

1939.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(TWENTY-SECOND ANNUAL REPORT OF THE).

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

Wellington, 25th July, 1939.

YOUR EXCELLENCY,—

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

I have, &c.,
D. G. SULLIVAN,
Minister of Industries and Commerce.

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

Wellington, 13th July, 1939.

SIR,—

I have the honour to submit the annual report of the Department of Industries and Commerce. This report deals with the work of the Department since the previous report was placed before Parliament, and covers generally the period ended 31st March, 1939. In certain instances, however, matters subsequent to that date are also referred to.

I have, &c.,
L. J. SCHMITT, Secretary.

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

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GENERAL TRADE REVIEW.

FOLLOWING the usual custom, the overseas trade of New Zealand for the calendar year 1938 is briefly reviewed. All 1938 figures given in this section are preliminary and may be subject to some minor alterations.

The total external trade figure shows a fall of £9,075,602 when compared with the figure for 1937, which was a record one. Both export and import figures have fallen, exports from £66,713,379 in 1937 to £58,376,283 in 1938, and imports from £56,160,695 in 1937 to £55,422,189 in 1938. Exports fell by £8,337,096 and imports by £738,506. The balance of trade—*i.e.*, the excess of exports over imports—dropped from £10,552,684 in 1937 to £2,954,094 in 1938.

The foregoing figures are exclusive of specie, exports of which during 1938 amounted to £31,805, as compared with £3,500 in 1937. Imports of specie during these two years were £31,274 and £318,508 respectively. Specie is given at face value.

Table I.—External Trade (excluding Specie).

Year ended 31st December,	Exports.	Imports.	Total External Trade.	Excess of Exports over Imports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1929	54,930,063	48,734,472	103,664,535	6,195,591
1930	44,940,517	44,339,654	89,280,171	600,863
1931	34,950,698	26,498,151	61,448,849	8,452,547
1932	35,609,919	24,646,006	60,255,925	10,963,913
1933	41,005,919	25,581,366	66,587,285	15,424,553
1934	47,342,847	31,339,552	78,682,399	16,003,295
1935	46,538,678	36,287,544	82,826,222	10,251,134
1936	56,751,940	44,134,326	100,886,266	12,617,614
1937	66,713,379	56,160,695	122,874,074	10,552,684
1938	58,376,283	55,422,189	113,798,472	2,954,094

EXPORTS.

Table II, set out hereunder, shows the quantities and values of the principal commodities (excluding specie) exported from New Zealand during the calendar years 1937 and 1938 :—

Table II.—Principal Exports (excluding Specie).

Item.	Year ended 31st December,			
	1937.		1938.	
	Quantity.	Value.	Quantity.	Value.
		£(N.Z.)		£(N.Z.)
Butter Cwt.	2,976,085	16,986,477	2,614,549	16,520,226
Cheese "	1,647,255	5,371,878	1,610,523	5,935,061
Beef "	851,850	1,246,445	906,280	1,552,421
Lamb "	2,769,788	9,380,363	2,617,086	9,131,965
Mutton "	870,264	1,636,024	1,021,286	2,043,654
Pork "	599,545	1,733,903	521,244	1,727,129
Hides and calf-skins .. No.	1,670,112	1,031,076	1,763,445	742,806
Rabbit-skins "	12,050,438	557,132	10,268,012	247,390
Pelts "	10,759,059	1,619,103	12,279,130	966,784
Wool Bales	835,573	19,093,291	798,518	12,185,314
Tallow Tons	25,940	647,969	29,613	524,775
Kauri-gum "	3,226	151,589	2,304	103,777
Gold (including re-exports) Oz.	172,652	1,438,492	153,057	1,301,045
Sausage-casings .. lb.	4,224,227	760,264	4,027,891	739,685
<i>Phormium tenax</i> .. Tons	5,193	127,284	4,409	80,472
Apples lb.	36,082,757	452,335	56,939,767	732,370
Grass-seed Cwt.	47,084	143,817	38,902	190,870
Timber Sup. ft.	17,641,718	200,575	14,524,985	177,578
Milk (dried and preserved) lb.	24,713,648	364,676	20,524,013	306,992
Other items "	..	3,770,686	..	3,165,969
Total exports .. ..	..	66,713,379	..	58,376,283

The greatest variation shown in the table is the fall of £6,907,977 in the value of wool exported during the year 1938 as compared with the year 1937. The quantity of wool exported fell by 4 per cent., but owing to the lower prices obtained the value decreased by 36 per cent. Increases in quantities and values over 1937 figures were recorded for beef, mutton, and apples. Cheese and grass-seed show increased returns although the quantities exported were smaller.

DIRECTION OF TRADE.

The direction of our export trade during the last twelve months, as compared with the figures for the previous three years, is shown in Table III, set out hereunder. The percentage of each country's figure to the total export figure is also shown for the purposes of comparison.

Table III.—Direction of New Zealand's Export Trade.

	1935.		1936.		1937.		1938.	
	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.
British possessions, protectorates, &c.—	£(N.Z.)		£(N.Z.)		£(N.Z.)		£(N.Z.)	
United Kingdom	38,921,568	83·63	45,492,989	80·15	50,724,550	76·03	48,898,865	83·76
India	60,956	0·13	125,826	0·22	135,730	0·22	137,281	0·24
Ceylon	1,528	0·00	1,401	0·00	1,074	0·00	362	0·00
South African Union	27,504	0·06	21,855	0·03	29,554	0·04	19,357	0·03
Canada	656,984	1·41	1,103,008	1·96	1,667,449	2·49	1,116,601	1·91
Australia	1,781,811	3·83	1,843,475	3·25	1,824,183	2·74	2,192,058	3·76
Fiji	86,191	0·19	102,076	0·17	95,214	0·14	98,427	0·17
Other British countries	241,999	0·52	272,736	0·52	304,244	0·46	252,858	0·43
Total, British countries	41,778,541	89·77	48,963,366	86·30	54,781,998	82·12	52,715,809	90·30
Foreign countries and possessions—								
United States of America	2,468,071	5·30	2,877,752	5·07	4,796,039	7·19	1,446,957	2·48
France	484,610	1·04	1,646,168	2·90	1,014,941	1·52	1,001,987	1·72
Belgium	647,212	1·39	618,356	1·09	700,964	1·05	363,113	0·62
Germany	165,304	0·36	272,481	0·48	918,171	1·38	886,308	1·52
Japan	432,495	0·93	1,554,837	2·74	3,131,986	4·70	592,714	1·02
Netherlands .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
East Indies	2,235	0·01	1,894	0·00	4,053	0·00	7,667	0·01
Other foreign countries	560,210	1·20	817,086	1·42	1,123,571	1·68	1,079,872	1·85
Total, foreign countries	4,760,137	10·23	7,788,574	13·70	11,689,725	17·52	5,378,618	9·22
*Ship's stores .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	241,656	0·36	281,856	0·48
Totals, all countries	46,538,678	100·00	56,751,940	100·00	66,713,379	100·00	58,376,283	100·00

* Prior to 1st January, 1937, "ships' stores" were classed as an item of export to the country of destination of the vessel purchasing stores in the Dominion.

Exports to British countries fell by £2,066,189, and those to foreign countries by £6,311,107. The principal feature of the foregoing table is the substantial increase in the percentage of exports taken by the United Kingdom as compared with the figures for 1937. Further comments on the variations in the table will be found in the paragraphs relating to trade with the various countries.

IMPORTS.

The quantities and values of the principal items imported into New Zealand during the past two calendar years are set out in Table IV:—

Table IV.—Principal Imports (excluding Specie).

Item.	Year ended 31st December.				
	1937.		1938.		
	Quantity.	Value.	Quantity.	Value.	
		£(N.Z.)		£(N.Z.)	
Wheat .. .. .	.. Bushels	1,577,650	489,019	3,444,869	803,593
Flour .. .. .	.. Centials	7,347	7,568	737	550
Sugar .. .. .	.. Cwt.	1,851,403	723,225	1,684,409	601,271
Tea .. .. .	.. lb.	10,682,222	822,571	11,175,774	816,960
Whisky .. .. .	.. Gallons	340,491	420,719	322,069	413,197
Cigarettes .. .. .	.. Thousands	508,608	481,314	525,949	463,107
Tobacco .. .. .	.. lb.	3,315,663	439,800	4,009,815	563,482
Seeds .. .. .	.. .. .	..	207,838	..	151,715
Hosiery .. .. .	.. .. .	..	447,354	..	365,161
Apparel, n.e.i. .. .. .	.. .. .	..	1,814,116	..	1,511,897
Boots and Shoes .. .. .	.. Doz. prs.	267,035	708,024	229,455	578,024
Drapery, n.e.i. .. .. .	.. .. .	..	450,871	..	399,144
Carpets, &c. .. .. .	.. .. .	..	915,635	..	684,790
Piece-goods—					
Cotton .. .. .	.. .. .	..	1,944,289	..	1,497,504
Silk .. .. .	.. .. .	..	1,215,265	..	953,275
Woollen .. .. .	.. .. .	..	1,132,846	..	776,149
Cornsacks .. .. .	.. Doz.	536,158	163,756	407,640	125,853
Other sacks .. .. .	.. .. .	..	165,823	..	186,080
Woolpacks .. .. .	.. Doz.	48,089	59,351	49,353	58,187
Kerosene .. .. .	.. Gallons	4,712,073	86,788	6,834,224	118,890
Motor-spirit .. .. .	.. Gallons	85,665,508	1,856,209	102,288,881	1,881,210
Mineral lubricating-oil .. .. .	.. Gallons	4,037,650	405,070	3,160,416	315,226
Crude petroleum .. .. .	.. Gallons	43,039,234	332,390	65,154,762	585,182
Coal .. .. .	.. Tons	116,499	111,975	109,206	108,100
Iron and steel—					
Bar, bolt, and rod .. .. .	.. Cwt.	822,347	547,575	1,094,607	765,024
Galvanized plate .. .. .	.. Cwt.	560,122	676,259	388,324	537,012
Hardware .. .. .	.. .. .	..	1,034,939	..	990,096
Electrical apparatus .. .. .	.. .. .	..	2,595,178	..	2,848,711
Wireless apparatus .. .. .	.. .. .	..	607,099	..	430,155
Timber—					
Sawn .. .. .	.. Sup. ft.	26,971,846	382,740	29,842,999	428,942
Other .. .. .	.. .. .	..	179,788	..	205,941
Paper—					
Newsprint .. .. .	.. Cwt.	566,776	344,133	740,012	527,355
Printing, other .. .. .	.. Cwt.	177,710	331,992	155,764	293,104
Other .. .. .	.. .. .	..	884,391	..	434,656
Manures—					
Phosphates .. .. .	.. Tons	404,157	672,992	371,571	532,834
Other .. .. .	.. Tons	23,574	157,187	25,400	166,389
Motor-vehicles .. .. .	.. No.	36,782	5,791,132	33,464	5,427,860
Tires for motor-vehicles .. .. .	.. lb.	8,548,025	871,987	7,827,283	845,580
Other items .. .. .	.. .. .	..	25,682,487	..	27,029,983
Total imports .. .. .	.. .. .	..	56,160,695	..	55,422,189

The high prices ruling for imported articles during 1937 were maintained in most instances during 1938, although lower quantities imported account to a great extent for the drop in total imports.

ORIGIN OF IMPORTS.

Table V hereunder sets out the sources from which New Zealand obtained her imports over the last four years. Both values and percentages of total imports are shown for comparative purposes.

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

	1935.		1936.		1937.		1938.	
	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.
British possessions, protectorates, &c.—	£(N.Z.)		£(N.Z.)		£(N.Z.)		£(N.Z.)	
United Kingdom	18,283,884	50·39	21,852,347	49·51	27,866,857	49·62	26,540,711	47·89
India	571,627	1·58	554,102	1·26	580,224	1·03	565,322	1·02
Ceylon	633,594	1·75	750,982	1·70	823,469	1·47	818,245	1·48
South African Union	55,800	0·15	119,385	0·27	131,971	0·23	90,682	0·16
Canada	2,450,616	6·75	3,325,692	7·53	4,564,051	8·13	4,855,499	8·76
Australia	3,955,677	10·90	4,941,313	11·19	6,594,572	11·74	7,156,652	12·91
Fiji	80,084	0·22	95,802	0·22	95,564	0·17	112,648	0·20
Other British countries	571,401	1·57	558,435	1·26	693,110	1·23	637,683	1·15
Total, British countries	26,602,683	73·31	32,198,058	72·95	41,349,816	73·62	40,777,442	73·57
Foreign countries and possessions—								
United States of America	4,534,086	12·50	5,525,431	12·52	6,960,191	12·39	6,859,431	12·38
France	221,982	0·61	215,115	0·49	232,450	0·42	235,274	0·42
Germany	534,442	1·47	748,374	1·70	972,743	1·73	1,118,585	2·02
Belgium	217,516	0·60	409,102	0·91	545,950	0·97	518,498	0·94
Japan	1,100,177	3·03	1,328,199	3·01	1,629,979	2·90	1,208,185	2·18
Netherlands East Indies	1,437,379	3·96	1,722,802	3·90	2,238,105	3·99	2,150,328	3·88
All other foreign countries	1,639,279	4·52	1,987,245	4·52	2,231,461	3·98	2,554,446	4·61
Totals, all foreign countries	9,684,861	26·69	11,936,268	27·05	14,810,879	26·38	14,644,747	26·43
Total, all countries	36,287,544	100·00	44,134,326	100·00	56,160,695	100·00	55,422,189	100·00

The table shows increased imports from Canada, Australia, Fiji, France, and "other foreign countries." Imports from all other countries decreased in value. It is interesting to note that the proportion of our requirements obtained from British countries has remained very stable over the period covered.

TRADE WITH UNITED KINGDOM.

Table VI hereunder shows the figures for the trade between New Zealand and the United Kingdom during the past six calendar years:—

Table VI.—Total Trade with United Kingdom.

Year ended 31st December,	Total Trade.	Exports to United Kingdom.	Imports from United Kingdom.	Excess of Exports over Imports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	48,401,941	35,275,909	13,126,032	22,149,877
1934	54,419,001	38,629,240	15,789,761	22,839,479
1935	57,205,452	38,921,568	18,283,884	20,637,684
1936	67,345,336	45,492,989	21,852,347	23,640,642
1937	78,566,866	50,705,591	27,861,275	22,844,316
1938	75,439,576	48,898,865	26,540,711	22,358,154

The table discloses a drop of £3,127,290 in the total-trade for the year 1938 as compared with the record figure reached in 1937. Exports to the United Kingdom fell by £1,806,726 and imports from the same country fell by £1,320,564. The excess of exports over imports was £22,358,154.

A pleasing feature of this trade was the increase in the percentage of our total exports which was absorbed by the Mother-land. The figures are 83·76 per cent. in 1938 and 76·03 per cent. in 1937. The 1938 percentage figure is the highest since 1933. The import-percentage figures show for 1938 a swing away from articles produced in the United Kingdom towards articles produced by our sister dominions, Australia and Canada. Our imports from the United Kingdom amounted to 47·89 per cent. in 1938 and 49·62 per cent. in 1937 of the total imports for the two respective years.

Not all the produce shipped to the United Kingdom is destined to remain in that country. For several reasons, mainly the lack of direct shipping facilities, much of the produce for other countries is shipped through the United Kingdom. In 1937 this entrepôt trade was valued at £6,343,864. Wool, hides and skins, and butter are the main items of produce re-exported in this manner.

It will be readily understood that manufactured goods form the bulk of the imports from the United Kingdom. Many types of cotton, silk, and woollen cloths and goods are imported. In general these items show substantially reduced figures for 1938 when compared with the previous year's figures. Motor-vehicle imports have dropped £70,109, or 2 per cent., when compared with the 1937 figures. Increased imports of note over 1937 are shown for iron and steel bar, bolt, and rod; iron and steel manufactures; rails, wheels, and plant; toilet preparations; motor-vehicle tires; ordnance stores; miscellaneous electrical apparatus; and miscellaneous industrial machinery.

The principal items of export to the United Kingdom for the years 1937 and 1938 are shown in Table VII hereunder:—

Table VII.—Principal Exports to the United Kingdom.

Commodity.	1937.		1938.	
	Quantity.	Value.	Quantity.	Value.
		£(N.Z.)		£(N.Z.)
Chilled beef Cwt.	306,351	534,778	350,606	668,160
Frozen beef „	531,160	689,680	541,684	866,436
Mutton, frozen „	870,173	1,635,857	1,018,275	2,035,797
Lamb, frozen „	2,768,650	9,376,133	2,614,521	9,123,464
Pork, frozen „	599,402	1,733,575	519,801	1,720,656
Cheese „	1,644,241	5,361,490	1,608,437	5,926,973
Butter „	2,903,005	16,563,016	2,526,981	15,979,086
Apples lb.	28,889,350	362,937	39,167,460	489,093
Wool, raw, sheeps' and lambs' „	149,590,128	9,995,537	171,171,272	7,831,383
Tallow Tons	16,868	410,433	22,139	375,625
Hides and skins—				
Ox and cow No.	113,464	124,930	126,426	92,244
Sheep and lamb, woolled „	804,631	285,963	623,315	145,154
Other than woolled „	2,639,549	391,115	4,553,257	422,979
Sausage-casings lb.	1,139,364	172,605	1,637,887	289,105

Of greatest interest is the fall in the return for wool exported, although a greater quantity was sent abroad. Also, a comparison of the figures for hides and skins and tallow clearly shows the substantial decrease in the prices obtained. Increased returns of note are shown for beef and mutton, cheese, apples, and sausage-casings.

TRADE WITH AUSTRALIA.

Table VIII hereunder shows the continued growth of New Zealand import and export trade with Australia. Exports to Australia during 1938 were £367,875, or 20·2 per cent., greater than for 1937, while for the same periods imports from Australia rose by £561,047, or 8·5 per cent.

Table VIII.—Total Trade with Australia.

Year ended 31st December,	Total Trade.	Exports to Australia.	Imports from Australia.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	3,969,403	1,393,311	2,576,092	1,182,781
1934	5,120,640	1,882,516	3,238,124	1,356,608
1935	5,739,209	1,781,811	3,957,398	2,175,487
1936	6,784,788	1,843,475	4,941,313	3,097,838
1937	8,419,788	1,824,183	6,595,605	4,771,422
1938	9,348,710	2,192,058	7,156,652	4,964,594

Australia absorbed 3·76 per cent. of our total exports during 1938, as compared with 2·74 per cent. during 1937. Imports of Australian origin during 1938 made up 12·91 per cent. of our total imports, a considerable improvement on the 1937 figure of 11·74 per cent. New Zealand is continuing to take further advantage of the increasing industrial activity in Australia, which enables this country to obtain essential supplies close at hand and to avoid unnecessarily large freight bills from distant countries.

Imports comprise a fairly wide range, of which the following show decided increases (1937 figures are shown in parentheses): Oranges, £219,471 (£157,197); wheat, £766,310 (£426,850); tobacco, £144,441 (£105,031); silk, £73,602 (£59,219); iron and steel bar, bolt, and rod, £483,704 (£381,663); sawn timber, £244,731 (£171,872); cigarette-papers, £101,241 (£75,412); books, papers, and music, £138,745 (£95,108); canned fruits, £143,227 (£121,829).

