



# Winter 2019

# NEWSLETTER

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**Forest  
Management**  
GROUP

# Introduction

## FROM THE DIRECTORS

Welcome to the Winter edition of our newsletter.

The log market has taken a big correction this month after a long period of stability, with China running at high inventories of over 4 million m<sup>3</sup> of logs, and slow demand due to seasonal and economic conditions. We are seeing a big slow down which has eroded the sales price by \$30 USD. We do expect this will last into the 4<sup>th</sup> quarter of this year. Small advantages of Ocean Freight drops will help, but not enough to offset the correction. Markets such as India and Korea follow China, but our expectation is that the recovery will happen when inventories reduce as the same fundamentals for growth are still there.

Meanwhile our domestic market seems to continue, with not such a major correction on the back of log shortages in some parts of the country. The challenge in times such as this is to keep our contractors busy in blocks that yield less export grades and maintain infrastructure.

On the other hand, our planting programme is the biggest so far. FMG is well set to do over 2000ha of planting in 2019, with commitments well into 2020. While the underlying push for planting has been backed by a stable ETS, we have been challenged by the criteria being implemented under the 1BT fund, and have been working hard to ensure that our applications have success. The recent push for sustainable land use from lobby group, 50 Shades of Green, has seen this fund shift their focus away from larger commercial forestry type ventures, and a renewed focus on creating afforestation opportunities for farmers.

While forestry is having a good few years, we do see some rocky roads in the future with lower log prices in export markets, unresolved deadlines in fumigation issues on export logs, but positive rates of returns when good log prices occur and encouraging carbon prices which will continue for years to come.

Evan MacClure  
*Director*



# 1BT Te Uru Rākau Team Field Day

Since the launch of the One Billion Trees Programme (1BT) we have been extremely busy, preparing and submitting applications for rural land owners wanting to undertake new planting on their properties. We have been working closely with Te Uru Rākau to ensure that applications meet their specific approval criteria.



We recently hosted Te Uru Rākau's Forest & Land Use Advice team for a field day here in Canterbury. During the field day we visited the Davaar farm where we looked into the reasons behind planting the areas of the farm currently in forest, the effect this has had on his farming system and the opportunities under the 1BT fund.

As part of this field day we visited a site recently land-prepped and planted using a 1BT grant and compared this to the previous areas established using a former government

initiative, the Afforestation Grant Scheme.

The field day provided Te Uru Rākau's Forest & Land Use Advice team with an opportunity to see a forest successfully established under the Afforestation Grant Scheme and to demonstrate how non-government joint ventures are implemented in conjunction with farming operations. The field day was a very positive experience and we look forward to seeing the progression and increased afforestation that occurs under the 1BT programme.

Through the 1BT fund we have a large establishment programme planned for 2019, 2020 and extending into 2021 for new land afforestation. It is outstanding to see these increased planting levels that are occurring, as they provide excellent long-term growth for the forestry industry as a whole.



## One Billion Trees Programme

*"The Government has set a goal to plant one billion trees by 2028. The Government has allocated funding over the next three years through the One Billion Trees Fund for direct grants to landowners."*

<https://www.mpi.govt.nz/funding-and-programmes/forestry/planting-one-billion-trees/>

# Forest and Woodlot Engineering

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An issue often overlooked when considering harvesting or even establishing a forest is infrastructure needs, in particular roads and processing areas.

To some degree of accuracy we can set harvesting and cartage rates, usually per tonne. When it comes to earthmoving, crossing water courses, general “digging dirt”, all manner of unexpected issues and costs can arise.

In our experience, if any major costs overruns occur on harvesting operations, these come from infrastructure construction. Without proper planning and management, forest engineering costs can easily run well beyond budget, and threaten your profit

margins.

The cost is a big consideration, however doing a quick, cheap job is not always the answer either, fixing these up can cost more in the long run. There’s an old saying about building roads “You will never know when you over engineer, but you will definitely know when you under engineer.”

There is a fine balance with costs with the engineering on forest blocks. At FMG we evaluate each project on its merits, estimate costs with the best information and industry standards at the time. Using as much local, historical and technical knowledge possible to get the most effective solution that will also work.



*Good example of corduroy, great on wet swampy ground*

In our modern world compliance is a major consideration, particularly Safety and Environmental. We need to be able to construct roads to a safe standard to allow logging truck access, at the same time to a high level of environmental standards.



