

No alterations in the list prices of timber sold from Westland mills have been made during the past eighteen months. In 1924 and 1925 certain small adjustments were made in list prices for sales both to North and South Island buyers. Increases were made at that time in certain lines, while other lines were slightly reduced. No evidence has been given which would indicate any appreciable departure from the price-lists issued by millers in this area.

In Southland and Otago the prices listed by millers have varied very little during the past three years. The charge for heart of all varieties has in general been increased. Prices of O.B. rimu have remained stationary. The Commission has been advised of the cutting of list prices by certain mills during the past year, but it was stated in March, 1927, that the departure from list prices had practically ceased.

(3) *The causes of the Depression.*

The Commission considers that the main causes of the depression, and the reasons which have made it more acutely felt, are as follows:—

- (a) Reduction in the demand for building-timber in general;
- (b) Higher productive capacity in recent years, as indicated by production, number of mills and employees in the industry;
- (c) Reduction in the demand for export;
- (d) The increased use of wall-board as a substitute for timber;
- (e) The relatively high cost of production in certain of the more recently established mills;
- (f) The relatively high wage-rates paid in recent years; and
- (g) Increased importation.

It is now proposed to consider the above matters in some detail, and to endeavour to assess the relative importance of the causes in bringing about the depressed condition of the industry.

(a) *Reduction in the Demand for Building-timber.*—The evidence has clearly indicated that during the past year there has been an appreciable reduction in the total demand for building-timbers. This has been particularly noticeable in the Auckland area and also in the South Island. In Wellington City there is no evidence as yet of any decline in the demand.

Consideration of the sales records of millers and merchants in the Auckland area, combined with a consideration of permits issued for the erection of wooden buildings, confirms the opinions expressed by builders that residential building in Auckland is now and has been during the greater part of 1926 substantially curtailed as compared with previous years.

The permits issued for the erection of private dwellings of wood in Auckland City and suburbs during the year ended 31st March, 1926, totalled 2,113, of a value of £1,722,858. In the year ended 31st March, 1927, the permits numbered 1,685, of a value of £1,395,145. The value of the permits for private dwellings issued for the Auckland Urban area during the six months ended October, 1926, was £803,621, and for the six months ended April, 1927, £668,471.

According to the information obtainable the demand for timber in Wellington City and Suburbs has been reasonably well maintained, and, in fact, from the permits issued in Wellington Urban area for the erection of private dwellings (of all kinds of materials) the demand for timber in the Wellington Urban area would appear to have increased in the year ended 31st March, 1927, as compared with the previous year. The following are the figures bearing on this point:—

				Number of Permits issued.	Value. £
Year ended March, 1926	..	..	..	.. 1,028	1,060,545
„ 1927	..	..	..	.. 1,413	1,391,578

For the six months ended October, 1926, the value of permits was £679,164, as against £736,917 in the six months ended April, 1927.

This increase in Wellington City and suburbs is, however, offset by the decline in building in other towns drawing timber-supplies from the Main Trunk timber area. The value recorded in permits for private dwellings issued in five main towns in Wellington, Taranaki, and Hawke's Bay during the six months ended October, 1926, was £349,141; the similar figure for the succeeding six months was £230,771.

In Canterbury the demand for timber has clearly been declining during the past year or so. The following figures show the approximate quantity of local timber and imported timber (other than hardwood) which entered Canterbury during each of the years ended 31st March, 1925, 1926, and 1927: 1925, 42,109,000 sup. ft.; 1926, 39,513,000 sup. ft.; 1927, 36,320,000 sup. ft. The evidence also indicates that stocks in the hands of merchants in Canterbury have been tending to increase. The value of permits issued for private dwellings in Christchurch Urban area during the six months ended October, 1926, was £342,730, and during the six months ended April, 1927, was £224,153.

The quantity of timber hauled over the railways in Otago and Southland (and this would virtually be all locally produced timber) during the year ended 31st March, 1926, was 38,069,800 sup. ft.; for the year ended March, 1927, the quantity was 33,435,000 sup. ft. During the same years the imports of timber other than hardwood were 5,760,000 sup. ft. in 1925-26, and 3,444,000 sup. ft. in 1926-27. The totals show an appreciable reduction in the supply of timber to this market in 1926-27 as compared with the previous year. It may be mentioned that whereas in 1924 and 1925 there was an exceptional demand in Dunedin for timber for the New Zealand and South Seas Exhibition, in 1926-27 this timber was largely again placed on the market and accordingly tended to reduce the demand for more recently produced timber. It was stated in evidence that the quantity of timber used in the Exhibition was over 5,000,000 sup. ft., and that approximately 3,000,000 sup. ft. has been or is being resold. The recorded value of private dwellings for which permits were issued in Dunedin during the six months ended October, 1926, was £222,521; the value in the six months ended April, 1927, was £180,866.