State Revenues derivable from the Assessment of the Property-Tax in respect of Freehold Forests.

As regards the assessment of the property-tax in respect of freehold forests, it will be first observed that the value of cut timber could not of itself, and without the admission into the calculation of other figures under technical rules, serve as a basis for the valuation and assessment of forest areas, both of these, as real and personal property, being respectively but equally amenable to taxation. It may also be remarked that, in our particular case, the cut timber cannot be deemed a revenue arising from the timber-land, it being, in fact, a portion of the capital value of the so far reduced forest-area,—forests in this country not having hitherto been managed for the purpose of permanent supply and revenue, the fellings being simply intended for the immediate realization of the value of the standing trees, and the further conversion of the land into agricultural or pastoral. The Property-Tax Act, however, does not admit any difference, whether the property be personal or real, the Act applying in an equal measure to every description of property, bearing on it in its primitive status, again reaching it in any new form into which it may have been converted. Thus, forest-areas are liable to taxation; so is all cut timber, if converted or not into planks; and so is any marketable article made out of the plank, &c. Therefore, under the Act—which, in its concise form and comprehensive bearing, initiates a fresh principle, presenting a striking contrast to the complicated fiscal machinery of other countries—the only remaining point at issue relates to the mode of valuation which should be made applicable in the special case of forest property for the purpose of State taxation.

The capital value of all property may be determined by the price it would fetch in the market. This is the general rule, the applicability of which does not involve any difficulty as regards personal property; but in the matter of real estates the value of the property has, in the first instance, to be computed upon the net revenue it actually produces, or is capable of producing under proper management, which net revenue being capitalized at the rate of interest obtainable in the locality for investments in land, will show the actual value of the property Against this rule, it may be contended that in this young colony most of the large real estates have not, as yet, obtained the full development of their productive powers, the inference being that these estates ought not to be assessed on the basis of the revenue they may be capable of producing for the time being, when labour and capital will have completed the cultivation of these estates. But this exception could not rightly apply to New Zealand timber-lands, this particular kind of real property being readily covered by mature produce, available and marketable at any time.

It may be asked whether forests, as well as agricultural lands, are capable of producing permanent revenue, and by what process the compass or extent of the annual fellings has to be determined (from which operation the possible amount of revenue will be shown, and may be compared with that which the timber-land could yield if converted into agricultural) To the first question the answer is that almost the whole of the forests of the Continent are managed for the purpose of permanent revenue, all these woodlands being subjected to prohibitions against clearing, the owners of high timber forests have, therefore, no other alternative but that of restricting their annual fellings in such proportion as will maintain the forest ever growing, as a whole. The cuttings in these forests are carried out by thinnings made on acreages extending so far as the capability of the forest is estimated to allow, thus operating in such manner and to such extent as to secure the self-propagation of the forest, and so to avoid opening large blanks or spaces which would prove fatal to surrounding trees. Besides, this method of thinning will, as a rule, dispense with the fallible and costly process of replanting The other question may be answered as follows: The proportion of the annual cuttings is dependent on the total cubic volume of all the trees (young and old), which may be estimated from the result of experiments made on several spots representing a fair average of the general yield of the forest to the acre. (1.) By multiplying this average yield by the total acreage of the forest, the product will show the total volume. (2.) Next, the most profitable age at which the trees should be felled has to be determined. (3.) Finally, by dividing the total volume by the number of years decided upon as necessary to bring the trees to perfection, the quotient will show the annual cubic volume which may be removed from the forest without imperilling its permanency, or causing any injury to its ever-growing mass of trees.

Should the assessment of the property-tax in respect of the private forests of the colony be made in conformity with the above rough sketch of rules, which constitute the rudiments of forest conservancy, the result would be as follows: Total area of private forests, say, 5,000,000 acres × 15,000 superficial feet to the acre = 75,000,000,000 feet, as total volume. This, being divided by, say, 125, as the number of years fixed for the perfecting of the trees, will show the possible annual supply or volume to be 600,000,000 feet, amounting, at 10s. per 100 feet, to £3,000,000, less, say, 75 per cent. for expenses = £750,000 net revenue; which, assuming the interest of invested capital to be 3 per cent., will show the capital value of the property (5,000,000 acres of forest) to be £25,000,000 = property-tax (1d. in the pound), £104,166 13s. 4d. = 5d. per acre, which amount per acre should be the average payable on the several classes of forests whose relative value must be determined from local circumstances.

The above demonstration may perhaps be rendered more clear by the use of less formidable figures. Thus, supposing forests to be managed for the purpose of revenue, and that the existing total area of private forests was bought at a price averaging 10s. per acre, then 125 acres of