up of committees representative of the various sections of the industry in order to discuss the plan with the Bureau of Industry, with a view to evolving a plan of which the industry could request adoption under the Industrial Efficiency Act, 1936.

After several conferences between the Bureau of Industry and the various special committees of millers and growers an amended plan was evolved which met with the approval of such committees. All flaxmillers and growers were supplied with a notice regarding the material provisions of the plan and were asked to vote for or against acceptance of the plan.

To give those engaged in the industry an opportunity to discuss the plan with representatives of the Bureau, meetings were held at Auckland, Foxton, Wellington, and Invercargill, and these meetings were most successful.

The results of the voting disclosed unmistakable support for the adoption of the plan, as although a number of voting-papers were naturally not returned, even then 75 per cent. of the principals engaged in the industry voted in favour of the plan.

The plan virtually gives self-government to the industry through the medium of the Industrial Committee, which will be appointed as representative of the industry to carry out the provisions of the plan. The committee will consist of representatives of flaxmillers and growers, merchants, manufacturers of flax products, workers, and the Government. The committee will consider problems of research, the organization of marketing, the establishment of an experimental commercial mill, and the fostering of the industry in every way as elaborated in the plan itself. It is hoped that as a result of the plan, which has the support of flaxmillers and growers, the reorganization and rehabilitation of the industry will be secured, which, as has been stated by the representatives of the industry, is vitally and urgently necessary if the New Zealand flax industry is to survive.

Pharmacy.—The question of the operation of company pharmacy in New Zealand has received the close attention of the Government, and a special Parliamentary Committee was set up for the purpose of examining the whole position and reporting thereon. After receipt of the Committee's report, the matter was referred to the Bureau of Industry for consideration and the preparation of a plan in respect of the industry.

The reconciliation of the interests of individual pharmacists and large-scale enterprise has presented a problem of great difficulty, but considerable progress has now been made towards finalization of a provisional industrial plan which will be submitted as soon as possible to those engaged in the industry. In the course of preparation of this plan the Bureau has held many discussions with representatives of all the interests directly concerned.

Kauri-gum.—The Bureau has also made certain proposals in regard to the kauri-gum industry, and it has been necessary to conduct exhaustive investigations in England as regards the market for gum. The competition of synthetic resins presents a considerable problem in this connection, and if investigations now being made prove satisfactory a brighter future may be given to those engaged in the industry.

Manufacturing Industries.—The Bureau also has before it a number of plans for expanding and co-ordinating manufacturing industries so that such industries can develop to produce better-quality products in a more efficient manner both as regards actual manufacture and distribution. For the purpose of considering the many factors involved in such plans, special committees of the Bureau are functioning and discussions are held with those sections of an industry immediately affected.

Preparation of Hides for Export.—The Bureau of Industry, in conjunction with the Department of Agriculture, has been giving consideration to the question of the institution of a system of grading and regulation in connection with the preparation of hides for export.

In accordance with representations which have been made by buyers in overseas markets, it is most essential that hides exported from New Zealand conform to certain grades, and are marked accordingly. In this connection draft regulations were prepared providing for measures to secure the better preparation of such hides and their grading for export, and the regulations were submitted to those engaged in the industry. Following upon the preparation of these draft regulations the industry itself has formed an association which is to consider the question of improving the standard of hides exported and to endeavour to arrange methods to achieve that end. As the industry itself is taking action in this direction, the Government is holding over the immediate gazettement of the regulations and has referred the question to the New Zealand Standards Institute for the taking of the necessary action to develop standards for the preparation of hides. It is expected that when the necessary action is taken to ensure that all hides exported conform to certain grades and qualities not only will our existing markets be protected, but an increased overseas market will be built up for these products.

NEW INDUSTRIES.

A further duty of the Bureau is to promote new industries, and a number of proposals to establish major industries are now before it. Certain new industries have also been established during the period the Bureau has been in operation, a major one being that of the manufacture of asbestos-cement products embracing high-pressure pipes, sheets, corrugated roofing, &c. In this connection the Bureau granted licenses on certain conditions to Jas. Hardie and Co., Ltd., and to the Hume Pipe Co. (Aust.), Ltd. The former firm has been the principal supplier of asbestos-cement goods for some time from its Australian factory, and immediate steps are being taken to build a modern factory at Auckland. The Hume Pipe Co. (Aust.), Ltd., is actively engaged in developing a mine for the production of raw asbestos which, it is hoped, will be utilized at a later date to manufacture asbestos-cement goods.

FINANCIAL ASSISTANCE TO INDUSTRIES.

The Bureau works in close co-operation with the Labour Department in relation to the subsidizing of industries and with the State Advances Corporation in respect of the extension of financial assistance to industries under the provision of section 29 of the State Advances Corporation Act, 1936. In connection with such applications, investigations are conducted by the Bureau, and recommendations made accordingly.

During the short period the Bureau has been established a number of favourable recommendations have been made and funds provided to enable industries to become established in cases where finance from other sources is not available, or to develop an existing industry.

VALUE OF BUREAU ORGANIZATION.

It has been found that, notwithstanding the short period the Bureau of Industry has been established and the time which, of course, has been required in the initial stages in evolving organization and procedure, foundations have been laid and valuable work done in the securing of co-ordination in regard to a number of industries, and the operation of such industries on more efficient lines so that benefits will accrue to consumers, workers, and those conducting such industries. It is worthy of mention that, in regard to a number of industries which are subject to license under the Industrial Efficiency Act, it is already evident that the work of the Bureau in regulating new entrants into such industries in accordance with economic considerations, and especially service required for the consumer, has resulted in the prevention of the establishment of redundant units which would, in the long-run, operate to the detriment of all concerned. It is evident also that the Bureau of Industry organization is serving a very real purpose in co-ordinating the activities and functions of the various State Departments directly concerned in industrial development, especially in regard to major problems.

VISIT OF HON. W. NASH TO UNITED KINGDOM, ETC.

It was deemed advisable to include an officer of this Department in the delegation which accompanied the Hon. W. Nash to the United Kingdom, the Continent of Europe, Canada, and the United States in connection with the Minister's discussions on trade matters with the Government of the United Kingdom and other Governments. Accordingly, it was decided that Mr. G. A. Pascoe, Technical Advisor to the Department, should accompany Mr. Nash.

Prior to the Minister's departure the Department assembled a great amount of detailed information respecting the Dominion's trade and suggestions for the expansion of industrial activity within the Dominion. Whilst abroad Mr. Pascoe has investigated a number of industries which offer prospects for suitable development within the Dominion.

The results of his investigations and inquiries will be of considerable value and use to the Government and the Bureau of Industry.

WHEAT, FLOUR, AND BREAD.

During the year the wheat, flour, and bread rationalization scheme has functioned without major alteration. The scheme has worked smoothly and has given satisfaction to growers, millers, and bakers.

Wheat.—Because of unfavourable weather conditions, which interfered with sowing operations, the crop was again a short one, and it has been found necessary to import some wheat from Australia and from Canada. World wheat-prices are at a higher level than they have been for several years, and the cost of wheat for import has in consequence been higher than usual.

Weather conditions during the 1936 harvest were very unfavourable, and in consequence a certain amount of wheat sprouted in the stook. Flour made from a grist which contained a proportion of this sprouted wheat caused some initial difficulty in baking, but, with the co-operation of the Wheat Research Institute, bakers were able to master the slight variation in baking technique necessary to enable them to bake their usual high-grade product.

