

first buyer a higher price than that first buyer can obtain for itself and it will be sold into the new use.

The sale of Kaingaroa forest would substantially strengthen the New Zealand forestry market.

Selling the resource competitively would also provide valuable information to other forest owners and existing and potential forest investors. Correct decisions on how to manage existing forests, or whether to convert land uses to or from forestry, depend on knowing the real value of the forest. Any restrictions on who can buy the forests or how they can use them can only decrease the value. That will decrease the value of all forests in New Zealand and divert investment into less productive areas.

Any muddled, misguided, "well-intentioned" attempt to constrain who can buy the Corporation or how they can utilise the resource, can only detract from the value of the business and the ultimate benefit that the nation obtains.

It is time for New Zealand to abandon the failed central planning shibboleths of the past. The national economy, the forest industry, the landowners, the employees and the Government will all benefit most from an early unconstrained, open, competitive sale of the Forestry Corporation.

The theft of State forests

Lindsay Poole

Cutting-right sales of logs had their origin at the face of the migration of mankind around the world. As populations expanded to new areas, forest was both an impediment to settlement and a necessity for the wood it yielded.

And so it was with New Zealand. From the seeking for kauri spars for sailing ships to the passing of legislation in 1921/22 setting up the State Forest Service, this situation prevailed and determined political action on the clearing of forest.

Even when the Service was formed it was only permitted to measure standing trees and (almost invariably) to sell them to established operators. Prices were regulated through a system of controlled sawn timber prices, with the political aim of cheap housing.

Sawmills operated on what were essentially rights to cheap logs from forests whose clearance for settlement was seen to be necessary. Invariably this led to pressure by sawmillers as well as settlers for the opening up of isolated timber-rich

areas such as Westland, creating an illusion of inexhaustible wealth.

Invariably they were successful – and everybody conveniently forgot the fate of the kauri forest, a clean sweep of a superb timber in exchange for indifferent farmland. The process swept on, giving us, amongst other things, the horrendous erosion of the East Cape, and only stopping when good timber-bearing forest was almost at an end.

Sustained-yield Forestry

Sustained-yield forestry has eventually developed in some parts of the world, such as Central Europe where people were locked into their homeland, with little chance to emigrate and dependent on their immediate resources. Life became precarious without wood! For surety of supply, only the amount of wood that the forest could produce annually should be harvested.

This meant the end of cutting-right sales, which appeared to deny regulation of the harvest, and theft was rife. Sometimes the penalties imposed were horren-



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dous, but gradually foresters held sway, and today in many parts of Europe, even owners of private forest are only allowed to fell trees marked by State foresters.

The newly-established New Zealand Forest Service estimated, after survey, that the remaining native forest estate was finite, and would last for a limited time only. What would happen after that?

Introduced forest trees had been planted since the first days of European settlement. At the end of the last century State afforestation commenced. Success came, and pointed the way to go. Plans were drawn up for an expanding afforestation programme, with the long-term wood supply coming from sustainably-managed plantations. Government approved.

Kaingaroa Forest

The linchpin of this programme was Kaingaroa Forest, where planting had begun before the turn of the century. The programme accelerated on the large area of land available, and a pulp and paper industry was predicted. Managing the new forests, protecting them from pests and fire, learning how best to use the wood, all required high-quality administration and research, achieved with scant resources.

A Processing Industry Develops

By the 1950s it was considered that enough wood could be sustainably harvested from Kaingaroa to support a new pulp and paper industry. There was great public and political interest, and the most important question of all was "how to sell the wood" – the subject of intricate manoeuvring. There was strong advocacy for cutting rights, on the grounds that the new industry must be left alone to manage the forest to meet its own requirements, quietly avoiding any discussion of the needs of the land, the forest itself or its owner, the people of New Zealand.

The Minister of Forests at that time – who had the legal responsibility for the sale of the wood – had other ideas based on his experience as a Taranaki dairy farmer. There should, he believed, be an obligation to the farmer as well as to the dairy company. He also had memories of being cheated out of payments for rimu logs by the simple expedient of the buyer manipulating timber grades to his own advantage. But in the end he lost the day to other Ministers and to the Treasury, and the resultant sale with its strong odour of cutting rights has given trouble to this day. It contained conditions that recently have had to be redressed through the courts, in a decision which could not be divulged to the taxpayer who paid for the original establishment of the forest!

By the 1960s production from Kaingaroa had increased sufficiently to allow

for another step in industrial expansion. It took six months of torrid argument to persuade the Treasury that it should be sold in an orthodox manner and not just allocated as a cutting right to existing users. The upshot was a sale directed to a new industry in Hawkes Bay, with consequent and continuing plantation forest and industry development in that area.

Another consequence was a nationwide expansion of tree planting, but this time under the eye of a much wider range of people than foresters alone, with a declared objective to make New Zealand self-sufficient and to provide a resource foundation for export-oriented regional industry. All Governments of the time supported these objectives.

The Recent Past

But as the day of harvest approached, so too came the day of the purblind financier and the short-term politician. Here was an outstandingly valuable resource with which not much was being done (it was too early) and an expensive Forest Service. Kill two birds with one stone by reducing the cost of bureaucracy and paying off a slice of national debt – both popular with the electorate.

And so enabling legislation was passed, the Forest Service disestablished, a corporation set up which didn't operate, and finally, back to the beginning, the sale of cutting rights, with speed the essence

and give-away prices. In one hit the country had lost control of a large area of land for a long period of time, without control of the intentions of the holders when their rights approach termination.

New Zealand has taken a huge step backwards in state forest management. As far as the sale of cutting rights is concerned, apart from the huge initial loss, the ongoing loss can be calculated in billions of dollars a year, and in addition many of the outstanding achievements in forest management of the last 30-40 years have been stultified. We desperately need an enquiry on how best to restore the long-term stability essential to state forest management, in the face of the morass created by short-term confrontational government.

No private owner (including those involved in concocting the state forest cutting-right sales of the past few years) would dream of selling their own forests in this way. They would lose control of both their land and their forest.

The perpetrators of the sales should be impeached. Or would older penalties fit the bill better, such as the cutting off of hands, or more picturesquely perhaps, the sowing up of the culprits in fresh deer skins and feeding them to the hounds.

Negotiations are now under way to sell the cutting rights to Kaingaroa Forest. We need this forest to restart forestry in New Zealand!



RECENT EVENTS



Sustainable Management Fund proves popular

The Sustainable Management Fund, which started on July 1 this year, has proven overwhelmingly popular.

The fund provides financial assistance for environmental projects.

In the first funding round for 1995/96, a total of 199 applications were received by the Ministry for the Environment.

The Strategic Advisory Group, which was convened to consider applications, has now approved 36 projects to the value of \$2,733,887 for this financial year.

The applications came from 100 applicants and were for a total of \$28,568,069. Of this, \$13,621,924 was requested for this year with the balance over the next two years. (The total cost of the projects for which assistance was sought is \$58,488,773.)

The fund reflects the Government's

long-term environmental aims which are set out in the *Environment 2010 Strategy* consultation document. Projects considered for funding are in two categories: environmental risk assessment and management, and the development of sustainable management options. Within each category there are specific projects which will have priority. These are reviewed each year.

The 100 applicants came from the following sectors:

- 14 private sector consultants;
- 5 iwi;
- 21 local authorities;
- 13 universities and Crown research institutes;
- 47 'other', including individuals and NGOs.

While most applications were pre-