

The principle of valuation as laid down in subsection (3) of section 8 of "The East and West Coast and Nelson Railway Construction Act, 1884," as well as in section 102 of "The Railways Construction and Land Act, 1881," excludes the consideration of purely temporary and accidental rises in value as that brought about by causes like the one above stated, and, in fact, restricts it to the "market value prior to the making of the contract." Again, in the second clause of subsection (5) of section 8 of the Railway Construction Act, 1884, the company is entitled to the coal found on any of the lands selected, and that certainly implies that, if the company select lands on which I know coal-outcrops exist, I am not to increase my assessment of its value because I have good grounds for believing that a considerable revenue may probably be derived from the land on account of its carrying coal.

With the selection of timber lands under section 18 of the contract it is no doubt somewhat different, for there the company does not purchase the land, but simply takes it up temporarily for the purpose of utilising the timber growing thereon; still, in said section 18, the words used are: "in lieu of land at the same value per acre as such lands shall be set down at in the certified valuation," &c.; and, lastly, in subsection (27), section 33 (nor indeed anywhere else in contract or Acts), there is no mention made of assessing the timber, but simply of assessing the land. On the other hand, there is of course this to be said: that good marketable timber growing on lands near centres of population, and especially where the saw-milling industry has already been established, enhances the value of that land.

I have written at such length because it is an important point, involving a considerable sum of money. Now that the company has commenced farming out our forest lands on the coast, and is on the point of developing timber trade with Australia, &c., I am anxious to have your opinion on the subject. Please let me have an answer at an early date to the following question: Have I, when valuing lands applied for by the company (rather by persons through the company), under section 18 of the contract, to take into consideration the value of the timber on the land, as well as the value of the land proper, or only the value of the land?

The Under-Secretary for Lands, Wellington.

GERHARD MUELLER,
Commissioner of Crown Lands.

(Memorandum.)

Hokitika, 24th January, 1890.

Re Midland Railway Company's Timber Rights, &c.—Areas for timber purposes are now being selected on reservations made for mining within Westland; it will therefore be necessary for me shortly to prepare the licenses which are to issue to the company under section 19 of the contract, "defining the area within which and the period for which the company shall be entitled to exercise the right of cutting and removing timber," &c., subject to such terms, conditions, and reservations as the Queen thinks necessary or reasonable.

To get this branch of our transactions with the company into proper working order, I beg to suggest that license forms be prepared which require only the filling-in of names, dates, and areas; and that a supply of these be furnished me, for the purpose of issue after the granting of timber areas to the company, with as little delay as possible.

This timber question seems to me to be at present in a very crude state. The company are issuing licenses (rather, agreements—see form attached) to persons desirous of cutting timber, defining a certain area within which they may do so. Amongst these are sawmillers, splitters, and procurers of firewood only. Some of these take 200 acres, some 50, and the firewood-getters down to 10 acres. Some of these people will work their allotment for years, and others for a few months or weeks only; but the intention of Government, I presume, is that every one of the areas thus dealt with by the company is to be "reckoned as if it were an equal area selected by the company," as provided in section 18 of the contract. If this is the case, it will be necessary that I am furnished with a copy of all such agreements entered into by the company within Westland, to complete my record of lands selected by the Midland Railway Company within my district.

Since the issue of timber licenses by our department within Westland has been stopped a great deal of unlawful cutting has been carried on in every part of the district, and I find it necessary to make an example of some of the transgressors by bringing them before the Magistrate; in fact, if this is not done they will continue to cut without license from the company.

The Under-Secretary for Lands, Wellington.

GERHARD MUELLER,
Commissioner of Crown Lands.

(Telegram.)

6th February, 1890.

Your memorandum 9th and 24th January: You appear to misunderstand position of company. Do nothing about timber rights until you get papers I am sending to-day.

Commissioner of Crown Lands.

H. J. H. ELIOTT.

Crown Lands.—(Received 14th January, 1890.)

From Commissioner of Crown Lands, Hokitika.—Subject: Wishes to know, when valuing lands known to be auriferous but covered with timber applied for by the Midland Railway Company, whether the value of the timber is to be considered, or only the land.

The Solicitor-General.

Will you kindly advise on the question submitted by the Commissioner of Crown Lands? The following appears to me to be the position of the matter:—

1. The principle of valuation (subsection 3 of section 8 of "The East and West Coast (Middle Island) Act, 1884") has nothing to do with the official valuation already made.

2. The company cannot yet select timber in lieu of land under section 18 of the contract, as no land has yet been set apart under sections (c) and (d) of section 16, and in any case the consent of the Queen is required.