Indigenous forest management in New Zealand: From interventionist to monetarist policies and the special case of the South Island’s West Coast

A.J. Tilling

Abstract

The cessation of logging in practically all of the State’s West Coast indigenous forest occurred after a long battle with environmentalists, but not until national production was assured from plantations, largely of Pinus radiata. Attempts had been made to manage indigenous forests on a sustained-yield basis, but this proved difficult and logging in the nation’s last extensive lowland podocarp forests on the West Coast persisted, as did government-sponsored proposals for the industrial utilisation of the beech resource (Nothofagus spp) right up until the late 1980s. Finally, pressure by environmentalists persuaded the Fourth Labour Government to drastically reduce the cut, and declare a total prohibition on logging in practically all of South Westland. Following two accords with industry and environmentalists, the years of debate and confrontation seemed to be at an end. The Labour Government adopted simplistic environmental and economic policies, separating non-profit-making activities from profit-making ones: ‘conservation’ on the one hand and ‘development’ on the other. Indigenous logging was substantially circumscribed, except for in a small area managed by a subsidiary of the New Zealand Forestry Corporation – a State Owned Enterprise. Yet, whilst the latter was subject to free-market policies and State forests and other subsidiaries of NZFC have been or are in the process of being privatised, the full force of these government measures have not been applied to State indigenous forests on the West Coast.

Keywords: Indigenous Forest Management and Policy, New Zealand

Introduction

As in other parts of the world, New Zealand’s indigenous forests have been ‘mined’ and wasted. The loss of indigenous forests prior to the Treaty of Waitangi in 1840 was considerable. Forest resources were exploited by the Maori but the level and rate of development has accelerated since European contact and the establishment of full-scale commercial trade. European settlers and Maori alike actively cleared the land. Between 1840 and 1883 approximately 7.8 million ha was cleared, representing 53% of the total forest cleared since the arrival of the Maori in New Zealand about 1000 years ago. The result is that only about 6.2 million ha (23%) of the country now remains in indigenous forest.

Early Concern and State Intervention

Nevertheless, there was early government concern about the loss of indigenous timber supplies, for the need to conserve native forests was recognised by 1874. Significant areas of indigenous forests were set aside under the provisions of the Land Act 1877 (Froude, et al, 1985) and further protected by the Forest Service. Just before World War 1 a Royal Commission reported on the destruction and loss of indigenous forests. However, this early concern for the loss of these forests was based mainly in a desire to maintain long-term timber supplies. This is exemplified by the first annual report of the Director of the Department of Forestry, L. Macintosh Ellis. He recognised that there was a need to protect forest resources, reforest and afforest ‘unproductive’ land and to eke out supplies when he set out the principles on which a forest policy for the nation should be based. Amongst other things, however:

the policy should be framed in such a way as to ensure the consumer a maximum supply of timber at the critical time towards the end of the duration of the country’s virgin forests and before new crops take their place (Department of Forestry, 1920).

This preoccupation with timber supply is understandable, as it was estimated then that native timber would only last 30-50 years. Multiple-use management and sustained-yield indigenous forestry became the twin pillars of the State Forest Service. However, management proved difficult. Podocarp forests, from which most timber was now derived, were found to be complex, difficult to manage and slow to mature (up to 300 years). Efforts to manage these forests on a sustained-yield basis proved to be largely ineffective (Tilling, 1988). Thus, the benefits of plantation forestry with exotic species, principally Pinus radiata, seemed very attractive: so attractive in fact that the NZFS’s attention was substantially diverted away from indigenous species.

Because of the difficulties with indigenous forest management and the advantages of faster-growing, higher-yielding exotics, the State Forest Service and its successor, the New Zealand Forest Service (NZFS), devoted most of its efforts to establishing, managing and researching plantation species. Forest Service records reveal that the emphasis on plantation species was a deliberate policy, pursued from the very beginning of the Forest Service in 1920 (and not inspired by the need to create employment in the Depression years). The first and second plantation booms are a manifestation of this, as is shown in Figure 1.
Successive Governments were not relying on the market system for the establishment of these forests. From the inception of the Forest Service in 1919, through the euphoric period of the 1920s before the Great Crash, the State was actively involved in planting. This tailed off dramatically after 1929 and during the ensuing Depression years, but continues again after World War II when there was a dramatic increase in forest output, as is shown in figure 2.

With the increase in State plantation output, the Government opened its own sawmill. Yet, according to Hamilton (1989):

Radiata pine had lots of problems. It is basically a bread and butter timber. There’s nothing “exotic” or fancy about it. We had to find out how to treat the stuff, how to season it and how to use it for a wide spectrum of uses and we’ve done it through our research . . .

