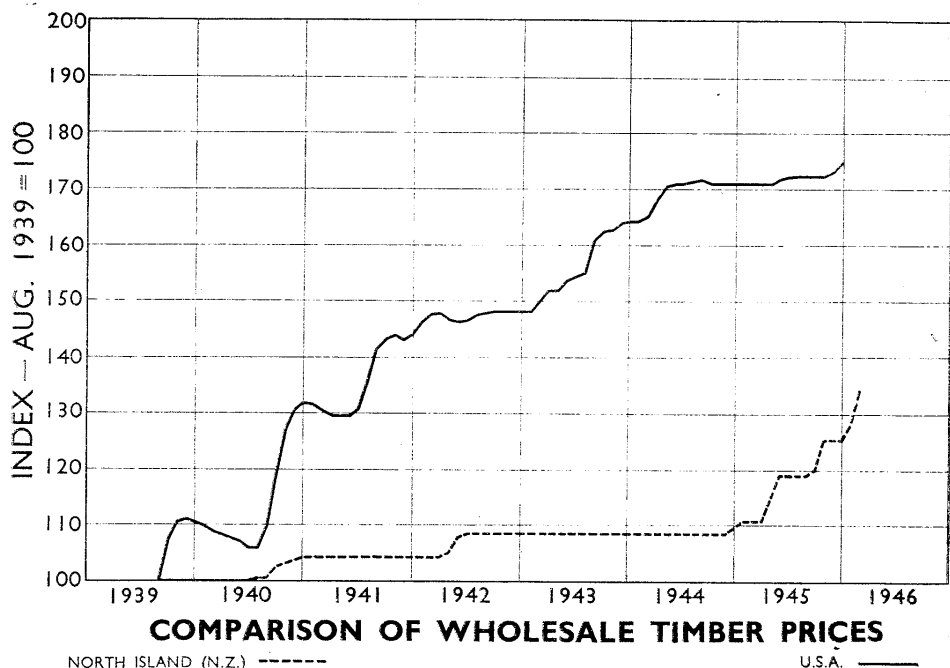


convincing evidence that some sections of the sawmilling industry were in an unhealthy economic position, which was threatening not only to restrict expansion of production but also to impair current cutting. In the North Island, sawmillers working the indigenous forests were granted a gross or list average increase of 3s. 3d. per 100 board feet, thus giving a total gross increase of 6s. 3d. per 100 board feet, though, after allowing for sales tax and the customary discounts, the net increase is only 4s. 9d. per 100 board feet. Appropriate increases for South Island sawmillers were still under consideration when the year ended. As 30 per cent. of the total North Island cut was insignis pine, which was subject to a much smaller increase, the net weighted price increase for all species was only 3s. 11d. per 100 board feet in the North Island and 3s. 2d. for the Dominion as a whole.



The accompanying graph compares the movement of North Island wholesale timber prices with the movement of the corresponding prices in United States of America. Two important facts are clearly illustrated: in the first place, from 1939 to the end of 1944 North Island prices rose less than 10 per cent. (and the 1939 prices on which this percentage is based were lower than the general price-level then ruling, owing to the effect of price control from 1936 onwards); secondly, even with the latest increases timber prices have scarcely risen to half the extent of the increases recorded in United States of America. While as far as New Zealand is concerned the graph illustrates the North Island position only, it can be accepted as an index representing with substantial accuracy the movement of timber prices for the Dominion as a whole. The trend of prices in Canada has been similar to that in United States of America. These facts fully support the claim that timber prices in this country have not risen excessively, and further show that the increase has been considerably less than in two other countries whose timber-supply problems are closely related to our own.

111. *Timber Production.*—While there is cause for satisfaction that, despite the difficulties under which the industry has been operating since 1939, timber production for the year was maintained at well above pre-war cutting, it has now become necessary