INDUSTRY STRUCTURE:

The primary constraining feature of the Radiata Pine industry in NZ is resource size, and farm woodlots together with other small privately held plantations form a significant part of this resource.

The "patchwork" nature of private woodlot location and scale, the variability of log quality and size, together with the inability of such resources to support totally, a free standing integrated process, means the small growers may be at high risk to "go it alone". This is particularly so in regions that will experience high levels of difficulty in maintaining year round production of a desired log grade mix.

Industry processing, which includes regional sawmills, will increasingly demand lower levels of variability in log intake. This is resulting in an ever increasing range of grades cut on the landings, and supplied to an increasing range of processes. Truck scheduling (and reliability) take on a very important role with logs travelling greater distances to specific markets, and backloading a critical factor in the total efficiency of the business. Three distinct members of the processing/exporting sector of the industry may receive particular portions of a woodlot crop. Residue users must achieve and maintain "world scale" to survive economically and will therefore be well spaced to avoid undue competition and resource limitation. Chips and pulp logs may therefore travel considerable distances. The same will be the case for veneer logs.

With the exiting of Government interest in processing and forest ownership, the industry will stabilise, freed finally of biases in the log and timber markets.

This industry will maintain momentum and strive as a unit for greater penetration of world markets, with each industry member looking for product advantage from processing, while co-operating more closely in the log export area to achieve price stability. Dominion wide export equivalent log values will apply to all growers who supply into this industry based woodflow. Margins in stumpages paid will more closely reflect production costs and intrinsic values of the crop.

Existing major players in the industry are in a strong position to control within their ranks, future processing development and expansion. A new independent entrant could not expect procurement of a base resource sufficient in size to establish a process, from existing major companies, unless it was financially expedient for this to happen. If the resource is a constraint, then any uncommitted plantations of strategic importance will be targeted by major players. The ever increasing volume of woodlots and small plantations will be affected more or less by this competition.

FEATURES of the UNCOMMITTED RESOURCES:

- Lots may be as small as 300 tonnes.
- Trucking and logging may be restricted to (reliably) dry weather.
- High skill levels demanded of the logger.
- Broadest range of logging equipment, and size required to handle terrain classes, and widely varying log sizes.
- Demanding of exceptional skills in planning and harvesting, the role of the wood buyer.
- Resource geographically widespread.
- Owners generally unprepared to sell forward.
- Species other than Radiata may be required to place in the market.

THE LOG BUYER:

Clearly this person must have exceptional skill levels covering a broad range of disciplines, and be concerned to earn and maintain a reputation for fair and honest trading. He/she has a very high level of exposure, which will affect the reputation of the employer. The ambassadorial role should not be underestimated.

THE MARKET PLACE:

Highly desirable logs for particular markets can be sourced from farm woodlots, usually as a consequence of stand age and log size. Beneficial placement of such logs demands access to a range of markets. Equally important is an assured pulpwood market to clear the site of what is usually a high proportion of industrial wood.

To achieve these objectives, close co-operation with a major industry member is important.

THE LOGGER:

He will have machinery and skills capable of harvesting the full range of log sizes, on flat to precipitous terrain, at high production rates that minimises risk of wet weather intervention. His performance must include adherence to industry standards in Health & Safety and Environmental matters. He must be the best!

Woodlot harvesting in the Southern and Eastern North Island cannot support large scale all-weather logging, fully utilising the range of equipment that is only periodically required. Such equipment must be drawn from a major "pool" which has as its base employment, a large year-round supply. The woodlot volumes must be scheduled as part of this supply, and planned for dry weather extraction.

TRANSPORTATION:

Critical to the efficient production of woodlot logs, is skilful scheduling of trucks. With the broad geographical spread of the resource and multiplicity of markets services, back loading opportunities can have a major financial impact on the viability of any operation. Additionally, the daily surge demand of an operation where dry weather access is critical, may require a number of specific trucks to serve a large volume on a chosen day. Only a major fleet can be called upon to encompass such surges.

Clean-up of part loads is an important feature of woodlot harvesting, therefore several woodlot owners' logs may end up on a ~~simple~~ single load to achieve this, or a light load may be required to be delivered. Leaving part loads on landings is an unacceptable practise.

ROLE OF WILLIAMS & KETTLE LTD.

Forestry is simply another crop which is grown by many W & K clients. It is reasonable therefore that the Company provides for its client base a forestry service of a similar nature to the many other land-based services of the rural sector, provided by the Company.

The forestry industry does not enjoy an untarnished reputation in the rural sector, a direct consequence of the activities of dishonest and/or unskilled "loggers" and traders. The log export market has accounted for many casualties, and in some instances major companies have been implicated. There has been a long history of dishonesty and exploitation and recent examples are testimony to ~~is~~ continuance.

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The Williams & Kettle Ltd. Forestry Consultancy seeks to ensure it's farming clients receive a fair and professional deal from industry members. As and when farmers seek to market woodlots, introductions will be provided, to reputable organisations who have accountability for a skilled logging and transportation infrastructure, and access to the broadest range of markets. The farmer always makes the decisions, and will only be made aware of potential shortcomings which can arise from detail embodied in sale agreements, or dealing with "sharp" traders in particular markets. Frequently the woodlot owner has a lot depending on his/her sale, only has one crack at capitalising on it, and deserves fair and professional treatment. Achieving farmer satisfaction is the W & K goal.

G R Hampton