

73. *Equipment for Timber and Allied Industries.*—The shortage of parts and replacements for sawmilling equipment is still very acute, especially in respect to tractors, many of which have been immobilized for this reason. A large number of new tractors is required to maintain timber production at its present level. A small number of portable sawmills which is expected to arrive towards the end of 1948 will be readily utilized by the industry. (See paragraph 104 in respect to saws.)

74. *Domestic Markets.*—The substantial increase in timber production secured during the year resulted from early forward planning to meet the post-war needs of the timber industry. Although, as expected, much of the improvement occurred in exotic species, the trend of declining production from indigenous species was temporarily arrested and wood-consumers had available a slightly better supply than formerly.

The all-time record created by the building of 12,734 houses made an extraordinary demand for many grades and sizes of timber, and the success attained was largely due to the adaptability shown by house-builders in the use of substitutes when normal timber specifications could not be met. In particular, the large-scale use of insignis pine for framing and the acceptance of treated non-heart rimu, matai, and tawa for flooring and weatherboarding contributed in making the record possible.

Nevertheless, it is doubtful if such house-building results could have been achieved had it not been for the limitations placed upon the construction of other types of buildings and the gradual easing in demand for timber for postponed maintenance work. Inability to undertake the latter work during the war years caused an accumulated demand which required urgent attention when hostilities ceased and created a heavy drain on supplies in 1946 and 1947. The combined effect of increased production, intensification of house-building, and reduced demand for timber for maintenance has resulted in some grades and sizes becoming surplus to current need. This, in turn, has caused reduced inquiries for subnormal produce such as shorts, face cuts, &c., which for some years have found a ready market, but which normally are difficult to sell.

While demand for timber considerably exceeded supply, buyers often found it necessary to accept specifications not entirely suitable or appropriate for their needs. This applied particularly to exotic timbers, with buyers frequently accepting multiple sizes requiring subsequent recutting, and dimension grades for boxmaking. The sawmiller thereby secured a better conversion rate and a higher average return, at the expense of the buyer, whose costs were correspondingly increased. These practices, although favouring the sawmiller, did not always result in more than a short-term advantage. Again, some operators used current income as the basis for their purchases of plantations or log supplies and paid prices based upon the continuation of artificial trading practices. Easier conditions between supply and demand make the position of such sawmillers unenviable. Sawmillers cutting exotic timbers in the North Island are now generally finding it necessary to meet buyers' specifications. Recognition of Mamaku as a basic-price point for North Island insignis-pine sales is still being sought. In the South Island, however, where exotic forest areas are smaller than in the North Island, it is expected that demand will continue to exceed supply, with market conditions favouring the sawmiller.

The position regarding the boxmaking industry which was referred to in last year's report has not improved, and to afford North Island box-users a reasonable opportunity of securing their supplies the State Forest Service found it necessary to increase the output of its box-factory at Waipa. The quantity of timber used at this factory rose to the high figure of almost 10,000,000 board feet and unfortunately exceeded the production of box grades, necessitating the use for boxes of some grades suitable for house-building and furniture. The failure of other producers to meet market demands was undoubtedly due to narrowed margins of profit.

75. *Timber Imports.*—As shown in Appendix IV, the importation of 33,200,000 board feet of timber in 1947 was over 50 per cent. more than in 1946.