

financial stringency in New Zealand, our local demand has fallen off considerably. A disquieting shortage of necessary buildings still prevails in this country, but the abnormal conditions of trade, commerce, and finance have interrupted the progress of building-construction. At one time it was hoped that, in view of the increased production of timber and the progressive diminution of export, relief would come to the community very speedily; but the present unsettled state of business has brought a postponement of many building operations, and some of our sawmills have already overtaken all their orders and are either closing down or working at low pressure. For a while the effective demand for timber promises to be low, and this will necessitate a relaxation of the restrictions on export—that is to say, the Southland and Main Trunk (North Island) mills will be allowed to export. This may result in a larger export than during the previous year, but in any case the gazetted export maximum may not be exceeded; this maximum is a fixed quantity for each year, and those mills which have not exercised the export privileges during previous periods will not thereby be entitled to extra consideration now. If the Australian market, as well as our own, continues to be dull, output will require to be seriously restricted.

#### PRICE-CONTROL OF TIMBER.

Price-control has been exercised by the Board by means of agreements with the sawmillers and timber-merchants, and the result has undoubtedly been a great saving to the people, the fixed price being lower than the export value. If the price had been regulated by supply and demand during the stages of the acute shortage an inflated price—prohibitive to many users—would have resulted. Just at the close of the financial year an Order in Council was issued making the price agreement binding on all parties. For a long time during the term of the agreement between the Board and the millers and merchants a few mills charged prices in excess of those arranged; but now, with gazetted prices, the whole timber-supply of the Dominion is brought under price-control. It may be added that the prices fixed by agreement, and later by *Gazette*, provided for only a reasonable rate of profit.

In this connection the Department is glad to have the opportunity of placing on record its great appreciation of the assistance rendered by the Timber-control Advisory Committee. This committee consisted of representatives of sawmillers, timber-merchants, builders, and white-pine users; and the practical experience and sound judgment of its members were invaluable.

#### CONTROL OF CEMENT.

Early in 1920 a serious shortage of cement became apparent. The Board made inquiries into the position, and as a result entered into an agreement with the cement companies that they would observe a certain order of preference in connection with the distribution of their supplies. This order of preference was drawn up by the Board, and the various users of cement were arranged in order of essentiality as follows:—

- (1.) Waterworks, sanitary works, hospitals, urgent Government requirements for public works and railways.
- (2.) Workers' dwellings and dwellings in progress and to be started, not exceeding £2,000 in cost. Under this head may be included reasonable supplies to tile, block, and pipe factories.
- (3.) Freezing-works, and stores for produce, dairy factories, bridges and culverts when for purpose of opening up settlements.
- (4.) Public works, railways, municipal and other local bodies, for works absolutely necessary for community in general.
- (5.) Completion of jobs at present under way, contingent upon preceding four paragraphs having preference.
- (6.) Work in general, including houses over £2,000.

This arrangement was made necessary by the fact that the price of cement was controlled to such a point as would allow the companies reasonable rates of profit only on the cost of production, without taking into account what it would have cost to bring cement from other countries. This policy resulted in intensifying the demand for cement, and forced the Board of Trade to allocate supplies. In order to do this with any degree of justice it was necessary for the Board to decide between the claims of respective industries for cement, and, further, to decide in the industries themselves what buildings or classes of work should have preference over other classes of work. The demand for cement in 1920 at the price arranged by the Board totalled thousands of tons in excess of supplies available and in sight.

Distribution committees were set up in Invercargill, Timaru, Christchurch, Wellington, Palmerston North, Wanganui, New Plymouth, Napier, and Gisborne. So far as the Auckland District was concerned, the Wilson Portland Cement Company undertook to carry out the distribution on the basis required by the Board's regulations; while in Dunedin the Milburn Lime and Cement Company agreed to a similar undertaking.

The distribution committees consisted of representatives of the builders, cement companies, and, in certain centres, representatives (Inspectors of Factories) appointed by the Government. It is but fair to say that the allocation of supplies in order of essentiality of the work was made possible only by the assistance given by these committees and the cement companies. Without their co-operation the system of rationing would have been almost unworkable.

In districts outside Wellington the Board's control of the distribution of cement ceased on the 19th March, 1921, but in Wellington the end did not come till the 2nd April. From the 1st July, 1920, to the 2nd April, 1921, the quantity of cement distributed under the Board's control was nearly 63,000 tons.