

1928.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(ELEVENTH 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, 1928. 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.

The external trade of this Dominion is an all-important factor in our economic welfare. The overseas trade of New Zealand is probably greater in proportion to total production than in the case of any other country in the world which has passed the initial stage of colonization and primary development. As a consequence of these facts, a very great deal of attention is appropriately given to questions bearing upon our export and import trades.

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

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	48,537,603	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	4,613,988*
1927	44,782,946	48,496,354	93,279,300	3,713,408

* Excess of imports.

The marked recovery in exports in 1927 and the decline in our imports as compared with the previous year have been widely noted, and give ground for satisfaction and increased confidence in the general prosperity of the Dominion. The position has been still further improved by the high level of exports during the early part of 1928.

EXPORTS.

The following figures show the values of the main items of export in 1927 as compared with 1926 :—

Item.	1926.	1927.	Increase.	Decrease.
	£	£	£	£
Butter	8,695,188	10,915,390	2,220,202	..
Cheese	5,939,359	5,582,596	..	356,763
Beef (frozen)	511,996	583,871	71,875	..
Lamb (frozen)	5,593,463	6,011,939	418,476	..
Mutton (frozen)	2,122,099	2,035,558	..	86,541
Hides and calf-skins	755,537	922,825	167,288	..
Rabbit-skins	829,165	682,658	..	146,507
Pelts	1,273,688	1,195,044	..	78,644
Wool	11,830,190	12,961,744	1,131,554	..
Tallow	741,045	714,441	..	26,604
Kauri-gum	332,765	278,632	..	54,133
Gold	516,207	534,639	18,432	..
Sausage-skins	780,811	756,123	..	24,688

In most of the foregoing items there was in 1927, as compared with the previous year, an increase in the quantities exported. Hides and calf-skins, rabbit-skins, kauri-gum, and sausage-skins were the only lines in the list which showed a decline in the quantities sent overseas.

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

—	1925.	1926.	1927.
	£	£	£
British Possessions, Protectorates, &c.—			
United Kingdom	44,073,323	35,102,087	36,877,887
Australia	2,502,113	3,054,433	3,670,462
Canada	423,068	861,717	1,666,598
All other British countries	594,128	508,380	550,435
	47,592,632	39,526,617	42,765,382
Foreign Countries and Possessions—			
United States of America	4,349,758	3,818,232	2,681,091
France	600,814	681,668	1,008,291
Germany	1,614,090	364,629	1,139,654
All other foreign countries	1,104,978	884,429	901,936
	7,669,640	5,748,958	5,730,972
Totals, all countries	55,262,272	45,275,575	48,496,354

While the United Kingdom still takes over three-quarters of our exports, her share shows a tendency to diminish. Moreover, much of the produce recorded as going to the United Kingdom is re-exported to other countries, and particularly to the European Continent.

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

	1925.	1926.	1927.
United Kingdom	79.76	77.53	76.04
United States of America	7.87	8.43	5.53
Australia	4.53	6.75	7.57
Canada	0.77	1.90	3.44
France	1.07	1.51	2.08
Germany	2.92	0.80	2.35
Belgium	0.35	0.38	0.34
Japan	0.42	0.36	0.52

IMPORTS.

Our imports are, both in character and origin, much more diversified than is the case with exports. Many classes of imports are of importance, such items as sugar, apparel, footwear, motor-vehicles, tires, and motor-spirit, piece-goods, hardware, and electrical equipment—all representing large values. The decrease in imports in 1927 was in very large measure due to reduced buying of motor-vehicles and motor-spirit.

Our imports are drawn to a much greater extent from British than from foreign sources, but foreign countries sell to us, however, nearly two and a half times the value of the goods which they buy from the Dominion.

The following table gives, in comparison with the similar table relative to exports, a rather striking view of this trade disparity :—

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

	1925.	1926.	1927.
British Possessions, Protectorates, &c.—			
United Kingdom	£ 25,572,802	£ 22,827,406	£ 21,462,977
India and Ceylon	1,757,337	1,730,399	1,614,624
South African Union	113,950	140,021	122,597
Canada	3,916,237	3,431,533	2,737,401
Australia	5,249,493	4,625,200	3,870,636
Fiji	1,239,456	892,894	424,785
All other British countries	413,001	426,288	484,027
	38,262,276	34,073,741	30,717,047
Foreign Countries and Possessions—			
United States of America	8,885,265	10,000,507	8,077,066
France	918,572	814,929	891,499
Germany	500,475	673,472	838,600
Dutch East Indies	610,686	793,457	882,160
Japan	693,632	582,352	591,805
All other foreign countries	2,585,501	2,951,105	2,784,769
	14,194,131	15,815,822	14,065,899
Totals, all countries	52,456,407	49,889,563	44,782,946

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

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

	1925.	1926.	1927.
United Kingdom	48·68	45·60	47·93
United States of America	16·94	20·05	18·04
Australia	9·99	9·27	8·64
Canada	7·46	6·88	6·11
India and Ceylon	3·36	3·57	3·61
Fiji	2·36	1·79	0·95
France	1·75	1·63	1·99
Germany	0·95	1·35	1·87
Japan	1·32	1·17	1·32
Dutch East Indies	1·16	1·59	1·97

BANKING RETURNS.

The banking returns as at the 31st March, 1928, record a marked improvement over the position disclosed by the returns of a year earlier. At the 31st March, 1927, advances were in excess of deposits by an amount of no less than £5,271,996. At the end of March in the current year this excess of advances had been changed into an excess of deposits of £3,887,926. In other words, the banking position may be said to have shown an improvement during the twelve months of £9,159,922. This substantial improvement in the banking position arises, of course, very largely from the improved state of the Dominion's export trade during the past twelve months, and from the fact that in May of 1927 the bank rates for overdrafts and for deposits were increased, the minimum overdraft rate being moved up from 6½ per cent. to 7 per cent.

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

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	..
1928	49,958,293	46,070,367	..	3,887,926

One of the most noticeable features of the returns in recent years has been the marked growth of fixed deposits. These have increased during the past five years by an amount of nearly £7,000,000, which represents 37 per cent. in excess of the amount of fixed deposits shown in the returns for 1924.

Considerably more than half of this increase in fixed deposits has been shown during the past year. Conversely, it is noticeable that free deposits have been reduced during the past five years by approximately 14 per cent., the amount of the reduction being nearly £4,000,000.

At the present time the banking policy of the Dominion appears to be guided by the necessity for maintaining a conservative relationship between advances and deposits. With the general improvement in the financial and trading conditions in the Dominion requests are being made that the bank rates of interest should be reduced, but up to the present time the banks have refused to make any alteration in the rates fixed last year.

There is no doubt whatever that, taken in conjunction with the excellent figures dealing with our external trade, the banking returns show that the Dominion has very rapidly recovered from the relatively depressed conditions existing in 1926 and early 1927.

TRADE WITH CANADA.

Our trade with Canada continues to expand, and the year's exports proved to be a record both in volume and value. In last year's report it was pointed out that there was an increase of just over 100 per cent. in the value of the trade, and it is remarkable that for the financial year just past the figures show a further increase of 100 per cent., the comparable values being—1926-27, £1,030,462; 1927-28, £2,065,222. Canada now ranks fourth in importance in her purchase of New Zealand products. The value of the main items exported from New Zealand during the last four years is as follows:—

—	1924.	1925.	1926.	1927.
	£	£	£	£
Butter	340,582	26,360	230,562	899,727
Sausage-casings	175,455	231,884	319,470	422,655
Hides, pelts, and skins (undressed) ..	79,270	66,809	97,316	56,062
Wool	64,208	53,951	158,329	£213,140

The increase in sales of butter, wool, and sausage-casings is the most remarkable feature in our trade in 1927. Exports in these lines continue to expand, while in some items, such as seeds and kauri-gum, Canada has provided a sorely-needed market. *Phormium tenax* (hemp) declined in sales from £11,603 in 1926 to £6,289 in 1927. This is regrettable in view of the fact that our flax is being displaced largely by foreign hemp, and the Canadian market could probably be retained for New Zealand if a propaganda and sales campaign were undertaken to bring before Canadian importers the undoubted suitability of our fibre for binder-twine, which is so extensively used throughout the great wheat-growing provinces.

In regard to the import trade, the values show a considerable decline from £3,198,091 for the financial year 1926-27 to £2,507,339 for the same period in 1927-28. The decrease is mainly in the item motor-cars, from £1,300,000 in 1926 to £847,700 in 1927. This decrease was due, as is generally known, to the temporary withdrawal from this market of one of the leading cars of Canadian manufacture. It is confidently anticipated, however, that during the current year Canada will regain and even increase the value of her trade in motor-cars with us. Items which have increased in value are manufactured iron and steel, hardware and ironmongery, agricultural implements, electrical machinery, tools, hosiery, and printing and writing paper. Some important items have shown a falling-off, notably timber, photographic material and goods, wood, cane and wicker ware, leather goods, fencing-wire and staples, nails, iron and steel tubes, cotton piece-goods, footwear, apparel, fruit, fish (salmon), and confectionery.

Canadian trade with New Zealand, like that from other countries, was undoubtedly adversely affected by economic conditions in this Dominion; but there is every indication that the check is but a temporary one, and that for the future her sales will show the usual satisfactory growth.

ISLAND TRADE.

Fiji.

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

The imports into New Zealand for the year ended the 31st December, 1927, amounted to £410,039, and the exports to Fiji £124,775, the total trade being £534,814, or 16.61 per cent. of the whole external trade of Fiji.

The imports by Fiji from New Zealand during the past five years have fluctuated considerably, as is shown by the following figures: 1923, £104,000; 1924, £128,000; 1925, £117,000; 1926, £142,000; 1927, £124,775.

The exports to New Zealand have fallen off considerably, due chiefly to the fluctuation in the value and quantity of sugar shipped. In 1923 the exports amounted to £942,000; in 1924 to £787,000; in 1925 to £1,024,000; in 1926 to £710,000; in 1927 to £410,039.

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.
					£	£	£
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
1927	..	..	..	..	304,369	335,978	640,347

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

The United Kingdom is Samoa's best customer: £144,145 worth of goods were sent to the United Kingdom in 1927. Germany (£70,322), United States of America (£31,327), Australia (£8,200), and New Zealand (£7,628) 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 1927 is made up chiefly of cocoa-beans (£7,443).

The value of the imports into Western Samoa from the main countries concerned was during 1923-27 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
1927	..	..	..	..	69,000	89,000	63,000	51,000

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

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

Calendar Year.					Cocoa.		Copra.		Rubber.	
					Tons.	Value.	Tons.	Value.	Tons.	Value.
						£		£		£
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
1927	..	..	..	..	792	48,216	11,665	242,672	158	24,802

The export of rubber from Samoa ceased in 1918 and has been re-established only in recent periods. The exports during the past year reached a figure more than double that of any previous year.

Cook and Niue Islands.

The Dominion proper does a substantial trade with the Cook Islands. The following figures show the value of goods purchased during the past four years by the Dominion from those islands: 1924, £149,676; 1925, £126,465; 1926, £119,407; 1927, £113,396.

The exports from the Dominion to Cook and Niue Islands amounted in 1924 to £96,757; in 1925 to £80,977; in 1926 to £109,636; in 1927 to £98,669.

The total external trade last year was £254,963. Trade between Cook and Niue Islands and New Zealand in 1927 represented 83 per cent. of the total imports and exports of those islands.

