

# Newsletter for November 2006

## View from the Treetops

Greetings! The view from my tree top has changed recently with being re-elected as President of the Association. I last held this position nine years ago but of course it's fashionable to recycle nowadays, even old foresters!! I look forward to a good 12 months ahead and to working with our common aim of producing sustainable forests.

Firstly on behalf of MFIA I would like to wish ex President Bert Hughes and family all the best for their move to Nelson and we understand Bert's position having to step down as our President due to a heavy workload. I always enjoyed reading Bert's newsletter articles; combining good common sense with some forward thinking ideas. Bert is remaining on the executive as a committee member and I know he will continue to make a valuable contribution.

At the 2006 AGM Treasurer Murray Turbitt reported on the healthy state of the association finances with total accumulated funds at 30 June 2006 of \$44,861. Following presentation of a proposed budget for 2007 it was moved that the subs for 2006/07 be reduced to a base of \$50 plus 5 cents per hectare. Murray's proposed budget (attached) provides a comparison between the previous levy of 10 cents per hectare and the new levy, and gives a simple method to work out your levy. Even with the reduced per hectare rate the budgeted surplus for 2007 is forecast at approximately \$3000.

Although your Association holds funds of at least \$40,000 this nest egg would soon disappear if any major contentious issue resulted in the association incurring large legal costs.

Since the AGM the MFIA executive has redefined the existing sub committee structure to better reflect the perceived needs of the association. For the next year these are as follows:

- **FIRE SAFETY and TRAINING** - Chair Graham Sharland, Gary Tait, Peter Gilbert
- **FIELD TRIPS, SEMINARS and MEMBERSHIP** - Chair Murray Turbitt, Graham Sharland, Jason Bryant, Ron Sutherland
- **PUBLIC RELATIONS, NEWSLETTER and WEBSITE** - Chair Kevin Parkes, Chas Perry, Chris Cave, Tamati Smith, Peter Gilbert, Ron Sutherland
- **REGULATORY, MARLBOROUGH DISTRICT COUNCIL, PORT COMPANY etc** - Chair Rick Osborne, Chris Cave, Bert Hughes, Tamati Smith, Chas Perry, Ron Sutherland
- **MARKETS, CLIMATE CHANGE** - Chair Rick Osborne, Michael Cambridge, Murray Turbitt.

If any member has any issues or concerns they would like the association's assistance or advise on please contact me, or any of the above executive members.

## Industry Snippets

- Ⓜ Good news on the export log market with increased log prices over the last few months, despite recent strengthening of the kiwi \$ and continuing high shipping rates.
- Ⓜ Lower fuel costs have helped stabilise harvesting/earthmoving contractors' costs.
- Ⓜ Increased numbers of smaller forest owners are implementing harvest programmes. This will have an effect on the annual harvest figures, particularly from Marlborough forests.

## Tackling Climate Change Seminar

This seminar, held last Friday was organised by the Marlborough Regional Development Trust and instigated by MFIA committee member, Michael Cambridge. It attracted wide attention across a broad range of interest groups, locals as well as people from outside Marlborough.

Credit must go to Michael Cambridge for helping to organise this very topical workshop and also for all the research he has carried out on ways to better utilise forest resources. Michael's talk demonstrated

innovative use of timber, especially in countries such as Finland and Sweden where increased use of renewable timber products are replacing concrete and steel.

A further report is contained in this newsletter, however I would just like to comment on some of the key points I noted regarding the Permanent Forest Sink Initiative (PFSI) as outlined by MAF rep Rob Miller:

- Clear fell plantations not included
- Limited harvesting of forests established under PFSI permitted on a continuous canopy cover basis
- Not for small land owners with less than 100 hectares in forest
- Forest owner responsible for all costs and risks (yet to be defined by MAF)

For further information visit

[www.maf.govt.nz/forestry/PFSI](http://www.maf.govt.nz/forestry/PFSI).

As existing forest owners I see no advantage in the Government's policy on this issue at this stage. If Government are really serious about carbon sink through forestry they have to realise that young forests are the best "sinks" but eventually they need to be harvested and re-established.

Meanwhile, despite what Government may or may not do, at least as an industry our trees are continuing to soak up CO<sub>2</sub>, one of the many positives of being involved in plantation forestry.

As the end of the year is rapidly approaching I would like to take this opportunity, on behalf of your executive, to wish you all a very Merry Christmas.

