

# Biofuels need a leg-up

**If New Zealand is to meet its greenhouse gas emission targets, government investment in biofuel research will be needed.**



Forest wastes could help reduce New Zealand's reliance on imported fossil fuels

NZFOA environment committee chairman Peter Weir says the forest industry sequesters far more CO<sub>2</sub> (a greenhouse gas) than it emits through the use of fossil fuels.

But it could make an even bigger net contribution to the country's greenhouse gas (CHG) ledger if forest waste or purpose-grown tree crops were converted to liquid biofuels, which are 'carbon neutral'. From 30-45 per cent of forest production is waste.

Biofuels already provide about 14 per cent of the world's primary energy supplies, a figure which is expected to grow to 50 per cent by the turn of the century.

Some are used as a direct energy source, such as to fuel electricity co-generation plants or to produce steam for drying kilns. But the most important biofuel is ethanol, which is used overseas in mixtures with petrol or diesel to fuel conventional motor vehicles.

Ethanol has traditionally been produced by the fermentation of carbohydrate-rich crops like sugar beet, sugar cane or grain. But a much cheaper potential feedstock is cellulose – a major component of woody plants.

Until recently, forest and crop wastes could

not be used in ethanol fermentation. But several companies have recently developed enzyme-based processes which break down lignin which otherwise prevents the production of cellulose ethanol.

Shell Oil, for instance, is involved with the logen Corporation which has developed what it says is the world's first demonstration-scale cellulose ethanol plant. logen is understood to be now looking for locations for industrial-scale bio-refineries in Europe and North America.

"Liquid biofuels have many benefits but the two biggest are environmental sustainability and security of supply," Weir says.

However, he says we are unlikely to see bio-refineries set up in New Zealand in the short-term unless the government sees it as a priority. Left to market forces, fuel prices would need to increase substantially before it becomes economic here.

Individual forest owners have costed out what's involved. If short rotation tree crops are chipped in the forest but need to be trucked for more than 30 minutes, then the economics don't stack up.

There's also the practical issue of how to gather, chip and compact forest wastes on the hills of the 'new' forest districts like the North Island's east coast. The machines that do this work in countries like Finland are not designed to operate on steep slopes.

"If New Zealand is to meet its targets for Kyoto and beyond, we need research carried out here to accelerate the adoption of bio-fuel technologies. Biofuels could represent a whole new commodity flow from our forests," Weir says.

NZFOA chief executive Rob McLagan says the government will need to be the principal funder of this research, because the economy as a whole stands to benefit most from lower GHG emissions.

Funding could be available from the government's share of sales of carbon sink credits from our Kyoto forests. Discussions are continuing between the industry and government on this issue.

"As the log harvest increases, a lot of it in remote areas requiring longer truck journeys, we are going to see a large increase in log truck movements and fuel consumption. It is in the interests of all New Zealanders that an increasing proportion of this fuel comes from renewable resources.

"Also, income from producing biofuel feedstocks would help forestry to remain a competitive land-use with intensive livestock industries which are gross GHG producers, principally methane and nitrous oxides." ▀

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# In my view

## Wood is good

**The NZ forest industry needs to adopt a much more assertive approach in presenting itself to the world.**

The benefits of plantation forestry are impressive – carbon sequestration, a rapidly expanding range of wood products, regional growth and employment, soil and water conservation, and biodiversity protection spring to mind.

As Wink Sutton says, “If wood fibre was to be invented now, it would be hailed as a wonder material”.

And yet plantation forestry doesn't always have a favourable image. In New Zealand, the public face of the industry is too often clear felling, log trucks on the roads, and employee lay-offs.

It is worse overseas. Three industry representatives recently attended in Germany the 10<sup>th</sup>

anniversary of Forest Stewardship Council (FSC) and the launch of a FSC review of plantation forestry standards.

At the 1992 Rio Earth Summit we felt that we had clearly established the positive attributes of plantations as a sustainable land use. But at the FSC meetings our representatives were again faced by lobbyists intent on discrediting the environmental credentials of plantation forestry.

