Membership issues —
One member's view

The ongoing debate on membership of the Institute has been subject to continuous and healthy deliberation since 1974, when major changes to membership criteria were effected. On addressing this issue I am mindful of the inseparable issues involved — the Institute's objectives, the means to achieve these aims, our perceptions of identity as foresters, and so on. The continued monitoring of membership rules will help ensure the Institute's continuing relevance. At the same time, it is to be hoped that the present specific issues can be satisfactorily resolved in a reasonably short period of time.

As the Institute's object is to promote the best use of New Zealand's resources and to encourage the wise use of forests and forest land, forest management may be reasonably considered to be our central concern. Practitioners in this field, notably field managers, technical planners, scientists, consultants and administrators, traverse an integrated but diverse range of activity. This diversity in the overall discipline of forest management contributes to a very broad and exciting profession. It also provides a range of aspirations which may even be defined as conflicts of interest in some situations. I believe that a reasonable consensus of opinion of our basic identity as foresters is important to provide a sound foundation on which to develop the Institute's "modus operandi", including such matters as membership criteria. Where this identity lacks clarity, focus and drive may be diluted.

The nature and tradition of forest management in New Zealand is markedly different from other more clearly demarcated professions such as law, medicine or accountancy. These professions generally have the following characteristics:
- self-employed practitioners operating from private chambers;
- direct one-to-one financial arrangement with client;
- dispensing of personalised, private services.

The nature of the growing consultant sector of the forest management profession is nearest in structure to these professions. However, it is expected that the vast majority of foresters will continue to operate in the same environment as at present — that is, as salaried employees in public and private sector organisations providing non-personal management services.

These observations suggest that the Institute, as the body to represent forest management, should seek to be a broad-based organisation to cover the widest catchment of personnel. If there is a need to provide a membership facility at the top level to recognize professional excellence it is hoped that such a category could be established without 'elitising' the Institute or dissipating the more fundamental issue of maximising the range and number of general members. It is most difficult, I believe, to see how emphasis on extension of the membership ranking of the Institute at the top end will do much to help resolve the wider and more fundamental issues.

There seems to be limited value in revising membership specifications without also reviewing other facets of the Institute and injecting new vigour as appropriate. In particular, development of activities that are calculated to attract new members are strongly recommended. We may find it useful to look at those programmes carried out by other successful, growing organisations as guidelines. The importance of the following activities merits emphasis:
- Journal support the thrust of current changes. They are positive steps to increase interest and appeal. However, we need to guard against the loss of the wide-ranging technical papers that were the foundation of the previous format, and contributed to the advance of forestry on a broad front.
- Council Submissions — Continuation of this work is vital to ensure that Institute concerns are presented at relevant national forums. However, greater input from local sections appears desirable.

I consider, however, that a much wider range of outward-looking activity is needed if the Institute is to be seen as an objective forestry advocate, a means of public education, and coordinating body. This will involve taking forest and land management issues into the public arena by developing a higher public profile, conducting seminars and so on. Local sections, as much as Council, would need to be involved. Attainment of such programmes would of course depend on recruitment and turnover of greater numbers of energetic local officers. As membership increases, we can be confident that such people will readily appear. To assist this process, it is suggested that some form of agreed

A.G.M. field trip — Bill and Jan Studholme on safari at Mt Bruce wildlife reserve.
would be a backward step and that to return to equating membership status with university qualifications would be used to successfully differentiate membership categories. It is my view that merit can be satisfactorily defined to recognize experience and contribution to forestry in a way that would reinforce our perception of a forester's identity in a broad-based, multi-disciplinary profession. It could also be used to increase the gap between full and associate membership to provide the former category with extra significance. A new 'slot' might be required at the top end of the membership ladder, although on the surface it would seem reasonable to surmise that very senior personnel can stand on their own status within their organizations without the necessity for a further class of membership.

