IMPORTING LOGGING EQUIPMENT FROM NORTH AMERICA

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INTRODUCTION

The objective of this paper is to offer some handy advice to loggers planning to import machinery from the United States. Although not targeted specifically at cable equipment, it is based on recent experience with bringing in this type of gear. It's really aimed at the logging contractor who may be considering investing in a hauler.

The paper will cover aspects of:

- Machine selection, that is making the right choice, right from the word go;
- Importation of the equipment, pitfalls to watch out for, and there are many.

MACHINE SELECTION

Firstly, selecting the right equipment. This is probably the most important decision that you have to make! There is a wide range of parameters that have to be considered before you make that final selection. I refer you to my paper to the 1989 LIRA Cable Logging Seminar, where some predictions were made on the most suitable types of machinery for New Zealand's new crop stands. Although technology is advancing pretty rapidly, that paper is still pretty relevant today. A wrong choice at this early stage can be very difficult to live with further down the line.

The first step though, before you go importing anything, is to actually find work and signal your interest in that work to the forest owner, or the logging manager or logging company. It is important to seek advice before making too many plans. LIRA has a wealth of information on cable logging systems. There's plenty in the Information Centre there to tempt your taste buds, and it not only covers cable logging but most other logging systems as well. Obviously the land owner, or the logging manager, can have some fairly set ideas on what he believes you can log the area for, for the minimum of costs and the greatest return, but he or she may not necessarily have your interests at heart. You must always be aware of that. He's out to make a buck too.

Once you've established that the interest is genuine and that you are considered a serious contender for the work, it's time to discuss the term of contract.

With the investment required to import specialised cable equipment, a reasonable term of contract is paramount. I believe it is irresponsible for a landowner, or manager to expect a contractor to make such an investment with any less than 4 years of work ahead of him. You really have to give a long term contract to make that sort of investment.

The next step is to decide what machine or system you are going to use, and start looking at the options. Obviously you are going to check the local market first, to make sure there's not a bargain sitting in your own back yard. Having satisfied yourself of that, and convinced your forest manager that the 1956 two-drum Dispatch really isn't going to make it, you have to look to

either the European or the North American market, and this paper will concentrate on the North American market.

RECOMMENDATIONS REGARDING MACHINE PURCHASE

The following are some useful things to keep in mind.

* Firstly, purchase a recognised brand. Don't be wooed into an odd-ball machine just to save a few bucks. You pay for it in the long run. There are really only two manufacturers now of cable equipment in the States and they are S. Madill Limited, and Ross Corporation.

* The second important thing, and this refers to the United States, is deal with recognised distributors. Generally, these people know about the history of machines there, and they can steer you clear of junk. In spite of what might be said around the bars, there are no recognised dealers for the two brands that I've mentioned in New Zealand. I understand moves are afoot to change that, but at this stage there are no recognised distributors.

* My next advice is to buy new if you can. It sounds pretty tough when you've got a machine costing US$595,000 or more, but if you can buy new it certainly pays off in the long run, with such things as warranties, high availability, and (further down the track) better resale when you come to turn it over.

* Plan to import the skills along with the equipment, even if it's just for a short term. These people are experienced in running this type of gear and they'll provide you with that initial cash flow to get things going, and also a degree of training while they're here. You really have to capitalise on that and make use of it. It's no good having all this expensive gear sitting there on the landing and not being able to work it. It's got to work as soon as it gets here, and it's got to work productively. Training locals is another matter that I could probably talk on at some length.

* Beware of list prices. They are usually inflated to offset the loss that may be incurred with trade-ins, particularly in the States. Generally, the actual price of this gear is 10-15% less than what's quoted. I know there is an agent from the States here in the audience who will probably contest that, but list prices are always an opening for negotiation.

* Another suggestion is: go and have a look at the equipment working in its own environment. You will probably learn most of all from that exercise. Go and see it working and see how its worked. It's very important.

* Lastly in this section, be prepared to bring in a complete system. All too often we have seen one component of a complete system brought in, and invariably the results are less than satisfactory, with a subsequent rejection by the industry. Perhaps an add-on to that too is bring in as many spare parts and accessory items as you can. The supply of this gear over there is superior to what you can buy locally.

