

THE IMPACT OF LAND CLEARANCE AGRICULTURAL SUBSIDIES  
ON NATURAL AREAS

Text of an address to the ECO Conference 4 August by Gerry McSweeney, National Conservation Officer, Royal Forest & Bird Protection Society, P.O. Box 631, Wellington.

Summary: Between 1978 and 1982 Rural Bank Land Development Encouragement Loans (L.D.E.L.'s) financed the clearance of 30,361 hectares of native forest, 367,101 hectares of "scrub and brushweed", as well as the clearance of major areas of native tussock grasslands and the drainage of many wetlands.

Direct Government financing of the destruction of natural areas continues to the present day. In addition, farm product support schemes provide further indirect incentives to farmers to "break in new land"

The Government has recognised that Rural Bank loans are being used to destroy natural areas on private land but considers that responsibility for placing any controls over such destruction lies with individual farmers and local authorities, rather than with the Government, or Government agency, administering the loans. Unfortunately, attempts by conservation groups to institute such controls through District Schemes are frustratingly slow compared with the rate of clearance. Such conservation efforts are also often thwarted by traditional farmer domination of rural County Councils.

Agricultural development subsidies should conform with Government policies such as the 1977 Indigenous Forest Policy and the Government's wetland policy now in draft form. However our major efforts should also attempt to direct the use of development subsidies towards what is usually the most economically and environmentally attractive option - the intensification of production from the better classes of land which have usually already lost any native vegetation cover. The terms of the newest Rural Bank loan scheme, the Productive Development Loan Scheme (PDL's) suggest that our concerns may have at last been recognised, but final details have not yet been made public.

1. LAND DEVELOPMENT ENCOURAGEMENT LOAN (LDEL's) SCHEME

This scheme, administered by the Rural Banking and Finance Corporation, was introduced in 1978 to assist farmers with the initial development of unimproved or reverted land for pastoral or agricultural purposes. The scheme has been a major threat to three main natural ecosystems in private ownership; native forests; native tussock grasslands and wetlands.

Although the scheme ceased in 1982, developments under programmes approved during the 1978-82 period continue.

2. LOAN DETAILS

Size of Loan: The maximum loan available was \$250 per hectare or the approved costs of the qualifying expenditure per hectare, whichever is the lesser. The minimum area for development was ten hectares.

Restrictions: Proposals had to be "practical and realistic to the satisfaction of the Rural Bank appraisers". The size of the programme, and therefore the loan, may be limited according to factors such as farm size, development technique, prior achievements, management and financial capacity, quality of land, reversion control measures required, etc.

Terms of the Loan: Loans were for a term of 15 years. Interest is charged at 8½% per annum, but so long as mortgagors observe the conditions of the loan, interest is reduced to 6% for the first five years and 7½% for the next five years. However, provided the development is carried out and maintained to the satisfaction of the Rural Bank, and ownership of the property is retained, no interest is required. ( I understand that most of the loans were interest-free)

Similarly, one half of the principal loan advanced is repayable by equal amounts spread over ten years commencing after the end of the fifth year. The other half will be written off at the end of the tenth year, provided that the development programme has been satisfactorily completed and the improvements maintained.

### 3. WHAT EFFECTS HAVE THE LOANS HAD ON NATURAL AREAS?

Our Society has been deluged with complaints from members and branches throughout the country that LDEL's initiated a fresh cycle of destruction of our native forests, wetlands and tussocklands.

Until the introduction of LDEL's, many of these areas survived because their clearance ("development") was economically unattractive. Although "unproductive" in narrow terms they added significantly to the natural variety of the landscape, were scenically attractive, and often performed a valuable soil conservation and water production role. Compared with the surviving native forests in Crown tenure, many of the privately owned native forests are at lower altitudes and may contribute significantly to complementing the State Forest and Reserve areas as bird habitat and as unusual or uncommon forest associations (eg matai-totara floodplain forests in Westland).

Faced with constant pressure to increase farm productivity, many farmers seized LDEL's and the rural landscape progressed a little further along its path to rye grass-clover uniformity.

Northland and Bay of Plenty native forests, Hawkes Bay hill country shrublands, South Island high country tussock grasslands and wetlands and the surviving bush areas of Nelson and the Catlins in Otago were particularly subject to the assaults of the LDEL scheme.

