

# Certification in New Zealand

The following is a chart outlining the current status of certification in New Zealand. (Source: NZ Forest Industries Council)

	ISO 14000 EMS	Forest Stewardship Council
Carter Holt Harvey Pulp & Paper	Kawerau Tissue Plant - 48,000MT	
Weyerhaeuser NZ	Forestry operations - 78,000 ha (current harvest 495,000 m3 pa)	
Rayonier Southland	Forestry operations - 34,000 ha (current harvest 400,000 m3)	Forestry operations - 34,000 ha (current harvest 400,000 m3) [There has been a recent announcement that this will be relinquished at the end of 1999]
Timberlands West Coast	Forestry operations - 160,000 ha (current harvest 200,000 m3)	Undergoing initial assessment
PF Olsen & Co	Forestry operations - 45,000ha (current harvest 300,000 m3)	
Fletcher Challenge Forests	Waipa Processing Plant Sawntimber 190,000 m3 Remanufactured 20,000 m3	
Craigpine		Forestry operations - 2,500 ha Sawntimber 50,000 m3
Niagara Sawmilling		Sawntimber 40,000 m3
Millstream Lumber		Sawntimber 35,000 m3
Stoneyhurst Timbers Ltd		Sawntimber 40,000 m3
"TOTALS"	Forestry operations - 317,000 ha Current harvest - 1,395,000 m3 Tissue - 48,000 MT Sawntimber - 190,000 m3 Remanufactured - 20,000 m3	Forestry operations - 36,500 ha Current harvest - 400,000 m3 Sawntimber - 165,000 m3

## recent events

### CRI funding under spotlight

Crown research institutes and other recipients of \$600 million in government research funding have been put on notice to make themselves more relevant to business. The warning, conveyed in the knowledge economy package unveiled by the government recently, was linked to the performance of the \$300 million Public Good Science Fund, which has directed the majority of its grants towards primary sector research by crown research institutes.

The government has noted it was spending large amounts on what amounted to commodity research and the country was not getting adequate returns. It now sees Technology New Zealand, the fund's agency with a record of successful high-tech research collaborations with business, as a key

part of its research and development sponsorship.

### Initiatives aim to boost FCL

Fletcher Challenge Ltd has reported group net earnings of \$101 million in the June 1999 year compared to \$193 million a year earlier. The company reported that the lower earnings resulted from events largely beyond its control, including the depressed New Zealand economy last year, low Asian economic demand and grim commodity pricing in pulp, paper and oil sectors. The group has undertaken a review of its operations to combat and has put in place a series of initiatives designed to lift its performance, FCL chief executive Michael Andrews said.

The group proposes to merge its paper operations with a Canadian subsidiary and the result will see FCL

become a focused building products and forestry company. Fletcher Challenge Forests reported a continuation of falling commodity prices as a result of the Asian economic downturn, with the average realisation from forestry sales in New Zealand and South America falling to \$69 a cubic metres from \$77 a cubic metres the previous year. The company had offset this with increased manufacturing of wood products, with 50 per cent of its logs down processed.

### New Carter Chief

The new chief executive of Carter Holt Harvey, Chris Liddell, is forecasting a brighter future for New Zealand's second largest company. Following a tough 1998/99 year and three or four years of restructuring, CHH has shown some signs of improvement in the financial results reported for the three month period

ended 30 June 1999.

As well as a general upturn in operation conditions, the company's Genesis performance improvement programme is reported to be continuing to deliver benefits to overall earnings. Earnings before restructuring and non-recurring items were \$19 million compared with \$8 million in the same period last year. Consolidated net earnings for the first quarter were \$13 million compared with \$12 million achieved in the first quarter last year. Sales for the quarter were \$733 million compared with \$694 million made on the corresponding quarter last year.

The forests division achieved earnings before interest and tax (EBIT) of \$26 million for the first three months of the financial year compared with \$22 million for the same quarter last year. Improved sales of \$111 million, compared to \$99 million in the same period last year, were primarily driven by a recovery in Korean and Japanese export log markets and strong domestic sales.

