



Unpredictable China underpins log demand

THE WORLD ECONOMIC MELTDOWN OF THE LAST SIX MONTHS HAS NOT BEEN ALL BAD FOR FOREST GROWERS.

Since February, orders from China have got the logs flowing again. Ships that a year ago were a scarce commodity are back, charging reasonable rates. Importers have access to trade finance and their banks are honouring letters of credit.

Those are the pluses.

On the downside, markets for structural and appearance grade timber in New Zealand, Australia and North America have shrunk dramatically. Lower grades of sawn lumber destined for Asian markets have also been hit.



Log exporter Peter Hill

Timber mills are in crisis mode and several have closed. Many of those that service the Australasian market are really struggling – especially if they are not closely associated with one of the major timber retailers.

Others who locked-in shipping rates in mid-2008, for fear of further increases, also feel the pain.

Wenita Forest Products marketing manager Dave Cormack says poor demand from major sawn timber markets has resulted in weak selling to smaller markets like Taiwan, Vietnam

and southern China. As prices weaken, buyers there have become increasingly reluctant – fearful that today's bargain could become tomorrow's over-priced stock.

The one bright light has been log demand from China. After several weeks of complete inaction in the lead-up to the Chinese New Year, sales resumed in late January, picked up in mid-February, and haven't let-up since.

The main driver is price. Thanks to a low Kiwi dollar and competitive shipping rates, NZ radiata logs are a lot cheaper than Russian or locally grown Chinese species.

Log sales to China are well up on last year and if demand continues, China could supplant Korea as New Zealand's biggest log customer. Demand from Korea and Japan, both of which are in deep recession, is well down. Demand from India is steady but it's not a big market.

A situation as fragile as this is a very difficult place for a long-term business like forestry. Mills and forest harvesting crews can't easily be switched on once they've been switched off, so many major players are hanging in there, maintaining throughput until things 'come right'.

Just when this will occur is unknown. Some pundits predict the world economy will turn the corner in the next six months, while others say recovery is a year or two away.

In the meantime for forestry – if not wood processing – China is holding things together.

"If China continues to buy at current levels, log prices are workable," says Cormack. "But China is imponderable. Business conditions there can change without warning."

Different markets, different shipping and selling arrangements, and varying access to trade credit, mean every mill and every exporter is in a unique position. So, in turn, are the forest owners that supply them.

Peter Hill, a director of log exporter Pentarch, is hopeful that demand from China will be sustained. Imports from



Chinese infrastructure development is keeping the log trade alive

Russia, China's biggest supplier, were down 4.5 million m³ to 18.67 million m³ last year, while imports from New Zealand and Australia remained stable at around 2.2 million m³.

"During the economic downturn the Chinese Government is investing very heavily in domestic reconstruction – a major user of boxing grade lumber. If Russian imports stay at 2008 levels, China could remain a strong importer of NZ and Australian radiata logs."

Whether China can be expected to pick up all the slack caused by limited log demand from Korea and Japan, as well as for many of the logs that would have otherwise been milled in New Zealand, is another matter entirely.

For this reason, both Peter Hill and Dave Cormack caution forest owners to limit harvesting. They say it's important to keep contractors in business but nothing can justify speculative harvesting in the hope that logs will find a market.

Of all the things the government could do to help the industry through the downturn, they say the most useful would be incentives for the construction of wood-rich homes. It's a request that features – among other things – in recent submissions by industry associations to government.

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Stimulus needed in trying times



By NZFOA
chief executive
David Rhodes

WE LIVE IN EXTRAORDINARY TIMES. THIS IS CLEARLY THE DEEPEST RECESSION IN MEMORY, WITH THE GOVERNOR OF THE BANK OF ENGLAND COMPARING IT NOT WITH THE GREAT DEPRESSION OF THE 1930s, BUT WITH

THE EVEN DEEPER DEPRESSION OF THE 1890s.

Such parallels are easily drawn in the United States, western Europe and Japan where banks are burdened down with toxic debt, GDP is shrinking and governments have been using trillions of dollars to try and get the financial system back on its feet.

