

1927.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(TENTH ANNUAL REPORT OF THE).

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

THIS report deals with the work of the Department of Industries and Commerce during the year ended 30th April, 1927. Though condensed, it covers various subjects that come under the Department's purview, but does not purport to deal with matters of a routine character.

OVERSEAS TRADE.

External trade for the year 1926 unfortunately does not compare favourably with the two previous years, in that the total value of our export trade has declined, and imports were in excess of exports to the extent of £4,613,000.

The value of the external trade of the Dominion during the calendar year 1926 amounted to £95,165,138, a decrease of £12,503,666 as compared with the previous year.

The following table shows the value of our exports to various countries in 1925 and 1926 :—

	1925. £	1926. £
British Possessions, Protectorates, &c.—		
United Kingdom	44,073,717	35,102,233
India	197,428	82,826
South Africa Union	19,306	31,540
Canada	423,068	861,717
Australia	2,502,113	3,054,433
Fiji	133,450	152,323
Tonga	90,447	67,765
Western Samoa	84,878	83,728
All other British countries	72,615	90,359
	47,597,022	39,526,924
Foreign Countries and Possessions—		
Belgium	194,575	171,360
France	600,824	681,568
Germany	1,614,090	364,629
Italy	325,279	145,266
Netherlands	55,013	112,714
Japan	231,839	162,832
United States of America	4,345,758	3,818,162
Hawaii	144,599	113,151
All other foreign countries	153,273	178,969
	7,665,250	5,748,651
Total all countries	£55,262,272	£45,275,575

The following table shows the percentage of our total exports taken by each of the principal countries during the years 1925 and 1926 :—

United Kingdom	1925.	1926.
United States of America .. .	79·76	77·53
Australia	7·87	8·43
Canada	4·53	6·75
France	0·77	1·90
Germany	1·07	1·50
Belgium	2·92	0·80
Japan	0·35	0·37
Fiji	0·42	0·36
	0·24	0·33

In regard to imports, the following table shows the values according to country of origin for the years ended 31st December, 1925 and 1926 :—

British Possessions, Protectorates, &c.—	1925.	1926.
	£	£
United Kingdom	25,535,332	22,752,622
India	912,738	923,511
Ceylon	844,594	867,901
South Africa Union	113,816	140,012
Canada	3,914,706	3,430,458
Australia	5,238,773	4,625,537
Fiji	1,239,454	892,894
All other British countries	462,188	432,721
	<u>38,261,601</u>	<u>34,065,656</u>
Foreign Countries and Possessions—		
Belgium	439,366	393,989
France	918,178	814,769
Germany	500,091	672,865
Italy	318,728	308,447
Netherlands	272,799	324,212
Sweden	309,754	322,032
Switzerland	441,844	388,818
Dutch East Indies	609,588	788,821
Japan	693,625	582,706
United States of America	8,887,906	10,004,264
All other foreign Countries	802,927	1,222,984
	<u>14,194,806</u>	<u>15,823,907</u>
Total all countries	<u>£52,456,407</u>	<u>£49,889,563</u>

The following table shows percentages of imports from the principal countries during the past two years :—

United Kingdom	1925.	1926.
United States of America .. .	48·68	45·60
Australia	16·94	20·05
Canada	9·99	9·27
India	7·46	6·88
Fiji	1·74	1·85
Ceylon	2·36	1·79
France	1·62	1·72
Germany	1·75	1·63
Belgium	0·95	1·35
Switzerland	0·84	0·79
Netherlands	0·84	0·77
Sweden	0·52	0·65
Italy	0·59	0·64
	0·61	0·62

The following table shows the value of imports, exports, total external trade, and balances for a period of five years :—

Year.	Imports.	Exports.	Total External Trade.	Excess of Exports.
	£	£	£	£
1922	34,826,074	42,725,949	77,552,023	7,899,875
1923	43,363,983	45,939,793	89,303,776	2,565,810
1924	48,527,603	52,509,223	101,036,826	3,981,620
1925	52,456,407	55,262,272	107,718,679	2,805,865
1926	49,889,563	45,275,575	95,165,138	Excess of Imports. 4,613,988

The average annual excess of exports over the five years 1921 to 1925, inclusive, was £3,869,786.

The values of the main items of export in 1926, as compared with 1925, were—

Item.	1925.	1926.	Increase.	Decrease.
	£	£	£	£
Butter	10,240,132	8,695,197	..	1,544,935
Cheese	5,800,808	5,939,359	138,551	..
Beef (frozen)	1,043,871	511,996	..	531,875
Lamb (frozen)	6,761,890	5,593,463	..	1,168,427
Mutton (frozen)	3,069,763	2,122,099	..	947,664
Hides and calf-skins	940,140	755,537	..	184,603
Rabbit-skins	843,416	829,165	..	14,251
Pelts	1,759,451	1,279,758	..	479,693
Wool	17,739,736	11,830,188	..	5,909,548
Tallow	895,061	741,045	..	154,016
Kauri-gum	414,901	332,765	..	82,136
Gold	472,364	516,207	43,843	..
Sausage-skins	675,848	780,811	104,963	..

The reduced return from our exports is due mainly to lower prices, but when we compare quantities the position is more satisfactory. The following table shows the quantities of the principal items of export during the years ended 31st December, 1925 and 1926 :—

Item.	1925.	1926.	Increase.	Decrease.
	£	£	£	£
Butter Cwt.	1,245,324	1,167,040	..	78,284
Cheese "	1,376,754	1,461,538	84,784	..
Beef (frozen) "	705,751	388,701	..	317,050
Lamb (frozen) "	1,513,402	1,521,663	8,261	..
Mutton (frozen) "	1,082,268	973,345	..	108,923
Hides and calf-skins No.	1,197,564	1,200,546	2,982	..
Rabbit-skins "	19,708,586	17,061,151	..	2,647,435
Pelts "	8,224,185	8,566,899	342,714	..
Wool Bales	596,895	631,843	34,948	..
Tallow Tons	25,038	21,128	..	3,910
Kauri-gum "	5,370	4,877	..	493
Gold Oz.	114,696	135,777	11,081	..
Sausage-skins Lb.	3,149,798	3,520,568	370,770	..

As to imports, the value during the calendar year 1926, as compared with the previous year, decreased by £2,566,844.

The following table shows the value of the principal items of imports during the years ended 31st December, 1925 and 1926 :—

Item.	1925.	1926.	Increase.	Decrease.
	£	£	£	£
Wheat	798,090	603,195	..	194,895
Sugar	1,250,343	1,150,592	..	99,751
Tea	944,639	945,477	838	..
Whisky	734,111	643,546	..	90,565
Cigarettes	800,927	772,513	..	28,414
Tobacco	959,779	892,174	..	67,605
Apparel, all kinds	3,176,530	3,095,233	..	81,297
Boots and shoes	981,710	946,678	..	35,032
Carpets and floor-coverings	691,189	657,054	..	34,135
Drapery n.e.i.	618,225	515,233	..	102,992
Cotton piece-goods	2,483,778	2,013,280	..	470,498
Silk piece-goods	839,297	712,508	..	126,789
Woollen piece-goods	879,440	813,537	..	65,903
Petrol and kerosene	2,575,593	2,870,934	295,341	..
Coal	682,511	693,870	11,359	..
Hardware n.e.i.	1,139,752	1,149,738	9,986	..
Electrical equipment	2,098,299	2,082,590	..	15,709
Timber	1,196,340	856,139	..	340,201
Motor-vehicles	4,146,433	3,688,016	..	458,417
Motor-car tires	1,148,075	928,466	..	219,609

The general trade statistics for 1926 have been closely scrutinized and commented upon by the press and interested parties, and it is not deemed necessary to refer to the subject in this report at any length. It may be briefly recalled, however, that the heavy importations in 1920 (when imports exceeded exports by over £15,000,000) were a decided factor in the depression experienced in the Dominion in 1921. Though our importations during the past year have exceeded what may be regarded as a normal and satisfactory relationship to our exports, the position has been by no means so accentuated as in 1920, and, while some depression undoubtedly exists at the present time, there is every indication of an early return to better trading-conditions. The most recent figures of exports and imports, even allowing for seasonal influences, are more satisfactory than they have been during the year 1926.

The financial position as revealed by the banking figures, however, shows that the trading community is still relatively heavily indebted to the banks, and consequently the banks have been forced to exert pressure (through a raising of the interest-rate) to restrict credit. This, together with a raising of the exchange-rates on London (presumably with the object of protecting the banks' London balances), should tend to still further restrict overseas buying. Better prices for dairy-produce and good prices for wool should speedily correct the unsatisfactory features of the present position.

BANKING RETURNS.

The banking returns as at the 31st March, 1927, show that there has been a decrease in the amount of free or commercial deposits by £2,425,073 as compared with the previous year. The fixed deposits show an increase of £651,405.

There has been a steady increase in advances during the past three years, indicating that the pressure on the banks for accommodation has been strong.

