

TEN CURRENT ISSUES

What do you think?

Where do you stand?

Check which of the following answers fits your views best.

1. Current moves in the NZ plantation scene:

- A. Spell disaster – see comment by Poole page 2.
- B. A positive future for forestry – see comment by Allen and Walker page 4.

2. The State's plantations are worth:

- A. Roughly a billion dollars – one estimate by A. Gibbs – see Grant (NZ Forestry 32/1)
- B. About 7 billion dollars – the top estimate by BERL – see Allen and Walker page 4.
- C. Between the above two (there has to be three options in an exercise like this!) e.g. letter by Mountfort, page 14.

3. Many countries provide incentives for establishing plantations; New Zealand has taxation disincentives:

- A. This Douglas policy is reasonable.
- B. Thatcher's or Pinochet's policies (to name a couple) are reasonable.

4. The Tasman Forestry Ltd accord with conservationists – see page 9 – is:

- A. A sign of the times.
- B. An exciting development.

5. Controls over private indigenous forest exploitation are being proposed – see comment by Guild and also page 10. They are:

- A. Badly needed.
- B. An infringement of private property rights.

6. The cancellation of the Institute of Forestry Inc. A.G.M. at Waitangi this year was:

- A. Expected – there's too much talk on Maori issues.
- B. Unexpected – Maori land issues require more discussion and awareness.
- C. Too busy for Conferences.

7. Foresters get majority of top jobs in the Department of Conservation reshuffle – see page 11. This indicates:

- A. Just another bureaucratic mistake.
- B. Professional forestry training and performance made them logical choices.

8. Ministry of Forestry to manage Maori – lease plantations for the Crown – see page 10.

- A. What! Departments shouldn't manage plantations.
- B. (Smile) – it's logical.

9. University first-year student intake up; School of Forestry intermediate level at low ebb – see page 8.

- A. It's the School's problem (curriculum/location etc.).
- B. It's a victim of forestry restructuring and the sector's image.

10. The Minister of Forestry was reported in June as commenting that the countries he visited were much more mature than New Zealand in their approach to forest policy. They believed

in multiple, sustained and managed use of their forests:

- A. But these are forestry dogma and are unworkable.
- B. These are sensible policies which have been implemented.

Bonus question:

The 'optimum' final crop stocking for pruned radiata pine stands in the central North Island is:

- A. Closer to 200 than 300 stems/ha.
- B. Closer to 300 than 200 stems/ha.
- C. Don't know.

(For an answer to this question read your next issue of New Zealand Forestry.)

D.J. Mead,
Editor

Labour in the Woodpile

As long ago as the late 1920s, when students in New Zealand were struggling with their studies at two short-lived Forestry Schools in the University Colleges of Canterbury and Auckland, on the other side of the world the Nazis in Germany were plotting to use wood as the most important resource in their preparations for war. In their own intensively managed forests, covering more than a quarter of the land, they calculated that they had an extraordinary resource. Moreover, in the surrounding countries there were forests almost the equal of those of Germany in quality but far exceeding them in quantity. At the time of conquest, as a war proceeded, these could also be used; or maybe, even before conquest if trade could be manipulated so that wood finished up in Germany.

And so the Nazis, with consummate skill, laid their plans to use wood as the material for *ersatz* (substitute) industries. It could be converted to provide food and fodder, solid and liquid fuels, cellulose and textile fibres, wood-based chemicals and structural material. The plans came to fruition and wood did, indeed, provide key materials that kept the Germans at war. A detailed and racy description of the Nazi machinations is contained in a book called, 'Nazis in the Woodpile' by Egon Glesinger (1942). Bobbs – Merrill Co., New York.