But elsewhere, in economies where government debt is low and banking practices have been boringly conservative, there is a belief that this is a recession that can be managed without excessive pain. China has trimmed back its GDP growth forecasts to 8% for the 2009 year. India has cut its to 7%.

With reserves of \$US200 billion and a reduced domestic deficit, Brazil is confident that it, along with other resource-based emerging economies, could emerge strengthened from the crisis.

For the last month or two, prime minister John Key and forestry minister David Carter have been telling audiences

that with a little imagination and resilience, New Zealand will be able to handle the recession and will emerge in better shape than many more sophisticated economies.

In the meantime, as Hillary Clinton has observed, recessions provide opportunities that shouldn't be wasted. In New Zealand's case, the recession provides a well-feathered nest indeed for the incubation of the RMA reform egg, as well as for other government initiatives designed to root out inefficient government spending and to cut red tape.

For wood processors, the recession is hitting hard, thanks to the slump in new building starts in key Australian, New Zealand and North American markets.

For log exporters, China is providing extremely welcome demand, but it is wholly price-driven – dependent on a continuing weak Kiwi dollar and low shipping rates. With limited demand from established customers in Korea, Japan and other markets, log exporters are unable to plan much further ahead than the next shipment. The resulting uncertainty permeates down through the supply chain to forest owners needing cashflow and contractors needing continuity of work. Business is precarious indeed.

Steps the government can take to help the industry have been discussed with ministers. The announced changes to the RMA are welcome and we look forward to stage 2 of the reforms where more improvements will be addressed.

Serious productivity gains could be

obtained from relaxing restrictions on heavy vehicle weights and dimensions on selected routes. It is heartening that the government wants this to occur sooner rather than later, and wants related infrastructure needs to be addressed.

Getting the ETS review concluded will restore some certainty for forest investors. But if the significant lift in new planting sought by all major political parties is to be achieved, additional recognition of the environmental benefits of forestry will be needed.

Big dollars are not necessarily involved. Public/private venture arrangements and the planting of appropriate species on DoC land are potential solutions. Increased planting would also assist with retention of the silviculture workforce.

Further encouragement should also be given to encouraging the development and use of forest-based biofuels. The current pause in the upward trend in fossil fuel prices and carbon emission costs gives New Zealand the breathing space in which to develop viable alternatives.

Finally, there is a need for significant government budget stimulus for the construction of homes and government buildings like school classrooms that will ultimately be needed anyway. This will be particularly important if the Chinese market falls.

It is a path other governments have followed. The Australian Government in its February stimulus package allocated \$6.4 billion to public and community housing. In Canada, the Conservative Government has promised \$7.8 billion in tax breaks and funding to spur the building of new homes and the renovation of existing dwellings.

In New Zealand, the government has agreed to invest \$104.5 million in upgrading up to 10,000 existing state homes. In addition, there will be 69 new state homes built within the next six months at a cost of \$20 million. This is a good start, but much more investment is needed.

While such a package could not replace markets lost overseas, it would assist in the retention of a trained silvicultural workforce, a viable wood processing industry and the skills needed to make added-value wood-based products – strategic assets that will be needed when all the graphs start pointing upward once again.



Recessions provide opportunities that shouldn't be wasted

It's a good time to root out inefficient government spending and to cut RMA red tape. Government investment in housing, schools and infrastructure is also strategically important



Go regional, says minister

THE GOVERNMENT DECISION NOT TO GO AHEAD WITH A FORMER PROPOSAL TO MERGE RURAL AND URBAN FIRE SERVICES HAS BEEN WELCOMED BY THE NZFOA.

Internal affairs minister Richard Worth rejected the merger because of the different roles of urban and rural fire services.

However, he is not happy with a rural fire structure based on 84 individual rural fire authorities. He wants them to form regional fire authorities like Southland has done.

The NZFOA's new fire committee chair Steve Wilton says the minister's decision not to go ahead with a single centralised fire authority for urban and rural fires came as a big relief. The



Internal Affairs minister
Richard Worth

association has met with the minister to thank him for his decision and to discuss the shape of proposed reforms.

"We are now working with the Department of Internal Affairs to come up with good practice guidelines for the establishment of the new authorities," he says.