That it is, in general, a very high-grade product is not open to doubt. New Zealand can and does produce wheat which makes better bread than does wheat produced by many other countries in the world.

Though the weather during the 1937 harvest was not favourable, no difficulties from sprouted wheat have been experienced, although some problems associated with high moisture have been encountered.

The question of whether or not to extend the control scheme to cover feed wheat as well as milling wheat was given full consideration prior to the 1937 harvest, but, in view of the unusual difficulties connected with the short crop and high overseas wheat-prices, it was decided to leave the market for feed wheat uncontrolled. Steps have been taken by the Wheat Committee, however, to prevent feed-wheat prices from rising unduly. Milling wheat has been released for feed purposes when that course was necessary to prevent a shortage, and advantage has been taken of any favourable movement in the Australian market to import wheat which has been sold at a figure as close as possible to the duty-free landed cost.

Prior to the 1937 harvest a special Committee was appointed to inquire into the costs of growing wheat. The basic price of wheat was increased for the 1936-37 crop to allow the farmer a price on a March Tuscan basis as near as possible to 5s. 3d. per bushel.

The buying prices for wheat for the 1937 season are based on a price of 5s. per bushel for March sales of Tuscan grade, f.o.b. South Island ports. For wheat delivered in succeeding months there is an increment of 1d. per bushel for each month up to July, and an increment of $\frac{1}{2}$ d. per bushel for each of the months of August and September. The price for wheats of Hunters grade exceeds the Tuscan prices by 2d. per bushel, and the price for Pearl and Velvet wheats is 4d. per bushel above Tuscan. It is anticipated that the final payment to growers after the close of the season will approximate 3d. per bushel.

Flour.—During the year two mills which were unfavourably situated for the economical milling of flour closed and subsequently their output allocations were transferred to other mills.

To compensate millers for the extra costs involved by the adoption of the shorter working-week and other increased costs a small increase of 3s. 6d. per ton was made in the price of 1936 "sack" flour.

Bread.—On 26th August, 1936, the Board of Trade (Bread-price) Regulations made on 12th February, 1936, were revoked and new regulations were made. An increase of 1d. per 4 lb. loaf was provided for in the main centres and in certain other towns where the standard price of flour prevailed. This increase was given to offset increases in costs of production.

The members of the Wheat Committee for the 1937 season are: Hon. D. G. Sullivan (Chairman); L. J. Schmitt, Esq. (Deputy-Chairman). Members: Alan Grant, Esq., W. W. Mulholland, Esq., H. F. Nicol, Esq. (representing wheatgrowers), J. P. O'Connor, Esq., H. Worrall, Esq. (representing flourmillers), C. H. Cowan, Esq. (representing master bakers).

TOBACCO-GROWING INDUSTRY.

Up to the time of the passing of the Tobacco-growing Industry Act in 1935 the industry had been in a more or less chaotic condition by reason of the fact the production of leaf had borne no relation under the then existing conditions to demand or consumption.

The fact that there had been overproduction in the industry had been well established. Production had proceeded somewhat haphazardly without any regard to market requirements and, in spite of the increased use of New-Zealand-grown leaf by New Zealand tobacco-manufacturers, production had outrun demand.

Growers had not known from time to time just what quantity of leaf it was necessary to produce, or how much, within reasonable limits, they were likely to get for it when it was produced. Surplus leaf over and above contracts and the resulting stocks of leaf on hand had represented a danger to the industry and had prejudiced the position from the growers' point of view. The Tobacco-growing Industry Act was accordingly passed in 1935 for the purpose of providing legislative authority under which the industry could be controlled, and production, manufacture, sales, and exports conducted on proper businesslike lines instead of under the haphazard methods which had existed in many instances in the past.

Under this Act a Tobacco Board is established, consisting of four representatives of growers, four representatives of manufacturers, and one Government representative, who is Chairman of the Board. The Board was appointed by the present Government as from the 20th April, 1936. The Secretary of the Department of Industries and Commerce is Chairman of the Board, and an officer

of the Department is Secretary to the Board. Members and officers of the Board appointed were as follows: Messrs. L. J. Schmitt (Chairman); J. F. Balck, G. W. Relat, N. Rowling, H. A. Thorn (representatives of growers); G. Husheer, R. B. Smith, K. A. Sneddon, A. H. Spratt (representatives of manufacturers); and H. L. Wise (Secretary). Messrs. G. Husheer and R. B. Smith resigned from the Board at the end of April, and on the 2nd June Messrs. E. M. Hunt and C. C. Nash were appointed to fill the vacancies.

The importance of the tobacco-growing industry as a field for the absorption of labour has been steadily kept in view both by the Board and by the Department of Industries and Commerce, and consideration has been given by both bodies to a long-range plan for the development of the industry. As this, however, involves adjustments both to the Customs tariff and sales-tax, the Government has not yet been able to give its approval to the full scheme. The scheme has, however, been adopted in a somewhat modified form as here outlined.

To prevent the sale of leaf, especially surplus leaf produced over and above contracts, at very low prices unprofitable to growers, the Board recommended to the Government that regulations should be passed fixing a minimum price for leaf. The Government acceded to the request of the Board, and regulations were accordingly passed under the Board of Trade Act, 1919, on 18th November, 1936, fixing a minimum price of 1s. per pound free on board ship at Motueka or Nelson in the case of tobacco grown in the Nelson Provincial district—the principal growing district—and in the case of tobacco grown in any other district, 1s. per pound free on board or free on rail at the port or railway-station which is nearest to the place at which the tobacco is grown.

These regulations covered leaf of the 1935–36 season and expired on 31st March, 1937. Further regulations increasing the minimum price from 1s. to 1s. 2d. per pound and covering leaf of the 1936–37 season were passed on 9th April, 1937, and these will expire on 31st March, 1938.

These regulations have done a great deal to stabilize both the growing and the manufacturing branches of the industry and have been effective in eliminating one of the causes of the chaotic conditions which had at one time been so marked a feature of the industry.

So far as the actual prices for the 1936–37 season's leaf are concerned, following upon action taken by the Government and by the Board, representatives of certain manufacturers met growers at a very large meeting held at Motueka on the 20th May, 1937. As the outcome of this meeting, manufacturers undertook to pay such prices for the 1936–37 season's leaf as would return to the growers an average of approximately 2d. per pound more than the average price received for the 1935–36 season's leaf.

So far as the 1937–38 season's leaf is concerned an investigation is at present being made into the cost of production of leaf in the Nelson and Motueka districts, and when this survey is completed and the results available the cost figures will be utilized to form the basis for the determination of prices for next season's leaf. Wages to be paid to employees in the tobacco-growing industry for next season are at present the subject of negotiations between representatives of growers associations and representatives of the New Zealand Workers' Union. The proposals of the Board, so far as prices for next season are concerned, envisage a definite fixation of prices in relation to grades.

A further aspect of the Board's plan, and a very important aspect, is that which has relation to research into diseases affecting tobacco-plants and tobacco-leaf. In this connection the Board has taken definite steps to assist in an immediate research programme by making a grant of $\frac{1}{2}$ d. per pound on both the 1935–36 and 1936–37 season's crops. A research Committee has recently been appointed consisting of representatives of the Departments of Scientific and Industrial Research, Agriculture, and Industries and Commerce, together with representatives of the Cawthron Institute, Tobacco Board, and tobacco-growers.

