

with the regulations framed especially to preserve and guard the forests to enable the timber to be disposed of and utilised to the best advantage. This is accomplished by the granting of sawmill and other licenses, and the sale by appraisement or payment of royalty on quantities of timber cut. The revenue derived by these means during the financial year amounted to £15,916 6s. 10d., and the total amount to the credit of the State Forests Account is £31,000. The areas set aside during the year as forests and plantations or for the preservation of timber amounted to 13,046 acres, and, similarly, the area added to State forests is 4,786 acres, which brings up the totals to 744,058 acres 1 rood 5 perches of Crown forests and reserves for the preservation of timber, and for scenic, climatic, plantation, national parks, flora and fauna purposes, and 1,774,278 acres and 34 perches under "The New Zealand State Forests Act, 1885": total, 2,518,336 acres 1 rood 39 perches.

In last year's report I described the additional steps taken, and the terms of a circular issued to the Commissioners of Crown Lands inviting their co-operation, in completing the conservation of forests on mountains and upper watersheds, and the preservation of bush in gorges alongside rivers, and all places of natural beauty, &c. In compliance with the request, the Commissioners for Taranaki, Wellington, Marlborough, and Westland furnished reports, and made many admirable proposals and suggestions which, subject to reconsideration and amendment as fuller information is obtained, will be submitted for your approval and confirmation. The other six Commissioners have not yet reported, owing to pressure of more urgent duties connected with the opening of land for settlements, but doubtless they are giving the subject due consideration and attention.

The rapid alienation of Crown land now proceeding, especially in the Auckland District, renders it more necessary than ever that the work of forest-conservation shall be carried out on general and comprehensive schemes.

MILLING-TIMBER.

With reference to the intimation in last year's report that an exhaustive inquiry was in progress as to the different classes and quantities of milling-timber contained in the forests, public and private, I have to remark that, owing to the great pressure of business connected with the settlement surveys and administration, it has not been possible to complete the explorations, estimates, and reports upon this subject. Much valuable information and particulars have, however, been collected.

NURSERIES AND PLANTATIONS.

The year which closed on the 31st March, 1903, was marked by considerable progress, under the able direction and active supervision of Mr. Matthews, the Chief Forester, both in the raising of trees in the several nurseries and in the planting-out operations. In accordance with the Government's decision, preparations were made for increasing the annual output from two million to five million trees. The total number of trees raised in the nurseries and plantations during the past year has been 3,936,107; the output during the year was 1,454,914 trees; and the total number of trees raised to date is 11,649,423. There are 7,394,205 trees in the nurseries; and the total number planted out, on areas amounting to 1,438 acres, is 2,908,156, besides 105,233 trees and shrubs supplied to the Tourist Department and others. The trees at present in the nurseries are valued at £12,151; and the total value of the nurseries, including stock, land, tools, horses, &c., is £57,513.

The following plantations have been planted with 1,568,880 trees, upon an increased area of 619 $\frac{3}{4}$ acres, viz.:—

| | Trees. | Acres. |
|----------------------|-----------------|-------------------------|
| Dusky Hill | 806,238 | 296 |
| Naseby | 81,125 | 29 $\frac{3}{4}$ |
| Hanmer | 97,400 | 28 $\frac{1}{4}$ |
| Whakarewarewa | 207,933 | 88 $\frac{3}{4}$ |
| Waiotapu | 376,184 | 177 |
| | <hr/> 1,568,880 | <hr/> 619 $\frac{3}{4}$ |

The expenditure for the past year was £9,329, and the total expenditure upon nurseries and plantations to date has been £37,690.

In addition to the Waiotapu Plantation, immediately under the control of the Chief Forester, good progress has been made in the planting of the Crown land in the Paeroa East Block, adjoining Waiotapu, and on the Galatea Road, by prison labour. The afforesting of the waste areas of Crown lands by labour of this kind is considered to have