Again, seek advice on where to go and who to talk to. There are numerous North American loggers only too keen to show you around their district and explain how they log 20 loads a day off a match-head landing (and often it is true). The way to make contact with these people is either through LIRA, or through Loggers' Associations, or going on organised tours. I am a keen exponent of these organised tours. I think they are a very valuable

thing that LIRA should be involved in. I understand that one has just come back from Sweden.

Most of the time the decision on the brand of machine will depend on cost. If you have a job with plenty of volume per year and a reasonable term, you can afford to spend more, in the hope that the higher capital machine will be more productive and have less downtime. If you're constrained to a lower cut, or a shorter term, it would be unwise to over-capitalise the operation, in the hope that more work will come along.

YARDER BRANDS AND COSTS

If you're looking for a small-to-medium tower machine it's very hard to look past the trusty 071 Madill. These machines are retailing now for between US$80,000 and US$120,000 in the States, which means you'd land one out here for NZ$240,000 - NZ$275,000. The advantages with the 071 Madill are that there are six or seven of them working in the country right now, so there's a reasonable range of parts and necessary skills to run them available, and they've got a pretty good work history.

You've got to be a little bit careful though, because they're pretty old machines, and you are buying old technology. Things to look out for are the later four guyline models with the greater tail-rope capacity.

For a little bit more, say around NZ$350,000, you could get into a Thunderbird TMY50, which is an upgrade, a much better machine than the 071, but it's a higher price. It's got a greater line capacity and more horse-power, but there's not quite so many of them around. The only one in the Southern Hemisphere is working in Queensland. Pat Moore will correct me if I'm wrong.

My belief is that the more expensive, but more productive TMY70 Thunderbird, or 171 Madill are the way to go if the contract will stand it. They've got greater line capacity, more horse-power and the payback with them is certainly been quite evident, if you look at the research that's been done. The trouble is, you'd be lucky to land even a three or four years old machine here for less than about NZ$600,000, so that's not a cheap investment. The advantages do speak for themselves though, if you consider the increased productivity, and the larger rope capacity.

Ross Corporation are now manufacturing a TY80 Thunderbird which is a trailer-mounted TMY 70 drum set, under a used 27-metre skyline tower.

This unit has the appeal of large tower performance, with a relatively light weight and low cost, compared to the self-propelled 21-metre tower machine, like the TMY70. I understand there are a couple of those TY80's now being built.

Madill are also refurbishing used 009 haulers by reconditioning them and adding an extra drum. These updated models are called 099's, and while they are reasonably cheap, they're not as good as the purpose-built 046 Madill.

There's plenty of used Skagit, Washington and Berger skyline towers for sale in the US, with the big 27 - 34 metre towers. While some of these machines are in good condition, and probably have got a lot of logging life left in them yet, you really have to look at why they've run out of work over in the States, and consider how much work there would be for them in this country. Remember these machines can weigh upwards of 70 - 75 tonnes.

Swing yarders are another option that should be considered if you have short hauling distances and require small landings. For budget operations the GT3 Skagit is a good bet, but it does have limited rope capacity. The last one was built was in 1984. You can pick them up in the States for about US$125,000.

The next step up is the TSY50 Thunderbird, and the Madill 122. Surprisingly, these machines are going relatively cheaply in the States. I heard of a TSY50 selling for US$225,000 not long ago, and a 122 in Canada for under CDN$200,000 at an

auction. So prices have really dropped on those swing yarder machines, particularly in the Canadian markets.

IMPORTING EQUIPMENT INTO NEW ZEALAND

So let's move on to bringing this equipment in. This is where the fun really starts. You will regularly go through phases of wondering why you even bothered to get into this crazy project. There are a lot of difficulties and pitfalls involved. It would appear that in spite of the Government's dedication to reducing our national debt, and stimulating foreign investment, there is still a heck of a lot of red tape to work your way through with customs agents and things like that. Unfortunately you have to wade your way through it.

