

administration of the State Forest Service, subject, however, to the statutory reservations protecting existing rights provided for in section 3 of the Forests Act, 1921-22.

The lands in question were partly under the administration of the Lands Department in terms of the Land Act, 1908, and partly under the Warden's administration in terms of the Mining Act, 1908, so far as concerns the granting of timber-cutting rights, and in order to determine to what extent this change of status and administration has already affected the revenue of local bodies from royalties, and to gauge the possible future effect, it is necessary to take into consideration the legislative provisions already referred to under which the rights of local bodies to a portion of those royalties have accrued and to see how those rights would possibly have operated had the timber remained under the jurisdiction of the Lands Department or Wardens in terms of the Land Act, 1908, and the Mining Act, 1908, respectively.

Table (2) shows the timber-cutting rights granted by the State Forest Service out of the lands set apart under section 34 of the War Legislation and Statute Law Amendment Act, 1918, and the Forests Act, 1921-22, with the amount of timber disposed of and the price realized. The table has been divided under three headings. Loss of revenue to local bodies from licenses already granted by State Forest Service.

- (a.) Timber which, if dealt with by the Warden under the Mining Act, would have carried the right to "halves" in favour of local bodies.
- (b.) Timber situated within Midland Railway Mining Reserves which would have carried the right of local bodies to the whole of the royalties under section 148 of the Mining Act, 1908.
- (c.) Timber which would have been dealt with by the Lands Department.

In regard to items (a) and (b) it will be seen from the table that the former covers 23,369,500 superficial feet of timber, disposed of for the sum of £5,916, and the latter covers 18,670,000 superficial feet, disposed of for £9,345. Assuming that the Warden's control under the Mining Act would have continued unaltered, a question to which I shall refer later, then the local bodies have lost the right to one-half the royalty value in respect of (a) and the whole of the royalty value in respect of (b), provided that in the case of the latter the State Forest Proclamation overrides the provisions of section 148 (a) of the Mining Act, dealing with the allocation of moneys received from the disposal of timber on Midland Railway Mining Reserves (a point upon which there appears to be considerable doubt).

It is probable that the total royalties based on the rates fixed by the Mining Regulations would represent a lesser sum than the price realized by the State Forest Service, but what royalty rate would have been fixed had the timber been disposed of under the Mining Act it is, of course, not possible for me to say.

In regard to item (c), which covers 72,252,131 superficial feet, sold for £106,057, I have received from the Under-Secretary for Lands the following statement in regard to the possible mode of disposal had the timber remained under the control of the Lands Department:—

"It is impossible to make a definite statement as to which districts would have dealt with the timber on lands set aside as provisional State forests on a royalty basis if Land Boards had disposed of same, but as the general practice of the Department was to sell wherever possible for a lump sum it is probable that sales on a royalty basis would have been very small and probably confined to the Southland District."

In view of these remarks I could not with any degree of certainty point to a loss of any definite sum. The table shows that in the counties of Clutha, Wallace, and Stewart Island fourteen licenses have been issued by the State Forest Service, covering 12,113,025 superficial feet of timber, which has been sold for the total sum of £8,089. It is possible that had this timber remained under the jurisdiction of the Lands Department some of it would have been disposed of on the royalty basis, in which case the local bodies affected would have participated in the periodical payments received as the timber was cut, but to reduce the result to a definite sum for each county is, of course, not possible in view of the surrounding circumstances.

Turning now to Table (3), it will be observed that this table shows the lands set apart under section 34 of the War Legislation and Statute Law Amendment Act, 1918, and the Forests Act, 1921-22, exclusive of all existing cutting licenses and reserved areas attached thereto. Loss local bodies may incur in the future from royalties.