

THE IMPACT OF EXOTIC FORESTRY ON MAORI LAND IN NORTHLAND: A POINT OF VIEW*

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The last twenty years have seen the rapid expansion of exotic forestry in New Zealand from an area of 352 000 ha in 1960 to more than 741 000 ha in 1978. The afforestation of Maori land is a relatively recent development; in Northland the oldest leases of Maori land for afforestation date back only to 1966. In New Zealand as a whole the emergence of forestry as a major industry reflects the restructuring of a predominantly agricultural economy. At regional levels the afforestation of marginal and undeveloped land has been heralded as a positive step in the development of depressed rural areas.

MAORI LAND IN NORTHLAND

Maori land in Northland is today largely a legacy of blocks the less-desirable lands; most of the prime land has been alienated. Much of the remaining land which has been developed is in small marginal farms, and has been fragmented by inheritance. Maori land development in Northland has been limited in extent and success by problems of finance, land tenure, legislation and availability of advisory services. The problems which must be overcome by those wishing to retain and develop the land are very great: the land is generally poor in soil type and fertility; management may be complex and require very large financial commitments; finance must be raised; conflicts between shareholders need to be mediated and technical expertise obtained.

The leasing of land for forestry development has been perceived as a means of solving these problems while providing financial returns, increasing local employment, rejuvenating the declining rural community, and enabling ownership, if not control, to be retained.

Maori land accounts for some 135 600 ha or 9% of the area of Northland. Of this land, 29 200 ha or 21.5% is currently under

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State control: 14 500 ha in Department of Maori Affairs development blocks and a further 14 700 ha in Department of Lands and Survey development schemes. Although the area of Maori land in Northland declined by 25% between 1957 and 1977, in the last decade virtually no Maori land has been alienated by sale; rather it has been alienated by long-term lease, for afforestation.

By May 1979, some 19 530 ha or 14% of the total area of Maori land in Northland was tied up in eight long-term forestry leases, all of which had been contracted during the previous 13 years. A further 12 000 ha were under negotiation or had been recognised to be suitable for afforestation¹. Thus up to 25% of Maori land in Northland may be committed to exotic forestry in the near future, and Maori land is likely to be a significant proportion of the total forest resource. In comparison exotic forest takes up only 3.3% of the total area of Northland.

THE LEASING OF MAORI LAND FOR FORESTRY

The type of forest development and the way it is undertaken will have a profound impact on the lives of individuals and the structure of the community itself.

Because of the time scale involved in forestry development, from planting to harvest, it has been seen as necessary that leases for afforestation be long term. In Northland, existing leases range from 46 to 99 years in length, effectively alienating the land for 3 to 5 generations. All of the existing leases are based upon a form of "share-cropping" known as the royalty system, under which the landowners' input into a forestry venture is recognised in the form of a rent paid as a proportion of the proceeds on the sale of the timber. The royalty set varies from lease to lease, ranging from 18.75 to 30% of stumpage. Variations in royalties are basically a product of the varying quality of different blocks of land and the regime under which the forest is managed, although other factors can be incorporated.

The leasing of land for afforestation was suggested in New Zealand in the 1960s primarily as a means of getting unproductive land into production and "guarding the long term ownership of public domain and Maori lands while fostering their development and use by competent forestry organisations" (Grainger 1969a). The leasing of land effectively circumvents the vexed issue of

¹ Department of Maori Affairs/Northland Regional Development Council, Consultations, 1979.

permanent alienation, frees for development capital otherwise required for land purchase, and ensures that land rent is not pegged to inflating rural land prices, while providing the lessee with many of the advantages of ownership. At the same time, the administrative difficulties of direct profit-sharing enterprises are avoided (since the land owner's return is a predetermined proportion of proceeds from harvest) and the postponement of rent until the wood is sold eases the commitment of the forest grower. The royalty basis of leasing is specifically designed to ensure "that the lion's share of any economic improvement shall pass to the lessee (the grower being the real risk-bearer) not to the passive land owner . . ." (Grainger 1969a).

PULP VERSUS SAWLOGS

The management regime of the forests on leased land is of crucial significance to the owners of the land, whose ultimate financial return will be a proportion of stumpage. In its most simple form, there is a choice in the management of an exotic forest for a greater quantity of lesser quality, cheaper timber; or for a lesser quantity of better quality more valuable timber.