Decreased imports are noticeable in grass and clover seeds, £24,820 (£52,819); felt, £47,209 (£96,529); coal, £107,414 (£111,909); iron and steel manufactures, £201,569 (£245,584); iron wire, £91,112 (£106,332); dried fruits, £321,242 (£338,860); boots and shoes, £52,624 (£76,637); electrical apparatus, £220,848 (£310,463).

The main items of our export trade to Australia for the years 1937 and 1938 are set out in Table IX hereunder:—

Table IX.—Principal Exports to Australia.

Commodity.	1937.		1938.	
	Quantity.	Value.	Quantity.	Value.
Timber sawn Sup. ft.	16,072,627	£(N.Z.) 174,329	13,125,600	£(N.Z.) 153,300
<i>Phormium tenax</i> Tons	2,788	72,244	1,703	33,818
Tow "	154	1,973	83	908
Grass and clover seeds Cwt.	23,630	55,203	22,319	69,216
Peas Centals	37,600	38,144	34,598	41,859
Oats "	1,835	1,013	1,697	989
Fish, frozen Cwt.	43,486	138,906	42,285	139,450
Sugar of milk lb.	442,064	12,192	287,556	7,746
Wool "	5,992,283	325,002	19,666,128	766,123
Tallow Tons	270	6,110	367	6,199
Sausage-casings lb.	215,146	11,720	158,753	5,085
Hides, pelts, and skins—				
Calf-skins No.	62,461	24,885	35,906	9,403
Cattle-hides "	93,877	177,022	132,776	159,024
Sheep-skins without wool "	52,786	5,969	463,157	29,923
Sheep-skins with wool "	7,757	1,636	62,589	9,902
Pumice and sandstone Tons	2,633	7,220	2,843	8,191
Gold: Bar, dust, ingot, and sheet Oz.	40,650	325,746	37,700	312,865
Dairying machinery "	..	21,018	..	1,391

Three items—grass and clover seeds, peas, and frozen fish—show increased returns although lower quantities were exported. The number of cattle-hides sent to Australia increased by 38,899, but the recorded return dropped by £17,998. Lower quantities and values are shown for sawn timber, *Phormium tenax*, tow, oats, sugar of milk, sausage-casings, calf-skins, and gold. Higher quantities and values are shown for wool, tallow, sheep-skins, and pumice and sandstone. The large increases recorded for wool are explained partly by increased shipments to other ports through Australia and partly by increased purchases by Australian manufacturers for blending with their own wool.

TRADE WITH CANADA.

Exports from New Zealand to Canada during 1938 were £5,972,100, which was £561,802 lower than during 1937. Imports from Canada show an increase of £292,212, to reach the total of £4,855,499 during 1938. The figures for the last six years are shown in Table X hereunder:—

Table X.—Total Trade with Canada.

Year ended 31st December,	Total Trade.	Exports to Canada.	Imports from Canada.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	1,825,807	560,875	1,264,932	694,057
1934	2,796,475	697,865	2,098,610	1,400,745
1935	3,107,600	656,984	2,450,616	1,793,632
1936	4,428,700	1,103,008	3,325,692	2,222,684
1937	6,241,690	1,678,403	4,563,287	2,884,884
1938	5,972,100	1,116,601	4,855,499	3,738,898

Canada in 1938 took 1·91 per cent. of our total exports, as against 2·49 per cent. in 1937. Imports into this country from Canadian sources during 1938 again followed the increasing tendency of past years, and reached the figure of 8·76 per cent. of our total imports. The 1937 figure was 8·13 per cent.

The following items of import showed increases on the previous year (1937 figures given in parentheses): Motor-vehicles, £1,617,642 (£1,582,785); boots and shoes, £163,051 (£155,816); printing-paper, £425,759 (£310,159); tinned fish, £125,915 (£119,094); electrical machinery and apparatus, £251,370 (£170,173). Decreased imports were recorded for the following: Rubber tires, £390,785 (£429,441); hosiery, £111,764 (£130,788).

Table XI following shows some quite remarkable variations in the values of the items exported to Canada:—

Table XI.—Principal Exports to Canada.

Commodity.	1935.	1936.	1937.	1938.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Butter	8,951	13,013	1,134	167,615
Cheese	4,731	3,082	3,895	3,568
Sausage-casings	223,633	157,483	266,733	218,685
Wool	197,163	613,766	957,721	432,596
Hides, pelts, and skins	161,837	251,665	307,969	193,657
Seeds	8,813	12,607	30,437	11,085
Frozen meat	2,403	554	768	8,410
Apples	23,686	12,445	35,690	48,088
Kauri-gum	1,709	4,938	13,375	10,967
Phormium fibre	1,094	970	2,544	451
Tallow	5,207	852	20,772	17,082

The result of the negotiations started by the New Zealand Trade Commissioner and the New Zealand Government for the admission of butter from New Zealand is immediately apparent. Another increase, mainly the result of extensions to the Trade Treaty with Canada following the visit of the Hon. Mr. Nash to that country in 1937, is that in the case of frozen meat. Lamb and mutton, especially lamb, met with a ready market in Canada. Increased shipments of apples were also made during 1938 to meet a growing demand.

Wool and hides both fell in value during 1938, and the decrease in exports to Canada of these two items alone amounted to £639,437. Other decreases were recorded for cheese, sausage-casings, seeds, kauri-gum, phormium fibre, and tallow.

TRADE WITH UNITED STATES OF AMERICA.

Exports from this country to the United States of America during 1938 show a large fall when compared with those during 1937, the figures being £1,446,957 and £4,784,099 respectively. Imports from the United States of America also show a fall from £6,962,518 in 1937 to £6,859,431 in 1938.

Table XII hereunder sets out the figures for this trade for the past eight years:—

Table XII.—Total Trade with United States of America.

Year ended 31st December,	Total Trade.	Exports to the United States.	Imports from the United States.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1931	5,148,481	920,931	4,227,550	3,306,639
1932	4,255,861	690,015	3,565,846	2,875,831
1933	4,140,981	1,188,972	2,952,009	1,763,037
1934	4,999,923	1,250,364	3,749,559	2,499,195
1935	7,002,152	2,468,066	4,534,086	2,066,994
1936	8,483,131	2,877,752	5,605,379	2,727,627
1937	11,746,617	4,784,099	6,962,518	2,178,419
1938	8,306,388	1,446,957	6,859,431	5,412,474

The fall in the figures for exports to the United States contributes a large proportion of the fall in New Zealand's total export figure. In 1938 the United States took 2·48 per cent. of our total exports, compared with 7·19 per cent. in 1937. Of the total imports into this country during the years 1937 and 1938 the United States has provided a very constant proportion, the figures being 12·39 per cent. and 12·38 per cent. respectively.

The following are the main items of import from the United States of America (1937 figures given in parentheses): Motor-vehicles, £771,056 (£1,090,653); tractors, £665,131 (£588,568); motor-spirits, £527,777 (£618,093); tobacco, unmanufactured, £320,219 (£240,211); cinematograph films, £246,076 (£236,459); lubricating-oil, £211,865 (£291,084).

The following table, No. XIII, shows the main items of export to the United States of America for the last four years:—

Table XIII.—Principal Exports to the United States of America.

Commodity.	1935.	1936.	1937.	1938.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Wool	302,476	660,777	2,281,082	168,212
Tallow	339,858	77,993	12,583	2,759
Calf-skins	56,931	86,240	180,123	123,425
Cattle-hides	32,766	30,567	65,063	29,933
Rabbit-skins	348,784	642,932	399,925	203,300
Sheep-skins with wool	41,414	114,883	186,825	51,571
Sheep-skins without wool	528,778	814,588	1,167,018	480,657
Sausage-casings	345,279	178,906	304,011	217,662
Grass and clover seeds	44,377	61,056	61,948	67,303
Butter	226,020	102,353	11,694	17,501
Kauri-gum	25,325	22,462	48,095	12,360

For only two items do the 1938 figures show any advance over the 1937 figures. These are for grass and clover seeds and for butter. All the other principal items have dropped in value, the falls being as follows: Wool, £2,112,870; sheep-skins without wool, £686,361; rabbit-skins, £196,625; sheep-skins with wool, £134,254; sausage-casings, £86,349; calf-skins, £56,698.

TRADE WITH BRITISH WEST INDIES.

The figures for the trade between New Zealand and the British West Indies for the last six years are set out in Table XIV below:—

Table XIV.—Total Trade with British West Indies.

Year ended 31st December,	Total Trade.	Exports to British West Indies.	Imports from British West Indies.	Excess of Exports over Imports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	37,021	20,864	16,157	4,707
1934	69,911	42,228	27,683	14,545
1935	109,973	53,966	56,007	2,041
1936	93,773	48,796	44,977	3,819*
1937	105,591	54,942	50,649	4,293
1938	79,809	37,280	42,529	5,249*

* Excess of imports over exports.

Compared with 1937, the 1938 figures show falls in both exports and imports, exports decreasing by £17,662 and imports by £8,120.

Imports from the British West Indies comprised chiefly oranges, £13,854 (£12,786); grapefruit, £1,188 (£1,379); cocoa-beans, £7,514 (£11,187); rum, £8,867 (£15,269); asphalt and bitumen, £2,295 (£2,021); and spices, £1,420 (£2,836). Kingston, Jamaica, is the chief shipping port for this trade.

Butter accounts for over 90 per cent. of our exports to the British West Indies, as is shown in Table XV, which gives the principal items of export for the past four years:—

Table XV.—Principal Exports to British West Indies.

Commodity.	1935.	1936.	1937.	1938.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Butter	50,406	45,866	52,353	33,759
Cheese	360	213	394	873
Frozen meat	812	1,079	614	806
Dried and condensed milk	871	460	507	791
Tallow	1,335	806	..	..
Apples .. .. .	..	250	..	1,000

TRADE WITH SOUTH AMERICA.

Table XVI hereunder shows details of our trade with the main South American States :

Table XVI.—Trade with South America.

	Exports.			Imports.		
	1936.	1937.	1938.	1936.	1937.	1938.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Argentina	11,795	50,331	29,915	18,476	41,190	27,571
Bolivia .. ..	..	..	..	1,413	2,009	1,746
Brazil	5,937	12,501	15,000	15,955	34,009	26,522
Chile	2,520	1,369	88	7,560	16,543	24,447
Ecuador	1,161	150	447	6,624	4,907	5,711
Paraguay .. ..	..	..	..	20	20	..
Peru	72	2	700	161	85	31
Uruguay	36,081	126,910	13,904	..	..	..
Totals	57,566	203,563	60,054	50,504	98,764	86,028

Items of export to these countries are potatoes, apples, and sheep. It is the fall in the volume of potatoes exported which mainly accounts for the drop of £143,509 in the total export figure.

The main items of import from these South American countries during 1938 are as follows (1937 figures given in parentheses): Nitrate of soda, £23,961 (£16,416); edible nuts, £22,416 (£22,771); undressed hides, pelts, and skins, £12,114 (£15,409); millet-seed, £11,134 (£18,586); cocoa-beans, £8,099 (£8,930); and cocoa-butter, £45 (£7,015).

ISLAND TRADE.

The figures for the trade between New Zealand and the islands in the Pacific generally show a fall from the 1937 level, as the following figures will indicate.

TRADE WITH FIJI.

Both exports from this country to Fiji and imports into this country from Fiji during 1938 show an increase over the figures for 1937. Table XVII gives details of this trade over the past seven years.

Table XVII.—Total Trade with Fiji.

Year ended 31st December,	Total Trade.	Exports to Fiji.	Imports from Fiji.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932	205,338	88,693	116,645	27,952
1933	193,531	87,435	106,096	18,661
1934	188,659	85,493	103,166	17,673
1935	166,281	86,191	80,090	6,101*
1936	197,878	102,076	95,802	6,274*
1937	190,787	95,214	95,572	341
1938	211,075	98,427	112,648	14,221

* Excess of exports over imports.

Exports to Fiji comprised a number of items, of which the most important were meats, salted, frozen, and tinned, £14,676 (£18,271); potatoes, £4,928 (£5,002); bacon and hams, £3,963 (£3,947); soap, £4,241 (£3,501); tallow, £2,203 (£3,632); timber, £1,825 (£1,584); baking-powder, £1,666 (£2,085); butter and cheese, £1,541 (£2,101); lard, £901 (£934); sugar, refined, £665 (£3,040); and onions, £104 (£1,352).

Imports from Fiji during 1938 were bananas, £80,981 (£61,427); raw sugar, £10,605 (£12,395); potatoes, £4,803 (£5,185); molasses, £2,923 (£2,714); mandarins, £1,764 (£3,849); and oranges, £790 (£1,784).

WESTERN SAMOAN TRADE.

Both imports and exports of Western Samoa show a fall when compared with the 1937 figures.

Table XVIII.—Total Trade of Western Samoa.

Year ended 31st December,	Total Trade.	Imports into Western Samoa.	Exports from Western Samoa.	Excess of Exports over Imports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932	333,930	150,902	183,028	32,126
1933	324,693	150,856	173,837	22,981
1934	220,901	92,784	128,117	35,333
1935	325,055	135,757	189,298	53,541
1936	430,275	167,020	263,255	96,235
1937	620,304	267,868	352,436	84,568
1938	444,877	196,272	248,605	52,333

The total imports into Western Samoa were as follows: New Zealand, £58,815 (£71,396); United Kingdom, £29,897 (£42,365); Australia, £28,141 (£40,857); United States of America, £19,480 (£21,252); Canada, £16,432 (£14,306); Japan, £14,647 (£39,613); Netherlands East Indies, £6,029 (£9,166); Burma, £4,811 (£5,354); Fiji, £4,628 (£7,143); India, £4,524 (£6,551); Germany, £3,894 (£3,760); and China, £1,272 (£2,139).

The destination of exports from Western Samoa were New Zealand, £84,021 (£75,054); United Kingdom, £85,647 (£66,578); United States of America, £25,326 (£56,445); and Holland, £5,684 (£19,124).

The main items exported from Western Samoa to New Zealand were bananas, £77,143 (£70,447); and cocoa-beans, £3,119 (£3,450). Trade in the opposite direction consisted mainly of tinned meat, £9,627 (£19,822); sugar, £8,036 (£11,529); butter, £3,499 (£3,360); vegetables, £1,167 (£1,754); and timber, £20,905 (£1,245).

Principal items exported from Western Samoa to the United Kingdom were copra, £44,331 (£23,254); and cocoa-beans, £38,023 (£39,048).

The three principal items of export from Western Samoa during the past five years are shown in Table XIX hereunder:—

Table XIX.—Principal Exports from Western Samoa.

Year ended 31st December,	Copra.		Cocoa-beans.		Bananas.	
	Tons.	Value.	Tons.	Value.	Cases.	Value.
		£(N.Z.)		£(N.Z.)		£(N.Z.)
1934	8,948	60,654	1,027	29,498	96,225	35,796
1935	12,501	108,695	576	19,639	109,000	38,146
1936	13,014	156,873	1,065	46,607	128,045	46,737
1937	13,340	199,747	1,253	71,138	188,320	70,447
1938	11,241	103,529	1,647	59,699	205,715	77,143

COOK AND NIUE ISLANDS.

A decrease in both imports into and exports from these islands is apparent.

Table XX.—Total Trade, Cook and Niue Islands.

Year ended 31st December,	Exports.			Imports.		
	Cook Islands.	Niue Islands.	Total.	Cook Islands.	Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	73,983	11,542	85,525	76,716	13,123	89,839
1934	59,307	12,341	71,648	61,449	13,372	74,821
1935	53,599	12,076	65,675	61,676	15,288	76,964
1936	67,556	22,992	90,548	72,576	24,662	97,238
1937	86,333	23,321	109,654	86,534	29,309	115,843
1938	73,184	15,045	88,229	74,789	16,380	91,169

The distribution of trade is shown in Table XXI hereunder :—

Table XXI.—Direction of Trade of Cook and Niue Islands, 1938.

Country.	Exports.			Imports.		
	From Cook Islands.	From Niue Islands.	Total.	Into Cook Islands.	Into Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
New Zealand	66,110	11,479	77,589	57,227	14,080	71,307
Australia .. ..	..	8	8	4,327	815	5,142
United Kingdom	2,236	..	2,236	7,421	671	8,092
United States of America	4,833	..	4,833	2,528	266	2,794
Japan .. ..	..	..	..	1,823	70	1,893
Canada .. ..	..	..	..	232	181	413
Western Samoa	5	573	578	5	296	301
Other countries .. ..	..	2,985	2,985	1,226	1	1,227
Totals	73,184	15,045	88,229	74,789	16,380	91,169

TONGA.

Exports to Tonga during 1938 decreased by £9,124 when compared with the figure for 1937. For the same periods imports also fell in value, the decrease being £1,544. Trading figures are set out in Table XXII following :—

TABLE XXII.—Total Trade with Tonga.

Year ended 31st December,	Total Trade.	Exports to Tonga.	Imports from Tonga.	Excess of Exports over Imports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	27,738	19,407	8,331	11,076
1934	26,230	12,948	13,282	334*
1935	34,304	19,104	15,200	3,904
1936	38,511	27,215	11,296	15,919
1937	48,343	40,134	8,209	31,925
1938	37,675	31,010	6,665	24,345

* Excess of imports over exports.

Bananas were the main imports into this country from Tonga, the figure for 1938 being £5,529 (£7,193).

Exports from New Zealand to Tonga during 1938 were meats, salted, frozen, and tinned, £8,105 (£16,137); sugar, £2,587 (£2,744); timber, £1,159 (£1,324); and butter, £1,078 (£1,421).

TRADE WITH THE CONTINENT OF EUROPE.

Table XXIII hereunder sets out the figures over the past three years for trade between New Zealand and European countries:—

Table XXIII.—Trade with Continent of Europe.

	1936.	1937.	1938.
Exports to—	£(N.Z.)	£(N.Z.)	£(N.Z.)
Germany	272,481	919,148	886,308
France	1,646,168	1,014,941	1,011,987
Belgium-Luxemburg Union.. .. .	618,356	682,913	363,113
Italy	1,767	10,322	6,578
Netherlands	112,539	128,474	147,455
Switzerland	1,360	746	2,791
Sweden	64,936	92,765	83,722
Norway	656	3,164	2,310
Poland	173,159	166,255	194,164
Czechoslovakia	20,064	58,141	24,508
Denmark	11,219	38,056	63,261
Finland	1,212	7,822	6,129
Spain	15,158	13,925	7,755
Other European countries	73,640	50,563	56,853
Totals	3,012,715	3,187,235	2,856,934
Imports from—			
Germany	748,374	972,760	1,118,585
France	215,115	232,464	235,274
Belgium-Luxemburg Union.. .. .	409,102	546,042	518,498
Italy	45,279	174,917	163,746
Netherlands	210,397	268,521	269,913
Switzerland	140,776	181,479	259,639
Sweden	343,985	368,908	404,913
Norway	72,041	77,801	72,335
Poland	8,607	18,201	13,861
Czechoslovakia	142,215	194,746	190,379
Denmark	17,822	17,593	21,376
Russia	192,080	42,273	41,873
Finland	46,608	109,521	116,064
Spain	70,511	71,961	71,898
Other European countries	85,551	142,787	127,167
Totals	2,748,463	3,419,974	3,625,521

Imports from these European countries during 1938 have followed the increasing tendency noticeable over the past few years, and show an increase of £205,547 over the 1937 figures. Imports comprise a very wide range of articles.

