

Solicitor-General advised that reasonable time should be allowed, and the fixing of eighteen years was a compromise between them. The Department thought that a fair period would be twenty years, and Mr. Massey cut it down to eighteen. That was the compromise agreed upon.

19. *The Chairman.*] Was this agreement made without any question as to the validity of his holding?—The Solicitor-General, I understand, advised the Department that the titles were absolutely valid. I understand that the Department was acting throughout under the advice of the Solicitor-General.

*Mr. Anderson* (to Mr. Wallis) : Were the petitioners always willing to pay the costs of the Supreme Court action to test the validity of these titles?

*Mr. Wallis* : Certainly.

ALEXANDER ROBERT WALLIS examined. (No. 2.)

1. *The Chairman.*] What is your occupation?—Sawmiller and timber-merchant, of Dunedin.

2. Will you tell us what you know about this matter?—In order that I may put the matter concisely I have committed my statement to paper, and with the Chairman's permission I will read it. We complain that sawmillers in Southland, with plants lying idle, are unable to obtain suitable areas—in fact, to obtain areas at all—without going into the backblocks miles beyond present workings; also that settlers for years past have been persistently denied the right to enter State forests and reserves to obtain timber for fencing and firewood, on the pretence that the lands are held by sawmillers under sawmill license. The forests of New Zealand are governed by the State Forests Act, 1885, the Land Acts, 1892 and 1908, and the regulations made thereunder. The State Forests Act, 1885, by its preamble indicates that the object of the Act is to set apart areas of forest land as State forests, to subject the same to skilled management and proper control, to prevent waste of timber, and to provide timber for future industrial purposes. Section 9 of the Act empowers the Commissioner to grant licenses to cut timber in any State forest, and section 10 to grant way-leaves or tramways, all of which licenses and privileges are to be subject to regulations for the time being in force. Section 15 empowers the Governor in Council to make, alter, and repeal regulations among other things “for prescribing the mode and form of application for licenses or grants of privileges in State forests, and the terms and conditions of such licenses and grants.” Regulations dated the 1st September, 1886, were made in accordance with the powers given, and were published in the *Government Gazette* of the 2nd September, 1886, at page 1051. The said regulations provide, under the subheading “Sawmill Licenses,” as follows: “The area of a sawmill license shall not exceed 200 acres, but the holder may claim to have three additional areas adjoining the first reserved for his exclusive use for a period not exceeding two years for each 100 acres from the date of appropriation.” Now, we contend that clause means that the utmost area which can be held under a sawmill license is 200 acres, and further that the utmost area over which any one sawmiller can obtain a right is 800 acres. No time is specified for the duration of the original area license; the term, therefore, must be such reasonable time as the Commissioner may determine, and, as four years are deemed sufficient to cut out a reserve of 200 acres, a similar term for the original area, with the addition of time to erect a sawmill, should be sufficient for the original area. I may remark, in connection with the original areas at Gorge Road and elsewhere, that no reserves have been applied for. The reserves were marked off on the office plan by the officers of the Department without any formal application having been made by the holders of the original areas. It will be observed on reference to section 33 of the regulations that authority is given to the licensee to erect a sawmill; hence it is obvious that the working, not the locking-up, of original areas was contemplated. Section 31 provides for the payment of royalty at the rates specified in the classified scale, Schedule II of the regulations. Royalty, in our opinion, is the price of the privilege to cut timber on a licensed area for the term fixed by the regulations. Such is our interpretation of the regulations. Let us now examine how the regulations have been administered. The provision limiting one man's holding to 800 acres, which we deem to have existed under the regulations of 1886, appears to have been disregarded altogether, and a system of grab instituted instead. The Department seems to have overlooked the fact that it was dealing with the public estate, in which every citizen's share is equal, and to have substituted the creation of monopolist holdings. This grab-all system was availed of principally by two sawmilling concerns. These two companies were allowed to apply for block upon block in the forests of Southland, and to such an extent that practically the whole of the available bush within reach of then existing railways, and much that was distant from the railway system, but within reach of projected railways, was grabbed and locked up. The holders were neither required to erect mills nor in fact to do anything upon their areas. They were permitted, I may say encouraged, to sit tight and do nothing. The areas, in part, have been gradually worked, but evidently without regard for the limitation of 200 acres fixed by the regulations. In due time one of the companies became involved and was duly devoured by the other, and so the whole of the remaining areas of this immense estate fell into one party. This grab started soon after the regulations of 1886 came into force, and was continued until all the best available bush of Southland was appropriated. So far was this the case that whole bushes in some instances were applied for, and in others all of the available bush from the north to the south boundaries of a forest was taken up. Sufficient bush was secured to keep eight to ten big mills working for approximately a quarter of a century, and still enough remains to keep three or four mills working for twenty-five years more. In the year 1901 I wrote to the Minister of Lands in the matter of these locked-up areas, and received a reply from the Under-Secretary when he wrote regarding the duration of licenses issued under the regulations of 1886 as follows: “In your letter, among other things, you say that the regulations of 1886 provide that ‘the privileges granted shall be good for sixteen years.’ In reply I have to say that you are correct in