

EDITORIAL COMMENT

Waitutu Forests

Yet another attempt is being made by the environmental lobbyists to generate a controversy over the use of an area of indigenous forest, but this time there is a difference; the owner of the resource immediately at issue is not the Crown, but a body of private citizens. And the handicaps under which the Crown must operate in such issues (the inability of its professional advisers to participate in public debate, and the possession of ultimate power by politicians who may be influenced by campaigns to raise public pressure in which sometimes the campaigners' perceived view of the morality of their end distorts their view of the means adopted to achieve it), do not constrain private citizens.

The Waitutu forests lie along the southern coast of the South Island; rugged, isolated and beautiful lands, occupying the glacial outwash terraces deriving from the glaciers formerly occupying Lakes Poteriteri and Hauroko. The largest part (45 000 ha) is State forest* but along the coast to the west of the Wairaurahiri River lies 2500 ha of virgin podocarp forest owned by the Waitutu Incorporation. To the east of that river lies some 1000 ha of broadly similar forest, also in private ownership, logged during the 1930s, transported by tramway to Port Craig, where the timber was milled, and exported by sea to Australia. This logged area is now forest characterised by some of the best and most vigorous podocarp regeneration known in New Zealand.

The management of the State forests has been prescribed by management plans; while a production potential is recognised (6800 m³ p.a. sustained yield) no production management is anticipated during the period of the plan (1978-88); "the timber resource will not be available until the other values of the forest and the need for timber have been considerably better defined". The plan prescribes public assessment and discussion of the need for change to the present management before change is implemented. The Waitutu Incorporation, however, has negotiated a contract with a major New Zealand company, Feltex, which owns sawmills in the nearest centre of Tuatapere, some 50 km to the east, for the sale of the merchantable timber on their land. This harvest of the present timber crop is objected to by the environmental lobby.

*The Waitutu Management Plan (NZFS Invercargill 1978) describes the forests and their present management.

The situation is full of delightful irony. The Waitutu Incorporation represents the indigenous owners on whom the land was bestowed some 80 or more years ago under an Act of Parliament which sought to redress the iniquities of European colonisation in some measure by providing "land for landless natives", in the language of the time. Such land was often, as in the present case, the least attractive land for European settlement and "improvement"; roadless, isolated, with impoverished soils and an unattractive climate. For eighty years the predominantly European population has busily created wealth by converting the indigenous cover of New Zealand to more economic crops, while regularly berating Maori landowners for their less efficient (in European eyes) use of the limited land remaining to them. And finally, when the owners of this particular land manage to co-ordinate their interests under the complex and difficult laws relating to Maori lands, the largely European beneficiaries of a century or more of exploitation, suffering pangs of conscience, attack these owners' rights to make their own decisions.

Another irony is that for many, if not most, visitors to the region, the aspects of fascination are those with a human element; the relics of the old mill, port and settlement, the huts and tramway viaducts. These of course, we owe to the "exploitation" of previous generations!*

There are many fingers in this particular pie, and it is, as usual, possible to see that many of them belong to the same environmentalist hand. There are the owners, whose ultimate right to make the management decision must be recognised; the National Parks and Reserves Authority, which has recognised an inherent suitability of the State forest for national park status (but carefully refrained from comment on the Waitutu Incorporation land, which must, by inference, have the same values, since it is indistinguishable except by a surveyor's line); The Nature Conservation Council; the Queen Elizabeth II Trust; and the lobbyists under the umbrella of the Joint Campaign on Native Forests. The Forest Service, although the only neighbour, has not been a participant in the public debate, although it implicitly recognises some responsibility; its management plan presents data relating to the private forest, and the integral nature of the forests' management is recognised. What is done with either must affect the management of the other.

*See arguments presented by C. Anstey in the Members' Comment in this issue.

Is there a solution to the conflict existing between the rights of the owners and the existence of a contract to sell on the one hand, and the views of those who would wish to see the forest protected in its entirety for all time on the other? The elements of a solution lie in the Institute's Forest Policy, and in the Government's Indigenous Forest Policy. A fresh approach is required, the fundamental basis of which should not be emotional protectionism, but the capacity of the forest to meet existing and future needs of New Zealanders in general and the owners in particular. This solution requires

- that the future management of the State and private forest be integrated. This need not require changes in ownership.
- that provision be made for permanent reservation to protect values incompatible with other forms of management, irrespective of the current tenure of land on which they might lie.
- that the demonstrated capacity of the forests to regenerate be realised to meet the reasonable needs of New Zealand for timbers the demands for which cannot be met from elsewhere, since their value lies in that they are peculiar to New Zealand, but
- that such harvest should not occur until the value of the timber is such that its use is optimised, and the return to the forest demonstrably sufficient to sustain the most appropriate management techniques.

