Such conditions were but the reflection of the country's first eighty years of land development, during which period probably only one-tenth of the merchantable timber carried by the land cleared for settlement was usefully converted into sawn timber. The remainder was burnt.

By the early "twenties" the deteriorated-lands problem had become so acute in Taranaki and elsewhere that emphasis on land development shifted sharply away from the clearing of heavily timbered hill country to the cultivation and manuring of the easy rolling pumice lands. While this served to arrest reckless clearing, the real harm had already been done. It took but a cursory examination of the country's timber resources to demonstrate that these were quite insufficient to maintain in perpetuity either the then current or the potential future demand of an expanding economy. To conserve them by wise use a timber-sales policy was instituted under which all utilizable standing timber on a demarcated area was measured and sold for an overall or block price on the assumption that all merchantable and not merely the best trees would be logged and that they would be converted into sawn timber with a reasonable minimum of waste. This reform in timber-sales policy has undoubtedly been the greatest administrative achievement of the Forest Service. Conservatively estimated, the country's revenue has benefited to the extent of at least £500,000, but, what is even more important, over 500,000,000 board feet of sawn timber has been saved over the period under review.

The exotic forests established, as already referred to in this statement, as a supplementary capital resource to conserve the diminishing supplies of high-grade indigenous timbers have already commenced to function to a significant degree. With the exotic softwood cut now on the 100,000,000 board feet level, representing almost 30 per cent. of the total sawn timber, production users are becoming increasingly appreciative of the intrinsic values of the various woods as well as of the accurately sawn, well-merchandised products now available from log-gang mills. The basic problem now confronting the Dominion is the further early expansion of production to the immediate potential annual increment of exotics amounting to over 300,000,000 board feet as estimated even on a really conservative basis.

Whilst there is little doubt—as evidenced by the conclusions of the fifth British Empire Forestry Conference, just concluded (July, 1947) in London—that the world shortage of sawn timber is very large and much graver than that of pulp, and is likely to continue so for an indeterminate period, there is much apprehension over the price position and the inability of many countries to purchase even current production owing to financial difficulties between soft and hard currency areas. This condition of affairs undoubtedly favours the development of the Australian market as the handiest and most logical outlet for any New Zealand production surplus to domestic requirements, seeing that the Commonwealth's only alternative sources of softwood supply—primarily North America and secondarily Scandinavian countries—are necessitating payment in hard currencies.

Nevertheless, the fact cannot be ignored that so great is the pent-up demand for timber—more particularly in the war-devastated countries of Europe, although still significantly large in most other countries—that immediate planning for the expansion of production must be proceeded with in anticipation that international financial problems will be solved. Some seven years of accumulated arrears of new capital construction as well as of repairs and maintenance can hardly be overtaken in a similar period, and it is not improbable that demand will exceed supply for ten years. The necessity for a considerable expansion of production has been recognized by the Empire Conference, which has passed a relevant resolution that, if at all feasible, overcutting of the annual yield should be allowed for the next five years, with the proviso, however, that compensatory reductions in cut should be instituted at some later date.

Discussions at the recent British Empire Forestry Conference confirm that the future of world timber prices is highly speculative. Much uneasiness exists amongst