This Committee recently decided upon the immediate purchase of approximately 15 acres of land in the Nelson or Motueka district on which will be erected a research station. As soon as the erection of this station is completed a programme of research will be proceeded with with all speed. The problem of "mosaic" disease will be one of the first problems to be tackled by the research station, this being one of the most serious difficulties with which the growing industry is faced to-day.

ONION-GROWING INDUSTRY.

Representations were made to the Government during the year concerning the desirability of action being taken to develop the onion-growing industry in New Zealand, and particularly to safeguard onion-growers from the effects of unnecessary importations of onions from abroad.

Low prices over a period of years had rendered the growers' lot a somewhat unstable one, and it was felt by the industry that some scheme of control was necessary whereby assistance and encouragement to growers could be given and whereby New Zealand could be made more nearly self-supporting in her requirements of onions.

A Committee consisting of one officer from each of the Departments of Agriculture, Customs, and Industries and Commerce was accordingly set up to inquire into the position. After consultation with the growers both in the Canterbury and Pukekohe areas this Committee submitted a comprehensive report to the Government on the matter, and, as the outcome, regulations were passed under the Board of Trade Act, 1919, on 18th March, 1937, to give effect to a scheme to cover onions of the 1936–37 season's harvest.

The regulations provide for the grading of onions by the grower, for the fixation of minimum prices at which onions could be sold by and bought from growers, for the fixation of merchants', auctioneers', and brokers' margins of profit, for the making of monthly returns of sales and purchases by growers and by merchants, auctioneers, and brokers to the controlling authority—namely, the

Department of Agriculture—which administers the regulations, and for the setting-up of two advisory committees, one in the North Island and one in the South Island, for the purpose of advising the controlling authority on matters affecting the industry.

Some difficulties occurred in the Canterbury district following upon the passing of the regulations, a section of the trade claiming that the regulations through the fixing of merchants' margins were hampering sales. These difficulties were, however, mainly caused by misunderstanding and misinterpretation of the regulations. In the other onion-growing districts no difficulties at all have been experienced.

Coincidentally with the passing of the regulations, an Order in Council was gazetted prohibiting the importation of onions save with the consent of the Minister of Customs.

One of the principal difficulties that growers have had to contend with in the past and an important factor in keeping the price of New Zealand onions low at certain times of the year has been the competition of imported onions. The control of importations of onions from abroad is consequently an important feature of the present scheme.

The possibility of introducing a more complete scheme for next season is now under consideration, the regulations which were passed being of the nature of a temporary scheme for the 1936-37 season only. There was not time before the harvesting of this season's crop for the Government to give full consideration to a complete scheme of control embodying a guaranteed price.

Owing to the 1936-37 season being unfavourable climatically to onion-growers' supplies of locally-grown onions will probably be exhausted earlier this year than usual, and as supplies will not come to hand from America for some little time to come arrangements have recently been made for supplies to be made available from Victoria to tide over the temporary shortage which would otherwise occur. As mentioned above, the regulations are administered by the Department of Agriculture, the Board of Trade Act merely being the vehicle for the passing of the regulations.

INVESTIGATION INTO THE MARKETING AND HANDLING OF FRUIT AND VEGETABLES.

During the year an exhaustive inquiry into the marketing and handling of fruit and vegetables was conducted by the Fruit Marketing Committee comprised of an independent Chairman, Mr. Alfred Coleman, and an officer of each of the Departments of Industries and Commerce, and Agriculture.

The Committee's order of reference was an extensive one and embraced all phases of the marketing and distribution of New-Zealand-grown and imported fruits and vegetables.

The small fruits, citrus, and hop industries of the Dominion were made the subject of special investigation by the Committee, whose work included a review of the packing, grading, standardization, transport, cool storage, wholesale and retail distribution, including costs of distribution, Asiatic competition, and the utilization of fruit and vegetables for canning and other purposes.

Sittings were held continuously from the 5th August to the 27th October, 1936, in Dunedin (twice), Roxburgh, Alexandra, Christchurch, Hastings, Tauranga, Auckland, Kerikeri, Wellington (twice), Nelson, and Motueka.

During that time 260 witnesses, comprising growers, wholesale fruit-merchants, brokers, retailers, jam and preserved-fruit manufacturers, and representatives of transport, labour, and other interests gave evidence before the Committee.

The Committee completed its report in January of this year, and this was made available for publication at the end of April.

Briefly and broadly summarized, the report of the Committee recommends that the Government formally assume control of four horticultural commodities by amending and extending the Primary Products Marketing Act.

In order to improve the existing unorderly system of marketing, the Committee suggests that the producers should be organized into marketing authorities for the better handling and control of the sale and distribution of their produce.

Such authorities would be subject to the direction of the Internal Marketing Department rather than under control. Compulsory standardization of certain fruits, notably pears and apples, and the elimination of low-grade fruits from the markets is also advocated by the Committee and is calculated to improve the tone generally within the industry.

The desirability of reducing the number of auctioneers operating in the various centres throughout the Dominion is also stressed as a means of minimizing the overhead which the industry has to carry.

In addition, the opening of trust accounts by auctioneers and wholesalers, together with uniform systems of accounting, case-charging, and commissions, are also dealt with in the report.

So far as the system of retail distribution is concerned, the Committee deals at length with the wasteful practices obtaining in this section of the fruit trade. There are apparently too many retailers of fruit and vegetables and this has resulted in a very costly and wasteful form of distribution. Licensing is recommended for the purpose of limiting the number of new entrants into this section of the trade and also as a means of gradually reducing the numbers already in it.

The introduction of cheaper systems of selling fruit and vegetables by means of hawkers, street barrows, and retail stores or marts is also recommended.

With regard to imported fruits, the Committee recommends that a scheme of controlled distribution be introduced for bananas and oranges which are produced in the Dominion's dependencies and Mandated territories as these are already under Government control.

In the special section of the report dealing with the hop industry it is recommended that a hop-marketing authority be established to control the sale and distribution of hops. This authority, although primarily controlled by the producers themselves, would, if established, be subject to the overriding authority of the Marketing Department.

RAROTONGAN FRUIT INQUIRY.

Following an inquiry into the marketing and handling of Cook Islands fruit which was undertaken by the Industries and Commerce Committee of the House last year, a special parliamentary delegation visited Rarotonga during July and August, 1936.

On their return the delegation presented a report on the Cook Islands fruit industry, and as a result of their recommendations the Government has taken steps to control the marketing of Cook Islands oranges. In addition to oranges, powers have also been taken to take over any other class of fruit exported from the Islands at any time and also to control its sale and distribution within the Dominion.

WOOLPACKS.

During the past year the Government has again maintained its interest in the activities of the company at Foxton engaged in the manufacture of woolpacks from *Phormium tenax*, and has in a practical manner afforded assistance to the company to enable it to continue in operation. It was considered that it was in the national interest to ensure that the Foxton works should be kept in operation, in view of the outlet for employment (the company at present employs upwards of two hundred workers in the factory and consequential labour is provided in flax areas and flaxmills of approximately one hundred men) and in view of the capacity of the works to absorb as a raw material New Zealand *Phormium* fibre. In this connection, too, it was felt that the present works offer scope for the extension of its operations to include in future the manufacture of bags, sacks, &c., while at no distant date it is probable that a greater quantity of New Zealand's requirements of woolpacks may be manufactured.

