

Legislation.

The legislation relating to State forests enacted during the year under review is contained in section 71 of the Public Reserves, Domains, and National Parks Act, 1928, and sections 14 and 20 of the Reserves and other Lands Disposal Act, 1928.

Under the first-mentioned statute power was taken to declare that any State forest shall be a national park on the joint recommendation of the Minister of Lands and the Commissioner of State Forests.

By section 14 of the Reserves and other Lands Disposal Act, 1928, the provisional State-forest reservation over three areas in Waiho, Mount Cook, and Waitaha Survey Districts, Westland Land District, comprising 14,502 acres 2 roods 20 perches, was cancelled, and the lands were set apart as scenic reserves under the Scenery Preservation Act, 1908.

Section 20 of the Reserves and other Lands Disposal Act, 1928, cancelled the reservation of Section 17, Block VIII, Rankleburn Survey District, containing 504 acres, as a scenic reserve and set it apart as a State forest subject to the provisions of the Forest Act, 1921-22.

Removal of Restrictions on Export of Timber.

By Order in Council made on the 24th April, 1928, and published in the *Gazette* of the 28th April, 1928, page 1191, the regulations made under the authority contained in section 47 of the Customs Act, 1913, and section 24 of the Regulation of Trade and Commerce Act, 1914, imposing restrictions on the export of timber, were revoked.

Conditions Relating to the Sale of, and to the Grant of Licenses to Cut Standing Timber.

By Order in Council made on the 25th June, 1928, and published in the *Gazette* of the 28th June, 1928, page 2120, the regulations made under the authority contained in section 34 (6) of the War Legislation and Statute Law Amendment Act, 1918, imposing conditions on the sale of standing timber and on the grant of licenses to cut standing timber on public or private lands of any tenure, were revoked.

2. FINANCE.

Forestry finance is greatly simplified when it is possible to operate under a long-term programme, particularly with respect to seed purchase and collection, nursery stocks, and land-preparation. During the past three years these aspects have necessarily been subordinated to those of Dominion policy with respect to unemployment and finance generally, but it is hoped that with the return to more stable economic conditions within the Dominion it will be possible to follow the lead of Great Britain at least to the extent of establishing a ten-year programme under main projects.

As will be observed from the detailed statements hereunder, the revenue from indigenous forests is heavily reduced by statutory payments in favour of local bodies and the National Endowment Account, and that during recent years the residue has been little more than sufficient to meet the expenses of supervision and management; consequently the establishment of plantations has been financed almost exclusively from loan-moneys. The value and the equity of these endowments for roading, pensions, and education are unquestionable, but regarded purely from a forestry viewpoint they have had the practical effect of loading upon the 7½ million acres of State forests during the past four years an equivalent to a "yield tax" of £19,000 per annum, or approximately 3d. per acre.

During the past two years the purchase of land has been confined to areas required for the carrying-out of the afforestation objective. Large indigenous-forest areas, however, still remain under the control of private or Native owners, and the bringing of many of these extensive areas under State ownership is desirable from a forestry point of view. In the past, relative financial expediency has, however, been the dominating factor.

A review of the current year's operations, in the form of a Receipts and Payments Account and a comparative analysis of receipts and payments from 1920 to 1928, supplemented by Statements covering the loan authorities and working-balances of the Service since 1927, are presented hereafter under Appendices III, IV, V, and VI. In addition, financial accounts on commercial lines are published by the Treasury in a parliamentary paper (B.-I [Part IV]).

An interesting feature of the accounting machinery has been the recent introduction of a "budget system," whereby the financial requirements are assembled in the field and made available for considered review before the opening of each financial year, with quarterly reviews of physical progress in comparison with the expenditure. This has greatly improved the accuracy of field and financial organization, and tended towards more careful and economical administration.

Stores rules and instructions governing the receipt, issue, and custody of stores were completed during the year, received the sanction of Treasury and Audit, and were issued for the guidance of officers concerned.

Costing systems relative to nursery and plantation operations were also reorganized upon recognized commercial lines, and are now being put into operation throughout all projects, designed in such a manner that officers in charge have constantly available the essential field costing-data to enable them to measure the degree of economy attending the progress of their projects before any serious miscalculation can arise.