



March 2007 Newsletter

View From the Treetops

Welcome to the first newsletter for 2007. No sooner had the last newsletter been forwarded to members just prior to Christmas, than the Government announced options for a plan of action titled "Sustainable Land Management and Climate Change. Those wishing to submit comments and options as proposed on the agriculture and forestry sectors have until 30 March 2007. To obtain copies of this publication contact MAF Policy, Ph 04 894 0599 or email: policy.publications@maf.govt.nz

Our Association sub committee dealing with climate change, consisting of Rick Osborne, Michael Cambridge, Murray Turbitt and Ron Sutherland, met with MAF Policy staff in Wellington to attempt to obtain a clearer picture of what exactly government is planning in regard to the forest industry. I recently attended the MAF climate change meeting in Nelson along with a number of other members of our executive. A large turnout attended and feeling was strongly against some of the government's proposals. I urge all forest owners, indeed anyone with an interest in our industry, to take the time to read the information put out by Ministry of Agriculture and Forestry and also forest industry groups.

On behalf of the Climate Change committee Michael Cambridge has provided a report later in this newsletter.

I hope I'm wrong, but at this stage of the consultation process you can't help feeling that government is going to introduce policy which, instead of encouraging planting, could have the opposite effect.

Government's proposed AGS (Afforestation Grant Scheme) is based on a tender system, which, from my experience as a former forest extension officer, appears too difficult and costly for most small growers

to be interested. At this stage final details are not yet available. The former grant scheme resulted in 100,000 hectares being planted over a 13 year period. What the forest industry requires is positive direction from government without all this uncertainty hanging over our heads.

Three other important issues to keep a close watch on:

- Workshop and/or Field Day on Restoring Native Forest to the Marlborough Sounds coming up on 20 and 21 April 2007. Forest owners in the Sounds need to keep informed about where Council policy is heading regarding native forest and also commercial forests in the Sounds. (See flier enclosed regarding these events)
- Fire Fighting/Public Liability Insurance – the newsletter committee intends putting together an article on these very important insurances. The costs of (and claims on) these insurances are increasing all the time. I suggest you seek independent advice on how much cover you should have and shop around, as premiums between insurance companies/brokers vary considerably.
- Rural Subdivision – The continuing subdivision of rural land into lifestyle blocks is becoming a real problem in some areas, especially for forest owners. Often forestry is located above flat or easy sloping farmland that when subdivided into small rural blocks can result in future issues for forestry. i.e.
 - Additional neighbours to consult with if a RMA consent is required
 - Increased fire risk
 - Access past houses and laneways causing issues with noise, dust etc
 - Even if a forest block has a ROW through the rural lifestyle blocks, new owners are not always good neighbours, especially if further subdivision is contemplated.

My advice if you receive notification of a proposed rural subdivision, even if plans show ROW serving the forest, think very carefully about future issues before signing.

So much for the not so positive issues. Good news is that export log prices have strengthened considerably and growers are receiving higher stumpage values; a real shot in the arm for forestry!

John MacKenzie

Reports from The Dominion Post

24 February 2007.

David Anderson Chairman of the Wood Process Association estimates the strong Kiwi dollar is cutting 30 per cent from forestry exporters' earnings. Hundreds of jobs in mills from Southland to Taupo are gone or under threat.

22 February 2007

Export log prices on the rise again

As expected, prices being negotiated for logs in New Zealand's main markets lifted strongly for February by about US\$5 a metre.

The benchmark Korean log (KS) is now priced at \$128 a metre, up 40 per cent since one year ago. Shipping rates remain unchanged but there are indications of a US\$2 fall in March. With exchange rates remaining high and steady, overall wharf gate returns as measured by the Agri-Fax indicator are up \$6 a metre. Actual prices being paid by exporters to forest owners are up \$3 to \$6 a metre, but there are reasonable variations between exporters. This is mainly due to timing of export contracts.

While there is expected to be a lull in export activity during the current Asian holidays, all our major markets have reported strong demand.

