

mills on the island, which employ only a few men. Very little prospecting for gold and other metals is now being done, although several rare metallic ores have been discovered at various times on the island. Several of the settlers have fitted oil-engines in the fishing-boats, which have turned out to be fairly satisfactory." Mr. Traill, in his capacity as Forest Ranger, further reports: "There is but one sawmill area held on Stewart Island. The regulations are being fairly well complied with. The output of timber is very small, as the mill is being worked shorthanded. There is one other sawmill on the island, working on a section held on occupation-with-right-of-purchase license. During the summer months a great deal of my time has been taken up in looking after the bush, to prevent it being fired by pleasure parties and others, and it is gratifying to be able to state that no serious fires have occurred and no trespass on Crown lands has come under my notice. I have made frequent visits to all parts of Block XII., Paterson district (Ulva Island) to see that the prevention notices were in order and excursionists were not killing native game or destroying the flora. There has not been any offender in this respect. The Natives who have permits to peel bark have, as far as I can ascertain, complied with the conditions. My knowledge of the forest resources of Stewart Island is chiefly limited to the sea-board and middle parts. On the sea-board there are only about six sites fit for sawmills, and these only for small mills. The island is forest-clad, but only in the inland sheltered valleys is there any timber of commercial value to be found. White-pine is unknown, black-pine is rare, but there are small patches of yellow silver-pine (the finest timber for boat-planks). For inlaying-work there are several trees on the island of value—for example, *Dracophyllum longifolium*, which is plentiful and attains a large size."

Assistant Ranger Forrester made ninety-seven inspections in connection with sawmill areas and the revaluation of lands.

State and Crown Lands Forests.—During the year fifteen sawmill areas were surveyed, totalling 2,531 acres, of which 2,231 acres was in State forests and 300 acres on ordinary Crown lands, producing 8,937,600 superficial feet, the royalty paid on which in the former class amounted to £2,578 12s. 6d., from the latter class £364 3s. 1d., making a total of £2,942 15s. 7d.

The following gives in a concise manner the various transactions, the respective amounts of revenue, and the total revenue received during the year from all sources:—In State forests: Thirteen sawmill areas, 2,231 acres, £2,578 12s. 6d.; timber licenses (ordinary), £108 18s. 5d.; lease and transfer fees, £22 1s.: total, £2,709 11s. 11d. On Crown lands: Two sawmill areas, 300 acres, £364 3s. 1d.; timber licenses, £102 14s. 3d.: total, £466 17s. 4d. Total sum received from all sources, £3,176 9s. 3d.

I would point out that the £2,942 15s. 7d. does not represent the total revenue receivable from royalty on the fifteen sawmill areas, but only the amount actually received, as it has always been the practice in this district to take one-half the assessed royalty on each surveyed area in cash, and the balance or remainder is payable by approved bills with six months' currency, which, of course, often falls due in the next financial year. If trade discount were allowed, the total royalty on each area in many cases would be collected in the first instance, which would be to the advantage of the Department, but I understand discount cannot be allowed without special legislation.

The number of sawmill licenses issued (in duplicate) was sixteen. The number of timber licenses issued was eighty-four. Such licenses cover cutting fencing-material, firewood, telegraph-posts, mining-props, and hewing railway-sleepers, &c. The number of permits issued was forty-seven; these are only used by settlers who have no timber on their holdings, and they cover the taking of fencing-material, draining-slabs, and firewood.

During the year twenty-three sawmill areas and five reserves were surrendered, totalling in area some 6,000 odd acres, the greater portion of which will be available for settlement purposes should the State-forest reservation be withdrawn therefrom.

The sawmill industry, more particularly during the early part of the year, was not so brisk as the owners could wish, as, I understand, a difficulty was found in disposing of the output, and during this period I believe a number of mills were working at a loss. On the whole the regulations and conditions have been fairly well complied with, and, in cases where there has been a breach, extenuating circumstances had to be considered, such as bad weather, dullness of market, bad roads, or a difficulty in arranging for egress and access through private properties. Now that the trade is brisk no such circumstances can be considered, as due allowance and latitude has been given in every case, and I may yet find it absolutely necessary to enforce compliance with conditions in some cases more strictly than hitherto.

There are fifty sawmills operating in this land district, capable of turning out 4,500,000 superficial feet per month when working full handed and full time, giving employment to eight hundred men, with a combined average pay-sheet amounting to rather more than £8,000 per month.

It will be seen that the milling industry in this district is considerable, giving a large field of employment, and distributing a large sum of money monthly.

JOHN HAY,
Commissioner of Crown Lands.