The absence of membership growth in recent years has been highlighted as one of the most serious issues before the Institute. Past President Colin McKenzie in 1983 stated: "As credentials we state the Institute represents professional forestry in New Zealand. But can this be true if we have a membership less than half of those eligible to be full members?" The major membership initiative needed, in my view, is one of marketing, in particular to attract the forest ranger group, less than 20% of whom are Institute members, compared with about 75% membership of university graduates.

Following the 1974 changes, a commonly asserted view was that the new open door should lead naturally to increased membership. This proved to be a flawed argument as it took little account of the widespread perceptions of the Institute held by the forest ranger group. In fact the 'rot' had set in long before the changes and little has happened since to change old views. I believe that it is necessary to address the entirely natural question of the presently indifferent potential member - "what is in it for me?" Among the further questions to which answers should be sought are:

"Where are we now? Where do we want to go? How are we going to get there?"

I believe that the membership issue cannot be readily separated from other aspects of the Institute's operation, and that my comments will make a helpful contribution to the current review.

K. M. Jamieson, Wellington.

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NEW INFORMATION

VALUING FORESTS AND FOREST LAND IN NEW ZEALAND:

PRACTICE AND PRINCIPLES


This FRI bulletin is an update of a similar paper produced by G. R. Watt and T. Fraser in 1978 entitled "Principles and Practice of Valuing Forest and Forest Land in New Zealand" (Economics of Silviculture Report No. 115, 1978 unpublished). It provides a good general discussion on several approaches to the valuation of forest land and forests. It is suggested that for young trees age 1 to 3-5 years for radiata pine replacement cost is the most relevant measure of tree value, and that for older trees current realisable value or potential future value are more important. For the young trees current costs are compounded forward at a chosen interest rate, whilst for older trees potential future value is discounted backward at a chosen interest rate. The authors indicate that rates of 6% to 8% are appropriate rates to use for forest valuation.

The bulletin also briefly covers the internal rate of return (IRR) approach to forest valuation, which the authors conclude "is unsoundly based and should be used", despite the fact that it is widely used in New Zealand. The IRR method is very similar to the "cost compounded" method recommended by the authors for young trees, and the "expectation value" method recommended by the authors for older trees. The simple and basic difference is that for the cost compounded and expectation value methods an interest rate is chosen to be the compound or discount rate, whilst in the IRR method the compound/discount rate is calculated. Where different valuers have identical basic data i.e. land value, forest establishment and tending costs, overheads, and expected revenue, then any difference in their estimates of forest value can only reflect a difference in the interest rate used, a rate which is subjectively chosen by those using the cost compounded or expectation value methods, and which is objectively calculated by those using the IRR method. Knowing this, it is difficult to accept the author's contentions that the IRR method is "not well founded and should be rejected".

It is of interest to delve a little further into the role of the forest valuer to seek a possible explanation. There are many reasons for producing a forest valuation, and different methods are most appropriate in different circumstances. Basically, however, the requirements for valuations can be split into two broad areas:

Review and comment

by B. Everts*

- a valuation produced by a disinterested party (a professional forest valuer) as an independent estimate of forest worth. In this situation there are usually two different parties with an opposing interest in the value of the forest, e.g. buyer and seller, forest owner and insurance company, forest owner and a party mounting a company takeover bid.

- a valuation produced by an interested party (generally the forest owner, or a potential buyer) as an evaluation for his own purposes, e.g. a grower checking future forest management options, a potential buyer assessing what he can afford to pay at his own guiding rate of return, an investor undertaking a project evaluation.

In the first broad area, it is obvious that an interest rate chosen by either party will destroy the independent status of the valuation, and it is appropriate that a rate be calculated using the IRR method. It is emphasised that the valuation produced, if used as a sale price, provides for the buyer and seller to have received the same rate of return on their respective investments. As a valuation is only an estimate of sale price, there is nothing to prevent buyer and seller using their strengths and weaknesses to come to a mutually agreeable price. This is quite appropriate in New Zealand where most

* Senior Consultant, J. G. Groome & Associates, Christchurch.