

warning against the danger of ever again permitting the rate of building construction to fall below current requirements as happened during the early "thirties"; postponement of the requisite number of new dwellings merely postpones a demand for timber which sooner or later must lead to an abnormal pressure on the timber supply and dislocate the production and distribution system. Therefore, one of the fundamental essentials in planning for the forward timber demand is an assurance that a steady rate of building activity will be maintained.

Despite the fact that the Dominion faces a demand for sawn timber in the near future which far exceeds all previous figures, and that in addition raw material must be provided for an entirely new industry in the shape of pulp and paper manufacture, the potential yield of the exotic forests, conservatively estimated, is nevertheless more than sufficient for domestic requirements. For this reason the utilization plants are being definitely planned with a view to export, with the emphasis, in the initial stages at least, on sawn timber and a tentative objective of approximately 140,000,000 board feet for overseas markets by 1955. This short-term objective is based on the yield from the short-rotation species alone; the surplus, of course, will decrease as the rising tide of population presses on the timber supply, but at that stage the longer-rotation species come into the picture; they can be managed on a rotation of from sixty to a hundred years and hence give a much greater elasticity of supply than in the case of the shorter-rotation insignis pine. Consequently, cutting can be adjusted to conform to the requirements of both domestic and export demand.

109. *Timber Prices.*—There has been relatively little movement in sawmillers' timber prices during the year. When rail freights were increased by 15 per cent. in September, 1947, an automatic increase in cost to buyers followed where sales were made on a price-point basis—that is, f.o.r. Mamaku, &c. Retail prices in all centres were increased to cover the extra rail freight involved.

Following the general order of the Arbitration Court in October, 1947, award rates of pay to timber workers throughout New Zealand were increased. To compensate for this the Price Tribunal gave authority for the prices of indigenous timber to be raised by 9d. per 100 board feet in all areas except Westland, Nelson, and Marlborough, where the increase approved was 6d. per 100 board feet. The prices of exotic timbers were increased by 6d. per 100 board feet throughout New Zealand. These increases are applied as surcharges in the meantime until the results are available from economic surveys of the industry which have been conducted by the Dominion Federated Sawmillers' Association throughout the North Island and Westland.

In order to encourage the production and orderly marketing of white-pine, the sale of this timber in the North Island has been placed upon a price-point basis, the price points being Ongarue and Mamaku. This arrangement does not, however, extend to North Auckland, where prices remain f.o.r. loading station.

Generally speaking, all sections of the trade are uneasy over the numerous price anomalies arising out of the long-continued control of timber prices. Many grades of indigenous and exotic timbers are being sold at unbalanced prices which appear to threaten the rational development of both sections of the industry, but nevertheless it must be stressed that stabilization of the country's economy is the paramount consideration meantime.

110. *Trend of Production and Utilization.*—The shifting of the focus in production and utilization from the indigenous to the exotic forests is increasingly obvious, and will be accelerated by important developments which are pending in the latter field. Briefly the position is that with a steadily expanding demand for timber New Zealand is now faced with a diminishing area of indigenous forest which cannot sustain for any length of time the present relatively high output. Beyond question the current output is much too high in relation to the remaining resources of indigenous timber, but the