

# Licence to operate

Bruce Manley<sup>1</sup>

Each year I take the fourth year BForSc students from the School of Forestry to the Central North Island for a field trip looking at plantation forestry in the region. One of the interesting features of the field trip last April was that, at both Carter Holt Harvey and at Fletcher Challenge Forests, we were told that "The community grants us a licence to operate". This clearly illustrates how the New Zealand forest industry has become increasingly aware that it must meet the expectations of a set of stakeholders that is much broader than just company shareholders.

The comments also indicate the impact that forest certification is having, particularly forest certification under the auspices of the Forest Stewardship Council (FSC). Stakeholders are defined in the FSC Accreditation Manual as 'individuals and organisations with a legitimate interest in the goods and services produced in a LFMU (Local Forest Management Unit); and those with an interest in the environmental and social effects of an LFMU's activities, products and services. They include: those individuals and organisations which exercise statutory environmental control over the LFMU; local people; employees; investors and insurers; customers and consumers; environmental interest and consumer groups and the general public.' Certainly a much broader grouping than company shareholders!

The success of the FSC and other third party certification schemes has been achieved because they rely on the 'invisible hand' of Adam Smith; companies see a likely economic cost (reduced market access) if they do not become certified and the potential for an economic benefit (higher product prices) if they do. Certification as a market tool is described in this *Journal* by Grant Rosoman in his assessment of New Zealand forestry from an environmental NGO perspective.

Aspects of FSC certification are also covered by Barbara Hock and Errol Hay. Their review of the strengths and weaknesses identified in the FSC audits of 11 certified companies, indicates that the Environmental Impact Plan is the area requiring most corrective action. Brett Gilmore describes the practical realities of getting FSC certification at Pan Pac Forest Products. He observes that certification is about "well managed" forest practices - something that companies should be, and generally are, doing anyway irrespective of FSC - but also notes the challenges and frustrations associated with certification.

Certification is just part of the broader picture relating to sustainable forest management. At the national level, New Zealand, as a signatory to the Montreal Process, already reports against the criteria and indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests.

At the regional and district level, an important part of the 'licensing' of the forest industry is the implementation of the RMA. The controls being placed on the afforestation of farmland in district plans, and the variation in implementation of the RMA between

districts, is discussed by Ali Undorf-Lay. She also describes the 'out of left field' proposal of Environment Canterbury to restrict forestry in many 'water sensitive' catchments in Canterbury because of the perceived impact on water yield. Mark Bloomberg backgrounds the issue of forestry and water yield in Canterbury, as well as the previous restrictions placed in Moutere, and describes the role of the NZIF in trying to help bring some rationality and underlying science to the process.

Concerns with the impact of afforestation on water yield are not confined to the South Island. A headline in the Dominion Post of January 6 read "Pines blamed for water loss". The article reported on an issue raised at a forum on the future of Kapiti Coast's water supply. According to a long-term resident, pine trees growing in the Paekakariki catchment had contributed to the town's summer water shortage. Fortunately the article also quoted Dr Barry Fahey from Landcare Research, "With radiata pine, when it becomes mature, you can expect a 20% loss through water interception. But if you left the catchment and it reverted back to manuka or kanuka you could expect the same rate." This last sentence is often forgotten in the debate about plantations and water yield.

Underpinning forestry's 'licence to operate' is public perception. Lisa Langer and Tim Barnard look at attitudes to plantation forestry in the Gisborne/East Coast region. Their survey results indicate that "there is a clear need for more effort to be made to inform local communities about the environmental realities of present day sustainable forest management practices." John Fairweather and Simon Swaffield evaluate public perceptions of natural character and conclude that "...most people seek a subtle approach to forest management. The forest sector therefore faces challenges in presenting itself as an industry that is working with nature, not against it."

Explicit recognition by forestry companies that they operate in the broader community, and need the ongoing sanction of that community to continue to operate is a healthy sign. Clearly they need to be proactive to ensure that the 'licensing' processes, both formal and informal, treat forestry in an even-handed way relative to other land uses.

The challenge for the forester is how to keep the forest business profitable and meet the financial expectations of shareholders while meeting the social and environmental expectations of the broader set of stakeholders. There is also a question here of what is a realistic financial rate of return to expect from plantation forestry - but that is an issue for the May Journal!

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