Much of this opposition has been triggered by environmentally and socially unsustainable logging practices in developing countries. In Germany our representatives, George Asher, Colin Maunder and Brian Pritchard, worked hard and pretty successfully to differentiate

NZ plantation forests from these practices. But the fact that many environmentalists still have these misconceptions 12 years after Rio is a concern. Nor are we helped by northern hemisphere forestry interests who have a vested interest in discrediting what they see as a competing fibre.

On the positive side, the major environmental organisations in New Zealand support the sustainable nature of this country's plantation system. Also, we are fortunate that the Ministries of Foreign Affairs and Trade, and Agriculture and Forestry, vigorously promote our plantation regimes in international forums.

But we cannot rely on others. It is now time for the industry to step forward and promote even more confidently the message that plantations are environmentally sustainable and “wood is good” in so many ways. 🌱

### Environment

## Native tree encouragement

Tane's Tree Trust, a network which encourages land owners to plant and sustainably manage native trees, has helped produce and distribute *Kauri* and *Totara* – 40-page coffee-table quality colour bulletins on two of New Zealand's most important indigenous timber trees.

The booklets are subtitled 'Establishment, Growth and Management', but they do much more than that. History, natural distribution, form, relationship with other species, traditional uses, seed production and other useful background are all covered.

A surprising amount is known about the silviculture of these two species.

In part, this is due to the vision of individuals who, as far back as 90 years ago, made trial plantings. A lot has also been learned from examples of natural regeneration. For their part, nurseries have for many years been

propagating kauri and totara for amenity planting.

David Bergin edited both booklets, assisted by Greg Steward in the case of *Totara*. Forest Research handled the publishing on behalf of the Trust, with funding from the Ministry for the Environment and FRST.

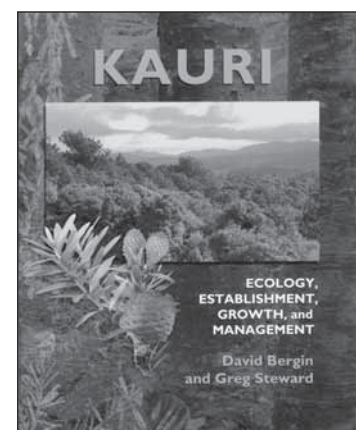
Further publications in this series are planned, with hardwoods including pohutukawa high on the list.

*Kauri* and *Totara* are available from Tane's Tree Trust at no cost to trust members (the subscription is \$25 for individuals). Members will also get copies of further publications in the series as they are produced. To join, contact Ian Barton, tel 09 292 4825, email [ibtrees@ihug.co.nz](mailto:ibtrees@ihug.co.nz)

The first print runs of both bulletins were oversubscribed. Because of their value to forest owners considering planting an alternative

species, or wishing to manage an indigenous area, NZFOA and FITEC have assisted with reprints of both.

Copies can also be obtained from Forest Research, Private Bag, 3020, Rotorua. Tel 07 343 5899, email [david.bergin@forestresearch.co.nz](mailto:david.bergin@forestresearch.co.nz) 🌱



# Sustainability stamp sought

The New Zealand forest industry – known world-wide for being environmentally friendly – may need to consider ‘going it alone’ if it fails to negotiate a national sustainability standard which complies with the rules of the international accreditation organisations.

FSC accreditation is seen as the preferred green stamp of approval by a number of international furniture retailers. However some of the council's rules are hard to apply to southern hemisphere plantation forests.

Two years ago the industry proudly produced a draft national standard for plantation forestry for public comment. There was an expectation that it would be signed off within a year or two.

This has not occurred. Instead, the standard setting process has become stalled, with economic, environmental, Maori and social interests on the NZ Forest Certification Group unable to agree on a couple of sticking points.

The big ones are the requirement to set-aside 10 per cent of a forest for the restoration of native vegetation, by ecological district, and a ban on clearing native scrub to establish plantations.

