

# PLANTATION FORESTRY: THE FUTURE — AN INDUSTRY VIEWPOINT

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Industry has two major views of the future of plantation forestry. One concerns the management of future plantations, and the other the processing of the yield from such forests.

## THE FUTURE FOR INDUSTRIAL PLANTATION MANAGEMENT

It is expected that the area of industrial plantations will increase, and that they will be more intensively managed.

The expansion of the area under plantation depends on several factors, including available land, finance, managerial and technical expertise, and potential markets. There will probably be increasing land use conflict at the farm-forest interface and this is a good reason, possibly the only reason, to take grazing-forestry regimes seriously. The negative effects of the Town and Country Planning Act, in particular Conditional Land Use provisions, are likely to far outweigh the positive effects of encouraging afforestation under the Soil and Water Conservation Act. The latter will also have an increasingly negative effect on harvesting, roading and land clearing. Land is undoubtedly emerging as the main limiting factor in creating concentrated areas of plantation around existing or potential processing sites.

Current plantation operations largely depend on the industry's immediate cash flow. Continued profitability is, therefore, a prerequisite to plantation management in the industrial context. Within the organisation budget trade-offs occur, requiring the forest manager to be persuasive and well briefed. International sources of finance should be encouraged. There is a good deal of overseas interest in financing plantation forests in New Zealand. Legislation against foreign ownership of rural land is an inhibiting factor.

A balance between foremen, supervisors and managers should be maintained. Care is needed in allocating training

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and education resources to avoid the natural tendency to overtrain and overeducate. Moreover, the industrial forest manager will require more exposure to "management" in his education since he will spend more time interacting with people than with trees.

Markets will present few real problems *provided* costs of growing and processing can be controlled. Current inflation rates are alarming but are counteracted to a degree by currency devaluation. Unfortunately, the loser in this trend will be the "average New Zealander", whose real income could be static or falling.

A more intensively managed resource will be characterised by several trends that are already apparent. Silvicultural regimes will continue to place emphasis on flexibility of end-use, and management options that are open-ended. To translate a specific market opportunity into a silvicultural prescription with a 20-25 year maturing period could mean being "painted into a corner"; it is not worth the risk. An important qualification has arisen since energy prices escalated. The "gross fibre" objective must now include the option to produce solid wood products.

The favoured regimes will certainly include thinning at an intensity that strikes a balance between wood production and wood cost at mill door. The balance will probably mean lighter, rather than heavier, thinnings. There is uncertainty about pruning, but static real wages would encourage more pruning. Grazing could alleviate the farm-forest conflict but it is difficult to demonstrate the financial superiority of multiple use over single use, when the full effect of more complex management is considered.

Radiata pine will continue to be the favoured species until land constraints force the planting of areas where equivalent yields can be obtained from muricata or contorta pine. There will be exceptions where special wood properties are required, e.g., short-fibred hardwoods.

Improving wood yields from existing plantation areas will be given more attention, in particular close to processing centres. Fertilising is likely to be the cheapest and most direct means of improving wood yields.

The interest in mechanisation is likely to wane as costs of imported equipment rise faster than wage rates. With considerable effort it has been possible to establish a Logging Industry Research Association and a Silvicultural and Equipment Development Committee; both of these will now need to devote more time to basic managerial skills.

## THE FUTURE FOR PROCESSING THE WOOD FROM INDUSTRIAL PLANTATIONS

The stocked plantation area is about 780 000 ha. Current increases are 40 000 to 45 000 ha each year, with private interests providing about half the increase. Most of the private planting is by companies already in wood processing who are anticipating additional processing capacity or who are protecting an existing plant.

Financing additional capacity will be difficult, although the next few years should give the industrial companies an opportunity to strengthen their borrowing capacity by reducing existing debt.

Energy costs will slow (perhaps even reverse) the trend to pulping and reconstituted products, and will keep solid wood products competitive. It will also hasten the development of a closed energy system based entirely on wood fibre.