

forest=£62 10s. purchase-money The most profitable age at which the trees should be felled being taken as 125 years, the same period will, of course, be required to reproduce any cut-down portion of the forest: hence, if only $\frac{1}{125}$ part of the estimated cubic volume on the whole area is cut down, the forest will thus be maintained ever-growing, the youngest seedlings at the time of the yearly cuttings as well as the standing timber all contributing in their turn towards a regular revenue, as well as to the conservation of the forest. The available volume or annual acreage will, in that case, be restricted to 1 average acre, as being the quotient of the total volume divided by 125 years, the period of rotation — viz.: 15,000 feet to the acre \times 125 acres = $\frac{1,875,000 \text{ (feet)}}{125 \text{ (years)}}$ = 15,000 feet to the acre, or, 1 average acre = 15,000 feet.

Fifteen thousand superficial feet at 10s. per 100 = £75 market value, less, say, 75 per cent. for expenses = £18 15s. net revenue, showing the purchase-money equal to an investment at over 30 per cent. interest. Now, if the capital value of the property be estimated from the above net revenue capitalized at 3 per cent, the said value would be £625=property-tax £2 12s. 1d. (5d. \times 125 acres) = £5 as the present *average* value of bush land per acre: provided, however, that forests be managed for the purpose of permanent revenue, and not for that of immediate realization of capital, as is now going on at any rate and risk. It may be remarked that the tax will have the effect of reducing the income to £16 2s. 11d., thus showing the capital value of the property (calculated as above) to be £537 10s., producing a net revenue at the rate of 3 per cent., but also showing the rate of interest on the purchase-money to be 26 per cent. It is a well-known fact that no land cultivation in Europe will produce an income above the average rate of 3 per cent. on the capital invested in lands, and reverting to our colonial circumstances it may suffice to draw attention to the cost of labour here, from which it may be inferred that the net income derivable from landed estates in New Zealand could not be greater than that of Europe.

Although the above computations may appear principally to affect the owners of large forest-areas, still their purport bears more specially upon State interests, for it is in this intricate matter of taxation that just and rational principles should be elucidated and carried out.

It must be borne in mind that forest-areas in New Zealand have not hitherto, as a rule, fetched any other value in the market than the worth of the land after its clearing; therefore expenses attending the clearing have to be taken into account both by seller and buyer. For this reason, amongst others, Crown forest-areas are extensively sold at very low prices, and generally exclusive of the value of the standing timber. These alienations have the inevitable effect of lowering the value of private forest property as well as the quotations of the timber trade, and such depression in the value of a colonial production already affording a circulation of money to the amount of £2,000,000 to £3,000,000 yearly, is also reflecting injuriously upon all other colonial interests.

No doubt can now exist of the inexpediency of disposing of the Crown forests at almost nominal prices, and such a course could not be supported by any other plea than that of an imperative financial necessity, which, however, could be met, with greater advantage to the Treasury and to the colony at large, by other means than by such improvident alienations. Is it not obvious that taxation on private forests (if based on principle, and carried out on a progressive scale), as well as a simultaneous and adequate advance in the price of timber in Crown forests, would have the effect of enhancing the market value of colonial timber, and thereby that of forest property, from which a just and increasing contribution to the State revenue would be obtained?

REVENUE IMMEDIATELY DERIVABLE FROM CROWN FORESTS.

The realization of the financial advantages hereafter indicated (not to mention others of no less importance, likewise to result from the conservation and proper management of the Crown timber-lands) is necessarily dependent on the previous observance of two essential conditions: First, that neither forests belonging to the Crown, nor the timber growing therein, should be sold at such prices as would check or affect the increase in value of private property of a like kind, so that the upset price at which Crown forest-lands or their produce may be offered for sale would solely be determined from current market quotations for cut timber, and that the net revenue to accrue from the sales should be calculated so as to be about equal to that which the owners of freehold forests could reasonably expect from their property under like conditions of management, situation, value, &c. Second, that some urgent reforms in the management of the Crown forest-lands be carried out, such as disposing of the standing timber for its contents expressed in cubic or superficial feet, instead of leasing areas of forest, and then relying upon the declarations of the lessees as to the quantities cut down by them, &c.

These reforms would not, at first, necessitate any extra expenditure, although a different distribution of the funds devoted to the forest service may be found expedient, so far as salaries are concerned. In fact, the issue of regulations under the Act, and special instructions to the forest officers and other officials of the Crown lands administration, are the first steps required to be taken for the purpose of securing the conservation of these forests, and for that of realizing, at the same time, a State revenue.

The determining of the value of timber on Crown lands, or rather the fixing of the upset price at which it should be offered for sale, would result from the same computations as previously made in respect of private forests (*vide* page 2) Thus, it has been estimated that