

STATEMENT OF CORPORATE INTENT: NZ FORESTRY CORPORATION

The forestry profession and other interests have been awaiting the issue of this statement with interest. As expected, the statement is an interim one. It claims it cannot be more specific until land transfer and valuation matters are settled, and this is not unreasonable, and is a valid excuse for some of the vagueness of the statement and for some, if not all, of its many omissions; but it is not a complete excuse.

The statement details eight principal objectives and seven descriptions of the nature and scope of corporation activities as follows:

The principal objective of the new Zealand Forestry Corporation is to operate as a successful forestry and wood processing business. To this end, the Corporation will:

- (a) seek to be at least as profitable and efficient as comparable businesses in the private sector of New Zealand and abroad;
- (b) undertake new investments only where they are expected to yield a medium-term return at least equal to the Corporation's appropriate cost of capital and where they will enhance the long-term commercial value of the enterprise;
- (c) undertake a review of marketing opportunities internationally, nationally and locally, develop policies for short-term sales and enter into negotiations with long-term sale clients for the placement of agreements on a commercial basis;
- (d) manage the company's financial assets and liabilities on a prudent basis, particularly as regards interest rate, currency and credit risk;
- (e) pursue personnel policies which are sensitive to the needs of employees, and encourage and reward staff in comparable manner to good employers in the forestry sector generally;
- (f) act at all times as would befit a good corporate citizen;
- (g) welcome reasonable public access and use of corporation land for recreation;
- (h) sensitively manage land and associated physical resources to protect environmental values.

The first objective, to be "at least as profitable", is a strange one in the Roger-nomics-SOE context since it looks to comparative, rather than maximum, profitability. This is perhaps to allay the fears of the industry that the forests may be transferred to the Corporation at so low a value as to make exorbitant profits

possible. But there is another possible explanation which is suggested below.

The second objective is to be wholly welcomed since for new investments at least it gives a firm commitment to long-term strategies. It says in effect that new investments will be undertaken when they enhance long-term commercial prospects. It is the only reference in the whole document to any sign of long-term planning.

Welcome also are the last two objectives dealing with public use and environmental protection. The operative words are *reasonable* public use and *sensitive* environmental management; the weakness is that they are not defined. It may not be too unreasonable to assume that the interpretation placed on them by the Corporation has had an influence on the first objective dealing with profitability. If this is so then objective (a) could be taken as reading "we will limit profitability by allowing some recreational use of our forests and accepting some environmental constraints to the extent but only to the extent that Tasman and NZ Forest Products *et al.* do the same". Fortunately Tasman and NZFP have a pretty good track record in this respect. But for a publicly owned corporation is this good enough?

This gets to the heart of foresters' concerns. The plantation forests of New Zealand, wholly owned by the public,

were grown and managed for a variety of important social and environmental reasons as well as for commercial ends. The very same forests, now (or soon to be) taken over by the Corporation, are still wholly owned by the public and will be unless and until they are ever privatized. Already there is a move towards privatization through the stated intention to raise 25% of the Corporation's equity capital by the sale of (non-voting) bonds. Even if this takes place and **provided there is the political will to do so** the Corporation forests could still be so managed as to provide a wide range of desirable public services as well as to make good levels of profit. And, as pointed out in a paper to the AGM, there are several alternative and acceptable mechanisms by which the necessary small financial adjustments can be made.

The statement of corporate intent is noteworthy more for what it omits than what it contains. It fails to give answers to a host of questions about matters which are the proper concern of the final owners of the forests – the public itself. It is to be hoped, and reasonably expected, that the next version will be much more revealing. Meanwhile the Institute of Foresters could play a useful role in seeking and promulgating answers to some of the important questions yet to be answered.

A.P. Thomson

FORESTRY ADVISERS – NEPAL & COOK ISLANDS

A long-term joint Nepal-New Zealand forest management project is soon to be established in the Khumbu-Pharak region of Nepal. An initial team of two forestry advisers is sought for this challenging project.

In the Cook Islands a forestry officer is required to continue the management of a small afforestation programme on the island of Mangaia.

All three positions require formal forestry qualifications (B.For.Sci. or NZCF) and a number of years of forest management experience.

These are two/three year assignments during which time the volunteers will be fully supported; receiving return airfares, free accommodation, a monthly living allowance, personal effects and medical cover plus several special allowances. Technical/professional support will be provided from NZ.

For further information, write with personal details to:

**The Selection Co-ordinator,
Volunteer Service Abroad,
Box 12-246,
Wellington.
Telephone: 725-759**