At the commencement of the season it was ascertained that a very real difficulty presented itself which would have had the effect of causing the company to discontinue operations were preventative measures not taken. Owing to fierce internal competition prevailing in the jute trade in Calcutta, the price of jute-packs became extremely low on the New Zealand market and sales could have been effected at levels which would have automatically resulted in the closing-down of the Foxton works. The Government therefore again sought the co-operation of stock and station agents at the commencement of the season, and the following arrangement was made to assist the marketing of New-Zealand-made woolpacks:—

- (1) The importation of jute-packs was prohibited, except under license.
- (2) Prices of both imported jute-packs and New-Zealand-made flax-packs were fixed by Order in Council under a pooling arrangement with stock and station agents.
- (3) All importers of jute-packs were required to purchase two New-Zealand-made flax-packs to every five jute-packs imported.

The Department wishes to place on record its appreciation of the help received from all sections in the successful carrying-out of the scheme outlined above.

During the year provision was made for the purchase of certain additional machinery from the United Kingdom which will have the effect of enabling manufacturing operations to be carried on with greater efficiency. A portion of this plant is now to hand and further machines are to arrive within the next two months, but these will not be installed in time to effect any appreciable economy in production on the current season's pack; the manufacturers of the various machines, however, have given a written guarantee that the new plant will produce wool-packs at substantially lower operating costs. Very favourable reports have been received in regard to the quality of the Dominion-made pack, and it appears that any defects which may have been observed before are now entirely eliminated.

The Government is represented on the directorate of the Foxton company by two representatives, one of whom is an officer of this Department.

SEA FISHERIES.

Arising out of an accumulation of evidence in the hands of the Departments of Industries and Commerce and Marine, as to the difficulties under which the sea-fishing industry was operating and as to apparent lack of co-operation amongst the various units engaged in the industry, there was set up by the Government a Committee of inquiry to investigate and report upon the conditions existing, the order of reference reading as follows:—

The Committee shall inquire into and report upon—

- (1) The condition and prospect of the sea-fishing industry of New Zealand, including investigations into any matter relating to the exploitation and conservation of our sea fisheries; the catching, landing, treatment, preservation, storage, transport, internal and external marketing and distribution (both wholesale and retail) of sea fish, shell-fish, and other marketable marine products.
- (2) The scientific evaluation, control, and administration of the sea fisheries.

This Sea Fisheries Investigation Committee comprises as members Mr. James Thorn, M.P. (Chairman); Mr. E. Sheed, of the Department of Industries and Commerce; and Mr. M. W. Young, Assistant Chief Inspector of Fisheries. The Committee commenced its investigations at the Bluff and Stewart Island in the middle of March, and at the end of June had visited all the fishing-ports in the South Island and on the east coast of the North Island up to Thames. Altogether approximately two hundred witnesses have been examined and valuable evidence on all aspects of the industry has been placed in the hands of the Committee.

Soon after the completion of its investigations the Committee will place before the Government its recommendations as to what it considers ought to be done to place the industry upon a more uniform and economic basis, consistent with the conservation and continuity of supplies in all fishing-grounds.

CEMENT.

Following on the introduction of a zoning system by the cement companies, which resulted in a reduction in the price of cement, the accounts of the companies' operations under the scheme were investigated by the Department. These disclosed that, generally speaking, the scheme had been of benefit to all companies as well as the public generally.

The Bureau of Industry is now taking up the whole question of the price of cement in view of the fact that applications have been received for licenses to erect new plants to manufacture this commodity. The necessary comprehensive investigation into the relevant claims of the applications for the erection of these works has not yet been finalized, but it is hopeful that the result of the inquiries will be a further reduction in the price of cement.

TIMBER.

The question of the price of timber throughout the Dominion has engaged the very close attention of the Department. As a result of the introduction of legislation returning wages to the 1931 level the representations of the various timber-millers' organizations for an increase in the price of timber were thoroughly investigated. A Timber Price Committee was set up, to which was appointed a representative of the Department.

The original demands of the millers proved to be based on wrong premises, and as a result the prices finally determined as being reasonable, taking into account not only the wage-restoration rates but also the forty-hour week, which came into operation on the 1st September, 1936, were considerably lower than those asked for by the millers.

Similar investigations were conducted into the prices charged by timber-merchants, and here again the prices ultimately considered to be reasonable were below those originally suggested by the merchants.

Special reference in regard to white-pine timber should be made, in that through a shortage of white-pine supplies in the North Island the dairying industry's requirements for butter-box containers had to be drawn from the South Island. This necessitated a very comprehensive review of the situation in order to see that containers were available to the dairying industry at as reasonable a price as possible consistent with the rise in wages and reduction in working-hours.

Closely related to the question of white-pine was that of the price of containers to the dairying industry, and here again the Committee had to see that butter-boxes were available to the dairying industry at as low a price as possible.

It is estimated that over a period of twelve months the saving effected by the Timber Price Committee amounted to something like £500,000, which the ultimate consumers would have had to pay had no steps been taken to ensure that only those costs consequent on the forty-hour week and 1931 wage-level had been added to 1st June price-lists.

PETROL.

Under the Motor-spirits (Regulation of Prices) Act power existed to fix the maximum and minimum prices of petrol, taking into account all factors of costs, transport, insurance, &c., both overseas and local.

The Government pursued its promise to fix the price of motor-spirit in various areas, and the Department has conducted very intensive investigations into the conditions operating in certain areas. Up to the present prices have been fixed in the Wellington, Christchurch, North Canterbury, Mid-Canterbury, South Canterbury, North Otago, Manawatu, Taranaki, Wanganui, and North Wellington districts, and the relative investigations in each area disclosed that each district had its own local difficulties and problems to be overcome.

The regulations have been framed to stabilize as much as possible existing conditions within the industry, but where uneconomic price-cutting has so disrupted the trade as to warrant action being taken by the Government the price fixed has been such as to return resellers 3d. per gallon margin of gross profit, which, it is considered, is required to give the reseller a fair return for his labour.

Investigations in other areas are almost completed and it is hoped that further regulations will shortly be introduced.

In the course of investigations in various districts covered by price-fixation the question of the reselling of motor-spirit by dairy companies came under review. These companies were selling in competition with resellers and, in order to prevent any suggestion of price-cutting being carried on by the companies, the Hon. the Minister has indicated that he proposes introducing at the forthcoming session of Parliament an amendment to the Motor-spirits (Regulation of Prices) Act to permit dairy companies to distribute profits made on the resale of motor-spirit in such a way as not to contravene the relative section of the Act.

BOARD OF TRADE (FERTILIZER) REGULATIONS, 1936.

The cost of production and distribution of superphosphate throughout the Dominion has for a number of years past been the subject of investigation and inquiry by the Department.

By virtue of the Board of Trade (Fertilizer) Regulations, 1936, the price of superphosphate was fixed at £3 16s. per ton ex works in the North Island and £4 2s. per ton ex works in the South Island. These prices are to farmers. The margin of profit that may be obtained by merchants was fixed at 4s. 6d. per ton in the case of the North Island merchants and at 6s. 6d. per ton in the case of South Island merchants. Dairy factories and storekeepers are allowed a margin of profit of 2s. per ton in the North Island and 4s. per ton in the South Island.

