forestry is also causing MAF some problems and is leading to a further grey area in the compensation issue.

Agriculture Compensation
In the agriculture package compensation is paid on the basis of 60% of non-insurable losses based on market values, and will also incorporate income and stock losses. A threshold value of $5000 applies.

It is hardly surprising that the Government decided to exclude forestry from this hastily compiled package especially with Treasury's recent experience of trying to work out market values for the Forestry Corporation's assets. Undoubtedly if this compensation package had been intended to include the forestry sector a less controversial basis than "market value" would have been chosen. Determining non-insurable losses is difficult as theoretically it can be argued that anything can be insured against, including loss of capital value of land due to erosion. With the agriculture sector Government has taken a liberal approach interpreting "not insurable" as "not normally insurable". If applied to the forestry sector this would include loss of tree crop through slipping or wind damage as well as damage to forest infrastructure because forest owners in New Zealand do not insure their tree crops against this type of loss. The estimated loss of future income to the East Cape region alone is approaching $100 million; loss of tree crops and infrastructure is another $8 million. If the Government were to include forestry in the current compensation package an estimated $50 million would be due to East Cape forest growers alone.

As it appears unlikely that forest growers will receive compensation, it seems they would be best to direct their energies towards getting a favourable result for forestry development from the East Cape Project Review. The future of forestry in the East Cape Region and what long-term measures the Government intends (or does not intend) to take should not be confused with short-term compensation issues. The obvious forum for these concerns to be aired in is the East Cape Project Review process. An officials committee has been set up under the Minister of Regional Development to complete the review, of which an important component will be evaluation of Cyclone Bola on the region and the effective protection offered by exotic tree plantings.

Equity Issues
In the aftermath of Cyclone Bola a host of equity issues have been unearthed. Not the least important question concerns what has become of Government's policy on sector neutrality if farmers get cyclone compensation but forestry does not. Maybe even Robin Hood was unable to help all the poor.

Future of Maori afforestation issues

The New Zealand Government has 73,030 ha of Maori afforestation leases, all of which are in the upper two-thirds of the North Island. These were administered by the New Zealand Forest Service. In 1986 the Government decided to transfer all production forests of the Forest Service to the new Forestry Corporation. However it was recognized that a special case existed where land had been leased from Maoris for forestry development.

Three Options
On March 22 the Ministry of Forestry held a hui in Rotorua to discuss the future administration of the leases. At the hui the Minister, Peter Tapsell, said that after consultation with Maori interests it had been decided to give lessors the choice of three options:

1. The Maori lessors can purchase the Crown's interest in the lease on a commercial basis; if this option is chosen it is unlikely that the Government would be prepared to fund the purchase of its interest in the lease.

2. They can choose that the Crown's leasehold interest be transferred to the Forestry Corporation; Ministry of Forestry would be available as consultants on a user-pays basis.

3. They can choose that the leases remain the direct responsibility of the Crown; if this option is chosen, then the Crown will offer the Forestry Corporation a contract to manage the lease first. Should it not be possible to obtain a satisfactory management agreement with the Forestry Corporation then other options will be considered by the Crown.

Maori lessors are required to make their choice by September 30, 1988. The Ministry of Forestry will provide forest valuations based on the method currently being used to value other Crown forests.

H. H. Levack

Wind blow in Tasman Forestry's forest Milligan Ridge, Tahara Forest.