Juken’s world - facing the challenge

Martin Abbott
Forest Manager, Northern Forests
Juken New Zealand

Introduction
Our parent company, WOOD ONE Co Ltd, has its headquarters in Hiroshima, Japan. The company is over 50 years old, having been started by Mr Nakamoto after World War 2. It has a reputation for only producing and selling top quality wood-based products for the housing market. This reputation is jealously guarded. Mr Nakamoto wanted a long term sustainable wood resource. To put it very simply, he had, and still has, implicit faith in radiata pine being able to be used as the primary resource for the Company’s product range. He has championed radiata’s cause in Japan over the years, and brought about a huge mind shift from its use as cable drums, to one of a wood of beauty and practicality.

In 1990 the Company acquired Crown Forest Licences in Masterton, Gisborne and Kaitaia. This led to the establishment of Juken Nissho Ltd, which was restructured last year as Juken New Zealand Ltd. Each forest district in turn supports a JNL mill whose production is based on the sustained yield capacity of the respective forest. Mill expansion can and does take place as the forest capability increases.

Our premium product is quarter sawn clearwood and hence rotations are geared to specific products which can only be achieved with specific clearwood content – hence rotation age is 30 years in Gisborne, 32 years in Masterton, and 34 years in Northland (apart from Otangaroa which targets 30 years). If we don’t have the age class we may buy in logs. Company policy is not to sell our logs.

JNL’s output of semi-finished products generally goes to Japan (on two piston voyage charter vessels) from Wellington, Gisborne and Whangarei (soon to be Marsden Point with additional transport cost of course!)

Primary production at the mills is Kaitaia - Tribord and Strandboard, veneer and clear lumber; Masterton & Gisborne – SLVL (structural laminated veneer lumber), Sply, and clear lumber. Increasing volumes are now going to the Company’s new mills in the Philippines and China, with semi-finished product then going to Japan for final processing and marketing. Products range from SLVL construction packages to Tribord floors and doors, to clearwood doors, stairs, and interior joinery.

This article focuses on JNL Northern Forests, a profit centre in its own right, which trades with our Kaitaia mills, and more particularly about the last four years since the Northland mill was built and commissioned with its two lathes and associated driers, and the pruned log sawmill, with its associated kilns, and dehumidifiers.

As Forest Manager my role is the sustained yield of logs from the Northern Estate, to our Kaitaia mills. Annual forest production is around 400,000 t, being 120,000 t of pulp log to Tribord, 250,000 t of veneer log and 30,000 t of pruned logs. Chip from Northland mill also goes to Tribord.

 Facing the Challenge
Kaitaia is a small community of around 4,500 people, many of whom have worked in Aupouri and our other forests since the early 1960s. Aupouri has had a long history of establishment and silviculture, but not full scale harvesting to meet the demands of mills.

So in respect of large scale clearfell – does one go for the bottom line and tender for the crucial harvesting and cartage phases, accepting, in all probability, the lowest price, and the money, probably, goes out of town? The Super Contractor type scenario.

Or does one stay local and "expand" from within, with “new” local logging and cartage contractors? And accept multiple H&S (health and safety) issues, training, and financial impacts! – but the money stays in town, and, supports the local economy.

In the context of a small community, with (these days) a lot of employment options, it was noticeable that

The challenge in forestry is turning this into this - JNL/WOOD ONE Jupino (Juken Pine) radiata pine clears with SLVL/Sply frame in a Japanese house.
“people” were coming home from the city. Their families had connections with the forest and the forest therefore was a potential source of employment. Could we ignore this and really go for the bottom line?

I thought not – and opted “a promote from within” philosophy. Have small contract crews at the start, give them encouragement and let them expand as and when our production increased. We had a base of a mechanised (first) production thinning crew, which was to continue for a number of years anyway to generate pulpwood, and we also had motor manual production thinning subcontractors.

In early 1995 Triboard mill commissioned the second board line and a small lathe. This led to a motor manual / forwarder second production thinning crew (age 24 years old) for small pruned logs, veneer and pulpwood. A small clearfell crew was established at our Te Paki lease forest for increased veneer supplies.

So we were not entirely without a logging base, but again there had to be a decision in respect of long term, large volumes, clearfell contractor capacity – so again do we tender or go local?

In late 1999 as the Northland mill was being built the second production thinning crew was changed to 34-year-old pruned and 36-year-old framing clearfell. We swapped coupes as the mill was commissioned. Two production thinning contractors were changed to 25-year-old unthinned and unpruned (framing) clearfell in our lease forests.

The local carriers were accepted as being the future log carriers and they, like the logging contractors, gradually geared up to meet demand.

I believe it is fair to say that we were so busy setting up the big increase in production (for JNL) that we perhaps overlooked the H&S issues. We believed we were safe, and the ups and downs of log demand from our mills, that were being commissioned, were the priorities.

