

as far as existing sawmills are concerned, little overall increase in production can be expected without a substantial accession of man-power, and also that, now that the war has terminated, operators with limited bush resources will be reluctant to liquidate them at an accelerated rate during a period of high taxation.

The return on capital invested very obviously determines the extent to which additional money will be encouraged into the timber business, and it is believed that the price improvement will go a long way towards achieving the objective of increased production. This is confirmed by many recent inquiries for information upon possible ventures in which capital could be invested. Not unexpectedly, a number emanated from timber-merchants and builders, who have been forced to consider entering the field of timber production to protect a heavy investment already incurred in retailing or building and the safety of which is threatened by current deliveries being inadequate to maintain their plants in economic operation. It is now apparent that the buyers' market which characterized the timber trade between the two World Wars has disappeared so far as the indigenous-timber industry is concerned. The strong sellers' market which exists at present will undoubtedly attract merchants and builders into the field of sawmilling to a greater extent than previously, and the additional production so achieved should assist materially in overcoming the timber shortage.

The trend for new mills to be erected in or adjacent to existing centres of population rather than in the forest continues. To the extent that it is restricted largely to rural centres not far from the forest, this development has much to commend it. Long road haulage of saw-logs, however, is uneconomic, and in forest areas remote from the railway it is Forest Service policy to locate new mills so that they will be served by a common centre for accommodation and thus enable living and social amenities of a much higher standard than would otherwise be possible to be provided. The expansion of sawmilling in urban centres, on the other hand, is strongly deprecated as violating the highest conception of town-planning. What is of more specific and immediate importance is that rail facilities have become and promise to remain so restricted that any further development of urban sawmilling, requiring as it does twice as much rail transport as rural sawmilling, will tend more and more to restrict overall production.

65. *Rotorua Exotic Forest Log Production.*—To assure the Waipa Sawmill of an adequate log-supply, a forty-eight-hour week was continued in the Whakarewarewa State Forest, and a start was made with the logging of the older insignis-pine stands in the Waitapu Forest and the north-western section of the Kaingaroa Forest. Logs delivered to the mill from the Whakarewarewa Forest amounted to 2,005,262 cubic feet, of which 1,454,394 cubic feet were insignis pine. From Waitapu 205,393 cubic feet of logs, including 184,783 cubic feet on insignis pine, and from Kaingaroa 44,079 cubic feet of insignis pine, were delivered. From the Whakarewarewa and Waitapu Forests 244,214 cubic feet of logs unsuitable for sawing were sold as mine props or delivered to the creosoting plant for production of treated fencing-posts.

The wage-incentive plan introduced two years ago was continued in the Whakarewarewa Forest, three clear-felling and seven thinning gangs participating. A total of £1,804 14s. 5d. in bonuses was distributed, representing an average increase in wages of 7 per cent.

66. *Waipa Milling Operations.*—The Waipa Mill worked overtime continuously throughout the year, the main log-frame plant operating on 258 days and the circular rig on 256 days. A fourth log-frame has been installed and commenced cutting in mid-November. It was primarily responsible for the 10.6 per cent. increase secured in sawn-timber production. The total cut of 13,757,000 board feet (12,410,000) was a record for the plant, which now produces over a quarter of the exotic timber milled in the North Island. The logs received for sawing comprised insignis pine, 75 per cent. (78 per cent.); Corsican pine, 17 per cent. (10 per cent.); ponderosa pine, 5 per cent. (8 per cent.); and other species, 3 per cent. (4 per cent.).

The circular rig, which saws the larger insignis-pine logs, concentrated from November onwards in cutting scantling for the building industry. The effect of this change is reflected in the range of widths produced. Whereas during the previous