The reason for these variations in margins of profit in the North and South Islands is explained by the fact that the North Island has a very much greater output and, while the rate is smaller, the amount of profit earned is much larger than in the South Island. In the South Island the manufacturers have several free-delivery points, and the loss in railage incurred by the companies accounts for 5s. of the difference between the price fixed in the North and South Islands for superphosphate. Allowance is also made for the higher commissions in the South Island.

In addition to fixing the price for superphosphate manufactured in the Dominion, the Order in Council also fixed the rate of commission which could legally be added to the landed cost of imported phosphatic fertilizers. The rate of commission fixed in the North Island was 6 per cent., and in the South Island 8 per cent. The reason for fixing the rate of profit on imported phosphatic fertilizers was to prevent any special inducement on the part of importers to sell imported superphosphate in preference to Dominion-made superphosphate, and to assure a portion of the local market to the New Zealand manufacturer, in view of the substantial employment created by the works in the Dominion.

It is of interest to note that the previous ruling prices were fixed at £4 per ton in the North Island and at £4 5s. per ton in the South Island, so that the 1936 regulations caused a reduction in price of 4s. per ton in the North Island and 3s. per ton in the South Island.

In order to provide the farming interests with superphosphate at the lowest possible price the Government agreed to pay a subsidy of 11s. per ton in 1931, and manufacturers also contributed towards a reduction in price. During the succeeding years the amount of subsidy has been gradually reduced (except during 1933, when it was slightly increased) and was finally eliminated on the 31st May, 1936. This has been accomplished with reductions in the price of superphosphate. The following table will clearly show the extent to which the industry has been assisted by the allocation of State funds since the subsidy came into operation.

From	To	Rate per Ton.	Tonnage.	Amount.
		s. d.		£
12th October, 1931	30th June, 1932	11 0	240,024	132,013
1st July, 1932	30th June, 1933	8 10	238,618	105,391
1st July, 1933	31st December, 1933 ..	10 0	136,826	67,343
1st January, 1934	30th June, 1934	5 0	170,441	42,607
1st July, 1934	30th June, 1935	2 6	305,650	38,205
1st July, 1935	31st May, 1936	1 9	327,620	29,415
			1,419,179	430,717

GAS REGULATIONS.

The Board of Trade (Gas) Regulations administered by the Department are designed to provide protection in respect of calorific value, purity, pressure, measurement, and price.

All the large undertakings, both municipal and private, have been brought within the scope of the regulations, and the number now covered by them is nineteen.

The work of the Gas-examiners and Inspector of Meters has been carried out efficiently during the year, and official relations with the gas companies and municipal undertakings have, without exception, continued to remain most satisfactory.

During the year certain gas companies found that, as a result of higher coal-prices and of increased wages-costs consequent on the restoration of wage cuts and the adoption of the forty-hour week, they were unable to continue on the then existing scale of charges for gas. In each case where application was made for approval to increased charges a full investigation was made by the Department. The following price increases were found to be justified and were agreed to—

Auckland Gas Co., Ltd.	..	..	..	4d. per 1,000 ft.
Napier Gas Co., Ltd.	..	..	..	5d. per 1,000 ft.
Timaru Gas Co., Ltd.	..	..	..	6d. per 1,000 ft.

CHATELS TRANSFER ACT, 1924.

The Department administers section 57 of the Chattels Transfer Act, 1924, which provides for the protection of bailors of such chattels as are referred to in the Seventh Schedule to the Act without the necessity for the registration of the agreement concerned. Provision is also made to enable Orders in Council to be gazetted extending the Seventh Schedule by the addition of further classes of chattels recognized as being the subject of "Customary hire-purchase agreements."

Applications are from time to time received for the extension of the Schedule to include further classes of chattels, and thorough investigations are made in each of the four main centres as to the customary trade practice adopted in the disposal of these chattels, and as to the desirability or otherwise of adding such chattels to the Seventh Schedule. During the year an application was received for the inclusion of permanent-waving machines, electric hair-dryers, electric vibrators, and violet-ray apparatus. An investigation into the trade customs existing in each of the four main centres was made, but the evidence disclosed did not show that the addition of these articles to the Schedule was warranted.

The general question of policy in relation to further requests for additions to the Schedule is at present under review.

At the present time it is recognized that there is a weakness in the Chattels Transfer Act in that it is possible for unscrupulous dealers to make a profit out of the default of the hirer. Cases have been represented to the Hon. the Minister where a considerable sum has been paid on account of the amount owing and on default being made by the hirer the chattels have been seized and sold and have realized on sale more than the amount owing under the agreement—in other words, the profits have gone into the pockets of the unscrupulous dealer and the hirer has lost everything.

Proposals have been formulated to amend section 57 of the Chattels Transfer Act and thus prevent profits being made by dealers when hirers have failed to keep up their payments and the goods are repossessed and subsequently sold. The amendment will be designed solely for the purpose of giving a greater measure of relief to those who, through unfortunate circumstances, are unable to continue their payments under their agreements, and at the same time recognize the hirers' equitable right in chattels that are subject to customary hire-purchase agreements, a factor that does not exist under the law as at present framed.

TRADING COUPONS.

The Department is charged with the administration of the Trading Coupons Act, 1931. Under the provisions of this Act the redemption of trading coupons otherwise than for cash is an illegal offence.

During the year several instances of alleged breaches of the Act were investigated, but in no case was it found necessary for the Department to take a prosecution.

MOTION-PICTURE INDUSTRY.

During the year the Department has dealt with some twenty-three applications that have been received for additional exhibitors' licenses in various centres. The applications have been subject to the customary departmental inquiries and, in accordance with the procedure observed, referred to a Magistrate for his independent recommendation and report. This, in turn, is furnished to the Hon. the Minister, who adopts the practice of referring all applications to Cabinet for a direction. Of the number of applications received, fifteen were declined and eight granted.

On referring one of the applications to the Solicitor-General for an opinion it was found that the regulations in their then form were *ultra vires*, and it was therefore necessary to bring down regulations under the Cinematograph Films Act. These regulations incorporated most of the recommendations of the Film Advisory Committee appointed by the Hon. the Minister of Internal Affairs in 1936. The present regulations take care of a certain number of anomalies which existed in the previous regulations, and the same procedure is being observed in connection with the relevant inquiries where applications are received.

In this regard it is as well to mention that when it was found the Board of Trade (Cinematograph Films) Regulations were *ultra vires* the Hon. the Minister met representatives of the industry, both renters and exhibitors, and it was one common desire that the industry should still be licensed and they were in accord with the suggestion of the introduction of regulations under the Cinematograph Films Act incorporating the recommendations of the Advisory Committee appointed, which Committee was representative of the whole industry.

NEW ZEALAND CENTENNIAL.

Already much work of a preliminary nature has been undertaken to carry out the proposals in connection with the commemoration of this important event. The Government last year announced its intention to expend a sum of £250,000 in order to suitably mark the occasion by the erection of permanent memorials, including a national memorial to be erected by the Government, the preparation of a series of historical surveys of the first one hundred years of our national life, and by the holding of suitable celebrations, both national and local, throughout the year 1940.