The importance of this decision has not always been made sufficiently clear to land owners. A publication on afforestation on Maori land (N.Z. Department of Maori Affairs, 1978), which was widely distributed to Maori land-owners, claimed that a royalty of 25% of stumpage on a pulpwood venture, or 18% on a sawlog venture provided an equivalent return to a landowner. This claim was, however, based on the use of export rather than domestic prices and an over-estimate of pulpwood prices. A recalculation, based on the timber prices set out in the *Forest Industry Study* (DFC, 1980), shows that returns to the lessor would be in the region of two to three times greater where the land was used for growing quality timber rather than pulpwood. Moreover, the former is much more labour intensive.

The value of the wood will depend greatly on whether it is assessed at domestic or export stumpages; domestic stumpage rates are presently very low — that for pulpwood is currently in the region of only 15 percent of its cost of production². The profitability of many of the large forestry companies is substantially contributed to by this cheap timber and the taxation exemptions

² Forest Industry Study, 1980. Section 4 (7); *National Business Review*, 14.4.80.

and incentives available to exporters. The profitability of pulpwood production appears to lie in processing and exporting and not in the production of the pulpwood itself. If the lease agreements provide only for royalty on stumpage, the owners of the land on which timber is grown will not share the benefits which accrue to the exporting companies.

EMPLOYMENT

The generation of employment is an important issue because much of the motivation for leasing the land lies in the promise of employment for local people. This aspect, the likely generation of employment and other industries, is emphasised heavily by forestry interests endeavouring to lease Maori land,³ but there are problems relating to the level and consistency of employment generated by forestry development when the development is not planned specifically to meet employment needs.

Forestry has a reputation for providing rural employment⁴ which derives from a more labour intensive era. There have been rapid advances in the mechanisation of forestry in the past 20 years⁵; technological innovation is continuing and will significantly affect employment in logging and processing just as it has affected planting.

Claims for the "spin-off" employment effects of forestry are also widespread, but available data are limited. In a New Zealand study (Grant, 1976) it was found that local employment multipliers tended to fall in the range of 1.1 to 1.4, and that the prior existence of underemployment (commonly found in rural areas) significantly influenced the number of jobs created and tended to contribute to an increased income for the community rather than decreased unemployment⁶.

A forestry scheme may have negative effects, which may be overlooked, particularly relating to the size of the development

³ See for example NZFS (1974); Northern Pulp Proposals (1976).

⁴ Economic Monitoring Group (1978): p. 25.

⁵ The ratio of employment to new forest planted in New Zealand has been
1964, 1:3 (11 000 ha planted, 3508 employees)
1974, 1:15 (44 000 ha planted, 2859 employees).

⁶ The NZFS Otago Plan (1974) assumed an employment multiplier of 2.0; i.e., that for every job created another would be indirectly generated in servicing and associated industry. Subsequent discussion has questioned the validity of this assumption — see for example Grant (1977) and Fraser and Horgan (1978).

relative to the small community. The dominating influence of the "large company" in small towns is a well-documented phenomenon, as are the distorting effects on demographic structures in the locality: the disproportionately large number of young, single men, and the lack of employment opportunities for women; the very high frequency and severity of accidents in forestry and logging; and the relatively low average earnings of employees in the industry.

CONCLUSION

Maori land in Northland is subject to pressure for economic development, and particularly to lease for afforestation. It is important, in order that the owners of the land can make a satisfactory decision, that:

- (1) There is effective information available to the owners.
- (2) The owners' interests are protected by the use of this information on their behalf by skilled negotiators seeking to maximise the owners' benefits in social as well as economic terms.
- (3) Forestry is seen both by the owners and the region in the context of land-use options generally and not in isolation.

It is contended that these considerations have not been fully met in the long-term leases of land for forestry, and that the owners may have been disadvantaged by a relative unfamiliarity with the legal systems involved, by a failure to appreciate the implications of the forest management proposed, and by a lack of competent and independent advice.

For positive changes to be made there need to be opportunities for self-determination, for varied and small-scale developments which suit the aims, aspirations and abilities of the people who are, after all, the owners of the land. Forestry has a role to play, but its management and practice must be compatible with the long-term interests of the people.

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