garoas, or for that matter, large tracts of idle country such as gave rise to NZ Forest Products, the potential for increasing afforestation remains very substantial. The Editor of this Journal posed the question in the May 1988 issue: "Does the Institute of Foresters have a role in promoting reforestation of New Zealand?" If the potential is to be realized, there can only be one answer. However, somebody has to analyse the position, and somebody has to discover how to crank things up again. This time it will have to be based on profitable land use just as agriculture must be. A lead by the Institute to "... develop the clear policies, objectives and practical guidelines", could help to reverse the Institute’s, and forestry’s, "low public profile" — the Editor’s words, not mine!

A comment on forestry taxation

E.M. Bilek

"The hardest thing in the world to understand is the Income Tax."
— Albert Einstein

Current tax system buzz words are "neutrality" and "transparency". But the current tax system discriminates against forestry investments.

New Zealand is perhaps the world leader with respect to plantation forestry. We have the climate and the technology to produce wood fibre as efficiently as anyone and more efficiently than most. We have a competitive advantage in this respect and are envied and emulated by many other countries.

The majority of New Zealand’s forests are being grown for export. In order to compete on the export market, we will have to compete not only against the production capabilities of other nations, but also against their tax systems. If all things were equal, ceteris parabus in economic terms, we would be able to compete successfully. However, what is easy to theorize away in the classroom may not be so easy to eliminate in reality. If other countries wish to subsidize their timber (for whatever reason) and our timber will compete in those markets, it’s rough for our producers.

It’s not fair. It’s not fair for our producers who must bear the true costs of production. It’s not fair for the consumers in other countries who must pay higher costs for their products. And it’s not fair for producers of other commodities in those countries who must also bear the cost of the subsidies. But there is nothing in economic or political theory about competition being fair.

While the international marketplace may not be "fair", the domestic market should be fair for an industry that promises to be so significant with respect to foreign exchange earnings and jobs. But I am not arguing for subsidies or special tax treatments for forestry investments. These tools do distort the economy’s investment structure and encourage more investment in the favoured industries than would be economically desirable. In this respect, I fully support the directions Treasury has taken in removing these distortions. But in removing the deductibility of planting and tending expenses from current income, I believe Government has gone too far.

There are many risks involved with forestry — insects, disease, fire, windthrow, on the cost side and market outlets and prices on the revenue side 30 years or so from planting. The risk of owning a forest increases the longer the forest is held. The tax system does not recognize the true loss that occurs when a stand near maturity is destroyed. The deduction is limited to the historical cost of that stand, the "cost of bush", which usually bears no relationship to the stand’s true market value. Current tax policies do not recognize this risk.

There are many other reasons for forests besides timber production — soil and water protection, recreation, wildlife habitat, are among them. We have a tax system which ignores all but timber production for any group but farmers. The production benefit comes last — at the end of the rotation. Yet it isn’t until that last benefit is achieved that any of the costs of planting and tending the forest may be deducted.

It might be argued that these benefits do not occur when the expenses occur. Certainly there is little or no benefit of soil stabilization and erosion control in the first few years of a stand’s life. Recreation and scenic benefits also are minimal in these early years. However, all of these benefits occur before the stand reaches maturity for timber production purposes.

The "cost of bush" should not exist. Planting and tending costs should be deductible against current income, or at

The author, Ted Bilek, is a Lecturer at the School of Forestry, University of Canterbury. Opinions expressed are those of the author only.

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Reform and devolution

J.C. Halkett

Public servants have long suffered at the hands of so-called humorists. Some of the recent batch of funny stories are diametrically opposed to the jokes of yesteryear. There is a couple about the decline in ten trip bus and train ticket sales and the one about the optimistic public servant who took his lunch to work. The comment about recent lay-offs in the Department of Conservation and Ministry of Forestry on page 12 of this issue suggests that working for the Government is now high risk. In this post-crash era it is not only the employees of Judge Corp or Rada that have had to contemplate looking the dole clerk in the eye.

Clearly those in Government's employ who thought that the trauma of change had climaxed on April 1, 1987, with the formation of new forestry and land management agencies, couldn't have been more wrong. It is now apparent that existing functional responsibilities and staff changes might pale by comparison with those waiting in the wings if present modifications to the law and the Government's approach to the land and natural resources fail to produce results.

The author, John Halkett, is on the Editorial Board of NZ Forestry and works for the Department of Conservation.

Many thanks for all the response to the request for suggestions on what you want in your A.G.M.

We think we get the message! Here's the basic idea for the meeting.

- No single theme.
- As many workshops, field trips and tours as we can organize, on a range of subjects utilizing all that is available at Waitangi and in Taitokerau. These will include Forestry and Maori Land (you couldn't come to Taitokerau and not hear about that!), Kauri management, alternative exotic species, tourism, sewage disposal, marine farming, barging.
- Supershorts business session (2.5hrs on the Friday morning) ...
- Hold it over a weekend to minimize time off work.

Dates are Thursday 11th May to Sunday 14th May

The workshop on Forestry and Maori land will take place on the Thursday afternoon and evening and will include a forum session on a marae which will be open ended and could go late. If you come to this one bring a sleeping bag and stay on the marae and travel on to Waitangi on Friday morning (transport will be provided).

Post conference tours on the Monday will be with transport provided or self-drive convoy style. Either way they will be designed to head generally southwards and help ease the travelling pain.

MAKE IT A DATE! WAITANGI AND TAITOKERAU HAVE LOTS TO OFFER IN FORESTRY AND FOR A HOLIDAY. THE WEATHER AND THE FISHING CAN BE AT THEIR BEST IN MAY AND THE CROWDS HAVE LONG GONE.

BRING THE FAMILY – GIVE THEM A MARAE EXPERIENCE – HAVE A HOLIDAY – JOIN IN AND MAKE IT A GREAT MEETING.

We will be sending more information and chasing some sort of commitment soon after Christmas.

Kia ora Ian Page (Chairperson, convening committee)

Tahere Farm, R.D.5. Whangarei. (089) 485108

A.G.M. WAITANGI 1989

Kia ora Ian Page (Chairperson, convening committee)

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Resource management legislation and local government organization come to fruition. Changes to resource management statutes, and to local government administration, have the potential to radically transform central government involvement in land use planning and management.

"One of the country's most ambitious law reform exercises" is how the current resource management law reform exercise has been described by Deputy Prime Minister Geoffrey Palmer. The official outline of the exercise embraces all laws covering the management of land, air, water and minerals, and indicates a need for a fundamental "zero-based" review of affected statutes. Under consideration are 20 laws. The Town and Country Planning Act, the Water and Soil Conservation Act and the Mining Act are included on the list of those to be overhauled.

Developers and environmental interests have both, over recent years, acknowledged that existing resource statutes are lengthy, complex and cumbersome. Conflict resolution has been the basic model upon which present laws have been founded and operate. Today,