

cult question to answer, because the regulations are somewhat ambiguous: they admit of different constructions, and I think that the Department hold that the person in possession can hold in perpetuity—both land and timber.

50. Is that under the regulation that takes three years?—Oh, no!

51. The regulation was made previously?—Yes, I have a copy of the regulations here.

52. Do you know of any holdings not worked out according to the regulations that are still allowed to be held?—Plenty.

53. Where are they?—I dare say I can tell you some of them here.

54. Is that compliance with the regulations—to have holdings not worked according to the regulations, and still held by the original licensee? No; I say that they are illegally held, that the regulations provide that a licensee must put a mill on his area, and continuously work his mill for the first three years, after which he is entitled to his reserves or to extension of time if been worked out in three years, the Board has power to extend the term; but where no mill has been erected, and no work done, yet the licensees are allowed to retain possession, although the regulations are mandatory, and the privileges have lapsed.

55. Of course, the Board has power to extend the time?—Only where work has been done.

56. Within the six months?—In cases where a mill has been erected and the area has not been worked out in three years, the Board has power to extend the term; but where no mill has been erected the rights of the licensee lapse.

57. What is the reason that they have not been forfeited?—I cannot say; some have been forfeited, but why others have not been I could not tell you.

58. Have any license fees been returned, do you know?—Yes, there is quite a recent case in which a licensee under the regulations had his area forfeited, and it was granted to another applicant.

59. Why was it forfeited?—It was forfeited for non-compliance with the conditions—no mill had been erected, and no work done on the area. It was applied for by another applicant and granted to him, and the fees paid. The fees paid by the original applicant were returned.

60. Whose fees were paid? Those of the last man who took it up?—The first licensee got his fees returned, the fees having been paid by the last man who took it up. I could give you the area.

61. *Hon. the Chairman.*] Could you give us the names?—You can discover the names from the areas.

62. *Mr. Hanan.*] Are not the areas very much the same?—I mean the numbers. There is an area No. 462, which was applied for on the 7th December, 1903; the license was granted on the 23rd August, 1904, and it is still held, although nothing has been done with that area.

63. *Hon. the Chairman.*] Do you know if anybody else has applied for that area?—I do not think so, but I am not aware. There is another area close by, 465, held by another party. The license was dated 17th January, 1905. It had been forfeited and granted to another, although the two licenses were in exactly the same position—both had expired by effluxion of time.

64. *Mr. Hanan.*] Was the money returned to the original applicant?—Yes; it had been collected from the new applicant, and paid to the original one.

65. How do you account for that being done?—I cannot. It seems to me that the fees should have been paid into the consolidated revenue. It is a usurpation of the prerogatives of Parliament.

66. *Hon. the Chairman.*] This is in the Southland Land District?—Yes; this has been done within the last two or three weeks.

67. *Mr. Hanan.*] There is a distinction between the bush on Crown lands and in State forests. Can you tell us the distinction?—The bush on Crown lands is administered by the Land Board, the bush in State forests by the Commissioner of State Forests.

68. Can you give us any information as to small mills working for large mills, and the prices paid?—There are numerous cases in which small mills cut for bigger mills.

69. What do they get: can you give us any illustration?—The average price varies from 3s. 6d. to 4s. per hundred feet, put on the trucks.

70. Carry that on to the market—the profits made by the big miller?—The big miller, in addition to that, has to pay 6d. royalty to the Government, and interest on any capital he may have invested in his business; but I mean that where an area is cut by contract the price is 3s. 6d. to 4s.

71. Do you know of any case in which that has been paid?—Yes.

72. Within the last six or eight months?—Within the last two years.

73. Do the big millers get better profits than the small millers?—It is very hard to answer that. The small miller can sell at a far less price and make a living than the big one. Whether he makes a better living I cannot tell.

74. Can the small miller get the business?—He cannot, because the associated mills have practically collared the building trade. It is very hard for the small miller to get a footing. Several of the big millers are associated with timber-yards and the joinery business. If a builder purchases from an outside miller, he finds very considerable difficulty in getting joinery-work done at payable prices.

75. Do you think that the importation of Oregon ultimately means the destruction of the sawmilling industry in this country?—I do not think so.

76. Am I right in assuming that in the future the small mills will be wiped out?—They will be in a short time unless they go very far back—too far back to enable them to make much profit out of the business.

77. Then, you foresee large mills having a monopoly in a few years' time?—Yes.

78. As to State forests, do you believe in conserving our timber resources?—Certainly, to some extent.

79. What line would you suggest?—Do you mean conserving the timber we have?