Australasia for the reason that, as Mr. Jolly rightly points out, "the results . . . are at least based on measurements and not upon hypothesis." It will be a long time before comparable figures will be available from observations on the *Pinus radiata* stands of New Zealand.

H.V.H.

**Forest Taxation in Europe and New Zealand**—By M. B. Grainger, B.Com., pp. 107: Government Printer, Wellington, 1950, 5s. 9d.

"Tree plantations are a liability to the farmer during his lifetime and to his family upon his death." This was a resolution carried in recent years at a district Farmers' Union meeting, where discussion had centred on fire risk, income tax and death duties. Company forest owners, as well as farmers, have been dissatisfied with certain inequities in forest taxation and have claimed that forest land, trees and income should enjoy special treatment in regard to taxation.

The present publication ably discusses the problems and urges the removal of anomalies. It is No. 11 of the Information Series issued by the New Zealand Forest Service, and is attractive as to format, type, and quality of paper. It presents in published form the subject-matter of a report and recommendations which were submitted to Government early in the year 1949.

Following overseas service as an air pilot, the author, who is Research Officer and Forest Economist in the Forest Service, was enabled by the Service and a rehabilitation bursary to study forest taxation systems, on the spot, in Great Britain, France and Scandinavian countries.

In the first chapter, entitled "Taxation as a problem of forest policy," the author briefly reviews the history of the problem, emphasizing that over twenty years ago two Royal Commissions, one on forestry and one on taxation, recommended certain measures of relief from forest taxation. His special study was based solely on the premise that privately owned exotic forests play an important part in the Dominion's national forest policy. The principal part which these forests, comprising as they do about 40 per cent by area of the total exotic forests, can play is in filling a large share of the national and local demand for timber and other forest products. Secondary roles relate to plantings for soil conservation and erosion control, and to the broad question of land use, though the author states that timber-producing forests and woodlots of exotic trees "must form the basis of the discussion." The author's case goes on to postulate that it is incumbent on the forest authority to urge that private
forestry be unhampered by inequitable taxation. In general, forest property should bear its fair share of taxation, but the share should be a fair one because of the long period between sowing and harvest and consequently between investment and receipt of returns on capital, of the irregular nature of income from small forest areas and of risks of loss by fire or natural causes. The author rightly emphasises, however, that in general, relief from taxes should be conditional upon the forest owner exercising a reasonable degree of careful and prudent forest management. This seems to be a requirement in most of the European countries cited; or at least cases where a satisfactory standard of forest management is certified by the forest authority do enjoy additional taxation concessions.

In the next chapters the author has written in very readable style a clear, factual and critical account of forest taxation as it operates in the five countries visited, and in his critical treatment of the subject those all-important canons of taxation, incidence of taxes and ability to pay are not forgotten.

Following a brief chapter in which he comments on the various European systems and indicates features which could well be adopted in New Zealand, the final chapter presents a number of tax anomalies in the New Zealand system, with ten recommendations for their correction; three affecting farm forestry and seven affecting company forestry.

An appendix lists taxation concessions to young forests and protective forests in twelve European countries not actually visited by the author, and there are two other useful appendices.

The bulletin suffers somewhat from the lack of a concise, factual list of the various taxes to which New Zealand forests are subject. Such a list (given under each European country) would have enhanced the value of the work both to overseas and Dominion foresters and to present or intending forest owners.

Printing delays notwithstanding, it is perhaps regrettable that the text could not have been brought fully to date whilst in the press. To achieve this, reference must be made to the Annual Report of the Director of Forestry for the year 1949-50 (Government Printer, Wellington, price 2s.). That report, published or at least presented somewhat earlier than the bulletin under review, disposes fairly completely with four of the ten recommendations presented in the bulletin. It is true that footnotes and an appendix do mention amending income tax legislation passed during the year 1949, but the annual report goes further. In particular, it tells us that the Commissioner of Taxes has indicated that the improvements under the 1949 legislation in income tax incidence on farmers' shelter-belts and soil conservation plantations can also embrace farmers' woodlots; also that the Commissioner has agreed to regard each company-owned forest as a unity, by allowing deduction from assessable income of all maintenance expenditure for the income year and wherever incurred
in the forest as a whole; and not merely of maintenance expenses on the annual clearfelling area alone as formerly.