Table XXIV.—Direct Exports to European Countries listed above.

Commodity.	1937.	1938.	Commodity.	1937.	1938.
	£(N.Z.)	£(N.Z.)		£(N.Z.)	£(N.Z.)
Wool	2,719,354	2,257,281	Seeds, grass and clover	5,702	3,349
Sheep-skins with wool	64,131	141,342	Casein	10,091	4,297
Sheep - skins without wool	9,749	23,634	Tallow	9,472	14,936
Cattle-skins	143,982	145,412	Rabbit-skins	12,445	6,376
Calf-skins	71,270	14,370	Sausage-casings	4,966	..
Apples	26,375	136,377	Fish	618	993
Kauri-gum	9,746	9,189	Butter	65,000	65,000

The above table discloses some interesting variations in the items of export to Europe during the years 1937 and 1938. The value of wool sent direct dropped by £462,073, calf-skins by £56,900, kauri-gum by £557, grass and clover-seeds by £2,353, casein by £5,794, rabbit-skins by £6,069, and sausage-casings by £4,966. Increased exports are shown for sheep-skins with wool, £77,211; sheep-skins without wool, £13,885; cattle-skins, £1,430; apples, £100,002; tallow, £5,464; and fish, £375.

The work of the Trade Commissioner in Europe, whose office was established at Brussels in December, 1935, has continued to grow in volume and variety. Many inquiries for prospects of trade between New Zealand and Europe have been dealt with, and New Zealand products have been brought to the notice of Continental Governments.

Representations and inquiries have been made to European Governments regarding, amongst other matters, the sale of New Zealand fruit, honey, seeds, hides, meat, butter, and canned goods. Several conferences were arranged with representatives of the Swiss Government, and after consideration in this country a trade agreement was made between the two countries. Visits were paid by the Trade Commissioner to Germany, Austria, France, Hungary, and Switzerland, and close contact with the Produce Boards was maintained.

Other activities of the Trade Commissioner included attendance at the Wood Utilization Conference at Brussels, matters affecting the Centenary and Centennial Exhibition, assistance to visiting New-Zealanders, inquiries *re* deceased persons' estates, letters of introduction, and various inquiries for Government Departments.

TRADE WITH THE EAST.

Table XXV below sets out the trading position between New Zealand and Eastern countries over the past four years:—

Table XXV.—Total Trade with Eastern Countries.

—	1935.	1936.	1937.	1938.
Exports to—	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Netherlands East Indies ..	2,235	1,894	4,053	7,667
British Malaya	63,771	71,383	78,869	64,092
Burma	618	946	584	1,330
Ceylon	1,528	1,401	1,074	362
Hong Kong	11,249	22,176	27,180	28,021
India	60,956	125,826	135,730	137,281
China	7,718	32,854	82,068	34,597
Japan	432,495	1,554,837	3,131,986	592,714
Philippine Islands	3,945	5,983	9,304	16,066
Totals	584,515	1,817,300	3,470,848	882,130
Imports from—				
Netherlands East Indies ..	1,437,379	1,722,802	2,238,413	2,150,328
British Malaya	81,457	97,246	108,935	98,805
Burma	9,679	11,361	10,014	8,062
Ceylon	633,594	750,982	823,470	818,245
Hong Kong	10,356	17,695	25,698	30,671
India	571,527	554,102	579,922	565,322
Japan	1,100,150	1,328,199	1,629,191	1,208,185
China	97,244	151,299	143,644	121,570
Philippine Islands	10,837	14,824	21,644	19,821
Totals	3,952,333	4,648,510	5,580,931	5,021,009

The large fall in exports to the East is mainly due to the fact that Japan took a smaller quantity of wool. China took wool, £3,329 (£46,303); tallow, £2,094 (£8,761), and butter, £21,879 (£22,985). India took butter, £27,283 (£19,142); and tallow, £92,016 (£103,432). Hong Kong took butter, £19,916 (£16,564); and fungus £3,537 (£6,253).

The main items of import from the various countries are as follows—China: Walnuts, £16,940 (£19,615); drapery, £13,615 (£16,356); brushmakers' materials, £8,659 (£23,576); feathers, undressed, £8,610 (£7,441); rice, £6,668 (£6,390); and vegetable oil, £11,783 (£7,308). Hong Kong: Boots and shoes, £6,192 (£3,330); electric lamps, £5,052 (£6,167), wood, cane, and wicker manufactures, £1,807 (£1,317). Netherlands East Indies: Motor-spirits, £1,044,308 (£1,169,664); crude petroleum, £451,921 (£294,187); kapok, £62,541 (£97,281); and raw sugar, £461,461 (£534,511). Ceylon: Tea, £796,630 (£784,784); and desiccated coconut, £12,091 (£22,318). Malaya: Canned pineapples, £55,155 (£59,040); and sago and tapioca, £12,185 (£13,839). India: Jute sacks, £180,952 (£158,382); cornsacks, £124,816 (£162,170); jute piece-goods £73,886 (£74,482); and woolpacks, £58,188 (£59,351).

TRADE WITH JAPAN.

Table XXVI hereunder shows the figures for the past seven years for trade between this country and Japan :—

Table XXVI.—Total Trade with Japan.

Year ended 31st December,				Total Trade.	Exports to Japan.	Imports from Japan.	Excess of Imports over Exports.
				£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932	..	..	..	714,799	236,799	478,000	241,201
1933	..	..	..	1,031,463	354,462	677,000	322,538
1934	..	..	..	1,692,014	856,014	836,000	20,014*
1935	..	..	..	1,532,150	432,000	1,100,150	668,150
1936	..	..	..	2,883,036	1,554,837	1,328,199	226,638*
1937	..	..	..	4,761,177	3,131,986	1,629,191	1,502,795*
1938	..	..	..	1,800,899	592,714	1,208,185	615,471

* Excess of exports over imports.

Imports from Japan consist of silk and artificial piece-goods, £308,220 (£431,618); cotton, linen, and canvas piece-goods, £206,335 (£250,126); fancy goods, £57,012 (£62,900); articles made from textiles, £57,592 (£54,771); and sulphur, £49,542 (£131,522).

Table XXVII below sets out the principal exports to Japan, and shows the large fall in value of every item listed, the fall for wool alone being £2,227,794.

Table XXVII.—Principal Exports to Japan.

Commodity.	1935.	1936.	1937.	1938.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Wool	241,697	1,265,836	2,705,946	478,152
Casein	128,667	142,381	173,257	56,254
Tallow	8,536	49,865	62,082	4,405
Butter	446	469	24,928	11
Hides, pelts, and skins	27,016	48,376	54,318	24,210
Scrap metal	18,990	24,870	56,727	..
Frozen meat	377	10,131	8,323	1,674

TRADE TREATIES.

The only trade arrangement concluded by the Government during the year was that with Switzerland, which by the Trade Arrangement (New Zealand and Switzerland) Order 1938 came into force on the 5th May, 1938. This arrangement was to the effect that the duties provided for by the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933 (as modified by an Order in Council made on the 28th August, 1936), in respect of goods being the produce or manufacture of the economic union of Belgium and Luxemburg, and the duties provided for by the Trade Agreement (New Zealand and Germany) Ratification Act, 1937, in respect of goods the produce or manufacture of Germany, were applied to similar goods the produce or manufacture of Switzerland.

In return for the concessions granted by New Zealand, the Swiss Government guaranteed a quota for the importation of New Zealand apples and pears into Switzerland to the extent of 1,500 metric tons per annum. In addition, the Government of Switzerland undertook, in matters of granting import permits and the fees therefor for New Zealand products, treatment not less favourable than that accorded to similar products of the most-favoured foreign country.

OVERSEAS TRADE REPRESENTATION.

The Government of New Zealand is represented in overseas countries by the High Commissioner for New Zealand in London, and by New Zealand Trade and Tourist Commissioners in Canada, Australia, and Europe.

In addition, there are a number of honorary representatives of the New Zealand Government resident in overseas countries who perform very many useful services on behalf of the Government and in the direction of developing New Zealand's export trade. The Trade Commissioners provide information to New Zealand exporters on the present and potential demand for various types of goods, competition in their respective markets, duties and Customs regulations, quotas, exchange requirements, &c., selling methods, finance arrangements, the standing of importers, and general information about trade opportunities. In the past, many New Zealand firms have developed very profitable trade as a result of the work done by the Trade Commissioners and honorary representatives.

EXHIBITIONS OVERSEAS.

During the year the Department participated in three major exhibitions—viz., the Empire Exhibition in Glasgow, the Golden Gate International Exposition at San Francisco, and the Canadian National Exhibition at Toronto.

In addition to the foregoing, arrangements were made for the despatch of suitable display units for the New Zealand Court at the New York World's Fair.

Empire Exhibition, Glasgow.—This exhibition was opened by His Majesty the King on the 3rd March, 1938, and continued until October.

Although the opportunity was not missed of publicizing the sporting and scenic attractions of the Dominion by means of dioramas, photographic enlargements, &c., and in depicting scenes in the history of New Zealand by a series of mural paintings, it was decided that the best return for the expenditure incurred in participation in the exhibition would be obtained by concentrating on the development of trade with the United Kingdom, particularly with Scotland, where the sale of New Zealand produce has not been so general as in other parts of Great Britain. Accordingly, a comprehensive range of exhibits of New Zealand produce, comprising meat, wool, butter, cheese, honey, hemp, bacon, &c., was displayed, and it is interesting to record that it has been reported that one million samples of the Dominion's primary products were distributed, resulting in a pronounced demand for New Zealand goods at the Scottish retail shops.

Golden Gate International Exposition, San Francisco.—The New Zealand Court at the Golden Gate International Exposition, which opened on the 18th February, 1939, and at which thirty-two foreign nations participated, was on a much smaller scale than the Court for the New York World's Fair, but it was found possible to prepare a display giving a very adequate impression of the attractions of this country from the tourist point of view.

The building took the form of a typical Maori dwelling faced with carvings, with palisading around one end and a watch-tower and pataka in the grounds. The interior contained dioramas depicting the glacier, mountain, and thermal attractions, together with a large illuminated map showing relatively the position of New Zealand to Western America and Australia, together with steamer and air service routes.

A series of six dioramas showing the progress of the Dominion during its one hundred years of existence was also included in the exhibit, also photographic enlargements and panels of coloured transparencies of typical New Zealand scenery.

It may be mentioned here that the opening of the Golden Gate International Exposition was of particular significance to this Dominion, as it is understood that the exhibition-site will ultimately be used as an airport and will be the terminal of any air service between the United States and New Zealand.

Canadian National Exhibition, Toronto.—This exhibition is held annually, and this is the ninth successive year that New Zealand has participated. It is estimated that nearly two million visitors view the various exhibits during the two weeks the exhibition is open; therefore an excellent opportunity is afforded to introduce New Zealand products to the Canadian market and also to advertise the scenic and sporting attractions of this country. The exhibition was opened by Lord Stanley, Secretary of State for Dominion Affairs, who visited Canada for that purpose; and during the ceremony a series of messages were despatched by him by cable to the various Prime Ministers throughout the Empire, including New Zealand, and it is interesting to record that replies were received within five minutes of the messages being sent.

The New Zealand exhibit comprised displays of goods manufactured in this Dominion, also dioramas of the tourist resorts of New Zealand. One diorama depicting the progress of New Zealand during the past one hundred years received well-merited admiration from the crowds which visited the court.

Amongst several interesting features of the display included an illuminated map of New Zealand with the main points of interest suitably marked, also the picturization in dioramic form of a section of a Maori pa at Rotorua, the Maori, his work, mode of living, and general culture.

The opportunity was taken by the staff during the exhibition to distribute large quantities of literature on New Zealand, and very useful publicity was obtained.

New York World's Fair, 1939.—At the New York World's Fair, which opens on the 30th April, 1939, the New Zealand Government has been allotted 10,000 square feet of floor space, and arrangements were made by the Department during the year for a most comprehensive exhibit.

The major portion of the exhibits, including dioramas, photographic enlargements, working models, &c., will be produced at the departmental studios in New Zealand and shipped to New York. It is proposed to depict the resources of the Dominion, its manufactures, the sporting and scenic attractions, Maori arts and crafts, the colonization of New Zealand, and the vast development which has taken place since that date.

STORES CONTROL BOARD.

The Department continues to be represented by an officer on the Advisory Committee of the Stores Control Board, and in respect of all matters concerning Government purchases of stores the interests of the New Zealand manufacturers are closely safeguarded. Co-operation is at all times maintained where investigation is necessary into local prices, quantities, and values of New-Zealand-made goods.

During the year proposals were brought forward for extending the measure of preference now afforded by the Government when considering the purchase of New-Zealand-made goods. In view of the Government's policy, however, in regard to import selection, this matter has been held over in the meantime because first consideration is now given in all cases to local products.

NEW ZEALAND MANUFACTURERS' FEDERATION AND DISTRICT ASSOCIATIONS.

A feature of the past year has been the increasing degree of co-operation maintained between the Department and the New Zealand Manufacturers' Federation and the District associations. It will be recalled that shortly after the passing of the Industrial Efficiency Act the Hon. the Minister of Industries and Commerce and the Bureau of Industry expressed the hope that manufacturers would work together to an increasing extent, particularly by the formation of trade groups. It was felt that by such a course discussions between State organizations on the one hand and industry on the other would be facilitated and placed upon a better basis. It is obvious that it is far more advantageous for a State Department to hear representations from an industry as a whole rather than from individuals, who may advance divergent attitudes capable, however, of being unified by discussion with other operators in the particular industry.

This co-operation between the State and industrial groups has been principally evident in regard to various representations made to the Bureau of Industry and the Industries Committee, both these bodies maintaining very close contact throughout the year with the New Zealand Manufacturers' Federation. For some weeks subsequent to the introduction of the Import Control Regulations meetings between the Industries Committee and various industrial groups were held almost daily, and in some cases several times a day. It is obvious that in such a way the Committee was more readily able to judge in a comparatively short time the productive capacity of industry than by inquiries made from individual producers throughout the Dominion.

Any representations made by the Federation are, of course based upon submissions made and data collected by the associations in the four principal districts. Once again the Department has experienced ready co-operation from these district manufacturers' associations. It is quite evident that the work of the association in each centre has been a live force in achieving industrial organization in the particular district and thus making possible a greater degree of organization from the national point of view. Most of the associations report increased membership, and it is noteworthy in this connection that Canterbury enrolled sixty-two new members since the previous annual meeting. All the associations report increased activity in the various trade groups, which meet to discuss their problems whether of local or national significance.

Of considerable importance during the year have been the publicity campaigns adopted by the various associations in order to stimulate the public demand for domestic products. Visits to selected factories were arranged for school-children, Teachers' Training College students, and Young Farmers' Clubs so that the younger people will be made aware of the extent of New Zealand's manufacturing industries and incidentally the dependence of one member of the community upon the support of the other. Important avenues of publicity supported or arranged by the associations are also the various New Zealand industry fairs and sections devoted to manufacturing enterprise at other shows throughout the Dominion.

It will thus be seen that the work of the New Zealand Manufacturers' Federation and allied associations has been a very real factor in the increase of industrial development achieved during the year and that this work has materially aided the Department and the Bureau of Industry in their administration of matters pertaining to industry.

STATISTICS RELATING TO MANUFACTURING INDUSTRIES.

The latest available statistics relating to the manufacturing industries of the Dominion cover the factory year 1937-38.

The high level of factory production established in 1936-37 was more than maintained during 1937-38, which set new records under all headings covered by the following summary. Outstanding features of the 1937-38 statistics are the number of persons engaged in industry (which for the first time exceeds the 100,000 mark), the salaries and wages bill of £21,000,000, and the substantial rise to £113,700,000 in the value of output.

The following table summarizes the statistics under each principal head in respect of the last three years. For purposes of comparison, index figures are shown illustrating the extent of the development during the past two years.

	Year.			Index No.	
	1935-36.	1936-37.	1937-38.	1936-37. (1935-36 = 100).	1937-38. (1935-36 = 100).
Number of establishments	5,536	5,728	5,924	103	107
Number of persons engaged	86,588	96,401	102,344	111	118
Salaries and wages paid	£14,844,367	£18,333,077	£20,981,587	124	141
Cost of materials used or operated upon	£59,940,393	£70,668,075	£75,084,173	118	125
Other expenses	£9,606,824	£10,751,343	£10,827,593	112	113
Value of products	£90,014,748	£105,941,722	£113,691,556	118	126
Added value	£30,074,355	£35,273,647	£38,607,383	117	128
Value of—					
Land and buildings	£23,985,510	£24,445,338	£25,573,741	102	107
Plant and machinery	£43,453,369	£45,151,927	£47,164,981	104	109
	£67,438,879	£69,597,265	£72,738,722	103	108

Included in the aggregate figures shown in the above table are figures relating to such industries as meat-freezing, butter and cheese making, &c. In the following table the figures are shown as they relate to groups according to general character of industries and the nature of the operations carried

on. In this way the position of the real manufacturing industries of the Dominion is more clearly indicated, as distinct from those industries closely associated with the primary industries or representing the provision of public utilities under monopoly conditions, including gasworks and electricity generation and supply.

The following table provides the basis of comparison of the classification of industries into four groups :—

Table showing for the Years 1934-35, 1935-36, 1936-37, and 1937-38, Figures relating to the Various Industries classified into Four Groups as stated.

