

(e) *Relatively High Cost of Production in certain of the More recently established Mills.*—The cost of production of timber is, generally speaking, appreciably greater in the case of mills which have been established in recent years than in the older-established milling enterprises. Consequently, the margin of profit secured by the new mills is, on the average, less than that obtained by the older mills, and the evidence shows that since the decline in demand took place the economic pressure has been such as to force out of business—temporarily, at least—some of the more recently established milling undertakings.

At the request of the Commission, the Government Statistician has compiled figures to show from millers' returns a comparison between the position of a representative number of new and of old mills over a period of three years ending 31st March, 1927. These figures show clearly—

- (a) That the cost of production per 100 ft. of timber produced has been much higher with the new mills than in the older established ones. The total cost of production per 100 ft. over the average of the past three years was 15s. 6s. in older mills and 18s. 11d. in the new mills. This difference in cost has apparently been contributed to by all the factors entering into the total cost. It should perhaps be pointed out that the difference in royalty costs is only 3d. per 100 ft.
- (b) Over the past three years the new mills have been unable to make any appreciable reduction in costs of production, while the older mills have—particularly in the past year—been able to reduce costs. The average total cost of production in the case of new mills has been 19s. 2d., 18s. 7d., and 19s. in 1924–25, 1925–26, and 1926–27 respectively. The similar figures for older mills have been 16s. 6d., 15s. 10d., and 14s. 4d.
- (c) In comparison with the cost of production the value of the products per 100 sup. ft. leaves a much higher margin to older mills than to new mills. Over the average of the past three years the margin in the new mills dealt with in the table was 1s. 2d. per 100 ft., and in the older mills 3s. 6d. per 100 ft.
- (d) The average output of rough-sawn timber per person engaged in the new mills over the same period was 49,300 sup. ft., and in the older mills 59,800 sup. ft.

Included in the schedule will be found the statistical tables upon which the foregoing figures are based. The facts disclosed by these statistics are supported by other evidence tendered to the Commission.

(f) *The Relatively High Wage Rates paid in Recent Years.*—The Official Year-book for 1927 (page 829) shows that award wage rates for representative occupations in the sawmilling industry were, at the 31st March, 1926, appreciably above the rates ruling at any time during the previous four years. It has also been stated in evidence that as a result of a strong demand for labour in the industry during the years prior to the depression, the wage rates actually paid have generally been above the award rates. Statistical proof of this has been obtained by examination of the wage-books of a number of mills, which has shown that wage rates on the average were in March, 1926, from 10 per cent. to 15 per cent. above award rates. Evidence supported by statistical data has also shown that in recent months there has been a tendency to reduce rates more closely to the awards.

The statistics compiled by the Government Statistician show that the average of the wages and salaries paid in the sawmilling industry has increased from £219 per annum in 1922–23 and 1923–24 to £229 in 1924–25 and £245 in 1925–26.

(g) *Increased Importation.*—A statement is included in the schedule showing the quantity of timber (other than Australian hardwood) of various species imported into the various districts of New Zealand during the years ended 31st March, 1923, 1924, 1925, 1926, and 1927.

The total importations into the Auckland District of timber (other than Australian hardwoods) have been as follows :—

						Sup. ft.
Year ended March, 1923	..	..	..	..	..	3,813,000
„ 1924	..	..	..	..	..	6,026,000
„ 1925	..	..	..	..	..	12,196,000
„ 1926	..	..	..	..	..	16,074,000
„ 1927	..	..	..	..	..	15,574,000

Although the imports during the past year show a slight decline as compared with the preceding year, the average of 1925–26 and 1926–27 is much greater than the average of the two previous years.

Douglas fir, cedar, and redwood have all been imported in considerable quantities during 1926–27. Information according to species is given in the following table :—

Year ended 31st March,	Douglas Fir.	Cedar.	Oak.	Spruce.	Hemlock.	Other Kinds.*	Total.
	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.
1923	2,787,000	†	†	..	†	1,026,000	3,813,000
1924	4,837,000	235,000	647,000	..	25,000	282,000	6,026,000
1925	6,521,000	1,940,000	609,000	899,000	774,000	1,453,000	12,196,000
1926	5,673,000	5,364,000	726,000	708,000	298,000	3,305,000	16,074,000
1927	8,571,000	3,408,000	777,000	10,000	154,000	2,654,000	15,574,000

* Consists mainly of redwood butter-boxes, cheese-crates, and fruit-cases.

† Figures not recorded separately.