The excess of advances over deposits at the 31st March, 1927, amounted to £5,271,996; this has not been exceeded since the year 1922, when the excess of advances was £6,130,925.

The figures for the past six years are given hereunder:—

As at 31st March.	Deposits.	Advances.	Excess of	
			Advances.	Deposits.
	£	£	£	£
1922	40,360,390	46,491,315	6,130,925	..
1923	43,465,816	42,521,573	..	944,243
1924	47,033,293	44,403,524	..	2,629,769
1925	49,897,228	43,730,262	..	6,166,966
1926	47,302,480	48,285,142	982,662	..
1927	45,528,812	50,800,808	5,271,996	..

TRADE WITH CANADA.

Following the national exhibit made by the Dominion at the Canadian National Exhibition, Toronto, last year, and the visit to Canada of the Right. Hon. the Prime Minister on his return from the Imperial Conference, a good deal of interest has centred on the trade of New Zealand with Canada. Whilst it was not contemplated at the time of making the exhibit at Toronto that much could be done to obtain practical trade contacts, the exhibits being selected mainly for publicity purposes, it was, nevertheless, pleasing that during the course of the Exhibition the greatest possible interest was evinced in certain of our products and manufactures. These inquiries made as to production and prices, if properly exploited and followed up, are likely to eventuate in the extension of our trade. The balance of trade has been consistently against this Dominion.

The following figures for the last five trading years ended the 31st December demonstrate the position:—

				From Canada.	To Canada.
				£	£
1922	..	..	..	1,556,213	446,457
1923	..	..	..	2,950,984	665,696
1924	..	..	..	3,914,404	716,543
1925	..	..	..	3,916,237	423,068
1926	..	..	..	3,451,533	861,717

For the past five years the respective totals are—from Canada £15,789,371; from New Zealand, £3,113,481.

The imports from Canada consist mainly of newsprint paper, motor-vehicles, tires and rubber goods, timber, and a large range of manufactured lines—pianos, gramophones, cameras, &c.; whilst New Zealand sends sausage-casings, hides and skins, wool, hemp and tow, grass-seed, &c.

Comparing the trade position for each of the three years ended the 31st March the total exports are as follows:—

				From New Zealand.
				£
1925	..	..	..	594,721
1926	..	..	..	620,942
1927	..	..	..	1,030,462

The 40-per-cent. increase shown in the value of exports as between the years 1926 and 1927 is both satisfactory and encouraging, but the balance of trade is still a long way in Canada's favour.

Dealing with particular lines of export during the above periods, the following table exemplifies the growth of trade in particular items:—

	1925.	1926.	1927.
	£	£	£
Butter	180,546	147,094	344,145
Sausage-casings	219,699	249,249	337,420
Wool	52,630	105,610	235,633
Cattle-hides	29,085	33,026	35,539
Grass-seed	3,984	5,538	5,264
Calf-skins	12,732	20,654	26,640

The Department is of the opinion that the trade with Canada can be increased, provided that reliable information as to market quotations and transport charges could be readily given. Already a good deal has been done in extending markets in New Zealand products in the thickly populated areas of eastern Canada. It is considered that an increased demand can be created for wool, casein, rabbit-skins, flax, fruit, dried fruits, and certain manufactured woollens, such as rugs and blankets. Samples of casein, toheroa-soup, and one thousand cases of apples (five varieties) have been sent forward to test the markets of eastern Canada, whilst some of the New Zealand woollen companies have appointed representatives to negotiate for sales of several lines. With the excellent regular shipping facilities provided to both the Pacific coast and eastern seaports, this valuable potential market for New Zealand's products should be fostered. The seasons being opposite is also an important advantage to New Zealand. This Dominion has earned a valuable goodwill in the past trading with Canada, but unfortunately our capacity to cater for some of Canada's needs (at present imported from foreign countries) is not widely known in the northern Dominion.

The statistics of our trade with Great Britain shown at the Toronto Exhibition have done much to educate the Canadians as to the productiveness of our Dominion, and has given them a new realization as to our ability to supply quality goods.

ISLAND TRADE.

Tonga.

New Zealand maintained during 1926 its position as chief seller to the Kingdom of Tonga. The total imports of these islands, however, fell from £258,000 in 1925 to £228,000 in 1926. New Zealand's portion of the 1925 trade was £95,000, and of the 1926 trade £71,000, a drop of £24,000. The United Kingdom increased its trade from £38,000 in 1925 to £48,000 in 1926, despite the falling-off of £30,000 in total imports. It appears as though there were more direct shipments from the United Kingdom last year, and this reduced transshipments through the Dominion.

The exports of the Tonga Group amounted to £290,000 in 1925, and £263,000 in 1926. Of the latter, £255,000 is represented by copra, which generally accounts for over 95 per cent. of the total exports of this group of islands.

Fiji.

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

The imports into New Zealand for the year ended the 31st December, 1926, amounted to £710,476, and the exports to Fiji £142,225, the total trade being £852,701, or 26.47 per cent. of the whole external trade of Fiji.

The imports by Fiji from New Zealand during the past five years have increased substantially, as is shown by the following figures: 1922, £103,000; 1923, £104,000; 1924, £128,000; 1925, £117,000; 1926, £142,000.

The exports to New Zealand have fallen off considerably, due chiefly to the fluctuation in the value and quantity of sugar shipped. In 1922 the exports amounted to £1,231,000; in 1923 to £942,000; in 1924 to £787,000; in 1925 to £1,024,000; in 1926 to £710,000.

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

Western Samoa.

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

Year.	Imports.	Exports.	Total Trade.
	£	£	£
1922	282,939	365,610	648,549
1923	268,881	288,774	557,655
1924	274,803	361,418	636,221
1925	345,989	379,388	725,377
1926	324,940	320,783	645,723

The above shows that for the first time since 1922 an adverse balance was recorded in 1926.

The United Kingdom is Samoa's best customer: £141,000 worth of goods were sent to the United Kingdom in 1926. Germany (£78,000), United States of America (£17,000), Australia (£16,000), and New Zealand (£4,000) were the other chief buyers last year. New Zealand uses only a very small quantity of the classes of goods exported by Samoa, and the amount purchased in 1926 is made up chiefly of cocoa-beans.

The value of the imports into Western Samoa from the main countries concerned were during 1923-26 as under:—

Year.	Australia.	New Zealand.	United Kingdom.	United States of America.
	£	£	£	£
1923	98,000	78,000	20,000	63,000
1924	99,000	87,000	25,000	42,000
1925	104,000	91,000	64,000	55,000
1926	80,000	92,000	50,000	66,000

It will be noted that in 1926 Samoa purchased more of her requirements from New Zealand than from any other country. It is gratifying to note that New Zealand's portion of the import trade is constantly improving.

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

Calendar Year.	Cocoa.		Copra.		Rubber.	
	Tons.	Value.	Tons.	Value.	Tons.	Value.
		£		£		£
1922	765	44,513	16,956	319,333	..	..
1923	221	12,787	13,484	269,995	..	..
1924	1,016	57,958	13,202	284,272	..	..
1925	664	39,626	14,519	331,274	3	1,165
1926	356	20,151	12,249.	275,086	33½	6,702

It will be seen that the rubber industry is being re-established. It was in 1918 that the export of rubber ceased. The greatest quantity ever exported was in 1917—70 tons.

Cook and Savage Islands.

Each year the Dominion proper does a substantial trade with the Cook Islands. During the past four years the following figures show the value of goods purchased by the Dominion from those Islands: 1923, £125,446; 1924, £149,676; 1925, £126,465; 1926, £119,407.

The value of goods purchased from the Dominion by these Islands amounted in 1923 to £100,670; in 1924 to £96,757; in 1925 to £80,977; in 1926 to £109,636.

The total trade of these Islands last year was £273,061. It will therefore be seen that the exchange of trade between Cook Islands and New Zealand represented in 1926 80 per cent. of the total imports and exports of those Islands.

The principal items received by the Dominion were oranges, £57,000; tomatoes, £27,000; and bananas, £17,000.

Samoa-Niue-New Zealand Trade.

Considerable interest is being taken in commercial and industrial circles in the new steamer service to be inaugurated under Government auspices at the close of this year. This steamer, now under construction, will be of approximately 950 tons, will have insulated space provided for a cargo of from ten thousand to twelve thousand cases of fruit, and accommodation for thirty passengers. She will be motor driven, with an expected speed of 12 knots, and her present itinerary of ten trips per annum will be from Samoa, Niue, to Lyttelton, Wellington, and Auckland, and from this latter port to Niue, Samoa, on the return journey, the round trip occupying some twenty-one days.

The Department of External Affairs, which will control the new service, has co-operated with this Department with a view to ascertaining the likely demand for fruit, particularly bananas, in the South Island.

CHAMBERS OF COMMERCE.

