

Ngati Tuwharetoa - from landlords to forest owners

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Lease forests on Maori land

Lake Taupo Forest and Lake Rotoaira Forest were established through the leasing of Maori land to the Crown, in 1969 and 1973 respectively. The forests were the largest and among the first of the Crown's Maori lease forests established throughout the country, and in many ways set a precedent for other leases of Maori land both by the Crown and by private forestry companies. The very establishment of the two forests is testament to the vision and leadership skills of some key owners at the time in bringing a diverse range of landowners together to get behind this common cause. Only by their persuasion was the critical mass of land able to be put together to make the forestry projects feasible.

The owners of the land on which the two forests stand are represented by Trusts - the Lake Taupo Forest Trust (LTFT) and the Lake Rotoaira Forest Trust (LRFT). Trustees are elected from among the landowners every three years. While each forest operates as a single business, the individual land blocks on which the forests are located have retained their identity, and profits are distributed to the owners of each block based on the proportion of total land area contributed by each block.

Some basic statistics on Lake Taupo Forest and Rotoaira Forest are presented in Table 1. Although the two forests operate as independent businesses, they have a close relationship, being in close proximity to each other, with many common owners and a common manager.

Table 1: Background information on forests.

	Lake Taupo Forest	Lake Rotoaira Forest
Land Area (ha)	31,000	16,000
Planted Area (ha)	22,000	9,500
No. of land blocks	63	71
No. of owners	10,000	10,000
Annual Harvest (m ³)	480,000	180,000

The landowners are all Ngati Tuwharetoa, but the land is not iwi-owned. Individual owners are identified through the Maori Land Court database, with individual land blocks mapped and identifiable in the same way as general freehold land. With a total population of around 30,000, the vast majority of Ngati Tuwharetoa are either owners in one or more of the land blocks, or are the children or grandchildren of owners.

The original leases were for 70 years, with the land owners opting to take a share of stumpage rather than a rental. This was the first signal that the landowners had aspirations to become involved in the business of

forestry, and not just act as landlords.

The lease terms reflect the priorities of the Maori land owners and their attitude toward land, and their role as kaitiaki or stewards of the land. The first three objectives of each lease stipulate the requirement to prevent erosion in order to protect the streams, rivers and lakes; to protect wildlife and fish habitat; and to protect the wahi tapu sites on the lands. Only after these conditions have been satisfied was the objective of establishing and managing a forest on the land stated. These requirements, and in particular the recognition of the importance of protecting the rivers and lakes, have resulted in around a third of the land remaining unplanted.

When the Government started its asset sales program in the late 1980s, the Maori lease forests were exempted as the leases did not allow for assignment.

The transition to forest ownership

In 1999 LTFT entered into negotiations with the Crown to investigate the potential for a reduction of the lease to a single rotation. This reflected the continued desire of the Crown to get out of the business of forestry, and of the Trust to take full ownership. The negotiations were successfully concluded in 2000, and from then on, as the first rotation of trees are harvested, the bare land is handed back to the Trust. The Trust then uses its own share of the stumpage income to replant and manage the second rotation crop. In an associated arrangement, the Trust purchased the existing second rotation crop, comprising some 3,500 ha of 1 - 7 year old trees.

The great advantage to LTFT of this arrangement is that it doesn't require any cash transaction. When considering the proposal, the most important factor for the Trust was its affordability. Detailed analyses of a range of future scenarios were undertaken to give confidence that even in the worst case scenario, the Trust would be able to afford its replanting and management programme and avoid any risk of putting their lands in jeopardy. Consequently, the forest is, and will continue to be, managed to ensure maximum financial yield, and not be driven by debt repayment or other financial constraints.

Having satisfied themselves that they could afford the new arrangement, the Trust, and owners, were very keen to pursue it. They recognised that in the short term, the ability to distribute profits to owners would probably be less than had they stayed with the lease, but in the medium and longer terms, the owners would benefit. This further reflected the decisions of the previous generation of owners, who entered into the lease knowing that there would be no returns for some 25 years. Many of the elders who were integral to establishing the original lease did not survive to see any financial return. The new lease arrangement will see all of Lake Taupo Forest

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Photo: Lake Taupo Forest Trustees on a forest inspection.



becoming Trust owned by 2020, after which all of the profit from the annual harvest of 480,000 m³ will be theirs.

The Lake Rotoaira Forest Trust agreed a similar deal with the Crown in 2002, which will see that Trust become full owners of Lake Rotoaira Forest by 2025.

The Trusts and owners appreciate the Crown's role in establishing the forests and assisting them to become involved in the industry, recognising that they did not have the financial resources or technical expertise to do this on their own. There is now a readiness for a greater involvement in the forestry business, and the annual return of around 1,000 ha to the Trust is a continual reminder of their progress. In addition to the obvious contribution to their economic advancement, taking over ownership of the forests also represents a return of the land to their full control. While there has never been any question about the Crown's respect for the landowners' cultural demands, there is nevertheless a feeling of achievement and pride each time there is a return of land from the lease to the Trust.

Expectations of the owners

The owners' attachment to the land, and their recognition that their decisions will affect future generations of owners, is always at the forefront of the Trustees' minds. As there are statutory restrictions on the sale of Maori land, land use decisions are taken with a view to the very long term. At the same time, historic events on the land are recognised, resulting in specific

areas being excluded from plantation development, and others being absorbed into the ongoing forest management only after appropriate cultural consideration. This link to the land results in management decisions targeted simply at maximising returns, rather than setting any hurdle rate of return below which a decision to get out of forestry may be contemplated. It is conceivable, however, that continual poor returns may result in the investigation of alternative ways to productively utilise the lands.

At the commencement of the leases, the creation of employment opportunities for owners was an important consideration for the Trusts. While this remains a significant objective, with a stumpage income stream now well established the main benefit to owners is recognised as the financial return from the forestry business itself.

Profits from Lake Taupo Forest have been distributed to owners since harvesting commenced. These are paid to landowners based on their share of ownership, with funds also set aside for initiatives including educational scholarships, marae grants, and health initiatives.

With the steady return of land from the lease to the landowners, there is a definite feeling of optimism among the Trustees and owners, and a sense of coming out from under the wing of the Government, and taking more control of their own future. The increased involvement in the industry, and increased income, will open up new ways to assist the owners and grow the business - again without putting their asset base - their land - at risk.