

important of all, it means that insignis pine, ponderosa pine, Corsican pine, Douglas fir, and larch must be as widely used for building purposes as they are at present employed for boxing and crating work. Although demand exceeds supply even for boxing-work, advantage is being taken of every opportunity which offers for experimenting with and demonstrating the utility of these woods for building purposes, and departmental buildings erected in various timbers are yielding invaluable information for future guidance.

11. *Forest Finance*.—The basic financial objective of forest policy is to make State forestry operations at least a self-supporting activity, if not ultimately a contributor to the general revenues of the country. While this appears possible on a basis of pure revenue and expenditure, it is just as impossible for revenues to meet past expenditures compounded at $4\frac{1}{2}$ per cent. Actually in some current sales of forest produce recoupment of the accumulated debt against some good forest is being achieved, but there are many poor compartments and forests which must contribute a heavy loss. Typical of the former are sales of clear-cut larch from compartments carrying an accumulated charge of £60 per acre, but increased to £80 to cover failed areas in the same forest. Measured as a stand of 3,200 cubic feet, the timber is sold on a royalty basis of 6d. per cubic foot, which is equivalent to a royalty of 10s. per 100 board feet—an excessively high figure and a good reason why national forestry expenditures should not bear interest compounded at $4\frac{1}{2}$ per cent. In contrast, a poor forest—*e.g.*, Dumgree (Nelson Conservancy) established in 1903—carries an accumulated debt of £62,918, of which £46,765, or over 74 per cent., is accumulated interest, and is unlikely ever to yield a revenue equal to even 5 per cent. of the accumulated charges. Representations to deal with such cases are being made, but a reliable financial survey of the whole of the exotic forests will only be possible with the completion of assessment surveys and forest-management plans now seriously delayed by the war.

12. *Soil-erosion*.—Forest clearing and grassing have ceased on all State-owned hill lands, and attempts to grow one blade of grass where two trees grew before are now recognized as the root cause of the Dominion's erosion problem. Should further forest clearing be allowed on any lands—private or Native—if it contributes to accelerated erosion? In the belief that the public is convinced of the necessity for controlled clearing of all forested land, irrespective of ownership, appropriate recommendations are being drafted for consideration by the Government.

CHAPTER II.—ADMINISTRATION.

13. *Permanent and Temporary Staff*.—Permanent, 198; temporary, 130.

14. *Military Service*.—Second New Zealand Expeditionary Force, 39; Air Services, 14; Territorials, 48; Home Guard and E.P.S., 148; and W.W.S.A., 3.

15. *Casual Staff*.—Average for year, 922; for 1941, 1,194; and for 1940, 1,399.

16. *Honorary Staff*.—Honorary Forest Rangers, 237.

17. *Health of Staff*.—In the interests of health, improvements in accommodation both at camps and in houses continue to be effected.

18. *Safety of Employees*.—The ever-increasing usage of unskilled labour has intensified the necessity for safety-work amongst all classes of employees. The New Zealand Timber Workers' Union and the Dominion Sawmillers' Federation are co-operating in an effort to secure a general improvement in safety-work in the industry. A number of new safety posters have been developed for use in the Service's own operations, and safety slogans and warnings are being changed at more frequent intervals in order to keep employees alive to the danger of carelessness. A supply of safety-helmets sufficient to equip every man engaged in tree-felling in the Waipa logging operations was received from overseas, and it is confidently anticipated that this will serve to reduce the accident rate from falling branches and cones.

While it is pleasing to report that no fatal accidents occurred, there were two of a rather serious nature caused by dead tree-tops or branches falling on employees during felling operations. In all, 188 accidents were reported, under the following headings: Cuts, 60; strains, 43; crushes and bruises, 39; septic wounds, 13; eye injuries, 16; miscellaneous, 17.

19. *Compensation to Employees*.—The Service continues to carry its own accident-insurance risk, and the wisdom of this practice was again proved, as shown below:—

Year.	Total Payments.	Total Wages.	Per Cent. (Approx.).
	£	£	£ s. d.
1940-41	4,470	276,000	1 12 6
1941-42	3,057	245,600	1 4 11

For the past year the estimated premium payable for a comprehensive accident policy would have been £7,600; a saving of over £4,500 has thus been effected.

20. *Recruitment*.—Nine new cadets were appointed, and also a number of female office-assistants for the duration of the war.

21. *University Training*.—Four clerical and four technical trainees attended University courses.

22. *Examinations*.—Candidates: 1941, 9; 1940, 11. Passed: 1941, 4; 1940, 3.

23. *Allocation of Duties*.—Most controlling and senior officers have been assigned important timber-control and E.P.S. duties.

24. *Field and Office Inspections*.—Periodic inspections were made of conservancy field activities, and as a result of the check cruising work of the last two years, timber estimation and valuation is of a higher standard than ever before in the history of the Forest Service. Office inspections were fewer than usual owing to increased timber-control work and shortage of staff. Unfortunately, there is little prospect of any improvement in the position at least for some time to come.

25. *Regional Organization*.—No further changes in regional boundaries have proved necessary, but the difficulties of administering conservancy business in the Wellington, Westland, and Southland-Otago regions indicates that rehabilitation activities will require the setting-up of additional Forest Officer and Forest Ranger districts in these conservancies.