

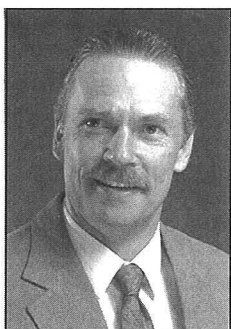
Chandler Fraser Keating Celebrates Two Decades by Expanding Staff

In order to meet expanding demands on the practice, CFK - International forest industry consultants - is pleased to announce the appointment of Harold Corbett to the team as a senior consultant.

Director, John Keating said; "CFK is proud to celebrate its 20th year of serving the forest industry and is now looking forward to further expansion of the Practice boundaries. We are delighted Harold Corbett has joined us at this exciting time. He has extensive, practical experience in the business of sustainable plantation forest management and will strengthen our Practice capability in this area."

Prior to joining CFK, Harold was Northland District Manager for Rayonier New Zealand. He will operate through the CFK Rotorua office but expects to participate in assignments throughout New Zealand and overseas.

Harold said; "I am excited to be joining the CFK team and look forward to working in a dynamic and challenging environment."



Harold Corbett
Senior Consultant

Government Sells Forest Health

The government's Forest Health agency has been sold to NZ Forest Research Institute Ltd as part of the merger of the Ministry of Agriculture and Forestry. The

Forest Health team comprises 12 forest health advisors and is headed by Ross Morgan as National Manager, with Jan Fenton as Executive Assistant.

Six of the forest health advisors are based at the national office in Rotorua, with the remaining located in Kerikeri, Auckland, Wellington, Nelson, Christchurch and Dunedin.

The team has been operating under a flat structure for the past three years, operating successfully throughout several major challenges, including the Operation Evergreen tussock moth operation in Auckland. At the time of the MoF/MAF merger, a decision was made that the commercial and contestable nature of Forest Health meant it did not fit well with the new ministry's mainly policy focus.

Proposals were put out into the market and the industry was consulted, with feedback overwhelmingly in favour of Forest Health going to Forest Research, should it go anywhere.

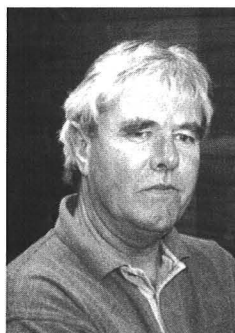
Forest Research takes over not only the 14 staff, the vehicle and office equipment but also the former MoF building in which Forest Health has been operating.

Morgan said that Forest Health would become a limited liability company and operate as a business unit within Forest Research under the wing of the Sustainability and Risk group.

"From a business and operation viewpoint it is an ideal fit, because we provide support services in key areas in the research and diagnostic scene for Forest Research, and we can't do without certain of research and diagnostic services."

A benefit for Forest Research is that it will get a well-managed group that will include staff at locations throughout the country, effectively providing closer contact with forest managers.

Forest Health's business is currently split 50:50 between negotiated arrangements with forest growers and groups like the Forest Owners' Association, and the monitoring and surveillance service provided to the MAF Regulatory Authority.



Ross Morgan

Evergreen forests raises NZ\$22.4m

Evergreen Forests Limited, the listed forestry owner, raised NZ\$22.4 million through its zero coupon convertible note issue which closed on 19 March 1999.

Evergreen's chairman, Peter Wilson, said that while the company's major shareholder, Xylem Fund I, L.P., did not participate in the offer, directors were pleased that applications were received from 624 other rights holders for 8,002,840 convertible notes, representing 65.2 per cent of the issue, excluding Xylem's pro-rata entitlement.

The balance of the issue, or 14,377,058 convertible notes, has been taken up by an underwriting syndicate led by Hambrecht & Quist Guaranty Finance, LLC. Senior company executives applied for 474,169 convertible notes under the executive share option plan.

In a further development, Mr Wilson announced that Evergreen will seek to list its ordinary shares and convertible notes on the Australian Stock Exchange, in response to growing interest in the company from both Australian institutional and retail investors.

No to Nelson forest deal

The Commerce Commission has ruled against RII Weyerhaeuser World Timberfund LP buying the forestry assets of Carter Holt Harvey Ltd in Nelson. Included in the deal were about 28,000 hectares of forests, including about 9,000 hectares of land subject to Crown Forest License.

CHH, which owns the Eves Valley sawmill and chipmill, would continue to receive logs from the forests under an agreement with Weyerhaeuser.

In making the ruling the commission focused on the arguments over whether separate product specific markets existed for logs and whether the market for logs was regional. While Weyerhaeuser argued that it was possible to adopt a number of product market definitions for logs, the commission adopted a single product market for logs.

Additionally, Weyerhaeuser suggested that the reduction in trans-

port costs in recent years meant that the South Island West Coast and the Nelson/Marlborough regions could be justifiably regarded as being the same geographic market. The commission notes that transporting logs adds significantly to their costs - e.g. about \$6 per tonne more from Westland to Nelson than sending them to Canterbury. While costs have fallen in recent years and there is some trade in logs between the regions, the costs are still high and the flow of logs relatively small.

