

in fact. Up to 1933, interest was paid by the State Forest Account (in effect by the raising of new loans). Since 1933, interest payments have been met by the Consolidated Fund, but are being carried in the General Government accounts as a liability, as also are the amounts due on loans, regardless of the fact that the possibility of eventual repayment of the loans from the State Forest Accounts is very dubious.

The long-term objective of forest finance, as of forestry itself, must be to place future generations in the place where we, as inheritors of a once adequately forested country, *should* stand to-day. If a realistic view is to be taken of our problems, one must admit that revenue from the forests is being exploited just as ruthlessly as were the forests themselves in the early and not-so-early stages of settlement of the Dominion. To find full support for this statement one has to consider only, in the case of private forests, the serious lack of much financial provision towards perpetuating the forests and, in the case of State forests, the material subventions of revenue which have received comment in annual reports for some years past.

We must aim firstly at having our forests free of financial encumbrance at maturity of the first crop and secondly at securing sufficient revenue from the harvesting of each crop not only to meet the costs of regeneration and maintenance of the following crops, but also to provide a surplus. If this surplus can be realized from our State forests, it could properly be appropriated as General Government revenue, but, before appropriation, it must be realized and cannot be pledged in anticipation. It is proposed that, in future, the utilization of loan-moneys should be restricted to the commercial or semi-commercial activities of the Service. The building-up of State forests (a comparatively short-term function of the State Forest Service) should be financed out of General Government funds.

12. *Rehabilitation and Post-war Planning.*—As events have turned out, labour, post-war, has developed an acute shortage in place of an anticipated surplus. So far as it is possible to judge, this shortage is likely to remain significant for many years, particularly in respect to the more skilled occupations. The factor which appears to have been neglected in previous judgment of the forward position has been that of physical wastage in industry, the annual rate of which, amounting as it does to between 3 per cent. and 7 per cent. according to industry, gives a total wastage of between 20 per cent. and 49 per cent. over the seven years of war. Meantime, also, the population has been expanding, with industries wanting more workers than ever before. The establishment of new industries, some of them reconverted war industries, brought about by shortages of manufactured goods from overseas and therefore essential for the time being, still further accentuates the man-power shortage.

Under the impact of these developments, forest works suffer for want of essential labour and apparently must continue to suffer. Some silvicultural works should be carried out at certain periods in the life of the forest or otherwise irremediable harm is done and much of the tending work must be abandoned for all time, to the serious detriment of the stand. This makes it more imperative than ever before that such labour as may be available shall be used on the most important forest works and its energy not dissipated over too wide a field.

For the immediate future, forestry can make its greatest contribution to rehabilitation by training and developing skilled workers for the logging industry. This section of the trade remains the bottleneck of production, and with the need for homes still desperate forestry must strain every nerve to expand production. With adequate timber-supplies not only will workers in many other industries be able to function more efficiently, but eventually the housing shortage itself will be reduced to proportions allowing the acceleration of immigration and the gain to national man-power so essential to the future adequate staffing of forest works.

The measures initiated by the Government for the improvement of sawmill housing are already bearing fruit by attracting a good class of worker into the industry, and it is confidently anticipated that within two years the production objective rate of