Figures supplied to us by the Rural Bank over the period 1978-82 (i) divided loan approvals into three types of country:

Bush (= native forest)

Scrub and Brushweed (may also include native forest, interesting shrublands and some wetlands)

Open country (particularly tussock grasslands and wetlands)

- 3.1 Bush: From 1978 to 1982, 30,361 hectares of bush clearance was authorised under LDEL's throughout the country at a cost of \$7.7million. This included 5,081 hectares in the Southland region (includes Catlins), 4,077 hectares in Nelson/Marlborough, 3,803 hectares in Hawkes Bay/Gisborne and 8,508 hectares in the Waikato/King Country.

### 3.2 Scrub and Brushweed

The definition of this tends to be very loose. We prefer to adopt the official Forest Service definition of forest as "indigenous vegetation greater than 6m in height with a canopy cover of 5% or more of the area".

However even Forest Service themselves are very flexible in the use of this definition and frequently refer to vegetation which meets the criteria of forest as being scrub (thereby exempting them from the requirements of the Government's Indigenous Forest Policy).

In fact scrub associations are of considerable ecological interest. They include a range of special plants, especially the heath species of poor soils and exposed sites such as gumlands, sand dunes and swamps. They also host a range of special animals including kiwi, fernbird, occasionally spotless crane, bitterns, nesting waterfowl and a range of lizards and insects. We prefer to use the term shrubland to replace the usually derogatory term scrub - although the response of some foresters recently has been to reject this definition arguing that shrubs "are small plants which one grows in urban gardens". (ii)

367,101 hectares of scrub and brushweed clearance was authorised throughout N.Z. under the LDEL scheme from 1978-82, with the largest areas being in Hawkes Bay/Gisborne (67,640 ha), Wanganui (69,154 ha), Northland (45,478 ha) and Nelson (44,971 ha).

### 3.3 Open Country

545,042 hectares of open country "development" was authorised through LDEL's over the period 1978-82. Most of this was in the South Island, (92%). Of particular concern were loans for the oversowing and topdressing, drainage and cultivation of tussock grasslands in the eastern high country of Marlborough, Canterbury, Otago and Northern Southland.

Many high country wetlands and catchment areas have been drained under this programme, including the wetlands of the Lake Heron Basin on Mt Arrowsmith and Barossa stations (see slides).

## 4. WHAT HAVE BEEN THE AGRICULTURAL BENEFITS OF LDEL'S?

In the past land cleared by farmers, either privately or with financial assistance, has often been allowed to revert to scrub (shrublands) subsequently, a circumstance usually attributed to altered economic conditions. In the present case the feature which makes this scheme a highly attractive proposition to the potential applicant (the writing-off of the interest and half of the initial loan) also should ensure that a full follow-up takes place. Those wishing to take advantage of the scheme were expected to demonstrate the viability of their proposal to the Rural Bank assessors.

Major increases in national flock numbers were often attributed to the effectiveness of LDEL's. Certainly the only available national survey from the Rural Bank up to 30 June 1982 found considerable increases in stock numbers.

A survey of 1444 blocks of land totalling 77,244 hectares found that stock numbers had increased on average from 1.66 stock units per hectare to 5.35 su ha<sup>-1</sup> - a 222% increase (iii).

It is significant how low this stock level is compared with levels being attained on well developed country on better soils - this reflects the focusing of the LDEL scheme on to new land rather than on to increasing production from existing farm land.

Under the entire LDEL scheme 6714 programmes were approved for a funding level of \$151.6 million. The real test of the programme I suggest will be what happens in eleven years time. I suggest it will be most interesting to survey the properties then. It is also significant that a "follow-up" loan scheme has recently been launched - one of its objectives being to maintain production on lands developed through LDEL's. Surely this tells us something about the low productivity of such land under current economic conditions.

#### 5. WHAT ENVIRONMENTAL CONTROLS WERE EXERCISED?

From the pamphlet produced by the Rural Banking and Finance Corporation:

"It is the responsibility of the farmer before submitting the application to obtain all necessary permits, authorities and clearances from the appropriate local or national bodies concerned with soil and water control, drainage, conservation, land use planning, etc. Intending applicants as custodians of the land for the time being are reminded of the need to consider such matters as preservation of historic places, wildlife habitat, scenic features, native forest species, flora, fauna and natural state areas."

The powers of the various regional catchment authorities in relation to the scheme are limited to such things as retention of riparian strips and retention of vegetation on slopes prone to erosion. The degree to which such considerations as flora and fauna conservation values were taken into account was highly variable. There were a few examples of loans being turned down on conservation grounds. However, it appeared that most indigenous forest clearance was undertaken with little or no regard for conservation or scenic values. Furthermore in cases where applications were turned down, some farmers went ahead with land clearance anyway, with the intention of re-applying for the loan. Presumably once the forest is felled there would no longer be any reason to refuse the loan.