*Drift Deck, cheap to build, sits on swampy areas or stream bed*

There are lots of innovative solutions in our tool box such as drift decks, off road trucks, forwarders, corduroy, to name a few.

While we can't do much about existing forests/woodlots, we can only work with what we have got. If considering new areas for

planting, do not underestimate infrastructure costs, when undertaking a feasibility study.



*Purpose built log forwarder, can cart on cutover or tracks to load out areas*

# A Day at Telford

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Neville Hills and Daniel Robertson recently spent a day at Telford Training Institute (Telford is part of New Zealand farming history and has been preparing students for their futures in agriculture since 1964), with a handful of the students in effort to help them with their forestry module for a Diploma in Agriculture.

The morning was spent covering how trees can integrate into a farm landscape, turning unproductive land into productive. One student, by coincidence, had a block of radiata on the family farm in North Canterbury harvested by FML, and is now planting a new area for forestry using the 1BT fund.

The concept of carbon was also introduced and how this can provide a different stream of income to a traditional timber crop.

They touched on the silviculture dynamics for a typical *Pinus radiata* stand – focusing on

planting trees right from the start with weed control. Hopefully by the time they had finished the discussion the students now had a grasp on the positives and negatives of pruning, also the importance of a final thin to ensure the tree crop is growing to its best potential.

Species selection, stem spacing, power of scale and many other topics that are critical were covered which sparked a lot of interest from the students.

The afternoon was spent with a hands-on approach, looking at Telford's existing planted stands around the farm. Neville and Daniel had previously undertaken a pre-harvest inventory for one stand as part of the planning process for harvest, which was a great opportunity to show the students how to measure trees for growth, characteristics and associate value with trees.

Finally, they visited a young stand and worked with the students to decide whether the stand should be pruned or not.

Interest from the students was very high, but there needs to be more integration of forestry to agricultural studies, as the awareness and understanding is not there.



*Neville drawing many years of experience and passion of silviculture to the students*

# Coast to Coast Challenge!

There is nothing like a bit of in-house competition to motivate staff to achieve their goals, even if those goals are only very recently set!



The guys in the Canterbury office have decided to push themselves and compete in the 2020 Coast

to Coast team event. To make the build up to the competition more interesting they have decided to use their efforts to fundraise for a good cause with a winner takes all outcome for their chosen charity.

Our first team is aptly named the “Tree Huggers”. Dave and Adrian are very fond of trees, and can often be found wrapping their arms around more mature wood. They claim this is work-related “plotting”, but we suspect this may just be a weak excuse hiding their true intentions. This fondness for trees extends right through to the forest owner where they ensure that the owner receives the best management and advice to ensure their forest’s success.



Dave and Adrian have chosen St John’s as their charity of choice. While neither of them

have a background in multi-sport events they are giving it their all to ensure their over-confident workplace banter is not in vain.

Our second team is called the “Tree Slayers”. Their work place strategy is that of simple brilliance creating a never-ending cycle of work spanning decades. Matt enjoys the sound of chainsaws sawing, diggers digging, trucks trucking, and any other element of harvesting trees. As for Scott these sounds alert him to an opportunity to re-establish these areas and begin the growth process again so that Matt has something to do in 28 years’ time.



Scott and Matt have chosen the Westpac Rescue Helicopter as their charity of choice. Scott has a great depth of history, having competed in a plethora of multisport events. Given this past experience they are (not so) quietly confident in their team’s ability to slay the Tree Huggers!

In the build up to the event we will keep you updated with training successes, multi-sport fails and provide you with information on how you can get behind and support your favourite team and donate towards this cause!

# FROM THE BACKPAGE

## Welcome to the team Pete!



Pete Newland has joined FM(NI) in the position of Harvest Manager and Trainer. Pete grew up in rural Northern Wairarapa and Southern Hawkes Bay, and has been in the forest

and agriculture industry his whole life. Pete now lives in Carterton with his wife Amber and two school aged children. Pete is managing the Wairarapa and Manawatu logging and silviculture operations as well as training for staff and crews across the North Island operations. Outside of work, Pete is a family man, involved in his kids' sports, sea fishing, pig hunting and getting outdoors.

## Farewell to Aaron

Aaron Lamborn, our Harvest Manger based in Napier, has been with us only for a short time as his logger's heart hasn't settled for the

office as yet. He is going back to the bush. We wish him good luck in this endeavour.

## Felix's man cave 😊

Felix has finally got his man shed much to Glenda's delight. He has got a heater, couch and stereo all set up.



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