In addition, the Government indicated that it would assist financially by grant and subsidy the project for the holding of an exhibition in Wellington in the centennial year. The company which has been formed to undertake the work of organizing and running the exhibition has accomplished much already. The Government is represented on the directorate of the company by three representatives, one of whom is an officer of this Department.

Representative committees have been constituted to give special attention to the many interests concerned and to the work of organizing a venture of this nature. Such committees are as follow: Finance, emergency, space and exhibits, publicity and printing, sports, works, transport, amusements.

Plans are well in hand for the erection of the various pavilions, of which that containing the exhibits to be provided by Government Departments will be prominently featured. It is intended to collaborate with the various Departments of State to ensure that the displays from this source will be both practical and educational.

Special buildings to accommodate the following sections are to be erected:—

- (1) New Zealand Secondary Industries Exhibition.
- (2) Engineering exhibits.
- (3) Motors and transport exhibits.
- (4) Provincial Courts (excluding trade exhibits).
- (5) General exhibits.

It is intended to provide outstanding musical and artistic events, through the engagement for the period of the exhibition of a world famous military band, together with orchestral and choral combinations, concert parties, &c. Invitations will be extended and facilities provided for trade and other conferences to be held in the exhibition. Arrangements will also be made for outstanding national and international sporting events of all descriptions, and similarly provision will be made for a large-scale amusement park.

Although the exhibition may not be termed "international" owing to the fact that other exhibitions will be held in different parts of the world about the time set down for the holding of the New Zealand Centennial, it is nevertheless intended to secure the active participation of other Governments, both Empire and foreign, in the New Zealand project. Concurrently with this, every endeavour is being made to induce individual New Zealand firms to feature their products.

NEW ZEALAND STANDARDS INSTITUTE.

During the year some reorganization and reconstitution took place in the New Zealand Standards Organization, which is now known as the New Zealand Standards Institute. Close co-ordination has been maintained between this body, the Bureau of Industry, and the Department. At present officers of the Bureau and the Department are represented on the Advisory Council and on various sub-committees which have been formed. Already the Standards Institute has performed much valuable work in relation to the introduction of standards in the Dominion according to the needs of the New Zealand conditions and requirements. The need for a greater and a more intense application of standards in New Zealand cannot be overemphasized. There are two aspects to standardization—simplification of sizes, types, and designs, and the development of standard specifications. "Simplification" means the reduction in the number of designs, types, grades, and varieties, &c., of products from the prevailing multitude of such things to a more limited number, thus simplifying their production and reducing their cost. As any system of standards has for its object the elimination of waste and expense and in general the reduction of costs, the importance of a more intense application of the system will be readily appreciated. It is not out of place to mention that all the great producing countries of the world to-day, together with many minor countries, are supporting Standards Institutions and providing money for the purpose.

PUBLICATIONS.

The Department has continued to issue during the past year information relative to industrial and commercial subjects. The quarterly bulletins on the finance, trade, and industry of New Zealand have been improved by the addition of further information relating to the economic position of the Dominion and by the inclusion of graphs dealing with the value of production and trade and banking.

The issue of a *News Bulletin* has been resumed, and three numbers have already been published. By means of this bulletin the Department hopes to disseminate to business men of the Dominion items of economic and commercial interest and relating particularly to general development in overseas countries. To this end the New Zealand Trade and Tourist Commissioners supply articles on trade and other matters which are regularly published.

These bulletins are widely distributed throughout New Zealand to the press, chambers of commerce, and individual business executives, while the quarterly bulletin on finance, trade, and industries has in addition a considerable overseas circulation. The numerous expressions of appreciation and requests for the bulletins received by the Department indicate that the information contained therein is of value to the business community.

MISCELLANEOUS ACTIVITIES.

Owing to the diversified nature of the functions of the Department it is not possible to outline in detail the many and varied subjects with which the Department has constantly to deal. The major activities of the Department have been covered fairly extensively in the foregoing pages. It should be mentioned, however, that it is not possible to make reference in this report to certain phases of the work carried out, as many of the investigations are of a confidential nature. Suffice to say that the Department has been called upon to an ever-increasing degree to undertake special and general inquiries relating to the Dominion's industries, commerce, and economic and social conditions. The scope of the work has increased considerably in extent, and this has been noticeable not only within the Dominion, but staffs in the Department's overseas offices have equally felt the pressure of the additional duties imposed upon them.

With returning prosperity increasing use has been made of the facilities offered by the Department in furnishing information relating to trade expansion, both in New Zealand and with the outside world. Necessarily much of the information is of a confidential nature, but, as indicative of the wide variety of inquiries received from overseas in respect of trade development, the following may be mentioned.

Markets for hides and skins, scrap metal, speciality food products, milk-powder, condensed milk, beeswax, pumice-stone powder, canned tomatoes, waste materials for paper-making, fish, chamois-scrap, paua-shell, wool-grease, potatoes, peas, agricultural produce, deer tails and hides, casein, tallow, fresh fruits, onions, bones, horns, &c., leather belting, toheroas and oysters, travelling-rugs, kauri-gum, crayfish, sugar of milk, fungus, sausage-casings, lamb-skins, rabbit-meat, frozen pork, &c.

This somewhat impressive list represents only a sample of the inquiries received and which emanate from many countries. As a result of the efforts of the Department, many New Zealand firms have been enabled to take advantage of new markets for our exportable products.

As an indication of the variety and extent of certain industrial inquiries which have been carried out, mention is made of inquiries relating to the following subjects: Cosmetics, shale-oil works, clothes-pegs, wooden heels, upholstery leather, surgical boots, monumental work, cement, agricultural implements, printing trade, non-ferrous scrap metals, fish-offal, reversible trailers, flame-throwers, insecticides, mineral waters, wallhide, ginger, citrus industry, casein for plastic use, glass skewers, textiles from flax, &c.

CONCLUSION.

The Department desires to place on record its appreciation of the assistance and co-operation which have at all times been received from the various Trade Commissioners, Consuls, and Vice-Consuls of overseas countries resident in New Zealand. In particular it is desired to acknowledge indebtedness to His Majesty's Trade Commissioner, the Australian Trade Commissioner, and the Canadian Trade Commissioner. Acknowledgment must also be made of the assistance which has been extended to this Department by other Departments, and in this connection it is desired specially to mention Customs, Scientific and Industrial Research, Labour, Forestry, and Agriculture.

In conclusion it is desired to refer briefly to economic conditions within the Dominion. The increased purchasing-power which has been placed in the hands of the people, partly as a result of higher prices being received overseas for our products and partly as a result of the policy of the Government which caused wage-rates to be increased, has led to a keener demand for our goods. As a result it has been observed that, in general, factories in New Zealand have worked at full capacity, with substantial increases in turnovers. The increase in importations has resulted in a more balanced overseas trade and has been a factor in stimulating business activity within the Dominion. In particular the distributive and merchandizing services have benefited. Towards the close of the period, however, uneasiness prevailed amongst some manufacturers, who felt that increasing importations from overseas were affecting adversely certain of the manufacturing industries. Throughout the year public confidence has strengthened, and generally improved conditions have prevailed. The outlook appears favourable for expansion of industry and commerce.