The principal items received by the Dominion in 1927 were oranges, £57,000; tomatoes, £19,000; bananas, £26,000; copra, £5,000.

Samoa - Niue - Norfolk Island - New Zealand Trade.

A new five-weekly service is being inaugurated between New Zealand, Samoa, Niue, and Norfolk Island by the new Government motor-vessel "Maui Pomare," which left Auckland on her first trip to Samoa on the 26th June, 1928. Leaving Apia, the vessel will call at Niue, and from there proceed direct to Lyttelton, thence to Wellington and Auckland, making Dunedin her port of call, instead of

Lyttelton, on alternate trips. The round trip will occupy twenty-three days, and the service is expected to result in the development of an important trade in bananas and other Island produce. The South Island especially is expected to benefit by this service, having previously had no direct steamer connection with the South Sea islands.

The Government steamer "Hinemoa," which has been engaged in the Auckland - Norfolk Island trade is now to be withdrawn.

The "Maui Pomare" will, at five-weekly intervals, run a service from Auckland to Norfolk Island and return, between her round trips to Samoa. Our trade with Norfolk Island is expected to develop considerably as a result of this improved shipping connection.

PROSPECTIVE OVERSEAS MARKETS.

The continued expansion of production in the Dominion and the increasing need for wider markets for our products is accompanied by a gradual yet appreciable change in the nature and extent of the production and demand of overseas countries. The United States of America and certain of the European countries have during the past two decades shown an appreciable change in the character of their exports and imports. Industrial production is generally increasing, and the demand for foodstuff and raw materials in the Northern Hemisphere appears likely to call for gradually increasing supplies from the more recently developed countries of the world. America and Continental Europe seem likely to offer to New Zealand a greater market than we have found there in past years.

As an appendix to this report there will be found a statement showing the total imports of a number of countries of certain classes of goods which New Zealand has available for export, together with the proportion of those imports at present supplied direct from this Dominion. The Department recognizes fully that no conclusive deductions may be drawn from any such figures, and that many factors, such as quality and transportation costs, tend to affect and limit the ability of the Dominion to supply requirements. The table, nevertheless, indicates in general terms the small part which we at present play in many important markets, and points the way to certain directions in which inquiry is justified in an endeavour to widen the field of sales for our produce. In some instances, of course, our exports are sent on to foreign markets by transshipment through English ports—a factor which is sometimes overlooked in the valuation of our trade with the United Kingdom.

The Department has at all times given its assistance to commercial interests seeking information in regard to prospects in particular markets overseas.

OVERSEAS TRADE REPRESENTATION.

In previous departmental reports some reference has been made to the work of our Trade Representatives overseas. It is evident that the work of these officers is gaining an increased importance and with the development of foreign business the services of our Trade Representatives are increasingly called upon.

The Dominion has no officers abroad engaged exclusively in work of this character, but an appreciable part of the time of certain Government representatives is given to matters affecting trade relationships between the Dominion and the countries in which those officers are stationed.

Messrs. H. J. Manson and W. R. Blow, who are located in Melbourne and Sydney respectively, are called upon to give some part of their time to the answering of inquiries touching business relationships between the Dominion and the Commonwealth. The services of these officers are used for the purpose of making investigations in matters relating to markets for New Zealand produce and in advising the Department of commercial or industrial developments of interest. Mr. Manson, as our senior trade officer in the Commonwealth, acts also in relation to trade questions which necessitate reference to the Commonwealth authorities. Mr. Manson has been provided with sample goods for display in his offices, and also, when opportunity offers, for small exhibitions. Mr. Blow has done similar work in Sydney, and has supplied interesting reports on special questions relative to the market in New South Wales for New Zealand products of a special or perishable character. Both these officers are, of course, largely concerned with the development of New Zealand's tourist traffic.

Mr. W. A. James, of Vancouver, and Mr. H. Stephenson Smith, of San Francisco, are carrying out similar functions, and have been able to assist in many matters touching trade relationships between this Dominion and Canada and the United States.

The Department has honorary Trade Representatives in South Africa—Messrs. H. Middlebrook at Durban and B. R. Avery at Johannesburg, and these gentlemen are, when occasion arises, most helpful in enabling the Department and New Zealand commercial interests to get contact with appropriate parties in the Union of South Africa.

The Department also has an honorary representative, Mr. H. C. Tennent, at Honolulu. Regular steamer connection between the Dominion and Honolulu has enabled Mr. Tennent to give excellent service in bringing New Zealand products before the notice of traders in that area. This trade is growing satisfactorily and the prospects for further development appear bright.

Mr. J. P. H. Mertens, Antwerp, Belgium; the Secretary, British Chamber of Commerce in Marseilles, France; and Mr. R. L. B. Gall, Calcutta, India, are all giving their services in providing the Department with information and in answering any inquiries which may be put to them either for official purposes or on behalf of local trading interests.

In addition to these Trade Representatives and honorary agents, the Department is fortunate in being able to have the assistance of British Trade Representatives in countries or centres where we have no direct New Zealand representation. In New York, Montreal, and elsewhere the British

Trade Representatives or Commercial Secretaries attached to the various British Embassies have, from time to time, provided a channel of communication which is much appreciated by the Department. The Department believes that in certain directions our overseas trade organization could be developed with advantageous results from the point of view of our export trade to countries other than the United Kingdom. In London, of course, the Department has the continuous assistance of the High Commissioner's officers, who are, on very many matters, assisting in the work of developing our export business both with the United Kingdom and with Europe.

CHAMBERS OF COMMERCE.

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

The annual conference of the associated chambers was held in Christchurch in November last, and from the point of view of the attendance of delegates and the business discussed was one of the most important held in the Dominion.

The Department was represented by the Secretary and local officer-in-charge at Christchurch.

COMMERCE TRAIN.

A suggestion made to the Railway Department and the Auckland Chamber of Commerce that a special train should be provided to enable sixty members of the chamber to study the resources of the Auckland Province was favourably received. Arrangements have now been made to provide a special train for a tour covering about nine days at the end of October this year. An interesting itinerary has been tentatively agreed to, which will enable the leading business men of Auckland to visit Hamilton and inspect the Railway housing-factory, the Ruakura Farm, and the leading factories dealing with milk, butter, cheese, casein, and milk-powder. It is proposed that the train shall enable calls to be made at Arapuni, Tauranga, and Whakatane. At Arapuni visits of inspection will be made to the hydro-electric works, and at Tauranga the harbour facilities will be studied and visits made to the citrus-fruit areas of the Bay of Plenty. The development that has taken place in this area in transport by railways and roads will also be inspected. A visit to the Waihi gold-mines is also contemplated. The train will subsequently travel to points of interest in the North of Auckland, including the Dargaville, Hokianga, Bay of Islands, and Whangarei districts.

The train will comprise four sleeping-cars and a parlour-car. Special facilities will be provided for the convenience of passengers by way of telephone and radio, and telegrams will also receive prompt dispatch. Light refreshments will be served on the train twice daily, but the main meals will be provided in each of the towns visited en route.

This tour, the first of its kind in New Zealand, will be made for the definite purpose of educating the commercial men of Auckland as to the resources of their province, and with the aid of bulletins which will be issued each day and distributed on the train information relative to the areas visited will be afforded to those making the trip. In addition, agricultural, forestry, and other experts will accompany the train for the purpose of explaining features of interest throughout the tour. It is further expected that the visitors will have special facilities provided by the local bodies, Harbour Boards, and Chambers of Commerce in each locality.

Should the experiment prove a success, the Railway Department has promised to co-operate with the Department in future tours of the kind in the various provinces of New Zealand, and thus assist to remove the reproach that many business men lack a practical knowledge of their own country. The Railway Department, which has already done splendid work by means of their farmers' trains, are to be complimented upon their readiness to place such splendid facilities for transport at the disposal of the Auckland Chamber. Present indications point to the fact that the response from the members will fully justify the proposals.

It should be recorded that the cost of transport and provision of facilities enumerated is most reasonable—*i.e.*, £10 per passenger for the whole tour.

BRITISH MOTOR-TRADE DELEGATION.

During the winter of last year a visit to the Dominion was made by Sir Archibald Boyd-Carpenter, Lieut.-Colonel A. Hacking, and Mr. A. R. Fenn, representatives of the British motor-manufacturers. The delegates first visited Australia and then came on to New Zealand. The fact will be recalled that at the Empire Conference in 1926 considerable stress was laid by our own Prime Minister and the Prime Minister of the Commonwealth on the need for more active investigation and development of the market for British motor-vehicles in the Commonwealth and Dominion. Attention was drawn at the Conference to the very large number and value of cars other than British

which were imported into this country. It was suggested that the British industry would be well advised to send representatives to inquire carefully into the situation with the object of gaining a closer knowledge of these markets and the methods likely to achieve results more satisfactory to British industry. The result was the appointment of the three delegates above named.

Whilst the time spent in the Dominion—5th to 24th June—was short, the members visited Auckland, Napier, Wellington, Christchurch, Timaru, and Dunedin, and left from Auckland to revisit Australia. Most of the travelling in New Zealand was done in low-powered British cars. This Department co-operated with the representatives of the British motor trade in New Zealand in arranging the itinerary, which was designed to enable the delegation to see as much as possible of the road conditions of the Dominion and to meet as many as possible of the interests likely to be of assistance.

Undoubtedly the visit of the delegation was appreciated. Opportunity was taken by the chairman of the delegation, Sir Archibald Boyd-Carpenter, to explain the post-war difficulties of the English manufacturer, and the problems, financial and industrial, which Great Britain had had to face since the Armistice. Those interested in the trade had every facility for giving evidence to the delegates as to the type of car required, and several Government Departments which are large users of cars of all types gave information, based on experience gained over a series of years, of the costs of running and repairs. The delegates noted with satisfaction that, so far as commercial vehicles were concerned, the British product, in all but the lighter classes, stood pre-eminent in the Dominion, and that the motor-cycle trade was also mainly done with British houses.

One result of the visit of the delegation has been the inauguration of a special advertising campaign in support of British vehicles. The visit of the delegation, combined with its advertising, the reduction in retail selling-prices of many of the British cars, and the closer contact of United Kingdom manufacturers with this market should tend towards increasing the share of the business to be done by British makers.

DISTRIBUTION COSTS.

There is no lack of evidence that in New Zealand, as in other countries, there is in many trades a very decided tendency towards a change in the methods and channels of distribution. This is more particularly to be noted in the distribution of foodstuffs, soft goods, and hardware.

For some years past costs of distribution and overhead expenses have been steadily increasing, and the general fall in prices which has taken place since 1920 has not been accompanied by an equivalent or relative reduction in the costs of doing business.

As price competition has become more keen, gross-profit margins have been cut to such an extent that overhead costs now absorb percentages so high as to leave very small net-profit figures. Both wholesaler and retailer have suffered alike from the difficulty of reducing costs in line with falling values.

Price competition has become price "cutting" in an endeavour to hold trade, and price-cutting has created a demand for price "maintenance" or the fixation by manufacturers of the resale prices of their goods. Some retailers have sought their salvation in chain stores, while wholesalers tend to look towards combination—both among themselves and with manufacturers—to hold their position in distribution.

So far as the retailer is concerned, it is evident that the excessive numbers engaged in many lines keep costs at high figures relatively to turnover. It does not follow that the largest establishments have the lowest overheads, but it has been proved that the economic retail unit is one doing a turnover much larger than the great majority of those selling to the public.