"We don't want every region to start with a blank piece of paper. We need to identify the positives and negatives that have come out of mergers in Southland and other regions like Nelson-Marlborough. By using these as case studies, we can produce a template that other regions can adapt to their particular needs."



Rural fire services in New Zealand are efficient

But there is a potential to make them even more efficient by merging district authorities into regional bodies, backed by appropriate legislation

He says the centralised model has been tried overseas with sometimes disastrous consequences. However this does not mean the existing rural fire management system in New Zealand is perfect.

"We have long supported voluntary mergers of smaller rural authorities, as well as the fine-tuning of legislation," Wilton says.

"For example, rural fire fighters need to be given legal indemnity when they are asked to assist at vehicle accidents or in rescues. Also the funding of rural fire control costs needs to be more equitable and certain.

"Everyone who benefits from the control of rural fires should be paying their fair share. Then, when fire fighters and helicopters swing into action, they need to be certain their bills will be paid – regardless of whose land the fire is on.

"Logic suggests the National Rural Fire Authority should be the banker.

"Going regional means more formality will be needed – funding, structures and lines of accountability will have to be improved. With small local authorities many operational issues are sorted out informally, based on goodwill rather than good process."

In an interview with the *Otago Daily Times*, Worth said he was keen to see amalgamation "on a voluntary basis".

"But I actually think the case for amalgamation is so blindingly obvious that, if there is resistance, then I would see that resistance based primarily on self interest – undesirable self interest."

Southland principal rural fire officer, Mike Grant, said rural fire agencies in the region were combined more than five years ago and the system has worked well. One organisation now provides fire services across 3 million ha.

Steve Wilton at fire helm



Steve Wilton is the NZFOA's new fire committee chair, replacing Kerry Ellem who retired at the end of 2008.

Wilton is managing director of Masterton-based Forest Enterprises Limited. He joined the company in 1991, after 15 years experience in banking and finance, as marketing manager and 25% shareholder.

On the retirement in 1999 of company founder Charles Wallis, Wilton's

shareholding increased to 50% and he changed his role to business director. In March 2008 he purchased the other 50% of the business from forestry director Dave Jervis.

The company manages 71 forest investments, comprising 21,500 hectares located in Wairarapa, Hawkes Bay and Gisborne, for more than 6500 investors.

Recreating a Kiwi icon

PLANTATION FORESTRY, AS GENERATIONS OF FORESTERS HAVE KNOWN IT, IS ON THE CUSP OF SOME REMARKABLE CHANGES.

The changes won't be immediately apparent. But 10 years from now they will be obvious to everyone.

Large areas of new forests will be growing on steep hillsides now in poor sheep pastures. Radiata will still be the biggest player, but other species will be much more important than now.

Before planting, soil micro-flora and -fauna on a site will have been assessed to see whether they're optimal for the trees being planted. If not, the site or the trees being planted will have been inoculated with the right bugs.

Species and plant varieties that are best suited to the site will have been selected. The resulting forests will form a visually interesting pastiche of trees of different colour, form and growth stages.

When it comes to harvest, articulated remote-controlled machines will clamber down steep slopes to selectively remove logs from mixed species forests, or to clear-fell areas with less disturbance to the soil and understorey vegetation than tracked machines.

Growing trees for energy, new wood products and environmental services will be some of the biggest drivers of this change. But Russell Dale, chief executive of Future Forests Research (FFR), Rotorua, says the industry needs to lift its returns to around 7% on capital to achieve this vision.

This may seem a tall order. In 2000, PricewaterhouseCoopers found the 50 largest global forestry companies averaged a paltry 4.1% return to investors – a figure that some New Zealand forest owners have struggled to achieve in the last decade.

The average growth in NZ radiata plantations is typically around 17 m³ MAI (mean annual increment). Dale reckons this can be increased to 25 m³ MAI through a more intensive focus on productivity.

Other species offer an even greater potential. In Brazil, Aracruz Cellulose is achieving an extraordinary average of 43 m³ MAI from eucalyptus. In the US Pacific Northwest and Canada's British Columbia, hybrid poplars deliver 50 m³ MAI.