Year.	Persons engaged.	Salaries and Wages paid.	Cost of Materials used.	Value of Products.	Value added by Manufacture.	Land, Buildings, Plant, and Machinery.
<i>Group 1.</i>						
Group I includes industries such as meat-freezing; ham and bacon curing; butter, cheese, and condensed milk; sausage-casings; fellmongering and wool-scouring; boiling-down and manure-making.						
	Number.	£	£	£	£	£
1934-35 ..	12,730	2,557,906	31,459,836	37,213,253	5,753,417	8,921,964
1935-36 ..	13,175	2,748,360	37,559,333	43,512,567	5,953,234	9,078,347
1936-37 ..	13,458	3,217,821	44,296,344	51,139,656	6,843,312	9,305,107
1937-38 ..	13,498	3,594,568	45,511,066	52,191,872	6,680,806	9,379,247
<i>Group 2.</i>						
Group 2 includes industries such as gas making and supply, electricity generation and supply.						
1934-35 ..	4,637	1,058,884	4,170,349	6,004,384	1,834,035	34,214,699
1935-36 ..	4,789	1,143,208	4,248,815	6,248,748	1,999,933	33,609,706
1936-37 ..	5,120	1,278,172	4,554,257	6,563,185	2,008,928	34,526,759
1937-38 ..	5,347	1,428,989	4,857,182	7,189,456	2,332,274	35,715,744
<i>Group 3.</i>						
Group 3 includes such industries as fish-curing; log-sawmilling; lime crushing and burning, &c.; brick, tile, and pottery making; concrete block or pipe and fibrous-plaster making; flax-milling; pumice-products preparations.						
1934-35 ..	8,523	1,477,768	1,147,420	4,225,557	3,078,137	3,649,326
1935-36 ..	9,965	1,823,952	1,570,068	5,340,289	3,770,221	3,774,949
1936-37 ..	11,404	2,363,626	1,864,514	6,488,431	4,623,917	3,875,066
1937-38 ..	12,014	2,763,509	2,197,525	7,424,367	5,226,842	4,083,510
<i>Group 4.</i>						
Group 4 includes industries of a type not included in the above classifications, such as grain-milling, iron-smelting, motor engineering, &c.						
1934-35 ..	53,468	8,149,815	15,307,136	31,881,279	16,574,143	20,482,461
1935-36 ..	58,659	9,128,847	16,562,177	34,913,144	18,350,967	20,975,877
1936-37 ..	66,419	11,473,458	19,952,960	41,750,450	21,797,490	21,890,333
1937-38 ..	71,485	13,194,521	22,518,400	46,885,861	24,367,461	23,560,221

The improvement which became apparent in each group for the year 1936-37 has continued during the last year, as disclosed in the above table.

Comparisons of Group 4, the industries which may be termed as the genuine manufacturing industries, for the years 1936-37 and 1937-38 reveal that persons engaged during 1937-38 increased by 5,066 in number, or by 8 per cent. Salaries and wages paid increased by £1,721,063, or by 15 per cent., and materials used and value of products advanced by 13 per cent. and 12 per cent. respectively. The value of land, buildings, plant, and machinery increased by 8 per cent.

Set out below is a summary of the principal variations in the comparison of the figures for 1937-38 with those of the previous year as affecting individual industries :—

Number of Establishments.

Increases.—Coachbuilding and motor engineering, &c., 89; furniture, 43; clothing, 21; concrete block and fibrous plaster, 18; electrical engineering, 10; and sawmilling, 7.

Decrease.—Butter and cheese, 31; printing and publishing, 11; biscuit and confectionery, 8; and saddlery and harness, 8.

Persons engaged.

Increases.—Coachbuilding and motor engineering, &c., 1,724; clothing, 1,088; sawmilling, 359; furniture, 338; electrical engineering, 257; printing and publishing, 250; electricity generation and supply, 175; general engineering, 171; and meat freezing and preserving, 170.

Decrease.—Butter and cheese, 190; tanning, 74; leather goods, 45; woollen-milling, 44; and ship and boat building, 36.

Salaries and Wages paid.

Increases.—Coachbuilding and motor engineering, £519,550; meat freezing and preserving, £322,820; sawmilling, £267,304; clothing, £220,545; printing and publishing, £149,416; electricity generation and supply, £103,088; and general engineering, £100,004.

Decreases.—Leather goods, £4,284; woolscouring and fellmongery, £3,301.

Value of Output.

Increases.—Coachbuilding and motor engineering, £1,254,197; butter and cheese, £898,645; sawmilling, £636,202; electricity generation and supply, £553,505; meat freezing and preserving, £457,772; printing and publishing, £432,645; brewing and malting, £370,414; general engineering, £349,505; and chemical fertilizers, £311,243.

Decreases.—Woolscouring and fellmongery, £502,888; biscuit and confectionery, £42,816; and tanning, £30,826.

Added Value.

A reliable guide to the relative importance of an industry from an industrial viewpoint is gained by the examination of the "added value" created by the manufacturing operations of that industry. This "added value" is arrived at by deducting the cost of materials used in an industry from the gross value of the products which result from manufacturing operations.

Increases.—Coachbuilding and motor engineering, £997,125; sawmilling, £435,314; printing and publishing, £258,405; clothing, £249,019; brewing and malting, £183,593; general engineering, £144,669; and furniture, £134,870.

Decreases.—Biscuit and confectionery, £180,172; woolscouring and fellmongery, £121,037; and butter and cheese, £93,025.

NEW ZEALAND PUBLICITY CAMPAIGN.

The Bureau of Industry considered in April, 1938, the question of a national campaign to increase the sale of New-Zealand-made goods, and at its instigation a committee was set up to go into this matter. The committee in its report to the Bureau suggested the broader issue by publicizing everything pertaining to New Zealand, which would include the fostering of New Zealand industries. The object of such a campaign as suggested by the committee was to develop national appreciation of New Zealand, its resources, and productions as under :—

- (a) The encouragement of a pride in and appreciation of New Zealand by New-Zealanders by dealing with records of New Zealand achievements and New Zealand subjects.
- (b) New Zealand attractions for New-Zealanders, tourists, and prospective settlers.
- (c) New Zealand products of all kinds, both primary and secondary.

The proposals included provision for the continuance of the campaign during succeeding years.

These suggestions were endorsed by the Bureau of Industry, and the matter was referred to the Government, which, after consideration, authorized a modified form of campaign embracing publicity for New-Zealand-made goods, in respect of which an amount of £3,000 was allocated, such amount to be utilized through the existing services of Government Departments.

The campaign was inaugurated on the 5th December by His Excellency the Governor-General in a broadcast address over national stations, and his address was followed by broadcasts subsequently delivered by the Right Hon. the Prime Minister; the Hon. the Minister of Industries and Commerce; the Hon. the Minister of Finance; the Secretary, Department of Industries and Commerce; the Assistant Secretary, Department of Industries and Commerce; and the President, New Zealand Manufacturers' Association.

The campaign as planned was comprehensive, embracing all the official publicity avenues available. Good use was made of the air. The National Broadcasting Service offered its co-operation, and, in addition to arranging the inaugural addresses referred to, a series of dialogues is in hand for presentation over the national network. Use was made of the National Commercial Broadcasting Service, in connection with which the main theme "Let's Build a Nation" was used and advertising-time was reserved, and to the amount so allocated for this purpose the National Commercial Broadcasting Service contributed a similar amount in the form of slogan announcements and station time. Posters, including special "Christmas Appeal" posters, prepared by the Railways Advertising Studios and the Government Film Studios were distributed to manufacturers, post-offices, Public Works camps, trade-unions, &c., for display in factories, public places, and on various works and jobs; whilst on railway-stations, railway hoardings, railway engines, carriages, and buses were displayed suitable notices and posters. Subsequently further posters and show cards prepared by the Railways Advertising Studios were distributed through Stationmasters to retailers for display throughout the country. The Government Film Studios prepared two films, one covering an address by the Hon. the Minister of Industries and Commerce and the other entitled "Man and his Clothes," which were placed on circuit. Use was made of departmental magazines for advertising purposes, and suitable articles were prepared in respect of which insertion in the various journals free of cost was arranged. Negotiations are in progress with the Education Department for inclusion of a programme in the summer months' curriculum. Opportunity is taken to acknowledge the whole-hearted co-operation of all Departments assisting in the campaign.

In order to provide the necessary link-up between the National Commercial Broadcasting Service and this Department, an officer of that Service was transferred to this Department on loan, and in addition to acting as the liaison between the two Departments this officer undertook the preparation of the various articles, and use was made of his services in connection with the preparation of dialogues.

The co-operation of trade-unions, manufacturers' associations, individual manufacturers and retailers, members of Parliament, and others was sought in order that the campaign might be made as wide-spread and as effective as possible.

In the manner outlined in the foregoing, use was made of the existing services offered by State Departments, and the expenses incurred in the running of the campaign were more in the nature of a book charge only, the actual costs being in respect of expenses incurred for materials alone. The conduct of the campaign was in the hands of the committee appointed by the Bureau of Industry, and an officer of this Department acted as Secretary to the committee.

Many congratulatory messages upon the success of the campaign were received, and reports indicate that the results achieved were satisfactory. At the present time the Government is affording consideration to the question of the continuance of the campaign, following upon fresh proposals being formulated by the responsible committee.

DIRECTORY OF NEW ZEALAND MANUFACTURERS.

In March, 1938, the Department, with the assistance of the Department of Labour, circulated forms to all factories to enable a directory of New Zealand manufacturers to be compiled.

The names of the firms have been listed under the products and/or services set out on the forms received. A careful check has been made to ensure that every manufacture is included and that every firm is listed under the appropriate headings.

A system has been installed, again in co-operation with the Department of Labour, to obtain the names of all new factories registered. Notification of the registration of such firms is communicated to the district officers of the Department in the four centres, and an early contact is made with the new manufacturers. Full particulars are obtained for insertion in the directory or subsequent issues of the directory.

The directory, which it is proposed to have printed before the end of this year, will be in two sections, the first being an alphabetical list of products and services with the firms set out under the respective headings, and the second being an alphabetical index of the names and addresses of manufacturers, together with details of branches, cable and telegraphic address, and postal district indicator.

The necessity for an up-to-date directory has become a matter of urgency as a result of the Import Control Regulations and the rapid expansion of New Zealand industries.

INDUSTRIES COMMITTEE (IMPORT CONTROL).

The amendments to various trade agreements, as detailed in the trade-treaties section of the annual report of the Department for last year, were responsible for stimulating domestic industries and laid a strengthened foundation for the increased development of industry in the Dominion.

In December, 1938, there were gazetted regulations providing for the control of importations into New Zealand. Apart from the question of limiting the importations of various commodities for general economic reasons, the operation of these regulations was intended to enable scientific selection of imports in order to provide for a balanced development and expansion of manufacturing industries in New Zealand. The system under the import-control policy provided for the making of application for import licenses by manufacturers and general importers.

To ensure that manufacturers would be able to obtain adequate supplies of raw materials and new and additional forms of plant, machinery, and equipment, &c., the Industries Committee was constituted to examine and make recommendations regarding the applications lodged in respect of manufacturing industries in our Dominion, and to act generally in this regard in an advisory capacity to the Customs Department. The Industries Committee met representative groups covering over one hundred industries and divisions of industries, and the general scope for economic development and expansion in manufacturing industries was closely investigated. As a result of the Committee's efforts, considerable assistance has been given to enable manufacturers in New Zealand to increase the production required to meet the market demands for various commodities in respect of which the importations of finished products were reduced or prohibited.

In addition, proposals were examined for the establishment in New Zealand of manufacturing units representing large overseas manufacturers whose products were previously available to the public only through import channels. The prospects for the success of the policy have been very bright, and already a number of new industries have been established or are in the process of being established in New Zealand; and considerable expansion has occurred in industries already in existence in New Zealand. Apart from the development of their production in lines already manufactured here, they have in many cases engaged in the manufacture of new lines previously imported.

COST OF LIVING, PRICES, AND CONTROL.

Throughout the year the Department has maintained a close watch on the trend of prices throughout the Dominion, particular attention being paid to movements in retail prices. The authority for this control is provided by the Board of Trade Act, 1919, and by the Prevention of Profiteering Act, 1936.

Section 26 of the Board of Trade Act gives authority for the making of regulations for preventing unfair business methods, the prevention of monopolies considered prejudicial to the public welfare, the fixation of prices, and for the control of prices generally. Under this section regulations have been made fixing the prices of a number of important commodities, and reference is made in other sections of this report to such action taken.

Section 32 of the Board of Trade Act states that it is an offence for goods to be sold at an unreasonably high price, and the Department has made a very large number of investigations into the prices being charged for a wide range of commodities.

The Prevention of Profiteering Act, 1936, is designed to prevent profiteering by prohibiting the making of unreasonable increases in the prices charged for goods and services, and under this Act investigations have been made into the reasonableness of increases which have been made in the prices of particular goods. Where it appeared that a particular price had been raised more than was reasonably justified on account of increases in costs, representations were made to the particular seller of the goods that he should reduce his prices. In some cases refunds of portions of purchase-money were made.

In addition to the special investigations which are continuously being made, a check is maintained on the prices of the items which figure largely in the household expenditure of families, such as food-stuffs, clothing, fuel, &c. The existence of the legislation designed to prevent the charging of unreasonable prices and the continual investigational work carried out by the Department have provided powerful checks on any tendency for exploitation of the consuming public through the raising of prices.

Early in May, 1939, the Government decided to establish a Price Investigation Tribunal, whose function it would be to exercise continuous supervision over prices, to examine price increases, to arrange for investigations and inquiries, and to make recommendations to the Government. The Tribunal was given the powers of judicial inquiry under the Board of Trade Act, 1919.

The members of the Tribunal are the Hon. Mr. Justice Hunter and Mr. H. L. Wise, Advisory Officer of the Department of Industries and Commerce.

In addition to setting up the Tribunal, the Government made the Board of Trade (Price Investigation) Regulations 1939, under which persons or firms making increases in the prices of specified goods after the 2nd June, 1939, must notify the Price Investigation Tribunal and give the reasons for such increases. The regulations apply to a wide range of commodities and also to the performance of prescribed services (other than a contract of service between master and servant). Exemptions in respect of notification of increases in prices are provided as regards perishable goods, goods sold at public auction, second-hand goods, and goods the prices of which are fixed by other regulations or Acts.

The extent of the movements in the various groups of commodities, as expressed by the official index numbers, comparing the 31st March, 1938, with the same date in 1937, are as follows:—

Retail Prices.—The "all groups" index number rose by 2·7 per cent. The foodstuffs group showed an increase of 2·9 per cent., made up of groceries, 5·4 per cent.; dairy-produce, 5·3 per cent.; with meat almost stationary at 0·4 per cent. lower than in the previous year. The next largest increases were found in the cases of fuel and light, 5·2 per cent.; and rent, 4·2 per cent. The miscellaneous groups index was higher by 1 per cent.; and clothing, drapery, and footwear remained substantially the same, showing a decrease of 0·1 per cent.

Wholesale Prices.—The "all groups" index number of wholesale prices in March, 1939, rose by 1·7 per cent. compared with a year previously. Locally produced goods rose by 3·36 per cent., but imported items fell by 0·5 per cent.

Prices were fairly stable over the year, with the exception of agricultural products, which rose by 14·51 per cent.; the rest of the foodstuff group, which consisted of fresh fruits and vegetables, milled agricultural products, other vegetable foodstuffs, and groceries, showed slight decreases, the group falling 4·5 per cent.

Textile manufactures declined 3·52 per cent., while wood and wood products advanced 5·5 per cent. Of the animal products, meat and leather remained substantially the same over the year, but groceries rose 6 per cent., while semi-manufactured products fell by 9·8 per cent.

Metals and non-metallic minerals and their products remained steady with the exception of coals, which recorded an increase of 3 per cent.; the group as a whole showed a rise of 1·7 per cent.

Export Prices.—The "all groups" index of prices for goods exported showed a slight fall of 1·115 per cent. This relatively small decline consisted of decreases in meat, 6·02 per cent.; wool, 5·63 per cent.; and pastoral products, other than dairy-produce, 28·63 per cent., compared with indices of prices in March, 1938. Dairy produce rose by 11·7 per cent., and the all pastoral and dairy group declined 1·74 per cent.

The other increases recorded consisted of agricultural produce, 15·1 per cent.; timber, 12·5 per cent.; and minerals, 4·4 per cent.

Effective Wage Rates.—On the base 1926–30 = 1,000, the nominal wage-rate index in March, 1939, was 1,097. This was 34 points higher than for the year ended 31st March, 1938, and represented an increase of 3·2 per cent. Over the same period retail prices advanced by 25 points, from 942 in 1938 to 967 in March, 1939, an increase of 2·6 per cent.

On 1926 = 1,000 base, the effective wages index stood at 1,129 in 1938, but by March, 1939, had risen to 1,134, an advance of 5 points, or $\frac{1}{2}$ per cent. Thus, on the basis of minimum award wages rates, the above figures show that the standard of living of workers rose during the year by $\frac{1}{2}$ per cent.

BUREAU OF INDUSTRY.

INDUSTRIAL EFFICIENCY ACT, 1936.

REPORT FOR THE YEAR ENDED 30TH APRIL, 1939.

The membership of the Bureau of Industry was increased by three during the year as a result of the appointment as ordinary members of Lieut.-Colonel W. G. Stevens, Mr. W. Bromley, and Mr. D. W. Woodward. The membership at present is as follows :—

Ordinary Members—

- Mr. L. J. Schmitt (Chairman), Secretary, Department of Industries and Commerce.
- Mr. F. Johnson (Deputy Chairman), Assistant Secretary, Department of Industries and Commerce.
- Mr. W. Bromley, Chief Executive Officer, State Iron and Steel Department.
- Mr. E. J. Fawcett, Assistant Director-General, Department of Agriculture.
- Mr. E. D. Good, Comptroller of Customs.
- Mr. E. L. Greensmith, Second Assistant Secretary to the Treasury.
- Mr. J. S. Hunter, Director, Social Security Department.
- Mr. L. J. McDonald, Inspector Licensed Industries, Department of Industries and Commerce.
- Dr. E. Marsden, Secretary, Department of Scientific and Industrial Research.
- Mr. G. A. Pascoe, Acting-Commissioner, State Iron and Steel Department.
- Lieut.-Colonel W. G. Stevens, Secretary, Organization for National Security, Prime Minister's Department.
- Mr. A. Tyndall, Director of Housing Construction and Under-Secretary for Mines.
- Mr. D. W. Woodward (Secretary), Senior Investigating Officer, Department of Industries and Commerce.
- Mr. Nevill L. Wright, Scientific Liaison Officer, Department of Scientific and Industrial Research (appointed an ordinary member during Dr. Marsden's absence abroad).

Special Members—

Manufacturers' Representatives—

- Mr. C. M. Bowden, Public Accountant, Wellington.
- Mr. I. Matheson, Director, Matheson and Wilkinson, Ltd., Wellington.

Farmers' Representatives—

- Mr. T. C. Brash, Secretary, New Zealand Dairy Board.
- Mr. H. Morrison, Sheep-farmer, Awatotoi, Masterton.

During the year Mr. G. C. Rodda, Secretary to the Treasury, retired on superannuation, and his membership of the Bureau thereupon ceased.

INTRODUCTORY.

The past year has been an interesting one from the industrial viewpoint, and has witnessed a marked development in the work of the Bureau of Industry in the course of its administration under the Industrial Efficiency Act. The latter half of the period under review has been of particular note, the principal contributing factors being the introduction early last December of the Import Control Regulations. It is scarcely necessary to refer here to the extraordinary stimulus which the Government's policy of import selection has given to our manufacturing industries. However, it may be mentioned in passing that, so far as the Bureau of Industry is concerned, the Import Control Regulations have resulted in a considerable increase in both the nature and the extent of the work being undertaken. The rapid expansion in the output of domestic manufacturers which has become necessary in order to cope with the demand for many lines of goods previously imported has caused numerous New Zealand industrialists to realize the facilities afforded by the Industrial Efficiency Act for the organization of industry on efficient and economic lines. Consequently, the Bureau has received in recent months a greatly increased number of applications from representatives of industries for their respective industries to be brought within the licensing provisions of the Industrial Efficiency Act and for some measure of industrial planning under the Act to be introduced to their activities within the national framework.

