

Crown Forest Asset Sale

The Bill

The Crown Forests Assets Bill was passed in Parliament on October 20, 1989. Changes made to the draft bill included:

- removal of the provision enabling the Government to sell Crown forest land;
- introduction of a minimum licence term of 70 years, except where land is to be returned to Maori where there will be a minimum 35-year term;
- provision for protection of archaeological sites, wahi tapu, conservation areas, public access, etc. by registering covenants against the title of the land as well as incorporating covenants into the purchaser's licences to use the land;
- introduction of covenants relating to replanting of certain forests established for water and soil conservation;
- provision for public consultation if a need is perceived for a covenant to be cancelled or significantly varied.

The launching

The sale of the State-owned plantation forests in New Zealand was launched at the James Cook Hotel in Wellington on October 25. The Hon. Stan Rodger, Minister for State Owned Enterprises, officially announced the sale and said that it would be driven by commercial and economic criteria, and that he would play no part in it until final sale decisions were made by Cabinet.

The rationale for the sale and the process to be followed were outlined by Alan Gibbs and Andy Kirkland. The former drew comparisons with the United States Government's sale of Alaskan oil leases.

Payment of a refundable \$5000 deposit provides prospective purchasers with the right to inspect the assets and have full access to all relevant information, including the detailed resource descriptions for each of the 12 regions. At least six months will be provided for purchasers to evaluate the resource. It is intended to call bids prior to June 30, 1990 according to a schedule which will be advised two months beforehand.

The plantations in Waipoua Forest and the 430 ha of Waitangi Endowment Forest were not included in the sale. Part of Whakarewarewa Forest which includes the Redwood grove is to be vested in the Rotorua District Council.

COMMENTS BY MINISTER FOR STATE OWNED ENTERPRISES

Messrs A.P. Thomson, A.L. Poole and G.M. O'Neill wrote in late July to the Minister for State Owned Enterprises regarding the sale. Extracts from the reply of the Minister, the Hon. Stan Rodger, dated September 7, are given below:

"The Government's decision to exit its equity involvement in the forestry industry and the consequent changes which are taking place in the industry, all very desirable for a number of reasons, do require explanation. Government intends to explain its position fully in the next few months. However, I will take this opportunity to address the more important points you raise.

"Yes, the objective of the sale process is for Government to sell the Crown's forestry assets to the highest bidders in order to achieve maximum sales revenue. We believe that in doing so the Government will also achieve its other primary objective of restructuring the forestry industry. There is certainly no intention of selling the forests cheaply to any party and indeed Government will reserve the right not to sell forests in the event of the offers received being considered unreasonable.

"I have noted your comments on the possibility of 'asset stripping' and unrestricted log exports. Given the age class structure of the forests at present, it is most unlikely that 'asset stripping' could

take place in the near future, even if this were the objective of the purchaser. Most of the forestry estate is well away from maturity, so the cost of entry into the estate is likely to be high. Existing processors will be very competitive bidders for the forests which will mature in the next few years, and this in itself is unlikely to allow 'asset stripping' in the near future. Also given the varying age classes of the forests, and even within forests, it is most unlikely that any would-be predator could take advantage of the sale to strip the assets quickly.

"Overseas experience tends to suggest that while some log exports will take place (and indeed, a strong case can be made that these are necessary to ensure a balanced local market and as a means to open up overseas markets), local processors will develop if the investment environment is adequate.

"The Ministry of Forestry is confident of the future of forestry planting and expects the forest estate to expand, not contract, in the future. Quite obviously, some areas presently in forest will not be replanted as they are not suitable forestry areas anyway. Most others, however, will be replanted and of course, new forests are likely to be planted near processing plants or ports and on good topographical areas. This Government has no intention of allowing the forestry estate to be plundered or run down. Incidentally, the Ministry of Forestry advises that, over the past two years and without controls, the forest estate has been harvested within predictions and replanting is still taking place.

"The environmental concerns you raise are largely being taken care of by Government. The erosion control forests of the East Coast and the sand dune forests of the West Coast of the North Island will both have adequate protection to ensure that the original purpose for their planting will still be met. As mentioned above, the replanting is taking place and is expected to continue at an increasing level regardless of the tax regime which you believe acts as such a disincentive to forestry investment. With the neutral tax regime that is in place and with a viable investment climate, it is likely that investment in new forestry will be market driven in this country, as it is overseas. This is a sensible approach and one which this Government will encourage."