Of course, until new plantings have matured, the challenge will be to get better financial returns from existing plantations. For forests approaching maturity, this means better harvesting techniques and improved management of the value chain.

Accordingly, every aspect of felling performance is being monitored by Scion scientists under contract to FFR. They are kitting out mechanical harvesters and individual fellers with video cameras, GPSs and other remote monitoring equipment to find out what sets the top performers apart from the also-rans.

Ten years ago, this would have been seen as science fiction. But when combined with the massive computing power now available at reasonable cost, the work environment can be precisely recreated and assessed on a desktop computer.

Already this technology is being used by ACC to reduce accident rates; by FITEC to help prepare training materials; and by FFR to identify the work styles of those fellers who are highly productive and safe operators.

"A big challenge is to learn how to best harvest the steeper sites where most of our future forests will be planted,"

says Dale.

"We have to ensure harvesting is efficient and extracting the highest possible value. Are stems best processed on landings or should we have central yards? And is this practical in hill country? Can the gear used on some mechanised felling equipment to scan stems for dimension, wood quality and value be used in some way on steep country?"

Tracked machines can already harvest 23 degree slopes. Hence the interest in military machines that handle much steeper slopes.

"It's reasonable to target a reduction in harvesting costs by 2% a year, giving forest owners an improvement in net returns over 10 years of \$10.00 a tonne. We also expect to enhance value recovery by 5% of log value over the next five years, netting forest owners a further \$4.00 a tonne."

For the forests of the future, some of the big breakthroughs will come from crunching data that already exists about the performance of radiata, Douglas-fir, redwood, eucalypts and other species on different sites around the country.

"To give investors the confidence to start planting again, we will arm them with powerful computer-based tools



Modern machines can harvest ever-steeper slopes with less damage to soils or the vegetation understorey

The next generation may be remote-controlled harvesters with articulated legs based on machines used by the military



GPS
Video recorder

Video cameras
Heart rate monitor
RPM meter

What makes some workers more productive and safer than their peers?
Remote monitoring enables every aspect of their working styles to be recreated on a computer

that will recommend the best species, clones, tree densities and management systems for specific sites,” says Dale. “There’s no point in selecting a high wood quality clone and pruning it if the site will produce only industrial grade lumber.”

Some quantum leaps in tree selection and breeding technology will be a big factor in the development of these tools.

Rather than waiting until genotypes have reached maturity to assess their quality, an armoury of tests – chemical, sonic and physical – is being developed that tells scientists how young trees will perform at maturity. These have enabled tree selection and breeding programmes to be dramatically accelerated.

“Everything from planting to harvest will be based on what’s best for a particular site,” Dale says. That includes environmental management practices.

From regional councils to consumers, there is a demand for industries to demonstrate continuous improvement in their environmental performance. Not so long ago some forest owners saw this as an unwarranted intrusion into their lives. These days, as reflected in the widespread adoption of the NZFOA Environmental Code of Practice, most see the upside.

Also, there is a surprisingly high

correlation between environmental and economic performance. Efficiencies in fuel, fertiliser, agrichemical use and roading are as good for the pocket as they are for the planet.

FFR’s environment programme aims to position forestry as the land use with the most positive environmental and social footprint. Having done that, the challenge will be to develop mechanisms that enable forest owners to capture economic value from the environmental and social services their forests now provide free of charge to the wider community.

In 10 years time, expect to see regional councils paying rate rebates and fees to forest owners for these services. This will be important on some steep erosion-prone land where the economics of production forestry will always be marginal, and in buffer zones to protect lakes and waterways from run-off from dairying and other intensive land uses.

This brave new world won’t come soon enough for forest owners. Poor returns from existing forests and the inability to compete for land for new forests has put a pall over the sector and the careers for many of those involved.

Hence FFR, a partnership between forest industry stakeholders and Scion Research. Funding members include forest owners and managers, consult-

ants, service providers, as well as central and regional government agencies who set land use policy and who promote sustainable land use.

The government contribution is \$6.1 million a year for five years, supported by \$1.1 million a year in levies committed by members until October 2010.

“There is now a widespread recognition in the industry that it needs to innovate in order to have a viable future,” says Dale.