*John MacKenzie*

President

## **Presidents report 2006 from Bert Hughes**

For those of you unable to be present at the AGM I have written down the essence of my Outgoing Presidents report. As I have mislaid my rather brief notes the following is my summation of the address, and may differ somewhat from what those present recall as my memory dims with time!

Major areas of interest for the Association

The association represents a wide range of forest owners, from very large like Weyerhaeuser and Rayonier to large private forests, and down to smaller holdings. The association is complementary and helps

all classes of forest owners thru scale of uniting more area, as well as more rate payer and voter forest owners and associated industries

The value of forests is underrated by the general public. The association needs to push forward our views on the positive aspects of forestry for example  
Stumpage cashflows in the regional economy  
Rates relief from the MRF forest.  
Reduction of erosion and sedimentation downstream of forests.  
Reduction in flood water peak flows  
Employment in the area.  
Publicity needs to be advanced for the general offsite benefits from forestry as it is taken for granted by the public.

Fire management legislation is being analysed by the association and commented on where appropriate.

Job needs analysis survey results, the association needs to promote forestry as an interesting and rewarding career, with great potential. We need to compete for smart motivated workers with other industry.

Wildling pines issues, watching this issue, Watching MDCs Sounds Advisory group, for forestry interest

MDC Landscape plan,

Come back to Council for discussion and expert advice from MFIA. Issue is whether land use controls should be imposed by council, and how they get advice, MFIA need to have input.

Port Marlborough

Difficulties at Havelock barge site, we are trying to manage through the existing deficiencies with the area Basically the area needs scale of throughput to minimize cost per unit through the Port.

MFIA need to watch and push for acceptable plan for the forestry log landing site.

Picton Port not able to reach design log capacity, need to shift non essential things out of log yard, dredge tailings etc, work with Port co, look at ship scheduling, yard efficiencies etc.

Guardians of the Sounds and MFIA need to look at concerns regarding forestry activities together.

Guardians seem very concerned about harvesting in the sounds region. MFIA will have a subcommittee liaison with Council, Guardians as required. Need to defuse tension, look for positive ways forward.

## *Field Trip*

Conservationists should be a natural ally of the sustainable forest industry not a thorn in our side.

Bioenergy,

Mike Cambridge and others working on ideas, opportunities, e.g. pellet fuel, biomass, ethanol, burning woodwaste, house building from panel products made locally etc.

Also carbon credits, Government policy status, Mike keeping a watching brief.

Chas Perry updated the MFIA website, now a fresh look at the website, new contact details, information and photos.

Environment awards, John Mackenzie is a judge, MFIA need to be involved with this sort of public good activity.

Field trips, these need to be promoted to the membership and used to pass on industry knowledge and advice amongst the group.

Markets

Wood stiffness, discussions regarding lumber requirements, silviculture for stiffness, price impacts, etc  
Local Mills finding going tough, emphasis on quality, consistency

Zindia exports, going well, consistent price and demand, but competition from NZ seems to be negative to industry rather than cooperative.

Shipping costs, fuel, dollar exchange, all tough but better than previous years.

Next Year

Focus on

Returns and value for forest owners

Roading, Port Underwood, Northbank, Kenepuru

Rural fire

Health, safety, training, drugs in workforce,

Port issues

Look for ways to support members and the industry.

I am stepping aside as President due to work commitments in Nelson not allowing enough time to do justice to the task of association President. I am happy to stay on the executive and lend a hand as the incoming President may see fit.

*Bert Hughes*

On Saturday 14<sup>th</sup> October 2006 the Marlborough Forest Industries Association held its AGM, combined with a field visit to the Marlborough Regional Forestry (MRF) forests at Pukaka Valley, Strachan Peak, and Para. About 30 people turned up.

First stop was on a landing on the upper slopes of Quarry Ridge Road in the Pukaka Valley with a magnificent view of Clifford Bay, Cook Strait, and over to the Wellington Heads. Peter Gilbert from Merrill & Ring NZ Limited (M&R), forest managers for MRF, described aspects of the development of the roads and landings operation, with emphasis on the planning, soil and topography characteristics, resource consent process, and cost. Mention was made of recent discussions with the Landscape Committee of the Marlborough District Council regarding the visual impact of the roads and landings formation operations.

Lunch was had in the native bush area on the Pukaka Valley side of Strachan Peak Saddle. The AGM was held in the usual not-to-formal manner, and then the group went through the saddle to the Strachan Peak Forest. Most of the forest in view of the road was burnt in the 2000 fire, and the young pines provided a good contrast with the Pukaka Valley operations; each end of the same plantation process. The scheduled stop was on one of the lower altitude landings where the Pelorus Contracting "Wilson" cable hauler was set up. Murray Turbitt from M&R lead the discussion, on log marketing, optimization of log grades, use cable haulers, log making, and log density. The "HitMan" log density tool was demonstrated, and questions about it included the premium for log sales, and possible causes and characteristics of tree density.