With inventory levels still low, rising lumber prices, and limited supplies from elsewhere, March and April should see further rises in overseas prices for logs. The Indian market is currently the strongest with best returns for most export grades, especially chip logs (now worth \$65 a metre at the wharf). The main reasons for this market expanding rapidly are a fast-growing economy, declining supplies of Russian logs, reducing hardwood supplied, and improving infrastructure.

Lumber prices are slowly on the move in the United States, Australia and Asia. Pruned logs have steadied this month except for Otago/Southland where \$3 a tonne falls were recorded. Over the past seven months prices have fallen \$10 a tonne on average.

The price difference between an unpruned export log and a pruned P1 is now down to \$40 a tonne, compared to the rolling 10 year average of \$100. Times have indeed changed.

Sawmillers supplying the Australian and New Zealand markets will be looking for increased prices for their lumber as their logs come under pressure from the encroaching export market. In some places good sawlogs are now going on the ships, despite a \$2 to \$4 a tonne lift in prices this month.

A decline in demand for posts by farmers, as they sit on their cheque books, is reducing roundwood prices, which are now typically in the \$70 to \$80 a tonne range.

The Agri-Fax log price index, which measures returns from the whole forest, was up a solid \$1.20 a tonne to \$84 (delivered mill/wharf basis). The fall of pruned log prices in the South Island was more than offset by the better wharf gate prices in export logs and higher prices for domestic unpruned logs.

Sceptics will be thinking this price surge is going to go down very soon just as fast as it has risen. However, compared to 1993, exports are not reliant on one export market, tropical hardwood resources are small, and other softwood supplies are becoming limited.

These factors, combined with improving exporter and forest owner cutting discipline, should see solid prices remain for some time.



Proposed Field day/ visits

Log ship - visit while loading.

Workshop to provide input to Sustainable Land Management and Climate Change, Options for a Plan of Action.

Getting started for harvesting.

Visit Environment Awards winning forest.

Visit another region like Otago to learn from their successes and failures with forestry development.

Visit Conway Hills redwood project.

Evening presentation about Zindia's operations in India (should include refreshments).

(possibly combined with a short update on insurance matters.)

Murray Turbitt

Fire, Safety and Training Report

Three of your executive serve on this subcommittee; Gary Tait, Peter Gilbert and Graham Sharland (chair). Please feel free to ring any one of us.

Looking out my window as I write this, I notice that the heavy fuels created by the generous rains earlier in the season, are drying out. Indeed I have been told of a digger starting a fire in a Kennington Rd forest.

Vegetation fires are started small, often by the people working in the forest or by the machines they use. Provision should be made for immediate suppression. This requires fire fighting equipment and the skills to use it. Should this fail, a fire emergency procedure needs to be in place so the spotter can raise the alarm.

D. J. Geddes writing for the NZ Institute of Forestry (on the Fire Protection under the heading of firefighting) describes the knowledge helpful to avoid a fire or control one should this fail.

“Whenever work is taking place in forests in the summer, there should be someone involved with the job who knows something of fire behaviour and where the risks are NZQA unit standard 3285, Protect Personal Safety at Vegetation Fires, is a minimum standard.”

“Crews should have shovels, and should have training to the level of the NZQA unit standard 3286, Control Vegetation Fire Using Dry Fire Fighting Techniques to ensure that they know how to use them. Provision should be made to ensure that the fire fighting equipment is always suitable for the purpose, fire extinguishers confirmed as in working order, and shovels sharp with sound handles. The provision of equipment without training and checking is of very limited use.”

Please let on of us know if you are interested in:

- 1) obtaining one or both of these 2 units
- 2) information on fire prevention or fire suppression
- 3) attending an informal fire prevention/suppression evening.

G. Sharland

Fire mapping and fire control

Some comments from John Ward, Nelson

Marlborough Regional Rural Fire Committee.