The Department is represented on the executive of the chambers of commerce in each of the four chief centres, and is thereby kept in close touch with commercial activities and problems. The relation is proving to be of mutual advantage, especially in the exchange of views on matters of the development of trade, publicity abroad, and internal trade.

The chambers invariably accord assistance in publishing matter supplied by the Department of commercial importance. The annual conference, held in Wellington in November, 1926, of the associated chambers of commerce of the Dominion was opened by the Hon. A. D. McLeod, Minister of Industries and Commerce, and throughout the sittings the Department was represented by the Secretary.

BRITISH COMMERCIAL DIPLOMATIC OFFICERS.

Full advantage has been taken by the Department to avail itself of the services of the officers of the above corps in seeking trade information of benefit to New Zealand traders in localities where no Dominion representative is at present located. The convenience of the arrangement, which was suggested by the Imperial Government at the Economic Conference of 1923 in London, has been exemplified by the practical and willing help given by H.M. Trade Commissioners at Montreal and Toronto in assisting to market certain of our products in eastern Canada. The reports received from these officers dealt not only with market prospects, but suggested names of reliable firms to handle consignments. Information received from these officers was responsible for the sending of a consignment of apples in June last to test the Montreal and Toronto markets, and their services have been enlisted to facilitate the sale, and to ensure the best possible prices for fruitgrowers being obtained. The apples will reach Montreal in middle July, at a time when it is expected that Canada's last season's supplies will be short.

MANUFACTURING INDUSTRIES.

The progress made by the manufacturing industries of the Dominion can best be gauged by the statistical information prepared annually by the Department of Census and Statistics; but the figures thus supplied and given below show the position as it was more than a year prior to the preparation of this report, and for this reason they do not give an up-to-date indication of the present state of our secondary industries. It has therefore been the custom of the Department to obtain through its local officers in the four chief centres special recent information concerning manufactures, a brief summary of which, together with some particulars obtained from the *Monthly Abstract of Statistics*, is given in an appendix to this report.

The latest summary of statistical information (for the year ended the 31st March, 1926) compared with similar figures for the previous twelve months discloses increases in works, employment, wages paid, output, &c. The increases, which are to some extent explained later, should not be taken as indicating general progress in all of the manufacturing industries, because of the inclusion for the first time of fourteen electricity-generation plants, which is an extraordinarily big development when only one year's figures are being considered. There is, however, satisfactory progress disclosed in most of the purely manufacturing industries, woollen-milling and footwear-manufacturing being the chief exceptions.

	As at 31st March, 1925.	As at 31st March, 1926.	Increase.
Establishments	4,547	4,790	243
Employees	80,327	81,649	1,322
Wages and salaries paid	£15,690,202	£16,865,715	£1,175,513
Power employed (horse-power) ..	288,406	358,848	70,442
	£	£	£
Materials used	52,161,420	52,321,086	159,666
Value added	31,939,893	32,433,173	493,280
Total products	84,101,313	84,754,259	652,946
Land, plant, buildings	49,978,842	59,056,120	9,077,278

Establishments.—The industries which contributed mainly to the increase in the number of establishments were—Motor and cycle engineering, 82; engineering (general), 19; furniture and cabinetmaking, 25; printing, publishing, and bookbinding, 14; electricity-generation, 14; concrete-block and fibrous-plaster making; sawmills, 11; clothing, 10; flax-milling, 7; biscuit and confectionery, 5; flourmills, 2; coach and motor-body building, 3.

Employees.—The most important increases in the number of hands engaged are to be found in the following industries: Motor and cycle engineering, 741; electricity-generation and supply, 578; printing, publishing, and bookbinding, 444; furniture and cabinetmaking, 430; general engineering, 298; tinned-plate and sheet-metal working, 203; biscuit and confectionery, 188; clothing, 181; coach and motor-body building, 180; hosiery, 141.

As against the above increases, the following industries show a reduction in the number of hands employed: Meat freezing and preserving, 1,769; sawmilling, 323; butter, cheese, and condensed-milk manufacture, 184; woollen-mills, 55; woolscouring and fellmongery, 163. In the case of the meat freezing and preserving industries, this decrease is more apparent than real, on account of the fact that the number of employees in previous years were returned as the average for the season, while in 1926 the average for the year is shown, bringing this industry into line with the others.

Wages and Salaries.—Approximately £56,000 per working-day were paid in wages by New Zealand factories during the year ending the 31st March, 1926. The wages paid to all males employed averaged £230 per year in 1925–26; to females the average wage paid was £99. The total number of males employed was 67,170, who earned £15,429,166; total number of females employed was 14,479, who earned £1,436,549.

Production.—The total value of production does not show any great increase over the previous year, and had it not been for the additional value of electricity generated a decrease would have

resulted. The output of many individual industries has been considerably affected, as is shown in the following tables :—

				Increases.
				£
Electricity generation and supply .. .. .	..	..	..	656,000
Printing, publishing, and bookbinding .. .. .	..	..	..	317,000
Motor and cycle engineering .. .. .	..	..	..	231,000
Flour-milling .. .. .	..	..	..	216,000
Clothing .. .. .	..	..	..	176,000
General engineering .. .. .	..	..	..	148,000
Ham and bacon curing .. .. .	..	..	..	140,000
Furniture and cabinetmaking .. .. .	..	..	..	120,000
Biscuit and confectionery making .. .. .	..	..	..	119,000

As an offset against these increases there have been reductions in the output of the following :—

				Decreases.
				£
Meat freezing and preserving .. .. .	..	..	..	1,134,000
Butter and cheese manufacture .. .. .	..	..	..	238,000
Woollen-mills .. .. .	..	..	..	104,000
Woolscouring and fellmongery .. .. .	..	..	..	77,000
Lime-burning and cementmaking .. .. .	..	..	..	61,000
Boot and shoe making .. .. .	..	..	..	28,000

Land, Plant, and Buildings.—The fourteen additional electricity-generation stations included this year are mainly responsible for the large increase in the value shown for land, plant, and buildings.

TABLE SHOWING MANUFACTURING ACTIVITIES BY PROVINCES FOR THE YEAR ENDED 31ST MARCH, 1926.

Province.	Number of Factories.	Number of Employees.	Wages and Salaries paid.	Value of Materials used.	Nature of Factory Production.		
					Cheese, Butter, and Meat.	Other Products.	Total.
					£	£	£
Auckland	1,429	26,807	5,637,377	16,987,699	10,942,292	17,075,474	28,017,766
Wellington, Hawke's Bay, Taranaki, Marlborough, and Nelson	1,804	24,733	5,315,423	18,149,584	14,504,751	13,771,514	28,276,265
Canterbury and Westland ..	823	15,591	3,179,737	9,906,104	5,175,479	10,818,263	15,993,742
Otago and Southland ..	734	14,518	2,733,178	7,277,699	3,854,289	8,612,197	12,466,486
Totals, 1926 ..	4,790	81,649	16,865,715	52,321,086	34,476,811	50,277,448	84,754,259
Totals, 1925 ..	4,547	80,327	15,690,202	52,161,420	35,849,051	48,252,262	84,101,313

The above table shows the Dominion's manufacturing activities by provinces, and it also shows production of semi-primary industries separately. The latter—butter, cheese, and meat—disclose a reduction in value of production of £1,372,240, whereas all other products manufactured increased by £2,025,186. This latter figure includes an increase of £656,000 for electricity supply, and with this excluded the increase in value of production—viz., £1,369,186—in other manufacturing industries is relatively satisfactory.

Since the 31st March, 1926, the information received from manufacturers in the various branches of industry indicates a decided slump during the latter part of 1926 and 1927. Detailed information in relation to certain industries is, as already mentioned, given in an appendix to this report.

The Department has noticed that manufacturers are making strenuous efforts to reduce costs of production, and in many instances steps have been and are being taken to improve factory practice.

NEW INDUSTRIES.

Quite a number of new industries have been established during the past year.

In three of the main centres a company has installed and is operating a plant which deposits metal coatings on almost any class of material. At present the company is engaged in zinc-coating a big quantity of steel sashes. There appears to be a wide field for the uses to which this industry may be applied.

Another industry recently commenced in Otago by Arthur Ellis and Co. is that of manufacturing down quilts of a high-grade quality.

Fur Dressers and Dyers, Ltd., commenced operations in Dunedin at the end of last year, and now have a considerable number of hands employed. Most modern plant and buildings have been erected to deal with the company's output, and no expense has been spared to produce the finest of furs. The raw materials used are largely of New Zealand origin, and the company is securing a ready sale for its products. It is expected that this will develop into a valuable Dominion industry.

In Christchurch, Radiators Ltd. has successfully established the manufacture of electric radiators, electric grillers, kettles, glue-pots, &c., all of which are of a high standard, and production and sales are increasing.

The Smokeless Fuel Co. has erected works at Sockburn, and is turning out a smokeless fuel from West Coast slack.

Electric ranges suitable for restaurants and hotels are now being made by R. E. Berry, of Christchurch, and H. E. Shacklock, of Dunedin. The latter firm is also manufacturing electric ranges for domestic installations.