Environmental representatives argue that they are bound by the 10 FSC principles upon which all national FSC standards must be based. But industry questions the practicality of set-aside on areas like the Canterbury plains, where natural eco-systems have long gone.

The industry is keen to have international endorsement for its standard, because it has the potential to be an important marketing tool.

A number of leading international retailers fear stocking wooden furniture without a ‘green stamp’ in case they are targeted by environmental activists.

“The trouble is,” says Colin Maunder of Kainagaroa Timberlands, an industry delegate at a recent FSC conference in Germany, “FSC was set up by European and North American environmental groups who don’t understand plantation forestry in New Zealand and Australia.

“They are mostly concerned about unsustainable logging of natural forests, particularly in Third World countries; the impacts on subsistence communities who depend on those forests; and the restoration of eco-systems.



The most sought-after stamp of approval

“Here, our plantations are highly sustainable – many were planted for soil and water conservation reasons, usually on land which was deforested generations ago. New Zealand's indigenous people don't want a subsistence life-style, they want the right to clear scrub and develop commercial forests.”



It may be sustainable, but proving it to the satisfaction of the ENGOS is another matter.

Maunder says the NZ delegation found considerable opposition from environmentalists to FSC accreditation of plantations.

“The ENGOS have a fixation that plantations should be moving toward natural forest restoration, something which cannot be achieved with large-scale plantations of exotic species. They are also opposed to the conversion of degraded natural vegetation.”

He says these views may not seem rational from a New Zealand perspective, but they could hold sway if the NZ industry is not involved in FSC's current review of plantation standards. Some ENGOS want FSC to stop accrediting plantations, full stop.

To help build understanding, the NZ delegation offered NZ examples as a case study.

“The FSC showed particular interest in the Lake Taupo Forest Trust example presented by chief executive George Asher, because it showed indigenous people involved in successful management and ownership.”

NZFOA chief executive Rob McLagan says the Association has yet to decide whether or how it might become involved in the FSC plantations review.

“Even if New Zealand abandons its efforts to get FSC endorsement of a national standard, the interests of those forest owners who already have FSC accreditation need to be considered,” he says.

More than one-third of our forest plantation area is thought to be already accredited.

“Further efforts will be made to reach agreement with environmental interests on a national standard which is compatible with international standards including FSC.

“But if this fails, which would be very unfortunate, we will need to consider alternatives including the development of a rigorous national standard and promote that, much as the Australians have done.

“Audit and assessment would still be undertaken by an independent agency.”

# The rise of the TIMO

## *A new era in the New Zealand forest industry*

By Trevor Walton

For many years, the forest industry in New Zealand was dominated by the Crown's vast forest holdings, then by large corporates which planted trees, tended them to maturity, and then processed and marketed the log harvest.

This era is coming to a close. The two vertically integrated giants — Tenon (formerly Fletcher Challenge Forestry) and Carter Holt Harvey — are putting a greater emphasis on timber processing and marketing, and Tenon has sold out of forest ownership entirely.

Ready and willing to buy these and other forests is a new class of investor — the TIMO, or Timber Industry Management Organisation. The four largest are GMO Renewable Resources Limited (GMO RR), Global Forest Partners, Hancock Natural Resources Group and Prudential Timber Investments. Together they are estimated to manage some 420,000 ha of NZ forests.

GMO RR set up in New Zealand in 1997. But it came to prominence in November last year when it purchased cutting rights to New Zealand's largest plantation forest — the 189,000 ha Kaingaroa Forest — on behalf of Harvard Management Company. The former Central North Island Forest Partnership (CNIFP), now

trading as Kaingaroa Timberlands, had been in receivership for three years.

GMO RR's portfolio, including Kaingaroa Timberlands, is approximately 240,000 ha in area. Prior purchases include Glenburn Station on the Wairarapa coast; Toropapa Forest, Hawkes Bay, a joint venture with Rayonier and the Te Awahohonu Trust; and just recently, the cutting rights of Nuhaka Forest, East Cape.

