

Future roading costs raising fears

Forest owners and local authorities in Northland have met to discuss community concerns over the impact of the pending boom in forest production. The forest harvest from Warkworth north is set to increase in the next four years, from an annual 800,000 cubic metres to 3.3 million cubic metres.

This will see four times as many forest trucks on Northland roads, with associated traffic safety and road maintenance costs. The president of the Forest Owners' Association, Peter Berg, said the Whangarei forum was the first significant attempt to get the various parties around the table.

He said the predicted increase in log truck traffic would raise road safety problems and improvements, including more passing lanes, would be needed.

Whangarei mayor, Craig Brown, said Northland, where Radiata pine grew faster and better, was the second largest forestry region in New Zealand. The issue of greatest concern was roading and what it would mean in costs to ratepayers over the next few years.

East Coast receives \$6.5 million boost

Following a review of the Gisborne-East Coast Forestry Project, the government will spend \$6.5 million a year until 2020 to achieve sustainable land management of the most severely eroded hill country. Primarily this funding will be put towards reforestation but may also be used for reversion. The Project is discussed as part of a focus on hill country in the April edition of the Ministry of Agriculture and Forestry's *RM Update* newsletter.

Work carried out by Landcare Research on the East Coast is discussed in an article on the effectiveness of trees in reducing hill country erosion. While occupying only 2.5 per cent of New Zealand's land area, the region accounts for 20

per cent of the sediment delivered to the ocean - a total of around 77 million tonnes annually.

Currently around 16 per cent of the region is planted in exotic forest. Indigenous forest occupies 17 per cent and 11 per cent is in second growth scrub. Based on the average planting rate for the past 15 years, a further 8 per cent of the region is likely to be planted in the next decade.

The Landcare Research work focuses on understanding the natural and human-induced processes of landscape change, and the cumulative impacts of such change. The aim is to find answers to key questions over the rate of recovery of the landscape from erosion, the ability of communities to carry out future land uses and what can be done to increase the rate of landscape recovery.

Mike Page, a geomorphologist with Landcare Research, Palmerston North, is currently working on natural and human-induced erosion and sedimentation. Outcomes of this research will contribute to identifying sustainable land use of the East coast erodible hill country and improve targeting of areas of the landscape where mitigation measures will be most effective.

Juken Nissho plant boost

A new mill being established in the Philippines will rely entirely on raw material imported from the New Zealand operations of Juken Nissho. It's reported that Juken Sankyo Co Ltd will invest US\$20 million to set up a wood panel plant at Subic Bay.

The news coincides with a local report that Juken Nissho is planning to boost production at its Kaitaia plant to cope with a near tripling of timber supply from Northland forests. The expansion is expected to include a new sawmill, veneer plant and associated services areas, with product being part-processed and sent to the Philippines for completion.

The company has asked the Far North District Council to rezone land north of the mill from general rural to industrial, and has said that land-

owners in the vicinity were agreeable to the plan in principle. Yields from the company's northern district forests were expected to rise from about 200,000 tonnes a year to about 550,000 tonnes in the next two to five years. The council has said the proposed zone could affect some adjoining lifestyle block owners and the council also needed to know that extra pressure on waste and water services could be accommodated.

The output from the Philippine plant will be mainly exported to Japan. Juken Sankyo is a leading producer of high-quality wood panels and decorative boards used in quality architectural projects.

In establishing its mill at Subic Bay, Juken Sankyo officials committed to actively support preservation of the remaining old-growth dipterocarp forests, formerly protected as part of the now-closed US Naval Base.

Fletcher Forests sale draws interest

The likely sale of Fletcher Challenge Forests has drawn closer with news that a number of companies have been carrying out due diligence on the Rotorua-based company. News of the sale came after it was announced the Fletcher Challenge had sold its paper division to the Norway-based Norske Skog for \$5 billion, clearing the way for the restructuring or sale of its three remaining business - forests, energy and building.

The company is reportedly looking for an investor to either buy out or buy a major shareholding in FCF to help solve the division's debt problem and stabilise its balance sheets.

Among those mentioned already are companies with interests in New Zealand, such as Weyerhaeuser New Zealand, which is reported to have taken part in the early stages of due diligence through investment bank Merrill Lynch. In addition, the Boston-based John Hancock Life Insurance, which last year invested in the commercial plantation operations of the State of Victoria, is also said to

be an interested party along with Seattle-based Plum Creek Timber. It is also understood that Asian interests have emerged as potential buyers.