In Auckland the New Zealand Cutlers have established the hand-forged-knife industry. The knives are forged of double-shear steel, and manuka is used for the handles. They are reported to be of excellent quality, and are finding much favour with freezing-works employees and butchers generally.

Machinery suitable for manufacturing seamless carpets is now being installed by Tattersfield Ltd., of Auckland. Seamless carpets have not hitherto been made in New Zealand.

In Wellington an industry (Metters N.Z., Ltd., Petone) has commenced operations and is turning out porcelain enamel baths which are said to compete most favourably both in quality and price with the best imported baths. The company is also manufacturing other enamel goods.

NEW ZEALAND MANUFACTURERS' DIRECTORY.

The New Zealand Manufacturers' Directory has been under compilation during the past year, and will probably be ready for reissue, in so far as this Department is concerned, by the end of this year. It is about five years since the information was collected for the first issue of this directory, and an enormous amount of detail work has been necessary to bring it up to date. A very significant feature disclosed in the revision of the directory is the huge number of firms and persons who have gone out of business in the interim, and the large number of new firms which have commenced operations. It is interesting to note that the ebb and flow in this respect reaches its peak in Auckland City, and sharply diminishes in geographical order southwards until at Dunedin and Invercargill it is the least in evidence. The larger population in the north does not entirely account for this industrial instability. The classifications of the directory have been simplified, and scores of headings in themselves of but secondary importance, such as "Small wire-manufactures," "Brushes," "Tinware," "Galvanized articles," "Electroplated articles," &c., are now gathered together under such general headings as "Garden and horticultural wirework," "Household wire goods," "Household brushware," "Household tinware," "Galvanized hollow-ware," "Electroplated ware," &c. This has saved much repetition. Each article is, however, still listed in the directory, with a cross-reference to the general heading under which it is to be found. The new directory will in this respect, it is hoped, be found more useful than its predecessor. An alphabetical index has also been included giving the name and address of every manufacturer listed in the directory.

SCIENTIFIC AND INDUSTRIAL RESEARCH.

The creation of the Department of Scientific and Industrial Research has been viewed with the greatest possible satisfaction and interest by manufacturers of the Dominion. As was indicated in last year's report, the plan of organization contemplates the provision of financial subsidies to associations of manufacturers combining for research work, the assistance of secondary industries through field research, and the appointing of a staff to this Department of technical field advisers to advise manufacturers on matters of a general engineering or chemical character. With a view to ascertaining how far the new Department's activities could be made of practical service to the manufacturers, and in what direction the best service could be rendered, a joint inspection of the leading industries of Auckland was made by the Secretaries of both Departments in March last. The visits were appreciated by the manufacturers concerned, who were fully informed as to the proposals of the new Department and invited to submit any research or technical problems to the Department. It is proposed, as time permits, to continue the work of inspecting the leading factories throughout New Zealand, and, after these inspections are completed, to submit a scheme to the Government after consultation with the New Zealand Manufacturers' Association. It is pleasing to report in this connection that industrialists are giving more attention to the establishment of works laboratories and to the appointment of chemists to their staffs. With the co-operation of works chemists with the experts associated with the Department of Scientific and Industrial Research, it is considered that excellent work can be done in the prevention of waste, the wider utilization of waste products, in overcoming chemical problems, and generally in giving better quality products at lower production costs.

NEW ZEALAND AND SOUTH SEAS EXHIBITION, 1925-26.

The above exhibition, with which this Department was closely associated, and especially so in respect of the New Zealand Government Pavilion, was closed on the 1st May, 1926. The final cost of the Government's participation (otherwise than in respect of direct financial assistance to the Exhibition Company) amounted to £32,345. An "Official Record" of the project has recently been issued, a work of which the Exhibition directors may justly be proud. This Department was responsible for the matter contained in this record, covering thirty pages, devoted to descriptions of the Government exhibits.

CANADIAN NATIONAL EXHIBITION, TORONTO.

New Zealand participated, for the first time in its history, in the historic Canadian National Exhibition at Toronto in August-September, last year. This exhibition has been held annually in Toronto for the past forty-eight years, and is one of the most successful and comprehensive fairs held

in the British Empire. In furtherance of a promise given by the late Right Hon. Mr. Massey to the Canadian Government, it was decided to make an exhibit on national lines, and for the purpose 22,000 square feet of space was allocated to this Dominion. Press reports received since the Exhibition was held are unanimous that the New Zealand section was a conspicuous success, and that the exhibits created profound interest among the 1,573,000 visitors who attended during the brief fortnight the Exhibition was open to the general public. The attendance averaged 120,000 per day, and on one day, a public holiday, no less than 258,000 people attended.

The exhibition is situated three miles from the centre of Toronto, and is located in a municipal park of 300 acres. Eighty buildings of a permanent nature have been constructed to house exhibits drawn from all parts of the world. A feature of last year's exhibit was the support given to it by certain portions of the British Empire. The Mother-country was represented by a fine display of manufactured goods, whilst far-off Sierra Leone and India had arresting and interesting exhibits. The New Zealand section, however, exceeded in size and interest any exhibit from other parts of the world, and proved a veritable surprise to visitors as to the productiveness and attractions of this Dominion. The New Zealand Government's objective was not merely to make a friendly gesture to Canada, nor merely to acknowledge the courtesies received from that nation in participating in our international exhibitions of 1906-7 at Christchurch and at the recent New Zealand and South Seas Exhibition at Dunedin in 1925-26; the Government desired to educate Canadians as to the important progress made in New Zealand during recent years in production, manufactures, in Government and civic undertakings, and to advertise our sporting and scenic attractions, and, if possible, encourage greater trade with Canada. Naturally, prominence was given in the New Zealand section to our primary products—wool, meat, dairy-produce, fruit, flax, and seeds—and due emphasis was given to our important export trade, to the United Kingdom particularly, in most of these commodities. The wool display was one of the finest ever shown overseas, and fleeces gathered from all parts of the Dominion were included in both the educational and commercial sections. It was not practicable, owing to the lack of refrigerating space, to show exhibits of butter and cheese, but a very tasteful court was provided showing by means of coloured photographs, charts, and diagrams the growth of the industry over a period of years, whilst photographic transparencies—twenty-two in number—showed factory processes and the care taken in grading butter and cheese for export. A large map of the Dominion locating the position, by small coloured electric bulbs, of every dairy factory formed a conspicuous feature of this exhibit.

A comprehensive range of New Zealand minerals, timber, and kauri-gum was shown, and the arts and products of Samoa and Cook Islands provided a colourful and educative exhibit. A special section was devoted to the arts and crafts of the Maori. A large centre bay, attractively designed and decorated by Maori carvings, was used for exhibits showing the attractions of the Dominion from the point of view of the tourist and the sportsman. The large painted murals used at the British Empire Exhibition at Wembley proved to be splendid advertisements of our scenic attractions. Another section showed convincingly progress made by our cities, up-to-date harbour facilities provided, and a working diorama of the boiling pools and mudholes of the thermal regions. Our social and industrial legislation was also attractively advertised, together with the work of our chief Departments of State.

A popular feature of the New Zealand section was the cinema, with seating accommodation for three hundred people. This was crowded during the short fifteen-minute sessions which were given about twenty times daily during the progress of the Exhibition. The films supplied by the Publicity Department dealt with all phases of New Zealand's national life, and proved to be a most valuable supplement to the exhibits, and most educative to visitors as to the mildness of New Zealand's climate, general progress in agricultural, pastoral, and industrial pursuits, and the daily life of our people in work and play.

The conspicuous success achieved was due largely to the excellence of the exhibits which were made available from the collections shown in the New Zealand and South Seas Exhibition by the Government and the provinces of New Zealand, and to the fact that much of the decorative material returned from Wembley was used. Tribute should also be paid to many private owners for the loan of valuable collections and sporting trophies. The splendid service rendered to the Government by the Canadian National Exhibition authorities in providing space, lighting, and much of the constructional material without charge, together with the expert assistance of a trained staff in the layout of the section, deserves special mention. The directors, management, and staff gave practical proof at all times of their desire to assist the New Zealand Government, and it is a source of satisfaction to the Department to learn that as a recompense for all the courtesy and consideration shown the exhibit made by New Zealand was entirely satisfactory to the Exhibition authorities. In its annual report on the 1926 Exhibition the following reference is made: "In all, the international exhibits occupied 100,000 square feet of floor-space, of which 22,000 was occupied by New Zealand's display, which was perhaps the most striking individual exhibit on the grounds."

Acknowledgement should also be made of the splendid transport facilities provided for shipping and railing the exhibits from Dunedin to Toronto by the Canadian Government Merchant Marine and the Canadian National Railways. The care taken in the handling of approximately 200 tons of exhibits, many of them of a fragile nature, was exemplified by the fact that no damage whatever was sustained. This experience is so unique and satisfactory that it deserves special mention. The estimated cost of the exhibit was £7,500; the completed accounts show the actual net cost to have been £6,024. The result is highly satisfactory in view of the size of the exhibit, the long distance traversed, and the splendid general publicity obtained for New Zealand.