At the present time the Bureau has some twelve applications for the licensing of industries under consideration, but in most cases the investigations and negotiations are still proceeding and the final outcome of the applications will not be available for inclusion in this year's report. Suffice it to say that the coming year gives indications of being a particularly busy one from the Bureau's point of view, and it is anticipated that industry generally will desire to take greater advantage of the benefits offering under the Industrial Efficiency Act than formerly. Furthermore, the Bureau has gained valuable experience in regard to the best methods of procedure and administration, and is consequently in a position of being able to give an increasing measure of assistance and guidance to industry.

The Bureau has continued to exercise effective and helpful supervision over those licensed industries which have already been brought within the Industrial Efficiency Act. It is undoubtedly a fact that the measure of security which industrial licensing gives to the industries concerned has enabled licensed industries to plan ahead and develop their organizations to a degree which would not otherwise have been possible. From the decisions of the Bureau which are published from time to time it is apparent that licensing is not being used merely to exclude new units from the industries concerned, although licenses for new units are granted only after very thorough investigations and after full opportunities

have been given to all parties concerned to make representations to the Bureau. There are, of course, several industries in which there was already redundancy in the number of units when licensing was introduced, and the Bureau has been able in a number of these cases to effectively encourage amalgamations or rationalization which should ultimately mean greater efficiency in the industries concerned and cheaper products for the consumers. There is, undoubtedly, extensive scope for industrial reorganization in the Dominion, and present trends would appear to indicate that industry generally is beginning to realize that more effective planning on a national basis is becoming essential if our industrial structure is to expand on modern and progressive lines to meet the heavy demands now being made on it.

A pleasing feature of the year's work has been the manner in which industrial groups throughout the Dominion have been meeting at frequent intervals and submitting their joint representations to the Bureau and to the Government through the New Zealand Manufacturers' Federation. This marks another new phase in industrial organization, and one which is proving very satisfactory to all concerned. Indeed, a great saving of time is possible when the Bureau or the Government is able to deal with a particular industry as one group making representations previously discussed and agreed upon, rather than with the sometimes numerous and conflicting viewpoints of individual units, as was very often the case previously.

Reference to the more important work undertaken by the Bureau during the twelve months under review is set out hereunder along similar lines to last year's report.

MEETINGS HELD.

Thirty-six meetings of the Bureau were held during the year ended 30th April, 1939. Each meeting of the Bureau usually involves consideration being given to a lengthy agenda covering matters pertaining to particular industries or to industrial problems generally. It will be appreciated that the preparation of the reports for these meetings entails a great deal of investigation work, and a considerable number of Investigating Officers of the Department of Industries and Commerce are engaged for a great portion of their time on matters relating to the administration of the Industrial Efficiency Act.

Mention was made last year of the committees of the Bureau and of the frequent meetings held by them in regard to the industries or problems with which they were appointed to deal. During the year the meetings of some of these committees became so frequent, necessitating a heavy call on the time of State executives who are members of the Bureau, that it was decided to replace the committees by an Executive, the members of which were able to meet frequently and at short notice. This Executive comprises the Deputy Chairman, Secretary, Messrs. Bromley and Pascoe, and at least one of the special members of the Bureau, and meets whenever preliminary discussions or interviews with representatives of industries are required to be held in regard to licensing or other matters.

It is worthy of note that the ordinary members of the Executive also function as members of the special Industries Committee appointed by the Government to meet representatives of industries in regard to their applications for import licenses for raw materials, plant and machinery, &c., and during the first four months of 1939 this Committee met representatives of most of the main industries in the Dominion in addition to many prospective manufacturers from overseas. In fact, the ordinary members of the Executive of the Bureau have been meeting to discuss major industrial problems almost continuously during 1939 to date (whether as the Executive or as the Industries Committee), so that the Bureau is kept in extremely close touch with the industrial life of the country. This experience will be invaluable for the Bureau in view of the increasing number of applications being received for the licensing of industries.

LICENSING.

As mentioned in the last annual report, the powers of licensing given to the Bureau by the Industrial Efficiency Act are designed to secure greater efficiency in industry by regulating the entry of new units into licensed industries and so preventing possible redundancy and unnecessary costs to the producer, while ensuring that the consumer is adequately protected both as to price and quality of the goods concerned. It should be stressed that the Bureau is careful to ensure that, in return for the protection and security which licensing affords to licensees, such conditions are imposed on the units concerned as will tend to ensure that the economic welfare of the community as a whole is benefited. Noticeable evidence of this is in the pharmacy industry, where a more modern and efficient type of shop is becoming familiar while, at the same time, prescription prices have been lowered.

Although the power to declare industries subject to licensing rests with the Hon. the Minister of Industries and Commerce, the latter refers applications for licensing to the Bureau for its consideration and recommendation before finally deciding the questions. Again, as during the previous year, although the applications for licensing have been many, the Hon. the Minister has granted applications only when it was quite clear that the introduction of licensing for any particular industry would further the aims of the Industrial Efficiency Act, which are stated to be—

“to promote the Economic Welfare of New Zealand by providing for the Promotion of New Industries in the most Economic Form and by so regulating the General Organization, Development, and Operation of Industries that a Greater Measure of Industrial Efficiency will be secured.”

The Act is being used to encourage more efficient conditions in industry, and if, where an industry is subject to license, the units in that industry are unable to agree in the formulation of suitable industrial plans for their better organization and efficiency, consideration is given by the Hon. the Minister to the delicensing of the industry. Last year, as during the previous year, one industry

(the manufacture of gas-meters) was delicensed because of the industry's inability to agree among themselves upon an industrial plan. Similarly, unless the units in an industry desirous of licensing are prepared to co-operate in the formulation of industrial plans the Hon. the Minister and the Bureau do not as a rule favour the application.

Two industries were licensed during the year—the manufacture of cigarette-papers and nails respectively.

The following are the industries at present (1st June) licensed :—

Manufacture of products consisting of a combination of *asbestos and cement*.

Manufacture of batteries or cells, commonly known as *dry cells*.

Manufacture and/or assembly of secondary or storage cells and batteries, commonly known as *wet batteries*, or any part or parts thereof.

Manufacture of *cement*: Portland and other structural or building cement.

The business of any *chemist or druggist* carried on by the keeping of any open shop or place for the compounding or dispensing of prescriptions.

Manufacture of *cigarette-papers*.

Taking of fish for purpose of sale (not salmon, trout, whitebait, or oysters).

Export of fish (whether fresh or preserved), (not salmon, trout, whitebait, or oysters).

Importation and/or *wholesale distribution of motor-spirit*.

Retail sale and distribution of motor-spirit.

Manufacture of *nails*.

Taking of oysters from oyster-beds.

Manufacture of *pumps* or the assembly of parts thereof for the *distribution of motor-spirit*.

Manufacture of *electric ranges*, including the assembly of parts thereof.

Manufacture of *rennet*.

Manufacture of *rubber tires* and tubes for all types of vehicles.

Manufacture of *wooden heels* for footwear.

APPEALS.

Appeals to the Hon. the Minister against decisions of the Bureau have continued to be referred for hearing and report to the Hon. Sir Francis Frazer. During the year the Hon. Sir Francis heard sixty-five appeals and reported thereon to the Hon. the Minister. Nine of the appeals were allowed and in each of these cases the decisions of the Bureau in question were reversed or modified. As previously, most of the appeals concerned the petrol-reselling industry, in respect of which applications for licenses far outnumber those of any other industry. Considering the number of decisions on applications for licenses made by the Bureau during the year (about one thousand, of which approximately nine hundred were in regard to petrol reselling), the number of decisions reversed on appeal (less than 1 per cent.) may be regarded as indicative of the fairness of the Bureau's decisions and licensing policy generally.

INDUSTRIAL PLANS.

A number of industrial plans have reached a stage where finality may be expected at an early date. The industrial plans and industrial committees for the flax and pharmacy industries respectively have continued to function satisfactorily, although the continued depressed state of the flax industry due to low prices for hemp has been a retarding factor in the development of the industry. Brief reports on the flax and pharmacy industries, as well as on some of those industries in respect of which plans are in course of preparation, are given hereunder.

FLAX.

The Industrial Efficiency (Flax) Regulations 1938 were based on the industrial plan prepared for the flax industry, and the regulations are administered by the Flax Plan Industrial Committee, comprised of the following members :—

Nominees of—

Government.—Dr. E. Marsden (Chairman), Department of Scientific and Industrial Research; Mr. F. Johnson, Department of Industries and Commerce; Mr. E. J. Fawcett, Department of Agriculture; Mr. P. T. Robinson, Employment Bureau, Palmerston North.

Millers.—Mr. L. A. Neiderer, Gorge Road, Southland; Mr. B. B. Wood, Christchurch.

Growers.—Mr. A. H. Long, Kaingaroa, North Auckland.

Manufacturers of Flax Products.—Mr. S. H. Maddren, Christchurch.

Workers.—Mr. H. H. Podmore, Foxton.

Mr. S. H. Maddren, having disposed of his rope and twine business, has since resigned from the Committee, and Mr. F. W. Vickerman, of Wellington, who is managing director of New Zealand Woolpack and Textiles, Ltd., has been appointed by the Hon. the Minister to represent the manufacturers of flax products.

The Committee has met on a number of occasions, and the Executive has met frequently.

The low market price for hemp, as reported last year, has continued throughout the year, and the Government has maintained its assistance to the industry by way of a subsidy on hemp exported. There is still no indication of the overseas market recovering, and serious consideration is being given to concentrating the rehabilitation of the industry on the basis of internal utilization of all fibre for rope, twine, and textile goods and other purposes.

A new tail-stripping machine has been developed by the Committee, and it is confidently anticipated from commercial trials that this machine will reduce costs of production considerably. Recent tests on leaf from selected flax-plants show a great improvement in the quality and quantity of the fibre obtained. Careful attention has been given to research work, and for this purpose an experimental station under the charge of competent Engineers has been established at Foxton.

It would appear that the industry is at present suffering from the cumulative effects of years of unco-ordinated individual action in regard to growing, cutting, milling, and marketing, which has not been in the best interests of the industry from a national point of view. The Committee has in preparation further comprehensive plans for steps to be taken to secure a revival of the industry.

PHARMACY.

The Industrial Efficiency (Pharmacy) Regulations 1938 were published towards the end of 1938, and were formulated in accordance with the industrial plan accepted by the industry. The Pharmacy Plan Industrial Committee administering the regulations is as follows:—

Nominees of—

Government.—Mr. W. H. Stevens (Chairman), Wellington; Mr. D. W. Woodward, Department of Industries and Commerce; Mr. E. R. Myers, Director of Pharmacy.
Pharmacy Board.—Mr. H. J. S. Rickard, Wellington; Mr. D. S. Dodds, Christchurch.
United Friendly Societies' Dispensaries.—Mr. J. A. Race, Dunedin.
Employees.—Mr. G. P. Adams, Wellington.

Brief mention is made hereunder of the more important work undertaken by the Committee during the past year. The Committee has, of course, continued to make recommendations to the Bureau of Industry on all applications for licenses, transfers, &c., and other matters of a general nature affecting the industry.

Prescription Pricing.

The first major task undertaken was the setting-up of a universal tariff for the pricing of medical prescriptions. The general reaction of pharmacists to the tariff was quite favourable, even though it was not constructed on an overgenerous scale so far as the pharmacists were concerned—nor did the Committee feel that it should be, in view of its object to serve the public interest as well as the interests of pharmacists themselves.

Investigations of actual results have shown that in no type of prescription is the scale dispensing fee too high, but that in a few cases the fee allowed is barely sufficient in relation to the dispensing time involved. Adjustments for these cases will be promulgated shortly.

On the whole, the system of pricing is working satisfactorily, although certain unavoidable intricacies in it occasionally lead to an incorrect price being calculated, though the majority of instances brought under notice refer to undercharging. There is, however, clear evidence of a conscientious desire by pharmacists to co-operate with the Committee in ensuring the fair and smooth working of the pricing schedules.

Survey.

The plan provides for a very complete survey of all aspects of pharmacy—the number of units, their distribution, their personnel, and their general economic position. It was decided to undertake this work in sections, and as some early investigation into the apprentice question was clearly needed this particular aspect was covered in the first questionnaire issued. The second section dealt with that relating to prescriptions. Brief references to these two phases of the survey follow:—

Apprentices.—The following summarizes some of the facts obtained, showing the position as at the end of December last—

Total pharmacies (excluding night pharmacies (10), to which this questionnaire did not apply): 581.

General distribution of pharmacies—

North Island, 70 per cent. (population, 64·5 per cent.).

South Island, 30 per cent. (population, 35·5 per cent.).

Hereunder is a summary of the personnel of all pharmacies, taking into account a male or female assistant or an apprentice as a "man," but not including office-assistants or message-boys—

	Number of Pharmacies.	Number of "Men" employed.	Number having Apprentices.
One-man	234	234	..
Two-man	222	444	56
Three-man	86	258	33
Four-man	20	80	11
Five or more	19	117	15
	581	1,133	115

In all except five cases included in the last column only 1 apprentice is employed. In five cases pharmacies employ 2 apprentices, giving a total of 120 apprentices. The respective periods remaining to be served by these apprentices were: Less than one year, 39; one to two years, 32; two to three years, 26; three to four years, 23. Inquiries are being made to discover, if possible, the reason for the tapering-off in numbers which is apparent, with a view to promoting suitable remedies. In this matter the Committee is acting in consultation with the Pharmacy Board.

Prescriptions.—This questionnaire was mainly concerned with an inquiry into the total prescriptions dispensed, their value in relation to total turnover, and the proportion of business done in other departments. It was also designed to ascertain whether there is a special need to provide expert service and advice in modernizing pharmacies or in the preparation of guidance on simplified recording and accounting methods appropriate to the special needs of a pharmacy business. The extraction and assembly of all the data obtained is being proceeded with, and the essential facts with regard to the extent and nature of the dispensing-work are ready for use when discussions take place on the subject of dispensing under the social-security scheme.

Pharmacy Bill.

Important features of the plan envisage the passing of legislation widening the scope of the existing Pharmacy Act and having considerable bearing on the possibility of pharmacists being enabled to develop turnover in departments of their business other than dispensing. The Committee has discussed certain desired amendments during the year.

Rationalization.

During the year some progress has been made in reducing the number of pharmacies in areas which are overshopped. These cases have arisen where there has been the prospect of a pharmacist selling out or where there has been a desire to amalgamate. The Committee has been able to mediate and give assurances of reasonable protection as far as it can in its recommendations to the Bureau of Industry concerning those who are thus making a useful contribution to the principle of rationalization. In no case has any semblance of compulsion been used when arranging amalgamations or the buying-out and closing-down of inefficient pharmacies.

In due course, when the facts disclosed by the whole survey and any other facts that are available point to the desirability of initiating improvements in the economic position in any place, appropriate steps will be taken to explore the possibilities, but always keeping in view the avoidance of coercive measures.

It may be stated confidently that the progress which the Pharmacy Plan Industrial Committee has made during the year has been noteworthy, and already there is evidence of marked improvements in the organization of the industry which presages well for the future operations of the Committee.

STORAGE BATTERIES.

Last year it was reported that the Hon. the Minister had decided to license the storage-battery industry provisionally, and that the industry was to co-operate in formulating a satisfactory industrial plan as a condition precedent to the retention of licensing permanently. During the year a special committee of the industry was appointed, and after several meetings with officers of the Bureau the general basis of an acceptable plan was formulated. The Bureau later met a large deputation from the industry and discussed the plan with it in detail. The Hon. the Minister agreed to continue the licensing of the industry, and licenses as from 1st April, 1939, were issued to those engaged therein. The draft industrial plan is being put into legal form, and it is hoped to submit it to the industry in the near future for its acceptance or otherwise. If the plan is accepted, an industrial committee for the industry will be appointed and regulations giving effect to the plan published.

Already, as a result of licensing, the industry has entered a new phase, and, though there is still a redundancy in some sections of the industry, notable advances have been made. Actually the past year has witnessed the extension of the operations of certain licensees, so that the whole of New Zealand's requirements of storage batteries except a portion of the number of containers required will be manufactured locally. Steps are also being taken for the expansion of the production of containers, so that in the not-distant future it is anticipated that these also will be fully supplied from domestic sources. The advances being made in this industry can be attributed to a substantial degree to the security afforded by licensing, and it is confidently expected that, as a result of the proposals now before the Bureau and about to be issued in the form of a provisional plan, the consumer will be given protection in regard to both quality and price to an extent to which he has not enjoyed in the past.

CLAY AND CONCRETE PRODUCTS.

Little progress was made with the industrial plans previously reported to have been prepared for certain sections of the clay and concrete products industry. This has been due to widely divergent opinions within the industry as to the best course of action. Recent communications from the Wellington Manufacturers' Association indicate, however, that the industry still desires to proceed with the matter, and it is hoped that a reconciliation of the conflict of interests within the industry will be effected.

SOAP.

Those engaged in the manufacture of soap and soap-powder have applied for the licensing of their industry, and at the present time discussions are proceeding with the industry through the New Zealand Manufacturers' Federation in relation to a draft provisional plan which is being prepared in support of the application.

NAILS.

A provisional industrial plan submitted by the nail-manufacturing industry is at present under consideration by the Bureau. This industry was declared a licensed one in April last. This is another industry where licensing will probably facilitate the expansion of the industry to the extent of being able to cater for the whole of the domestic market, while at the same time maintaining production upon economic lines.

RADIO.

The Bureau has been closely in touch with the radio-manufacturing industry over a long period, and discussions and investigations in regard to the application for the licensing of the industry have recently been concluded. It is expected that a decision will be reached shortly on the application, and if the industry is licensed, steps will be taken immediately to prepare an industrial plan. This industry is expanding rapidly to place itself in the position of being able to meet the whole of the demand for radio receiving-sets in the Dominion. At the same time, the number of parts required to be imported is steadily diminishing as the extent of actual manufacture is developed rather than mere assembly of parts.

PETROL-RESELLING INDUSTRY.

The Bureau has continued to administer the licensing of the industries of the retail sale and distribution of motor-spirit and of the importation and/or wholesale distribution of motor-spirit respectively. There are some 5,500 resellers of motor-spirit in the Dominion, and during the first year or so of licensing over 1,800 applications for licenses were considered by the Bureau. In the past year, however, applications fell away considerably, and about 900 applications were received. Of this number, applications were dealt with for new service-stations, additional pumps at existing stations, new garages, pumps at stores, and a large variety of matters pertaining to the transfer of licenses and miscellaneous alterations to existing premises. In every case that is received an investigation is conducted and reports obtained on the position as it affects the reselling of petrol in the particular district in respect of which the application has been made.

