

(3) The necessity for a planned reduction in output from the indigenous forests has been foreshadowed in earlier issues of this report, but its implementation has, of necessity, been deferred pending the wider development of more mature exotic forests. The fact that it is deferred, however, does not mean that it is any the less certain. During the year ended 31st March, 1949, the total output of indigenous species was just over 300,000,000 board feet; and at that figure the indigenous forests supplied almost 70 per cent. of all sawn timber consumed within New Zealand. Whether or not the annual cut will have to be reduced to the low level of 50,000,000 board feet by 1965 as predicted by the first Director of Forestry in his annual report for the year ended 31st March, 1925, cannot be determined until the national survey of forest resources is completed in about five years' time. Whatever the reduction, it will be large; and it is being emphasized at this juncture so that sawmillers and wood-users will understand that the *status quo* in timber-production cannot continue; no amount of wishful thinking can alter the figures of the national forest balance-sheet. The sawmilling industry is most keenly affected, and the implications of the policy of rationing indigenous timber need to be appreciated, for mills will, in increasing numbers, cut out, and find they have no option but to close down and cease business or switch their operations to the exotic forests. As far as indigenous timber is concerned, the remaining State forest areas must be rationed; and, unfortunately, the fact can neither be circumvented nor rendered palatable.

(4) The decline in the available supply of indigenous timber will not only have a revolutionary effect on the sawmilling industry, but it will also have a major effect on the wood-consumer. In general, the New Zealand wood-using public has been extremely fortunate in having at its disposal large quantities of softwoods which are of wide utility, able to stand abuse, easy to season, and largely free of defects. The history of timber use in this country shows that in the days when kauri and totara were available in large quantities timbers such as rimu and matai were relegated to minor uses. As kauri and totara supplies dwindled, rimu and matai were substituted for purposes for which kauri and totara had previously been considered essential. We have now reached the stage when rimu and matai are becoming increasingly scarce; and exotic species will have to be substituted in many cases where rimu and matai have been considered essential. Wood-users need to appreciate the realities of the position and make their plans accordingly.

(5) Speaking generally, the future of the sawmilling industry lies more and more in the exotic forests; and, apart from a certain measure of instability and dislocation during the transition period, the future promises far greater stability and continuity of operation to both employer and employee than either have enjoyed in the past. A high level of timber demand seems to be assured for many years, particularly if the immigration movement continues and develops, in which event it is anticipated that within approximately fifteen years the total demand for sawn timber alone will be as high as 600,000,000 board feet annually. In addition, the export trade is expected within a few years to eclipse even the high figures immediately preceding World War I, when sawn exports almost reached 100,000,000 board feet. Production from the exotic forests, therefore, has to be geared in the near future to a total potential demand which will be approximately double the entire annual output between the wars. The exotic forests have the productive capacity, but, as stressed before in these pages, they are not amenable to development by the methods commonly applied to the indigenous forest. The Forest Service has consistently drawn attention to the need for different and improved sawing, handling, and merchandising techniques when dealing with the exotic timbers; and it is believed that the industry generally has been impressed with the achievements of the Forest Service Waipa Mill in this respect. The fact that the exotic forests must be systematically developed to yield approximately 500,000,000 board feet of sawn timber annually for domestic consumption and up to 150,000,000 board feet for export within about fifteen