There had been early opposition to radiata pine, as Hamilton (1989) explains:

I can vividly remember in Canterbury, for instance, builders and people constructing houses saying: “that stuff’s no good unless it has grown 60 years”, and, “you can only use the heart”. And there was a fair degree of opposition to suddenly switching from West Coast rimu, (for) building a house in Christchurch, to radiata pine.

The Decline of Indigenous Production and the Significance of the West Coast

The spectacular increase in plantation output gave the NZFS the opportunity to reduce indigenous out-turn. But, for a while, the NZFS was preoccupied with promoting the acceptance by industry of Pinus radiata and indigenous logging continued. The NZFS rightly pointed out that indigenous logging would have been much greater had there not been a plantation: this, it was claimed, was saving between 20,000 and 30,000 acres of indigenous forest annually and that between 1939 and 1957 plantation forestry saved 200,000 acres and 2 billion board feet of indigenous timber (NZFS, 1956; 1957).

After 1961, national indigenous output declined drastically but less sharply in the South Island, as shown in figure 3.

With the rapid fall in national output, South Island production acquired an increasing significance. In particular, the West Coast assumed a dominant position in the national market for indigenous out-turn, and in recent years has accounted for nearly 90% of South Island and approximately 70% of national indigenous rough-sawn timber output. Even so, the protection of indigenous forests was slow to gain momentum and there was a persistent desire to eke out timber supplies, despite the fact that multiple-use management was espoused by the NZFS (Tilling, 1988). For example, on the West Coast, 17,000 ha was bought in Otira Valley for a reserve as far back as 1901, but it was only in 1921 that it was afforded definite protection from logging when it became part of Arthur’s Pass National Park. Another example of the tardiness of protective measures is provided by a tract of forest that is part of what is now Westland National Park. This was only given national park status in 1960, having been a scenic reserve up to this period. The next major reservation of indigenous forest was in 1970, when North-West Nelson Forest Park of 405,765 ha was established (part of which is in the West Coast region).

One of the reasons for the persistence of indigenous logging was the special status of the West Coast. The region had for many years been regarded as depressed by successive Governments, meriting selective assistance “to encourage the full utilisation of resources”. Along with other peripheral regions, outside the Wellington-Rotorua-Auckland axis and Canterbury-Nelson, it was designated a ‘priority region’, (where suspensory loans were available on the capital cost of plant, equipment and buildings to stimulate investment and economic growth [Department of Trade and Industry, 1985]).

Lucas, the last Director-General of the Department of Lands and Survey (1980-1986), said of the Coast’s special position:
The linking of forestry with wider socio-economic goals is perhaps best epitomised by the West Coast Committee of Inquiry's proposals for the large-scale processing of podocarp and beech forests on the West Coast. The Committee concluded that this was the only option worth considering to provide a significant number of jobs (West Coast Committee of Inquiry, 1960).

The fact is that State indigenous forestry was pursued not just to supply wood and wood fibre, but also to provide jobs and income to local people and as a source of foreign exchange. Thus, although the Great Depression was not the reason why New Zealand embarked on a plantation programme, the unemployed were found work in the huge afforestation scheme in the central North Island and elsewhere. Although plantation output was secured in the mid 1950s, State indigenous logging persisted on the West Coast for socio-economic and political reasons. The State was an active player, intervening and circumventing market forces, which, given free reign, would have rendered indigenous logging un-economic.

Following a general environmental awakening in New Zealand at the end of the 1960s, the pressure for the protection of more forests gathered pace. Fourteen forest parks were set up in New Zealand during the 1970s although it was not until 1981 that further protection was afforded to West Coast forests, with the establishment of Victoria Forest Park (210,731 ha). In the same year, South Okarito and Waikukupa forests were added to Westland National Park, bringing its total area to 117,547 ha (Ministry of Forestry, 1988).

By the early 1970s the environmental lobby was particularly vociferous. In 1977, the Maruia Declaration was signed by 341,100 people. It was the largest petition ever presented to Parliament, calling on the Government to give further legal protection to the remaining indigenous forests. It followed a government invitation to industry to submit proposals to utilise up to 785,000 m$^3$ of pulpwood and 63,000 m$^3$ of peeled saw logs per annum on the West Coast and 170,000 m$^3$ of pulpwood in Southland. This proposal, known as the Beech Scheme, involved clearfelling Nothofagus species, converting some areas to Eucalyptus and regenerating others, on a sustained-yield basis (Tilling, 1989). The Native Forest Action Council (NZFAC), who drew up the Maruia Declaration with other environmental groups, declared that the logging of native forests should be phased out by 1978 (NFAC, 1977). But loggin continued and agitation mounted.

The Emergence of Monetarist Economic Policies

Not long after the 1981 Forestry Conference (initiated by the New Zealand Forestry Council) government commitment to the State's involvement in plantation forestry began to wane. At that conference a long-term strategy for the industry was expounded and planting targets for the State were advocated. At first they were used as a guideline by the NZFS, but they never became official policy. Later, they were abandoned altogether, particularly after the Labour Government was elected in 1984. A financial crisis precipitated sweeping changes to social and economic policy.

