Preferred names

John Turland

The Ministry of Forestry has gone public with a new convention in its new statistics book. It uses the terms “plantation” instead of “exotic” and “natural” instead of “indigenous” when referring to forests or timber production.

The public often view exotic tree species as being inferior to indigenous species. This is not only from the wood quality point of view but also from a cultural, amenity, conservation, and wildlife habitats point of view.

As part of a deliberate plan to elevate the status of introduced species to co-equality with native species the Ministry intended wherever possible to avoid unnecessary discrimination between exotic and indigenous trees.

Tight definitions are needed for the terms “plantation” and “natural” and the following definitions have been adopted.

**Plantation Forest**

A forest crop, stand, woodlot or multi-tier shelterbelt initially established/raised either artificially by aerial seeding or planting, or through natural seed regeneration or coppicing following harvesting or a natural disaster, and which is managed for the commercial production of wood or forest products, but which may confer other benefits such as soil and water protection, shelter, wildlife habitats and recreational uses. In New Zealand more than 99% of the plantation forest is made up of exotic tree species.

**Natural Forest**

A forest or forest remnant comprising indigenous species of plants (i.e. plant species which are native to a specified area or region in the country). The forest may include naturalised species (i.e. exotic species introduced into, or naturally colonised in a region so as to appear native or wild), provided they are not sufficiently abundant or dominant so as to alter the general character of the original forest.

Natural forest includes unaltered virgin upland and lowland indigenous forest, indigenous forest which has been slightly or significantly modified by man but which remains part or most of the general composition or character of the original forest, or native forest which is being managed or exploited primarily for the commercial production of wood.

NOTE: New categories may be needed in the future for:

(a) Exotic forests that have spread naturally, e.g. contorta pine forest in the high country.

**LETTERS**

Does the new taxation regime encourage new planting?

Sir,

Congratulations go to Andres Katz for his clear exposition on forestry taxation in the August issue of your journal. However I must disagree with his conclusion that “for new areas, current year deductibility is offset by higher (land) prices”, thus providing “little real incentive to increase planting rates”.

The impact of the new taxation regime on forest land prices is best shown by a stylised graph of the supply and demand curves for forest land.

The new taxation regimes will shift the demand curve for forestry land from D-D to D’-D’. There will be an increase in the price of land, but this will depend on the slope of the supply curve. Only if the slope is vertical (i.e. the amount of land available is fixed) will all of the increased returns to forestry be capitalised in the purchase price of new land. And with declining returns to agriculture it is unlikely that the supply of land suitable for forestry is so constrained, although this situation may change in the long term.

Mark Bloomberg
Blenheim

New planting rates

Sir,

In 1926, Owen Jones (1), who thought it a record, trumpeted the planting of 46,129 acres (net) by the original New Zealand joint stock afforestation companies. Even the official statistics (8000 ha. for 1926) allow substantial private plantings about this time.

So if the graph (comment, August) is shifted a bit leftward you lose your “Effect of Tax on Private Forest Planting rates. When the rate was truly huge, in relation to the established estate, new plantings enjoyed no special tax treatment. Nor did the 1965/68 planting spree see the record broken. There must be more to it than tax.

(b) Plantation enrichment of natural forest, e.g. Tasmanian blackwoods in South Westland or eucalypts among beech forests if these associations become significant resources.

Missing from your picture are the visionaries, like R.H. Smythe (later Sir Reginald), who saw it all and knew how to make it happen. You do not show the pulp mill expansions or the build up of log exports, which at last got on top of the “inexorable growth of the forest”, as Colin Larsen called it. The tax change was only one element of a larger whole. Perhaps the continuation of high planting rates for no better reason than tax advantage may have had something to do with the recent fall off. It was no wonder the advantage was not renewed.

And, if you like enigmas, how about the inverse correlation between forest values, per recent Corporate Accounts or Forestry Corporation sales, and recent new plantings? As the former sweep up the latter plunge down. Whatever! It takes more than fiddling the tax to explain planting rates.

Ted Bilek (2) tells us to ask “What is the problem? What are the options?” . . . It is not particularly difficult, even for people with only one
problem. We know what it is. It is that the place is getting used up. There is less around than there used to be. On the West Coast they are scraping up the moss. After the moa, the trees, the gold and coal, the fish; a small yield of potting mix.

One solution is to prise from our sinecures those of us "too precious to sustain our own resources or to restrain our own demands". (3) Even if we are mostly loath to see ourselves as others see us, a part of the solution, a solvee, there could be some, so the theory goes, who might start sustaining if not restraining. It may work. Already on the Coast they talk of moss cycles and of a movement up market into disposable nappies.

As Ted says, we have it back to front. Everyone has; we imported it that way. There is Andres Katz (4) doing sums for investments in stands of trees, as we have taught. But, throughout history, dis-investment has been more the rule than investment; otherwise there should be more than there used to be. Worldwide, people, radiata pine, gorse, sparrows and so on apart, there is less than there was. Planting trees is one way of putting something back. Our advantage in New Zealand is that it works, given a little care.

So why don't we say so? Let us latch on to the buzz word of the nineties, "sustainability". It used to be what forestry was all about. We have farmers giving up (as Andres says, the current tax change will help see them off); we have idle people; we know how; we have expectations of enterprise; we need resources. We are about where they were in the twenties. So hold them in the picture. Don't edge them out to suit an argument. If we had the inspiration and audacity of H. Langdon Smith and D.H. Wylie (1), teamed with the competence of an Owen Jones and a lawyer crafty enough for an Australian Prime Minister (Menzies), as they had in the twenties, we might go after that record yet.

(1) Owen Jones, Empire Forestry, (later Commonwealth), vol.7, 1928, 2 papers. B.J. Allison

Tax changes – How real are the incentives to forestry?

Sir,

In his paper on this topic Katz (1991) makes a number of important points. Chief among them must be, despite industry protestations as to how dreadful and discriminatory the cost of bush system was (see for example Anon. 1989), his conclusion that this system actually discriminated in favour of forestry. The results showing that the tax shield provided by the current regime "provides returns that are significantly higher than those [of assets] subject to a neutral income tax [regime]" will surprise many in the sector, including one suspects some in the major forestry companies. The result could certainly come as something of a surprise to many forest owners. For example, Graeme Hall, Chairman of the Forest Owners Association's taxation committee, has been reported as claiming that "from the public perspective the new [taxation] law should not be seen as providing incentives – it merely redresses previous inequities and allows the forest industry to operate in a neutral tax environment". (Anon.1991)

Katz is not, however, the first to conclude that the Labour Government's taxation system was favourable to forestry. Treasury also made this claim when the system was first mooted (see the rather cynical Appendix 9.2 in Anon. 1986). Katz is, however, the first to publish this fact in one of the official organs of this country's forestry sector. One can't help but wonder how his results will be viewed by some within the New Zealand forestry scene.

While there are a number of positive features to the paper there are also a number of disappointing aspects. Firstly, at times the conclusions attri