While the Nazis were capitalising on Germany's and neighbouring countries' well-managed forests, Britain, on the other hand, was struggling desperately to get enough wood for the bare essentials of living and a minimum for war purposes. She was paying the penalty for decimating her natural forests long since and giving little attention to replacement or to nurturing the remnant forests. Being the largest importer of wood in the world before World War II, she had to struggle with all the might of her navy to maintain a vital minimum of imports. Lacking forest workers and sawmillers, except in small numbers, she also had to rely on Commonwealth recruited artisans from Canada, New Zealand and Australia to log and mill some of her remaining slender forest resources. Britain had found herself in the same predicament at the time of World War I and new planting after that war provided some of the wood felled during World War II.

At the time the Nazis were laying their plans and pursuing their strategies, New Zealand was planning and planting its first major exotic forests. During and immediately after World War II this development almost ceased but recommenced in the 1950s and 60s and carried on until the obliteration of the New Zealand Forest Service by the Labour Government in 1987. The country now

has exotic forests which already supply its own needs of wood, and raw material for a sizeable volume of exports – in excess of \$1000 million last financial year. It has a valuable resource which has been built up carefully and logically from beginnings which started 130 years ago when the first exotic forest trees were introduced. Even though New Zealand already has a substantial resource, potential for addition is great and the world's potential market for wood-based products is decidedly promising.

The possibility that New Zealand would ever need its exotic forests to help it fight a war is remote: nuclear weapons have seen to that. There is however another threat. They are included in the Labour Government's list of asset sales.

The German forests – and other European forests – were so well managed and carefully tended that they eventually recovered from Nazi plundering. But the fate of New Zealand's exotic State Forests could be quite different under current philosophies of free enterprise, market-driven forces and similar economic philosophies.

The building of our exotic State Forests was based on long-term Government policies. These included the continuing need for wood and wood-based products, social needs of employment, regional development and industry and erosion control. All these needs are as pressing today as they ever were. The implementation of the policies was carried out by a Forest Service set up by an Act of Parliament and modified from time to time to include new Government policies. The Forest Service carried out the planning, planting and tending of the State Forests and the selling of standing timber or logs from them, always subject to the approval of the Minister of Forests. Research turned its searchlights on to the numerous problems that arose; seed sources and variation in trees; soil and climatic effects; growth and development of individual trees and stands and forests of them; diseases and insect enemies; many other biological problems and the conversion of wood and manufacture of wood-based products. An effective and skilled research organisation developed.

New Zealand became widely known for its techniques of exotic forest establishment and for the growing of those forests. Its experience was called upon in many places.

Suddenly all this was swept aside in the name of 'balancing the books'. The propaganda machine blared forth about the defects of the past: woolly thinking – contradictory aims – lack of clear economic and financial objectives – extravagant expenditure – an unwarranted drain on the State. A situation that could be tolerated no longer. Employment needs seemed to have evaporated; erosion had

ceased. Other plans were afoot to develop regions.

The cure was clearly to expunge the past and start again. What could be simpler than to clear away the mists of one hundred years and more and convert what could be salvaged into dollars? They forgot a couple of things: that forests grow on land, and that forests have a biological as well as a business basis.

In 1984, when it came to power, the Labour Government planted a delayed-action, corporatisation bomb in the New Zealand Forest Service. On April Fool's Day 1987 it went off. Speaking destruction-wise, it was a huge success. Great pieces of the country were exploded in all directions and the total manpower was shattered. The destruction was so complete that pieces had to be put together again in a new pattern.

The exotic State Forests at which the bomb was really aimed – but as with such a crude weapon as a bomb everything around it had to be included in the casualty list whether it was aimed at it or not – were rearranged into a Forestry Corporation.

There was some reluctance to fit remoter forests into the new jigsaw and also those which were being planted to perform protective functions. The chief perpetrators of the destruction had grown up, blinkered in Auckland's concrete shelters, and regarded these as extravagances. But then, almost to the day a year later, Cyclone Bola came. There was then a reluctant realisation that New Zealand had once all been under the sea and that large parts could quickly finish up there again if 'Cyclone Bolas' had their way.