“One thing we know is that our competitors are not sitting still. World-wide, the area of plantations has increased in recent years to around 200 million ha. While only a small proportion are highly productive, producing 10-40 m³ MAI or more, they are becoming very significant in terms of world wood supply.

“At the same time, the competitors to wood – concrete, steel, aluminium and plastics – have invested heavily in innovation research and have successfully reduced the market share of wood products.

“The fact that the industry is willing to fund innovation research in such trying times gives me huge faith in the future of forestry.

“For decades Kiwis took huge pride in plantation forestry – they saw it as a national success story. Give us 10 years and it will be a Kiwi icon once again.”



FSC rules cause international impasse

THE FUTURE OF FOREST STEWARDSHIP COUNCIL ECO-CERTIFICATION IN MANY FORESTS AROUND THE WORLD IS THREATENED BY AN IMPASSE OVER THE USE OF AGRICHEMICALS TO CONTROL WEEDS AND PESTS.

The FSC is known for its passionate debate between forestry interests and environmental and social NGOs as they strive to develop rules that satisfy all aspects of forest sustainability, while being practical to apply.

Achieving this perfect compromise hasn't happened with agrichemicals. Managers of certified forests must be able to show they are reducing or eliminating their use. In addition, the FSC bans the use of 'highly hazardous pesticides', unless the use is subject to a special permission (a 'derogation') and then only for a strictly limited period.

This would be reasonable if the agrichemicals involved fitted the World Health Organisation's definition of 'highly hazardous' to either people or to eco-systems, but this isn't always the case.

Along with the real nasties, which aren't used in forestry anyway, the FSC list includes products that when used appropriately are benign. Unlike the USA's EPA or New Zealand's ERMA, the FSC takes no account of formulations and application systems that reduce the risks of using a chemical that is highly toxic in its concentrated form.

This reflects public attitudes in Europe, where a new law passed in January with a large margin by the European Parliament will require agrichemicals to be phased out in the EU if they pose any perceived hazard. At present, agrichemical regulation is based on an analysis of risks.

This philosophy creates real problems on the forest floor. Herbicides are essential for the control of weeds in newly-planted forests world-wide, and to remove invasive weeds in the restoration of natural forests.

Certificated NZ forest owners must also protect native biodiversity from pests like possums and stoats. The best tools for this are 1080 and cyanide paste. While these are 'highly hazardous' products, as per the WHO definition, tight regulations minimise the environmental and human risks.

Two of the main herbicides used in NZ forests, terbuthylazine and hexazinone, also fall into the FSC's 'highly hazardous' camp.

ESR research in NZ has found traces of hexazinone and terbuthylazine in groundwater studies in high-use areas such as arable farms, vineyards and



Possums are a major threat to biodiversity

But FSC is opposed to the use of 1080 and cyanide paste to control them

industrial areas. However, the levels were extremely low - well below the legal maximums.

In forestry, these herbicides are normally applied only three times in a 25-90 year forest rotation - once before planting and then twice to release young trees from competition from weeds. So they pose minimal threat to the environment.

Nevertheless, they and many other agrichemicals have been captured by FSC's 'highly hazardous' definition, leading to hundreds of forest managers around the world having to apply to FSC for derogations. Some of the first to do so were from New Zealand.

Brett Gilmore of Pan Pac Forests, Napier, says the derogation decisions NZ forest owners got back from FSC in mid-2008 were impractical and untenable.

Before New Zealand formally responded to these decision, NZFOA chief executive David Rhodes met with the head of FSC International who acknowledged that the more perverse of these decisions needed further consideration.

In October an appeal was lodged and a month later, Gilmore and fellow NZ delegate Colin Maunder went to Cape Town, South Africa, to argue the foresters' case at the FSC general assembly.

A highlight, says Maunder, was an out-of-session discussion between FSC executives and delegates from the CANZUS group of FSC forest owners

- originally Canada, Australia, New Zealand and the United States, but now expanded to include Brazil and many other countries. At that meeting, the FSC offered to make some concessions.

However, since Cape Town, Gilmore says many North American forest owners have received a blanket 'No' from FSC to their derogation applications. They're understandably frustrated and extremely concerned.