The last stop of the day was in Para Forest, over-looking Speeds Valley. Phil Woodward from M&R spoke about land preparation techniques and timing, and post plant treatments of competing weeds like broom and whitey wood. He spoke about current thinking in the use of pre-plant sprays on cut-over sites where weeds and regenerating pine trees can prove to make the re-establishment of plantation forest difficult.

Interest from the group was high. It was a pleasure for the three M&R forest managers to be able to show people what has been happening in the MRF forests.

It was particularly good to see Bob Chetwin in the group who was involved with land purchase from the early



decided that I needed a job. One of the first that I applied for was as a clerical assistant for the NZ Forest Service. This entailed shifting to the single men's camp at Berwick Forest south of Dunedin. After 18 months of clerical work and seeing the various other jobs available I decided that I wanted to be a Forest Ranger. At that time in Dunedin district office there was an opening as a wage worker assistant to the district technical section. As well as getting out of the office my salary of \$105 per week went to a whopping \$150 per week! This was a great role as we did 'Marvls' from Naseby to Otago Coast, PSP measurements throughout Berwick, Silver Peaks, North Otago and assessed numerous species trials. This role was temporary, with the understanding that if I wasn't selected as a ranger trainee for the 1986 intake then I would have to find another job.

January 1986 I left Dunedin for the Induction Course in Rotorua to become a Ranger Trainee. After three weeks of this, 15 of us were off to Ashley Forest for the first years practical training (another 15 went to Turangi). On arriving at Ashley we met a number of the 1985 intake who were about to leave for their first postings. One of these guys was Bert Hughes. In this first year we did everything from seed collecting to axe thinning, plotting, pruning, planting, fire fighting and logging. As well as working hard we also played hard and made a number of friendships and even a couple of those have progressed to business partners.

Near the end of this first year we were asked for our preferences of where we would like to be posted to and for some reason I asked to go to the Rotorua Conservancy.

So out to the single men's quarters at Waiotapu subdivision on the western edge of Kaingaroa Forest. This was followed by our first block course and our first formal training towards the NZ Certificate in Forestry. After three months studying it was good to be back doing practical work. This time I was seconded to the 'Logging Industries Research Association' (LIRA) for a number of months, then onto the logging training crew. Around this time there was finally a decision made about the Ranger Trainees. Late 1986 the Forest Service was being broken up and no one seemed to quite know what to do with us. In 1987 we were now employed by the Ministry of Forestry and given the option of redundancy or we could complete our training in 1988 and have no guarantee of a job afterwards. This sounded ideal as we had stages 2 & 3 in our final year.

Once completed I decided to do the Bachelor of Forestry Science at Canterbury but after 2 terms of this I had had enough. Back to Rotorua and 15 months on the end of a chainsaw felling trees. I met Leah (my future wife) around this time and managed to convince her to go cycle touring from Rotorua to Dunedin with me over the next 3 months.

Reality set in during a Dunedin winter and I applied for a job as a Logging Supervisor in Rotorua with the Forestry Corporation. After spending some time in Masterton overseeing woodlot logging I was offered a job with Tasman Forestry in Taupo.

This eventually progressed to Logging Manager and then when Forestry Corp. and Tasman Forestry 'merged' I became 2IC to the logging manager there.

Tasman was renamed Fletcher Forests and listed separately. While CHH went down the path of 'Key Suppliers' Fletchers went into 'Partnerships' and I managed to get promoted to one of three harvesting 'Partnership Managers'.

Not long after this the 'Asian Crisis' hit and we had to shed a quarter of our logging crews, and as Fletchers had paid too much for Kaingaroa Forest the work environment had got to the point where it was not enjoyable. So I resigned without anything to go to. However a week later, I ended up working for Wood Contracting Ltd as an overall manager for 6 logging crews.

A year later, two of my friends from Ranger Trainee days asked if I would like to come to Nelson to set up a Forest and Logging management company with Bert Hughes. At the time it took some convincing, as we had a lot of family in the Bay of Plenty / Auckland area and our daughter was only 3 months old at the time.

This was five and half years ago and in that time Bert and I have shifted to Marlborough (Bert has now shifted back to Nelson) and we have both become firmly embedded in the Nelson and Marlborough forest and logging industry.