Our Company President, Mr Nakamoto, also kept us on our toes. His passion for the forest was such that he just about knew every tree in the forest, and certainly knew if one was out of place – if that happened a big growling was on its way! But – both JNL staff and contractors knew exactly where they stood – do it right, great; do it wrong, and learn for the future. This wasn’t mainstream Kiwi forestry – this was and is future forestry – cut specific trees for specific WOOD ONE products. The forests are our long term strategic reserve of our Japanese feedstock – our mills depend on certain log grades. We all learnt a great deal.

More challenges

Bearing in mind that the harvest scale-up process was occurring only 4 years ago, it is remarkable how one’s thought processes change.

Log production and costs were the overriding factors. Did the contractors select the financial back-up to invest in modern gear? Did they have basic skills to maintain output and thus keep costs down? Was there engineering support in the event of breakdown? (Machinery is very sophisticated these days – not the old spark plug and oil change fixes of years ago!) There were shortages of engineers who could maintain modern gear.

However as we started clearfelling in Aupouri we were brought back to reality with the Historic Places Act. Of course we needed a survey of the logging areas for possible archeological sites, and authority to modify any such sites.

It then dawned on us that whilst we cannot challenge this, we may as well join it. So we trained our loggers to look for signs and the protocols should a possible historic site that may have been overlooked in the archeological survey be found. They have found such sites. Interestingly there have been debates on whether or not a hole is say a gum hole or a hole where the bulldozer got stuck in 1965.

In early 2000 the Company decided we should attain ISO 14001 Environmental Management certification. More paperwork; more hassles, another challenge!

But surprisingly staff, and particularly contractors, took to it like ducks to water. Training sessions didn’t affect production; contractors and their employees were closet “greenies” – they wanted to protect the environment. It is their environment, because they live here. Prescriptions, maps, “no go zones”, “how to alternatives” for logging a sensitive site, and other processes were developed through consultation with those involved on the ground – not just an imposed plan from management.

The next problem – Drug and Alcohol testing. This has just got to be one big problem. Get all the contractors in, line them up on a certain day and get into it – like it or not, so to speak. But after a couple of months of discussions and explanations of the testing procedures there was almost a contest as to who would go first (I solved that by going first myself).

The results were around 96% negative – brilliant. Now let’s get on with logging. No – what about H&S policies (OSH / ACC)? In the past four years we have basically gone from a culture of what is a H&S Policy, to having four contractors with ACC WSM (Workplace Safety Management Programme) certification and a reducing accident/incident rate within our forests. The other

Te Hapua Forest, adjacent to Parengarenga Harbour, with patchwork coupes / riparian strips to mitigate run off in to the pristine harbour.
contractors are striving for WSMP accreditation and are due for audit very soon.

The forest was now up and running, morale was high and everyone knew the rules and abided by them.

We also promote the “home to home” philosophy for safety – if people are safe at work, why not be safe at home too – families are more relaxed and it engenders a whole sense of wellbeing for everyone.

I believe as a consequence of being part of a family run here, being consulted and being part of the decision making process, our people want to stay in the industry. Employee turnover is very low and the amount of FITEC National Certificates awarded is a huge credit to the contractors, and their employees. Our own staff have units too. They are not “the Boss” and the contractors “the workers” – they are a team which strives for continuous improvement in all aspects of the business.

FITEC Awards Night – Hothora Golf Club. Henderson Logging Ltd.

The multiple challenges of paperwork (H&S, HPT, ACC, OSH, RMA, FITEC) are now just a part of life in the forest. These aspects are enjoyed – they make people think about what they have to achieve and how to achieve it. It is no longer tonnes of logs cut or carried, and the prospect of a huge profit at the end of the month, it is now just a way of life.

Future challenges

The future challenges in our forests are the challenges of seeing the next crop come to harvest, having a stable workforce, a “can we do it better next time” attitude, and training more youngsters to take over.

The financial worries don’t tower over people as has perhaps happened in the past. Machinery is replaced or upgraded to utilise new generation technology, as seen by the harvesters, excavators and new truck configurations for smarter logging and cartage.

Perhaps one of the best moves we have made and which allayed some of the early financial concerns of contractors having to gear up whilst demands fluctuated, was that JNL went back to the future, and actually purchased equipment (skidders, excavators and a swing yarder) and set up two Company crews. In this manner JNL can go up or down in production, whilst the contractors maintain a reasonably steady output, thus having a stable cashflow. JNL bears the cost of its own machinery and crews whilst the “slow down” is on.

And at the end of the day – we haven’t used a lot of technology per se; we still have relatively small independent contractors, operating independently, who we talk to and they in turn talk to each other, and not try and cut each other’s throats.

With this atmosphere JNL has increased its production from 140,000 tonnes per annum in 1995 to around 400,000 tonnes in 2004 – having started clearfell proper in 2000. I appreciate that these tonnages are small in national terms, but up here in the Far North they are big.

So I believe the answer to the challenge of how to turn a tree into a product, is to put time, training and trust into those who work for you – they know what to do and will take ownership of their operations. Then allow them the time and tools to train others, and thus pass on the baton to the next generation.

And yes, the economics turn out all right too – for