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Erratum – Peter Hall article

In the Peter Hall article, "Mechanical Site Preparation Using Excavators", in our August 1995 issue, two illustrations with their captions, figures 2 (Excavator with a spot ripper-moulder) and 4 (Prototype ROTREE moulder working in radiata cutover) got transposed during editing. The captions should be swapped. Our apologies to Mr Hall, and readers.



INSTITUTE NEWS



President's comments on Sustainability, the Principles of Plantation Management and Ethics

The topic of sustainability which has been addressed in recent Institute working groups, and in liaison with other organisations, is of course part of our forester ethic in maintaining good husbandry standards of forest management.

The principles of plantation management also aim at including this with other aspects of management such as biodiversity, indigenous forest protection, and social and human relationships. Some of the membership find difficulty with a number of the stiff doctrinaire elements in this dialogue, which appear to derive from either a misunderstanding or mistrust of our profession's commitment to the stewardship of land and its vegetative cover. This is a carry over from past battles of the 1978-87 era when Government agencies were judged by environmental groups to be untrustworthy in respect of exercising judgement. Thus stiff definitive quarantines around Governmental agency aims were seen to be required to ensure delivery of outputs that satisfied part of an electorate perceived by politicians to be represented by the vocal elements in this group.

The 1987-88 solutions are now increasingly seen to be inadequate. There is a need for all land managers to have a sense of responsibility for a wide range of stewardship functions considered by most practitioners to be essentially driven by the exercise of judgement. For the Institute, the latest round of meetings of local sections, convened by Vice-president John Galbraith, is aimed at giving our membership Council's view on the professional quality of membership, the demands of an increasingly technical working environ-



Peter Olsen

ment and the opportunity through CPD to enhance and improve decision-making capability close to the "tree roots". This will remove the need for supervision from a distance, but only if quality of performance can be expected. By enhancing quality of judgement in operational circumstances and eventually removing some of the suspicion that front-line decisions will be environmentally or economically flawed, we can expect the public perception of professional trustworthiness to be enhanced, as well as a reduction in corporate surveillance.

This will soon place a burden on the individual through insistence on both technical and ethical standards. We are aware of US foresters' insistence that the

code of ethics must place great weight on the land ethic. This is, of course, the message that our Resource Management Act attempts to convey; that all land-based activity will sustain the land's capacity to continue to provide benefits and economic returns for future generations.

Understanding this concept, and adopting it in our revised code of ethics, will ensure that the dedicated forestry professional will meet society's requirement that we discharge land stewardship responsibilities without the need for complex "outcome" definitions. However, until we reach this standard, suspicion that the professional does not "know best" will persist and we will continue to have restrictive procedures of land-use consent aimed at forestry. The fact that other rural land users may not yet feel this pressure is merely a facet of resource management authorities' response to the interaction between political and statutory pressures. All land managers will eventually be required to meet this ethical standard.

As a profession we should be seen as pro-active.

P.F. Olsen

Forestry Corporation of New Zealand

At the AGM in Taupo I was reminded by Priestley Thomson that in the last journal article on this subject I had noted that I may need to follow up on the topic following resolution of the arbitration issue.

On June 20, 1995 I wrote to the

Forestry Corporation of New Zealand (FCNZ), reminding the Corporation of Mr Cullinane's aim to accomplish corporate objectives once the imbalance between the volume of wood supplied to Fletcher Challenge and the price paid was resolved through the arbitration process.

I asked for an update on:

- a) this issue following the arbitration decision and
- b) the relationship between levels of cut, planting or re-establishment and the impacts on rotation length by species.

What follows is the response from Forestry Corporation. In the annual report attached to this letter it is noted that 75% of the annual log harvest is sold domestically, covering 2.6 million m³ radiata pine 250,000 m³ Douglas fir and 250,000 m³ of other species. Restocking of 5000 ha is by use of 6 million radiata pine and Douglas fir seedlings. A new cuttings nursery at Te Ngae produced stock for this in 1995, and 22 ha of seed orchard was developed at Amberley in North Canterbury.

