



Spring 2019

NEWSLETTER

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**Forest
Management**
GROUP

Introduction

FROM THE DIRECTORS

Welcome to the Spring edition of our newsletter.

We have just completed the largest planting season on record for FMG, with over 3,000,000 new trees in the ground. Our 2020 season is forecast to be bigger again!

The combination of lower log prices and winter has slowed harvesting across the group, however we have seen some improvement (although modest) lately in export prices and the onset of spring has seen some interest in harvesting again.

The combination of log prices and carbon return now gives forestry returns that are higher than sheep and beef across most land classes. This is being evidenced in the amount of land conversion into trees across all of our regions. Forestry has always based its return on yield, and now that the agriculture sector is not relying on capital gain, we are seeing a lot more interest in planting trees.

Glenn Moir
Director



NZFS 100th Anniversary

During September Minister Shane Jones hosted an event marking the 100-year anniversary of the establishment of the NZ State Forest Service with a special evening of celebration at Parliament.

The event was attended by around 120 guests, including the Rt. Hon Winston Peters, Members of Parliament, former Ministers of Forestry, forestry sector Chief Executives, and key members from the forestry industry, including our Christchurch based staff member Adrian Loo. Adrian ensured he used the opportunity to thank the government for the opportunities provided under the One Billion Tree Programme and to highlight the importance of these benefits to the landowners we represent.



New Zealand's forestry legacy was represented by former New Zealand State Forest employees and/or their descendants who flew in from around New Zealand.



"To have in one room such a wealth of forestry knowledge and so many people who had significantly contributed to the key milestones that define our forestry heritage, was incredibly special,"

(Julie Collins - Te Uru Rākau Deputy Director General)

The evening included the presentation of three forestry awards - specifically developed for the 100-year celebrations - a Forestry Science Award; the Kaitiakitanga Aotearoa Award and a Lifetime Achievement Award.

- The winner of the Forestry Science Award was Bruce Manley, who received the award for his dedication to, and leadership within forestry research, and his innovative work on carbon forestry.
- The Kaitiakitanga Aotearoa Award was presented to Guy Salmon for his commitment to the protection of forests, forest ecosystems and the connection of forests to people.
- The Lifetime Achievement in Forestry Award was presented to Peter Berg in recognition of the true champion of forestry that he is within New Zealand and the Commonwealth.



ETS Update

The following is a summary of a number of ETS changes announced recently. This provides a quick snapshot of the main points and the link to read more detail on the MPI website is attached.

Full details and consultation is expected in the next month, as the plan is to have this enacted into legislation before the end of the year – it will be a short consultation!

There will also be a new Permanent Forest class in the ETS and we await more detail on this.

The option to use the new Averaging accounting method for all forests registered in 2019 and 2020. The introduction of Averaging accounting for all forests registered from 1 January 2021.

Any forests registered in 2019 and 2020 can choose to use the current forest stock method or averaging. Note this is for registrations – the forest could have been

planted prior to 2019 but not registered into the ETS.

From 1 January 2021 forests will only be able to register using Averaging, or a new Permanent Forest category.

P89 Forests registered before 2019 won't be able to transition to averaging accounting.

Currently registered P89 forests will stay with the current system. This will be reviewed in 2021 to decide if they can transition to averaging.

Foresters using averaging accounting can offset their liabilities by planting an equivalent forest elsewhere.

If you register a P89 forest under averaging and in the future want to then use this land for another use, you will have the ability to plant other P89 land and change landuse.

Foresters using averaging accounting won't have to pay back NZUs after adverse events.

If your forest is destroyed, you do not have to pay back credits – you must replant within 4 years, and will not get any more credits until it reaches the age the first crop was destroyed.



Participants will earn more NZUs if they increase their rotation lengths and fewer NZUs if they shorten their rotation lengths.

If you increase your rotation from a set age band you will receive more credits once you exceed the set age band. Conversely, if you harvest earlier you will have to repay some credits.

Decisions made by a current forest owner will stay with the forest.

If you harvest within a band, any future owner will have to stay within that band – any shortening or lengthening of rotations will mean credits will have to be repaid or more received.

A forest joining the ETS after its first rotation will be considered to have already reached its average age.

Important to understand – your 1st rotation forest will not receive any carbon credits in the 2nd rotation under averaging.

In simple terms, any 2nd rotation forest on P89 land that is registered after harvest into

averaging, will not earn any carbon unless you meet point 1 or 2 below.