In the event of fire in, or threatening, a forest it is essential and plain common sense that accurate, up to date maps are readily available. Often when fires occur in smaller forests initial attack is carried out by

Volunteer Rural Fire Forces or Volunteer Fire Brigades. To be effective, and for safety reasons, these Forces should have forest maps available to them. To achieve this it is up to the forest owner and the VRFF to liaise before the event to make sure forest maps are available and on hand in an emergency. Ideally, those local Forces most likely to attend a fire should jointly inspect the forest with the forest owner or manager to familiarize themselves with the road network and other features.

Forest owners/managers should inspect there forest 2 – 3 times a year to check roads are open. It is also essential that roads on the maps have names or numbers and that these are clearly identifiable on the ground with suitable road signs. Dead end roads should be marked ‘no exit’ and 4x4 access identified with sign.

Having established maps on hand with road names, water points and helicopter pads is a big advantage in an emergency. This incorporates valuable local knowledge.

With 616,000 ha, or one third of New Zealand’s exotic forest estate in smaller forest ownership, having suitable forest mapping available is good forest management and added insurance for owners.

Although not specially covering forest mapping, a recent NRFA publication “Fire Management Guidelines for small forests” is an excellent guide on fire prevention and control matters aimed at smaller forests. This publication and advice on fire related matters is available from local fire authority.

FIRE PROTECTION AND CONTROL

Key Factors: Weather conditions
Type of fuel
Topography
Sources of fire

Techniques Available

Fire Suppression



Machinery

Trained manpower
Helicopter and monsoon bucket
Crawler Tractor
Water tankers
Pumps

Methods of Reducing Adverse Impacts

- Regular maintenance of firebreaks and access tracks
- Establishment of fire proof vegetation on firebreaks
- Provision of water at key location
- Control of roadside vegetation by mowing, mulching or grazing
- Control of understorey vegetation by grazing
- Check spark-emission equipment on machinery
- Restrictions on access, use of fire and use of machinery
- Regular patrols in fire season
- Use of fire lookouts
- Training and regular practices
- Access to helicopters, crawler tractors and fire suppression equipment
- Monitoring of Fire Weather Index
- Preparation and regular revision of fire plan
- Comply with Rural Fire Management Code of practice

From LIRO code, page 65 of the "NZ Forest Code of Practice" (2nd edition as revised in 1993)
Available from Forest Research

Cost of Fires

If a fire that was started by you escapes from your land onto other land, the cost of putting it out and the cost of the damage that the fire does will be recovered from you.

It is recommended that you have adequate public liability insurance and fire fighting costs insurance before striking any matches. Depending on who your neighbours are, public liability cover should not be less than \$500,000 NB: (Now \$4,000,000 is required for MRF forests. PGG: Feb-2007) and fire fighting costs insurance should not be less than \$250,000. (Now \$500,000 is required for MRF forests. PGG: Feb-2007)

If you have a neighbour with a very valuable asset you should consider having the appropriate insurance

cover. This cover might need to be in the millions of dollars.

If your fire causes damage and costs money to put out you are very likely to have to pay



Forestry Insurance contact Jane Wang at NZI, Auckland Branch.

Phone 0800 800 800 extn 93822

IAG New Zealand Ltd
P.O. Box 27, Auckland

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Deforestation and Tree Planting

Since the Govt announced its preferred Kyoto policy package in 2002, NZ's projected CO2 emissions have gone from a surplus of 50 million tons to a deficit of 30 million. Most of this 80 million ton turnaround has come from a negative Govt attitude to the forest industry. Forest sink credits which were expected to be 105 million are down to 78 million, and deforestation is to jump to 38 million tons. This deforestation is led by Govt owned Landcorp which is converting 25,000 hectares of central North Island forests to dairy, and sheep and beef farms.

The Govt is concerned that this deforestation is going to cost tax payers hundreds of millions of dollars by the end of 2012 and so have just released a preferred policy of tradeable deforestation permits to start at the end of this year. There would then be a cost for anyone clearing a pre 1990 forest and a benefit for anyone replanting pre 1990 forests. The clear message is that if you want to harvest and not replant, you should do it before the end of this year, and if you want to replant it is better to wait till next year.

