

LETTERS

Post Election Briefing

Sir,

In the November issue of New Zealand Forestry Dr A.G.D. Whyte reviews the Post Election Briefing prepared for the Minister of Forestry by the Ministry. It needs to be clear that the briefing was prepared solely for the incoming Minister and for no other audience (although public release was anticipated).

The briefing was quite deliberately neutral and aimed at ensuring the Minister, who conceivably might have had almost no knowledge of the forestry sector, was aware of the nature of the sector, the issues likely to confront him or her and, finally, where the industry could be heading, depending on future policies and decisions.

The Ministry makes no apology for "keeping up with the changing commercial and economic climate", believing that forestry people have been remiss in not doing so enough in the past. The issues, such as native forests and education, must be addressed within that context. Dr Whyte can be sure the Ministry has views on such issues and it will express them, when appropriate.

The forestry sector was a successful leader in sector planning back in the national development planning days of the late sixties and seventies, but the environment today is quite different. Like it or not, we are no longer in the era of national policies, though their day may come again. In the current economic climate the Ministry expects it will be most effective in the policy arena if it concentrates attention on making available a dynamic and comprehensive database and on facilitating discussions on policy issues relevant to the competitiveness of the sector.

Dr Whyte seeks action on national marketing promotion. As one involved in both the D.F.C. Forest Industry Study and in considering the Leslie Report, and with the efforts of the New Zealand Forest Service and the New Zealand Forestry Council in addressing national marketing, I am acutely aware of the care needed in pursuing the topic. It is, then, admirable that in its first year of operation the Ministry will be sponsoring, with the Market Development Board, a major national marketing seminar with the theme "The Forest Industries: New Horizons". The support from the forest industry is excellent.

The Ministry's Post Election Briefing, prepared within five months of the Ministry coming into existence, along with

its Corporate Plan, available during its first week, are proving very valuable platforms from which to address the forestry issues of the day. We look forward to the support of Dr Whyte and the sector at large in promoting the national interest through forestry.

John Valentine
Assistant Secretary (Policy)
Ministry of Forestry

Access to forest lands

Sir,

In this period of transition of what used to be the State Forest Service to Ministry of Forestry, Forestry Corporation, Timberlands and other organizations, the old laws controlling access to forest lands have been set aside and many people are only too aware of this.

On our 200 acre tree farm near Kaipara we have not only had five fires set in 10-year-old pines, but a series of incursions of people apparently looking for sites for ganja plantations (cannabis), and buildings have been entered, tools stolen, and one couple were carrying a fearsome weapon consisting of a 6ft length of pipe to which was welded a 6-inch shark hook. They claimed this was for ccls but the nearest stream was half a mile away.

According to police, signs "Trespassers will be prosecuted" have no meaning. Only if trespassers are warned in front of witnesses not to enter a property and they offend a second time can they be charged. I have not heard of this being done.

It has been claimed that members of dog clubs, e.g. the Rotweiler Club, tell their members that no-one can prevent them taking dogs onto any forestry block.

The same regulations apply to any private property in town. I suggest we send an official letter to the Minister of Justice, Mr Palmer, pointing out that the Trespass Act needs to be tightened up before the fire season hits us.

(1) Being on private property without lawful excuse should be an offence.

(2) Offenders must be required either to give names and addresses or wait till police arrive.

(3) Entering store sheds, or vandalism of any kind should be an offence.

At present the law is weighed heavily against the property owner; blocking a getaway car, pushing people off your property, even ordering them off, taking control of uncontrolled dogs, attempting to regain stolen property can all lead to your being charged, a fact that all intruders are well aware of.

Recently we caught three car loads plus two trailbikes of very drunk hooligans on a private airfield where they had

broken doors and vandalized a hangar. I and two other local landholders ran them off, blocked their cars on the road and gave them a hard time, so we doubt they will be back, but police refused to take any action, and we were lectured on their "rights".

(Dr) B. Gunn
Auckland

Forest economists

Sir,

There is a saying that if you got all the economists in the world and laid them in a line, head to foot on the ground, they would never reach a conclusion. One might add that it would be just as likely, given the same facts, that they would reach thousands of different conclusions. I seriously question the value of economic forecasting for forestry because of the long time span. We have economists in Treasury, banks, research institutes and so on and they can't even get it right in their quarterly or annual predictions, and they even alter their predictions during the quarter under review. What possible chance do they have of assessing a project 25 years out, especially when there are few options which can be changed during that period. You can mess about with the money markets on a daily basis but in forestry there's no going into reverse - if you've thinned then that's it and you're stuck with what you've got.

Forestry economists are faced with so many factors that are changing that they either have to make a lot of assumptions or come to so many different conclusions that the result is worthless.