This is serious investment, but it needs to be seen in the context of GMO RR's global forest investment portfolio, which totals some US\$2 billion. Its recent purchase of 1.1 million acres (441,000 ha) in Maine and New Hampshire, USA, led to one newspaper to run the headline, 'GMO buys 5% of Maine'.

Strictly speaking, GMO RR is not the purchaser of the forests it manages. As the forest investment arm of GMO, a Boston-based investment management firm, it acquires forests on behalf of investors. The GMO stands for 'Grantham Mayo van Otterloo'.

Normally the purchases are made on behalf of Limited Partnerships, incorporated under US law. The Kaingaroa Timberlands deal was unusual in that only one investor was involved; one which was willing to have

a public profile of its own.

The Limited Partnerships may have up to 99 investors, one of which is GMO RR, which invests on its own behalf and plays the role of General Partner.

"As General Partner, we make the investment and management decisions, and report quarterly to our investors," says GMO RR's New Zealand director Ian Jolly.

Investors need to stump up a minimum of US\$1 million to participate. They also need to be 'qualified purchasers' which, in the case of an institution, means a minimum investment portfolio of US\$25 million or, in the case of an individual, US\$5 million.

In return, GMO RR "seeks to provide diversified timber portfolios that target real annualised returns (net of fees and inflation) of 7.5-9.5 per cent over a minimum of 10 years of investment."

Jolly says returns at these levels or better have traditionally been earned from well-managed plantations, and while returns are currently at the lower end of the range, GMO RR has no reason to doubt the long-term viability of forestry.

"The long-term average return from US eq-

## KYOTO

### *Where the government's forestry policies have gone wrong*

Ian Jolly says the government has yet to get its Kyoto policies right, from a forest sector perspective. However, he's hopeful it will address the negative incentives and competitive disadvantages created by the existing proposal.

He's not arguing against the ratification of the Kyoto protocol, but with its decision to appropriate substantial property rights.

"The compensation on offer is nominal when you compare it with the value of what's been taken and it is unacceptable to have left foresters with the Kyoto liability for any deforestation of pre-1990 forests.

"The extent of this liability is unknown but it certainly has the potential to outweigh any benefits on offer."

His second issue is with forestry "subsidising" other industries for their greenhouse gas emissions.

"In the case of dairy farming, this extends to nitrogen leaching and its impact on the water quality of our lakes and rivers."

Thirdly, there is the issue of property owners' rights to develop their land for the highest and best use.

"In addition to the Kyoto liabilities, it has been suggested that government will legislate to prevent conversion from forests to other land uses. This will be a major concern for forest land owners in the Central North Island," says Jolly.

"To make matters worse, the government's own agency (Landcorp) are fronting the conversion of significant areas of forest to dairy in the same region.

"The government argues that the rentals forestry pays for Crown Forest Licence land should at least in part be determined by land values for adjacent agricultural land, which includes dairy."

Finally, the NZ forest industry has many competitors, the most significant of which do not face similar penalties.

"In recent years, in stark contrast to New Zealand, Australia has seen dramatic increases in both new plantation developments and timber processing infrastructure. Australian foresters enjoy full benefit of land ownership without Kyoto penalties and are starting to realise on some blue sky carbon credit trades available". 

unities is in the range of 6-6.5 per cent, so forestry returns are not out of line, considering the risk profile and the illiquidity the asset has.

"GMO has a very bearish view of the expected returns from the more traditional equity, bond and fixed interest investments for the foreseeable future. This explains to some extent the increase in capital available for alternative investments such as forestry."

So why does GMO RR, and by implication the other TIMOs, take such a positive view of investment in forestry, when some of the other major players have appeared so eager to sell?

In a word, expectations. In Jolly's view, you can't expect an investment in forestry to earn double digit rates of return and be sustainable in the medium to long haul.