GAS REGULATIONS.

The Department, in conjunction with the Gas Referees, has continued and extended the administration of these regulations, which make provision for safeguards in the matter of heating-value, purity, pressure, price, and measurement of gas. The regulations at present apply only to the gas undertakings in the four chief centres, but it is proposed to extend control during the forthcoming year to a number of the secondary towns, and action in that matter is in hand.

Regular tests have been made during the past year by the Gas Examiners in Auckland, Wellington, and Christchurch, and the tests have shown that the gas in each of these cities has complied with the regulations in regard to purity and pressure. The calorific values of gas supplied have been kept well up to the values declared by the respective companies. A Gas Examiner has (in conjunction with the work of the Dominion Laboratory) recently been appointed in Dunedin, and regular tests in that city will be made from an early date.

The testing and stamping of all meters issued or reissued in Wellington and Auckland is now attended to by Inspectors of Meters, who commenced their duties some months ago.

The expense of control in this matter is not large, and, as the work is carried out in association with the work of the Dominion Laboratory, the expenditure is kept at the lowest possible figure. The companies concerned are called upon to pay levies to cover the cost of examination, &c., and fees are payable in respect of all meters tested.

INVESTIGATIONS.

The Department is continually keeping in touch with the changing conditions in various trades and industries, and exercises the statutory right of full inquiry when circumstances necessitate, both for the reason of restrictive control and for the assistance of industry or commerce. A number of investigations have been made, some of which are dealt with in special paragraphs of the report; others, of a confidential nature, are not published.

In complaints dealing with allegedly unreasonably high prices, or with the operations of trusts or combines, the Department has been given every facility for making its inquiries by interested parties concerned. Generally the complaints from the public have been few in number and trivial in character, open competition in trade and industry in most cases keeping prices at a reasonable level. The complaints from traders themselves as to unfair competition by the selling of goods at or below wholesale cost have increased in number, and this matter is dealt with to some extent in the findings of the Committee of inquiry into the proposed operations of the Proprietary Articles Trade Association, and is receiving the close consideration of the Department.

CHATELS TRANSFER ACT, 1924.

Applications are from time to time made in respect of section 57 of this Act, whereby provision may be made for the protection of bailors of certain chattels (recognized as being the subject of customary hire-purchase agreements) without the necessity of registration. A number of such applications have been received and dealt with during the past year, and inquiries have been made as to the customary trade practices and surrounding circumstances. In only one case has the application been acceded to—namely, in respect of equipment, apparatus, and appliances for use in connection with the consumption of coal-gas.

COMMERCIAL TRUSTS ACT.

While inquiries relative to suggested offences against the provisions of this Act have been made from time to time during the past year, there has been no evidence supporting any such suggestions, and no legal action has been necessary.

There are, of course, many combinations or commercial trusts, so called, in the Dominion, but it is only when such combinations take action of a nature specifically prohibited by the law that action is necessary. As previously pointed out, however, the Department is continuously charged with the duty of inquiring into the circumstances of many trades and industries for the purpose of correcting any possible breaches of the Act. In this matter it must be remembered that not only is the legislation restricted in respect of the nature of the acts which constitute offences, but the law applies only over a portion of the whole field of industry and trade.

During the past year the Privy Council has dealt with the appeal from the judgment of the New Zealand Court of Appeal in the matter of the proceedings taken against certain flour milling and distributing companies. Judgment of the Lords of the Judicial Committee of the Council was delivered in January last, and, as is generally known, the judgment of the New Zealand Appeal Court was reversed and the judgment in the Supreme Court in favour of the defendant companies was upheld. It is to be regretted, however, that the pronouncement of the Privy Council does not, so far as questions of principle are concerned, add anything to the decisions given in previous cases. Their Lordships have in their judgment reviewed in general terms the judgments in the New Zealand Courts, and have, in fact, decided that the Crown has not discharged the burden of proof that the monopoly or control was of such a nature as to be contrary to public interest. Their Lordships have accordingly made it clear not only that each case of this nature must be judged upon the particular circumstances existing, but also that there are no general principles upon which a decision may be arrived at. The judgment has drawn attention to the conflict of opinion between the Judges of the New Zealand Courts as to what is to be regarded as contrary to public interest, and has, in fact, determined the question raised in the flour-milling case purely as a matter of opinion based upon a general consideration of the facts. The concluding paragraph of their Lordships judgment is as follows:—

“In the result this case, which has occupied so much time in its progress through all the Courts, resolves itself into one question—namely, Has the prosecution established that ~~on~~ the facts of this particular case the monopoly or control was of a nature contrary to the public interest? The question is, of course, such as to lend itself to prolonged discussion, and it has been fully and ably argued on both sides. In their Lordships opinion, the question in the circumstances of the present case is really one of fact and cannot be decided merely as a matter of law. Their Lordships, after reviewing and weighing the evidence, have come to the conclusion that the prosecution has not discharged the burden of proof which lies upon it, and that the judgment of Mr. Justice Sim should be restored.”

COMMISSION OF INQUIRY : PROPRIETARY ARTICLES TRADE ASSOCIATION.

A judicial inquiry, the first of its kind, under section 13 of the Board of Trade Act was opened in February last into the proposed operations of the above association, which was in process of formation in the Dominion. The association's purpose was to fix the wholesale and resale prices of a wide range of proprietary articles which are sold by chemists, grocers, drapers, and fancy-goods shops. The Government received several protests by way of deputations, petitions, and letters against the association operating in New Zealand, and it was decided to hold an inquiry for the purpose of elucidating the facts and reporting upon the main questions at issue, which were—

- (a) Is the P.A.T.A. a monopoly detrimental to the public welfare?
- (b) Does it engage, or does it propose to engage, in unfair competition, or in practices detrimental to the public welfare?
- (c) Does it interfere, or does it propose to interfere, with the proper regulation of the prices of goods?

The Committee heard the evidence of thirty-one witnesses from all parts of the Dominion, and written opinions were submitted by three well-known Professors of Economics. Both parties were represented by counsel. The inquiry was held in private in accordance with section 21 of the Board of Trade Act; but, as section 24 of the same Act authorizes publication of evidence which is deemed expedient in the public interest, the Committee decided, with the approval of the Hon. the Minister of Industries and Commerce, that the evidence should be printed with the findings after information of a confidential nature had been deleted.

The judicial Committee appointed to make the inquiry comprised Messrs. J. W. Collins, Secretary of Industries and Commerce (Chairman); W. B. Montgomery, ex Comptroller of Customs, Wellington; W. R. Hayward, manufacturer, of Dunedin; and M. J. Reardon, Wellington, ex workers' representative on the Court of Arbitration.

The Committee's findings and the evidence were laid on the table of both Houses by command. The majority of the members of the Committee considered that the association was a combination detrimental to efficiency in distribution, likely to unduly encourage the credit system, dangerous to public interest, and generally retrogressive. The Committee recommended that, if necessary, the Government should arrange for the making of regulations to prevent the association from operating in New Zealand. Mr. W. R. Hayward found himself unable to agree with the findings of the majority, and submitted a minority report, in which he expressed the view that the P.A.T.A. should be allowed to operate in New Zealand.

WHEAT AND WHEAT PRODUCTS.

The Department has again to record in outline the action taken in connection with the supply and prices of the above-mentioned commodities.

Just prior to the harvesting of the wheat crop of 1926, the Government decided, at the request of growers and merchants, that there should be no intervention by the State in the matter of price-fixation, purchase, or importation, and, with the exception that necessary imports for distribution as fowl-food should be admitted duty-free, the market was left to take its course behind the protection of the Customs tariff.

It was recognized at that time, of course, that the harvest would fall short of our national needs, and that heavy importations of wheat or flour (or of both wheat and flour) would be necessary to fill the deficiency. When the final figures of production were ascertained, it was shown that the harvest of 1926 had provided only 4,617,041 bushels, produced from 151,673 acres. This recognized shortage, coupled with a relatively high price in the outside markets, resulted in the payment by millers of prices for wheat somewhat above those at which the Government had previously been asked to take control. Millers could not, as a general rule, import wheat and pay duty as provided by the tariff in competition with imported supplies of flour. In other words, the duty on wheat has, relatively to the duty on flour, been too high to admit of the milling of imported wheat in the Dominion. This applies, however, more particularly to the mills in the South Island, whose market is to a large extent in the North Island. For that reason millers were competing keenly for supplies of local wheat, which did not suffice to keep all mills running normally until the local harvest of 1927 became available. A number of mills closed down during 1926, while others conducted operations on a reduced scale. Importations of flour during the latter part of 1926 in particular, and early in this year, were consequently particularly heavy.