On the 1st April, 1938, license fees were introduced, and these have been collected through the local licensing officer under the Explosives and Dangerous Goods Amendment Act. The reason for employing this organization was that explosives and dangerous goods storage fees had to be paid to the local authorities, and it was thought desirable that the license fees under the Industrial Efficiency Act should be collected at the same time. Reports received from the local licensing authorities and the Department's own district officers indicate that the system is working satisfactorily and maintaining stability within the industry. At the present time negotiations are in train to conduct a complete survey and review of the petrol-reselling industry throughout the Dominion, and the additional information that will be procured from this survey will enable the Bureau of Industry to formulate additional plans for the greater rationalization of the industry.

During the year the combined organizations of the petrol-resellers and garage-proprietors submitted to the Bureau of Industry a proposed plan for the reselling of motor-spirit. This plan has been the subject of investigation by a special committee of the Bureau, and representatives of both the resellers and the wholesalers have been met. The discussions that have taken place have brought before the notice of the committee a great number of the problems that both the resellers and wholesalers are faced with at the present time. The plan has now been referred back to the resellers' organization for suggested amendments, and it is anticipated that further discussions will ensue in regard to the whole matter in the near future.

FISHING INDUSTRY.

The Bureau has continued to exercise license control over the industries of the taking of fish (by the use of boats) for sale, the export of fish, and the taking of oysters from oyster-beds. Early in the period under review the licensing of the industry of the taking of fish for sale was amended to exclude hand-lines and set-net fishing, and to include only the taking of fish by the use of Danish-seine boats, trawlers, or boats operating power-drawn nets. This amendment resulted in a considerable reduction in the number of applications made to the Bureau for licenses, and during the year only fifty-six such applications were considered, compared with some four hundred the previous year.

Steps have been taken to formulate an industrial plan for all sections of the fishing industry in an endeavour to reorganize certain phases of the industry as recommended by the Sea Fisheries Investigation Committee, whose report was referred to in the last annual report. This has involved not only consideration of the above industries which have been licensed, but also the distribution and marketing sections of the industry, not only wholesale and retail, but the export trade as well. The industry is a particularly difficult one to administer, and numerous meetings are being held with a view to effecting much-needed changes, which are generally recognized to be essential if the fishing industry is to function properly. It is hoped that the coming year will witness the Bureau's achievement of an effective reorganization of the whole industry.

FINANCIAL ASSISTANCE TO INDUSTRIES.

Thirty-three applications were made to the Government during the past twelve months for State financial assistance for industrial purposes. In each case the application was investigated by the Bureau and a report and recommendation thereon submitted to the Hon. the Minister. In several cases the Bureau was able to recommend favourably on the applications, and the Government approved financial assistance being given to the firms concerned accordingly. Financial assistance is only granted in those cases where such action will enable a business to contribute to the economic welfare of the Dominion. It is not the policy generally to grant Government financial assistance to units in a competitive industry unless there are special circumstances involved. It is gratifying to know that several new industries in the Dominion have been commenced or expanded which were not attractive to the investing public though whose activities have been successful following initial financial assistance by the Government.

During the year the Employment Promotion Fund ceased to exist as a result of the social-security legislation superseding the Employment Promotion Act. Industrial advances recommended by the Bureau had hitherto been granted from this fund. Such advances are now being made by the State Advances Corporation in accordance with appropriate provisions of the Industrial Efficiency Act, 1936 (section 22), and the State Advances Corporation Act, 1936 (section 29).

GENERAL.

Besides the industries referred to above, the Bureau has considered various matters pertaining to quite a number of other industries during the year and, in addition, conducted investigations into various general matters pertaining to the industrial structure of the Dominion. Industries not covered by licensing or by industrial plans which were considered by the Bureau during the year include the following: Kauri-gum; lime; the clothing industry; the manufacture of sodium chlorate, unfermented fruit-juices, agricultural implements, power alcohol, synthetic wool, producer-gas vehicles; the preparation of glands and pharmaceuticals; the manufacture of wallboard; the Leicester trade; the production of linseed-oil; the manufacture of wire ropes, crude-oil burners, automobile polishes and cleaners, stiffeners and shanks for the footwear industry, buttons and artificial stone, and the electroplating industry.

Subjects affecting industry generally which were considered during the year were merchandise marks, the New-Zealand-made goods publicity campaign, the technical education of foremen and managers, the shortage of skilled tradesmen in general, Arbitration Court awards and wages, industrial estates and tenant factories, the testing of the qualities of motor-fuels, and the availability of electric power for industry.

The investigations and consideration given to these and other matters entailed a number of reports to the Government as well as a great deal of time and investigation on the part of the Bureau's Investigating Officers. In a number of cases the Bureau was able to initiate action of benefit to the industries concerned.

In this latter regard, particular reference may be made to the publicity campaign inaugurated by the Government early in 1939 in order to encourage the purchase and manufacture of locally made goods and which was popularly publicized under the caption "Let's build a Nation!" This campaign was initiated by the Bureau of Industry in the course of its recommendations to the Government during the year.

It is felt that the Bureau is proving an extremely valuable organization in the industrial structure of the Dominion, and it would appear reasonable to suggest that the Industrial Efficiency Act is adequately fulfilling the functions for which it was placed on the statute-book. The coming year's work of the Bureau gives promise of being an exceedingly busy one.

NEW ZEALAND STANDARDS INSTITUTE.

In April, 1939, the Standards Institute was transferred from the Department of Scientific and Industrial Research to the Department of Industries and Commerce. The Institute has performed a great deal of work and has achieved a considerable measure of success in the relatively short time that it has been in existence. It is hoped that the direct association of the Institute with the Department of Industries and Commerce will make for still more effective working and that under its administration progress will be still more rapid.

ORGANIZATION FOR NATIONAL SECURITY.

The Department is co-operating extensively with the Organization for National Security, by providing representatives for a number of important committees and compiling information on various aspects of stocks, supply, and production in emergency.

The Department has accepted the responsibility of organizing the national-supply section of the Organization and has established a special division to undertake this work, which includes the surveying of the normal position and the preparation of detail plans for the provision of essential supplies of all kinds both for the armed Forces and the civilian population in any emergency which may arise.

A number of inter-departmental committees have been set up to assist in this matter, and the fullest co-operation is being given by all concerned.

WHEAT, FLOUR, AND BREAD.

The wheat, flour, and bread rationalization scheme has continued to function smoothly during the year. Unfortunately, during 1938 bad weather again interfered with sowing operations. A large area of land was prepared in the autumn, but prolonged wet weather during the winter prevented a large portion of it from being sown in wheat. In consequence, the crop being harvested at the time of writing this report is lower than the previous year's crop. The prospects for the ensuing year are regarded as very good.

It has again been necessary to import considerable quantities of Australian wheat both for fowl feed and for milling purposes to make up the deficiency in the local crop.

The Wheat Committee has continued to control unofficially the prices of fowl-wheat, and importations have been made from Australia as required to maintain continuity of supplies to the poultry industry. Prices of wheat on world markets have been extremely low over most of the year, and the wheat imported from Australia has been obtained on very good terms. The price paid to growers for milling-wheat has remained unchanged since the previous year; and in January, 1939, it was announced that the price for the crop to be harvested in 1940 would be based on the same figure—viz., 5s. 9d. per bushel—for March sales of Tuscan grade f.o.b. South Island Ports.

As a result of representations made to the Government by the baking industry an investigation into baker's costs was carried out by the Department in December, 1938. It was found that there had been some increase in the costs of manufacturing bread, and adjustments were subsequently made to compensate bakers for the increased costs. A rebate of 5s. per ton was granted on all flour used for the manufacture of bread.

At the same time regulations were made to prohibit the return of bread to bakers from stores as it was considered that considerable economies would result both to the baking trade and to the community in general from this change. The opportunity was taken at the same time of adjusting certain local anomalies in the flour-price, so as to place bakers in the different districts so far as possible on the same basis in regard to prices of flour and of bread.

The members of the Wheat Committee for 1939 are Hon. D. G. Sullivan (Chairman); L. J. Schmitt, Esq. (Deputy Chairman). Members: Alan Grant, Esq., W. W. Mulholland, Esq., H. F. Nicol, Esq. (representing wheatgrowers); J. P. O'Connor, Esq., H. Worrall, Esq. (representing flour-millers); C. H. Cowan, Esq. (representing master bakers).

TOBACCO INDUSTRY.

The Department has continued to remain closely associated with all matters relating to the development of the tobacco growing and manufacturing industry, this association being particularly close by reason of the Chairman and Secretary of the Tobacco Board, Messrs. L. J. Schmitt and H. L. Wise respectively, being also officers of the Department.

It is the policy of the Government to develop both the growing and manufacture of tobacco in New Zealand, and further steps have been taken by the Government to this end during the past year. Chief of these perhaps is the Government's policy of import control and selection. By a progressive curtailment of imports of manufactured tobacco and cigarettes, and by the utilization of a progressively larger quantity of New Zealand leaf, it is hoped that the industry will continue to grow in influence and importance year by year.

As in the three preceding seasons, regulations have again been passed fixing a minimum price below which raw leaf cannot be sold. The regulations cover leaf of the 1939 crop, and the minimum price fixed is 1s. 2d. per pound, the same as for the 1937 and 1938 crops. The vehicle for the passing of the regulations was again the Board of Trade Act, 1919, the regulations being entitled the Board of Trade (Raw Tobacco Price) Regulations 1939. They were passed on the 10th May, 1939. The regulations are designed mainly in the interest of and for the protection of the growers, but they have also been of definite advantage to manufacturers inasmuch as they have protected them from unfair competition which would otherwise have been created by the sale of manufactured tobacco and cigarettes made from leaf bought at very low prices that were unpayable to the growers.

At the request of the Hon. the Minister of Industries and Commerce, and with the concurrence of the Hon. the Ministers of Customs, Agriculture, and Labour, a committee was appointed a few months ago consisting of officers of the various Departments concerned to formulate a plan for the tobacco growing and manufacturing industry. This committee duly reported to the Government, and following on that report the Minister of Industries and Commerce announced on the 6th May, 1939, that the Government had decided that arrangements be made with manufacturers for payment to growers of an average price of 1s. 10½d. per pound for flue-cured and 1s. 7½d. per pound for air-dried leaf of the 1939 crop on the understanding that they be recouped in a form still to be finalized to the extent of the additional cost of leaf involved. As manufacturers were prepared to pay on the basis of 1s. 8d. per pound and 1s. 5d. per pound for flue-cured and air-dried leaf respectively, this means that the Government is assisting growers to the extent of 2½d. per pound. The precise manner in which manufacturers will be recouped by the Government has not yet been finally decided, but an assurance has been given that an effective means will be found.

In arriving at these basic prices provision has been made by the Government for increased rates of wages to be paid to employees engaged in the growing side of the industry.

The Tobacco Research Station is now well installed at Umukuri, near Motueka; and the Department has continued to remain represented on the Tobacco Research Committee, which is responsible for the administration of tobacco research and which is representative of both growers and manufacturers and of Government Departments and other bodies connected with the industry.

In the 1938-39 season the number of growers licensed was 342 and the area for which licenses were issued was 2,225 acres. It is anticipated that the yield will be in the vicinity of 2,000,000 lb.

BOARD OF TRADE (ONION) REGULATIONS 1938.

Amending regulations were issued in February, 1939, for the purpose of remedying certain defects found to exist in the 1938 regulations in the course of their administration. The amending regulations are entitled the Board of Trade (Onion) Regulations 1938, Amendment No. 1, and, like the principal regulations, are administered by the Department of Agriculture, the Board of Trade Act merely being the vehicle for the passing of the regulations.

SEA FISHERIES INDUSTRY.

The report of the Sea Fisheries Investigation Committee, which comprised as personnel Messrs. Jas. Thorn, M.P., Chairman, E. Sheed, Department of Industries and Commerce, and M. W. Young, Marine Department, was laid on the table of the House in March, 1938. Arising out of the Committee's findings and recommendations and out of the conditions which were existing in the industry, particularly in regard to export problems, it was decided in the first instance that an attempt should be made to implement those recommendations which had as their objective the better organization of the export trade. Consequently, a conference was called in August, 1938, of all exporters, together with fishermen's representatives, but at the outset it became clearly evident that the problems of export and internal distribution were so inextricably bound up together that no separate plan for the export trade could be introduced as such without consideration being given at the same time to local marketing also.

Following upon this meeting there were eventually set up three provincial advisory committees of the industry which were representative of wholesalers, exporters, retailers, and fishermen, and also a Central Advisory Committee representative in turn of these committees and of the Industries and Commerce and Marine Departments. Based upon certain recommendations and resolutions which came forward from the industry a plan was prepared under the provisions of the Industrial Efficiency Act, and by the 28th March, 1939, its material provisions were finally approved by the Central Advisory Committee for submission to the Bureau of Industry. The provisions of this plan would give an industrial committee appointed by the Hon. the Minister of Industries and Commerce power to arrange distribution through wholesalers in cases where this does not now apply, to examine the system of sale by auction, and vary or modify this where deemed necessary; to co-ordinate the activities of wholesalers, retailers, and exporters; to encourage consumer demand; to arrange for wider distribution to country districts; to co-ordinate the export trade, appoint overseas agents, and fix f.o.b. prices, prices to fishermen, and wholesale prices; to arrange improvements in packing, handling, processing, transporting, storing, and preservation by cool storage, freezing, or canning; to examine the prospects for developing the fish-canning industry; to arrange amalgamations where redundant units exist; to arrange for commercial processing and utilization of offal and waste fish products; to issue publicity material; to survey the public service being given by wholesalers, retailers, and exporters; to call for accounts and statements; to conduct inspections of premises; to co-operate with the Marine Department upon matters affecting the productive side of the industry; and to recommend to the Bureau that certain units of the industry might be exempted from the plan either wholly or in part. The plan also envisages licensing under the Industrial Efficiency Act of wholesalers and retailers and the retention of the existing licensing of exporters and persons operating fishing-vessels and using Danish seine, trawl, and other power-drawn nets.

WOOLPACKS.

The Government has again maintained its interest in the activities of the Foxton company engaged in the manufacture of woolpacks from *Phormium tenax* fibre and has afforded practical assistance to the company to ensure its continued operation.

In addition to providing direct employment to an average of one hundred and seventy operators and consequential employment to approximately one hundred men in the flax areas and flax-mills, the capacity of the industry to absorb New Zealand phormium fibre as a raw material makes the continuance of the company's operations a matter of national interest and one upon which the rehabilitation of our native flax industry can be established on a firm basis.

As a result of the almost complete failure of overseas markets for New Zealand hemp, a considerable number of flax-mills were obliged to close down during the year, and thus no supplies of tow were available. Raw materials for woolpacks have in the past comprised equal quantities of tow and line fibre, and the use of line fibre only, although making a superior pack, resulted in a considerable increase in the cost of raw materials. This was offset, however, by certain savings. The new machinery has more than justified the claims that were made for it and increased output has resulted from its use, while the improvement in the quality of the product has been maintained.

Further consideration has been given to the possibility of extending operations by a diversification of products, but access to raw materials will remain a determining feature in this respect.

Towards the end of the year the price of jute woolpacks steadily increased as a result of large orders of sandbags for defence purposes and the adjustment of labour conditions in the Indian factories.

The Department has in previous years co-operated with a committee of stock and station agents in regard to the distribution of woolpacks. It was not considered necessary to adopt this procedure on this occasion, as the system developed in previous years was followed in principle. The scheme in operation is as follows:—

- (a) Importation of woolpacks into New Zealand is prohibited except under license, and is limited to the quantity which the New Zealand industry is unable to supply.
- (b) All importers of jute packs this year are required to purchase flax woolpacks in the proportion of three flax packs to each five jute packs imported.
- (c) Prices of both imported jute packs and New Zealand flax packs are fixed by Order in Council under the pooling arrangement with stock and station agents.

TIMBER.

There has been little movement in the price of timber throughout the Dominion during the past twelve months, but the Timber Price Committee has kept closely in touch with any developments. The recent increase in the rail freights necessitated a slight amendment, but, due to previous negotiations with both millers and merchants and the fact that those engaged in the industry were appreciative of the premises on which requests for a variation should be presented, no difficulty was experienced in dealing with the cases that were before the Committee for investigation. So far as white-pine is concerned the rationalization of the supply of this timber and the increase in production, coupled with a falling-off in the production of butterfat and the consequent less demand for butter-boxes, enabled favourable consideration to be given towards the export of this class of timber to Australia. In addition, with the introduction of a standard form of butter-box container and the operations of the butter-box pool, satisfactory adjustment in the price of butter-boxes was possible. To assist in this direction, several of the larger dairy factories will be putting in their own box-nailing machines for the coming season's supplies of butter-boxes, thus enabling them to purchase all their requirements in shook form and effecting a saving in both manufacturing and freight costs.

CEMENT.

Last year it was reported that the Bureau of Industry had before it applications to start new cement-works. It was decided that none of these applications should be granted, as there was no indication that any of the applicants would introduce new means of production to bring about improvement of efficiency of the industry sufficient to lower cost of production materially.

There have been in operation three cement companies situated at Whangarei, Golden Bay, and Burnside, and none of these mills is working to full capacity. The Department has continued to keep in close touch with the production and marketing of cement and has received the co-operation of the manufacturers. The object in view is to keep cement at as low a price as possible, which, by increased turnover, will bring the works to a high state of efficiency, but a reasonable return must be assured to the manufacturer.

The system of zoning is continuing to work smoothly, and the general policy has been to give first consideration to farming communities distant from cement-works when it is found that some reduction is possible rather than to make a general reduction in price, including those areas which, through being adjacent to works, are already able to procure cement at a very favourable figure. By this means the use of concrete has been made possible to the farmer on a much larger scale.

Present indications are that the use of cement continues to grow and it would appear to be likely that further reductions in price may be possible, but before any definite recommendations can be made a very thorough examination of the situation is essential, and this is being carried out at the present time.

AGRICULTURAL-LIME INVESTIGATION.

Following upon the preliminary investigation into the position of the lime industry undertaken last year jointly by the Departments of Agriculture and Industries and Commerce, the Government decided to appoint a committee representative of the industry, the farming community, the employees and the two Departments already mentioned.

The order of reference is as follows:—

- (1) To investigate the more efficient production of lime and the organization of the lime industry generally.
- (2) To recommend more efficient methods of distribution and marketing of lime.
- (3) To investigate and report on the most efficient and equitable manner in which Government assistance should be directed so that *bona fide* farmers may receive the maximum benefit therefrom, and to indicate the total estimated liability under any system alternative to that operating at present.
- (4) To investigate the prices and quality of agricultural lime from different works.

The Government is particularly interested in the railage of lime, as the cost of freighting on rail for the first hundred miles to *bona fide* farmers is borne by the State. It was found in the preliminary inquiry that very considerable overlapping of railage takes place, and the committee, which is taking evidence at present, is hopeful that some solution of this economic wastage of transport may be found. Other matters of pertinent interest to the farming community are quality, fineness of grinding, and availability of a suitable product at a reasonable price.

There can be no question that the use of lime for agricultural purposes is of great benefit to the community, and this the Government recognized some forty years ago by the institution of free railage to *bona fide* farmers.

SUPERPHOSPHATE.