The Department has experienced a year of great activity, and the increasing volume and importance of the work thrown upon it has necessitated the addition of several officers to the staff. At no time, however, has the pressure of work on individual officers slackened, and the staff are deserving of the highest consideration and praise for the capable and trustworthy manner in which they have carried out their duties.

APPENDIX.

MANUFACTURING INDUSTRIES.

NOTE.—In every case the factory-production statistics of each industry detailed hereunder relate to the twelve months ended 31st March, 1934, 1935, and 1936 (the latest year for which statistics are available).

The comments appearing below the statistics in each case relate, however, to the twelve months ending 30th April, 1937, the period covered by this report.

FRUIT-PRESERVING AND JAM-MAKING.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number)	9	12	17
Employees (number)	347	371	425
Salaries and wages paid	£48,830	£48,994	£56,328
Value of output	£257,263	£302,142	£361,151
Value added by manufacture	£123,437	£122,795	£148,250
Imports, calendar years—	£ (N.Z.)	£ (N.Z.)	£ (N.Z.)
Jams and preserves (including preserved ginger)	13,341	13,218	13,653
Fruits, bottled and preserved in syrup—			
Apricots	13,995	19,111	18,260
Peaches	17,871	29,093	31,413
Pears	585	849	2,574
Fruit pulp, n.e.i.	6,224	4,610	10,049
Total	52,016	66,881	75,949

Despite a poor fruit season generally, a satisfactory year ensued so far as manufacturing operations were concerned. In some instances reports have been received indicating increased business, with staffs being increased to cope with demand. Generally, prospects for the coming season are considered good.

Boot and Shoe Making.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number)	71	76	75
Employees (number)	2,429	2,541	2,788
Salaries and wages paid	£336,391	£344,504	£360,684
Value of output	£1,064,544	£1,102,950	£1,140,306
Value added by manufacture	£523,487	£540,663	£534,340
Imports, calendar years	£252,492	£282,123	£311,900

For the greater part of the year most of the units in this industry continued to enjoy much improved conditions, resulting in some expansion in production and additional staffs being engaged, while in certain instances there was difficulty in securing skilled workers. Some manufacturers expressed the fear that they would not be able to compete successfully with imported footwear, but during the year under review the cause of this fear did not materialize to any marked degree.

Whilst this report is in course of compilation the Department is engaged in an inquiry into the present position, in order that the Government may be kept fully advised of any tendencies or recent developments.

Lime and Cement.

Official statistics, year ended 31st March—				1934.	1935.	1936.
Establishments (number)	..	..	..	45	50	57
Employees (number)	..	..	..	631	704	759
Salaries and wages paid	..	..	..	£130,675	£144,617	£165,592
Value of output	..	..	..	£556,425	£582,784	£703,724
Value added by manufacture	..	..	..	£444,125	£459,483	£549,831
Imports, calendar years—						
Cement, building (cwt.)	..	..	..	9,370	9,275	17,920
Value	..	..	..	£4,975	£5,161	£10,312

The increase in the demand for concrete pipes and the development of the building industry mainly account for continued improved conditions which have been evidenced in this industry. Following upon the reductions which have been effected in the price of cement, sales have shown some increase and greater numbers of workers found employment in the industry throughout the year.

Engineering.

Official statistics, year ended 31st March—				1934.	1935.	1936.
Establishments (number)	..	..	..	181	196	204
Employees (number)	..	..	..	2,283	2,772	3,326
Salaries and wages paid	..	..	..	£398,721	£502,118	£602,668
Value of output	..	..	..	£1,054,643	£1,413,701	£1,784,274
Value added by manufacture	..	..	..	£652,638	£855,960	£1,055,050

The year has been an exceedingly good one for the industry, shops have been working to capacity, extra labour has been engaged, and overtime worked. There was a tendency to a definite increase in the demand for local manufactures owing to the inability of overseas manufacturers to deliver promptly, since there was a shortage of metal in the overseas market. Later on this retarding influence was felt by local manufacturers also when supplies of raw materials were unobtainable at short notice. Fears were also felt regarding the continued availability of supplies of scrap metals in this country. In certain quarters the development of new lines of manufacture have been reported.

Sauce, Pickle, and Vinegar Making.

Official statistics, year ended 31st March—				1934.	1935.	1936.
Establishments (number)	..	..	..	19	18	18
Employees (number)	..	..	..	237	236	250
Salaries and wages paid	..	..	..	£39,940	£38,345	£41,583
Value of output	..	..	..	£176,561	£192,219	£217,209
Value added by manufacture	..	..	..	£102,667	£108,125	£120,920
Imports, calendar years—						
Pickles (gallons)	..	..	..	1,010	944	2,375
Value	..	..	..	£669	£731	£1,501
Sauce and chutney (gallons)	..	..	..	8,102	8,702	11,057
Value	..	..	..	£10,466	£10,781	£12,615
Vinegar (gallons)	..	..	..	18,676	12,670	18,346
Value	..	..	..	£6,136	£4,068	£5,656

The general condition of this industry is regarded now as normal, with sales showing some increase and competition for the New Zealand market very keen. Generally, staffs have been kept employed, although in some instances an increased number of hands have been engaged.

Soap and Candle Making.

Official statistics, year ended 31st March—				1934.	1935.	1936.
Establishments (number)	..	..	..	24	23	23
Employees (number)	..	..	..	468	513	492
Salaries and wages paid	..	..	..	£85,207	£86,817	£89,187
Value of output	..	..	..	£468,988	£536,235	£574,191
Value added by manufacture	..	..	..	£258,324	£299,695	£296,128

General conditions in this industry were fairly steady. Keen competition is experienced in the local market. Sales of candles continue to diminish as a result of the increasing use of electricity.

One South Island firm has recently installed a new plant for the recovery of glycerine, while another plans to extend manufacturing operations to include shaving-cream, face-cream, hair tonics, &c.

Coach and Motor-body Building and Cycle-works.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number) ..	1,024	1,077	1,150
Employees (number) ..	4,491	5,473	6,731
Salaries and wages paid ..	£693,082	£889,439	£1,138,974
Value of output ..	£1,963,497	£2,570,963	£3,222,626
Value added by manufacture ..	£1,117,235	£1,453,249	£2,002,383

Most firms in this industry have had an excellent year, in some cases turnover having increased by approximately one-third. Employment has expanded, and in some cases it has been impossible to satisfy the demand for skilled operatives. The attitude of the industry is generally one of optimism for the future.

Biscuits and Confectionery Making.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number) ..	57	57	60
Employees (number) ..	2,738	2,591	2,862
Salaries and wages paid ..	£312,012	£273,078	£314,717
Value of output ..	£1,379,760	£1,481,575	£1,688,191
Value added by manufacture ..	£691,125	£734,421	£813,122

Early during the recovery period manufacturers found business steadily improving, until a sound and stable basis of operations was reached. The present year has been good, sales having increased in some instances by 30 per cent. This fact, together with the shortening of the working-week, has resulted in an increase in staffs of some firms, while it has also been necessary to work a certain amount of overtime. Some difficulty has been experienced in procuring both youth and girl labour. Business still continues good, and prospects are favourable.

