

## Interest Rate Effects on Choice of Regimes

Sir,  
Judging by points raised in recent issues of your Journal, the confusion over the effects of higher interest rates, [and the assumption that it is these that cause short as against longer rotations], continues.

I have published comments on this issue to both your and to the Australian Forestry Journals in the last decade. These letters cite an earlier paper: NZ J For. Sc. Vol. 2 where on p. 382 the ranking of the seven models evaluated (at that time) are given by interest rates against LEV [land expectation value, which is the net discounted present value per unit of area]. For the four least profitable regimes, which all involved longer rotations, their ranking was virtually unaffected from interest rates from 3 to 10%. There were minor changes in ranking amongst the three more profitable regimes from 3 to 5%, but the order of the differences in LEV were not very great. These three "publications" continue to be ignored, [with much else that I produce].

With today's ease of calculation [work that took me many months can now be done in a few hours and there is also more basic data on, for example, growth rates], these findings can be tested. This should be done on a series on models all based on "normal" rotations, to avoid the complications of the previous "accelerated" models. If these confirm that, roughly speaking, the shorter the rotation the more profitable the result by both IRR (internal rate of return) and LEV this has consequences which I did not appreciate at the time of first publication.

Economic theory remains coy on the difficulty of choosing an interest rate on an objective basis. As far as I know it is little discussed. It is more than coy on the subject of what basis is there for any time evaluation when, as in real life, the current rates vary through time. With current machines, it would be easy to test this too. It is quite possible that the earlier results will be repeated. [there would be complications with longer rotations with varying interest rates as they would extend over different time horizons, but then all uncertainties - both good and bad - increase over time]. The evaluations suggested above would clarify and may even dispose of these very real and, I contend, unacknowledged economic difficulties.

I could clump them out myself, but I have to produce work on plantation silviculture (world plantations, that is, not just temperate softwoods) and I have been asked to write papers on Japanese plantations; and to evaluate if New Zealand should emphasise clear-wood production. Perhaps wrongly, I feel I should clear up my now-wide experience on these silvicultural points first.

In the meantime, there is a good opportunity that such work would attract attention, and if it is not done here, more energetic workers may exist overseas.

R. Fenton

## Beech Forest Logging and Management

Sir,  
Your editorial in the November 1998 issue of *Forestry* deserves comment.

In your article, *When Science is not Relevant*, you endeavour to differentiate three groups within our society on the basis of their views on the Beech Management Plans of Timberlands West Coast Ltd. Subsequently, you claim that there is a conflict between the paradigms underlying the views held by each of these "groups".

This would seem to be a reasonable reflection of the situation, however there is an inherent conceptual flaw which needs to be corrected. Of the three groups identified, it is only the environmental groups opposed to Timberlands who see "indigenous forest management" as "native logging".

Unfortunately, your distillation of the essential differences also fails to make a clear and explicit distinction between "logging" and "forest management". In fact, your persistent substitution of the word "logging" in instances where the words "forest management" should be used only serves to exacerbate and perpetuate the misconception that these words are directly interchangeable.

Despite whatever short-comings the Timberlands Plans may have in documenting a comprehensive and detailed approach to beech management, they must be seen and described as forest management plans, not logging plans. This should be readily apparent to any member of the public, let alone trained forestry professionals, who have applied themselves honestly to reviewing the documents.

It would behove the Institute to reflect the concepts, if not the ethics, now underpinning indigenous forest management in New Zealand and to use language which accurately describes these concepts. Without this, the misconceptions will endure and these disparate "groups" will never find the common ground necessary for the furtherance of ecologically, economically and socially sustainable forest management in this country.

Roger May  
Secretary  
Indigenous Forest Section  
NZ Farm Forestry Association

## Timberlands Beech Project

Sir,  
Reading the contributions to your special section (November 1998), it would appear that the prime justification for the Timberlands' plan is being based on the opportunity this might provide to prove that these forests could be managed sustainably at the same time as their biodiversity is protected, even though there is no obvious commercial demand for the product and the economics are likely to be unattractive.

Thus, Guy Salmon writes about "the only really impressive plans for sustainable forest management" that he has ever seen, and Chris Perley identifies "an opportunity to put in place such a model for future ecosystem management."

I have no difficulty with the concept of management for both forest protection and use, and am no fan of the peculiar New Zealand system of segregated land use categories.

But if, "when science is not relevant", may be thought an appropriate catch-phrase for the preservation argument, then surely, "when market demand and production economics are not relevant", might reasonably be applied to the Timberlands seed project.

Eric Bennett

## New Zealand Forest Histories

Sir,  
A. J. Grayson's kindly review in the Common-