

The actual amounts of loan moneys received during each of the past three years and the amounts by which the excess of expenditure over revenue would have been reduced if it had not been necessary to meet these payments are as follows:—

	1941-42.	1942-43.	1943-44.
	£	£	£
Loan moneys obtained	200,000	110,000	110,000
Timber-control expenditure	3,868	11,349	14,000*
Subventions to local bodies	45,784	38,553	37,979
Possible reductions in loan moneys ..	49,652	49,902	51,979
* Timber-control expenditure and subventions to local bodies as a percentage of loan moneys obtained	24.83	45.14	47.25

95. *Recreation in State Forests.*—With the continuation of the war, the curtailment of road and rail travel, and the absence on active service of most of the young and active men, it was inevitable that comparatively little use would be made of the State forests for recreation, but deer- and pig-hunting parties were numerous, due probably to the high price of deer-skins and the rationing of meat. Shooting parties were severely discouraged from operating in the exotic forests owing to the risk of fire.

Again the indigenous forests were extensively used for the advanced training of troops in bush craft and jungle warfare.

96. *Mining Privileges.*—Twenty-six applications were received; last year's total was 72. Consent was given to 1 application to prospect for oil in a State forest.

97. *Grazing Licenses.*—Licenses and leases number 203; 6 were surrendered and 8 granted during the year.

98. *Rehabilitation.*—Further progress has been made in the acquirement of land for new afforestation projects and in extending the area available in existing projects. In several timberless districts it has so far not been possible to locate areas which will satisfy all requirements as to soil quality, reasonably easy topography, accessibility to market, and of an average which will ensure that management and administration expenses per acre will be sufficiently low to guarantee economic yields of forest-produce. Search for blocks which will satisfy these broad requirements is continuing. The total area acquired at the end of the year is 46,600 acres, whilst areas approved and selected but not yet actually purchased amount to 126,200 acres. In addition, the total area available for this purpose in State forests proclaimed prior to the war period is 77,300 acres.

The land purchased provides for the establishment of new afforestation projects in North Auckland, Hawke's Bay, Wairarapa, Nelson, Westland, North Otago, and South Otago districts, and also substantial areas for the extension of established State exotic forests in Rotorua, Nelson, Canterbury, and Southland districts.

Apart from roading, installation of communications, and other developmental improvements as well as tree-planting on new areas, the rehabilitation programme provides for thinning, pruning, and other improvement work in large areas of existing State forests, both exotic and indigenous. In preparation for the rehabilitation programme a five-year plan of works to be undertaken and their estimated cost, and also of the numbers of returning servicemen who can be employed, is being prepared for each project, and such planning has been completed respecting one-half of the total number of forest projects which are to receive attention.

99. *Export Butter-box and Cheese-crate Pools.*—In connection with the export butter-box pool, which operates only in the North Island, deliveries of timber to North Island boxmakers for the manufacture of butter-boxes for the year ending 31st March totalled 15,296,000 board feet (19,286,000), including 6,713,000 board feet of rimu (7,102,000).

Butter-boxes manufactured for the pool during the year reached a total of 3,379,000 boxes (4,205,000). The reduced manufacture compared with last season was due largely to the short supply of butter-box timber to boxmakers owing to exceptionally bad conditions on the Greymouth bar. To offset the reduced production, fibre-board boxes were used, and a total of 1,850,000 of various types have been delivered to dairy companies or are held in store by the New Zealand Dairy Board.

Owing to unexpected delays in the arrival of the corrugated fibre-board boxes from North America, the period September to December proved a very critical one, and in order to provide the dairy industry with sufficient boxes it was necessary to resort to the local manufacture of some 350,000 fibre-board boxes of the "Saranac" wire-bound type with cleated wooden ends. The fibre-board used for these was of the solid type, and not being of pure chemical pulp was of poor quality and gave disappointing results. A further 230,000 "Saranac" type boxes made from solid board manufactured at Whakatane from imported kraft pulp, however, gave excellent results.