The position of the wholesaler is even more difficult than that of his buyer, the retailer. The pressing necessity of buying in the cheapest market has increased the opportunities of the indent agent, and many of the larger retailers purchase considerable proportions of their overseas goods on this basis. Similar competitive forces have tended to increase dealings direct between manufacturer and retailer, and much business now goes past the wholesale houses. While some manufacturers continue to use the services of wholesalers for the distribution of much of their output, the system under which manufacturers grant quantity discounts and accept direct business from large retail houses is increasingly in evidence. Some manufacturers have entirely abandoned the wholesaler as a distributive channel, and now employ their own sales staff in calling upon retailers throughout the Dominion. In other instances commission houses undertake the work of selling direct in specified territories on behalf of manufacturers. These factors force the wholesaler to realize that his position is by no means secure.

As chain stores and department stores become an increasing feature in the retail field, so we may expect to find the wholesaler looking towards combination as the means of reducing costs. There is undeniably still a distributive need for the wholesaler; distribution to retail by the manufacturers is in many instances entirely uneconomic, and the "pooling" of distribution through wholesale houses is the only possible outlet for many lines.

There is little doubt that the changes which are taking place tend towards a reduction in the costs of distribution, and the consolidation of the work of wholesale selling would be a step towards the elimination of a section of cost which tends at present to be higher than the trade will bear. Distribution costs in New Zealand and elsewhere have outgrown their economic justification, and new methods developing from competitive pressure are arising to meet the altered requirements of the times.

HIDES AND SKINS.

During the past year the Department undertook the preparation of a report on the Dominion's production, sale, and export of hides and skins. The investigation of this matter necessitated inquiries from those engaged in the trade in cattle-hides, and calf-skins, sheep and lamb skins and pelts, and rabbit and opossum skins.

The report recovered statistical information regarding the quantity and value of the production and export of the various classes of products, the systems of grading and packing, terms and conditions of sale and export, the names of the leading firms engaged in the several trades, and a general review of prices realized during recent periods.

Copies of the report have been made available for transmission, with other matter, to the Imperial Economic Committee. The report has also been given publicity abroad, and has been made available to interested parties in the Dominion and overseas.

MANUFACTURERS' ASSOCIATIONS.

Close co-operation with the manufacturers' associations in each of the four chief centres has been maintained during the past year. The local officers of the Department act in an advisory capacity to the executives, and practical assistance has been rendered on many occasions, and particularly in relation to exhibition undertakings. References in several paragraphs in this report indicate and emphasize the important relations existing between the Department and the organized manufacturers of the Dominion.

A conference of delegates representing the manufacturers of the Dominion was held in Auckland in November last year. Many important proposals were discussed. A constitution for a New Zealand Manufacturers' Federation was agreed upon, the associations unanimously adopting rules which had been prepared, and officers were elected who would in future be empowered to deal with matters of national interest to manufacturers. Proposals were advanced in regard to the appointment of a Dominion executive and a Dominion organizer. The duties of the organizer would be to watch the interests of manufacturers generally throughout New Zealand and to organize the whole of the factory-proprietors in the Dominion. The proposals provided for a central office, and the organizer to be appointed would be expected to co-operate with similar bodies of manufacturers overseas, to exchange publications, build up a library, publish a monthly journal, and manage all exhibitions of New Zealand-made goods apart from provincial displays. This organization scheme was keenly debated by the delegates, especially as it was made clear that it involved a guarantee of about £12,000 per annum before it could be successfully launched. The proposals were endorsed and were referred to the individual associations for consideration.

MANUFACTURING INDUSTRIES.

The manufacturing industries of New Zealand continue to expand. The following table, showing certain summarized statistics of all the Dominion factories, indicates the general growth during the past year :—

	Year ended 31st March, 1926.	Year ended 31st March, 1927.	Increase.	Decrease.
Establishments (number)	4,791	5,088	297	..
Employees (number)	81,700	81,904	204	..
Salaries and wages paid	£16,876,881	£17,047,723	£170,842	..
Power employed (horse-power)	358,881	408,739	49,858	..
	£	£	£	£
Materials used	52,326,998	50,222,055	..	2,104,943
Value added by manufacture	32,465,436	33,417,516	952,080	..
Total products	84,792,434	83,639,571	..	1,152,863
Land, plant, buildings	59,069,001	62,723,125	3,654,124	..

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

Table showing for the Years ended 31st March, 1925, 1926, and 1927, Figures relating to the various Industries classified into Four Groups as stated.

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

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

	Number.	£	£	£	£	£
1924-25..	13,468	2,686,990	31,869,432	39,681,848	8,112,416	9,289,487
1925-26..	11,825	2,795,711	31,848,741	38,984,651	7,135,910	9,934,754
1926-27..	10,780	2,724,508	28,761,058	35,949,071	7,187,813	9,099,276

Group 2.

Group 2 includes gas making and supply, electricity generation and supply, electric tramways.

	Number.	£	£	£	£	£
1924-25..	3,417	751,667	1,789,873	3,224,695	1,434,822	13,670,973
1925-26..	7,348	1,673,962	2,980,311	5,499,195	2,518,884	25,683,829
1926-27..	7,583	1,789,606	3,573,037	6,109,861	2,536,824	28,514,595

Group 3.

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

	Number.	£	£	£	£	£
1924-25..	11,868	2,639,312	957,307	5,953,408	4,996,101	4,389,476
1925-26..	13,802	3,256,974	2,086,501	8,285,241	6,198,740	5,146,112
1926-27..	12,303	2,863,200	1,926,225	7,407,603	5,481,378	4,988,310

Group 4.

Group 4 includes all other industries.

	Number.	£	£	£	£	£
1924-25..	48,430	8,868,006	16,720,503	33,619,427	16,598,924	17,927,234
1925-26..	48,725	9,150,234	15,411,445	32,023,347	16,611,902	18,304,306
1926-27..	51,238	9,670,409	15,961,735	34,173,036	18,211,501	20,120,944

It will be seen that the groups assemble what might be termed (a) semi-primary industries, (b) certain public utilities and services, (c) some extractive and processing industries, and (d) other manufacturing industries.

The information contained in the above discloses one very special feature—namely, a big increase in the 1926 and 1927 figures in Group 2, which is accounted for by the development of hydro-electricity.

The average percentages of the above groups in relation to the total figures of factory production are as follows:—

Average for Three Years ended 31st March, 1927.

	Persons employed.	Salaries and Wages paid.	Materials used.	Value of Output.	Value added by Manufacture.	Value of Land, Plant, and Buildings.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Group 1 (semi-primary)	15.03	16.84	60.07	45.69	23.18	17.28
Group 2 (certain public utilities and services)	7.55	8.48	5.43	5.90	6.65	39.71
Group 3 (extractive and processing)	15.75	17.92	3.23	8.62	17.18	8.79
Group 4 (all other manufacturing industries)	61.67	56.76	31.27	39.79	52.99	34.22
	100.00	100.00	100.00	100.00	100.00	100.00

In the South Island a glass-manufacturing works is in course of erection and is expected to be producing towards the end of the present year.

Additional factories and extensions to present works are contemplated for the manufacture of confectionery, fertilizers, cement, tobacco, electric and gas cooking and heating appliances, porcelain and enamel ware, and other goods.

A number of old-established manufacturing firms have reconstructed their works, and in some instances have erected factories of modern design and layout on sites more convenient for distributing their output.

In other cases manufacturers have added to their lists of manufactures certain products not hitherto made in the Dominion.

The district officers of the Department have, as in the past, reported upon conditions in many of the trades and industries of the Dominion, and some of this information, together with recent statistical data, has been embodied in Appendix A of this report.

NEW ZEALAND MANUFACTURERS' DIRECTORY.

This directory, compiled by the Department, and now being printed, will contain up-to-date information concerning the goods made in the Dominion, with the names and addresses of manufacturers. Every endeavour has been made to ensure that the directory will be both comprehensive and accurate and of service to the purchasing public. It will be recalled that the directory, first issued in 1923, met a real need for information in satisfactory form on the subject of the classes of goods made in the Dominion, and the names and addresses of firms in a position to supply the requirements of buyers. Several improvements have been embodied in the second edition to make reference more easy and to simplify the classifications of the trades dealt with.

The directory, as has been indicated, deals with manufacturers in alphabetical order, but for general information the Department has issued, through the Government Printing Office, a supplementary list of manufacturers, entitled "Index to Manufacturers of New Zealand." This index, besides being a most useful supplement to the directory, also complies with a general demand for a complete list of the names and addresses of those engaged in industry.

SCIENTIFIC AND INDUSTRIAL RESEARCH.

It has been found possible for this Department to continue to work closely in association with the recently established Department of Scientific and Industrial Research. Many questions arise which involve both technical and commercial research into the difficulties of the manufacturing industries, and in a number of cases during the past year officers of both Departments have been engaged in co-operative action on such matters.

In relation to certain subjects committees have been set up for the purpose of controlling and co-ordinating research activities, and, where necessary, this Department is represented on those committees.

NEW ZEALAND EXHIBITIONS AND WINTER SHOWS.

The Department did not participate in any large-scale exhibitions during the year. None of the kind was held in New Zealand, but winter shows and exhibitions devoted to the display of Dominion goods were held in various cities and towns, and in several of these the Department took part in the layout of exhibits and in assisting the management in providing decorative material. The exhibitions or shows held annually at Auckland, Wellington, and Christchurch, containing exhibits from farm and factory, are growing in public popularity. The services of the expert staff of the Department are being called upon to an increasing extent in matters of layout, design, and decoration, and at the Hawera Show in the winter of 1927, in conjunction with the Wellington Manufacturers' Association, the layout of the whole of the space devoted to manufactured goods was suggested and the display-stands designed by the Department on a uniform basis. This resulted in an effective presentation of the goods at low cost to the individual exhibitors.

In Christchurch the Manufacturers' Association and the Agricultural and Pastoral Association have decided to hold joint displays annually. The first of these exhibitions, held last year, was a marked success both from the point of view of the attendance of the public and the support given by the farming and manufacturing interests. From the standpoint of decoration this exhibition was outstandingly good, and some of the stands erected were both artistic and novel. In this connection the Department is of the opinion that the show and exhibition authorities should aim at higher standards of display, and should encourage by means of competitions the better presentation of goods.

NEW ZEALAND-MADE GOODS.

Side by side with the holding of industrial exhibitions and winter shows to display the quality and variety of New Zealand-made goods the manufacturers' associations of the Dominion in the four chief centres have inaugurated shop-window displays, where, in conjunction with the retailers, every endeavour is made to set out our manufactures attractively, and with an appeal to the public to give such goods preference in buying.

During the year a great deal of publicity has been given to the question of the appropriate branding of locally manufactured goods, and some exception has been taken to the practice of certain firms of using the brand "British-made." It is argued that this is misleading, and that some such term as "Empire-made" should be adopted. In other instances it is contended that the brand "British-made" is a perfectly legitimate one on goods made within the Empire, and that goods manufactured in the United Kingdom should, if it is thought desirable, be specifically branded "Made in the United Kingdom." The consensus of opinion among Dominion manufacturers is undoubtedly towards the adoption of the brand "Made in New Zealand," and thousands of pounds have already been spent in advertising with the object of creating and stimulating good will towards local productions. To some extent the wholesale and retail distributors of goods have pressed for particular brands, and in a large measure they are responsible for the tendency towards branding as "British" goods which are of local manufacture. New Zealand manufacturers can, in the Department's opinion, claim that the brand "British-made" or "Empire-made" is as correctly applied to their goods as to goods manufactured

in the United Kingdom or in any of the British Dominions, and that in a great many instances locally-made articles are more distinctly British than goods which may be merely designed or partly manufactured in other parts of the Empire. The branding of imported goods as "British-made" is not confined to goods of United Kingdom origin, and so far as a goodwill attaches to such brands New Zealand manufacturers are entitled to benefit equally at least with manufacturers of, say, Canada and Australia.