Fortunately export log prices are very high with shortages of radiata logs in all Asian markets. Good prices are being paid for all logs over 20cm small end diameter making it profitable to harvest younger trees. Finding a logging gang could be a problem, so you need to book in early.

The sad thing about all the negative Govt attitude to forestry, with talk of deforestation and harvest liabilities, is that all the environmental benefits of forestry are ignored. European countries, particularly Finland and Sweden, have reduced CO2 emissions and reliance on fossil fuels by making the most of their forest industries. This was highlighted at a recent seminar in Blenheim titled "Tackling Climate Change – Using Trees and Wood". It attracted 14 speakers and 90 participants from all around NZ. Keynote speaker, Professor Andy Buchanan spoke of the 4 ways which the Scandinavians use wood to reduce CO2 emissions and energy use. A recent article in the Press titled "Smarter tree use offers big gains" repeats the message.

Smarter tree use offers big gains

The Press | Thursday, 22 February 2007

The benefits to the environment of forestry do not need to stop with planting trees, writes ANDY BUCHANAN.

Much is said in the media about the planting of trees to offset carbon emissions from the burning of fossil fuel, but much bigger environmental benefits are available from forestry and the timber industry, especially the combined benefits of timber buildings and the solar energy stored in wood.

The much publicised initial benefit of planting trees on non-forested land is the pool of carbon retained in the trees, which can be used to offset carbon emitted from burning fossil fuels.

As a financial investment for the tree grower, this benefit is short-lived because the land must remain forested in perpetuity, but no additional carbon is absorbed from the atmosphere after the forest matures in about 30 years. Far bigger economic and environmental benefits accrue if the forest is managed for perpetual wood production, to be used for building materials and for energy.

The initial pool of carbon in the forest remains almost intact in the managed forest, an additional pool of carbon is retained in wood products, and fossil fuel use is reduced due to substitution of wood for more energy-intensive materials, and burning of wood in wood-fired power stations. The biggest environmental benefit is the reduction in fossil fuel use resulting from burning wood, to release solar energy stored during the growth of trees. Scandinavian countries such as Sweden and Finland obtain more than 20 per cent of their national energy from burning wood and wood waste.

Much of the wood is burned in combined cycle power stations which generate electricity and provide heat for homes and communities. The burned wood comes from many different steps in the production chain, including waste wood in the forest, waste at the sawmills and construction sites, and even demolition materials. Pine needles and leaves are left in the forest to decay, and ash from the power stations is returned to the forest soil to redistribute essential minerals.

Burning of wood to recover solar energy is "carbon neutral" because the carbon released during combustion is the same carbon absorbed from the atmosphere over a few decades of tree growth.

The additional environmental benefits of using wood as a building material are two-fold. The carbon in timber building materials adds to the pool of stored carbon in the forests, and a much larger benefit comes from the substitution of wood for more energy-intensive materials such as concrete, steel and aluminum. The carbon storage can be used to offset fossil fuel use, and the substitution effect reduces fossil fuel consumption. Hence the use of timber as a building material enhances the benefits obtained from burning wood waste for energy.

The greatest environmental benefits come from a combination of all the items listed above. What is needed now is the right economic climate to encourage the planting of trees and the long-term management of forests for wood production and recovery of solar energy. Economic instruments such as a carbon tax or tradeable carbon credits may have a big impact on the appropriate investments.

Forests managed for sustained production of wood and energy should be an excellent long-term investment for a country like New Zealand.

* Andy Buchanan is professor of timber design at the University of Canterbury and president of the New Zealand Timber Design Society.

Reminder:

Email addresses for Electronic Communication

Would all members please advise email address.
Forward to palmsltd@xtra.co.nz

Should you be in a consortium or partnership please advise those contacts also.

Ron Sutherland
Executive Officer



NOTICE TO MACROCARPA AND LUSITANICA CYPRESS FOREST OWNERS

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production thinning?
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