The announcement of the impending general election had already led to a run on the dollar. Spot sales in the month before the election totalled nearly $1.4 billion. By election day there was only about $900 million in total overseas reserves left, sufficient to last less than a week at the outflow rate of the previous week. On top of this, a leaked IMF report just before the election revealed that the fiscal deficit for 1983-84 was about 9.25% of GDP (Douglas and Callen, 1987; Easton, 1987). Overseas debt was 49% of GDP, 65% ($14.21 billion) of which was official Government debt. Not surprisingly, after...
being fully apprised of the state of the economy by Treasury, the Labour Government took drastic action. It adopted 'liberal' economic policies which Rosenberg (1986) says were further removed from Labour traditions than any Labour voter would ever have expected. They were more laissez-faire than former conservative National Governments had implemented. Boston and Holland (1987) aptly says that these new policies brought a revolution that affected, to varying degrees, all aspects of New Zealand society.

The Government became committed to restructuring expenditure and revenue. It was determined to free the economy of 'bureaucratic' controls, placing greater reliance on market forces to allocate goods and services (unlike previous Labour Governments' interventionist policies). The dollar was devalued by 20% and subsequently floated. Controls on interest rates were removed, as were those requiring institutions to invest fixed ratios of their assets with the Reserve Bank. Export incentives were abolished and a schedule for phasing out import licensing and reducing tariff protection was introduced, amongst other measures. Economic efficiency, cost-cutting and 'users-pay' became the orders of the day.

The New Zealand and West Coast economies went into deep recession and unemployment increased dramatically. As market mechanisms were substantially allowed to allocate goods and services and intervention was anathema to the Government, selective policies to help depressed regions became irrelevant.

The regions were left to their own initiatives, yet at the same time they had to contend with further externally generated, Government initiated, changes. Long before the Labour Government was elected to office, the Leader of the Opposition, David Lange, had already stated that, if elected, Labour would "shake out the whole system". His views coincided with those of the Treasury, which in 1986 diagnosed that the problem with public administration lay in the lack of clear, non-conflicting objectives and the requirement to provide for both economic and non-economic aims. For instance, on the one hand the NZFS had to manage for commercial gain, whilst on the other it had to provide for non-monetary values, such as preserving the indigenous forest estate. In addition, the Forest Service was expected to have a social function in mopping up the unemployed with special work schemes. Theoretically, it could accommodate these various tasks under a multiple-use umbrella, but in a strict sense, multiple-use management was largely a failure and environmental groups denounced the concept as a sham, for timber harvesting always seemed to get priority (Tilling, 1988).

Treasury officials were reportedly unhappy with the performance of the NZFS, which ran large annual deficits (Clawson, 1988; Fischman and Nagle, 1989). Inter alia, they recommended the separation of policy and regulatory functions from trading activities. Such was the influence of Treasury that, in 1986, the Government began to embark on a programme to restructure government departments. In this 'rationalisation' process, a number of departments were made into corporations (known as State Owned Enterprises or SOEs) whilst the functions of others were amalgamated.

Of paramount significance to forestry was the restructuring of the Department of Lands and Survey (DL&S) and the NZFS. On April 1 1987, three new departments and two new State Owned Enterprises (SOEs) replaced the DL&S and NZFS.

The Conservation Act 1987 was introduced to coincide with the establishment of DOC. This piece of legislation is in fact a misnomer, as the thrust is preservationist rather than conservationist, as is evident in the following definition in the preamble of the Conservation Act:

'Conservation' means the preservation and protection of natural and historic resources for the purpose of maintaining their intrinsic values, providing for their appreciation and recreational enjoyment by the public, and safeguarding the options of future generations. (Section 2 (1), Conservation Act, 1987).2

In some regions, such as the West Coast of the South Island, the impact of department restructuring and statutory changes was far-reaching. For example, DOC alone now controls an estimated 89.9% of the indigenous forest resource on the West Coast, most of which comes under the jurisdiction of the Conservation Act 1987.

One of the most unfortunate outcomes has been that 'conservation' has implicitly or explicitly become equated with preservation and regarded as separate from 'development' (see for example, Secretary for the Environment, 1986a). The interrelationship between the social, ecological, physical and economic elements of change has been ignored in practice. This has resulted in, and been exacerbated by, sectoral decision making in the public service and in industry alike. Hence, the newly created Department of Conservation (DOC) has a preservationist mandate (despite its title!) whilst the New Zealand Forestry Corporation Ltd was established to manage State plantations principally for financial returns.3 This simplistic division has a certain administrative and political convenience, but fails to deal with the reality of a complex situation.