The manner in which locally-made goods shall be branded is a matter for decision by the individual manufacturers concerned. Whilst the manufacturers' associations may well lay down a policy for general guidance, the individual must weigh all the issues and act on his own judgment. An individual case illustrates this point clearly.

For some years an Auckland firm which has important branches in Great Britain and Australia has manufactured a well-known household line of undoubted quality, and at prices which are competitive with imported goods of the same kind and branded "British-made." During the last year, however, two or three of these productions have been branded "New Zealand-made," the remaining third, at the wish of the distributors, still bearing the brand "British-made." The directors inform the Department that immediately the sales of the remaining third, which represents the highest quality manufactured, reaches a certain point the whole production will be branded with the country of origin despite any representations that may be made by distributors.

The Department feels confident that within a few years manufacturers in the Dominion will be able to rely upon their goods receiving from the public such strong support that there need be no further concealment of the country of manufacture.

FOOTWEAR-MANUFACTURING INDUSTRY.

Representations have from time to time during the past few years been made to the Government by those interested in this industry, pointing out that the industry is in a relatively depressed state and is not making the progress which the general development of the Dominion justifies. While importations during recent years have been relatively heavy, and much in excess of what was previously regarded as a normal proportion of the total trade offering, local production has been relatively stationary, and appears to show even a slight decline during the immediate past years.

Requests were made to the Government for an increase in the tariff protection at present afforded to the industry, but after careful consideration this request was not acceded to. Towards the end of 1927 representatives of the industry suggested to the Government an intensive inquiry into the present position in relation to the manufacture and sale of footwear in the Dominion, with the object of determining whether or not any action could be taken to improve the existing position. By direction of the Right Hon. the Prime Minister a Committee has accordingly been set up, consisting of representatives of this and several other Government Departments and of manufacturers throughout the Dominion, to control and carry out investigations along the lines suggested. It is hoped that this thorough inquiry, which is now proceeding, may show clearly the difficulties and weaknesses of the trade as it is at present carried on, and give an indication as to the lines of any action which might possibly be taken either by those in control of the industry or by the Government.

COMMERCIAL TRUSTS ACT.

On several occasions during the year it has been necessary to carry out investigations into suggested breaches of this Act, but in no instance have the facts been such as to necessitate legal action. It is perhaps not generally recognized that the scope of this Act is limited to dealings in relation to certain specified products or classes of products, and, moreover, that commercial trusts do not come into conflict with the law unless or until they take action along lines specifically prohibited by the several sections of the Act.

Briefly it may be said that the Act prohibits the giving of concessions, &c., in consideration of exclusive dealing, prohibits refusals to deal if such refusals arise for certain reasons, prohibits sales at unreasonably high prices where such prices have been fixed or influenced in any way by a commercial trust, and provides in general terms against monopolies which are of such a nature as to be contrary to public interest.

While the inquiries made by the Department during the year have not disclosed any offences against this law, it is very evident that the law is having a material influence in affecting the methods of trading adopted in relation to some of the commodities to which the provisions of the Act apply. Any law of this character, designed to prevent monopolistic practices detrimental to public interest, is necessarily framed along lines which would tend to treat as offences some classes of trading activity which are by no means clearly contrary to the general welfare of the community, and as a consequence of these facts it is to some extent possible that the strict and full application of the law might bring about undesirable features in the trade in certain commodities. In some instances careful consideration of the provisions of this Act have satisfied the Department and traders interested that it is possible to achieve certain results in the matter of price-fixation either by methods which would be of doubtful legality or by other more uneconomic systems of trading which could not possibly be assailed as offences against the Commercial Trusts Act. While the Act, therefore, stands as a safeguard against definitely harmful commercial practices, and, as such, exercises a considerable influence over the course of business in relation to the commodities affected, the Act is one which is somewhat difficult to administer without coming into conflict with trading methods which have no substantially objectionable features.

As a general rule, too, both manufacturing and trading enterprises are increasingly experiencing a need for co-operative and combined action, and the growth of combination in the industrial and commercial fields is a marked feature of the economic development of this as of other countries. That

which was in past years regarded as a menace to the consuming public is increasingly accepted as a necessary condition for the maintenance and development of industry and trade, and a necessary feature of industrial and commercial progress. "Rationalization of industry" is the modern term applied to what was previously regarded as the danger of trustification of industry, and combined action by overseas manufacturers and traders may be held to necessitate similar combination among the competing elements of similar industries and trades within the Dominion. It is only within a comparatively restricted field that the Commercial Trusts Act of 1910 operates, but, with the extension of trade combinations, many of them by no means designed or likely to offend against public interests, the Act may tend to become more restrictive than is warranted under the economic conditions of recent years.

CHATELS TRANSFER ACT, 1924.

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

Section 57 of this Act provides for the protection of bailors of such chattels as are referred to in the Seventh Schedule, without the necessity of registration. During the past year several applications for the addition of certain classes of articles to the Schedule have been received and dealt with by this Department. These applications necessitate investigation and inquiry as to the customary trade practices, and as to the desirability or otherwise of adding such articles to the schedule. Applications during the past year related to the following classes of chattels, none of which were, however, approved for addition to the schedule: Photographic enlargers, adding-machines, wireless sets, woodworking machinery, musical instruments generally, surgical and dental appliances and equipment, safes and strong-room doors.

During the past twelve months considerable interest has arisen in relation to the general question of transacting business on time payment and by the system of hire-purchase. The Master Grocers' Federation at its last conference recorded a very strong protest against such methods, which were referred to as a growing evil that should be curtailed and restricted.

One of the leading chambers of commerce in the Dominion has expressed the opinion that the marked extension of the practice of conducting business on this basis is causing considerable perturbation in the minds of commercial interests throughout New Zealand.

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

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

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

BANKRUPTCIES.

The officially recorded figures of bankruptcies, when considered over a period of years, give an interesting index of the fluctuations in trading and financial conditions in the Dominion.

The following table, covering the years 1900-27 (inclusive)—in four periods each of seven years—shows clearly how bankruptcy increases or declines with the periods of industrial and trading depression or buoyancy:—

Year.	Number of Bankrupts.	Amount of Debts proved.		Amount realized by Official Assignees.		Deficit.	
		Total.	Per Bankrupt.	Total.	Per Bankrupt.	Total.	Per Bankrupt.
	£	£	£	£	£	£	£
1900-06 ..	1,843	889,917	483	308,416	169	581,501	314
1907-13 ..	2,619	1,275,421	479	400,027	153	875,394	326
1914-20 ..	1,704	930,321	546	417,812	245	512,509	301
1921-27 ..	4,443	4,501,968	1,014	779,675	176	3,722,293	848

The foregoing figures are, of course, exclusive of private compositions with creditors. The number of bankruptcies per 1,000 of the population in each of the above-mentioned periods has been 0.30, 0.36, 0.20, and 0.47 respectively.

The relatively high figures of the period 1907-13 were clearly a resultant of the depression which made itself felt in and around the year 1909, while the favourable figures of the succeeding years 1914-20 reflect the commercially prosperous conditions existing during the period of price-inflation and exceptional demand for commodities, which did not reach its peak until 1920.

The seven-year period which closed with 1927 was even more remarkable, by converse, than the period which preceded it. Though there have been minor fluctuations in the degree of prosperity enjoyed by the Dominion since 1920, the past seven years have seen a general decline in values, and an increase in competition both internally and from overseas products.

Another factor which can be held to account for the increase in the amount of bankrupts' debts and deficits (as distinct from the number of bankruptcies) is, of course, the generally higher (though declining) level of prices and values which has prevailed in recent years.

While there are these outstanding explanations of the very heavy losses which have been borne by traders in particular, and by the Dominion as a whole, there is some evidence that under the stress of competition credit has been given by trading firms to a greater extent than has been entirely justifiable. The desire for turnover—for an outlet for manufactures—has led to an insufficient regard for the financial stability of the buyer. The Department has in recent years seen many instances of this lack of an adequate caution in the granting of credit.

In several industries and trades the loss resulting from bad debts has recently been so high as now to constitute an item of serious importance in the costs of doing business. As overseas goods are in most instances paid for promptly on arrival in the Dominion, the risk and expense of bad debts, whether arising from the trade in local or imported goods, falls in a great many cases upon Dominion manufacturers, and thus constitutes a definite disadvantage where local manufacturers are in competition with similar imported supplies. Trade associations and similar bodies can find in this matter a field for activity in a direction which would safeguard both their members and the consuming public.

TAILORING-TRADE REGULATIONS.

In the Department's reports for 1925 and 1926 reference was made to the above-mentioned regulations, which were designed for the protection of both the order-tailoring trade and the public. It had been found that factory-made clothing was offered for sale to the public as "hand-made" or "tailor-made" when in fact the quality of workmanship was not such as to entitle the goods to be so described.

The regulations came into force in March, 1925, and from time to time it has been necessary to take legal action against persons or firms who offended against the regulations by misdescription of garments sold or offered for sale by them. During the past year several such cases have been under consideration, and in one instance proceedings were taken and a fine imposed by the Court. In general, however, it appears that the trade is well aware of the provisions of the regulations, and offences are unlikely to be committed by reputable manufacturers and dealers.

GAS REGULATIONS.

The Board of Trade regulations for the control of the sale and supply of gas provide safeguards in regard to heating-value, purity, pressure, price, and measurement. Regular tests have been made by the Gas-examiners in Auckland, Wellington, and Christchurch during the year, and in Dunedin since August, 1927, when a Gas-examiner was appointed there. These tests show that the gas in each of the four cities has complied with the regulations in regard to pressure and purity, and has been kept well up to the declared calorific values, which are 450, 475, 470, and 500 British thermal units per cubic foot for Auckland, Wellington, Christchurch, and Dunedin respectively.

The Inspectors of Meters in Auckland and Wellington, who were appointed in January, 1927, have continued their work during the year. These officers test and stamp all repaired meters and all new meters (not bearing the British Board of Trade stamp) before they are issued for use.

Following the original intention when the regulations were brought into force, the provisions in this connection have now been made to apply to a number of the smaller gas undertakings. Various conferences have been held with the interested parties, and the position of a number of the gas undertakings has been closely examined in relation to costs, prices, availability of testing plant, &c. During the past few months the gas undertakings in the following fourteen centres have been brought within the scope of the regulations: Birkenhead and Northcote, Napier, Timaru, Ashburton, Wanganui, Nelson, Invercargill, Hamilton, Palmerston North, Dannevirke, Masterton, Lyttelton, Oamaru, Petone, and Hutt. The inclusion of these smaller undertakings with those in the four chief centres involves some increase in the staff for the testing of gas and for the examination of meters. A considerable increase in the administrative work will also be involved.