Importations of flour during each month of the season 1926-27 were as follows:—

1926.	Tons.	Value. £
March	1,417	18,215
April	1,066	13,216
May	909	13,807
June	1,304	18,066
July	1,575	23,738
August	3,486	56,833
September	7,233	117,196
October	3,767	62,457
November	3,337	54,276
December	967	13,809
1927.		
January	1,889	26,936
February	4,418	59,166
Totals, season 1926-27	31,368	£477,715

As has already been mentioned, provision was made for the admission of wheat for fowl-food duty-free. Permits for this purpose were issued by the Department to recognized merchant distributors, the quantities being limited according to the reasonable requirements of the trade. These permits were, of course, issued under conditions which ensured that the wheat was sold only for consumption as poultry-food. The quantity imported under these permits during 1926-27 was 636,550 bushels. A portion of the North Island's requirements of poultry-wheat and virtually the whole of the South Island demand was filled from the local supply.

While mills generally, and more particularly those in the South, have not been able to import wheat for gristing in competition with Australian flour, an appreciable quantity was imported for that purpose into the Port of Auckland. The imports of wheat other than for poultry-food totalled 1,100,164 bushels.

Our total national requirements in 1926-27, therefore, represented the equivalent of approximately 8,000,000 bushels—a little less than the average of the past few years.

While growers were apparently well pleased with the results of keen competition in the local market in 1926, and more particularly since world prices in that year remained on a relatively high level, the approach of the harvest of 1927 gave rise to a strong request for increased protection. By December, 1926, values abroad had fallen appreciably, and as the harvest of this year gave promise of being a substantial one the attention of the Government was directed to the alleged dumping of Australian flour. It was pointed out by wheat-growers that Australian flour was being sold in the Commonwealth at prices apparently appreciably above the export quotations. A request was also made that the Government should again impose a complete prohibition against the importation of flour. These requests received the consideration of Government, and, while the embargo was refused, it was agreed that dumping duty on a specified basis should be charged on flour from the 1st March, 1927.

More recently, however, the request for increased tariff protection has been renewed. The Government has announced its intention of asking Parliament to amend the duties on wheat and flour in such a way as to ensure a more or less stabilized price to growers. Under the proposed system the duty on flour will rise when world prices fall, and, conversely, the duty will fall when world prices increase. The duty on wheat will be adjusted in similar manner, and it is hoped that by this means the double objective can be achieved of ensuring to growers a reasonable price irrespective of outside market conditions, and also of protecting the consumers against very high costs when world prices show an upward tendency. The difficulty involved with specific or flat-rate duties has been that unless the duties are fixed at a high rate they are not adequate to protect local growers in times when world prices are particularly low. The proposed new system of duties will tend to eliminate from wheat-growing the extremely speculative aspect in the matter of prices, and growers will always have the assurance of what will probably be regarded as a reasonable price.

It is to be hoped that the measure of protection given to the wheat-growing industry (a protection which must necessarily cover also and be effective through the flour-milling industry) will result in the production of an adequate supply of locally grown wheat. It must not be forgotten, however, that weather conditions and the fluctuating values of other alternative farm products may, from year to year, bring about appreciable changes in wheat acreage and production, and the success or failure of any action taken to secure an adequate local production can properly be judged only on its results over a period of years.

In view of the extent to which New Zealand has been a buyer of Australian wheat and flour, the following figures are given showing in general terms the course of prices in the Commonwealth market during the past twelve months: In May, 1926, Australian wheat for export was quoted around 6s. 6d., and flour for export at £13 10s. per ton. These prices gradually increased until in August last (when the Australian exportable surplus had substantially all been shipped or sold) wheat in Victoria and New South Wales was quoted at over 7s. per bushel. A better supply position in South Australia kept the price there a little lower, and wheat from that State in August was quoted around 6s. 10d., with flour at £13 15s. to £14 per ton. In New South Wales the price went to 7s. 4d. for wheat and £15 for export flour. With the progress of the harvest in the Northern Hemisphere and the approach of a satisfactory and early Australian harvest, prices receded appreciably in September and subsequent

months. In December new season's Australian wheat was offering at 5s. 6d. to 5s. 9d., with export flour down to £12 per ton. As the season progressed the premium on early wheat disappeared, and values fell until in February Victorian wheat was freely selling at 5s. 3d., and export flour at £11 per ton, and even lower. More recently the market has hardened, following an increase in world prices, and in May, 1927, values have been around 5s. 9d. for wheat and £12 for export flour.

It will be noted that the export price of flour does not maintain by any means a constant relationship to the price of wheat, nor do prices in the Australian States always move together. An examination of the quotations shows, however, that, on the average, when wheat is 5s. 5d. export flour is quoted around £11 to £11 5s.; when wheat is 5s. 9d. export flour is worth £12 or a little more; and when wheat is, say, 6s. 6d. flour is priced around £13 10s. per ton.

SUGAR.

During the past year public attention has been drawn to the possibility of the manufacture of beet-sugar in New Zealand, and representations have been made to the Government in regard to the establishment of the industry in the South Island. For some years past the Department has at various times given consideration to this matter, and has collected information in regard to beet-sugar production in other countries. The question is again being gone into with the object of advising the Government as to the commercial possibilities of any such industry within the Dominion. In regard to this question it must be remembered that New Zealand at present enjoys a very cheap and satisfactory supply of first-grade sugar refined within the Dominion from raw cane-sugar, and there is no prospect that the beet-sugar industry could produce more than a minor proportion of the total requirements of the Dominion. Moreover, the price at which sugar is available to consumers in New Zealand is such that there does not appear to be any likelihood of the manufacture of beet-sugar locally at such a cost as would enable it to compete with cane-sugar produced in Fiji and Java. To make the beet-sugar industry possible in New Zealand it would on present indications appear to be necessary for material assistance to be given either by subsidy or by tariff protection. The British Government has, however, under investigation a new process of beet-sugar extraction which may have the effect of appreciably reducing the cost of manufacturing sugar from beetroots, and inquiries are being made as to the success being achieved with the new process.

The Department has kept in touch with the world's sugar markets, and in order to give an indication of the movement of world prices as compared with the prices of locally refined sugar the graph (opposite page) has been drawn. The graph lines show a comparison between Cuban raw sugar c.i.f. Europe and refined sugar sold f.o.b. Auckland for southern shipment. It will be recognized, of course, that the refined product cannot be expected to show the frequent fluctuations recorded in the raw-sugar market, and necessarily prices of refined sugar are appreciably above the prices of raws. The graph, however, shows quite clearly the general agreement between the prices of refined sugar in New Zealand during the past two and a half years and the prices of raw sugar on the world's market.

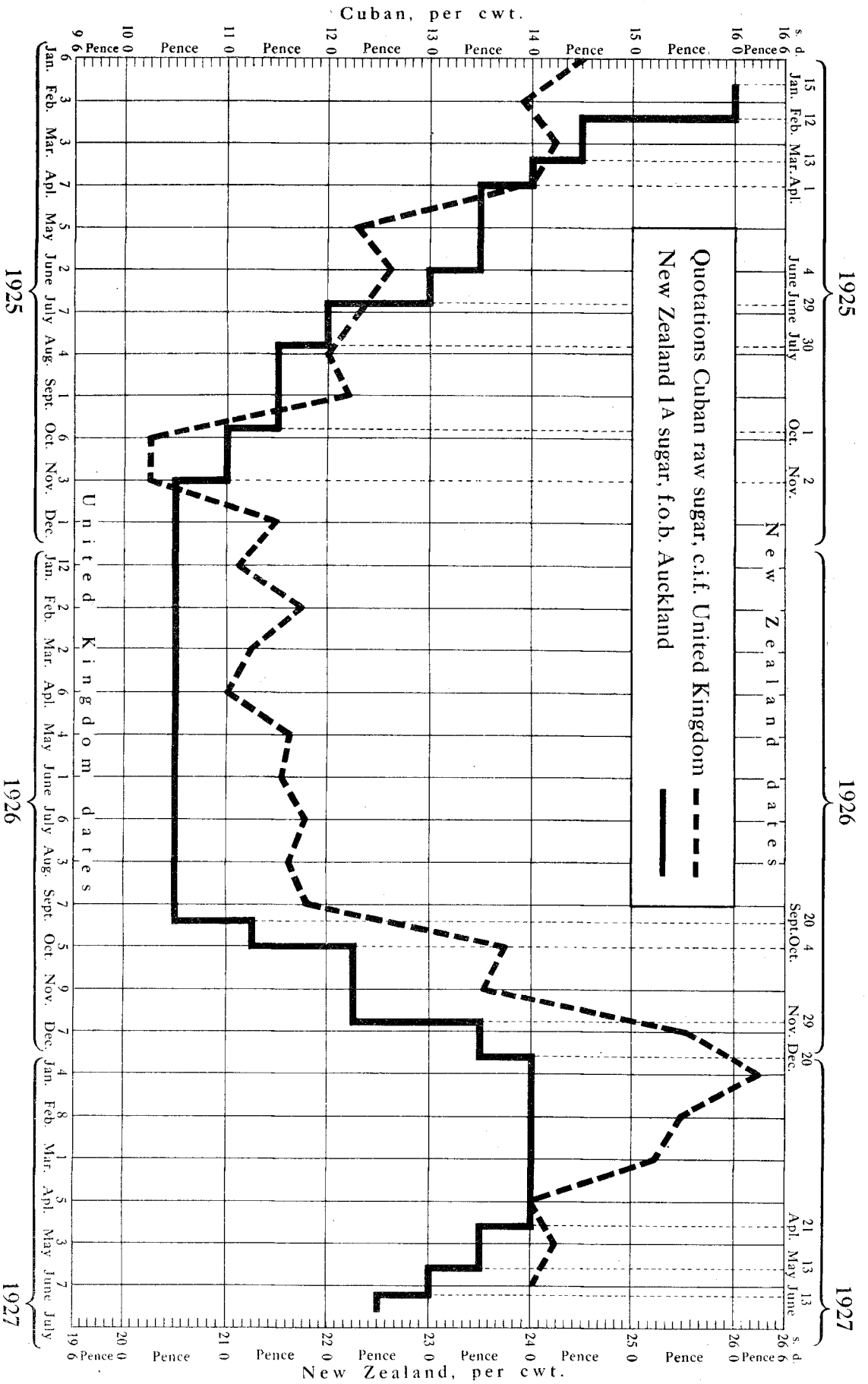
TIMBER.

