Forest Certification South of Dunedin
- an update

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Summary
Certification under the rules of the Forest Stewardship Council (FSC) arrived in Southland early in 1998. It has since spread into South Otago and Canterbury, but to nowhere else in New Zealand. There is still only one significant certified plantation forest owner, Rayonier, but certified sawmills did well in the past recession, interest has grown, and there are now three certified mills in this region, with two more going through the process and another actively interested. The current annual market for certified logs is about 75,000 tonnes.

Rayonier have a market surplus of certified logs, which has so far discouraged interest in certification amongst other plantation owners. But there is now an active rumour that Rayonier will pull out of FSC certification, and in consequence others look to fill the vacuum. It is doubted that they can, with serious potential consequences for local industry.

Interest in certification schemes other than FSC is confined to ISO, which is clearly seen as a possible first step towards FSC, but not as an alternative. There is very little knowledge of or interest in Verification of Environmental Processes (VEP).

Introduction
This article is an update of an article on the same subject published in Vol 45(3) (Nov 1998) of the Journal, extended to cover Otago south of Dunedin as well as Southland in all respects a common market with natural boundaries.

No single forest owner dominates the region. A feature of ownership in the region is that, of the larger growers, only Ernslaw One (18,500 ha/200,000 tonnes) has a proportionately large processing interest as well through its Blue Mountain Lumber sawmill (200,000 tonne input). Of the other major forest owners, Rayonier NZ Ltd’s southern Resources District (34,000 ha/400,000 tonnes) - hereafter Rayonier - and City Forests, Dunedin (13,000 ha/40,000 tonnes) neither has processing interests. Wenita (26,000 ha/350,000 tonnes) has its Rosebank Sawmill cutting 50,000 tonnes of pruned butts annually.

As a result, local mills depend on the log market for their wood. The export cut is diverse - vendors, mouldings and component cuttings of all kinds, each with their separate and often exacting log specifications. Log export is still important of course, but is less and less seen as the way forward by most forest growers.

Certification
The most particular feature of the plantation forest industry here has been its interest in FFSC certification. This came to Southland early in 1998 when Rayonier had their plantations accredited and Craig Pine both their mill (100,000 tonne input) and their plantations (2,000 ha). Two more mills were accredited in the course of 1998, Niagara Sawmilling (Kennington) (100,000 tonne input) and Millstream Lumber at Milton (being expanded to about 25,000 tonne input). There is also a growing interest in Canterbury, with logs being supplied from Southland. A best estimate of current annual demand for certified logs is about 75,000 m³, all from Rayonier.

In the latter half of 1998, a New Zealand Farm Forestry Association working party looked at the impact of certification on small growers nationally. ‘Small growers’ hold about a third (60,000 ha) of the Otago/Southland plantation estate, so certification is an important issue here. The most important finding of the working party is that the process of plantation certification is too costly and complex for most individuals, and that certification would have to be done co-operatively. No feasible way of doing that has emerged so far.

As a part of that Farm Forestry Association exercise, the working party asked all the larger sawmill and
planted forest managers south of Dunedin for their opinions on certification. That survey was repeated in June 1999 for this article. The main change over the six months has been the growth in acceptance of FSC certification. In January, amongst the uncertified, there was active scorn in one or two places, and a greater deal of, often rather negative, fence sitting amongst the rest. This time there was no opposition at all. Indeed one of the strongest opponents then is now close to deciding to seek certification of both forest and mill. Fence sitting continues but in most cases in a qualified fashion - a change of manager, bedding in a new mill and 'we will look seriously at it when that’s done'.

Two more Southland mills have started the process another, already mentioned, is on the verge of seeking entry for both its mill and plantations. If they are successful, that will leave only two out of the eight large plantation timber mills in the region outside FSC certification.

The mills are attracted by market advantage, at the start by the demand for FSC accredited products in the United Kingdom and now increasingly in the United States of America too. In both cases the ultimate demand (intermediate processing often being done in Asia) comes largely from large retail do-it-yourself (DIY) chains, and not from conventional lumber firms. Then as now, nobody reported much interest in Japan or Korea.

The advantage for the sole certified grower, Rayonier, has been log demand. The certified market has held up very well over the past slump, but there is still a surplus of certified logs available and so no premium on the price to the grower.

The main constraint on interest in plantation certification is cost. It is a much more expensive and lengthy business than certifying a mill. While Rayonier has a surplus of certified logs there appeared to other people to be no purpose in incurring that extra expense.

All that is now changing. A reason commonly given for fence sitting in the January survey was that Rayonier was rumoured to be ditching FSC 'soon', because it had proved indigestible to Head Office in the USA. Unkind comparisons of their US and NZ standards of operation are apparently being made by environmental groups there. The rumours persist and are strengthened by comments made in the June survey. Certified mills are not easy about the security of their log supply, and the increasing interest (or greater neutrality to the idea) in certification amongst plantation growers lends support to the belief that Rayonier is indeed about to opt out of certification. But it is very doubtful if new entrants could provide enough certified logs for the present market let alone for future expansion, if Rayonier does go. This bodes ill for the future of the timber industry down here.

The rumour is that this is a "Head Office" decision made beyond our shores is borne out by the extreme harm it will do here to the Company's name and to its reputation as a reliable business partner. As a matter of course it will also by choice lose a sizeable part of its New Zealand business, which is a curious thing for any company to want to do. Rayonier (New Zealand) comments that it is indeed reviewing its interest in FSC certification because of a number of inherent difficulties that it finds with it. It pins its faith instead on the New Zealand initiated VEP (Verification of Environmental Processes) and the American Forest and Paper Association's SFI (Sustainable Forestry Initiative) programmes.

VEP is being developed by the Forest Industries Council, which is dominated by the very large public forestry companies. It may be no coincidence that these also have a large US involvement and a known hostility to FSC. Very few people questioned down here knew much about VEP, and those who did had little time for what they knew. None (other than Rayonier) expressed any interest in being a part of it. The general opinion seems to be that it might suit a place like the USA where the domestic market dominates, but that it would carry no weight in international trade.

A favoured alternative is ISO. ISO is clearly seen as a step towards FSC, but not its equivalent. Several people said that their interest in ISO is in part groundwork for FSC, should they decide to try for that later. Under ISO, a business defines its objectives and then analyses its processes towards their achievement. By so doing it greatly clarifies where bottlenecks are and what everyone must do to achieve the desired end, but there is no third-party judgement of objectives or the path to them.

It is this lack of third party involvement which sets VEP and ISO apart from FSC.

1 Editor's note: This article was written before Rayonier NZ's announcement that it would pull out of FSC certification at the end of the year.

2 The Forest Stewardship Council does not approve of applications for its certification publicising the fact. For that reason I give no names to those contemplating or in process of entry.

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