Ian Barton in his letter in the November 1986 issue of NZ Forestry mentioned that 32 assumptions were made in a paper which compared special purpose species with radiata and this analysis tried to cover 35-40 years. The paper is 'An Economic Analysis of Special Purpose Species for Small Woodlot Growers' by Cavana Eton and Glass. The justification for the paper was attempted by Cavana and Glass in a letter in the May issue. Before publication I wrote to Cavana with a number of points I was unhappy with. For instance, the article made no allowance for agricultural returns from black walnuts. Since these are to be planted on high-quality land with a very low final stocking rate (70sph) then there should be no land rental; rather there would be continuous grazing income after five years or so. This fact was acknowledged in a few lines in the final draft but no figures were altered. Then again what is the point of comparing prices of Rimu and Australian Blackwood when the former

is unlikely to be available except in very small quantities.

The danger is in what can be read into the abstract by a person unfamiliar with the subject matter. The abstract purports to indicate real rates of return which could be expected, so it is all too easy for people trying to make a point by quoting from it. I found the article riddled with data which was unacceptable (some of it pretty basic, such as what was the correct comparative price of radiata at the time the comparisons were made). And in the period which has since elapsed there have been many changes, many of them not relative to each other. So when the paper quotes the real rate of return on black walnut as 3.9-5.6 per cent compared with radiata

at 4.0-9.9 per cent it is in my opinion grossly misleading. The paper is a mischief and a waste of time and money. Unfortunately I have already seen it quoted elsewhere as authoritative, so the damage has started.

In the discussion paper 'Financial Policy and Forestry' the Forestry Council states that there have been 12 changes in taxation and other fiscal incentives for afforestation in NZ since 1960. This implies a change on average every two years over the period of a radiata rotation. Governments being what they are, we can hardly hope to assume that there will be no more changes. How can an economist allow for these?

The Consultative Document on Pri-

mary Sector Taxation put out by the Government in March 1986 has a table (9.2) which shows what happens to an initial investment of \$1000, in support of its attitude to the Cost of Bush approach. The table has to assume a statutory tax rate (48%), a pre tax rate of return (10%) and an inflation rate (10%). In 50 years the \$1000 finished up at \$13,780,612. What a load of nonsense. Are we in New Zealand or South America? What credence can one attach to such figures when already there have been radical tax changes, and inflation is still unpredictable?

Forestry, more than other land-based industries, seems to be obsessed by economics, which would be fine if it produced worthwhile facts. The Consultative document referred to covers not only forestry but agriculture, aquaculture and horticulture. Why did none of these industries justify similar examination with appropriate tables showing how \$1000 could turn into 'nominal Pre-tax Revenue on Sale' of \$13 million? Those industries do not evolve overnight and in some cases take almost half as long as radiata to produce a return.

With fiscal input data changing almost daily forest economics become meaningless.

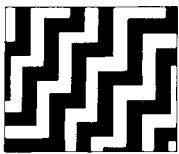
How do you evaluate any investment when you do not know what the final sale price will be? And what allowance do you make for added values? In my lazy approach to economics I would be guided by what I was first taught - supply and demand is what dictates the final return. We see it act every day in the fruit and vegetable auctions and in the international demand for wool and oil.

Like lawyers, economists have the ability to make the simplest issue complicated. We should discard the \$ signs and look at what forest resources the world has now, what it is cutting down, what it is likely to need and how much of it are we going to get from natural regeneration and how much should we then grow. This is possibly far too simplistic but what have we benefited from economists? Has anyone assessed the accuracy of their forecasts made during the 1920-1940 period? How wrong or right were they?

In the August 1987 issue Geoff Chavasse concludes that forestry has to be based on an intelligent evaluation of the needs of the people in future (my interpretation of that is we require an analysis of supply and demand). He writes that this is an act of faith and that fortunately for posterity foresters have that faith.

I concur and recommend the banishing of forest economists and their replacement with quantity surveyors and market analysis.

**John Mortimer,
Franklin**



**INTERNATIONAL
DEVELOPMENT
COOPERATION**

Forestry Adviser

A Forestry Adviser is required to join a multidisciplinary team within the External Aid Division of the Ministry of Foreign Affairs. The team is responsible for the evaluation of official development assistance programmes and projects. The team also provides substantial advice and support to ODA programme managers in the design and appraisal of new activities. The Forestry Adviser will provide professional forestry leadership within the team.

New Zealand currently provides bilateral assistance for forestry development in nine countries in the South Pacific and South East Asia. The quality of evaluation analysis and appraisal advice is critical to the effectiveness of this assistance. This challenging position, offers considerable insight into the viability of forestry strategies in developing countries, and the opportunity to contribute to these strategies.

The position requires a person with at least 15 years broad experience in forestry management, an interest in working in a multicultural environment, excellent analytical and communication skills, a knowledge of forestry marketing, and a good knowledge of tropical production forestry and agro-forestry.

This is a two or three year contractual position. Salary is negotiable. For further information and applications please contact David Bartle at the address below.

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