

6. SILVICULTURAL OPERATIONS AND YIELDS FROM EXOTIC FORESTS.

The maintenance and improvement operations recorded in last year's report have been continued throughout the year in all of the older exotic forest stands. This has enabled a labour complement of between 1,100 and 1,200 men to secure year-long employment in State forestry.

The main results may be set out as follows :—

	Acres.
Area of cleanings (including low pruning and certain green pruning) ..	11,623
Area of high pruning	236
Area of thinnings	1,982

The gross revenue returned from exotic forest produce (including actual sales of produce with stumpage sales of mature areas) has been £4,773. In addition to this, the whole of the labour complement in camps has been supplied with free fuel, and fencing and telephone maintenance and erection material for the Service have been cut from these forests. The larger items of this exotic forest produce were :—

Final yields in saw timber sold	2,400,000 superficial feet.
Intermediate yields—	
Firewood sold	1,930 cords.
Poles sold	2,800
Posts and stakes sold	23,660
Special radio poles	83
Mine props sold	110,328
Rails sold	2,050

CHAPTER III.—UTILIZATION.

1. GENERAL.

The year ending 31st March, 1937, has been characterized by an extraordinary expansion in the scope of forest utilization activities. Not only has it been necessary to formulate plans for the establishment of a number of virtually new industries essential to the development of the exotic forest policy, but, acting on the instruction of the Hon. the Commissioner of State Forests, the forest utilization staff has been associated with officers of the Department of Industries and Commerce in Dominion-wide investigations into the prices of practically all classes of forest products, in the administration and operation of an export butter-box pool, and in organizing the supply of other classes of export containers to the various industries.

(a) Prices.

The active interest of the Government in prices of all commodities is a natural corollary to its labour legislation, the objective of which would be defeated if the increased wages assured to the working community were more than offset by increased prices, thus reducing real wages while increasing money wages. As a raw material entering intimately into the everyday life of the community it was inevitable that attention should be directed towards increased timber prices, more especially as the present period represents the first occasion on which demand has approached normal since a prohibitive timber tariff was enacted in 1929.

The Timber Price Committee set up to investigate prices of timber and other forest products was unanimous in its recommendation that every effort should be made to avoid price-fixation. Considering the rapidity with which both demand and economic conditions tend to change within the timber industry, the Committee was of the opinion that a greater element of elasticity was desirable in the price-structure, and the Government adopted accordingly the alternative policy of negotiating standard prices representing a fair return to efficient producers operating reasonably capitalized mills.

The problem of arriving at standard prices, fair alike to producer and consumer, has been a most difficult one. In accordance with the general policy of the Government, the Committee was limited at the outset to negotiating price increases which covered only the direct and indirect costs arising out of the 1936 labour legislation. This limitation tended to work to different effect in various districts. While, generally speaking, the industry was commencing to experience a seller's market for the first time in eight years, only in a few districts had there occurred any price increases which reflected this market condition. In such cases the standard prices agreed upon between the industry and the Government have been sufficient to enable efficient operators with reasonably capitalized units to carry on profitably. In other regions where price increases prior to the labour legislation have not occurred it has been necessary to recognize that the original increases limited to take account of the direct and indirect costs of production necessitated by the 1936 legislation were insufficient to place the industry on a reasonable profit-earning basis.

Considering the enormous losses suffered by the timber industry during the depression years, the increase in realization secured to sawmills by the new prices and ranging between 2s. 9d. and 3s. 9d. per 100 ft. board measure according to locality, &c., cannot be considered other than reasonable. Merchants' prices likewise had to be adjusted to take account of increased operating charges, but in many instances the passing on to the public of the whole of the sawmillers' increase was avoided by the fact that merchants' lists had not been reduced during the depression years to the same extent as sawmillers' lists.