During the past year the Department has undertaken a wide investigation of the timber industry and the trade both in local and imported timbers. This inquiry has been carried out especially in relation to the depressed conditions existing in the local industry and with a view to enabling the Tariff Commission and the Government to have available information on all aspects of the matter. The Department's officers have visited or communicated with a very large number of timber-milling companies, and have secured reliable information on such subjects as production, sales, prices, stocks, profits, and costs of production and transportation. Inquiries have also been made from other sources relative to the demand for timber both for home consumption and export, supplies, costs, and prices of imported timber, and in respect of various further matters which require consideration in any readjustment of the tariff on imported timbers.

A somewhat remarkable dissimilarity has been found to exist in regard to conditions in different parts of the Dominion, and it has been abundantly evident that the present depression of the New Zealand timber industry is due to a number of causes, and not merely to the competition of imports.

While the investigation has taken up a great deal of the time of several officers for some months past, it is not proposed that this report should deal in any detail with a subsidy, which will receive the consideration of the Tariff Commission. A few general particulars may, however, be given in regard to the quantity of timber produced in New Zealand, and the quantities imported and exported. The following table shows for several years past the production in New Zealand:—

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



The imports of timber (other than Australian hardwoods) during recent years have been recorded as under (quantities in thousands of superficial feet) :—

—	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Ash, hickory, lancewood, lignum-vitae, beech, mahogany, walnut	Not available.	Included under "cedar" below		127	219
Cedar		342	2,314	7,571	8,202
Oregon		11,373	13,653	16,206	18,622
Hemlock		545	1,747	4,258	3,744*
Spruce		3	899	1,463	239*
Oak		1,867	2,136	2,586	2,343
Other kinds, including redwood ..		1,394	2,812	8,716	9,628†
Totals	7,620	15,514	23,561	40,927	42,997

* Does not include timber for butter-boxes or cheese-crates (if any) of hemlock or spruce. Previous years' figures for hemlock and spruce include any butter-boxes or cheese-crates of these species. † Includes all butter-boxes and cheese-crates of any species of timber.

The importations to the various districts are shown by the following figures :—

Imports by Ports of Timber in Thousands of Superficial Feet.

—	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Auckland	3,813	6,026	12,196	16,074	15,574
Wellington	904	3,532	2,715	11,964	15,419
Napier, New Plymouth, Wanganui	729	1,471	1,797	2,388	3,572
Lyttelton and Timaru ..	1,232	2,027	2,181	3,473	2,894
Dunedin, Oamaru, Invercargill ..	942	2,448	4,305	5,760	3,444
Other ports .. .. .	..	10	367	1,268	2,094
Totals	7,620	15,514	23,561	40,927	42,997

The exports of New Zealand timber according to species during each of the past five years (ended 31st March) and the exports by ports have been as under :—

Exports in Species of New Zealand Timber in Thousands of Superficial Feet.

—	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
White-pine	35,687	31,435	34,862	39,018	31,095
Rimu	4,536	7,459	5,172	3,639	3,796
Kauri	3,866	1,914	2,598	3,184	1,467
Beech	726	1,366	1,832	1,639	2,427
Other kinds	374	991	701	418	263
Totals	45,189	43,165	45,165	47,898	39,048

Exports by Ports of New Zealand Timber in Thousands of Superficial Feet.

—	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Auckland	15,018	11,937	15,030	17,605	9,737
Kaipara	2,378	966	817	2,840	1,252
Gisborne	642	655	712	694	173
Wanganui	5,607	1,929	491	1,188	838
Wellington	79	81	79	63	44
Westport	388	905	957	1,463	1,163
Greymouth	20,265	25,049	24,854	21,967	22,432
Invercargill	812	1,643	2,018	1,767	3,392
Other ports .. .. .	..	..	207	31	17
Totals	45,189	43,165	45,165	47,898	39,048

The foregoing figures will serve to show (a) the relatively high production of local timber during the two years ended March, 1926; (b) the increase in importations, particularly to the North Island; and (c) the falling-off in exports—also essentially a North Island matter—during the past year.

CONCLUSION.

It is evident that during recent years marked changes have been taking place in relation to certain aspects of the Dominion's trade and production.

In commerce the tendency is increasingly towards co-operation between the individual producing and trading interests. This has been particularly noticeable in relation to our export trade, and benefits in matters of transportation and marketing have been secured in respect of several of our main exportable products. This co-operative effort is being extended to other commodities and to other questions, such as scientific research and joint advertising. The field awaiting development is wide, and the possible national gain is appreciable. It is generally conceded, in fact, that increasingly keen competition in the world's markets necessitates the greatest possible improvement and economy in methods of production and marketing, and in the maintenance of high standards of quality.

Internal trade is also, though to a less marked degree, moving towards co-operation and combination. While this tendency is in part defensive, and arises from a desire to avoid the risks and difficulties of keenly competitive conditions, such movements, if wisely and fairly guided, can secure for the general welfare appreciable economies and improvements in distributive methods and machinery.

The manufacturing industries of the Dominion in general continue to show a steady and healthy growth. As the internal demand increases with increasing population, new industries become possible of establishment and the manufacture of other goods increases. Much has been done in recent years by manufacturers' associations and others to bring before the public notice the variety and good quality of New-Zealand-made goods. It is still very evident, however, that in some lines local manufacturers are labouring under the handicap of public prejudice against Dominion-produced articles. In a number of instances manufacturers are forced to brand their goods in such manner as to conceal the fact that they are New-Zealand-made. It is freely stated by retailers that any other course would militate seriously against the sale of the local article, even though quality and price be fully satisfactory. In some instances retailers demand price concessions from manufacturers, on the grounds that they must have a higher selling margin on local than upon imported goods. Manufacturers jointly and collectively are accordingly giving continuous effort to the matter of overcoming these prejudices and difficulties, realizing, too, that they can succeed only if satisfactory standards of quality are maintained. Manufacturers of a number of lines of goods in the Dominion are at present feeling very keenly the free competition of imported goods of relatively low quality. The consuming public necessarily makes price the all-important factor, and, speaking generally, has only an imperfect knowledge of questions of quality in relation to many commodities. Local manufacturers are in many instances not in a satisfactory position to secure the low grade and cheaper raw materials available to overseas makers, and, moreover, being in close contact with their market, the Dominion producers cannot generally afford to place on the market goods of anything but a satisfactory quality. The present slow demand in certain trades and industries, by reducing output, is having the effect of increasing the costs of production in many of our factories, and is consequently still further accentuating the difficulties of New Zealand manufacturers.

His Excellency the Governor-General, when opening the Wellington Industrial Exhibition, stressed the importance of developing our manufacturing industries, and urged the public to assist to this end by buying New-Zealand-made goods. The co-operation of manufacturer, distributor, and purchaser is required in a movement which would undoubtedly beneficially affect the Dominion as a whole.

For the Department of Industries and Commerce:

30th July, 1927.

J. W. COLLINS,
Secretary.

APPENDIX.

MANUFACTURING INDUSTRIES.

Boot and Shoe Industry.

Output: 1925, £1,226,000; 1926, £1,197,785. Employees: 1925, 2,475; 1926, 2,541.