The concessions reflect very substantial progress, but more remains to be done. The Director of Forestry's annual report expressed the view that taxation relief will do more to encourage sound forestry than will subsidised tree-planting, and this view will meet with general agreement.

The author's recommendation for ensuring, as in Great Britain, that a given timber crop shall pay death duties only once is a sound one, as also is the recommended abolition of death duties on farm shelter belts and farm soil conservation plantations. (Incidentally, the author omitted to mention that prior to the year 1925 the value of standing timber on exotic stands was not assessed for death duties).

Another sound concession would be the total exemption of well established and managed youthful plantations for the first twenty years of their life—from all taxation: whether from local rates is perhaps debatable when we remember that the land only is rated and that county road access and other amenities are available for young forest areas as for other lands. Presumably rate exemption would not apply to forests carrying a wide distribution of age-classes, but each forest would be regarded as a unity.

A good case is presented for exemption from payment of annual company licence duty although it might be desirable here too that the forests should require to be managed under forest working plans. This requirement would show that the forest owner was endeavouring to minimise the risks to which his area and his business are admittedly prone.

The tax exemption of investment income during the early non-productive period is open to criticism in that the majority of the companies were at first bond-issuing companies, some of which actually paid good dividends during the non-productive forest period. In any event that is now past history because company owners are now interested more in long-term rather than short-term forestry, while now that company forests are to be regarded as unities, deductible maintenance expenses on young forest areas will possibly offset income from investments from any fire contingency reserve funds.

The recommended exemption from graduated land tax is also arguable. The case presented is weakened because the provision quoted from the land-aggregation law for exemption of land for establishment of exotic forests was repealed in 1949. Nevertheless there does appear to be justification for some relief, such as by raising somewhat the value (at present £5,000) above which graduated tax begins to operate.

It would be some considerable time before the suggested change in method of valuing forest land could be adopted, as data on forest yields from a wide range of site-qualities must first be obtained and published. The reviewer recalls one forest area, however, whose
calculated productive value exceeded the prairie value, and this can easily happen where the prairie value tends to a nominal minimum and where fire protection, silviculture and other forest maintenance is kept down almost to zero. Insistence on a reasonable measure of forest management should be a pre-requisite to the introduction of land valuing by forest valuation methods.

One's sympathy always goes out to forest owners who have suffered fire losses, but relief from taxation on capital fire protection expenditure, fire losses and salvage fellings should be conditional upon maintenance of such an efficient fire prevention organisation by the owner that fire damage could not be contributed to by his negligence.

All foresters and forest owners will hope that this book will soon become out of date as further tax concessions are authorised; and perhaps the author himself is content that it is already a little out of date, for he has written that what is required is not any fundamental reform in the present taxation system, but only certain modifications. That these will foreshadow some measure of State supervision over private forests probably goes without saying. This probability coupled with the fact that this bulletin is the first publication on the subject to appear here for about a quarter of a century, and moreover its excellent account of forest taxation in Europe—all make the book deserving of close study.

F.W.F.


The New Zealand delegation which attended the Third World Forestry Congress held at Helsinki, Finland, from 10th July to 20th July, 1949, consisted of:—

Mr. T. T. C. Birch, New Zealand Forest Service.
Mr. K. C. A. Carter, Vice-President, Dominion Federated Saw-millers Association.
Mr. J. Freeman, Vice-President, New Zealand Timber Workers Union.

This composition enabled it to cover all sections of the agenda.

The report of the delegation to Parliament runs to 109 pages but only 20 of them deal with the organisation and proceedings of the Congress, the remainder giving the results of individual investigations made by the delegates on their way to and from Helsinki.

Chapter III consists of extracts from the general report of the Congress, interpolated with the views of the New Zealand delegation which are, in general, factual and restrained. In his letter of transmittal to the Prime Minister, the Minister of Forests states that the recommendations are applicable more to those countries which have

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