Recognizing the importance of fertilizers being available to the farmer at a reasonable price, the Government has supervised the selling-price of superphosphate since 1931. Until 1934 the price was set by agreement between the Government and the manufacturers, but since 1934 the price of superphosphate and of imported phosphatic fertilizers has been fixed by Board of Trade regulations.

It is satisfactory to note that in spite of some increase in expenses the price of superphosphate has been stabilized, and due to increased turnover the manufacturing companies are in a satisfactory condition.

A full investigation has just been completed into the costs of manufacture as at the beginning of this year, but no change in the fixed price is contemplated unless there should be marked fluctuations in the price of materials or manufacturing-expenses. The regulations fix the price for lots of six bags and over, packed twelve bags to the ton, but smaller quantities of superphosphate packed in any other manner must not be sold below the fixed price, which, since 30th June, 1936, has been £3 16s. ex-works on trucks for the North Island and £4 2s. free on trucks at certain delivery points for the South Island. During the past year dairy companies, for the purpose of reselling to their suppliers, have been classified as merchants, receiving the discounts of 4s. 6d. per ton in the North Island and 6s. 6d. in the South Island. Under the Board of Trade (Fertilizer-price) Regulations it is laid down that dairy companies or other such co-operative bodies must not make any rebate to their members based on the quantity of superphosphate sold, but must make any distribution of profit, whether by bonus or dividend, on a basis either of butterfat supplied or of general trading turnover. On several occasions it has been necessary for the Department to draw attention to reported breaches of the regulations, and a watch is being kept to see that the regulations are adhered to in this respect.

Imported phosphatic fertilizers are restricted in price, in that the importers are not allowed to charge more than 6 per cent. above the landed cost in the North Island or 8 per cent. above the landed cost in the South Island. The variations between merchants' discounts on superphosphate and between the margins of profit on imported phosphatic fertilizers are explained by the fact that the quantity handled in the South Island is much smaller, with consequently higher distribution and selling costs.

PETROL-PRICE FIXATION.

The policy of the fixation of the price of petrol has been pursued during the past twelve months, and additional regulations have been introduced in the Whangarei and Gisborne districts. In each of these areas local difficulties were experienced, and the regulations had to be so drafted as to meet as far as possible the requests of the resellers and at the same time stabilize existing conditions in the industry.

In the case of Gisborne, due to the fact that the oil companies were employing different methods of distribution, only a maximum wholesale price has been fixed, with a reseller margin of 3d. per gallon. In this area, too, there were one or two reselling-points paying a differential charge over the Gisborne price but who were desirous of selling at Gisborne prices and thus competing with Gisborne resellers. The regulations were so drafted as to satisfy this request; and in the case of Whangarei similar representations were received and agreed upon. It has been the desire of the Department to introduce regulations of as uniform a character as possible. In respect of petrol-price fixation, conditions vary in different localities and slight adjustments have had to be made to meet them, but in the main the regulations do follow a standard form.

During the year it was found possible to effect a reduction in the price to the extent of $\frac{1}{2}$ d. per gallon, and this was brought about in November. In this connection it is fair to point out that the oil companies themselves, as soon as overseas prices showed a downward trend, approached the Government, and an investigation revealed that the reduction as mentioned could be made. World prices generally have eased a little since the last annual report, but of recent months have been maintained at the same level. Tanker freights, which several years ago soared to abnormally high levels, have also eased, and the reduction in these freight rates assisted considerably in effecting the two reductions that took place last year—*i.e.*, $\frac{1}{2}$ d. in May (mentioned in the previous report) and the further $\frac{1}{2}$ d. in November last.

The situation generally in regard to the price of petrol is being carefully watched and regular reports of overseas prices and trends are received, and as soon as there is a warrant for further adjustment no opportunity will be lost in putting this into effect.

MOTION-PICTURE INDUSTRY.

During the year some twenty-four applications for permission to open new picture-theatres in New Zealand came before the Department for investigation. All applications were subject to the usual inquiries under the provisions of the Cinematograph Films (Issue of Exhibitors' Licenses) Regulations, and the customary procedure in referring the reports to an independent Magistrate was adhered to. The Magistrate's report in turn is referred to the Hon. the Minister, who invariably adopts the course of submitting the Magistrate's recommendation to Cabinet for a direction. Of the twenty-four applications that were received, only four were successful.

So far as the motion-picture industry generally is concerned, towards the end of last year steps were taken by the industry itself to set up a Board of Control of representatives of the larger exhibiting companies, the film exchanges, and the independent exhibitors. Considerable progress in finalizing matters in connection with the proposals has been made, and it is anticipated that the final personnel of the proposed Board will be announced shortly. Those responsible for the formation of the Board have indicated to the Department that a lot of the difficulties that now arise throughout the industry can be readily settled by submission to the Board. The Department looks forward with interest to the Board's future activities, and feels that certain of the difficulties that are met from time to time in investigations will find early solution upon reference to the proposed Board of Control.

CHATELS TRANSFER ACT.

During the year the Department was entrusted with a number of investigations under section 57 of the Chattels Transfer Act, where permission was sought to have certain chattels included in the Seventh Schedule to the Act. The effect of inclusion in the Seventh Schedule is to give protection without having to register a hire-purchase agreement, and the protection was sought to include the following chattels: Excavators, scrapers, road rippers and rooters, cranes, bulldozers, angledozers, roadbuilders, graders, loaders, incubators, seed-cleaners, caravans, trailers, floats, Aga cookers and boilers, bottled-gas equipment, electric washing-machines, knitting-machines, electric ironing-machines, electric floor-polishing machines, petrol-driven washing-machines, and cinematograph cameras.

The investigation that is carried out when an application is received is designed to ascertain whether a customary practice exists of disposing of the class of chattel by hire purchase and whether it is in the public interest that such a chattel should be so included. In the applications above set forth, inquiries have not been complete concerning cinematograph cameras, electric washing-machines, knitting-machines, electric ironing-machines, electric floor-polishing machines, and petrol driven washing-machines, but in all other cases the Government decided that a sufficiently notorious practice did not exist to warrant their inclusion in the Seventh Schedule.

CASH-ORDER TRADING.

Certain very strong representation has been made during the course of the year to the Department in connection with the activities of cash-order-trading companies. Quite recently several large companies have been incorporated to issue cash orders, and with the growth of this form of trading representation was received by the Government to investigate alleged abuses that tended to disrupt certain of the retail trade. A preliminary survey of the position was made by the Department, and indications showed that this form of trading had materially increased. It was accordingly decided that a Dominion-wide investigation should be conducted, and the district officers in each of the main centres were entrusted with procuring information from all those engaged in cash-order trading. A questionnaire was issued, and comprehensive details have been supplied by all those engaged in this class of business.

At the present time final inquiries are being made from the retailers who have been in the habit of accepting cash orders, and as soon as this information is completed, together with that procured from the cash-order companies themselves, the Department will be in a position to advise the Government as to the growth this form of trading has made during the past few years. It is as well to point out that the Department conducted an investigation into cash-order trading in 1929, and certain recommendations were made by the Committee which investigated the matter at that time. These were not proceeded with, but appeared to cover most of the difficulties that arise from time to time when dealing with cash-order companies.

As soon as the final report has been compiled the Department will be in a position to recommend to the Government whether, in its opinion, legislation should be introduced to control the position.

GAS REGULATIONS.

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

During the year a new award giving increased wages and paid holidays to the workers in the industry came into force. The higher costs thereby caused to the gas companies, and the increased costs of coal, resulted in the Auckland, Napier, and Timaru gas companies applying for permission to increase the selling-price of gas. After full investigation small increases were permitted in each instance.

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

TECHNICAL DIVISION.

With the appointment last year of two technical advisers, the scope of the assistance which the Department is rendering to industry has considerably widened. These officers have wide experience in actual factory production covering both industrial chemistry and engineering.

It is the function of these officers to render assistance to industry in the study of any technical problems connected therewith, and their services and advice are available for this purpose. Their concern is to develop the use of New Zealand raw materials and generally find avenues of profitable utilization of our own natural resources.

New fields of industrial expansion are being explored and consideration given to the founding of new industries, and problems connected with technical efficiency and the utilization of waste products are under investigation.

Since last year the work done has amply demonstrated the wisdom of adding this type of technical service to the resources of the Department.

In the short period during which this branch has been functioning the foundations have been laid for much solid development in the future, and, to mention but a few examples, investigations are either complete or in progress in connection with such industries as the manufacture of service-station lubrication equipment, citrus by-products, washing-machines, salt and caustic soda, the whole group of electro-chemical industries, set-screws and machined bolts, refrigerator cabinets, kauri-gum, ammonia oxidation, and nitro benzene, &c.

NEW ZEALAND CENTENNIAL EXHIBITION.

The New Zealand Centennial Exhibition will constitute the focal point of the celebrations to commemorate the centennial year of the Dominion. It will constitute in scope a comprehensive national event, and the Government has extended assistance which has enabled the project to proceed. As the largest shareholder in the New Zealand Centennial Exhibition Company and as the biggest exhibitor, the State has given a lead to all sections to be represented. Financially the State has become involved in the affairs of the exhibition company to a great extent, as may readily be seen from the measure of assistance afforded as follows :—

- (a) A grant of £50,000 to the funds of the company has been made.
- (b) Shares amount to £25,000 were taken in the company in November last, and an undertaking was given that the Government would subscribe further capital in the proportion of £1 share for every share taken by the public of unallotted shares as at that time. As a number of shares unallotted was approximately 26,000, the Government's liability under this heading amounts to a further £13,000.
- (c) The Government has, in addition, guaranteed the bank overdraft of the company to an amount not exceeding £125,000.
- (d) Further, as the biggest exhibitor in the exhibition, an allocation of £75,000 has been made for the purpose of departmental displays in the Government court.

Represented on the directorate of the company are three Government directors, Messrs. F. Johnson, J. W. Heenan, and J. Read, who, in addition to general administration, are actively engaged in work on the various committees which control the details of the undertaking.

Recently a special committee, including a Government director, has been set up to pursue all possible economies. New-Zealand-made materials, wherever practicable, are being used in the constructional work, and the position is vigilantly watched. Amongst other questions, that of accommodation for visitors to Wellington during the exhibition period has received attention, and there is sufficient evidence to allay any doubts on the point.

At the time of the compilation of this report, with six months remaining before the exhibition is scheduled to open, the main courts and buildings are almost completed and the outside painting is nearly finished. In the grounds the work on reflecting pools and ornamental pylons is being advanced, and plans are in hand for additional outside pavilions and the amusement park. The electrical and engineering works are well in hand. The position in general, in relation to building progress, is satisfactory.

Reservation of space in the exhibit blocks, exclusive of the Government and Dominion Courts, on the 27th April, amounted to 143,302 square feet of a total of 211,995 square feet net. The Exhibition offers unique opportunities for our manufacturers to show the progress that has been made in our manufacturing industries during the past century, and more particularly in recent years. It also provides a splendid opportunity for the public to see the wonderful diversity, range, and quality of goods which are being made in our factories. It is apparent that the policy of the Government to assist manufacturing industries, and the beneficial results of the Import Control Regulations in this connection have enabled manufacturers to considerably develop their undertakings and in many instances to commence the manufacture of new lines. In addition, a number of overseas manufacturers have recently commenced operations in the Dominion making articles that were hitherto imported.

The many advantages which the Exhibition offers as an advertising medium and as a method of developing a spirit of pride in our industrial life and achievements has been the subject of addresses given to manufacturers by the Minister of Industries and Commerce in his capacity as President of the Exhibition Company, and by the Chairman of the Exhibition Company. The result has been most gratifying, and it is confidently expected that manufacturers will take up all available space in the exhibits block.

Invitations to participate in the exhibition were extended to all the Governments of the Empire, and as a result the following have signified their intention to participate : United Kingdom, Canada, Australia, and Fiji. The Union of South Africa conveyed, through its Prime Minister, its regret that it was unable to participate.

Arrangements have been made for the engagement of the Welsh Guards Band during the period of the exhibition. The band comprises forty players, and the musical director is Lieutenant T. S. Chandler, Associate of the Royal College of Music and Licentiate of the Royal Academy of Music.

Steady progress has been made with the work entailed in the establishment of the Government Court. The controlling authority in all matters pertaining to the court is in the hands of a committee representative of Departments, and the cost of the court is covered by a general vote taken by this Department in accordance with a Cabinet direction. The work of organization and operation of the court necessitated the appointment of a Manager and Secretary.

In order to provide the most effective display to allow Departments to dovetail as much as possible into the layouts, appropriate groups representative of Departments were organized as under :—

- Agriculture and land-development.
- Transport and communication.
- Defence.
- Social and cultural services.

Within these groups departmental committees are functioning to ensure that all phases of representation may receive attention.

The ceiling and walls of the Government court have been completed and the floor was ready for occupation on the 15th March, and the constructional work involved in the erection of the various departmental pavilions is proceeding. Amongst the features of the court will be a decorative colour scheme of lighting and the installation of a pressure system of ventilation.

Every endeavour is being made to ensure that the displays by Departments will be of a high order, as it is realized that the exhibition provides the means of setting new standards for this Dominion. To this end the services of a display specialist were engaged, and at this stage it is manifest that his assistance will prove of material benefit not only from the point of ensuring displays of high standard, but also from the point of economy.

The premises of the Department's Film Studios at Miramar have been enlarged in order to cope with the additional artistic work necessitated by the establishment of the Government court, and the Studios are now handling a considerable proportion of the requirements of Departments in this direction. The Film Studios are also taking a lively interest in the main cinema in the Court, and the actual running of the programmes will be entrusted to this Department. Contact has been made with the education authorities in order to encourage and utilize as much as possible the services of young artists and aspirants with talent.

The committee has decided to issue an official guide to the Government court, and the Publicity Officer of the Department is co-operating in the production.

Provision has been made in the vestibule of the court for an inquiry bureau, where an officer of the Department will be able to deal with all inquiries relating to industry and trade. There will also be in the court itself an appropriate display illustrating the growth and many activities of the Department.

Close contact has been maintained with the General Secretary to the Centennial Branch in order that matters of common interest might be considered, and his co-operation is acknowledged.

The date set for the completion of the Government court is the 9th October, a month before the official opening of the exhibition, and with the continued co-operation of all Departments concerned it is anticipated that the objective will be achieved.

PUBLICATIONS.

The Department has continued to issue information on the industrial and commercial activities of the Dominion in the form of bulletins. One series of bulletins is issued at quarterly intervals, and covers the finance, trade, and industries of New Zealand during specific quarterly and yearly periods. Graphs are included on trade, finance, production, and business activity. This bulletin, in addition to being issued to a large number of persons, firms, and organizations in New Zealand, has a wide circulation overseas.

The *News Bulletin*, which has an almost exclusively local circulation, contains items of economic and commercial interest both as regards developments in New Zealand and overseas. The New Zealand Trade and Tourist Commissioners have forwarded regularly information on industrial, commercial, and political developments in their respective territories which have a bearing on New Zealand's economy or are of interest in this country.

Numerous expressions of appreciation have been received as to the service provided by the issue of these bulletins, and requests are received regularly for copies, which indicates that the information so disseminated is of value to readers.

LIBRARY.

The increasing complexity of our modern industrial and economic life and the need for keeping in touch with developments in overseas countries necessitate a good deal of reference and research work from time to time in the exercise of the various departmental functions. This, in turn, has necessitated the building-up of a comprehensive and up-to-date commercial library within the Department. The number and range of bulletins, periodicals, and reports, official and otherwise, received from abroad has been substantially increased during the year. A number of authoritative works on various aspects of modern developments in industry and commerce have also been added to the library during the past year. A feature, too, has been the development of a system of overseas press clippings, from which up-to-date and useful information on developments in commerce and tourism has been derived.

MISCELLANEOUS ACTIVITIES.

The major activities of the Department have been summarized in the foregoing pages. The Department's work embraces all phases of commercial and industrial activity affecting the Dominion, and a brief indication only can be given of the miscellaneous nature of the inquiries and investigations which have been the subject of departmental work during the year. The scope and the activities of the Department have expanded greatly during the past year, and the following list is merely a general indication of the varied character of the subjects dealt with.

Overseas Trade.—Inquiries regarding overseas trade developments, and with reference to markets for wool, hides, skins, &c., pork, neatsfoot oil, sheep-casings, lard, tallow, frozen meat, frozen eggs, chamois leather, condensed milk, cotton rags and waste, health foods, liver-meal, canned provisions, fruit-pulp, honey, butter, tungsten concentrates, Maori ornaments and novelties, cheese, oatmeal, woollen rugs and blankets, rabbits in jelly, blood-meal, black granite, racehorses, dog-food, fish-meal, yarn for bathing-costumes, and grass-seed.

Inquiries relating to imports of articles of the following description : Coconut fibre, coconut-oil, statuary figures, soapstone bricks, talc powders, nutmeg and mace, chillies, paint, calcimine, and drinking-straws.

Industrial Investigations, Inquiries, and Surveys.—An extreme variety of general industrial inquiries has been carried out, including those relating to the following subjects and articles of manufacture : Lignite coal, timber, malt extract, gas, hospital supplies, canned beef and beef extract, wood flour, coke, cement, sheep-dip, mutton-birds, motor-car padding, clothing, flour, acoustical materials, adhesive paste, button-manufacture, carbon paper, clothes-pegs, barbed wire and wire netting, battery-manufacture, benzoil, black granite, brushware, crayfish, cube sugar, diabetic food, diatomaceous earth, fruit-pulp, horse-hair, kapok filter pads, sheep-shearing machines, lanoline, machine die-castings, meat-skewers, mussels, paints and colours, potato flour, rennet, roller skates, shark-oil, slashers, stockings, waxed paper.

Investigations in many cases have covered a wide range of inquiry and in some cases have entailed Dominion-wide survey. Departmental officers have visited many factories and concerns ; the problems facing manufacturers have been investigated, and all possible assistance and advice given. The marketing of New-Zealand-made goods has been given every attention, and it is felt that much has been done to assist manufacturers and traders in increasing the extent and efficiency of their operations.

CONCLUSION.

In presenting this report covering the main features of the work of the Department of Industries and Commerce during the past twelve months I desire, in conclusion, to acknowledge the helpful co-operation which has been received at all times from the various Consuls, Vice-Consuls, Trade Commissioners, and other representatives of overseas countries resident in the Dominion. The ready assistance received from other Government Departments is also gratefully acknowledged.

The year has been marked by further considerable expansion in the work of the Department, which has necessitated considerable pressure of work on the New Zealand and overseas staff throughout the period.

In retrospect, the year 1938 may be said to have been one largely of consolidation. The years immediately preceding 1938 were years of remarkable expansion, and record trading and activity were reported in nearly every branch of commercial life. It was realized that the rate of expansion could not be maintained indefinitely, and the aim was to prevent any recession from the high levels attained. To a large extent the prosperity achieved was maintained, and, in addition, various trades and industries established yet higher levels of output and turnover.

