

necessary to increase production considerably above 1937 to 1939 levels. Plans were accordingly made before hostilities ended with a view to attaining an annual production of 415,000,000 board feet as rapidly as possible. Owing, however, to man-power and equipment shortages, cutting did not increase as fast as desired, though a new record of 357,000,000 board feet was reached during 1946-47. In that year, however, the construction of many new sawmills in both indigenous and exotic areas was begun, and the large increase in production now recorded shows that many of these units were able to commence cutting simultaneously in the early part of 1947. A total of 608 (527) sawmills were registered for the year ended 31st March, 1948 (see paragraph 107).

It must not be thought that the high level of indigenous-timber production reached in 1947-48 will lead ultimately to the overcoming of the acute shortage of indigenous building timbers which has been an outstanding feature of building activity for nine years. Indigenous-timber production may be as good again this year or possibly a little better, but within a very short period a decline will be inevitable, many of the new sawmills having a life of a year or two only and production will fall as they cut out because further indigenous bush to maintain them in action does not exist in their vicinity.

North Island production amounted to the substantial total of 276,000,000 board feet, which is approximately 50 per cent. above immediate pre-war cutting.

In the South Island, however, the 153,000,000 board feet of timber produced showed an increase of only 9 per cent. above pre-war cutting.

In addition to the logs used as sawn timber, a new record was established in the quantity converted into veneers and plywood, a total of 8,000,000 board feet (7,000,000) being used for this purpose.

71. *Species Cut.*—The increase in annual production amounting to 72,000,000 board feet, or 20 per cent. over last year's total, was provided in both indigenous and exotic timbers.

The steady annual decline in indigenous-timber production over the last six years was reversed, and the 46,000,000 board feet increase over 1946-47 brought the cut up to the 1940-41 level. Many factors combined to make this position possible. The acute shortage of rimu, matai, and totara encouraged builders to finance the logging and milling of small sparsely timbered and even worked-over areas of indigenous forest, much of which had hitherto been considered incapable of economic extraction in the orthodox view of the sawmilling industry; and the Forest Service substantially expanded its logging activities to make possible the establishment of five new sawmills in two of the few remaining significant stands of indigenous timber in the North Island. It is interesting to note that, of these five sawmills, three are operated by timber-merchants who have engaged in saw-milling since the war solely to secure timber supplies and thus avoid the extinction of heavily capitalized retail businesses, and one is owned by a merchant who, although engaged in sawmilling to a small extent prior to the war, found it necessary to increase his investment for a similar reason. Of course, builders who financed logging or sawmilling operations do not have to operate within or show a profit on approved sawmillers' prices, assurance of timber supplies being often far more important to them than price.

Increases in production were recorded for all of the well-known indigenous timbers except kauri. The cutting of the latter has now fallen to the lowest amount yet recorded, being under 1,500,000 board feet. At this level many users who are accustomed to regard the timber as essential for their needs are unable to secure their full requirements, and intensification of control has become necessary in order to ensure allocation of supplies for the most essential uses. The increased supply of rimu and miro available, amounting to 24,000,000 board feet, eased the position somewhat in respect to timber for house-building, furniture, and fittings, &c. The additional 7,000,000 board feet of matai and 1,000,000 board feet of totara produced assisted in meeting the heavy demand for exterior joinery, weatherboarding, and flooring, this