

GOVERNMENT RESPONSIBILITY FOR FORESTRY BY NON-GOVERNMENT AGENCIES

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INTRODUCTION

The drawback to forestry as an enterprise for the private land-owner or the business concern with restricted funds is the long wait before expenditure yields returns. The investment is at risk from fire and epidemics during this wait, hence unattractive to sources of finance available for shorter-term investments. Also, if holdings are small, income is usually irregular and available only at long intervals. Many countries have had to face this problem and it is of interest to review some of the methods adopted to deal with it.

In several European countries where forestry is an important factor in the economy, the system of land tenure has evolved in such a way that ownership of the forests is highly fragmented. In Finland and Sweden, where the forest industries are vital to the economy of the country, well over half the forest area is in farm holdings. In Switzerland, where the protection values of the forests are zealously safeguarded, some 20% of the forest consists of farm woodlots. Even in Britain the private owner is a major factor in the establishment there of the strategic timber resource so conspicuously lacking during the World Wars. Private forestry in these and other countries is therefore so closely linked with the general prosperity and welfare of the community that it demands careful attention from governments, which must not only ensure that the required produce is available for industry but also that fiscal policy does not act as a curb on improved production.

As a broad generalization, it can be said that the starting point in most European countries was natural forests of useful species amenable to management and retained as an asset through careful use in the past. Legal provision has been developed to protect them and skill in manipulating them to provide the desired products has been built up from experience. They are a recognized source of revenue, either direct or through taxation. The taxation aspects are dealt with separately by M. T. Mitchell. This paper will be confined to some of the other ways in which governments intervene to make private forestry more efficient and profitable.

COUNTRIES OF EUROPEAN CONTINENT

In Finland, farm ownership of forests is the basic form of ownership and 80% of the production comes from forests owned by about quarter of a million farmers. General forestry legislation stipulates that forests must be managed in accordance with approved plans and under State supervision, exercised through the semi-public District Forestry Boards, whose work is co-ordinated and supervised

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by Central Forest Associations. These Associations have at their disposal State funds for forest improvement. They make grants for works of improvement; such as regeneration of forests of low productivity, drainage of swamps, building of motor roads for transport of timber, both as subsidies and as long-term credits at low rates of interest. Co-operative organizations of farmers are well developed and it appears that this financial help is given to groups and communities rather than to individual farmers.

Conditions in Norway and Sweden are not greatly different from those in Finland: there is legal control of the utilization of private forests and assistance available for major development work.

The distribution of production forests in Switzerland has been substantially unchanged since the Middle Ages; the importance of their protective functions in the mountains has led to designation of 80% of this area as "protection forest", required by law to be maintained as growing forest in good order. The bulk of the forests of the country is in one of several types of public ownership, but 30% is privately owned and two-thirds of this in farm woodlots. Cantonal governments are responsible for forest management and, in view of the importance attached to the protective function, control is strict. Private owners' rights are subject to regulations which effectively stop excessive exploitation, but, provided fellings are made within a specified allowable cut, the owners can decide when and where fellings take place. Central and cantonal government grants are made to aid maintenance and expansion of forests, especially for major works such as road building or protective planting.

UNITED KINGDOM

The above examples give an idea of what is being done in countries which have inherited relatively large areas of natural forest. In the United Kingdom, a traditional importer of timber in large quantities, the difficulties arising from the submarine blockade of World War I focused attention on inadequacy of home-grown supplies and led to the establishment of the Forest Commission to remedy the situation. Most of the sizeable areas of existing woodlands were on private estates and had either been heavily exploited during the war or were maintained for sport or amenity rather than timber production. To rehabilitate or improve these woodlands, the Commission developed its Dedication and Approved Woodlands Schemes, which have found wide acceptance. The stated objectives of the schemes are to provide financial assistance to woodland owners to restore their existing woods to full production and also to plant new ones. The system is one of direct grants, not loans.

Under the Dedication Scheme, which has been implemented over 622,000 acres, the owner enters into a covenant that he will manage the woodlands for the main purpose of timber production in accordance with an agreed plan of operations and will ensure skilled supervision. He then becomes entitled to a planting grant (at present £21 per acre) and to annual management grants. If conditions warrant, he is also eligible for a grant for scrub clearance prior to planting. An alternative is that the woodland owner is repaid 25% of his net expenditure till the woodlands become self-

supporting. An owner who dedicates his woodlands binds himself and his successors in title not to use the land so dedicated for any purpose other than forest.

For owners who do not wish for a long-term binding arrangement but are prepared to manage their woodlands in accordance with an approved plan of operations, there is the Approved Woodlands Scheme, which provides only a planting grant, no maintenance grant. Up to 1961 there were 155,000 acres in this scheme.

The planting grant is also available for small areas with features which make them difficult to include in a plan of management.

Control over felling of trees is exercised by a licence system except where such felling is prescribed in the management plans of woodlands given financial support.

UNITED STATES

In spite of the wealth of wood in some parts of the country, the United States has launched a scheme to help farm forestry. About three-fourths of the commercial forest land in the United States is privately owned, mostly in small farm tracts, and the objective of the scheme is to help family farmers make their forests a full producing part of the farm and to make the needed adjustments in land use. The help is given by 3% loans, which are conditional on an assessment of the applicant's ability to repay and on his agreeing to carry out an acceptable forestry plan of operation and management. Security for the loan may consist of a mortgage on the farm or other property, linked to his other commitments.