"FSC needs to understand they are pushing responsible forest owners into a situation where they can't go," says Gilmore.

"We simply cannot operate without effective control of weeds and pests - we are adopting good practice guidelines and making a genuine search for alternatives - but in our present state of knowledge we cannot plant and manage environmentally and economically sustainable forests without access to agrichemicals," Gilmore says.

"Either the FSC compromises and goes for an objective risk-based approach, or sooner or later there will be a mass migration to other certification schemes like PEFC. That would be a great pity."

He's optimistic FSC will grasp the nettle before it's too late, thanks to a growing recognition in FSC of the importance of highly productive plantations to the preservation of natural forests.

An extended version of this article is on the NZFOA website: www.nzfoa.org.nz

Industry addresses public concerns

THE FOREST INDUSTRY IS PULLING OUT ALL STOPS TO ADDRESS COMMUNITY FEARS ABOUT THE FUMIGATION OF LOGS WITH METHYL BROMIDE IN NEW ZEALAND PORTS.

“We are developing a code of practice for fumigators that will require them to extend their existing monitoring to the boundaries of all fumigation sites – information that can be made publicly available,” says technical adviser Gordon Hosking.

“Spot monitoring has consistently shown fumigant residues are at trace or, more frequently, undetectable levels at site boundaries. Hopefully this will give the public some reassurance.”

At the same time, the industry has agreed to identify and adopt any practical technology that will enable it to minimise the use of fumigants of any sort.

Methyl bromide is toxic to humans in the concentrations used during fumigation. But he says independent studies have shown no evidence that fumigation is a risk to anyone living or working beyond the boundary of a fumigation site.

“No-one wants fumigation to happen in their neighbourhood. But the reality is that human beings are tolerant of trace levels of this gas, which occurs naturally in the atmosphere as a result of biological activity in the world’s oceans,” he says.

“Some activists have created alarm by talking of ‘plumes’ of gas drifting in air currents from a fumigation site and descending somewhere else and causing harm. This is not possible.

“The physics governing the behaviour of gas molecules is very different to that which governs smoke and agrichemical spray droplets, which can form clouds or plumes. When methyl bromide is released from a fumigation envelope it disperses immediately.”

NZFOA senior policy analyst Glen Mackie says the forest industry prides itself on its environmental performance and can see the irony in being forced to defend the use of a product that is no longer used in agriculture because of its harmful effects on the ozone layer.

However, its use in biosecurity is standard practice around the world. Getting markets to accept other treatments is a real challenge, as there is no

accepted international protocol. Exceptions include China, which now allows on-ship fumigation of under-deck cargo with phosphine gas, and Japan, which fumigates imports on arrival. India is open to the use of phosphine, but trial shipments have been dogged by technical difficulties.

Phosphine is of similar toxicity to methyl bromide, but is not an ozone depleter. Also, it can be used in a ship’s hold during transit, which removes the perceived hazard from New Zealand ports.

Mackie says research is being focussed on finding alternatives to methyl bromide and in reducing the amount used in the meantime. Funding comes from the NZFOA and STIMBR (Stakeholders in Methyl Bromide Reduction) whose members are levying themselves \$1 a kilogram of methyl bromide, as well as MAF’s Sustainable Farming Fund.

STIMBR member Genera has received funding from MfE’s Sustainable Management Fund (SMF) to advance acceptance of directly generated phosphine for a range of applications, including sawn timber to Australia during the Arhopalus (burnt pine beetle) season.

Recovering methyl bromide from fumigation envelopes after fumigation has been a focus of research. Unfortu-

nately, the potential of the technology has been over-sold, says Hosking. To date it has only ever been used successfully on shipping containers.

To find out if there is a method for recapturing the gas on the much larger scale involved with fumigation envelopes, STIMBR has obtained a grant from the SFF to do an international literature review.

Mackie says the NZFOA has also been funding novel technologies that might replace fumigants entirely. There have been trials of special lights with wavelengths that deter insects and high voltage electricity has been pumped through logs and lumber to find out how bugs respond.

