

Timber Control.

Protecting the Local Market.

How the Regulations Operate.

The Hon. Sir Francis Bell (Commissioner of State Forests and Minister in charge of regulations governing the export of certain building timber) states that there is evidently much misunderstanding concerning the regulations and the price of timber. He says that the export is controlled in such a manner that the limited permits do not reduce by one board or plank the maximum supply available for the New Zealand market. The latest increase (as from July 1) in the price of timber was wholly due to an increase of wages at the mills.

The Board of Trade, says the Minister, has positive evidence that on the average the factor of wages is responsible for seventy per cent. of cost of timber at the mill. Despite the increases which millers have been allowed to make by reason of increased cost of production, the price of building timber on the New Zealand market to-day is very much less than the figures offered for export, so that a large saving is effected for the people of New Zealand by the agreement under which the millers are not able to take advantage of the world market. The prices fixed for New Zealand have no relation whatever to the prices which could be obtained for export. The local prices are based strictly on cost of production, with only a reasonable profit for the millers.

The control of export of building timber and the fixation of prices for supplies distributed in New Zealand were first undertaken in August, 1918. Regulations provided that no timber could be exported from New Zealand except under permit issued by the Minister (Sir Francis Bell). At the same time an arrangement was made by the Board of Trade with sawmillers and merchants by which they agreed that the price of timber for use in New Zealand could not exceed rates fixed by the board with due regard to the conditions and circumstances. The board agreed that the prices should be subject to review from time to time in accordance with new factors in the cost of production. In consideration of an increase in milling costs, particularly wages, the board has agreed to proportionate increases of prices. Before any increase is sanctioned, millers have to submit a complete statement of facts and figures in support of their application, and such statements are thoroughly sifted by the board. No specific evidence has yet been received by the board in support of complaints of breach of agreement by millers or merchants in the matter of prices, but if there is reason to believe that the letter and spirit of the agreement are not being strictly observed by any miller or merchant, deterrent action will be quickly taken.

In order to place the various sawmillers in a relatively equitable position, the prices are fixed on a basis of "price points"; this means that the millers receive a fixed price at a certain place of distribution.

For example, the price point for millers whose supplies go south of Ohakune is the fixed price on trucks at Ohakune. The millers' connection with the timber ends on the trucks at Ohakune. Similarly the price point for the West Coast of the South Island is f.o.b. Greymouth, and the price point for Southland is on trucks at Riverton or Tahakopa. Thus, by this system of uniformity of price, millers are placed on the same basis for the disposal of their timber; definiteness of price is assured for all users at various distances from the price point centre; equitable distribution is facilitated for various districts, because the millers are not affected by the factor of distribution or other influences outside the price point.

When the regulations restricting export of building timber were gazetted, there was a fairly large export trade with Australia by certain mills. Action was immediately taken to reduce these mills' exportations and to prevent exportation by new mills. In the case of rimu the maximum quantity that could be exported during a year was definitely fixed by Order-in-Council, and provision was also made for a yearly reduction of that quantity, so that mills which had formerly been doing a large export trade could gradually readjust their business. As new mills cannot complain of hardship by a sudden prohibition of all export trade, they are not allowed to begin exporting. The export of totara and heart matai has been absolutely prohibited. At no time since the quantities of certain timbers for export were fixed have the quantities so allotted amounted to the maximum stated in the Order-in-Council.

Since April 1 no export of building timber whatever has been permitted except from the West Coast of the South Island and the north of Auckland district. The export permits issued to these two districts are subject to the condition that full advantage must be taken of all shipping available for New Zealand ports. At present it is impossible to lift from these outlying mills the whole of their output for the New Zealand market, and if export was absolutely prohibited, such a bar would not put another stick of building timber on the local markets. The only effect would be to block the mill skids, and then the mills would have to cease operations, with a loss to employers and workers alike.

The Board of Trade, with the personal help of the Prime Minister, has been constantly endeavouring during the past year to obtain adequate shipping for supplies of building timber for the Dominion's many needs. The output of the mills was larger for the past year than it has ever been, and this big production could have been further increased if sufficient bush labour had been available. Even with the increasing supplies, a timber shortage continues, because the demand continues to the abnormal (far in excess of the production). However, by the operation of the new building regulations it is hoped that the position, in regard to essential building, will be gradually improved, for the use of all timber is now subject to permit, and the Board of Trade is checking the diversion of timber to non-essential works at this stage.