DISCUSSION

It is clear that there is a wide appreciation by governments of the necessity to regulate and encourage forestry by agencies other than the State. There are various reasons for this attitude. In some countries the forest and timber industries are vital to their economic life, yet are dependent on the supplies available from the small private owner, and it is essential in the general interest to help him increase his efficiency and to check reckless exploitation.

In many other highly developed countries, the evolution of land tenure systems has placed much of the actual and potential forestland in private ownership. In the aggregate these private lands can contribute much towards the countries' timber needs and expediency dictates that correct use of this forestland by the owners be encouraged, thus avoiding the heavy overheads which would be incurred by the State or a large enterprise in administering innumerable relatively small blocks. The owners are able to increase their prosperity by broadening their production, with sociological as well as commercial advantages.

It is therefore incumbent on governments to supply this encouragement to the small owner. There are available two methods of doing this and they can be applied separately or together. Governments can provide direct subvention of forestry operations as grants or loans so that the impact of the long delay between establishing woodland and reaping its products is removed or reduced, and they can also adapt the taxation laws to remove disincentives.

In regard to the latter, it can be taken as axiomatic that a tax concession gives nothing away if the national forest wealth is increased. In addition to the private owners there are, in some countries, forms of community ownership—village committees, religious organizations, etc.—which qualify for government help in the same way as the farmer, though their holdings are usually larger, hence income more regular. They do, however, obtain financial help for major development works.

The use of non-repayable grants and repayable interest-bearing loans does not seem to conform to any pattern in the countries studied. The condition that in consideration of the help given the forest owner shall accept responsibility for putting into effect an approved plan of operations is universal, but neither method of giving the help seems to ensure conformity with this condition better than the other. It seems probable that local custom is the usual guide. Where it is usual to provide government assistance in a particular form this is followed for forestry.

APPLICATION TO NEW ZEALAND

The situation in New Zealand differs in a number of ways from that in most of the countries mentioned above. In Europe there have been forest laws for many generations, usually originating from the game laws imposed by despotic land holders whose interests lay in preserving their hunting rights in their wild lands. From the laws controlling access and the taking of game has evolved the legal control of the use of forests as sources of timber, a control which has survived land tenure reforms and is readily accepted in the present age if in the national interest, whether holdings are large or small, and without necessarily being linked with financial help to the owners.

It has already been noted that, when financial aid is given to the private forest owner, the schemes contain a condition that he accepts as binding an agreed plan of forest management. This is obviously fair in principle. If an owner desires to retain independence in his operations, within the framework of such general control as is imposed in the broad national interest, he forfeits his claim to special financial assistance.

The impact of the law on private forestry in general in this country is slight. The Forest and Rural Fires Act 1955 and the Noxious Animals Act 1956 may in certain circumstances impinge on it. Powers were taken fairly recently to restrict logging of indigenous forest in the interests of water and soil conservation. There is no tradition (although there have been sporadic attempts) of encouragement of afforestation in the national interest, the emphasis for most of the country's history being on farming at the expense of forests. The depletion of the indigenous timber resources, the increasing part exotic timbers have shown themselves able to play and the carefully developed future supply and demand forecasts are changing this attitude.

It has been established that to meet the timber and pulpwood requirements of the expected increased population of New Zealand a generation or two hence, and to take advantage of export markets likely to develop or increase in neighbouring countries, the exotic

forest estate needs to be doubled by the end of the century. The export trade may become very important as an addition to the range of primary products available from this country and a source of the overseas earnings vital to its economy. To achieve this objective requires land and money.

The State rightly assumes the major burden of increased afforestation where land is obtainable in sufficiently large blocks to support the organization for establishment and maintenance. Major afforestation companies will play a part as far as fits their policies but it is essential to the achievement of the objective that scattered and relatively small suitable areas not otherwise gainfully used make their contribution. There is a very wide range of sizes and ownerships represented in these areas: farmers, local bodies, private individuals with interest in forestry as recreation or investment, all can contribute.

The Farm Forestry Act 1962 was a first step towards recognition nationally of the production potential of forestry on farms and it established the principle of government aid to realize this potential. In its application the condition that an agreed plan of operations is an essential preliminary to eligibility for financial help is important, both to ensure that the aid is properly used when granted and as a screening mechanism. An enterprise with its own policy and plans would not be disposed to accept this condition. For most afforestation ventures by private or semi-public owners other than farmers, it is probably welcome in defining the objective and prescribing the means of attaining it. It is therefore logical to broaden the scheme to embrace any land owner capable of putting the aid to use under an agreed plan of operations. Minor modifications of the method of financing may be necessary to suit the financial arrangements of local bodies, but application of the same broad principles would almost certainly lead to a valuable extension of the country's exotic forest resource.

As has been described, it is not at all unusual for governments to exercise a general oversight of forests and forestry in all ownerships, and circumstances can be imagined in which some State control may be necessary in New Zealand. The most obvious justification for this course, and one for which there is precedent, would be a national emergency such as a war, but it is possible that the national interest could be so adversely affected by disasters arising from forest fires or epidemic diseases that the government would need to intervene. Looking perhaps a long way ahead, the forest industry could possibly become so important to the country's economy that management of all forests required a degree of government supervision in the interests of the community as a whole.