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## *GUEST EDITORIAL*

The National Development Conference of 1969 approved a recommendation concerning the need for development of forestry profitability studies. The recommendation resulted from consideration, at the time of the earlier Forestry Development Conference, of calculations of profitability of radiata pine (*Pinus radiata*, D. Don) forests managed for the export log trade. The initial data were presented as unpublished internal reports; they aroused considerable interest in the economics of forestry in view of the high internal rates of return (12%) demonstrated by the model.

This interest has been maintained by the Forestry Development Council which has actively encouraged the revision and further development of the original studies. The current issue presents the first of a series of papers which will revise and extend the original calculations. It is particularly appropriate that these five papers have been published in the one issue of this journal at a time when the profitability and productivity of the export-earning sectors of our economy have come under both public and Government scrutiny. Economic returns and potential profitability are among the more important criteria to be taken into account if further investment, whether by the public or by the Government, is to be justified.

The models considered here represent a culmination and a beginning. They represent the culmination of many months of careful research effort and evaluation of a comprehensive range of growth data, over a range of site qualities, for the production of export logs: they are a beginning in that they deal only with acceleration of national forestry planning targets. The results of these studies cannot yet be compared with profitability of current regimes on longer rotations, production from which is channelled into end-uses other than log export.

Models presented in these papers are, of course, nominative. No forests have yet been managed on the lines described. The answers presented can only be approximate,

because of uncertainties inherent in any projection into the future. All models deal with State afforestation and exclude consideration of taxation.

Although forests have figured so prominently in our economy in the past, the economics of forestry have been poorly understood and seldom applied effectively. Earlier generations regarded forests more as weed growth to be cleared for pasture establishment; today the pendulum is swinging in the opposite direction and in some cases forests are being established where sheep and cattle once grazed. Under these circumstances the economics of forestry compared with other forms of land-use must come under very close scrutiny.

The papers published here shed considerable light on the economics of growing logs for the export market. They do not, however, consider the local market to any great extent; this aspect must await publication of a further series of profitability studies currently being prepared.

Work yet to be done, which involves more imponderables than the papers already prepared, is a still broader economic assessment of forestry as a major New Zealand primary industry and the effect it has on the people employed in the growing, harvesting, and utilising of wood.

Many people now consider that timber and its products must increase in volume and production dramatically, and so help reduce the sensitivity of our economy from too great a reliance on animal products for our future export trade. They also believe that the secondary industries which timber supports will provide increasing employment opportunities for an expanding population.

Awareness of the potential of forestry has become widespread since the Forestry Development Conference and has been further stimulated by the subsequent upward revision of planting, production, and export targets by the Forestry Development Council. Public interest in forestry is probably greater now than at any time in the past, a contention well supported by the reported post-war record level of private afforestation in 1971.

The planting and utilisation of timber must be planned, and the planning must be based on economic knowledge as accurate as it is possible to find. These papers, and their successors, will add much to that knowledge.

A. P. THOMSON,

29 February, 1972

Director-General of Forests.