Furniture and Cabinet Making.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number) ..	281	285	308
Employees (number) ..	1,576	1,874	2,262
Salaries and wages paid ..	£233,300	£285,081	£376,261
Value of output ..	£516,365	£773,810	£1,029,948
Value added by manufacture ..	£347,121	£414,012	£539,765

Manufacturers report very busy conditions, with increases in turnovers ranging up to 35 per cent. in individual cases. It has been difficult to procure skilled labour. At the close of the period prospects were decidedly good, with the greater development of a tendency towards better quality buying.

Ham and Bacon Factories.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number) ..	39	43	49
Employees (number) ..	427	395	450
Salaries and wages paid ..	£91,000	£79,993	£92,444
Value of output ..	£755,716	£805,113	£918,500
Value added by manufacture ..	£225,411	£228,608	£281,963

Bacon-curers report favourable conditions during the year, with some increase in sales. In some instances there have been increases in staffs.

Bricks, Pipes, Tiles, and Pottery Making.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number) ..	43	54	58
Employees (number) ..	467	618	777
Salaries and wages paid ..	£82,664	£111,988	£142,242
Value of output ..	£212,263	£285,164	£347,562
Value added by manufacture ..	£197,984	£264,729	£320,554

With the continued improvement of all industries allied to the building industry, manufacturers of bricks, pipes, tiles, &c., have recorded marked advances in sales. Pottery-manufacturers found the year's activities to be definitely better and recorded increases in sales ranging up to 40 per cent. Staffs have had to be increased, in some cases quite materially. Indications for the coming year are good.

Flaxmilling.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number) ..	23	21	29
Employees (number) ..	258	316	506
Salaries and wages paid ..	£35,456	£42,160	£69,367
Value of output ..	£74,291	£80,711	£138,336
Value added by manufacture ..	£58,383	£68,911	£118,430

Rope and Twine Making.

Official statistics, year ended 31st March—			1934.	1935.	1936.
Establishments (number)	..	..	6	6	8
Employees (number)	..	..	228	228	243
Salaries and wages paid	..	..	£34,828	£36,052	£39,747
Value of output	..	..	£130,903	£128,506	£159,925
Value added by manufacture	..	..	£69,362	£69,668	£87,362

Conditions in the flax industry have shown a general improvement throughout the year. Exports of hemp and tow from New Zealand almost doubled in value those for the preceding year. When viewed in comparison with the figures in respect of past years, however, and having regard to the fact that the industry is subsidized by the Government, it will be readily appreciated that great leeway has to be made up to achieve the former position of importance. The comparison of the exports of hemp and tow for the past ten years is provided hereunder:—

Calendar Year.	Tons.	£	Calendar Year.	Tons.	£
1927 ..	19,600	535,526	1932 ..	3,850	47,318
1928 ..	15,683	394,450	1933 ..	4,402	47,632
1929 ..	14,720	379,942	1934 ..	4,173	52,018
1930 ..	9,493	221,923	1935 ..	4,101	57,553
1931 ..	2,398	38,407	1936 ..	6,209	111,528

The manufacture of woolpacks at Foxton from New Zealand fibre has provided a decided impetus to the industry, in view of the possibilities involved. A pack has now been placed on the market which is second to none so far as quality is concerned. The factory offers scope for employment to many workers not only in manufacturing operations connected with the manufacture of woolpacks, but also in the flax areas and the flaxmill from which the hemp is obtained. Rope and twine manufacturers report improved business conditions, with some increase in sales.

Clothing.

Official statistics, year ended 31st March—			1934.	1935.	1936.
Establishments (number)	..	..	249	290	318
Employees (number)	..	..	7,877	9,394	10,296
Salaries and wages paid	..	..	£831,871	£952,844	£1,025,510
Value of output	..	..	£2,631,182	£2,958,508	£3,090,027
Value added by manufacture	..	..	£1,264,304	£1,391,877	£1,508,550
Imports, calendar years—Apparel	..	..	£1,036,201	£1,101,887	£1,261,519

The above statistics reveal a continued improvement in conditions in this industry during the 1936 year. Individual reports indicate that turnovers are well up on last year, and all branches of the industry have been working to full capacity. In several instances the reports indicate that a large amount of overtime has been worked and some difficulty had been experienced through deliveries having been retarded arising from the inability of factories to procure sufficient skilled labour.

Agricultural and Dairy Machinery and Implement Making.

Official statistics, year ended 31st March—			1934.	1935.	1936.
Establishments (number)	..	..	37	44	46
Employees (number)	..	..	532	689	880
Salaries and wages paid	..	..	£95,301	£127,124	£166,227
Value of output	..	..	£338,049	£492,925	£692,141
Value added by manufacture	..	..	£179,032	£239,354	£352,041

Reports indicate that very busy conditions have prevailed, with sales showing decided increases—ranging up to 40 per cent. in individual instances. Consequently many factories have increased staffs. There appeared to be plenty of work on hand at the close of the period, and prospects were considered good. Recently, however, overseas competition is causing the industry some anxiety.

Woollen-manufacturing.

Official statistics, year ended 31st March—			1934.	1935.	1936.
Establishments (number)	..	..	12	12	12
Employees (number)	..	..	2,466	2,532	2,632
Salaries and wages paid	..	..	£326,156	£345,591	£360,782
Value of output	..	..	£976,813	£1,048,849	£1,005,830
Value added by manufacture	..	..	£601,140	£588,448	£592,741

The year commenced with steady conditions on an improved level. With the increase in wages and the introduction of the forty-hour week, buyers ordered heavily to obtain supplies prior to the increase in prices. Again the excellent prices received by farmers at wool-sales meant an advance in the price of raw material to the manufacturer, which would have to be passed on to some extent,

and buyers ordered heavily before the rise. The result was that the industry was kept very busy, and in some instances turnovers were stated to be up by 25 per cent., while employment was increased. Business is still well maintained.

Imports of Piece-goods (Calendar Years).

	1934	1935.	1936.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
Artificial wool and pure silk	875,714	879,544	964,369
Woollen	654,861	638,561	823,911
Cotton	1,471,741	1,501,754	1,702,164

Printing and Publishing.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number)	366	373	384
Employees (number)	7,744	8,079	7,727
Salaries and wages paid	£1,444,132	£1,513,478	£1,575,707
Value of output	3,525,188	3,758,937	4,040,114
Value added by manufacture	2,594,529	2,795,309	2,963,172

A good year has been experienced in most cases, sales showing increases of from 10 per cent. to 23 per cent. in individual instances, while greater numbers have been found employment in this industry. Competition has been keen. One firm has entered into an arrangement with a London house for the use of its base liquids. These new processes have meant the placing of orders within New Zealand for bottles, labels, cartons, and boxes, all of which is additional business. While there is some apprehension in certain quarters of outside competition, at the same time business continues to be well maintained.

Brush and Broom Making.

Official statistics, year ended 31st March—	1934.	1935.	1936.
Establishments (number)	15	15	17
Employees (number)	240	253	302
Salaries and wages paid	£34,678	£37,008	£43,156
Value of output	£102,474	£118,251	£145,863
Value added by manufacture	£56,052	£61,910	£74,941
Imports, calendar years—			
Brushes, brushware, and brooms	£38,981	£54,242	£70,833

The industry generally enjoyed a fairly busy year, in some instances sales having increased considerably, enabling larger staffs to be engaged. Towards the close of the period, however, there was reported increased competition from Australian and Canadian sources. In the South one firm extended its factory considerably to increase its output and efficiency, and two new factories commenced operations.

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