We currently manage about 5000 ha of private forests for various clients and log 15000 tonne a month with 5-6 logging crews.

Marlborough is now home and as long as there are trees to log I couldn't think of a better place to be living and working.

*Tamati Smith*

## Profile for Peter Gilbert

Peter Gilbert was elected to the committee of the Marlborough Forest Industries Association at the AGM held on Saturday 14 November 2006. Peter works for Merrill & Ring NZ Ltd (M&R).

Peter is 50 something; closer to 48 than 60. He spent his early careers years in environmental forestry (now called DoC), and later in plantation forests on the sweaty end of slashers and planting spades. After graduating as a forest ranger in Golden Downs, he married and shifted to Rai Valley, and then to Wairau Forest. The collapse of the State Sector in 1987 saw him join Timberlands, and then be cast out into the cold in 1990. After 2 years at home with three under four, he took up his present employment as a forest manager with MRGC, which later came to be called the present M&R. Peter is married to Margaret, and together they have three charming young adults staying with them at Hotel Gilbert.

Peter has been seconded onto the Fire / Safety & Training Committee, and the Public Relations / News-Letter / Website Committee.

## PORT REPORT

Shakespeare Bay has been a hot topic recently. Port Marlborough are clearly disappointed that our log exports have not yet lifted to levels expected and they have been firing out messages that they would rather do a residential development in Shakespeare Bay. It is hard to convince a profit-impatient corporate that we are a long term business and that missing a target by five years is relatively close for us foresters! We have reassured the company that the trees are still there and will be harvested just as surely as night follows day. It is well known that residential development and cargo port operations don't mix and we have put our views on that very strongly. Nature does not make many ports as good as Shakespeare Bay and to compromise it's future potential would be disastrous for greater Marlborough.

The Association and the log exporters have always been open to the concept of other cargoes being handled through the wharf facility especially if they can give Port Marlborough better utilization. Cargoes of salt, and anchor chain for oil drilling rigs, will be handled through Shakespeare Bay in the next three months. This will be the first time for non-wood

cargoes to be shipped from the log berth and we hope it can work for all users.

Shipping activity is stepping up with rising export log prices and demand. In July and August only two ships per month called whereas in September and October that has increased to four ships per month. Port Marlborough are about to seal more of the storage area and plan to clear a large area of dredge tailings from the original berth construction. These improvements have been brought forward by the requirements for the alternative cargoes and will be helpful for our increasing exports.

Of concern are the high costs for ships calling to Picton in the form of pilotage, towage and wharfage. The problem is costs being spread over small volumes and as the volumes increase we hope to see those costs reducing. Picton is one of the most expensive port calls in NZ and we intend to work on that area with Port Marlborough.

Cheers  
*Rick Osborne*

## LOG PRICE SURVEY

*November 21, 2006*  
*From Agri-Fax*  
**Market Report**

### ***Export Log Markets***

As predicted last month, export log prices have continued to rise. There has now been eight consecutive months of price rises in Asian logs, which are now at their highest ever sustained price level. The benchmark Korean KS log started the month out at about US\$109 per metre, and today there are exporters making contracts at \$115.

Other log markets are keeping pace with Korean prices, with China probably having the best return despite higher costs, and India being slightly less due mainly to the US\$70 per metre shipping cost. Tight supply and good demand in Japan had resulted in price rises in recent months, but prices were stable this month.

Over the past month shipping costs have eased US\$2/metre and are expected to fall another \$2 more to US\$45 next month. The forex scene, while no positive for exporters has been more stable. (The average of 10 banker's NZD/USD forecasts for 2007, 2008, and 2009 are 0.59, 0.59, and 0.61 respectively.)

Wharfgate prices are up \$3 to \$5 per metre on average this month with a wide variation in quoted prices due to timing of boats, forex cover, and the contract period. NZ wharfgate prices have been rising steadily for 15 months and are now only \$20 less per tonne than domestic S grade unpruned sawlogs, compared to a difference of \$45 two years ago.

Looking ahead, the Asian log market looks really strong with US\$1-2 per metre rises expected until March, due to very strong demand from China, low Korean inventories, high hardwood prices and limited supply. Unlike other years, Russia may struggle to supply their usual volumes in their next summer, due to infrastructure problems, and this could hold Asian prices up from March onwards. These higher prices however may well attract more Pacific NW logs.