Prior to August, 1927, the scale of fees for meter-testing made no provision for the cost of travelling to gasworks located at some distance from the headquarters of Meter Inspectors. This fact would have necessitated the maintenance of the fees at a fairly high level to cover the cost of travelling involved in the inclusion of the gas undertakings in the smaller centres, and would have meant in effect that the large centres would have borne a considerable proportion of the cost of testing in the provincial towns. The Gas Referees have decided that it will be more equitable to all concerned to reduce the actual fees for meter-testing and to charge an additional amount to cover travelling-expenses where these are involved. A new scale of fees was therefore necessitated, and came into force in August last, under which a considerable reduction has been made in the fees as compared with those previously ruling, and provision is made for charging an additional 10s. per day when the gas company's testing-room is more than three but less than ten miles from the headquarters of a Gas-examiner or an Inspector of Meters, and £1 5s. per day if the testing-room is more than ten miles from such headquarters.

TIMBER.

Following on the intensive investigation which was made by the Department during last year, and which was referred to in the annual report for that period, it was considered that some action should be taken to extend the use of local timbers. With this object in view the Prime Minister appointed a special committee (including representatives of the trade and of certain Government Departments) to work under the direction of the Minister of Industries and Commerce.

The Committee has held frequent meetings since it was appointed, (a) to consider ways and means of extending the use of New Zealand timbers, and (b) to advise as to the best practical means of attaining this object.

A considerable amount of work has been performed, and much detailed information and data have been collected for the purpose of drawing up more scientific and uniform grading and classification rules for New Zealand timbers. A number of practical grading tests have been carried out at several representative mills in all districts in New Zealand. As a result of the Committee's deliberations and the tests referred to above, a new set of grading and classification rules, as well as definitions of minimum and maximum defects in timbers have been prepared. The executive of the Dominion Federated Sawmillers' Association has carefully considered the proposals made by the Committee and is agreeable to their adoption.

It is the intention of the Timber Committee to recommend to Government that the grading and classification rules, when finally approved, be adopted by all Government Departments as a basis for the purchase of the timber requirements of the State, and as a basis for uniformity in timber specifications for all buildings constructed out of loan-money advanced by Government Departments. This course is calculated to bring about more quickly the complete adoption of the new system, and is expected to be a big factor in giving rise to a wider use of New Zealand timbers in preference to imported timbers.

Sawmillers have expressed the opinion that the inauguration of uniform and definite grading and classification rules is probably the biggest step that has yet been undertaken to place the industry on a permanently improved footing.

The Committee is sure that timber-users will in future obtain greater satisfaction generally, and that the real merits and undeniable quality of various New Zealand timbers will be more readily understood. It is considered that the local product will be found suitable for practically all purposes for which wood is required. It will, of course, be some time before the new system will be in universal use, but the Committee anticipates that, as the advantages will be so apparent, the period of change-over from the old to the new methods of grading and classification will be of reasonably short duration.

The scheme is now being explained in detail to all individual sawmillers. Immediately this has been done meetings are to be arranged for the purpose of demonstrating to distributors and users the practicability and advantages of the new system.

At a later date the Committee intends to go into the question of a uniform system of grading and classification for the export timber trade of the Dominion. This, it is felt, will materially help towards a better understanding and a more complete knowledge of the true values of New Zealand timbers compared with those received from other countries in New Zealand's main export market, Australia.

The production of timber within the Dominion during the past year or two has been curtailed considerably. The following table shows for the past seven years (ended 31st March) the total output and the quantities of the several main varieties produced in each period. The substantial decline in the national output in the year 1926-27 as compared with the previous year will be readily noted. The figures for the year ended March, 1928, are not yet available, but are expected to show a further decrease.

Year ended 31st March,	Total.	Kauri.	Rimu.	White-pine.	Matai.	Totara.	Others.
	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.
1921 ..	307,667,834	20,393,788	153,529,022	73,168,750	21,329,043	17,984,189	21,263,042
1922 ..	314,972,310	21,435,728	157,345,928	68,486,633	24,830,368	19,570,561	23,303,092
1923 ..	304,351,877	22,460,759	155,627,936	66,088,219	23,747,049	20,843,718	15,584,196
1924 ..	317,069,216	19,743,196	181,093,581	56,699,443	24,326,148	18,904,361	16,302,487
1925 ..	344,094,874	22,891,535	195,572,705	65,572,439	23,947,707	18,509,551	17,600,937
1926 ..	353,224,196	22,765,877	195,451,758	75,634,869	26,141,027	14,109,576	19,121,089
1927 ..	306,665,513	18,474,981	171,488,537	65,490,059	19,380,469	14,179,462	17,652,005

The competition arising from importations is recorded in the following table, which shows in thousands of superficial feet the quantities of timber (other than Australian hardwoods) which have come into the Dominion in recent periods:—

—	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
Ash, hickory, lancewood, lignum-vitæ, beech, mahogany, walnut	Included under "Cedar" below		127	219	145
Cedar	342	2,314	7,571	8,202	1,910
Oregon	11,373	13,653	16,206	18,622	16,298
Hemlock	545	1,747	4,258	3,744*	2,053*
Spruce	3	899	1,463	239*	144*
Oak	1,867	2,136	2,586	2,343	1,656
Other kinds, including redwood ..	1,394	2,812	8,716	9,628†	10,845†
Totals	15,514	23,561	40,927	42,997	33,051

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

† Includes all butter-boxes and cheese-crates of any species of timber. Redwood in 1927-28 was 7,202,000 super. ft.

It is to be regretted that this important industry, which affords employment for a very considerable number of workers, is still relatively in a state of depression, and improvement of the position in this matter will be of wide importance to the Dominion as a whole.

The Government has recently decided that there is no longer any necessity for the maintenance of the restrictions on the export of timber which were introduced at the end of the war period to preserve for local consumption the supplies then available. A relatively acute shortage of timber-supplies in 1919 and 1920 brought about a general acceptance of export restrictions, which were not, however, by any means so stringent as has sometimes been suggested. The restrictions were of little more than a nominal character so far as certain timbers were concerned, and particularly in the case of white-pine timber no real restriction was ever in operation. In regard to that species the only limitation imposed was for the purpose of assuring that local requirements for butter-boxes, cheese-crates, and fruit-cases should first be met before export orders were executed, and in actual practice the export demand appears to have been fully supplied. So far as rimu is concerned, while export permits were not generally available to mills which had not done an export trade in years prior to 1918, the quota allowed for export and divided among the recognized export mills was never fully availed of. The main difficulty in regard to the export trade has no doubt been involved not in the export restrictions, but in the falling-off in the demand for our main building-timbers in our chief export market, Australia. The factors which have caused increased competition in our home market from imported supplies have undoubtedly given rise to greater competition in our market in the Commonwealth.

In the course of the general revision of the Customs tariff last year, increases were made in the scales of duty levied upon building-timbers which come into competition with the local production. The Department has recently endeavoured to ascertain the extent to which these increased duties might be held to have been of assistance to the New Zealand industry, but for various reasons it has been found extremely difficult, if not impossible, to assess the measure of such assistance.

The facts show that in some instances selling-prices of imported timbers have not been increased since the duties were advanced, and that the increased revenue per 100 ft. has not been secured at the expense of users. So far as that condition of affairs has existed, the competitive position has not really changed, and local timbers still have difficulty in securing a full demand. In other cases prices of imported lines have been advanced—not always by the amount of the increased duty—and the opportunity for the sale of local woods has improved accordingly. It is evident, however, that for some purposes price is not by any means the sole determining factor, and buyers in some instances are prepared to pay higher prices for imported timbers by reason of such alleged advantages as ease in handling, better “working” conditions, and superior natural characteristics. There are, however, very definite cases in which the duties have appreciably and effectively turned business from overseas to local channels.

The real and main difficulty in the trade appears still to be in the fact that the general demand for building-timber, particularly for dwelling-houses, is by no means so strong as it was a few years ago, and as yet no appreciable improvement in the demand is noticeable. While there has been recently some slight reduction in the importations of timber, the local-production figures also indicate a decline, and a position of reasonable productive and trading stability has apparently not yet been reached. With the general improvement in the financial and trading conditions in the Dominion a tendency towards improved conditions in the timber industry may well be looked for. No very decided improvement is likely to find its rise from any such factors as improved export demand or the influence of import duties.

WHEAT AND WHEAT PRODUCTS.

During the past year the Department has not been directly engaged or concerned in the trade in these products, importations being left entirely to ordinary commercial enterprise, with no general restriction on imports other than the duties imposed by the tariff and with no admission of either wheat or its products under duty-free permits.

With the withdrawal of all State action in the matter of import-restriction or suspension of duty, and with the fall in overseas values which took place at the end of 1926, the extent of the protection afforded by the tariff came prominently under consideration during the early part of last year.

The Government was urged to impose a dumping duty against Australian flour, which, it was contended, was sold for export at prices below the home-consumption value. After inquiry it was decided that, under certain conditions, dumping duty should be collected. It was recognized, however, that in conjunction with the general revision of the tariff some effort should be made to readjust the duties on wheat and flour in a manner likely to achieve a position which would not necessitate further Government intervention from year to year.

The primary object of wheat-control and of the various courses of action taken in past years has been to secure a reasonably satisfactory production of wheat and flour within the Dominion and to afford producers a satisfactory return. Under the system of full Government control adopted during the war and immediate post-war years, wheat-growers were guaranteed a minimum price for their product and as a consequence the prices of flour and bread were fixed at appropriate figures. When control was eliminated prices again became subject to the influence of outside-market levels, the duties on importations into the Dominion being, of course, a qualifying factor. These duties had always been levied upon a specific basis, or, in other words, at a definite rate per unit of weight, and quite without reference to value. These specific duties on wheat and flour were found in actual practice to bear an unsatisfactory relation to one another, the duty on wheat being too high relatively to the duty on its chief product, flour. When outside values ruled at comparatively high figures the specific duties provided by the tariff of 1921 were fully adequate to protect the wheat-growing industry, and

were, in fact, at certain periods so high as to press harshly upon consumers. Such farming industries as poultry and pig-raising were, under such circumstances, seriously affected. On the other hand, when overseas values fell to relatively low figures the specific duties gave inadequate protection to wheat-growers. The instability in the position was itself a factor which tended to restrict wheat-production. When the tariff was revised last year it was decided to make the duty to some extent dependent upon price-levels, and consequently as overseas values rise the duty now falls. Conversely, when world-market values decline the duties (and the need for protection) increase.

It is, of course, recognized that the new duties, like any duty which might be imposed, cannot protect or assist the wheat-grower while there is a surplus of wheat on the local market, and, while the so-called sliding-scale duties will tend towards price-stabilization within the Dominion, there are a number of factors other than the tariff which enter into the determination of the price which growers will receive from time to time.

The production of wheat in the Dominion is, of course, appreciably affected by the weather conditions experienced during the planting, growing, and harvesting seasons of each year. During the past two productive years conditions have been such as to bring about a particularly high yield per acre, and, though the acreages sown would not have been by any means sufficient had the yield been no greater than on the average of past figures, production per acre in each of the past two seasons has been so high as to result in a total yield approximately adequate to the national needs. Some importation continues, but the chief reason lies in the alleged necessity of having available flour of a "stronger" baking-quality than can at present be produced from the bulk of the locally-grown wheats.

An endeavour is now being made to improve the milling-qualities of the wheat produced in the Dominion. A research committee, upon which this Department is represented, will, with financial assistance from bakers, millers, and the Government, endeavour to determine upon and produce for seed purposes grain of desirable characteristics. The committee will have a considerable field of work apart from this particular matter, but its activities will generally be directed towards improving the present practices both in the field and in the mills and bakehouses.

