

# New Zealand consultants to corporatise Malaysian forestry

Two New Zealand consultancy firms, Guinness Gallagher and FRI International, have been appointed as specialist advisers to the Sarawak State Government to undertake the corporatisation of the Sarawak Forestry Department as part of their reform process towards achieving sustainable management of their tropical forests. Mr Shaan Stevens, a director of the Wellington-based consultancy firm Guinness Gallagher, and Dr Angus McPherson, Chief Executive of FRI International (the wholly-owned consulting and training subsidiary of the New Zealand Forest Research Institute), announced the joint signing of the agreement with the Sarawak State Government from Kuching.

Forestry is a significant part of the Sarawak economy, with annual earnings for the forestry sector of some \$NZ6 billion. As owners of the tropical timber resource, the Sarawak State Government collects approximately \$NZ600 million per annum in royalties from the sale of the timber.

"The Sarawak Government's income from forestry in just under three years is about the same as the one-off sale price which the New Zealand Government received from the sale of the state-owned Forestry Corporation last year," commented Mr Stevens. "It is not unsurprising that they view forestry as a significant national resource to be retained by the country."

However, forestry in Sarawak is not without its difficulties. The tropical timber industry has been the target of criticism from conservation groups in recent years over the rapid depletion of tropical timber forests.

"As with New Zealand, Malaysia is a signatory to the International Tropical Timber Organisation (ITTO), and as such, Sarawak is committed to sourcing its tropical timber for export trade from sustainably-managed forests by the year 2000. Sarawak faces the threat of an international trade ban on its tropical timber exports if this target is not met and therefore takes its commitment to achieving the sustainable management of its forests seriously," commented Dr McPherson of FRI International.

"The Sarawak Government views its tropical forestry resource as one which should be sustainably managed to ensure that it continues to provide for the country's future generations," said Mr Stevens.

"The corporatisation of the forestry department is seen as a necessary condition to achieving sustainability, but not the answer in itself. The Government wishes to learn from the New Zealand corporatisation experience and in particular how it can overcome the present bureaucratic inefficiencies. In the short term the Government sees the corporate model as providing the necessary drive and flexibility to assist it in meeting the sustainable forestry management target within the next three years.

## Keen to Learn

"You only need to look at the rapid turn around in New Zealand's state-owned industries after corporatisation to see why the Sarawak Government is keen to learn from us," commented Mr Stevens. "While the reasons for corporatisation of the Sarawak Forestry department are different, Sarawak is under a tight time pressure to meet sustainable forest management and needs an organisation which can react rapidly to change."

The agreement with the Sarawak Government follows two years of project development and relationship building in Sarawak which culminated in a visit to New Zealand by the Chief Minister of Sarawak in March 1996. This also included the secondment last year of Mr Christopher Simcock of Guinness Gallagher to the Sarawak Timber Association under an Asia 2000 grant.

"Asia 2000's assistance in enabling us to second one of our employees to the forestry industry here was invaluable," said Mr Stevens. "Without Asia 2000's help we would have found it difficult to have developed our present close relationship with the forestry industry and relevant government officials and secured the job to assist them in their corporatisation. I applaud Asia 2000's efforts in developing business relationships between New Zealand and the Asia-Pacific region."

FRI International has been actively working in Sarawak since 1995 when it supplied two consultants to the Sarawak Forestry Department/ITTO Model Forest Management Asea Project. "The opportunity to participate in a project which is further developing sustainable forestry practice in Sarawak has helped provide us with the necessary background and relationships to progress the corporatisation

project," said Dr McPherson.

In addition, FRI International is presently providing training services to the Sarawak timber association. New Zealand trainer Mr Jean Mato has been working with the forestry crews deep within the Borneo forests since June 1996, training them in directional felling techniques and chainsaw maintenance. "It is essential that an understanding of sustainable forestry practices begins at the forest floor, including felling techniques which result in reduced damage to the remaining forest cover, for it is there where the most benefit can be achieved," said Dr McPherson.

"The achievement of sustainable forestry practices in Sarawak will require close cooperation from both the industry and Government to ensure that the ITTO 2000 target is met. Both have much to gain or lose from its achievement, but the way in which the Sarawak State Government, Forestry Department and industry have cooperated in the project so far gives us optimism for the future."

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