

In all indigenous-timber-producing districts the life remaining to most sawmills is limited to a few years only, and the maintenance of current production depends upon the establishment of increasing numbers of sawmills in what can be termed "remote areas"—locations situated forty-five to seventy miles from the nearest railway-station. To produce the increased supplies needed in the immediate future, a substantial investment for the exploitation of bush resources in these districts will be required.

Over-production of indigenous timber occurred during many of the years between 1923 and 1939 and timber prices generally permitted a satisfactory profit to be earned by only the most favourably situated sawmills. Few sawmills were situated more than twenty miles from the railhead, as this distance represented the limit at which an efficient sawmill could cover production costs. When price control was introduced in the timber industry in 1936, current price-lists adopted as the basis for such controlled prices generally enabled a satisfactory profit to be secured by an average efficient sawmill situated not more than eight miles from the railway-line. The 1946 economic price increase was granted because the North Island industry could no longer maintain production on the 1936 basis and still meet the increased costs in wages and supplies since that year. The Forest Service feels it must stress that the future basis for price in indigenous milling throughout New Zealand must be the operating costs of sawmills situated fifty to sixty miles from rail transport in the North Island and twenty-five to forty miles in the Westland area. Such a basis is prerequisite to the increase in production required to permit the timber servicing of the country's post-war programme.

Because current demand far exceeds indigenous-timber supply, a tendency has developed for builders to compete for log-supplies, and transport them from one hundred and fifty to two hundred miles for sawing in urban areas. The effect of this policy is to give the builders concerned a favoured supply of timber, though at a price much above approved levels, because of the high cost associated with long-distance log transportation. As this policy threatens the life of sawmills upon which the Dominion must always rely for much of its timber-supplies, and is an indirect means of defeating price control of timber, the State Forest Service is confining its sales of bush areas and saw-logs to sawmills already operating in the area and to buyers who are not participating in the undesirable practice described. Concern, however, is felt at the tendency of some Maori owners of forests to engage in such trade, and it is hoped that such owners will follow the Forest Service's policy in this respect. Under present conditions, the transport of saw-logs by rail is a wasteful use of trucks. It is usually in the public interest that the sawing of logs should be undertaken, wherever possible, by sawmills situated near the forests.

---