My Society is not opposed to the development and better use of substandard farmland, but what we are concerned at is the loss of relatively untouched forest, tussock grasslands and wetlands with high scenic, scientific and/or recreational value. It is especially galling that this should be being subsidised from the public purse, at a time when protective agencies are strapped for funds for reserve purchase.

What this situation most clearly highlights is the precarious position of freehold and Maori-owned indigenous forest in this country. Unless protected by some form of covenant or under the Town and Country Planning Act, such forests will always be threatened when the particular economic conditions pertaining make their clearance a viable proposition.

Just as was the case with complaints about the Forestry Encouragement Grants, anyone who complained about the LDEL scheme was told by Mr McIntyre to sort out the situation through the Town and Country Planning Act.

I believe in making such suggestion, Mr McIntyre (and Mr Elworthy for FECS) were well aware of the time consuming complexity of attempting to get district scheme changes through all of New Zealand's local authorities with operative schemes, in order to exercise effective environmental control on an instantaneous central government decision and policy. It is impossible but nevertheless we are trying.

#### 5.1 Clutha County District Scheme - a case study

Clutha County in Otago encompasses much of the Catlins native forests; the last extensive surviving forests on the South Island's east coast. In 1980, at a scheme change, our South Otago branch sought protection by requiring planning consent for clearance for identified significant bush areas on private land.

Eventually they were successful, although the County refused to implement its scheme and in fact just before the scheme change was made public, several of the best bush areas were suspiciously cleared.

In 1983, the scheme was reviewed, local farmers objected and bush protection ordinances were removed! Next week, our appeal against this decision will be heard in Dunedin by the Planning Tribunal. Meanwhile, the bush areas are going. Clutha County is one of three Counties within our South Otago branch area. This single issue has occupied most of that 200 member strong branch's time, energy and money as well as demanding a substantial proportion of our Head Office resources. Clutha is only one County out of dozens where we should be seeking similar environmental safeguards.

Meanwhile since 1978, clearance of 30,361 hectares of bush has occurred under LDEL's and much more through forestry clearance and the activities of Government subsidised chipmills.

Government cannot shirk its responsibility to the taxpayer to see that public funds are used to the best public advantage. The use of public funds for development purposes carries with it public responsibilities. At the very least land clearance subsidies should adhere to Government policies such as the 1977 Indigenous Forest Policy for state (and now also Crown owned) native forests and the Land Settlement Board's 1984 Wetland Policy. Recognition should also be given to the requirements of the Wildlife Act 1953 and the representative reserves objectives of the 1977 Reserves Act.

My Society is most willing to offer its natural history and conservation skills to any training programme for Rural Bank appraisers. I believe appropriate Government agencies would be most willing to do likewise. A lead must however first come from the TOP.

6. WHERE DOES THE LABOUR GOVERNMENT STAND?

Labour are committed to protecting wetlands. They will give wetlands of national importance permanent protection and have also identified wetland preservation as being of highest priority. They prescribe a range of complex approvals and studies before wetlands can be drained.

They have made no commitment to discourage clearance of native forest on private land, offering only to develop a package after general consultation, following the election.

Their land policy includes reviewing all Land Settlement Schemes so that these concentrate on intensifying production and settlement on existing cleared land rather than further destroying areas with high natural and recreational values.

Over the next few months we will see how they propose to implement these policies. The first big test will be to see what happens to the Productive Development Loan Scheme (PDL) announced by Mr McIntyre just before the election. The PDL scheme offers \$150 million over the next 2½ years "to enable farmers to intensify and diversify production on land which while already in production has scope to achieve further production increases"(iv)

Mr McIntyre emphasised that the clearing of new land will not be eligible.

The Rural Bank admits that conservationist pressure has been one reason for adopting the new scheme, as well as the fact that such a scheme makes better economic sense than breaking in new land. Another factor must also be the fact that we're fast running out of undeveloped land - they're not making it anymore.

Unfortunately no further details on Mr McIntyre's proposal were available from the Rural Bank last week - other than his press release. Perhaps it may go the way of the promise of a new Wellington airport terminal!

The scheme is due to take effect from 1 October and meanwhile we have a major lobbying effort ahead of us to make sure that this scheme, unlike its predecessor, does not further reduce in extent our remaining natural areas.

References:

- (i) Rural Banking and Finance Corporation 1983. Letter of 29/8/83  
File 46-19-39
- (ii) McKenzie, G.R. 1984 Letter to the editor, People and Planning  
30: 27-28
- (iii) Rural Bank 1984 Letter of 21/3/84 File 46-1-211
- (iv) Press release by Mr McIntyre 29 June 1984

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