

The wholesale price statistics published by the Government Statistician also show that merchantable Douglas fir—the only imported timber for which prices are recorded—has declined in value during the past three years. On the other hand, prices of local heart timbers have, with slight exceptions, not been reduced, and until the latter part of 1926 there had been only minor reductions in prices of one or two lines of O.B. timbers. Reference has already been made to the price reductions which have taken place during the past twelve months. It seems evident, therefore, that the decline in prices of overseas timbers in contrast with the comparative maintenance (up to recent times) in prices of local timbers has been a material factor in increasing importations.

The evidence tendered to the Commission has shown that, for reasons mentioned below, imported timbers have for certain purposes been preferred by users. It has been stated that as a result of the strong demand for New Zealand timber, adequate supplies of dry timbers have not been procurable and a great deal of timber has gone into use in a green state. Imported timber is alleged to be less liable to shrinking and twisting than the great bulk of the timber placed on the market by New Zealand sawmillers during the past few years. Imported timber is also specially suitable for use in the manufacture of joinery and doors, and, by reason of its physical characteristics is easily handled and used. It is alleged that this ease in handling and consequent reduction in labour cost definitely favours the sale of imported timbers. The evidence also shows that local timber has frequently not been so well graded and in certain lines has not been placed on the market under such attractive conditions as the imported competitive timbers.

SUMMARY AND RECOMMENDATION.

Before proceeding to set out a summary of this matter from a Dominion viewpoint we consider it advisable to state briefly what appear to us to be essential causes of depressed conditions in the industry in the several main districts already referred to.

In the Auckland area the decreased export and the decreased local demand for timber have undoubtedly been material factors in the depression, and the Commission considers that in comparison with the position existing in 1925 these two factors are indeed of major importance. The strong demand which existed in the Auckland area in recent years has declined appreciably and sawmillers in that area are now competing keenly for the business offering. Prices consequently have been reduced, stocks have increased, and production has fallen off. The competition from imports in the Auckland District relates mainly to cedar and redwood for weatherboarding and exterior building construction, and Douglas fir for many building purposes. It is worthy of note that the increase in imports between 1924–25 and 1925–26 was offset by an approximately equivalent increase in exports. In the succeeding year, 1926–27, imports remained almost stationary, while exports decreased by approximately nine million superficial feet. The high level of production reached in 1925–26 could not, therefore, be maintained in 1926–27 in face of a reduced demand both locally and for export and the continuance of importation on a relatively high level.

The Wellington District has been in a position somewhat different from that ruling in Auckland. In Wellington City, at least, demand has been maintained though other portions of the area show reduced requirements. Export from this area has not in recent years been a factor of great importance. Moreover, importation in the past year has been greater than in the previous years. As in Auckland, cedar and redwood compete with local heart timbers for exterior building construction, while Douglas fir is used for general building requirements and comes more particularly into competition with lower-grade local timbers.

The facts in relation to the South Island clearly indicate that reduced demand must have been the main cause of the depression experienced in recent months. So far as Westland is concerned, there is some evidence of a very recent decline in orders from Australia, and Westland is also meeting a reduced shipping demand from the North Island.

It is presumably desirable that the tariff on timber should be such as can properly remain unchanged for a period of years, and the Commission has therefore to consider the probability of the continuance of existing conditions. Moreover, as the tariff is, of course, applicable to the whole Dominion, its probable effects in the different districts must be borne in mind.

Relatively high production in recent years and greatly reduced demand during the past year or more may be regarded as conditions of a non-permanent nature. They constitute, in fact, the conditions recognized as characteristic of industrial and trading abnormality. There must come about, therefore, some readjustment of productive capacity. No reasonable tariff and possibly not even a prohibitive tariff could obviate the necessity for this modification of local milling capacity to meet either the present generally reduced requirements of the market or what may be regarded as the probable normal demand of the next few years. It would certainly not be for the economic welfare of the Dominion that, irrespective of fluctuations in the total demand for timber, the tariff should aim at the maintenance of the industry of the whole of the present milling capacity.

The evidence has brought out prominently the substantial difference which exists between the North and South Islands in the matter of the grades of timber which are allowed to be used for certain building purposes. The restrictions in the North Island generally provide against the use of any local timber other than heart timber for exterior work and for certain other purposes for which in the South Island clean timber (whether it be sap or heart) is permissible. The evidence shows that these restrictions in the North Island are not of recent adoption. The classification of timber followed by sawmillers in the North has for years been based upon a general distinction between heart and other qualities, while in the South the main distinction is drawn between clean or dressable timber and lower qualities.

As a consequence of these facts the heart timbers of the North by reason of comparatively limited supply and relatively strong demand have for years past been forced much higher than the lower grade