"You can only achieve returns at these levels for relatively short periods by harvesting aggressively and minimising your establishment and silvicultural spending. This is a very forgiving asset class, but eventually that type of management will result in rapidly decreasing returns. If you want a sustainable double-digit return you should not be considering NZ plantations as the place to achieve that."

As a Kiwi who began his forestry career as a NZ Forest Service trainee, he's proud of what GMO RR is contributing to the industry and the New Zealand economy.

"Yes, there was a negative reaction when Kaingaroa Timberlands laid off some contractors after taking over the former CNIFP, but equally, all would concede that the previous level of harvest was unsustainable.

"We introduced equity into a dramatically under-capitalised business and created a measure of certainty for staff and the remaining contracting workforce. Our management strategy is to restore an asset which has in our view been over-harvested, so that it is capable of producing wood of a higher average quality in the long-term.

"We believe this will benefit the industry because a higher proportion of the harvest will be of a quality that improves the returns from processing. It enhances the potential to really add value to radiata pine."

So why doesn't GMO RR invest in wood processing too? Does the company disagree with the industry objective of increasing the proportion of the log harvest processed in New Zealand?

"No, not at all," says Jolly. "It's entirely desirable to process in New Zealand. But forest growing and timber processing are vastly different businesses, even though they are in the same industry.

"Our source of capital and our expertise are a natural fit with forest ownership, but not with processing."

He says the separation of production and processing is allowing some of the vertically integrated companies to refocus their less patient capital on processing and distribution. It will also benefit independent processors that in the past have largely depended on the corporates for their wood supply.

**"Our management strategy is to restore an asset which in our view has been over-harvested, so that it is capable of producing wood of a higher average quality in the long-term."**

While GMO RR sees good prospects for New Zealand radiata pine, the company has been less enthusiastic about the government's Kyoto policies (see panel). There remain "strong con-

cerns" about signing the Forest Industry Framework Agreement with the Crown in its current form.

While the TIMOs have been accused by some of being "stand-offish" when it comes to joint industry activity, this may simply be suspicion about the new kids on the block. For his part, Jolly is a new and enthusiastic councillor of the NZ Forest Owners Association who wants to see the NZ plantation forest industry achieve its maximum potential. In his view, what's good for the industry is good for GMO RR and its international investors.

His company's voluntary levies (based on forest area) to the Association are among the highest in the sector. So does he want a compulsory levy, so that everyone gets to pay their fair share?

"No, I'm not in favour – I'm confident there are more targeted ways of funding industry-good initiatives.

"In principle, levies should be voluntary, so that organisations remain accountable. The former Wool Board would be an example of a levy regime failure that we have no interest in seeing repeated in the forest industry. 🚩



GMO RR New Zealand director Ian Jolly says long-run returns from forestry of 7.5-9.5 per cent or better will continue to be achieved

# Grid agreement near

**The willingness of Transpower, the operator of the national electricity grid, to negotiate improved access and other arrangements with land owners is welcomed by the NZFOA.**

"It provides a benchmark by which other electricity lines companies can be judged," says NZFOA environment committee member Murray Parrish.

The NZFOA has long been a staunch critic of regulatory powers given to the electricity industry to operate power lines on private property without agreements with land owners as to liability for matters like route maintenance, outages, and health and safety.

However little progress was being made until last year, when Transpower announced that its network urgently needed a major upgrade. Many existing corridors had to be widened and some new corridors needed to be established.

The company said it would be seeking property easements for the first time, and Transpower chief executive Ralph Craven promised to work with land owners and compensate them fairly.

Late last year, Transpower approached the Land Owners Forum to discuss a reasonable legal basis for Transpower to install and maintain its network.

A draft NZFOA easement agreement then became the basis of negotiations.



The Transpower template will provide a benchmark by which lines companies will be judged.

Parrish says the agreement is now being refined by lawyers working for both sides and it is hoped it will be finalised shortly.

"However, we must emphasise that it is a template only. It does not prejudice the right of an individual property owner to negotiate a deal which applies to their situation."