Adding some spice to the sale is the management dispute between Fletcher Challenge and the joint owner of the Central North Island Forestry Partnership, the Chinese Government corporation, Citic. It's thought likely that Citic has a pre-emptive right to buy the FCF share of the CNIFP, so it could have an impact on any sale.

Ngati Tuwharetoa a major forest owner

The changing face of forestry was evident at a historic signing ceremony on the shores of Lake Taupo on 30 March.

At a ceremony at Turangi, the Hon Pete Hodgson, Minister of Forestry, signed documents varying the trust deed to the Lake Taupo Forest lease. The agreement means the Crown will phase out over the next 20 years.

Commentators have for some time predicted Maori will be a major force in forestry in the future and the ceremony was evidence of this. As more and more forestland is held directly or indirectly by overseas interests, the signing means the Central North Island tribe of Ngati Tuwharetoa is now one of the country's single largest New Zealand-based forest owners. This follows the government's agreement to vary a 70-year lease signed 31 years ago.

Mr Hodgson said the deal enables independent Maori management of a Maori resource, while at the same time making commercial sense for the government. The phase-out for the 31,000 hectares started on 1 April.

"Maori-owned forests make up less than 2 per cent of the total planted area. But the rents coming from Maori-owned land now give Maori the opportunity to invest. By using these rents to help plant the next crop of

trees, landowners can become forest owners and managers, sharing in all the wealth to be derived from New Zealand's future forests."

The Lake Taupo Forest Trust, which administers the forests on behalf of the owners, is now responsible for crop re-establishment and the Crown is primarily focussed

on harvesting the existing trees.

Tumu te Heuheu, the Chairman of Lake Taupo Forest Trust, speaking at the ceremony, said the Trust was grateful the Labour Government moved speedily after the election to act on the proposal and the Trust would continue to work in partnership with the Crown.

MAF Log Prices

The log prices shown in these tables are reported by the Ministry of Agriculture and Forestry for the March Quarter 2000.

Returns to small growers may be lower than those recorded here owing to scale and buyers' margins. These log prices are historical and indicative only and may not correspond to actual prices paid, or grades used, in market transactions. A "best fit" is applied by survey respondents to align company log grade specification with the generic specifications. Direct comparisons with actual market prices may not apply, due to differences between the specification sets. The prices are subject to changes when further data become available. The sources for this information are Ministry of Agriculture and Forestry industry contacts.

March Quarter and 12-Quarter Median
As at: 14 April 2000

Generic Log Type & Pricing Point	March 2000 Quarter	March 2000 12-Quarter Median
EXPORT (NZ\$ per JAS m³ f.o.b.)		
Pruned	176-218	211
Unpruned A Grade	98-121	112
Unpruned J Grade	92-104	87
Unpruned K Grade	84-102	85
Pulp	58-63	52
DOMESTIC (NZ\$ per tonne delivered at mill)		
P1	147-175	166
P2	102-150	135
S1	105-114	98
S2	85-96	88
L1 and L2	53-83	66
S3 and L3	58-78	64
Pulp	32-47	37

Indicative New Zealand Radiata Pine Log Prices by Quarter

Generic Log Type & Pricing Point	March 2000 Quarter	Jun 1999 Quarter	Sept 1999 Quarter	Dec 1999 Quarter
EXPORT (NZ\$ per JAS m³ f.o.b.)				
Pruned	176-218	180-198	167-186	171-206
Unpruned A Grade	98-121	104-107	94-112	98-119
Unpruned J Grade	92-104	70-89	71-85	80-98
Unpruned K Grade	84-102	72-83	78-89	83-110
Pulp	58-63	54-62	59-61	58-72
DOMESTIC (NZ\$ per tonne delivered at mill)				
P1	147-175	145-180	146-175	146-175
P2	102-150	108-145	96-160	98-160
S1	105-114	90-101	84-93	82-107
S2	85-96	78-90	78-89	82-95
L1 and L2	53-83	52-86	51-82	50-85
S3 and L3	58-78	45-62	43-65	54-68
Pulp	32-47	28-39	28-39	24-40