Your Council has only considered the subject of the Corporation's husbandry of the Crown assets prior to the recently announced revival of Government's intention to sell Kaingaroa Forest cutting rights. There could be grounds for some confusion as to what the Crown is selling, as the FCNZ annual report notes that some \$1102 million has been paid to the Crown in the first five years of operation. In 1995 a dividend of \$112 million and repayment of \$105 million of redeemable preference share capital to the Crown was noted.

No further Crown debt exists, the last \$50 million being paid in 1994. Thus the SOE now owns the Crown Forest Licence and apparently owes only the long-term debts on the financial statement. It is free of debt to the Crown. Therefore, as shareholder, the Crown owns an SOE with forest assets of \$2120 million, all or part of which it may be contemplating as available for sale.

P.F. Olsen

Russell Dale's FCNZ reply

Dear Peter,

You wrote to me following the Institute's AGM in Taupo when questions were asked about the Corporation's forest management intentions. I thought these issues had been addressed with Council when we met in 1993 and at the subsequent AGM in Nelson when a resolution by A.P. Thomson and others recommending separate reporting by Forestry Corpo-

ration was soundly defeated. Council has a clear mandate from its membership on this matter, and I am surprised that the Council believes that the affairs of individual companies are a matter that it should devote time to.

Since the Institute's Council met with Tim Cullinane and myself in September 1993, the arbitration proceedings over the Tasman supply contracts have been completed and the arbitrator released his award to both parties on February 4, 1995. Subsequent negotiations to implement the award are proceeding well and will be finalised by the end of the year. The arbitration award and agreements between the two organisations are commercially sensitive to both organisations and will remain confidential.

The Corporation's forest management intentions are not significantly different from those discussed with Council in 1993. All land harvested is replanted as soon as possible after harvesting with Douglas fir or radiata pine. The annual harvest rate of Douglas fir is now at the sustainable level of 250,000 m³ and current intentions are to maintain this level of harvest through establishing approximately 10% of the annual replanting programme in Douglas fir.

The annual radiata harvest, including production thinning, is currently 2.6 million cubic metres, and this will be main-

tained until the turn of the century. It is anticipated that at this time the current backlog of production thinning will be completed and the programme will be reduced. However, current forest management strategies provide options for increasing the radiata clearfell rate at the turn of the century and these options will be considered at that time.

Forest tending strategies have not changed significantly from those outlined to Council in 1993 although we are reviewing the current policy of following a standard pruning and thinning regime. Within the Corporation's forest estate there is as much site variation from north to south as occurs across the whole of New Zealand, suggesting tending regimes should be tailored more to the various site qualities encountered across the Corporation's estate.

Forestry Corporation's mission is to become a world-class plantation forestry, processing and marketing company. The Corporation's operating principles and examples of many of the initiatives taken in pursuit of the mission are described in the latest annual report. Copies of this are attached for Council's information.

R.W. Dale
General Manager Resources
Forestry Corporation of
New Zealand Ltd

Forest Valuation Working Party update

The Working Party is well into the process of revising the Forest Valuation Guidelines released as a discussion draft last year. The revision will be released as an Exposure Draft with a further round of submissions and debate before a final document is produced.

There is considerable interest in the release of the Forest Valuation Guidelines not just in New Zealand but also in Australia. We have had correspondence from both the Forestry Accounting Working Group, which is addressing forest valuation issues, and the Association of Consulting Foresters of Australia, which is attempting to produce a forest valuation handbook. There is interest on both sides of the Tasman in having a common approach to forest valuation.

Members will be aware from the questionnaire distributed to them in August that the Working Party is still working through some difficult issues. The difficulties largely arise from the limited num-

ber of forest sale transactions which take place in New Zealand and the general lack of publicly-available information on those transactions which do occur. Hence the need to use surrogates such as Net Present Value (NPV) to estimate forest value.

The Working Party, while attempting to develop guidelines which are practical, is concerned that they have a consistent underpinning philosophy. This has led the Working Party back to Faustmann and the suggestion that Forestry Land Expectation Value (LEV), the value of the forestry opportunity on bare land, is the appropriate measure of the "opportunity cost" of land when estimating crop value using the NPV approach. However, note that there is no suggestion that LEV should be used as an estimate of the current land market price - this should be based on transaction evidence and is the domain of the land valuer. Rather the use of LEV is seen as a possible means of achieving consistency in the valuation of the tree crop when the