Hence the commission concluded that the relevant market was that for the supply of logs in Nelson/Marlborough. Weyerhaeuser's view was that the region was a net importer of logs and that because of greater demand and the proximity of an export port, log prices were higher than in a market where demand and supply were more in balance.

The commission says it found concerns on the part of some sawmillers in the region about the likely effect of the proposal on their ability to obtain logs on acceptable terms. Several indicated their view that logs supplied to independent sawmillers in the region were more expensive than logs available to sawmillers in other regions of New Zealand.

Although the commissioned concluded there would be some competitive constraint on Weyerhaeuser from the increased production expected by other forest owners and other resources available outside the region, these would not be sufficient to offset the market power likely to result from the high degree of market concentration for logs.

NEFD maps the changing shape of planted forests

The changing shape of New Zealand's planted production forests is reflected in the National Exotic Forest Description (NEFD). Published by the Ministry of Agriculture and Forestry (MAF) in February 1999 the NEFD provides a summarised inventory of the country's planted production forest resources based on surveys to 1 April 1998.

Compiled from surveys of forest owners and consultants who own, manage or administer planted production forests, the NEFD document includes

detailed statistics in tables and graphs on the planted area of land by wood supply region and territorial authority across New Zealand. A section includes details for each NEFD species group, naturally dominated by Radiata pine, showing the forest area for each territorial authority by five-year age classes.

The figures show that the area of planted production forest grew by 3 per cent to an estimated 1.68 million hectares as at 1 April 1998. Seventy one per cent of the area was in the North Island and 29 per cent in the South Island, with 33 per cent of the total being in the Central North Island wood supply region.

While Radiata pine makes up 90 per cent of the total planted forest area, the area of Douglas fir, the next most common species at 5 per cent, expanded 7.5 per cent to 75,000 hectares. The area of planted Radiata pine has increased at a lower rate of just under 3 per cent but on a much larger area of 1,520,000 hectares.

About 65 per cent of the Radiata pine planted forest is, or is expected to be, pruned to a height of at least four metres. This proportion has been increasing, with higher proportions in the 1 to 20-year age classes than in the age classes older than 20 years.

While about 24 per cent of the Radiata pine estate is production thinned, the data shows a large increase in the area of forests classed as "unpruned without production thinning" (up 26 per cent to 461,000 hectares). The area of forest "unpruned with production thinning" fell by 52.5 per cent to 68,000 hectares, while those areas pruned (with or without production thinning) remained static.

Younger age groups predominate in the planted forest resource, with 62 per cent being 15 years old or younger as a result of increased planting levels from the mid-1970s to mid-1980s, and the high rates of new planting since 1992.

The area of new planting was down by 24 per cent in the year ended 31 March 1998, to 63,700 hectares. The area restocked actually increased by just over 5 per cent to 29,700 hectares.

The volume of plantation roundwood harvested increased by 4.6 per cent to more than 16.6 million cubic metres. The bulk of the roundwood removals (15.6 million cubic metres) came from clear felling 32,4000 hectares of planted forests and a million cubic metres from production thinning.

An electronic copy of the NEFD report is available on the MAF Internet site: www.maf.govt.nz/forestry

Promoting the charms of the Cypress

Promoting cypresses in the country almost totally dominated by Radiata pine might seem the greatest of uphill battles but Stephen Brailsford isn't about to be beaten back.

Brailsford has recently produced "The Cypress Grower's Handbook" to help better inform potential growers of the benefits available from the species. His company, Brailsford's Forest Management Ltd has established and managed a substantial resource of cypresses, including research properties on Banks Peninsula and in the Buller region.

The handbook notes that cypresses have been planted commercially in New Zealand for 70 years and there were about 3,400 hectares in plantations by 1986, excluding shelterbelts. A surge in interest in cypresses in the past few years has seen significant plantings, with establishment programmes leading to 1,000 hectares and 1,500 hectares being planted in 1993 and 1994 respectively.

Brailsford says that cypresses are among the most valuable softwoods traded on the international market with strong demand in Asia. Stumpages for macrocarpa are said to be usually about twice those paid for Radiata pine logs of the same quality.

The main cypresses likely to be grown are macrocarpa and lusitanica, and the handbook notes that timber from the former has a good reputation in New Zealand.

Brailsford reports good interest in the handbook, which includes management regimes and an economic analysis for potential growers. He says his intention is to update the handbook on a regular basis so that the industry can be kept up to date on cypress developments, research findings, management options, cultivars and seedlots available.

Change of Status and Resignations

The following Registered Forestry Consultants have changed their status to Registered Member:

Owen Cox	Wellington
Steve Strand	Wellington

The following Registered Forestry Consultants have resigned from the consultants scheme:

Colin McKenzie	Auckland
Geddes Ramsay	Invercargill