Shipping costs are a major component of your landed price. In our case, we bought in three machines and the bill for that reached six figures. Once more you have to be cautious, and not jump in and take the lowest or cheapest price. Shipping lines have a habit of sending their vessels to every other port before yours. Six weeks on the water is a long time if you run into that problem. Don't forget about the GST. That's money that you have to have up front. In our case, it was wise for us to have a monthly return period, so we didn't have that money out for too long. So, if you're starting off and you can get onto a monthly return for your GST, it's worth it, and change it over once you've got everything here.

The most important message I'll give you today is: employ a good customs agent. This is of the utmost importance, because your customs agent can make or break you, in terms of arrival procedures, dealing with officials, and preparing you for some of the shocks that follow. We struck a bad one with our gear, and it cost us a lot of money. You really need to get firm quotes from these people and ask them to justify their costs. When our equipment arrived, we had it off the ship sitting on the transporters ready to move when our customs agent held out his hand for $17,000! We had no money in the bank, and no prior knowledge of this demand, and there was no documentation to support the claim.

With the cost of the transporters sitting there doing nothing, and a mechanic waiting at the other end to start putting gear together, we paid the money and drove off. We discovered later that the bill should only have been $8,000 rather than $17,000. No approach was made to us, we had to go and chase that money to get it back.

So I say to you, you have to get a good customs agent.

From there we moved onto the next obstacle, which was the Ministry of Agriculture and Fisheries. There seems to be a very fine line between doing a good job and being downright officious, and the MAF Officer that we struck in Auckland erred on the latter side. With three transporters sitting in line waiting to move, our friendly MAF officer decided that this equipment was second-hand so there has to be some nits and nasties in it somewhere. So after thorough inspection (and the gear had been cleaned before it departed from the States), he concluded that it had to be steam-cleaned. "Fine, no problems at all. What about the 838 which is brand new, never touched US soil?". "Doesn't matter, its gotta be cleaned".

The actual steam cleaning process is relatively swift, it only takes about an hour, but their timing of the event was not in our favour. The bay was not available until 3pm and that was the deadline for the transporters to be on the motorway. Having missed that deadline, the next departure time was 9am the following day. That was the earliest they could start. All this time we had the mechanic lined up, cranes waiting to unload booms etc. Needless to say there were a whole lot more unnecessary costs.

The container full of spare parts, blocks and delimber parts then became the focus of attention, and we could see some real problems with this particular MAF officer if he had his way with that. We exercised

our rights to have it cleared at another port and transferred it to New Plymouth. That was a good move. The MAF officer there was pretty reasonable and had it cleared through quickly. But again there was more cost involved in that.

Just a note on when you are shifting equipment around in New Zealand, it pays to shop around. Quotes for shifting the three machines plus a flat rig with the booms on it, from Auckland to Lismore ranged from $16,000 to nearly $29,000. So there's an incredible range of prices there, and the time to shift it ranged from two to five days. So never take the first quote, and never believe a salesman that tells you "you wont get a better rate than that".

CONCLUSIONS

Some recommendations from this exercise then are:

* Employ a good customs agent, a dud will cost you dearly.

* The second suggestion that I have is avoid the Port of Auckland. Even if you can get the gear off quick, you could run into our officious MAF officer there, and miss the "open" hours on the motorway, and then you're up for another day.

* Shop around for transporting machinery in New Zealand. There can be a difference of up to 100% in quotes.

* Finally, containers can be cleared at another port if you're not getting a good deal where you are.

So getting through customs and dealing with shipping companies can be a minefield if you don't have a good agent working on your behalf.

The purpose of this paper has been to offer you some advice when buying equipment in the States and bringing it into New Zealand. Perhaps as more of this gear is brought in, the "red tape" procedures will be streamlined to allow a smoother passage through Customs and Agriculture, and a reduction in the final cost to the customer.

REFERENCES

Prebble,R.L (1989): "New Haulers Suitable for Logging New Crop", a paper presented to the LIRA Seminar on "Cable Logging",Nelson,1989.