He says the key points of interest to forest growers, are:

- Forestry is largely incompatible with safe high voltage electricity transmission. Transpower will therefore acquire an easement through forest land amounting to virtual ownership and will pay commensurate compensation.
- The easement acquired by Transpower will encompass the separation distance between forestry activities and Transpower's infrastructure which, in Transpower's expert judgement, is required for its safe operation.
- Transpower accepts responsibility for vegetation maintenance within (including along the margin) of the easement to ensure transmission line safety and compliance with Regional Council pest management requirements.
- Vehicle access to transmission infrastructure where it differs from the route itself will require separate easements. If Transpower chooses not to create an access easement, the loss of vehicle access for any reason is at Transpower's risk.
- Transpower will operate a good neighbour policy in respect of timing and notification of access, management of fire risk, etc.
- Forest owners' liabilities in respect of the OSH Act are not changed by installation of electricity infrastructure.

For more details, contact Rob McLagan, Tel 04 473 4769. 📧

## China

# Welcome initiatives in Asia

Two recent initiatives which will help build sales of New Zealand forest products in China, have been welcomed by the NZ Forest Owners Association.

The government has announced it will be entering free trade talks with China. In addition 20 major forestry and wood processing companies have agreed to work together to develop the Chinese market.

"Although China has a zero-tariff rate on logs and sawn lumber, there are significant non-tariff barriers and red tape which prevent NZ radiata and processed solid wood products from achieving their market potential," says president Peter Berg.

"The industry is already working with the Chinese government on a code of practice for the use of radiata in building framing, but much more needs to be done.

"Aside from competitive pressures from other suppliers, there are issues of scale. Even our largest forest exporters are minnows in a market the size of China, making co-operation an eminently sensible move."

China is now the world's second largest log importer and is a huge market for doors, windows, and flooring. It is New Zealand's fifth-largest forest products export market, worth about NZ\$400 million a year.

At the China Wood 2004 conference in early November, keynote speaker Matthew Brady said China's dependence on imported wood and building products will continue to grow.

Working groups established at the conference are developing an industry strategy targeting three Chinese sectors – construction, apartment fit-outs and furniture manufacture. The companies involved will look at joint activities like market research; the promotion of New Zealand and radiata pine in China; and lobbying on regulatory issues.

Trade and Enterprise New Zealand is also looking at establishing a New Zealand wood and building products centre in Shanghai.

## Permanent sinks plugged

Forest owners are viewing with interest government plans to allow those who plant permanent forests to get fully tradable Kyoto Protocol-compliant carbon credits.

This is in contrast to owners of production forests which have had their carbon credits nationalised.

Under the Permanent Forest Sink Initiative (PFSI) land owners will meet all costs associated with generating the credits and agree to 'replace' them, should the carbon stored in the forest be released back into the atmosphere again.

Participants would have a contract with the Crown, which would be registered against land titles and bind all future land owners. The contract would also include a management plan.

The legal framework for this is still being drafted and in the meantime no contracts can be signed or registered.

Timber can be removed sustainably from PFSI forests, but only after 35 years and only on a continuous canopy basis. Early harvest or clear felling will incur penalty payments.

Climate Change Office chief executive Bill Bayfield says the initiative will add value to marginal lands.

Depending on the value of carbon credits, and the productivity of the site, scrub or regenerating bush could be worth \$250-\$400/ha each year.