The number of factories operating during the year ended the 31st March, 1926, was eighty-one, being the same number as the previous year; the number of employees increased by sixty-six; the amount paid in wages and salaries increased by £18,542. The value added in the process of manufacture (value of products, less cost of materials) shows a decline as compared with the previous year, the respective figures being—1925, £628,326; 1926, £607,871. It is interesting to note that of the total value of leather used in process of manufacturing—viz, £492,410—not less than £306,246, or 62 per cent., was manufactured in New Zealand. The number of boots and shoes manufactured was 1,363,690 pairs; the number of slippers, 14,850 pairs; shoe-ettes, 42,833 pairs: being a total of 1,421,373 pairs. These figures show a small decrease as compared with the previous year. Manufacturers report that conditions in the industry have been unsatisfactory during the latter part of the year 1926, and the early months of the present year. Some manufacturers go so far as to state that the position is the worst experienced during the past forty years. It has again to be reported that those factories which have specialized in particular classes of footwear are generally in a better position than those making a wide range of samples.

Tanneries.

Output : 1925, £591,165 ; 1926, £616,596. Employees : 1925, 550 ; 1926, 495.

The tanning industry is directly affected by the state of trade in the footwear industry, and conditions in both industries are at present unsatisfactory.

Soap and Candle Industry.

Output : 1925, £560,897 ; 1926, £538,026. Employees : 1925, 472 ; 1926, 460.

The value of the output of this industry shows a decrease as compared with the previous year, mainly as a result of reduced output of candles and lower prices for soap. Competition from overseas is very keen in all the fancy lines of soap.

Agricultural and Dairying Machinery.

Output : 1925, £619,775 ; 1926, £716,672. Employees : 1925, 986 ; 1926, 1,040.

The statistics for the year ended the 31st March, 1926, show that manufacturers had a satisfactory year. The value of the agricultural implements and machinery produced in the Dominion for the past three years is as follows : 1923-24, £83,561 ; 1924-25, £63,347 ; 1925-26, £65,953. The value of dairying machinery manufactured is as follows : 1923-24, £187,304 ; 1924-25, £250,344 ; 1925-26, £302,407. The foregoing statistics show that there was an increasing output of dairying machinery during the three years ended the 31st March, 1926. The output of agricultural machinery is, however, falling, and in both of these industries conditions in the past year have been relatively unsatisfactory. Foreign competition is increasing, and with reduced local output costs of local manufacture are tending to increase.

Biscuit and Confectionery Making.

Output : 1925, £1,469,808 ; 1926, £1,588,459. Employees : 1925, 2,404 ; 1926, 2,494.

The statistics in connection with this industry disclose a satisfactory position. Not only has the value of the output and the number of employees increased, but the added value by process of manufacture and the added value per employee have also increased. Manufacturers report that the biscuit and confectionery trade has been well maintained during the present year, but that the chocolate-manufacturing branch is meeting keen competition from an increasing number of countries.

Furniture- and Cabinet-making Industry.

Output : 1925, £1,256,073 ; 1926, £1,375,620. Employees : 1925, 2,237 ; 1926, 2,767.

The number of furniture-factories operating in the Dominion has increased during the past three years. The number operating in 1924 was 275 ; 1925, 286 ; 1926, 311. The output, number of employees, and added value show increases. The added value per employee has, however, decreased from £297 in 1925, to £270 in 1926. Manufacturers report a decline in trade during the present year, and in recent months there have been quite a number of skilled men in these trades unemployed.

Jams and Preserves.

Output : 1925, £239,742 ; 1926, £234,775. Employees : 1925, 299 ; 1926, 247.

Since the period covered by the above figures ended this industry has experienced a quiet period. In the Otago District this has been attributed to the poor stone-fruit crop. In some quarters, more particularly in Auckland, a brighter tone exists.

Sauces, Pickles, and Vinegars.

Output : 1925, £200,164 ; 1926, £202,065. Employees : 1925, 239 ; 1926, 237.

This industry reports a slight improvement since the above returns were prepared, and trade generally is said to be satisfactory.

Bricks, Tiles, and Pottery.

Output : 1925, £634,764 ; 1926, £700,183. Employees : 1925, 1,283 ; 1926, 1,392.

The present building depression is having an adverse effect upon this industry, which up to a few months ago was in a prosperous state.

Engineering.

Output : 1925, £1,846,218 ; 1926, £1,993,911. Employees : 1925, 3,509 ; 1926, 3,807.

Up to the end of 1926 normal conditions were experienced in this industry, but since the beginning of 1927 business has gradually fallen off and to-day things are exceptionally quiet in the engineering industry. All centres report that there are a number of skilled engineers unemployed.

Rope and Twine.

Output : 1925, £223,234 ; 1926, £237,573. Employees : 1925, 233 ; 1926, 227.

Those associated with this industry report good business since the above figures were compiled.

Coach and Motor-body Building.

Output: 1925, £720,886; 1926, £764,491. Employees: 1925, 1,316; 1926, 1,496.

The above shows an increase in both value of output and number of hands engaged. Since March, 1926, and particularly since the beginning of 1927, a very dull period has been experienced, there being a strong tendency on the part of the public to practice economies where this class of manufacture is concerned. Coachbuilding forms a very minor portion of this group.

Clothing.

Output: 1925, £2,339,462; 1926, £2,515,280. Employees: 1925, 6,652; 1926, 6,833.

The number of employees engaged in this industry makes it rank high in importance especially as one that provides work for a very large number of females. It is satisfactory, therefore, to note that for the year ended the 31st March, 1926, an increase in output and employees is recorded. Unfortunately the reduced purchasing-power of the community has recently reflected itself in a decided lull in the clothing-factories' output, a number of which are now only running part time. There are hopes that in the coming spring business will again increase.

Chemical Fertilizers.

Output: 1925, £799,189; 1926, £1,110,684. Employees: 1925, 528; 1926, 706.

This industry, which is largely made up of the manufacture of superphosphates, is expanding rapidly, and even since the above returns were prepared a new works commenced operations at Wanganui in September last. The Burnside works, at Dunedin, are about to be extended. The greatly reduced prices of superphosphates in the North have had the effect of creating a huge demand with consequent increased output.

Printing, Publishing, and Bookbinding.

Output: 1925, £4,052,545; 1926, £4,369,480. Employees: 1925, 6,779; 1926, 7,223.

It will be readily seen from the above that this industry continues to grow rapidly. It is an industry which gives a great deal of employment, and, as a matter of fact, next to the sawmilling industry it employs the largest number of hands. Those associated with the industry report very keen competition from overseas manufactures.

Woollen-mills.

Output: 1925, £1,263,743; 1926, £1,150,771. Employees: 1925, 2,381; 1926, 2,326.

The figures quoted show a decline in the activities of this industry. Some mills are still running short time, but there has been a slight improvement since the above returns were compiled. Imports of woollen goods have fallen off to some extent during the present year, and this has created a better demand for the local article.

Approximate Cost of Paper.—Preparation, not given; printing (1,250 copies, including graph), £34 10s.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1927.

Price 9d.]

Cash and Non-cash

Output: 1925 \$1,300,880; 1926 \$1,781,191. Employees: 1925 1,110; 1926 1,400.
The above shows an increase in both value of output and number of hours engaged. Since March, 1926 and particularly since the beginning of 1927, a very dull period has been experienced, there being a strong tendency on the part of the public to practice economies where this class of manufacture is concerned. Consequently forms a very minor portion of the group.

Clothing

Output: 1925 \$2,339,461; 1926 \$2,315,280. Employees: 1925 6,522; 1926 6,822.
The number of employees engaged in this industry makes it rank high in importance especially as one that provides work for a very large number of females. It is estimated, therefore, to have that for the year ended the 31st March, 1926, an increase in output and employees is recorded. Unusually the reduced purchasing-power of the community has recently reflected itself in a decided fall in the clothing-factors' output, a number of which are now only running part time. There are hopes that in the coming spring business will again increase.

Chemical Products

Output: 1925 \$1,001,189; 1926 \$1,110,684. Employees: 1925 528; 1926 706.
This industry, which is largely made up of the manufacture of superphosphates, is expanding rapidly and even since the above returns were prepared a new works commenced operations at Wanganui in September last. The British works at Danneberg are about to be expanded. The greater reduced price of superphosphates in the North Island has the effect of creating a large demand with consequent increase of output.

Food, Publishing and Bookbinding

Output: 1925 \$4,052,246; 1926 \$4,369,480. Employees: 1925 6,779; 1926 7,222.
It will be readily seen from the above that the industry continues to grow rapidly. It is an industry which gives a great deal of employment, and is one of the most profitable. The output of the industry is expected to increase in 1927. The industry report very keenly.

Woolen-mills

Output: 1925 \$1,257,743; 1926 \$1,150,771. Employees: 1925 2,241; 1926 2,256.
The figures quoted show a decline in the activities of this industry. Woolen-mills are still running short time, but there has been a slight improvement since the above returns were compiled. Inputs of woollen goods have fallen off to some extent during the present year, and this has created a better demand for the local article.

Information for 1926 is preliminary and subject to revision.

By Authority: W. A. G. SKERRETT, Government Printer, Wellington.—1927.

Price 50s.