The new Forestry Corporation made great headway and in no time turned what the Labour Government had called a drain on the State into a handsome profit. But no mention was made or accounts included of the cost of the Ministry of Forestry, a rump forest service that had to carry on administering intricate forest legislation and look after research. No mention was made of the native mountain forests – covering a quarter of the whole country – which the Forest Service had protected and preserved during all its 68 years of administration, and were now with a new Department of Conservation. Totally ignored, of course, was the cost of the embarrassing addition to the rapidly growing heap of unemployed forest industries' workers. This included a thousand or so discarded forest staff, many of whom planned and carried out expansion which now was brought to an abrupt halt. They had been enticed into forestry at one time by promises of an interesting lifetime career, often living in remote places, and then suddenly discarded. And the chief spokesmen of the Labour Government said that they would now be in employment of more use to the country!

The Corporation prided itself on its achievements, its streamlining and accountability. But, then, the Labour Government produced its hidden agenda. "We will now sell the forests," it said, "and you will have to dig your own grave because you must arrange for the selling."

The Nazi scheming, described at the beginning, was eventually analysed. The main schemer, Hermann Goering, who adopted the grand title of Reichforstund-jaegermeister (the chief forest and hunting master), was described in the following words: "He rips the green forester's uniform off Hermann Goering, jolly master of the hunt, and shows him to be a thieving, greedy plotter, who for years has been trying to steal the contents of every peasant's woodshed in Europe". This description would not need much alteration to make it fit a number of plotters in this country. What went on in the compilation of the hidden agenda? Industry and Government were clearly together at that stage.

There is a lesson to New Zealand in the German story. German and other European forests eventually recovered from the onslaught made on them largely because the biological basis of German forestry was well understood and guarded by foresters **and by law**. Nearly all forests are managed on sustained yield. The extent of plundering could therefore be measured and rectified later, or stopped before irreparable damage was done. Most forests are managed so that protection from wind damage and the ravages from diseases are minimised. These safeguards were usually taken into account by the plunderers. Most important of all, felling is done so that the successful establishment of the next crop is ensured. The plunderers scrupulously took account of these needs.

What of the New Zealand scene?

An officials working party, chaired by Treasury, advised Government about sales of forests without the land when it was realised that the sale of land would introduce complicated Treaty of Waitangi matters. How are trees sold? These should be leased for periods equivalent to rotations. No mention of what rotations or any details. A great deal is left to the imagination in this regard.

Nowhere in the document is there mention about biological pitfalls and necessary safeguards. On the other hand it commences with this inspiring piece of gobble-dyook: "... the sale of the Crown's commercial forestry assets can directly contribute to a comprehensive rationalisation of New Zealand's forestry resources with significant associated economic benefits". It recommends "no constraint on foreign ownership ..." and, "... minimal management should be necessary of the Crown's interest in land over which it has granted a forestry right." That reminds one of Kipling's "This is my

own, my native land." The committee's arid approach to land, the lifeblood of a nation, is frightening.

Even more alarming are such recommendations as "...no restriction on transferability of forestry rights...". And worse: "...further restrictions, such as sustained yield management requirements, should be rejected as inimical to sound commercial forestry and maximisation of sales revenue." This is treachery to New Zealanders who, under this kind of formula, could receive back from the lessees of forests, thousands of hectares of stumps and be faced with huge costs of making that land productive again. The report states as a reason: "...conditions of tenure in British Columbia have severely inhibited commercial forestry practice there." Members of the committee should be compelled to inspect the tens of millions of hectares of forest in British Columbia – and in the rest of Canada and in the USA – mutilated by industry even when worked under restrictions. There is ample evidence to show that without restrictions no productive forest is left.

The committee's concept of selling forest is that of selling pins over a shop counter. Future New Zealanders could have their forests returned to them in a mess. Where is the mandate for this complicated manoeuvring? – for expunging more than a century of development? – for obliterating a major Department of State? – for selling a publicly-owned asset worth many hundreds of millions of dollars with no satisfactory safeguards?