The first quarter of 1939 witnessed an extraordinary expansion in industrial activity, due to the opportunities provided as a result of the control established over importations. In nearly every factory, production has been at capacity levels, overtime has been worked, and additional workers have been taken on. In addition, many factories have installed more plant and machinery in order to cope with the unprecedented increase in the demand for their products. A further development has been the decision by numbers of overseas manufacturers to have their products made in the Dominion. Some have built and equipped their own factories, and others have arranged to have their goods made by existing factories. In many industries the only limit to even greater expansion has been the difficulty of securing additional numbers of skilled workers, but this difficulty is being overcome gradually by the training of unskilled labour.

In general, it can be said that the year covered by the report was a good one both industrially and commercially.

APPENDIX.

MANUFACTURING INDUSTRIES.

NOTE.—In every case the factory-production statistics of each industry detailed hereunder relate to the factory years 1934-35, 1935-36, 1936-37, and 1937-38 (the latest year for which statistics are available).

The comments appearing below the statistics relate, however, to the twelve months ending 31st March, 1939, the period covered by this report.

1. *Fruit-preserving and Jam-making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	12	17	16	17
Employees (number) ..	371	425	427	449
Salaries and wages paid ..	£48,994	£56,328	£64,123	£78,798
Value of output ..	£302,142	£361,151	£387,494	£464,520
Value added by manufacture ..	£122,795	£148,250	£159,820	£173,645

A fairly satisfactory year was experienced in the South, although sales were on a lower level than during 1937-38. The fall has been most marked in domestic sales, and stocks of certain lines held were unusually high. The Import Regulations have brought a great measure of relief to the industry from foreign competition. The stone-fruit crop was extremely abundant and all the available supply could not be handled. Female labour was very scarce, overtime being worked. In the North the year's business was steadily favourable, although there was a shortage of supplies in a few instances. Competition remains keen, but staffs have increased slightly. Present demand and prospects are good.

2. *Boot and Shoe Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	76	75	71	70
Employees (number) ..	2,541	2,788	3,108	3,081
Salaries and wages paid ..	£344,504	£360,684	£438,084	£451,246
Value of output ..	£1,102,950	£1,140,646	£1,384,186	£1,386,914
Value added by manufacture ..	£540,663	£534,340	£648,442	£673,205
Imports, calendar year: Boots, shoes, and slippers—				
Dozen pairs ..	211,165	219,650	267,035	229,455
Value ..	£472,056	£508,778	£708,024	£578,024

The early portion of the year was unsatisfactory, but conditions began to improve with the granting of added protection by means of tariff increases, although the stock position in some cases delayed the benefits to the industry. A decided stimulus has been received from the Import Regulations, and factories are now working to capacity. The shortage of labour has hampered plans for expansion, and in many quarters manufacturers are behind with their deliveries. Manufacturers are extremely pleased with future prospects.

3. *Lime and Cement.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	50	57	60	64
Employees (number) ..	704	759	953	1,050
Salaries and wages paid ..	£144,617	£165,592	£212,657	£266,756
Value of output ..	£582,784	£703,724	£836,048	£945,474
Value added by manufacture ..	£459,483	£549,831	£670,057	£715,409
Imports, calendar year—				
Cement, building (cwt.) ..	9,275	17,920	24,085	26,950
Value ..	£5,161	£10,312	£13,700	£15,361

Details concerning the above industry are dealt with in other sections of this report. Conditions have been satisfactory and output has shown a further increase.

4. *Engineering.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	196	204	206	206
Employees (number) ..	2,772	3,326	3,727	3,898
Salaries and wages paid ..	£502,118	£602,668	£774,907	£874,911
Value of output ..	£1,413,701	£1,784,274	£2,095,990	£2,445,495
Value added by manufacture ..	£855,960	£1,055,050	£1,253,502	£1,398,171

Engineering trades have again experienced a busy year. Tool and die makers report falling turnovers in the early part of the year, but the position improved in the latter half. Many new lines are being attempted, and output is expanding in many directions. Labour is at a premium and much overtime has been worked.

5. *Sauce, Pickle, and Vinegar Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	18	18	16	17
Employees (number) ..	236	250	254	272
Salaries and wages paid ..	£38,345	£41,583	£47,263	£51,372
Value of output ..	£192,219	£217,209	£222,264	£232,095
Value added by manufacture	£108,125	£120,920	£127,231	£132,913

Sales have remained steady at a satisfactory level. Girl-labour has been an acute problem, particularly in view of the fact that some work is seasonal.

6. *Soap and Candle Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	23	23	22	20
Employees (number) ..	513	492	553	552
Salaries and wages paid ..	£86,817	£89,187	£107,259	£107,727
Value of output ..	£536,235	£574,191	£578,569	£565,871
Value added by manufacture	£299,695	£296,128	£279,091	£256,999

Business has been very steady throughout the year and factories have been kept busy. Sales of bar soap have been very satisfactory, but not so with toilet-soaps. Import control has altered this position, however, and the variety of toilet-soap has been considerably increased. The output of toothpastes and shaving-soaps has shown further increase, and New-Zealand-made goods now supply the bulk of the market. Soap-powder sales continue to expand rapidly, but partly at the expense of bar-soap sales. Further expansion of the soap industry is confidently expected.

7. *Coach and Motor-body Building and Cycle-works.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	1,077	1,150	1,218	1,307
Employees (number) ..	5,473	6,731	8,185	9,909
Salaries and wages paid ..	£889,439	£1,138,974	£1,600,730	£2,120,280
Value of output ..	£2,570,963	£3,222,626	£4,334,236	£5,588,433
Value added by manufacture ..	£1,453,249	£2,002,383	£2,776,311	£3,773,436

Production has been at maximum capacity during the year, several units having extended their premises. Skilled labour has been almost unprocurable. The demand is expected to continue.

8. *Biscuits and Confectionery Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	57	60	60	52
Employees (number) ..	2,591	2,862	3,127	3,208
Salaries and wages paid ..	£273,078	£314,717	£392,606	£428,585
Value of output ..	£1,481,575	£1,688,191	£1,964,130	£1,921,314
Value added by manufacture ..	£734,421	£813,122	£992,743	£812,571

The drop of 2 per cent. shown for the value of products is explained by the fact that the value of products for years prior to 1937-38 included, in the case of some returns received, an unknown amount of selling and distributing charges. These charges were definitely excluded from the totals returned for 1937-38. The apparent decline of 18 per cent. in "added value" is to a large extent due to the same cause. Business has been steady and returns satisfactory. Of importance to confectionery-manufacturers is the influence of departmental stores, who are doing excellent business. The Import Regulations are expected to be very beneficial to the industry, and factories are working to full capacity at the moment. Scarcity of female labour has made itself felt in this industry also.

9. *Furniture and Cabinet Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	285	308	338	381
Employees (number) ..	1,874	2,262	2,807	3,145
Salaries and wages paid ..	£285,081	£376,261	£528,567	£626,628
Value of output ..	£773,810	£1,029,948	£1,380,492	£1,659,391
Value added by manufacture ..	£414,012	£539,765	£731,251	£866,121

Trade has been fairly quiet throughout the year. Import Regulations will not give any marked stimulus to furniture-manufacture locally, as little imported furniture is purchased to-day.

10. *Ham and Bacon Factories.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	43	49	52	51
Employees (number) ..	395	450	506	521
Salaries and wages paid ..	£79,993	£92,444	£112,014	£129,432
Value of output ..	£805,113	£918,500	£1,183,507	£1,257,411
Value added by manufacture ..	£228,608	£281,963	£294,519	£328,148

Conditions have remained fairly stable in this industry, sales and employment being maintained. Prices of pigs have been high as a result of the activities of exporters.

11. *Bricks, Pipes, Tiles, and Pottery Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	54	58	62	60
Employees (number) ..	618	777	772	909
Salaries and wages paid ..	£111,988	£142,242	£190,038	£200,835
Value of output ..	£285,164	£347,562	£429,891	£483,206
Value added by manufacture ..	£264,729	£320,554	£394,311	£442,635

The year has been a busy one, a considerable part of production being devoted to fulfilling contracts from the Government Housing Construction Department.

12. *Flaxmilling.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	21	29	32	33
Employees (number) ..	316	506	540	537
Salaries and wages paid ..	£42,160	£69,367	£92,202	£104,169
Value of output ..	£80,711	£138,336	£179,323	£177,512
Value added by manufacture ..	£68,911	£118,430	£160,656	£163,158

Conditions prevailing in the flaxmilling industry are referred to in an earlier section of this report.

13. *Rope and Twine Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	6	8	7	7
Employees (number) ..	228	243	243	240
Salaries and wages paid ..	£36,052	£39,747	£44,118	£45,102
Value of output ..	£128,506	£159,925	£180,796	£191,864
Value added by manufacture ..	£69,668	£87,362	£91,214	£80,723

Business has been steady for the greater part of the year, but since the advent of the Import Regulations a definite stimulus has been felt in the demand for shop and seaming twines. Rope and lashing sales have been fairly good throughout the year, and it is not expected that Import Control will stimulate them appreciably as importations in past years have been negligible. The use of improved harvesting machinery has diminished the demand for binder-twine, several small factories having been absorbed during the year.

14. *Clothing.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	290	318	336	357
Employees (number) ..	9,394	10,296	11,828	12,916
Salaries and wages paid ..	£952,844	£1,025,510	£1,322,388	£1,542,933
Value of output ..	£2,958,508	£3,090,027	£3,663,107	£3,962,056
Value added by manufacture ..	£1,391,877	£1,508,550	£1,823,727	£2,062,746
Imports, calendar years: Apparel and ready-made clothing ..	£1,101,887	£1,261,804	£1,814,116	£1,511,897

During the first half of the year trading conditions were difficult, particularly in the small factories. Sales were dropping and staff was considerably reduced. Between August and November conditions improved, and the new tariff helped the smaller factories somewhat. Rush conditions prevailed in ladies' frocks and men's outer clothing, and the Christmas period was uniformly good. The present position is that factories are receiving more work than can be immediately handled. Female labour is extremely scarce, manufacturers bidding against one another for experienced hands. Small dressmaking-shops are prepared to pay high wages to attract girls from factories, a fact which is disturbing to the trade. Millinery-manufacturers, costume and mantle manufacturers, and tailors have experienced steady business during the year and are very optimistic of the future. Staffs have increased in these concerns also.

15. *Agriculture and Dairy Machinery and Implement Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	44	46	54	57
Employees (number) ..	689	880	1,152	1,200
Salaries and wages paid ..	£127,124	£166,227	£257,084	£271,097
Value of output ..	£492,925	£692,141	£1,091,275	£1,229,279
Value added by manufacture ..	£239,354	£352,041	£526,134	£550,380

Business was fairly plentiful during the early portion of the year, but slackened off to a marked degree. Sales show a decrease and staffs have been reduced, extremely keen foreign competition being the cause of the slackness. With the further fall in wool returns this season the outlook for the immediate future is not bright. It is considered that the recent import restrictions will not be immediately beneficial to the industry as very heavy stocks are being held by local manufacturers, and agents of overseas factories are also holding large stocks of farm implements.

16. *Woollen-manufacturing.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number)	12	12	12	12
Employees (number)	2,532	2,632	2,792	2,748
Salaries and wages paid	£345,591	£360,782	£405,484	£422,240
Value of output	£1,048,849	£1,005,830	£1,230,829	£1,258,319
Value added by manufacture	£588,448	£592,741	£653,292	£654,773

Imports of Piece-goods (Calendar Years).

	1935.	1936.	1937.	1938.
Silk and artificial silk	£879,544	£1,088,344	£1,215,265	£953,275
Woollen	£652,693	£852,337	£1,312,846	£776,149
Cotton	£1,667,074	£1,854,589	£1,944,289	£1,497,504

During the early portion of the year business was very slack, particularly in worsted and knitting yarns, mainly as a result of competition from imported goods and the mild weather of last autumn which delayed the demand for winter wear. Employment was below normal and warehouse stocks were heavy. Import control has completely altered the outlook for the industry. Mills are now working at maximum capacity, and because of the lack of labour deliveries are likely to be delayed. Expansion of plant and premises is planned in certain quarters.

17. *Printing and Publishing.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number)	373	384	381	370
Employees (number)	8,079	7,727	7,903	8,153
Salaries and wages paid	£1,513,478	£1,575,707	£1,749,646	£1,899,062
Value of output	£3,758,937	£4,040,114	£4,406,804	£4,839,449
Value added by manufacture	£2,795,309	£2,963,172	£3,227,010	£3,485,415

Most firms report a good year, although competition has remained keen. Prospects for the future are good.

18. *Brush and Broom Making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number)	15	17	18	19
Employees (number)	253	302	335	348
Salaries and wages paid	£37,008	£43,156	£50,198	£56,664
Value of output	£118,251	£145,863	£192,332	£178,614
Value added by manufacture	£61,910	£74,941	£100,737	£94,791

Local competition has been keen and sales and staff do not show any increase. Supplies of horse-hair are becoming scarcer, and the price of this commodity rose appreciably during the year. The future outlook is encouraging.

19. *Superphosphates and Chemical Fertilizers.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number)	8	8	8	8
Employees (number)	644	690	753	902
Salaries and wages paid	£138,257	£149,020	£186,208	£240,319
Value of output	£1,358,108	£1,360,123	£1,498,228	£1,809,471
Added value	£511,552	£539,428	£597,020	£697,269

Reference is made in a previous section of this report to the conditions existing in this industry.

20. *Aerated-water and Cordial Factories.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number)	127	129	116	120
Employees (number)	531	529	544	609
Salaries and wages paid	£99,878	£102,698	£115,519	£132,551
Value of output	£321,176	£327,106	£375,082	£497,169
Added value	£232,256	£230,269	£258,404	£339,614

Sales were steady and employment at a high figure. An extremely mild autumn was beneficial to the trade.

21. *Iron and Brass Foundries.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number)	41	42	44	48
Employees (number)	674	791	883	930
Salaries and wages paid	£113,215	£137,764	£168,710	£201,318
Value of output	£263,844	£338,951	£427,736	£505,479
Added value	£174,405	£214,739	£260,009	£304,819

Iron-foundries have been fairly busy throughout the year, and a slight stimulus has been experienced from the Import Regulations. Brassfounders report improved conditions as the year advanced, and the import restrictions resulted in foundries working to capacity. Extensions to factories and plant have been commenced, and the additional skilled labour required is expected to be difficult to obtain.

22. *Hosiery-factories.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	33	33	35	35
Employees (number) ..	998	1,012	1,226	1,298
Salaries and wages paid ..	£111,551	£114,379	£146,623	£167,975
Value of output ..	£440,089	£461,653	£564,990	£590,253
Added value ..	£214,178	£248,236	£258,715	£271,972
Imports (calendar years) ..	£196,630	£246,536	£429,525	£365,161

Factories have been producing at maximum capacity and expansion of plant is under way. It is essential that output should be maintained as overseas competition has served to keep the profit margin fine. Youthful labour has been scarce and has caused considerable concern.

23. *Tinned-plate and Sheet-metal Working.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	130	127	128	126
Employees (number) ..	1,452	1,384	1,554	1,690
Salaries and wages paid ..	£214,918	£204,118	£270,608	£321,498
Value of output ..	£763,682	£792,461	£1,032,347	£1,191,603
Value added by manufacture ..	£358,577	£344,107	£451,464	£518,986

A busy year, with prospects for the future remaining good.

24. *Electrical Engineering.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	53	69	74	84
Employees (number) ..	355	617	598	855
Salaries and wages paid ..	£52,683	£90,080	£94,837	£148,926
Value of output ..	£162,755	£302,056	£321,306	£492,818
Value added by manufacture ..	£86,944	£172,614	£181,541	£265,494

Business has been brisk throughout the year and gives every indication of continuing. Skilled labour is by no means plentiful.

25. *Range-making.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	11	8	11	12
Employees (number) ..	408	436	683	689
Salaries and wages paid ..	£69,748	£74,650	£125,517	£134,001
Value of output ..	£199,920	£206,527	£319,650	£325,826
Value added by manufacture ..	£136,511	£148,044	£219,759	£213,493

Coal Ranges.—Business has been quiet, due, no doubt, to the increasing popularity of gas and electric ranges.

Electric Ranges.—Output has been fair during the year, and prices have been cut too fine to be satisfactory. The import restrictions have brightened the prospects, and conditions should improve considerably.

Gas-cookers.—The latter part of the year has provided a gratifying recovery after most disappointing conditions early in the year. The outlook is now decidedly more optimistic.

26. *Wireworking.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	19	20	23	25
Employees (number) ..	160	195	231	248
Salaries and wages paid ..	£26,993	£34,235	£50,104	£54,532
Value of output ..	£125,618	£154,868	£227,411	£240,343
Value added by manufacture ..	£68,152	£79,788	£107,305	£117,769

Conditions improved somewhat towards the end of the year. Prospects for the future are good.

27. *Tanneries.*

Official statistics—	1934-35.	1935-36.	1936-37.	1937-38.
Establishments (number) ..	15	16	14	13
Employees (number) ..	531	543	571	497
Salaries and wages paid ..	£100,668	£104,888	£117,755	£119,890
Value of output ..	£492,604	£519,157	£614,113	£583,287
Value added by manufacture ..	£198,454	£210,692	£217,565	£206,607

The first half year was a very slack period for the tanning industry. About September, with the improvement in the footwear trade, better conditions prevailed, although recovery was slow because of the large stocks of footwear held by retailers. Considerable benefit was derived from the Import Regulations, and plans are under way for extensions to plants and factories.

28. *Manufacturing Chemists.*

Production in all cases appears to be ahead of last year's figures. A large share of the New Zealand trade was being satisfied by New Zealand manufacturers prior to December, and with the advent of the Import Regulations the industry is preparing to take up the balance. Many new lines are being made, and prospects are excellent.

29. *Ice-cream Manufacture.*

This industry is becoming increasingly more important in New Zealand. Extensions to plant in certain quarters are at present planned. Sales have been good and employment at a high level.

30. *Canvas-goods and Tent Manufacture.*

The past year has been disappointing. Turnovers, although steady, have not reached expectations, a comparatively dry and mild winter resulting in the sales of tents, covers, and waterproof clothing being correspondingly down. A notable feature of the year's trading has been the steady expansion in all centres of sales of camping equipment.

31. *Manufacture of Matches.*

Production has been satisfactory, with employment at a high figure, although girl-labour has been difficult to retain. Extensions to plant are under way.

32. *Canisters.*

The year has been very busy and outputs are up. New avenues of demand have opened up, and a large increase in turnover must result from the expansion of New Zealand manufacturing. Staffs are high, and the labour position has proved difficult.

33. *Paints, Varnishes, Synthetic Finishes, &c.*

Conditions have been excellent as a result of the large amount of building and renovation work at present in progress. Plants were expanded in several units of the industry, and prospects for the future are bright.

34. *Mattresses and Bedding.*

Turnovers have been satisfactory, and show an increase, particularly for the latter half of the year. Demand has been very high, but some of the benefit has not been felt by the established firms, due to the competition of new units. The labour position in at least one centre is proving an extreme difficulty.

35. *Radios.*

Trading conditions were rather unsatisfactory during the early portion of the year, as competition from imports was severe and sales did not allow of the most profitable production. The Import Regulations have improved the position.

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