

Comparatively little improvement was effected during the year in the stock position both in sawmillers' and merchants' yards, and only as a result of an expansion in kiln-drying capacity have producers been able to avoid an exceedingly critical shortage of dry finishing lines. Even so, an excessive amount of insufficiently dried timber is being used in buildings, and, with a virtually prohibitive tariff against supplies of well-dried timber from abroad, producers are under a heavy obligation to offer a better drying service to the community.

Imported softwoods, such as Douglas fir, redwood, &c., have shared only to a negligible extent in the increased demand for timber owing largely to tariff and exchange barriers and to the restriction upon their use in buildings qualifying for the unemployment subsidy, the annual consumption of these timbers now representing less than 3 per cent. of all building-timbers as compared with about 15 per cent. in the immediate pre-depression years. Accelerated constructional activities largely of a maintenance character resulted in increased importation of Australian hardwoods for both Government and local-body use, and, although local substitutes are used wherever possible, the supply is woefully inadequate and still larger importations will probably be required in the near future. In the boxing and crating industry imports remained at a negligible level, representing less than 2 per cent. of the total consumption. Insignis pine continues to find an ever-increasing use for many types of packages, and, except in the case of butter-boxes and tallow-cases, dominates the boxing markets.

Several increases in the wholesale price of timber occurred during the year ended 31st March, 1936, representing an added mill realization for rimu of about 1s. per 100 ft. board measure above the closing 1935 prices. Based upon current wage-levels and operating-ratios, efficient producers should now be in a position to obtain a fair return upon their investment in the industry. Retail prices advanced in sympathy with wholesale prices.

3. EXPORTS.

Exports for the calendar year 1935 totalled 39,642,000 ft. board measure, representing the highest annual export since 1926. The 5,000,000 ft. board measure increase over the 1934 record of 34,517,000 ft. board measure was accounted for largely by increased shipments of rimu, matai, insignis pine, and beech. The growth of rimu exports from 7,000,000 ft. to 9,000,000 ft. board measure, however, continues to reflect the reluctance of Commonwealth buyers to purchase anything but clean-grade timber, the shipments of merchantable grade still tending to complicate the domestic marketing problem. Matai registers a still larger proportional increase, from less than 800,000 ft. board measure to over 2,800,000 ft. board measure, but inasmuch as practically the whole of the export shipments are composed of sap or so-called "O.B." grades, which are a drag on the local market, this trade is of distinct advantage to the industry. An increase in the export of insignis pine box-shooks for the island fruit trade from 700,000 ft. board measure to 1,600,000 ft. board measure also reflects the increasing popularity of exotic-pine timbers for boxing and crating work. Exports of silver-beech to Australia increased from 2,191,000 ft. board measure to 2,548,000 ft. board measure, but those to Great Britain continued at a low level, attaining a total of only 218,000 ft. board measure, although the completion of a new contract with the English buyers augers well for an acceleration of this trade.

By the Products Export Amendment Act, 1935 (No. 10) "timber" was included in the definition of "products" in the Products Export Act, 1908 (No. 15). While empowering the Government to control the grading and marketing of all timber for export, the present intention is to make the regulations applicable only to silver-beech.

Following a recurrence of the agitation by dairying interests and boxmakers for the control or prohibition of export of white-pine as an essential raw material of the butter industry, the white-pine position was reviewed during the year, and as a result of this investigation the following policy was recommended to and adopted by the Government:—

- (1) The conservation of all State-owned supplies of white-pine for local essential uses, such as butter-boxes, tallow-casks, &c.; and
- (2) The limitation of exports of white-pine to essential Australian requirements for butter-boxes, &c.

As regards the conservation of State-owned supplies, it has been the policy to refrain from opening up the white-pine resources of South Westland until such time as they are required for the local market, and all sales in this area, which contains 70 per cent. of the total remaining supplies, and of which the State owns over four-fifths, are conditional upon the use of the timber for New Zealand requirements. As in the past, every encouragement also will be offered for the use of exotic-pine timbers as substitutes for white-pine for cheese-crates, fruit-cases, &c., so that the white-pine supplies may be conserved for the more essential purposes of butter-box and tallow-cask manufacture, &c.

The limitation also of white-pine exports has engaged considerable attention, but a renewal of formal Government control of export has been avoided by the producers agreeing to voluntarily and progressively restrict shipments to 15,000,000 ft. board measure per annum within the next three years, and to continue their agreement that local requirements will receive preference.