

by the British Government. That is to say, the loss on the liquidation of the wartime industry in New Zealand is to be shared between the United Kingdom and New Zealand Governments in proportion to the sales of fibre to the respective countries from 1940 until the crop sown in 1945-46 is fully processed and marketed.

ESTABLISHMENT OF AN INDUSTRIAL CORPORATION

During the war years the industry was attached to the Department of Industries and Commerce under a management committee comprising representatives of the Departments of Industries and Commerce, Scientific and Industrial Research, Treasury, and one linen-flax worker. On the cessation of hostilities it was deemed advisable to change the form of control and, by virtue of the Linen Flax Corporation Act of 1945, the industry was vested in a Corporation comprising eight Directors and giving equal representation to the Government, the growers, the manufacturers using the raw product in New Zealand, and the employees.

Of the seventeen original factories only six now remain in operation under the direction of the Corporation. The others have been closed, and the surplus assets in the form of land, machinery, and buildings are being liquidated on behalf of Great Britain by the New Zealand War Assets Realization Board.

In terms of the Linen Flax Corporation Act, the functions of the Corporation are to organize and develop the linen-flax industry and to carry on the business of producing linen-flax fibre and other linen-flax products and marketing any such products in New Zealand and overseas. The Corporation has also the like functions in relation to such other soft fibres as the Minister of Industries and Commerce may direct or approve.

The Corporation was empowered by the Act to carry out the functions of the Department of Industries and Commerce involving the completion of the contract with the British Government, the liquidation of the assets, and the full responsibility involved in the post-war industry of the growing and processing up to the fibre stage of linen flax.

MARKETS

The initial agreement with Great Britain was for the growing of flax during the war and for a period of twelve months after the cessation of hostilities. This was extended to include the fibre processed from the crop grown during the 1945-46 season. The 1946-47 crop is therefore the first grown wholly on behalf of the Corporation and for which the Corporation is responsible. Nevertheless, the British Government has undertaken to purchase certain grades of fibre from the 1946-47 crop, and, although the prices offered are substantially below those ruling during the war years, this assured outlet for fibre that may prove surplus to New Zealand's immediate requirements is helpful.

The present consumption of linen-flax fibre in New Zealand amounts to about 250 tons per annum, and additional textile machinery now being installed will increase this to 300 tons per annum. This estimate is based on a single shift, but, were labour available, a double shift, operating on the present plans, would increase consumption of fibre to 600 tons per annum.

There is a demand in New Zealand for yarn, thread, twine, and cordage sufficient to utilize from 400 to 500 tons of raw fibre per annum. At the present time there is only one company spinning linen-flax fibre into spun products, but negotiations for the installation of spinning-plant by a British company are still proceeding. With the entry of this company into the spinning side of the industry it will be possible to produce yarn suitable for the weaving of canvases, fire-hose, &c. It is estimated on a conservative basis that an additional tonnage of 200 to 300 tons would be required. Under these circumstances the Corporation has not hesitated to maintain production at a level of 700 tons of fibre per annum pending a more definite indication of the possible utilization of flax fibre in New Zealand.