In the meantime – until they accept new technologies – some overseas markets are being approached by MAF officials to see if they will accept lower rates of methyl bromide. For example, some Asian markets require four times the amount of the fumigant required by Australia during the Arhopalus season.

There’s also the reality that during winter and early spring logs are virtually free of all insects. Persuading overseas biosecurity agencies that no fumigant treatment is needed during the colder months is yet another challenge for officials.



Export logs being fumigated on the wharf

Activists have made bogus claims that ‘plumes’ of gas can travel from the wharf to residential areas. The physics of gas behaviour means that it disperses immediately on release from fumigation envelopes

LIRA passes into history books

THE LOGGING INDUSTRY RESEARCH ASSOCIATION (LIRA) HAS BEEN DISESTABLISHED AFTER 35 YEARS FUNDING FORESTRY RESEARCH PROJECTS.

Incorporated in 1974 under chairman Pat Crequer, LIRA worked out of its own buildings on the FRI campus in Rotorua, starting with a staff of six. Initially, technology transfer was the main focus.

Thereafter, LIRA undertook much valuable logging and transport research, with part of this work from the late 1980s carried out in conjunction with FRI through the Logging Industry Research Organisation (LIRO).

Early activity was funded by informal levies but, as LIRA attained credibility, and with the co-operation of the NZFOA, a formal levy structure was introduced based on forest area and volume produced, with voluntary contributions from other groups.

In the mid- to late-1990s the principle of using an industry-wide levy to fund research fell out of favour and by 2000 LIRA had ceased active operation. Since then, a small disestablishment board has realised LIRA's assets, including the building on the FRI campus, and made funds available for research projects – many of them a continuation of work initiated by LIRA.

These include continuation of IRIS, the Incident Reporting Database, the windthrow salvage training video, updating of the Forestry Code of Practice, a review of log transport, Road Control Best Practice Guidelines, a log transport cost model, updating of material on fatal



NZFOA chief executive David Rhodes with former LIRA chair Tony Grayburn

accidents, membership support for FICA, the establishment of Future Forests Research Ltd and the continuation of harvesting research.

"LIRA pioneered many new practical technologies," says former LIRA secretary Graeme Hall. "In doing so, it has enhanced in a significant way the efficiency and effectiveness of forest operations."

"One of the ironies of LIRA's passing is that Tony Grayburn, a former chair, was a member of the establishment board and also of the disestablishment board – essentially, he's gone from midwife to pall bearer! There's also an irony that the voluntary levies that were seen as the way to go in the 1970s are now back in favour."

The shape of future training?

FOREST INDUSTRY TRAINING AND EDUCATION IS BEING RE-EVALUATED IN A REVIEW LED BY FITEC CHIEF EXECUTIVE IAN BOYD.

Forest owners, wood processors, MAF, the Department of Labour, Council of Trade Unions and major education players are taking part in a working group that's due to report in about 12 months. It follows a study last year by Boyd of forest industry training in Australia, North America and Europe.

A report he produced on his return floated the idea of establishing a wood industry training school in New Zealand.



The forest training school in Naessjoe, Sweden

This has been discussed with more than 20 industry stakeholders.

He says consultation to date has revealed a consensus that the current system is not delivering the required skills and failing to develop career pathways. It's also failing to make the wood industry attractive to potential recruits.

Although the working group has strong support from industry, unions and iwi, achieving the 'ideal' won't be easy. The global economic crisis is hurting the industry and the environmental benefits of wood and forestry have yet to get proper economic recognition. Also, trade training is the poor cousin of university education.

"Of the \$2 billion tertiary education vote, 50% goes to universities and 25% to polytechs. Yet almost 60% of school leavers do not become full time university or polytech students," says Boyd,

who wants forestry and wood processing training to get their fair share.



FITEC chief executive Ian Boyd

In Boyd's opinion, European training schools provide the best models for New Zealand, they have value and viability proven over a long time, sometimes for around 100 years.

Their courses deliver a full trade education and life skills training to 16–19 year olds, giving them a broad skill base and a good understanding of the wider industry. There is a strong focus on learning and doing, ranging from full-time school with holiday work placements, through to bringing employed trainees into school for an agreed number of days a week. They are highly valued by industry and trainees.



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