The following table shows the quantity and value of wheat and flour imported in each month of the year ended February, 1928 :—

Importations of Wheat and Flour into New Zealand.—Season 1927–28.

Month.	Wheat.		Flour.	
	Quantity.	Value.	Quantity.	Value.
	Bushels.	£	Tons.	£
March	49,128	14,862	1,598	21,407
April .. .. .	..	..	584	8,968
May	6,223	1,904	840	11,627
June	43	9	835	11,689
July	16,195	5,307	806	11,168
August .. .. .	..	..	853	11,788
September	1,553	513	795	14,935
October	6,623	2,462	478	7,606
November	55,313	18,478	832	12,246
December	23,077	7,395	396	5,617
January	64,738	12,201	821	12,565
February	450,873	137,405	628	9,671
Totals for season	673,766	200,536	9,466	139,287

Together, the imports of wheat and flour last year represent an amount approximately equivalent to New Zealand's flour-consumption for two months. A substantial proportion of the wheat-imports of February last will, however, be used in mixture with local wheat to improve the quality of Dominion-made flour. From these figures it will be appreciated that even when New Zealand's wheat-production reaches a high figure—as was the case last year—some importation will continue.

The importations in the previous year—1926–27—were, by reason of a definite and substantial shortage in Dominion production, much higher than in the year just ended. Wheat to an amount of 1,691,192 bushels (valued at £569,280) and 31,369 tons of flour (valued at £477,715) entered the Dominion during the year ended February, 1927.

Prices of wheat and flour in Australia are of continuous interest to New Zealand wheat-producers and traders, and, while the new scale of duties tends to make Australian price-movements of less importance than was the case in past years, the Department continues to receive and record from the Commonwealth detailed information on these matters.

Wheat prices in May of last year ranged around 5s. 9d. per bushel free on board, sacks in, with flour quoted for export at about £12 per ton. The market tended to harden during June, July, August, and September, until in the latter month values for export were about 6s. for wheat and £12 10s. for flour. Prices went a little higher during October, more particularly in New South

Wales; but with the arrival on the market in November of new season's wheat a decline set in, and at the end of that month values were down to around 5s. 7d. per bushel, flour being priced in the different States at from £11 10s. to £12. Prices continued to ease in Victoria and South Australia, and to a lesser extent in New South Wales, until a low point was reached about the middle of February. At that time Victorian and South Australian f.a.q. wheat was quoted at 5s. 4d., while flour from all States was selling for export as low as £10 15s. per ton. A sharp rise took place during March, when wheat was worth 5s. 7½d. to 5s. 8d., and the market continued upwards during April and early May until 6s. was generally quoted, with export flour back to £12 10s.

SUGAR.

Mention was made in the Department's report for last year of the action which was being taken to assess the prospects of establishing the beet-sugar industry in the Dominion. Very full information was collected by the Department bearing upon this subject, and particulars of the experience of other countries were available for consideration. During the past session of Parliament the subject was presented for the attention of the Industries and Commerce Committee of the House of Representatives. The Committee reached the conclusion that under the conditions relative to agricultural and industrial costs ruling in the Dominion there would be no prospect of economically producing beet-sugar, and that the industry could be carried on in New Zealand only with the aid of very substantial tariff or direct financial assistance.

Sugar constitutes one of the most important items of importation into the Dominion, and the Dominion pays annually approximately £1,000,000 for our raw-sugar requirements. The Department has continued to receive and record information regarding the world's sugar-markets, and has compared the movement of overseas prices with the prices ruling for the product of the New Zealand refinery. The prices of refined sugars are, of course, appreciably above those quoted for standard raws, while the latter are, too, subject to more frequent fluctuations than in the case of the finished product. The graph published herewith shows, however, the marked agreement which has been maintained between the price of refined sugar in the Dominion and the price of raw sugars sold in the chief markets of the world.

It is of interest to record that during the past few years world prices have generally been so low as to be unsatisfactory to raw-sugar producers, and particularly to the producers of Cuba, a country which in recent years has produced nearly one-fifth of the world's total sugar-output. World production has shown, since the war, very substantial increase, and this, while largely due to a recovery in the European beet-output, is also in some measure accounted for by greater production of cane-sugars.

The position has become so acute that Cuba adopted in relation to her 1927 crop a policy of limitation of output. To make this more effective and more equitable, Cuban interests have during the past few months negotiated with the European beet-sugar interests an international agreement which for the 1928-29 season will restrict exports upon an arranged quota for each participating country. The object is, of course, the better regulation of prices, and, while some such result may be achieved, the interested parties are as yet bound only to a conditional agreement, which may under certain circumstances be non-effective. Moreover, a great portion of the world's sugar-production is still in no way covered by the agreement above referred to. The success or failure of this important international effort at market-regulation will be watched with much interest both by sugar-producing and sugar-importing countries.

CONCLUSION.

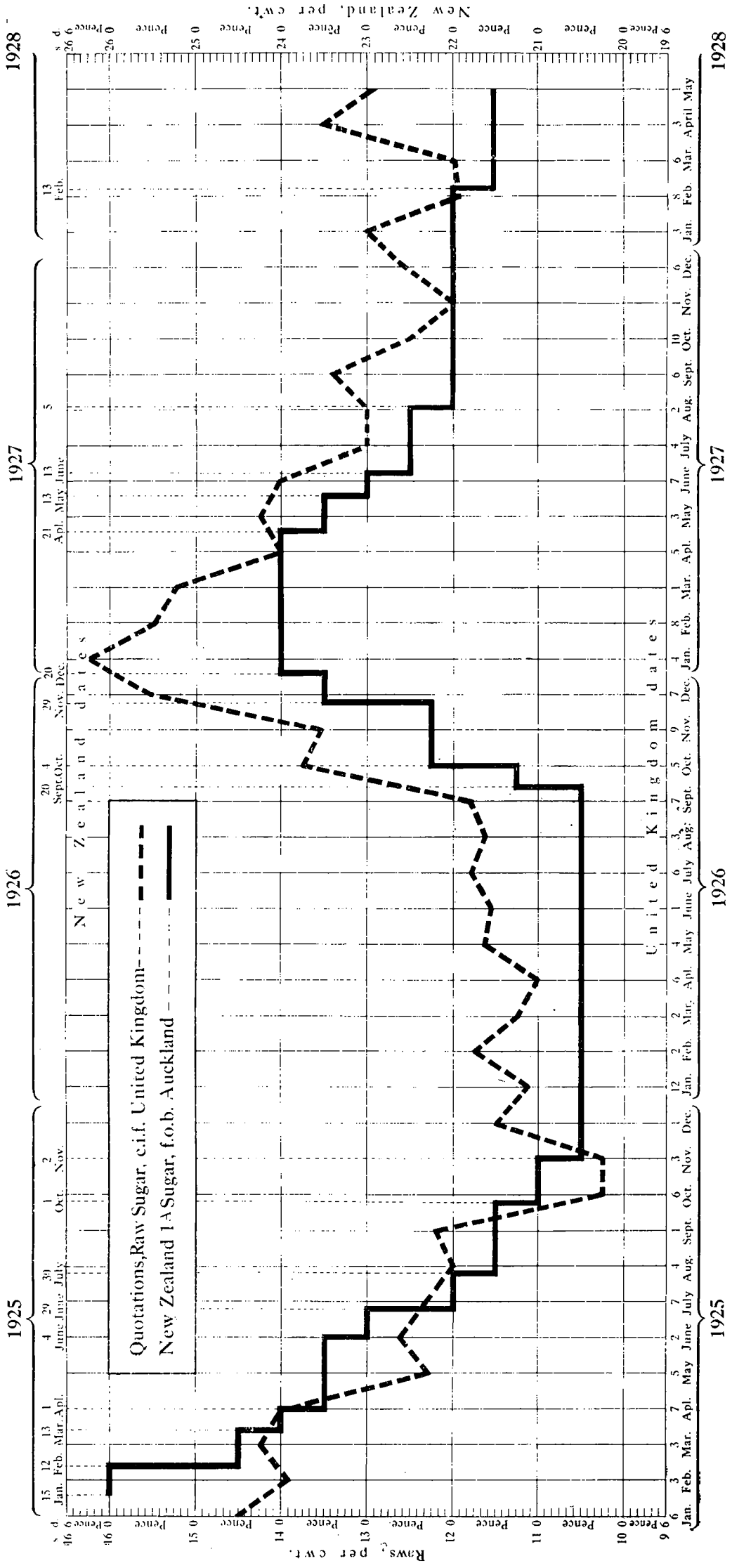
The manufacturing industries of the Dominion continue to show a steady and healthy development. It will probably be generally agreed that manufacture cannot for many years reach a state of economic importance equal to that of the production from our agricultural and pastoral industries.

The Department has noted in recent years a satisfactory development of the sentiment in favour of granting a buying preference for New Zealand-made goods. Such preferences could do much to render tariff protection less necessary. There is still, however, marked evidence of an insufficient and incomplete contact between manufacturers and the retail trade. Retailers as well as the public must be brought into sympathy with the object of supporting local industry, and, while manufacturers individually and collectively are working to secure the good will of the buying public, the retailer as the intervening link in the chain of distribution, has not as yet been adequately encouraged to recognize the fundamental advantages of dealing wherever possible in the goods of his neighbour, the New Zealand manufacturer.

Both industry and commerce have during the past year or two been experiencing difficult conditions. Money has been dear, trade has been restricted, and competition has been particularly keen. Commercial combinations and agreements, and endeavours in the direction of price-maintenance, have been more noticeably in evidence than in the past.

With the marked improvement in the overseas trade of the Dominion and in the banking and financial position, however, much more favourable trading and manufacturing conditions are confidently to be expected in the ensuing year.

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



APPENDIX A.

MANUFACTURING INDUSTRIES.

Fruit-preserving and Jam-making.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	7	7	8
Employees (number)	299	247	260
Wages paid	£47,928	£44,625	£45,814
Value of output	£239,742	£234,775	£273,436
Value added by manufacture	£84,792	£83,720	£107,359
Imports, calendar years :—			
Jams and preserves (including preserved ginger)	£24,796	£27,738	£23,250
Fruits bottled and preserved in syrup—			
Apricot	£21,217	£23,352	£31,882
Peaches	£59,553	£45,989	£48,645
Pears	£10,604	£9,467	£6,987
Fruit-pulp n.e.i.	£4,604	£4,501	£5,660
Total	<u>£120,774</u>	<u>£111,047</u>	<u>£116,424</u>

It will be readily seen from the above tables that the fruit preserving and canning industry has fluctuated to some extent during the past three years. It is a comparatively small industry, but the imports indicate that there are possibilities of appreciable expansion. Recent heavy imports of dried fruits, jams, and preserves from South Africa are said to be competing severely with local products.

A firm in Otago has recently commenced the manufacture of preserved ginger.

Lime and Cement.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	28	26	26
Employees (number)	939	851	899
Wages paid	£214,109	£207,282	£216,969
Value of output	£965,997	£904,955	£925,003
Value added by manufacture	£732,338	£684,551	£687,266
Imports, calendar years :—			
Cement, building (cwt.)	62,967	49,801	82,846
Value	£12,464	£9,969	£15,591

This industry has practically secured the whole of the local business, but there appears to be a tendency for imports of cement to increase at falling prices.