1. Extend the 2nd rotation from beyond the age the first rotation was harvested – you will get the difference
or
2. You plant a new species which stores more carbon. The extra carbon can be claimed above what the first species grew.

This applies to any 2nd rotation forest that was planted on P89 land but was not registered in the first rotation.

There will be a stand-down period before previously deforested areas can be re-entered into the ETS as a first-rotation forest.

At present, if harvested, P89 land is left unplanted for 4 years it becomes deforested, can be replanted and registered into the ETS as new land. This period of time will be extended making it uneconomic to leave land in fallow for long period of time.

Link to the MPI website for more details:

<https://www.mpi.govt.nz/protection-and-response/environment-and-natural-resources/emissions-trading-scheme/emissions-trading-scheme-reviews/>

Establishment/1BT Update

Planting a tree might seem easy – just dig a hole, place the roots in it and cover with soil. However it is not that easy - successful establishment of tree seedlings so that they are still alive, growing vigorously a few years later and grow on to become mature trees, requires a lot more attention to detail.

Our 2019 establishment season kicked off at the beginning of June with very mild winter conditions and finished in most parts of the country at the end of August. The good cold winter conditions allowed us to carry on planting in Southland and South Otago well into late September. This was our biggest planting season ever. We have planted around 1980 ha of new forests (most of it

under One Billion Tree Programme and/or Afforestation Grant Scheme) and replanted around 1015 ha of cutovers.

We have planted more than 930 ha in Southland and Otago, almost 770 ha in Canterbury, 610 ha in North Island, 390 ha in Marlborough and 280 ha in Nelson/Tasman (including 50 ha of Manuka planted on highly erodible separation point granite in Marahau Forest which has been retired from production).

This season we successfully planted over 1000 ha through the One Billion Tree (1BT) programme. The 2020 programme is looking to be bigger, with having already doubled that area in submitted 1BT applications. Our 2020 planting programme is now **FULL** and planning is already well underway for the 2021 season. Make sure you do not delay getting in touch if you are thinking about planting any areas of your property, we can discuss the 1BT grant process and suitable timing of planting.



Please contact **Adrian Loo**
adrianl@forestmanagement.co.nz
for more details about 1BT
programme.

Coast to Coast Challenge!

Teamwork makes the dream work!

A temporary team alliance formed this October when Adrian Loo and Matt Deans entered the Crater Rim Ultra Marathon teams event. This event comprised of a 53km off-road run requiring over 2000 vertical meters of climbing. The boys tackled this course as a relay with their team aptly named the "Tree Fellas".

Matt attacked the first 23km which included a gruelling slog to the top of Mt Herbert in conditions comprised of relentless drizzle, ankle-deep mud and a track scattered with less co-ordinated runners.

After "passing the baton" Adrian set off on the 30km leg of the race involving a scenic scramble along the tops of the port hills, an unforgiving climb up the Worselys Spur "body-bag"



track and a breezy downhill finish to claim the glory moment of crossing the finish line.

The preparation for the event involved Matt spending countless hours skiing, which was undoubtedly advantageous when descending Mt Herbert in snow depth mud. Adrian prepared for the event by celebrating Canadian Thanksgiving the night before, and claims that without the rocket fuel

combination of Turkey and beer, he would have severely underperformed. Despite their "alternative" preparation methods the boys managed to claim 3rd place in the team event!

While the Tree Fellas efforts were impressive they were nothing on Christchurch staff member Jana Dobosova. Jana completed the whole 53km run by HERSELF! This mammoth effort required over 9 hours of pure determination and has opened the boy's eyes to the dedication required to achieve such a feat! Next time the boys are lacking motivation for training, they just need to think WWJD - What Would Jana Do..... She would get training of course!



Thank you to our generous sponsors!

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FROM THE BACKPAGE

Farewell to Ben Friend



Ben Friend was offered a Harvest Planning position job with Nelson Forest Limited which he accepted and took on from 1st October. Ben has been with us only for a couple of

years but we are sorry to see him go as he has been a very hard worker and a great joker. We wish him all the best for the future.

Contractor Certification

For contractors, certification demonstrates your professionalism to clients. It provides a benchmark that your health and safety systems can be designed to, and means everyone is held to the same standards. For forest owners and managers, using certified

contractors provides an assurance that the companies you hire are competent to do the job.

We are pleased to announce that 19 out of 26 of our logging contractors are certified, and more are working their way through the process. Hopefully by the end of this year they will complete the certification, as our main log export partner won't accept any logs from uncertified contractors from 1st January 2020.



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