## Evergreen reports first operating profit

Evergreen Forests Ltd has reported its first operating profit in a strong turnaround from the previous year. In the year to 30 June 1999, the company recorded a net operating surplus after tax of \$3.091 million, a substantial turnaround on last year's \$0.147 million deficit.

Peter Wilson, the Evergreen chairman, says the company has harvested a relatively small number of stands and has built up considerable reserves of mature timber by moderating its production in response to the downturn in Asian log markets. Based on an independent valuation by international forestry consultants Jaakko Poyry (Asia Pacific) Ltd, the value of the company's forests has increased from \$122.1 million to \$129.9 million over the 12-month period. This equates to a net asset value per ordinary share increase from 83 cents to 86 cents.

## Olsen seed entering the Radiata CP seed market

Olsen Seed is a business unit of P F Olsen and Company Ltd. In

1994, Olsens began establishing a Radiata pine control pollinated seed orchard at Seddon, Marlborough. The seed orchard was the vision of Peter Olsen, founder of P F Olsen and Company Ltd. Seed Orchard General Manager, Tania Smith says the vision of Peter Olsen in establishing the orchard as a mechanism of delivering high quality genetic material to the private forest grower is as valid today as it was when the orchard was conceived.

The link between Olsen Seed and P F Olsen and Company Ltd means that forest owners are offered a comprehensive service from general forest consultancy to management, including advice on and production of the best quality genetic treestocks to meet individual growing and end-product requirements. The first seed was extracted and sold in 1997. The company is now producing larger volumes for sale on the open market. Crosses have been selected to focus on wood properties as well as Growth and Form (GF).

Mixes can be made to tailor seedlots to meet customer demand for specific traits. It is an interesting time in the seed market place, with overall forest planting figures the lowest since 1993 and increasing competition in the seed market, lower prices of control pollinated seed are being seen.

This means that the pressure is off the nursery grower to use CP seed in stoolbeds for cutting production, as the widespread use of cuttings was in part driven by the high cost of CP seed. High quality genetic seedlings can now be a cheaper option for planting stock.

## ForestSafe making impact

Around 500 people have turned out to the ForestSafe campaign launched to help eliminate fatal accidents from New Zealand forest operations. Regional presentations were held at forest sites throughout the country, and the large turn out in the middle of winter reflects industry concerns about the incidence of accidents. ForestSafe is aimed at forest contractors and their employees taking more "ownership" for their own health and safety. Forest

Industries Training is playing a big part in the exercise - managing the promotional aspects for the Forest Owners Association and utilising the excellent communications networks established through the RTA's.

## Proseed initiatives highlighted

Proseed New Zealand is New Zealand's foremost and best-known forest seed supplier. The company is a trading division of Crown Forestry Management Ltd a State Enterprise formed to manage the government's remaining forestry assets. Until this year all sales and administration as well as extraction of open pollinated seed were carried out in Rotorua. This has closed and all operations are located at Amberley in North Canterbury.

Manager Shaf van Ballekom says this is one of a number of initiatives Proseed is carrying out to manage its business more efficiently.

The production team can now work more closely with sales and marketing team. There are also positive gains from much more efficient use of company assets.

Proseed has just established a new 20-ha radiata pine seed orchard comprising clones with more emphasis on wood properties. As a member of the New Zealand Radiata Pine Breeding Programme the company has access to the latest breeding information and breeding material.

"The new orchard will allow us to better meet our customer's needs," says Shaf, "by allowing us to respond more quickly to the changing requirements of the market place."

Proseed's catalogue typically contains in excess of 400 species, including seeds from many native New Zealand species. This makes Proseed truly a 'one stop shop' for all forest seed requirements.

Proseed is increasingly export focused. Each year Proseed sells seed to 40 countries but by far the major markets are Australia and Spain. Proseed also imports seed into New Zealand but this is becoming difficult for some species, particularly Douglas fir and many pine species because of the increased awareness of the danger of importing diseases such as pitch canker.