

seven months has been responsible in no small measure for the acuteness of the current shortage. Obviously, too, with these additional supplies available to the South Island markets it was illogical to maintain South Island building artisans in the North Island and intensify its timber shortage when they could be used to expand building activities in the South Island, where relatively good supplies were available. The recent decision to return them to the South Island will therefore assist to relieve the North Island timber position.

110. *Timber-prices.*—Similarly in the price field, every effort has been made, in conjunction with the Price Investigation Tribunal, to avoid the gazettement of involved price-control orders, the policy being followed of working to approved trade price-lists and carefully policing their application and correcting any dangerous tendencies or misuse.

The most serious tendency which it has been necessary to counter in respect to wholesale marketing has been the development of various practices whereby millers can obtain a greater price for their product than securable under normal trading conditions through their approved price-lists. On a seller's market with all buyers willing to take virtually any timber offering there is not the usual incentive for millers to place their business with the timber-merchants, and expansion of a direct mill-to-consumer business is therefore natural, particularly when the buyer will forego the North Island $7\frac{1}{2}$ per cent. discount which the miller must pass on to the timber-merchant in accordance with the approved price-lists. The consequential tendency, however, is for merchants in turn to compete for their usual supplies by foregoing the $7\frac{1}{2}$ per cent. to which they are entitled, and on a specific instance of this nature a warning was issued to both sawmillers and timber-merchants that such practices were regarded as endangering the country's economic stabilization policy and should cease forthwith. Likewise, there have been reports of mills selling direct to consumers at local merchants' rates and also of timber-merchants selling to consumers ex-truck at ex-yard rates, but it has been extremely difficult to secure evidence on these matters owing to the fear of complaining buyers that future supplies will be jeopardized by their disclosures. Both the sawmillers' and timber-merchants' organizations, however, are fully alive to the danger and undesirability of such practices and endeavour to dissuade their members from bringing the trade into disrepute and forcing the issue of involved price-control orders.

Still other undesirable practices, fortunately not widespread, have been the charging of "clears" rate 2s. 6d. per 100 board feet extra—for Dressing A timber, of excessive "extras" for the running of mouldings and even of flooring, and of retail prices for bulk orders. Instances of these were met with continually in the purchases made by the Office of the Timber Controller for defence works, and in all cases detected appropriate adjustments were negotiated and arrangements made with the national organizations affected to ensure that such practices ceased. In some cases it should be explained these practices could be defended on the basis of existing price-lists, but, while they might therefore be regarded as within the letter of the law, they most certainly were not within the spirit of the law, particularly in respect to the country's policy of economic stabilization.

On still another aspect of timber-prices the public may be completely reassured. In accordance with the policy adopted by the Government in 1936, all increases during the war, as during the pre-war period, have been limited to extra production costs arising out of award alterations, including payment for holidays, and of increased cost of wire rope, saws, supplies, &c. The total increases over the war period, exclusive of sales tax, represent a rise of only 8 per cent. in the average mill price of timber. The increase, of course, has been larger in respect to individual grades, but these have been offset by smaller increases in other grades. In so far as house-building is concerned, the total rises in the sales value of timber ex-mill represent only 6d. per square foot of building area, although, if all finishing and joinery timber is now kiln dried instead of being merely air dried, as was previously the practice, another 2d. per square foot should be added, making a total of 8d. out of the 7s. increase characteristic of North Island building operations—that is, less than 10 per cent. of the total increase in building-costs. As far as it has been possible to ascertain, the increases in timber-prices during the war period have been less than in any other English-speaking country.

111. *Timber-production.* Timber production as distinct from distribution has been the subject of serious misunderstanding during the year. The policy of both the Office of the Timber Controller and of the Forest Service has been regarded in some quarters as detrimental to the maintenance of production, whereas the actual results show that, in spite of a deteriorating man-power and equipment position, it has been possible to maintain production over the first four years of the war.

To appreciate the present position it is necessary to traverse developments over the entire war period. When hostilities first commenced the stock position was good and the industry on a relatively stable basis at an annual productive level of just over 300,000,000 board feet, which has been maintained from 1936 onwards. The immediate effect of the war was to cause considerable hesitancy over forward building and constructional commitments, with the result that demand receded and stocks rapidly became excessive, so much so that within a few months it became necessary to zone or restrict the Dunedin and