

63. *State Forest Logs*.—State forest log sales aggregated in volume 1,662,580 cubic feet (1,451,247 cubic feet) with a sale value of £69,485 (£51,053), a proportion of which were sold for peeler purposes. Sales of indigenous logs were confined to the Auckland and Rotorua Conservancies. In the latter considerable minor produce was obtained from cut-over areas, including 48,292 posts and stakes, 270 strainers, 60 house blocks, and 60 cords of firewood.

Log sales were made from exotic forests in Rotorua and Southland, the total quantity being 1,588,400 cubic feet (1,293,638 cubic feet), the major portion of which was converted at Waipa Mill. A large quantity of miscellaneous produce was also extracted and sold from the exotic forests—viz., 135,130 posts and stakes, 907 strainers, 6 stays, 7,638 poles, 1,541 rails, 11,825 battens, 247,610 pieces of mining timber, and 6,184 cords of firewood. Round timber for creosoting aggregated 244,820 cubic feet (118,007 cubic feet).

64. *Indigenous Timber Disposal*.—Developments during the year have brought into sharp focus a number of disquieting tendencies in the timber trade. During the depths of the 1930–35 depression the Government agreed to confine sales of State forest timber to sawmilling undertakings already in existence. With production and capacity much in excess of demand over the 1932–41 period, this policy was logically sound, and its continuance up to the present has likewise been justified in the interests of man-power conservation.

Such a policy, however, of protecting vested interests, particularly over such a long period, is dangerous and undemocratic, dangerous because it tends to stultify progress, and undemocratic because it denies opportunities to new and progressive individuals and firms for engaging in the timber trade. This danger had been appreciated even prior to the war, and there is little doubt, except for the intervention of the present conflict, the depression policy of protecting established interests would have been abandoned several years ago.

The innate conservatism of the industry, due in part to the protection of established interests over the last twelve years, could not be better exemplified than in its reluctance to benefit from the experience gained in the Waipa operation and to adopt log classification and log-frame sawing of small exotic logs as referred to on page 15, paragraph 69, of this Chapter. *Inter alia*, one of the major objectives of this operation, all of which have been achieved, was the maximum production of sawn timber from each cubic foot of round log supplied to the mill. The gravest indictment both of the industry and of private exotic-forest owners which has come under the notice of the Department for several years has been the view expressed by some of their representatives that the Forest Service has been making a fetish of high conversion rates—that is, of reducing waste and conserving the country's forest resources. Fortunately, many sawmillers realize the necessity for reducing waste, and appreciate the Forest Service's efforts to demonstrate practical ways and means of achieving this objective.

With additional man-power now becoming available by way both of rehabilitation and of volunteers from the Pacific theatre of war, and the urgency of increasing timber-production both immediately and for the post-war period, abandonment of the depression policy of protecting established interests has become a vital war and rehabilitation necessity. Freedom for new operators, particularly returned men with practical and managerial experience, to compete for State forest timber will undoubtedly assist to revitalize the industry.

Most significant over the past year have been persistent representations by group interests involving the excessive tying up of timber resources. Without appreciating exactly where the pressure originates, the industry itself has lent its support to this development by a claim for so-called "security of tenure," the majority of operators apparently not appreciating that for the Forest Service to give away to current tactics would only be at their own expense and deprive them of future participation in State forest indigenous resources.

Actually, the great majority of millers operating on State forest throughout New Zealand know that over the whole period of its existence the Forest Service has afforded them continuity of tenure wherever practicable. True, it has consistently refused to recommend the formal tying up of tributary and reserve areas, but this has been necessary in order to prevent aggregation of timber resources through such devices as dummy mills, &c., to avoid trafficking in forest resources, and to preserve to the State any unearned increment in State timber. Instead, where mills have been working on State forest, the Service has agreed to withhold from sale such timber as may be logically and economically workable to each mill and, so long as performance of obligations is satisfactory, not to introduce any new mill. With two mills already established on one forest area, it has further been held to be fair and just that, other things being equal, where one of these mills is a group interest and the other an individual mill, this latter should be favoured in respect to the allocation of residual or final areas as the forest approaches the end of its cutting.

The new demand for security of tenure, or for a long cutting life as will be better understood, arises out of the fact that quite a few mills are cutting out on private- and Native-owned forests, and group interests with their strong financial resources therefore seek new supplies from State forest. There are two serious aspects to this development. The first is that often group interests already have substantial resources of either private- or Native-owned timber. One major group has at least 185,000,000 board feet, if not much more, including one block of between 30,000,000 board feet and 40,000,000 board feet upon which no mill is operating. Yet for one of the mills within this group persistent representations are now being made for the granting of "security of tenure," or, say,