The Fate of West Coast Indigenous Forests

The new policies were marketed on the grounds that management was to become 'transparent': that 'distortions' in the market, such as subsidies and hidden costs, would be made explicit. In this way, the performance of different government departments and SOEs could be more easily monitored. Furthermore, by separating government bodies into those with commercial functions (SOEs) from those providing non-profit services, the conflict between profit maximisation and social welfare objectives would be lessened. This sounded fine in theory, providing the policy mechanism for isolating indigenous forests from plantations: principally preserving the former and commercialising the latter—"conservation" on the one hand, "development" on the other.

Thus, it was no coincidence that the indigenous forestry issue finally came to a climax between 1986 and 1989. Before the 1984 election Labour had promised it would resolve the issue if elected to office. In 1986 the Government established a committee to settle the long-running conflict between those who advocated the continued logging of West Coast indige-

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2 In the Conservation Bill 'conservation' was defined as:
(a) In relation to natural and historic resources generally, means the management of those resources so as
(i) to sustain their potential to meet likely needs and desires of future generations; and
(ii) subject to the sustaining of that potential, to meet the needs and desires of present generations.
(b) In relation to any particular natural and historic resource, means the management of the resource in the manner that is the most appropriate contribution to the conservation of natural and historic resources generally.

While this is a somewhat convoluted definition, the Native Forest Action Council mounted a campaign to change the definition, as it asserted that it made "DOC a department of Sustained Yield Production" (NFAC, 1987). NFAC's alternative definition was finally written into law, almost word for word.

3 The New Zealand Forestry Corporation comprised a number of subsidiary companies involved in forest management: Timberlands North Island, Timberlands Bay of Plenty, Timberlands South Island and Timberlands West Coast Ltd.
nous forests north of the Cook River and those opposed to it (Secretary for the Environment, 1986). After months of public meetings, debate and submissions, the Labour Government adopted the committee’s recommendations and reduced the area suitable for timber production from 287,000 ha to 121,000 ha and, in addition, established Paparoa National Park (28,000 ha) in 1987.

Environmental groups then focussed on the more substantive issue of logging south of the Cook River. This was investigated by another committee chaired by the Secretary for the Environment. Although the working party agreed that 291,000 ha of the 311,000 ha of State forest under study should be preserved, it was divided on the allocation of the remainder. Representatives of the Department of Conservation (DOC) and the Joint Campaign on Native Forests opposed any logging, whilst the other ten representatives voted for an evaluation for “sustained ecosystem management” (Ministry for the Environment, 1988). Nevertheless, the Government adopted the minority view (Minister for the Environment, 1989). Subsequently, these forests have become part of a World Heritage site, covering South West New Zealand.

Just over 10% of West Coast indigenous forests falls outside the jurisdiction of DOC. A very small percentage of this is privately owned, so that West Coast private indigenous out-turn is negligible. Hence, indigenous timber production comes almost exclusively from Timberlands, West Coast Ltd. However, market forces have not been given free reign on the West Coast: in 1990, the Labour Government reaffirmed export controls on indigenous softwood timber exports and imposed an interim export ban on other indigenous timber products, including woodchip, hardwood logs and sawn timber, with exemption for timber products from an area managed under a certified sustainable management plan (Ministry for the Environment, 1989; Ministry of Forestry, 1990).

During 1990 and 1991 the New Zealand economy moved deeper and deeper into recession and the newly elected National Government continued the extreme monetarist policies of its predecessor, paring government spending, in order to balance its budget. Nevertheless, like the Fourth Labour Government and previous National administrations, it has maintained a special place for the West Coast: in the 1991 Budget it shied off announcing the privatisation of Timberlands, West Coast Ltd, despite announcing its intentions to privatise the other Timberlands subsidiaries in the rest of the country.4

The bulk of the West Coast indigenous forest estate is not now threatened by unsustained timber harvesting, as it is almost exclusively the responsibility of a government department with a preservationist mandate. Yet only one of a range of management problems has been removed. Other issues, such as damage by browsing animals, remain. Furthermore, although unsustained harvesting is obviously destructive, other commercial activities which are allowed in some forest areas managed by DOC have been or are potentially damaging. Sphagnum moss harvesting and tourism are examples. Coupled with reduced public spending and tight budgets, these destructive or potentially deleterious practices pose an unresolved issue.

Conclusion

The Fourth Labour Government adopted a simplistic compartmentalisation of policy, which has been perpetuated by the new National Government. As a result, approximately 90% of West Coast indigenous forests are now protected under the provisions of the Conservation Act. Although indigenous forests are protected in law, and market forces have not been permitted to run their full course on the West Coast, the curtailment of indigenous logging from much of the forest estate removes only one element in the forest management equation. Resource managers still have to manage forests for a whole range of other (non-timber) values: from tourism to nature conservation. Because of continuing budget restrictions, such management is likely to become more and more of a problem.

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References


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