### ***Domestic Log Markets***

Lumber returns from the quiet US market have eased further, and are no longer a profitable outlet for NZ exporters, who are searching for better markets for timber from our pruned logs. Average pruned log prices have fallen for the fourth straight month, with the North Island prices being the weakest.

The monthly volume of timber being sold to Australia has fallen drastically, due to poor demand and the oversupply of NZ and Aussie lumber. However unpruned prices have remained steady across both islands, and this is probably due to the increasing demand and price levels from export log markets. In the lower NI, there still appears a shortage of good S grade logs. The NZ domestic timber market continues to be a solid performer, but is unable to take up the slack from other markets.

### ***Overall Log Index***

The Agri-Fax Log Price Index, which measures returns from the whole forest, was up \$1/tonne to \$78.50 (delivered mill/wharf basis). Rising export log prices more than offset slightly lower North Island pruned prices. The outlook is very bright indeed for the export

log trade, but pruned logs and their lumber are going to be the poor cousins till the NZ dollar drops below 60c.

Contacts for Agri-Fax

email: [logs@agri-fax.co.nz](mailto:logs@agri-fax.co.nz)

or phone 03-314-3416

fax 03-314-3460

### **Wood A 'Hero' Product**

Press Release by New Zealand Government at 4:46 pm, 14 Nov 2006

Wood used for construction is cheaper and results in fewer greenhouse gas emissions than steel and concrete alternatives. This is true for both construction costs and over a 50 year lifecycle. These are the findings released today by Forestry Minister Jim Anderton from a study by the Building Research Association of NZ (BRANZ) into the economics of building government buildings in wood compared to concrete and steel.

Mr Anderton said, "Forestry is a business of the future. And we are building that future right now. Forests will provide many of the raw materials for human development over the next century and probably for many centuries to come. Why? Because wood is truly a hero product."

Wink Sutton, a notable forestry visionary, has said wood is such a wonderful material that if it was invented today it would be heralded in all the media as the find of all times.

It is made of little more than sunlight, carbon dioxide and a little water. Wood provides building and manufacturing materials that require very little energy to process.

"Compare that with steel, concrete and aluminium, all of which produce large amounts of CO2 during their manufacture. That's why the technologies to replace concrete and steel in multi-story buildings are so exciting, said Jim Anderton.

For more than five years the Government has been looking to work in partnership with the forestry sector to improve the sector's performance in providing wood for construction

uses.

"We invested \$7 million to create a training centre of excellence in wood processing - the RADI centre.

We invested in getting radiata pine accepted into the Chinese building code.

And, under the Forest Industry Development Agenda, we are investing in two professorial positions in wood design and engineering at the universities of Auckland and Canterbury.

Many of these investments have additional industry contributions.

I am keen for the Government to help get more wood-based products into non-traditional uses, especially in commercial buildings."

He said that the reason wood is not being used more in commercial buildings has a lot to do with the perception of wood by specifiers, builders, and building owners.

"I believe this BRANZ report makes a good start at turning those perceptions around and provides a good platform for what we – government and industry - can do to see that wood is used more."

The study, "Timber in Government buildings - cost and environmental impact analysis: BRANZ report E408 July 2006", was commissioned by the Ministry of Agriculture and Forestry

*Tamati Smith*

## OBITUARY, BARRIE HOLMES

It is with sadness that we note the death this week of Barrie Holmes. Barrie was a well known dentist in Blenheim and a long serving member of MFIA. He was president of our Association for two terms from 1986 to 1990 and was also valued as a long standing committee member.

Barrie's enthusiasm for forestry began after he purchased Mt Riley farm in 1981 and he began planting the steeper slopes in forestry. He continued to farm the remaining easier country, in conjunction with his son Michael. Forestry plantings on Mt Riley continued until the last block of 90 hectares was planted in 1993.

Barrie was heavily involved on MFIA's behalf with supporting the development of Port Shakespeare. His energy and drive will be missed in our ranks. Our sincere condolences go to Barrie's wife Julie and children Michael, Nicki and Karen.

### **Notice to all Members**

The Association is looking to improve it's communications by utilizing emailing newsletters, advice of field days, seminars, training and other activities. Could all members please provide email addresses to the executive officer at [palmsltd@xtra.co.nz](mailto:palmsltd@xtra.co.nz)

The executive would also like to have a list of the members of your company, partnership, joint venture etc including their email addresses, so they can also receive information.

**For competitive Forestry Insurance contact Jane Wang at NZI, Auckland Branch.**

This association will also benefit by way of commissions when members insure through Jane Wang, Broker Account Manager-Forestry.

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