The demand for cement is increasing consistently, and some of the New Zealand works are being extended and methods of production improved. Business in the industry is generally regarded as satisfactory.

Engineering.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	177	196	214
Employees (number)	3,509	3,807	3,778
Wages paid	£702,662	£802,707	£786,161
Value of output	£1,846,218	£1,993,911	£1,847,662
Value added by manufacture	£1,163,840	£1,282,314	£1,207,999

This industry has, in general, been passing through a period of depression, though some branches report reasonably favourable trade conditions. The change over from steam plants to gas, oil, and electric-power units has tended to divert a great deal of business overseas. Apart from new work, business in the way of overhauls, repairs, and renewals is being lost as steam boilers and steam engines continue to go out of use. The demand for heavy mining machinery has also fallen off during recent years, and one firm engaged in this line that employed eighty hands a year ago is now giving work to only half that number.

Ships' repairs and the construction of small craft has been extremely quiet in recent months. Many foundries, brass and iron, have experienced great difficulty in retaining their employees. As a matter of fact, numbers have been discharged, while others can only be engaged part time. Recently there has been a slight improvement. It has been reported that the increase in the tariff of 5 per cent. on certain brass goods is beginning to have a beneficial effect. Prices of New Zealand-made brassware have been reduced 10 per cent., and for some items more than this. The anticipated increased demand

is expected to enable our manufacturers to produce at lower costs. The new tariff is reported to have been helpful also to manufacturers of heating-systems.

In the cooking-stove industry a general change is taking place. Coal and wood stoves are giving way to gas and electric ranges, and New Zealand manufacturers are using every endeavour to keep abreast of the times by turning out at competitive prices both gas and electric stoves of the most efficient design and of the highest quality. There are several makes of locally-produced electric ranges, electric stoves, radiators, grillers, bakers' ovens, &c., on the market to-day, and the demand that has recently set in for these clearly indicates that quality, efficiency, and prices are right.

Manufacturers of sheet-metal and ornamental iron, bronze, and brass goods report a fairly good year, with bright prospects.

It is satisfactory to report that Onakaka pig iron is meeting with increased demand throughout the Dominion. Its quality is very well reported upon.

Sauce, Pickle, and Vinegar Making.

Official statistics, year ended 31st March :—				1925.	1926.	1927.
Establishments (number)	..	..	..	18	17	20
Employees (number)	..	..	..	239	237	258
Wages paid	..	..	..	£43,338	£46,919	£49,082
Value of output	..	..	..	£200,164	£202,065	£210,779
Value added by manufacture	..	..	..	£95,960	£98,774	£105,096
Imports, calendar years :—						
Pickles (gallons)	..	..	..	4,481	7,888	2,893
Value	..	..	..	£3,193	£4,922	£1,808
Sauce and chutney (gallons)	..	..	..	15,976	20,859	15,903
Value	..	..	..	£17,491	£21,085	£17,055
Vinegar (gallons)	..	..	..	24,325	31,818	30,820
Value	..	..	..	£6,586	£8,666	£8,244

This industry, though comparatively small, appears to be supplying the bulk of the Dominion's requirements. The output of the local factories is gradually increasing. The past twelve months has proved a very quiet trading year.

Soap and Candle Making.

Official statistics, year ended 31st March :—				1925.	1926.	1927.
Establishments (number)	..	..	..	22	23	25
Employees (number)	..	..	..	472	460	473
Wages paid	..	..	..	£98,278	£97,916	£98,531
Value of output	..	..	..	£560,897	£538,026	£566,802
Value added by manufacture	..	..	..	£288,603	£256,548	£275,976

The total value of the soap and candles consumed in New Zealand is approximately £650,000 per annum, and of this amount about 85 per cent. is made in the Dominion. The use of candles continues to diminish rapidly. The demand for soap shows a fairly steady increase. Soap-manufacturers agree that factory-capacity is much in excess of demand. Extremely keen competition has been a feature of the trade during the past year. Considerable expansion is possible in the local manufacture of tablet and fancy soaps.

Coach and Motor-body Building.

Official statistics, year ended 31st March :—				1925.	1926.	1927.
Establishments (number)	..	..	..	170	173	179
Employees (number)	..	..	..	1,316	1,496	1,497
Wages paid	..	..	..	£260,467	£327,970	£312,691
Value of output	..	..	..	£720,886	£764,491	£681,912
Value added by manufacture	..	..	..	£451,243	£478,066	£426,119

As the figures indicate, the position in this industry has been subject to some change in recent years. Since 1924-25 the number of employees has increased by 181, and wages advanced by £52,000, but as the value of products in 1926-27 fell by a considerable amount it is evident that a change has been taking place in the relation of labour and materials to the value of finished products. The complete building of motor-vehicle bodies is tending to decline, while partial building and assembly has been increasing. In the majority of instances, and apart from bodies of special design, locally-built bodies are constructed for English or European chassis. The local body-builders still hold the business for commercial trucks and buses, but the demand for large passenger-bodies has recently been very slow.

Biscuit and Confectionery Making.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	64	69	79
Employees (number)	2,404	2,494	2,655
Wages paid	£318,703	£347,878	£365,442
Value of output	£1,469,808	£1,588,459	£1,626,269
Value added by manufacture	£700,150	£805,691	£841,798

This industry is steadily growing, but during the five years ended 31st March, 1927, the percentage of New Zealand production to total consumption had fallen 4 per cent. ; in other words, imports have increased at a greater rate than local production. There is still more than £300,000 worth of confectionery coming into New Zealand, much of which might reasonably be made within the Dominion.

This industry is of importance in respect of the employment afforded and the annual wage-payment. It absorbs considerable quantities of locally-produced raw materials—viz., sugar, flour, butter, eggs, and Samoan cocoa-beans.

The prospects in this industry are bright, and indications point to development in the number of establishments and employees engaged.

Furniture and Cabinet Making.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	286	311	337
Employees (number)	2,337	2,767	2,751
Wages paid	£413,921	£532,808	£538,386
Value of output	£1,256,073	£1,375,620	£1,413,054
Value added by manufacture	£693,314	£747,900	£783,414

The information contained in the statistics quoted above reveals progress in this industry. Reports received by the Department regarding trade during the past twelve months indicate that trade has been quiet in ordinary wooden furniture, highly satisfactory in upholstery-work, and good in a few cases where manufacturers are specializing in "period" lines. New Zealand beech is becoming increasingly popular as furniture-timber, and has proved itself both attractive and durable. Manufacturers of bedding-materials have had a fairly successful year. The demand for gramophones has fallen off, but there are indications that the competition from radio broadcasting is not now so keen as formerly and that the demand for gramophones is likely to recover.

Ham and Bacon Factories.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	36	38	44
Employees (number)	333	353	401
Wages paid	£76,797	£82,838	£93,378
Value of output	£959,189	£1,009,020	£1,164,180
Value added by manufacture	£312,209	£315,672	£240,289
Cost of materials used	£646,980	£783,348	£923,891

The outstanding features disclosed by the above figures are the increased amounts paid for materials used and the consistent growth of this industry generally. Although the total return for the finished products increased appreciably, prices were lower. The advance in cost of raw materials in comparison with the value of the products resulted in a substantial decline in the profit margin. In the period 1927-28 prices of raw materials were lower than in the previous year, and conditions were in that respect much more favourable to the ham and bacon manufacturers than in the somewhat exceptional year 1926-27.

Bricks, Pipes, Tiles, and Pottery Making.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	68	71	73
Employees (number)	1,283	1,392	1,316
Wages paid	£281,421	£310,194	£303,561
Value of output	£634,764	£700,183	£697,477
Value added by manufacture	£607,293	£664,912	£666,096

It will be seen that these industries are, in the aggregate, maintaining a fairly steady position. Some progress is being made in respect of the manufacture of grades of earthenware not previously produced in New Zealand. In the Otago District earthenware cisterns, sinks, and other sanitary goods of good quality are now being made and sold at competitive prices. Canterbury manufacturers are developing a trade in earthenware jars and porcelain supports for electric-heating elements.

Flax-milling.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	67	71	73
Employees (number)	1,243	1,241	1,193
Wages paid	£226,313	£275,755	£233,897
Value of output	£519,867	£553,285	£495,784
Value added by manufacture	£388,420	£430,393	£369,465

Rope and Twine Making.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	9	6	7
Employees (number)	233	227	228
Wages paid	£43,005	£44,144	£45,151
Value of output	£223,234	£237,573	£227,562
Value added by manufacture	£95,366	£105,676	£100,198

These two industries are, of course, closely related. It will be seen that the former discloses a considerable decline in the value of output and in the number of employees. The flax-milling industry has not been in a strong position in recent years. More attention is now being paid to this natural product by those engaged in scientific investigation, and it is hoped that considerable improvements will at no distant date be made in plant-selection, cultivation, treatment, and grading.

Those engaged in the rope- and twine-making industry report that conditions are fairly stable, and that an improvement was experienced since the figures quoted above were compiled. Larger wheat crops have increased the demand for binder-twine, which is the main product of these works. Prospects are fairly satisfactory.

Clothing.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	211	221	229
Employees (number)	6,652	6,833	6,881
Wages paid	£775,943	£844,383	£873,140
Value of output	£2,339,462	£2,515,280	£2,600,462
Value added by manufacture	£1,088,768	£1,168,595	£1,211,716
Imports, calendar years :—			
Apparel and ready-made clothing	£2,259,558	£2,202,791	£1,994,525

It will be noted that in the clothing-manufacturing industry there have been steady increases in the number of establishments, number of employees, wages paid, value added in process of manufacture, and in the value of products. The latest information available points to further progress since the statistics above were prepared.

Recent reports state that, while certain branches of the trade in men's clothing have been quiet, in other lines output has been fully maintained, and in some instances has necessitated a slight increase in the number of employees. The better class of ready-made clothing for men and boys is largely made up from locally-produced cloths.

In the Auckland District manufacturers advise that, as the local factories are now able to cater for the prevailing fashions and demand for men's wear, they are obtaining a much larger proportion of this trade than formerly, with the result that the factories have been working at high pressure during the past year, and are still kept fully employed.

In respect of women's clothing the position is apparently not quite so satisfactory, and a considerable proportion of women's goods is imported. Some factories making this class of clothing have, however, been kept fully occupied, and the prospects are considered reasonably satisfactory.

Dominion manufacturers of knitted goods are producing a class of article which is finding a satisfactory market, and the position in this respect is encouraging.

Clothing-manufactures in Canterbury and Wellington Districts report that trade conditions have been satisfactory, though somewhat erratic. Price competition among local makers has been very keen, but prospects in most lines appear to be distinctly good.

Agricultural and Dairy Machinery and Implement Making.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	27	28	25
Employees (number)	986	1,040	885
Wages paid	£198,073	£220,482	£191,002
Value of output	£619,775	£716,672	£607,339
Value added by manufacture	£279,833	£366,889	£311,614

During the past three years there has been considerable fluctuation in this industry, and a marked depression was experienced during the year ended 31st March, 1927. This state of affairs continued in the South Island until quite recently. In the North Island, however, an improvement was noticed during the spring of 1927, and business has been good since that time. The greatly increased use of

fertilizers and the additional production of butterfat, particularly in the North Island, were both conducive to a greater demand for implements, and for milking-machines and separators. Sales of machinery to butter and cheese factories did not increase to any extent.

