

# Sale of the Crown's commercial forestry assets

The Forestry Working Group set up by the Ministers of Finance and of State Owned Enterprises reported to the Government just before Christmas. Their report, entitled "Sale of the Crown's State Owned Enterprises", is a key document in the developing story of privatisation.

By far the most important aspect of the report is the fact that for the first time it formally addresses the questions of land ownership and makes strong and unequivocal recommendations that the Crown should retain the ownership of all State Forest land. The Government accepted this, and also most of the report's other recommendations.

## Major Event

This is a major event which strangely has gone largely unnoticed. It removes what to many people was the main disadvantage – one could almost say evil – of privatising State Forests. It will be cordially welcomed by most in the forestry profession and probably by all those of the general public who appreciate the issues involved. The latter must surely comprise a large section of the voting public. Whatever the underlying motives may have been the Government deserves nothing but the highest credit for the decision it has taken; the country can well sigh with relief.

In these circumstances it is perhaps strange that the report should be the subject of some heavy criticism. It starts off well enough, addressing the two policy problems of Maori land claims and conservation issues, and taking them both seriously. The implications of the Treaty of Waitangi have since been discussed at a national hui and this is the subject of a further comment in this issue. On the conservation question the Government declined to adopt the recommendation that a "Code of Practice" should be formulated and decided instead on covenant procedures to protect significant conservation values.

## Big Question

The big question though is why only two policy issues were considered.

What about the equally or more important and certainly larger question of **forest policy**? There is no mention of it anywhere, and there is scarcely any mention of forestry at all. As a quite major

paper on the future of forestry in New Zealand it must be considered a disappointing document. There is to be no constraint on foreign ownership but no consideration is given to the dangers of asset stripping, of log exports rather than local processing, of log market and stumpage manipulation, of partial or complete mandatory replanting, or of any form of forest management control leading to (in general) sustained yield forestry. There is not even any indication that the dangers are recognised. There is a complete failure to recognise that forestry is a long-term business and that free and unconstrained market forces alone have never succeeded and never will succeed in making it a viable proposition. And this is just as true for domestic as for overseas ownership.

## Other Omissions

There are many other notable omissions in the report particularly in respect to the effects of sales on small growers and small processors and hence on the rural economy generally. Little is said about monopolies if the large processors get the bulk of the estate, although here perhaps we can be most grateful for the

existence of the Commerce Commission. There is no mention of who will administer, and how they will do it, the 2½% of New Zealand's land area which will remain in State ownership. One could go on. The main point, however, has already been suggested. It is the failure of the report to recognise the need in the future for any form of forestry control – for any legislative changes, any government regulations, any technical control, or any administrative structure. This is the real issue. Forestry has so much to contribute to the future well-being of New Zealand that it cannot accept this possibly quite disastrous scenario. One could very reasonably expect that the Government also must refuse to condone it.

The Forestry Corporation has been charged with implementing the report. They have a fine body of men, charged with a difficult and not always popular job. They were doing well. The sad thing now is that they have to engineer somehow or other their own dismissal. It should not happen and it should not be allowed to happen.

The Institute here has its usual big professional responsibility; it has now an even larger personal one.

**A.P. Thomson**

## Optimistic conference theme: Woodex '89

"On the Brink of a Boom", the theme of the FIEA (Forest Industry Engineering Association) Conference at Woodex '89, endorses the Association's belief that the New Zealand timber industry is about to enter a boom period extending through 1990 and beyond.

"The main aim of the conference will be to educate show visitors on the requirements necessary to achieve that future and to inspire a belief in, and commitment to it," says FIEA Auckland Branch Chairman, Mr Gary Stewart.

"This conference complements perfectly the trade presentations at Woodex '89," says Exhibition Manager Geoff Chester.

"With the early 1990s bringing in large quantities of trees for harvesting, the

timing of the show is perfect to display and present the machinery and new technologies integral to ensuring the best possible harvesting and end-use of that timber," he says.

Woodex, which will be held at the Auckland Showgrounds from April 6 to 8 this year, will feature products, equipment and machinery used in the areas of timber utilisation such as cabinet making, furniture manufacture, joinery manufacture, and boat building.

Canada and Sweden, both at the forefront of the manufacture of logging, sawmilling and woodworking machinery, will once again be strongly represented at the Exhibition, as they were when it was last held in 1985.