The Minister of Forests has suggested that there can be no grounds for his interference in a private contract affecting the use of a private crop on private land, and from a narrow perspective he is "right". Environmental lobbyists demand protection of a unique resource for all time and generations, and in a narrow sense they can also be seen to be "right". The owners, too, demand freedom from interference. The forest itself will suffer the consequence of this battle deriving from the imposition of a rigid socio-economic, legally inflexible system on a highly variable and ever-changing natural system. It is possible to meet all demands, but only in an atmosphere of co-operation and willingness to compromise; why should the cost of the access road to the Incorporation's forest, a heavy charge on that crop, be borne by that crop alone, and not by subsequent crops and the State forest? This question alone offers several avenues for negotiation amongst the parties, and other possibilities also exist.

The level of timber production in Waitutu may in future years be a little or a lot. That is not of concern to the forester. What is

of concern is that what land and timber is used, is used properly, and that the decision-making process is not unduly influenced by demagoguery. The sins of our fathers in over-exploiting the forests of New Zealand need not be visited upon our children by denying them access in any circumstance. The Government, representing the citizens-at-large, can afford to incur some cost to redress the injustices of the past, not to blindly create yet more reserves, but to preserve the opportunity for future New Zealanders to manage the forests in the way most appropriate to them.

Forestry and Taxation

For many years the relative advantages enjoyed by agriculture (whose practitioners could offset expenses incurred in producing income against farm income on an annual basis) over forestry (in which expenses of individual forest owners had to be carried forward until the crop in pursuit of which they were incurred reached harvest) were redressed by the existence of a government incentive scheme for forest owners other than companies, under which varying proportions of the expenses incurred were refunded.

This scheme had numerous disadvantages; it was cumbersome to administer; it diverted the limited resources of the Forest Service from true "extension" (*i.e.*, education, or proselytism of forestry) to measurement and book-keeping; the allowable expenditures regularly fell behind inflated values of money; it tended to inhibit the venturesome in favour of the prosaic and thereby probably limited the advance of forest practice; and, most importantly, it was perceived by the non-forestry sectors as an overt subsidy; rather than a mechanism for recompense of a systematic disadvantage. But it had one major factor in its favour. It was administered within the Forest Service, relatively independently or political whim or transient budgetary pressure.

While the Grant system was better than nothing, the fiscal treatment of forestry for private forest owners still compared unfavourably with that accorded forest companies (who could offset costs incurred in growing forests against other income on an annual basis, and, more recently, even create a tax credit where the costs incurred exceeded the income available against which they could be offset) and farmers, and regular representations have been made to the government for its review.

These representations have borne fruit, which is superficially attractive, but which may prove eventually to lead to digestion problems. The 1982 Budget announced that 45% of qualifying

expenditure in forest establishment and management would be refunded on application. No maximum limit was imposed either on a per hectare basis or in gross terms, and no conditions other than that the species be a recognised wood-producing species laid down.

There are several advantages in this new system, under which the Forest Service is obliged to assume the audit role in respect of company expenditure formerly exercised by Inland Revenue. Among them are the necessity for developing and maintaining an adequate national data base, which will ultimately make more feasible the establishment of a national allowable cut and system of yield control, and the establishment of a greater measure of comparability in the treatment of agriculture and forestry. But there are a number of fish-hooks, some of quite major dimension. Since the money for the 45% refund will have to be voted directly by parliament, government will have an easy, and annually available avenue for tinkering with forest planning. The effects of such annual interference with the programming of work in a large industrial forest need little imagination to discover. There may be a strong temptation to limit the overall financial provision necessary, simply by transferring to private sector refund provision, moneys which would otherwise have been expended within Forest Service programmes. While this transfer must be accepted as a legitimate government strategy on a long-term basis, it cannot be used as a short-term budgetary tactic without severe disruption to the Forest Service. And will major forest companies be entirely content to have their records and programmes open to the Forest Service, which has and will have an increasingly dual role as both forestry enterprise and forest authority, as its own forests mature in the next decade?

Indeed, if the budgetary provision for the private sector vote is not made, and made as a commitment, on a three to five years ahead rolling basis, and moreover at a level adequate to meet the entire demand for recompense of qualifying expenditure, it is possible that the administration required to overcome the effects of financial disruption in planned programmes in the forests, or to devise a rationing system for the available moneys, will prove more demanding and disadvantageous than the previous system.

