

it will be necessary to determine consuming zones and quotas and organize End-Use Committees as in the North Island. It is still hoped that this may be avoided, but the frequency of representations by sectional and local interests for increased supplies indicates otherwise.

110. *Timber-prices.*—No significant developments have occurred in the price field, and, despite a number of rumours of black marketing and excessive prices, all of which were investigated, no serious case of overcharging was discovered during the year by officers either of the Timber Controller or of the Price Investigation Tribunal.

The Office of the Timber Controller, however, has been forced to the reluctant conclusion that the cumulative effect of long-continued price-control dating back to 1936 has attained such proportions as to threaten enterprise and stifle progress in the industry. While the industry has never seriously challenged the dictum laid down in 1936 that price increases would be permitted only to an extent sufficient to cover proven increases in cost resulting either from higher wages or more costly supplies and equipment, it does feel that the time-lag involved in securing approval to some of these costs has, over the years, imposed such a burden on most operators that the reduced profit margin is not commensurate with the risks involved.

Concurrently with the economic study of the industry now being made by the Forest Service (see para. 64), the national sawmillers organization is making an operating and financial survey which should throw much light on its earning-capacity, but there is little doubt that unless the downward trend in unit profit margin is reversed either by reduced costs or by increased prices specifically approved for this purpose, then the industry must languish under an ever-increasing feeling of defeatism engendered by nine years of price-control—a period, incidentally, three years longer than that under which any other industry has operated.

111. *Timber-production.*—The year was characterized by an ever-widening appreciation throughout many sections of the community of the high production record of the timber industry. With over 10 per cent. less employees and highly diluted in respect to skilled personnel, the industry, by working extended hours, not only maintained, but actually increased production by almost 10 per cent.—a record unsurpassed by any other industry in this country. What has assisted to throw this achievement into bold relief has been serious recessions in the production of cement and bricks at the very time that these materials might have relieved the demand for timber for hospitals, secondary schools, and other buildings for which they are more suitable. Similarly, in the field of housing, critical shortages in linings, bath-tubs, ranges, &c., have become increasingly significant, and the service rendered by the timber industry better appreciated.

Collaterally, man-power deficiency in the industry has become widely if not universally recognized during the year as the keynote to increased timber production, and co-operation by the industry in shaping policy accordingly has been most appreciated and helpful. Even so the enormous extent to which a truly skilled and balanced personnel in bush and milling operations could increase production, even in currently working units, is seldom appreciated. Provided all other deficiencies, such as tractors and other critical items of equipment, &c., were remedied, established operations could produce with such a personnel even on a forty-hour-week basis as much as 450,000,000 board feet annually—as compared with the current production of 350,000,000 board feet—so long as their bush resources lasted. Unfortunately, mills are cutting out of immediately convenient resources month by month, and it is for this reason that so much current emphasis, as evidenced by numerous references in this report, is being placed on the expansion of timber-cruising staff for the reconnaissance of new areas and the relocation of old and the establishment of new mills.

With the accession of man-power in the post-war period it is confidently anticipated that no trouble will be experienced in rapidly attaining a production level adequate to the needs of the country's national economy.

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