

In view of the necessity for increasing production every effort is being made to organize a system under which advice and information in this direction will be made available for producers.

STATE FORESTS.

The Government proposes that the State forests shall henceforth be managed and controlled by a separate Minister, with the special duty of utilizing them for the supply to the Dominion of timber from trees ripe for cutting, coupled with careful protection from destruction of all growing trees. By this means in other countries lands have been continuously preserved under forest, and are annually yielding revenue from the trees which gradually in each series of years become fit for timber purposes. It will be advisable in certain areas to establish State sawmills to give full effect to this policy, notably in the case of the Waipoua State Kauri Forest, and also in areas reserved for railway supplies.

The average annual cost of nurseries and plantations on vacant areas for the five years ended 31st March, 1918, has been £28,515; or, if the expenditure on indigenous forests be included, the average is £31,927; while the revenue from all sources has not exceeded an average of £14,504. The deficiency has been provided from loan-moneys and transfers from the Lands and Survey vote. The last loan of £50,000 was raised under the Finance Act of 1916. All loan authorities and grants from the Consolidated Fund for forest purposes are now exhausted, and the Forestry Branch of the Lands Department is not only without funds, but has been compelled to encroach upon the vote for other lands purposes to prevent the closing-down of the various plantations. I propose that authority be granted this session for a new loan of £200,000 to provide funds for forestry and afforestation purposes for a considerable period. Revenue can only be derived from milling licenses and sales of timber, and it is obviously undesirable at present to seek increased revenue from those sources. The grant proposed from the Consolidated Fund for this year will be the same as voted in the year 1917-18—viz., £5,000.

During the five years ended 31st March, 1918, the sum of £24,250 was transferred from the Consolidated Fund (Lands and Survey vote) to supplement State forest funds, and during this year £6,000 has been so transferred owing to the loan authority having become exhausted.

STATE ADVANCES OFFICE.

There has been no change in the lending operations of this important Department of the State. A considerable sum of money has during the year been advanced to local authorities, settlers, and workers. The limit of advances to local authorities has remained unaltered—namely, £5,000 in any year. To settlers for improvements on rural lands the sum of £1,000 is still being advanced, while for the repayment of mortgages on real estate an amount of £450 is available. Under the Workers Branch the full limit allowed by law, £450, is obtainable when the security is sufficient.

The rate of interest payable by borrowers remains the same—namely, $4\frac{1}{2}$ per cent. by local bodies, and 5 per cent. by settlers and workers, reducible to $4\frac{1}{2}$ per cent. for prompt payment. The low rates of interest charged by the State Advances Office, the Public Trust, and the Government Life Insurance Department have, during the troublous period of the war, had an invaluable effect in steadying the value of money and in helping to keep money at a low rate throughout the Dominion.

STATEMENT SHOWING TOTAL AMOUNTS OF ADVANCES PAID OVER FROM THE COMMENCEMENT OF THE SCHEME TO THE 31ST MARCH, 1918.

	£			
Advances to settlers .. .. .	..	..	..	17,607,460
Advances to workers .. .. .	..	..	..	3,473,250
Advances to local authorities .. .. .	..	..	..	2,969,290
Total .. .. .	..	..	..	<u>£24,050,000</u>