

commercial forests not held under cutting rights, should be one of the factors to be taken into consideration in allocating the annual rate subsidy provided by the Crown. Reserves made for purely local advantage should, of course, be excluded.

If it is decided that no change will be made in regard to the payment of timber royalties as provided for in the existing legislation, then I would suggest that the amount each local authority is likely to receive under this head should be taken into consideration when the annual rate subsidy is being allotted so as to ensure that counties receiving these revenues are not securing an unfair advantage over counties where there is no timber revenue.

OTHER QUESTIONS WHICH HAVE ARISEN IN THE COURSE OF THE INQUIRY.

In regard to other questions which have arisen relating to the matters specially mentioned in Your Excellency's Warrant, I beg to refer to a somewhat extraordinary position of affairs which has been brought about by the passing of section 35 of the Forests Act, 1921-22.

This section takes away the powers of the Warden to grant timber-cutting licenses for other than mining purposes outside of reservation areas attached to current grants.

A large portion of the West Coast was formerly under the Warden's jurisdiction so far as timber-cutting rights were concerned, in terms of section 147 to 152 of the Mining Act, 1908, and Regulation 117 made thereunder. Clause (3) of the regulation mentioned, which follows clause (c) of section 149 of the Mining Act, prohibits the Land Board from granting timber-cutting rights within the lands affected, and consequently, now that the Warden's powers have ceased, it would appear that at the present time no one is authorized to issue timber-cutting rights for other than mining purposes outside of State forest reservations.

The Mining Amendment Act, 1922, has not apparently overcome this difficulty.

What effect this may have on future revenues so far as local bodies are concerned if the existing legislation in regard to the payment of "halves," &c., is to remain, depends upon the question as to whether the power of disposal in regard to the timber is ultimately vested in the Warden under the present mining laws, the Lands Department under the Land Act, 1908, or whether the areas are proclaimed State forests under the Forests Act, 1921-22. The total area of timbered land involved under this head is approximately 365,000 acres, which is estimated to contain about 1,993,327,500 superficial feet of timber. It must, however, be mentioned that these figures are based upon forest reconnaissance for inventory purposes, and should therefore be taken as estimates only.

In regard to prospective revenues from flax and oil which have been mentioned in evidence before me, I find that in the case of the former there is very little of commercial value situated on the State forest lands affected.

As to the possibilities of oil within State forest lands I have no expert knowledge, but from the information I have been able to gather I must conclude that the matter is altogether too uncertain to form any idea of prospective loss.

I do not therefore regard flax and oil as serious factors for the purposes of this inquiry.

A further matter referred to by some of the local bodies when tendering evidence before the Commission relates to the question as to whether they have received all the timber royalties they are entitled to through the medium of "halves" and goldfields revenue. This subject, and also the question of "halves" from timber-sales in past years, which have not been paid by the Lands Department owing to the legal interpretation of the word "royalty" in section 319 of the Land Act, 1908, are, I consider, outside the scope of my inquiries, and consequently the local bodies should submit any representations they may wish to make in this behalf direct to the Government.

In any case such matters do not appear to call for investigation by a Commission. In regard to the allocation of revenues, this is entirely governed by statute, and, if there should be any doubt as to whether the Receivers have correctly allocated to the various accounts moneys arising from the disposal of timber, the matter is one for departmental investigation and audit.

I return attached hereto the Warrants with which Your Excellency was pleased to entrust me, together with the other enclosures referred to in my report.

Given under my hand and seal, at Wellington, this 23rd day of August, 1923.

JOHN STRAUCHON, Commissioner.

Effect of section 35 of Forests Act, 1921-22, on timber formerly under Warden's control.

Royalties from oil and flax.

Question as to whether "halves" and goldfields revenue have been correctly allocated.