

We have examined a number of reserves so as to decide which should be retained or which should have their reservations removed. Our decisions regarding such lands are given in Appendix B.

3. AS TO THE BEST METHOD OF DEALING WITH THE INDIGENOUS FORESTS IN THE PUBLIC INTERESTS GENERALLY.

(1.) *Classification of Forests.*

Up to the present there has been no economic classification of the New Zealand forest, although such would simplify matters when dealing with specific areas. We therefore suggest that the following classification or one on similar lines be adopted: (1.) Forest containing valuable milling-timber in a suitable position for profitable conversion and situated on land suitable for settlement. (2.) Forest containing valuable milling-timber which cannot be converted at a profit as yet, but growing on land suitable for settlement. (3.) Forest containing valuable milling-timber growing on land unsuitable for settlement. (4.) Forest containing insufficient or unsuitable milling-timber growing on land suitable for settlement. (5.) Forest containing insufficient or unsuitable timber growing on land unsuitable for settlement.

With regard to the above classification, in considering the value for timber and settlement respectively it is probable that certain factors in the future may lead to various modifications. Thus there may be a use for some timbers which are not, or are but little, converted at present—*e.g.*, tawa, taraire, and the various species of the New Zealand beech; various preservative treatments of timbers may come into use; certain species of trees may be found suitable for wood pulp or the making of wood-spirit, acetic acid, &c.

(2.) *Administration of the Milling Forest.*

With regard to the administration of the milling forest, the time has arrived when the remaining millable forest in the Dominion should be administered on one system, under the jurisdiction of the Land Boards, and the method that we would recommend is the one adopted in the Auckland Land District, where the trees are measured and the superficial contents computed before the timber is offered for sale either by auction or tender. By this system the saw-miller knows exactly what he is paying for, and he is induced to cut the bush out cleanly. The State also receives the best price for the timber. At present in some districts the timber is sold on a royalty basis on the output of the mill, in others the timber is sold on a rough estimate of the amount growing on a given block. This estimate, in some cases, is made by the surveyor who is employed and paid by the sawmiller. For obvious reasons this procedure appears to us to be a very objectionable practice. In other districts the jurisdiction is vested in the Warden, and the leasing of timber blocks treated as a mining privilege, although the royalties derived therefrom are territorial revenue.

It appears to us that what may have been good policy in days gone by, when gold-mining was the predominant industry and timber of little value, can hardly be considered adapted to present circumstances, when the rapid depletion of our forests is taken into account.

We would most strongly indorse the recommendation of the Royal Commission on the Timber and Timber-building Industries of 1909, that the dual control of the timber by the Warden should be terminated and the sole jurisdiction vested in the Land Boards for the following reasons:—

1. The Warden has no staff to supervise the efficient and economical working of the timber leases.

2. From the nature of his training he is not likely to be a man experienced in timber matters.

3. In treating a timber license as a mining privilege, and granting leases