We have slaughtered the best native timber forests that the world has seen. Are we about to slaughter the best exotic forest that the world has ever seen?

A.L. Poole

NZ Forestry in search of a new beginning

Forestry in New Zealand is undergoing fundamental changes which are only partly associated with the Government's sale of its commercial forestry assets and its commitment to the conservation of all State indigenous forests. Tax disincentives and the need to reduce both public and private debt have resulted in greatly reduced plantings and the purchase of offshore forestry assets by New Zealand companies. This retrenchment, which affects agriculture as well as forestry, may however be regarded as an opportunity for the forestry sector to diversify in several ways.

Perceived opportunities are:

- a greatly increased inflow of foreign capital and an associated opening of other countries' markets to New Zealand wood products;
- afforestation of better-quality land, leading to greater returns to the forest grower;
- the management of native forests to provide a variety of benefits to the community;
- increased plantings of multi-use forests by local government bodies and farmers.

Retrenchment in the Forestry Sector

The apparent loss of confidence in commercial forestry is best illustrated by the move offshore by NZ forestry compa-

nies in search of more profitable opportunities, and reduced planting of new forest – 23,000 ha in 1988 compared to 43,000 ha in 1984. One cause is the Government's 1985 taxation changes which removed tax deductibility for establishment costs of tree crops. These costs cannot be deducted until the trees are harvested, by which time the tax deduction will be of little value. The result is that forestry is the only industry in New Zealand taxed effectively on gross income rather than net income. There is an analogy with superannuation where the loss of tax relief on savings and the taxing of income from superannuation funds is seen as a strong disincentive to save for retirement. New Zealand is the only country where both forestry and superannuation are treated in this manner. Such long-term investments, which are difficult or impossible to cash up before maturity, should receive special consideration. As it is, the Government may well be the loser: the increased revenue gained from changes in forestry taxation may well fall far short of the capital foregone when the State forests are sold!

Another negative factor is the protracted sale of the State forests. When the Government originally set up the Forestry Corporation to operate its 0.58 million ha of plantation forests as a commercial enterprise it was in the Corporation's interest to talk down the value of its assets. Now the Corporation has some difficulty in arguing that those same assets are worth far more to the private sector. Similarly, Treasury's efforts to establish an independent valuation lack credibility: the report which it commissioned (BERL, 1988), offered a number of scenarios with values ranging as high as seven billion dollars. The report is without conviction and seeks justification for unrealistically high valuations on the basis of overly optimistic assumptions (Bilek, 1989). Of course the private forestry companies have no interest in extolling the value of the Corporation's assets as they would like to buy them as cheaply as possible. Indeed, the reduced new plantings by these companies could be a Machiavellian ploy to downplay forestry and so by implication to devalue the State forestry assets.

Time holds forestry in its thrall. The time horizon is so great that the forest

NEW ZEALAND FOREST ENGINEERING INSTITUTE Eight Week Course

27 Nov. - 22 Dec. 1989 and 15 Jan. - 9 Feb. 1990

LEARN AND IMPROVE SKILLS IN LOGGING AND
TRANSPORTATION SYSTEM PLANNING

TWO NOTED OVERSEAS LECTURERS, PLUS SOME 20
WELL-KNOWN NEW ZEALAND EXPERTS

FIVE INTEGRATED MODULES COVER:

- logging systems
- forest area planning
- forest roads
- soil & watershed management
- economics and operations analysis

Cost: \$6,500. Offered by: School of Forestry, University of Canterbury in association with Logging Industry Research Association and Ministry of Forestry.

For further information and enrolment brochure contact:
Dept. of Continuing Education, Univ. of Canterbury, Christchurch
Tel. (03) 667-001 ext 8405 FAX (03) 642-999