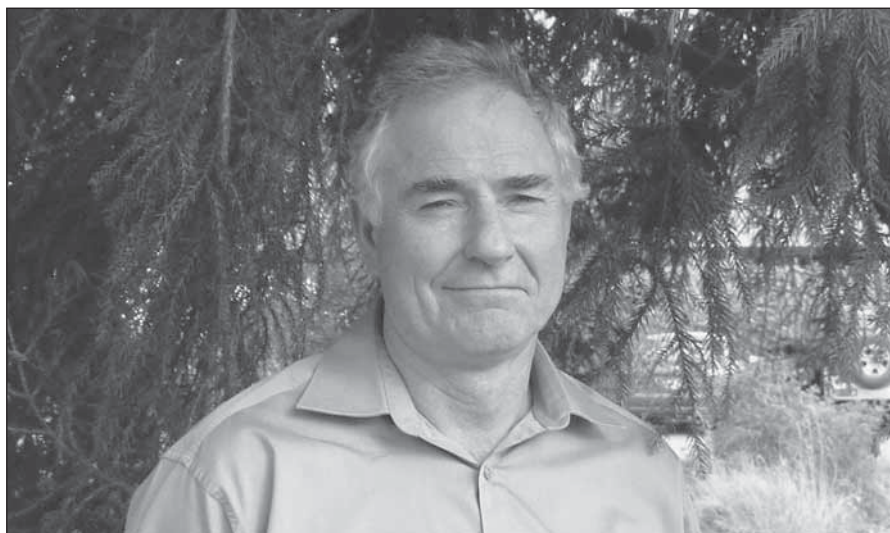
However, he says there are a lot of complicated issues to resolved first, including definitions. "When does land with little tree seedlings under the gorse become permanent forest?" he asks.

NZFOA chief executive Rob McLagan says the concept is sound, but its conditions may be too restrictive to expect a large uptake from land owners.

"However we support it proceeding. We hope the government will continue to engage with forest owners on the scheme to see if it can be modified to help it achieve its objectives." ■

## Quality initiative delivers

After a flurry of publicity surrounding its establishment in February 2003, WQI Limited has been left to get on with its job of providing value for its shareholders. Which is just how chief executive Keith Mackie likes it.



Keith Mackie says the industry-government research partnership is working well

Known as the Wood Quality Initiative, WQI is an industry-government research consortium; a new structure designed to bring a hard commercial focus to industry-good research.

Mackie is in no doubt it's working. As just one example, he points to two technologies identified by WQI which can pick up intra-ring checking – a major fault in wood used for high-end joinery – before dried lumber is processed.

This is worth about \$1.5 million a year to WQI's shareholders – not bad for the company's first 18 months in business.

"In this case we put effort into identifying technologies which had been developed elsewhere around the globe and applied them to radiata," says Mackie.

"It's not what you'd call classic research, but it can rapidly add value for some of the shareholders and this is what we are about."

Regarding WQI's overall programmes, he says the next frontier is timber stability.

"Within 24 months I am confident we will be able to accurately predict whether a piece of green radiata will twist when it dries. The technology will be worth about \$1-2 million a year for a major NZ mill."

WQI has 18 shareholders. They include most of the big names in the forest growing sector, plus CSIRO, Forest Research and University of Canterbury as research providers.

The real strength of this structure, says Mackie, is the close involvement of industry technical experts. In particular, the members of WQI's technical committee who oversee research in four key areas.

Dave Cown is responsible for resource characterisation; Graeme Young, improved appearance properties and performance; Marco Lausberg, improved structural properties and performance; and Wayne Miller, improved stability and straightness of wood products.

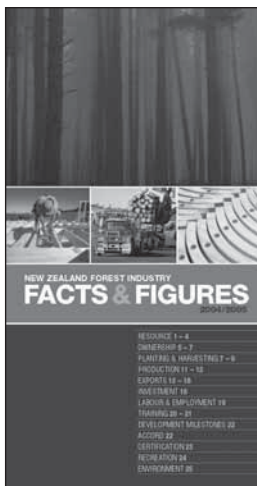
In addition, Mackie says FRST, the government funding agency, has been brilliant. They see WQI as a success story.

"Because we've made so much progress, the focus of discussion has changed. Two years ago, shareholders were demanding tools to identify poorer quality wood before it got into processing. Now the tools are on the horizon and the conversation is more about how to maximise value from the poorer stuff that will be segregated out."

Mackie is pleased he's got some quick runs the board, because he is now asking shareholders to invest beyond their three-year commitment period.