The problems of devising a reasonable and realistic taxation system for forestry have not been entirely solved by this measure and further changes may be foreseen. Perhaps the most reasonable would be the adoption of a system in which growing costs were annually deductible if the forest were managed according to

nationally established principles (non-declining even flow for larger forests, or under a co-operative management plan for smaller forests/forest owners).

Forestry Comes of Age

That the forestry sector has made astounding progress in New Zealand over the past twenty years is not news to any member of this Institute. That progress has been such that the largest company in New Zealand, formed but recently from the union of the Fletcher Group, the Challenge Group and Tasman Pulp and Paper, should purchase Crown Zellerbach (Canada) for a reported \$350 million would have seemed unbelievable not six months ago; indeed it is still difficult to comprehend. Crown Zellerbach (Canada) of which 83.9% has been purchased, and an indication given that the remaining shares would be sought, has not been immune from the effects of the current world depression, but New Zealand, represented by Fletcher Challenge, appears to have struck an excellent bargain.

What does this purchase mean to foresters and the forestry sector? At one stroke, New Zealand has purchased for itself a major presence in the world forestry scene, a purchase which will have short-cut years of dedicated marketing and promotion effort. Access has been gained to the Canadian market for specialised New Zealand products (it would be foolish to think that New Zealand will export significant quantities of newsprint, but the acquisition of a chain of 30 major building supply stores is a major achievement). Canadian expertise in the skills required for major international trading is now available and should be of inestimable value in the preparation required for New Zealand's wood production "boom" of the 1990s. Many other potential gains could be listed.

Doubtless there are risks, too, although the announcement that little in the way of New Zealand funds has been required to finance the deal indicates that the risk may be more to Fletcher Challenge Limited's and New Zealand's good name than to their pockets.

The principal advantage, though, is the demonstration that the "quantum leap" is possible: New Zealand is not just a minor, powerless, price-taking nation in the southern oceans, but a nation capable of influencing its new destiny in the trading rooms of the world. The horizons for the forestry sector have been immeasurably broadened. Let us take advantage of them and not be intimidated by the size of our competitors.

The forestry sector has shown the way — New Zealand capital and New Zealand expertise can play the game with the multi-nationals. The wonder is that the forestry sector has achieved this in the bare 40 years from the last war, and the pity that other sectors of primary industry on which the nation still deepnds, have not yet managed to make a similar “quantum leap”.

A Quiet Revolution: The Advent of Helicopter Logging

The “environmental” pressure on the native forests of the last decade has had some wholly desirable effects. Indeed, the public awareness and its concomitant effect on government has achieved what several generations of professional foresters, constrained perhaps unreasonably in retrospect by their public service tradition, failed to achieve — a major reduction in the annually available volume of indigenous logs. In the State forests of the North Island at least, the present cut can be sustained, and very probably increased, should a need be proven.

The dramatic limitation in available volumes has had a very predictable effect; the value has gone up, and so has the ability of the crop to sustain more technological methods of harvest, methods more appropriate to the nature of the forests, and the land. Helicopter logging of kauri from Russell Forest has now become a standard practice, and trials have been carried out by the Auckland Regional Authority in the Hunua Range forests.

A more recent extension has been the use of helicopters in conjunction with a portable bush sawmill, to mill rimu in the Horohoro State Forest near Rotorua. The trial evaluated the feasibility (in practical terms) and economics of using this method to salvage high quality wood from wind-toppled trees normally left to rot.

The trial was prompted by two principal factors: first, only 50% of the potential sawn timber yield (and therefore 25% of the total volume) from native podocarps can be obtained in grades which are in demand for high quality, special-purpose end use, and, secondly, conventional logging methods using tracked machines are unsuited to the forests since they damage the remaining crop, and are extremely expensive when the density of merchantable trees is low.

While it is reported that the residual value attributable to the forest from this operation was relatively low, so were the “environmental costs”. High quality timber was made available to the local economy; the forest was left, after replanting, in a more

productive state, and further intermittent harvests may be expected to maintain the industries dependent on the wood, based on calculated sustained yield capacity of the forest.

These developments have been extremely rapid, and have gone largely unnoticed. Moreover, they are occurring, and occurring profitably, at a time when the value of the wood is significantly less than it is likely to become, in relative terms, as the available volumes currently coming from private land, and South Island mills with timber allocations historically in excess of the sustainable cut of the forests, diminish.

The outlook is therefore very bright indeed, and certainly sufficient reason to be extremely cautious about proposals to permanently reserve further areas of New Zealand's limited remaining manageable indigenous forest resource which are based more on emotion than on logic.

REFERENCES

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