In response to some specific recommendations made to him, the Minister stated:

"Government believes the sale should



Pinus radiata, Mohaka Forest. Many such pruned stands are being sold by the New Zealand Government.

take place as quickly as possible, if for no other reason than to curtail the uncertainty which presently exists within the forestry industry. There has been very little new investment in the past three years in forestry and yet we are aware of a number of parties who are wishing to invest but are refraining, given the present uncertainty. This is perfectly natural, given that the State is such a major player in the forestry industry and has decided to quit its direct investment. We therefore believe that the quicker the sale takes place, on a responsible basis of course, the better it will be for the industry.

"It is certainly the intention of Government that the broader terms and conditions of the sales process and the licences are made public so that discussion can take place.

"I understand that the Ministry of Forestry is working on a national forest policy and that this is gradually being formulated. The necessity is recognised for an ongoing national policy making and research ability in forestry, and this is presently located in the Ministry of Forestry. It envisaged that any further changes should be made in this area."

A national policy for indigenous forests

Government has decided that there is a need to develop a national policy on management of indigenous forests on public and private land. The objective of this policy will be to maintain or enhance, in perpetuity, the current area of indigenous forest, either by protection, sustainable management or reforestation of indigenous species.

A national policy will be based on the following set of principles:

- recognition of the rights and responsibilities of private land owners;
- recognition of the rights and obligations of the Crown to maintain wildlife habitat and to reflect international agreements involving the Crown;
- recognition of the rights and obligations of Maori land owners and the Crown under the Treaty of Waitangi;
- recognition of existing allocations of State forest for production or reservation and associated covenants on indigenous forest allocation for production on the West Coast and Western Southland; and
- efficiency, cost effectiveness and the need to be equitable.

The discussion paper examines the merits of a number of policy and implementation options. Copies are available from the Ministry of Forestry, Ministry for the Environment, Department of Conservation and the Department of Maori Affairs.

Australian statement on the environment

In July 1989 the Australian Prime Minister made a comprehensive statement on the Australian Government's new environmental policy initiatives, including environmental investigations and action programmes. The investigations and actions are wide in scope, and cover such areas as biological diversity, endangered species, habitat preservation, oceans and fisheries, Antarctica, the greenhouse effect, ozone, land, water and trees. Many of these impinge on forestry.

In relation to trees, the Australian Government has decided to establish two new programmes to help protect and enhance the native vegetation cover. The first of these is the One Billion Trees Programme, which aims to have one billion more trees planted around Australia by the year 2000. This programme will entail:

- a community tree-planting programme to plant over 400 million trees, including financial support for community groups and land owners, school nursery projects, and major projects involving community, corporate and government organisations;
- a natural regeneration and direct seeding programme to establish over 600 million trees in open areas of Australia.

The second programme is the Save The Bush Programme, which aims to support efforts to conserve the remnant areas of forest, woodland, heath, grassland and wetland which lie outside national parks and reserves. These areas are considered critical to ensuring the future of many species of plant and animal. Funding of \$A1 million is allocated for 1989-90, and a further \$A1.5 million for 1990-91.

The Australian Government has also recognised the need to balance the values of native forests with those of forest industry development, and has adopted several measures in an attempt to secure this balance. These include:

- a commitment to establish a forests accord development of a National Forests Inventory to assess the value of the forests, costing \$A2.9 million over three years;
- provision of a further \$A3.9 million over the next two years to the National Afforestation Programme to hasten the establishment of hardwood plantations and so help reduce the forestry industry's reliance on native forests.

Protection of tropical forests, both nationally and overseas, has also received considerable attention. In this area the Australian Government has:

- added the wet tropical forests of north-east Queensland to the world heritage list;
- allocated \$A1 million to establish and maintain the Institute of Tropical Rainforest Studies in Cairns;
- undertaken to review the implications of restricting or eliminating rainforest timber imports;
- donated \$A250,000 to help establish a 180,000 km² ecological reserve in the Amazon basin;
- contributed \$A60,000 through ITTO towards the study of forestry management and practices in Sarawak.

There is no doubt that the above initiatives will have considerable impact on the Australian forestry scene, and that New Zealand will watch developments with interest.

Ben Everts

Australian Forest History Society

At the National Conference on Australia's Forest History held in Canberra in May 1988 it was resolved to form an Australian Forest History Society with the aim of advancing historical understanding of human interaction with Australian forest and woodland environments.

Membership is open on application to any person or organisation supportive of the aim of the Society. The Society is interested in being free of and being seen to be free of any particular interest group.

Copies of membership forms can be obtained from the New Zealand contact person for the Society:

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