In the South Island cereal-crop-machinery manufacturers have experienced extraordinarily keen competition from American implement-makers, whose selling and finance methods are extremely difficult for New Zealand manufacturers to compete with. There are, nevertheless, very hopeful reports from the leaders of these industries in the South as well as in the North Island, and it is expected that as a result of the generally improved financial state of the Dominion and the extra protection afforded by the new tariff conditions will take a decided turn for the better.

There appears to be ample room for extension in these industries, as various classes of machinery made in the Dominion are still being imported on a large scale.

The following table shows the extent of the importation of machinery competitive with similar classes made in the Dominion :—

Imports (Calendar Years).

	1925.		1926.		1927.	
	Number.	Value.	Number.	Value.	Number.	Value.
Agricultural machinery—		£		£		£
Cultivators, spring tine ..	384	5,777	121	1,442	541	7,102
Drills and sowers	810	11,133	662	9,211	1,233	17,629
Harrows, disk	555	7,028	329	5,028	621	8,102
Ploughs	1,080	10,726	1,205	17,363	848	9,419
Presses—wool, hay, and straw ..	8	713	22	1,287	32	2,045
Dairying machinery—						
Churns	2,777	3,380	2,610	8,944	2,158	5,189

The total value of all agricultural machinery imported in 1925 was £196,090 ; in 1926, £176,317 ; in 1927, £183,163. The total value of dairying machinery imported in each of those three years was as follows : 1925, £157,044 ; 1926, £140,951 ; 1927, £109,552. The reduction in value does not represent a corresponding reduction in quantity of imports, as the prices of this class of machinery have been falling.

Woollen-manufacturing.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	13	12	12
Employees (number)	2,381	2,326	2,380
Wages paid	£381,886	£362,020	£369,323
Value of output	£1,263,743	£1,159,771	£1,053,306
Value added by manufacture ..	£581,137	£552,694	£550,169
Imports, calendar years :—			
Woollen piece - goods (pure or containing wool)	£879,434	£813,537	£787,986

The reports from some mills are distinctly encouraging, and in one district a marked improvement in trade has been noted since July, 1927, resulting in an increase in the number of employees. In other districts it has been difficult to maintain output in face of overseas competition, which is, however, more particularly keen in the cheaper grades of cloth.

Union textiles of wool and cotton, and cloth of remade wool, can be manufactured in the United Kingdom at low cost, and such goods, both in the piece and as made-up clothing, come into strong competition with local productions of pure wool.

The high prices of wool which have prevailed during the past year are a disturbing factor in this industry, and manufacturers recognize a danger of appreciable loss when values decline.

Printing and Publishing.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	310	325	344
Employees (number)	6,779	7,274	7,874
Wages paid	£1,501,662	£1,632,797	£1,752,291
Value of output	£4,052,545	£4,407,655	£4,527,696
Value added by manufacture ..	£3,027,140	£3,328,674	£3,421,672

This industry continues to grow fairly rapidly and consistently, and it gives a considerable amount of employment at good wages. Unfortunately, newspaper-work cannot be separated in the figures from ordinary printing-work, and this to a very great extent reduces the value of the statistics.

Business has been quiet, and competition from imported printed matter has, in certain lines, been keen. Those engaged in the industry consider, however, that the coming year should see a decided improvement in conditions in the printing trade.

Brush and Broom Making.

Official statistics, year ended 31st March :—	1925.	1926.	1927.
Establishments (number)	10	11	12
Employees (number)	212	249	238
Wages paid	£35,616	£39,103	£42,571
Value of output	£113,313	£120,675	£130,287
Value added by manufacture	£58,609	£69,826	£74,777
Imports, calendar years :—			
Brushes, brushware, and brooms	£111,069	£83,779	£64,723

The statistics to date show that this industry is generally maintaining its position. The value of imports has fallen very considerably since 1925. Our brush-factories are equipped with the most modern appliances, and practically every class of brush can be and is being made in the Dominion. Prices of imported brushware have been greatly reduced since 1925, and competition in the lower-grade articles has during recent years been very keen.

APPENDIX B.

STATEMENT SHOWING TOTAL IMPORTS OF VARIOUS COMMODITIES BY CERTAIN COUNTRIES AND PROPORTION SUPPLIED DIRECT BY NEW ZEALAND.

	Unit.	United Kingdom, 1926.		United States of America, 1926.		Canada, 1926.		Belgium, 1927.		Germany, 1926.		France (m), 1926.		Italy, 1926.		Argentina, 1926.	
		Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
Butter—																	
Total imports ..	Cwt.	5,818,840	£ 48,283,312	71,509	£ 575,926	62,759	£ 545,084	22,764	£ 175,817	1,920,844	£ 16,172,647	13,303	£ 12,461	1,390	£ 12,461	134	£ 1,380
Proportion supplied direct from N.Z.	"	1,062,278	7,848,581	22,958	172,593	29,403	230,562	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cheese—																	
Total imports ..	"	86,320	£ 241,132	234,652	£ 586,831	2,877	£ 6,628	9,482	£ 30,235	191,567	£ 540,098	531	£ 82,307	20,964	£ 82,307	Nil	£ Nil
Proportion supplied direct from N.Z.	"	14,482	39,410	560	1,795	Nil	Nil	Nil	Nil	11,978	55,514	Nil	Nil	Nil	Nil	Nil	Nil
Cheese—																	
Total imports ..	"	3,008,837	£ 13,891,799	700,152	£ 4,338,272	59,629	£ 317,176	295,451	£ 1,059,429	1,259,374	£ 5,106,176	309,448	£ 546,681	71,044	£ 546,681	30,590	£ 250,280
Proportion supplied direct from N.Z.	"	1,450,637	5,892,821	1,065	4,598	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Honey—																	
Total imports ..	Lb.	7,180,880	£ 170,332	291,000	£ 8,436	83,322	£ 3,242	1,239,937	£ 20,675	12,028,500	£ 216,519	(c)	£ 200	5,600	£ 200	256,236	£ 7,044
Proportion supplied direct from N.Z.	"	1,202,552	34,993	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eggs in shell—																	
Total imports ..	Doz.	221,253,950	£ 15,369,434	298,000	£ 21,400	3,341,591	£ 201,077	989,500	£ 52,280	(c)	£ 11,486,128	(c)	£ 654,577	(a)	£ 654,577	(a)	£ 465,133
Proportion supplied direct from N.Z.	"	91,230	7,998	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Beef, frozen—																	
Total imports ..	Cwt.	3,583,025	£ 7,909,208	(c)	(c)	1,192	£ 7,392	990,339	£ 653,789	2,281,118	£ 5,189,314	(c)	£ 20,710	(c)	£ 20,710	Nil	£ Nil
Proportion supplied direct from N.Z.	"	326,667	437,098	(c)	(c)	Nil	Nil	8,248	11,992	Nil	Nil	15,584	(c)	20,831	(c)	Nil	Nil
Pork, frozen—																	
Total imports ..	"	273,618	£ 1,317,439	(c)	(c)	50,901	£ 214,486	2	£ Nil	9,081	£ 21,226	(c)	£ (c)	(c)	£ (c)	Nil	£ Nil
Proportion supplied direct from N.Z.	"	67,434	258,825	(c)	(c)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bacon and hams—																	
Total imports ..	Lb.	970,644,304	£ 50,146,958	(c)	(c)	1,190,626	£ 42,680	6,291,400	£ 167,492	22,836,660	£ 729,902	(c)	£ (c)	(g)	£ 13,469	46,822	£ 4,374
Proportion supplied direct from N.Z.	"	5,302	265	(c)	(c)	36	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sausage casings and skins—																	
Total imports ..	"	9,198,224	£ 1,213,896	18,534,000	£ 3,393,621	(c)	(c)	1,305,417	£ 47,972	82,786,220	£ 3,291,716	(a)	£ 297,699	7,772,280	£ 297,699	Nil	£ Nil
Proportion supplied direct from N.Z.	"	391,571	53,752	1,456,895	383,160	1,162,902	319,470	Nil	Nil	100,614	4,103	Nil	Nil	11	11	Nil	Nil
Milk, dried—																	
Total imports ..	"	18,431,504	£ 578,082	5,224,000	£ 138,477	(c)	£ 94	(£)2,860,840	(£)64,692	18,572,180	£ 538,725	(c)	£ (c)	438,592	£ 51,678	1,520,834	£ 78,044
Proportion supplied direct from N.Z.	"	9,707,302	300,969	12,000	175	4,551	6	Nil	Nil	Nil	Nil	44,800	652	Nil	Nil	Nil	Nil
Apples, fresh—																	
Total imports ..	"	927,825,920	£ 9,561,229	2,200,000	£ 20,576	(d)	£ 164,621	17,339,275	£ 52,869,398	639,560	£ 2,026,961	(c)	£ (c)	(c)	£ (c)	6	£ 341,901
Proportion supplied direct from N.Z.	"	26,309,902	329,618	Nil	Nil	(d)	6	Nil	Nil	Nil	Nil	Nil	Nil	480	480	373,840	£ 29,796
Calf-skins—																	
Total imports ..	No.	(c)	£ 198,062	6,589,000	£ 2,384,774	(d)	£ 358,427	(h)	£ 1,491,814	(c)	£ 1,491,814	(c)	£ (c)	(a)	£ 159,999	Nil	£ Nil
Proportion supplied direct from N.Z.	"	10,711	3,323	425,026	103,174	(d)	28,869	72,046	12,004	3,629	3,629	Nil	Nil	Nil	Nil	Nil	Nil
Cattle-hides—																	
Total imports ..	"	4,841,392	£ 84,903	3,354,000	£ 4,545,679	(d)	£ 1,237,426	(h)	£ 7,003,481	(c)	£ 7,003,481	(c)	£ (c)	(a)	£ 4,214,567	Nil	£ Nil
Proportion supplied direct from N.Z.	"	79,857	84,903	79,239	82,971	(d)	43,525	9,065	13,718	56,748	62,488	11,380	14,743	10,630	12,643	Nil	Nil
Sheep-skins, with wool—																	
Total imports ..	"	9,508,150	£ 2,916,165	3,715,000	£ 670,370	(c)	£ 1,669	(h)	£ 803,137	(c)	£ 803,137	(c)	£ (c)	(c)	£ (c)	Nil	£ Nil
Proportion supplied direct from N.Z.	"	425,925	162,111	145,519	73,317	(c)	2,752	21,348	4,641	456	196	109,793	29,219	Nil	Nil	Nil	Nil

Order No.	Order Date	Order Qty	Order Unit	Order Price	Order Total	Order Description	Order Status	Order Location	Order Remarks
001	10/15/11	100	EA	1.50	150.00	100 EA	OK	100	
002	10/15/11	200	EA	1.50	300.00	200 EA	OK	200	
003	10/15/11	300	EA	1.50	450.00	300 EA	OK	300	
004	10/15/11	400	EA	1.50	600.00	400 EA	OK	400	
005	10/15/11	500	EA	1.50	750.00	500 EA	OK	500	
006	10/15/11	600	EA	1.50	900.00	600 EA	OK	600	
007	10/15/11	700	EA	1.50	1050.00	700 EA	OK	700	
008	10/15/11	800	EA	1.50	1200.00	800 EA	OK	800	
009	10/15/11	900	EA	1.50	1350.00	900 EA	OK	900	
010	10/15/11	1000	EA	1.50	1500.00	1000 EA	OK	1000	

1000

1000