

These regulations do not apply to the crown or to the exercise by officers of the Crown of statutory rights of selling or granting licenses to cut timber on Crown lands. Although section 34 also provides power for the issue of regulations limiting the export of timber from New Zealand, I find that this section has not been specifically used in this respect. The regulations governing the export of timber from New Zealand are administered by the Department of Industries and Commerce, and were made under the Customs Act and other statutes.

In my opinion, therefore, the regulations made under section 34 of the War Legislation and Statute Law Amendment Act, 1918, do not affect the position so far as concerns the scope of my inquiries.

PROVISION WHICH SHOULD BE MADE IN FAVOUR OF LOCAL AUTHORITIES OUT OF REVENUES FROM STATE FORESTS OR OTHERWISE.

With reference to the question as to the provision which should be made in favour of local authorities out of the revenues of the State Forest Service or otherwise to make up any loss of revenue from royalties consequent on the passing of the Forests Act, I have carefully considered this aspect of the matter, and, having due regard to the nature of the legislation governing payment of royalties, I cannot point to any case of actual loss up to the present which in my opinion would justify the making of special grants to any local body or any group of local bodies out of the State forest revenues or otherwise.

As to the provision which should be made to meet the probable reduction of revenue from royalties in the future, I am firmly of the opinion that the case is not one for the grant of any fixed rate or charge in respect of moneys received from the sale of State forest timber. Fixed charge on State forest timber not recommended.

The table appended and numbered (4) shows for each county the amount which the Lands Department has paid out of timber and flax royalties since the passing of the Timber and Flax Royalties Act, 1905, the total sum being £164,829, including adjustments. The bulk of this revenue is from timber. In addition to this, timber rents and royalties have also figured in the amounts paid to local bodies through the medium of goldfields revenue, as will be seen from Table (5), which shows that since 1913 a sum of £32,781 has accrued to this account from State timber. Amounts paid by Lands and Mines Departments to local bodies by way of timber royalties.

Consideration of these figures leads me to the conclusion that the existing system has imposed a heavy tax on the Dominion's timber revenue, and has brought about a very inequitable distribution of State moneys in this respect, a position which is most unsatisfactory from the point of view of the local authorities as well as the State. I could not recommend that the "halves" system should now be extended to cover State forest lands, as such a step would merely intensify the present position of affairs, and, in addition, would place a crippling and unjust burden on the funds required for State-forest development. In fact, in my opinion the time has arrived for a review of the whole position. Present system unsatisfactory.

Under section 319 of the Land Act, 1908, "halves" paid to local bodies must be expended in the construction and maintenance of roads, but in the case of timber royalties paid through the medium of goldfields revenue they are available for general purposes of the local authority.

The question is, however, mainly a roading problem, particularly in the larger counties containing undeveloped land. Question mainly a roading problem.

The original idea of granting "halves" when the Timber and Flax Royalties Act was passed in 1905, was, no doubt, primarily to assist in making good the damage to public roads occasioned by the transport of timber and flax, but the fixing of an arbitrary sum of one-half of the royalty payable to the Consolidated Fund was not in any case an equitable basis to adopt.

From the point of view of the local authority, so far as concerns damage to public highways, it makes no difference whether the timber comes from the State forest lands or ordinary Crown lands, or whether the timber is being paid for on a royalty basis or by way of block sale. It is all liable to cause damage if carted over county roads. Thus in the past one county may have been drawing large sums of money merely because the timber was situated on ordinary Crown lands and was being cut on a royalty basis, whilst other counties, where the timber happened to be covered by State forest reservation or was sold for a lump sum, received not a penny from the timber revenues.