"We're making a huge amount of progress in a number of areas, but, realistically, we need more than three years to put the results to work." ■

## Facts and Figures



Did you know that New Zealand's plantation forest industry supplies 1.1% of world and 8.8% of Asia Pacific's forest products trade? All from just 0.05% of the world's forest resource and an annual harvest area equivalent to 0.0009% of global forest cover?

The reason – highly productive, sustainably managed plantation forests.

Find out more in the latest *New Zealand Forest Industry Facts & Figures 2004/2005*.

*Facts & Figures* is produced by NZFOA, NZFIC and MAF, and is available online at: <http://www.nzfoa.nzforestry.co.nz/factsandfigures05.pdf>

For a hard copy, contact NZFOA, PO Box 1208, Wellington. Price: \$5 a copy (incl GST and postage).

## Season's greetings!

It may have been a difficult year for many in the forest industry, but at the end of it all we thankfully have a season of good cheer.

The NZFOA wishes all its members, friends and contacts a very happy Christmas and a relaxing New Year.

Thank you for your support and wise counsel during 2004.

The Association's office closes on 23 December and re-opens on 17 January. We look forward to being of service to you in 2005.

## Qualifications Review

Forest Industries Training (FITEC) is reviewing its qualifications structure and is looking for feedback from the forest industry.

The NZ Qualifications Authority requires training organisations to review all qualifications within five years of registration. FITEC's number comes up in 2005.

The main aim of the review is to identify the skills and training requirements of industry for the next 3-5 years and ensure that existing qualifications meet these needs.

NZFOA chief executive Rob McLagan says the Association will be making submissions to the review which it sees as timely and important.

FITEC is organising meetings to get feedback from stakeholders and feedback forms are carried by all its regional training managers. Individuals can email [feedback@fitec.org.nz](mailto:feedback@fitec.org.nz) at any stage of the project. Lauren Walker (021 786 663) and Glen Mackie (027 249 8853) are also available for direct feedback.

## Who's whom?

The NZ Forest Owners Association elected a new executive council at its annual meeting in Auckland on 12 October.

While the Association's officers act as industry representatives, rather than as representatives of their companies, these are listed below for reader interest.

**President:** Peter Berg, Berg Forests Limited

### Executive Council

George Asher, Lake Taupo Forest Trust

Peter Clark, PF Olsen

Sheldon Drummond, Juken Nissho

Kerry Ellem, Selwyn Plantation Board

Jeremy Fleming, Carter Holt Harvey

Ian Jolly, GMO Renewable Resources

Philip Langston, Kaingaroa Timberlands

Brian Pritchard, Pan Pac Forest Products

Charlie Schell, MAF/Crown Lease Forests

Lees Seymour, Weyerhaeuser

Peter Weir, Ernslaw One

**Chief executive**

Rob McLagan. *Contact details below.*

## Gall threat countered

Forest Research in Rotorua is collaborating with US and Canadian scientists in the development of a DNA-based testing technique for use as an early-warning detection tool to protect NZ pine plantations from western gall rust (WGR).

The rust is prevalent in North American plantations, tree farms and nurseries. Thankfully, the risk of it reaching New Zealand is low. But if it did become established here it could pose a serious economic threat.

The disease infects the succulent tissue of elongating shoots of 1-year old trees, creating globe-shaped clumps or galls. After a year, spores emerge from the gall and distribute themselves. Thereafter, sporulation occurs each year in spring/summer.

The rust does not in itself kill the tree. But the malformed and stunted growth above the gall means the tree has little commercial value.

According to Dr Tod Ramsfield of Forest Research, WGR is not a seed-borne disease. So the practice of importing radiata seeds, rather cuttings and seedlings, has protected New Zealand.

The development of DNA markers to detect the disease in non-sporulating galls would give the industry a head-start if an infection reached our shores.

This would enable infected trees to be identified and destroyed prior to sporulation, thus breaking the life cycle of the disease.



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