

# The Alice in Wonderland world of New Zealand wood quality and log pricing

Dear Sir

I have much sympathy for the flavour of despair pervading Piers McLaren's editorial in the last Journal of Forestry. I have recently retired from a profession which advocated intensive silvicultural management of commercial plantations as the means to achieve optimum profitability. Alas, as I close the door on my career, all the evidence demonstrates that 40 years ago Fenton and his enthusiastic acolytes were wrong, and those timid defenders of conservative practice were right. Forest growers would have been far better off going for maximum yield per hectare, because, if you believe the "always-right" customers for our timber production, quality and size just don't matter.

Just look at the evidence:

In June 1995 P1 Pruned logs on the domestic market were worth \$285 per m3 at mill door in March 2011 dollars. (MAF mean market prices)

In March 2011, they were worth only \$136 per m3, a real drop in price of over 50%.

In June 1995 P1 pruned logs were worth 4 times more than pulp logs. In March 2011 they were worth only 2.4 times more than pulplogs. And on the export market peeled pruned logs are worth only 1.4 times the price of pulplogs, per JAS m3 f.o.b.

And as for sawlog size mattering - well it used to, but it doesn't anymore. Based on mean prices reported by MAF, domestic S2 logs are now worth more than larger S1 logs.

So are our customers right?

Well if you are a Korean, Chinese or Indian importer, requiring only industrial timber for pallets, bins and boxing, clearly size and quality is less important than uniform size to optimise shipping space. If New Zealand is going to continue targeting the export market, the silvicultural strategies of the last 30 years have certainly been demonstrably wrong.

And if you are a pulp mill, quality is clearly not improved by pruning or by growing larger log size, though we did expect there would be more mills around so it would cost less in transport cost.

However, we did expect more from our prime target market, the New Zealand sawn timber and plywood industries. It's difficult to avoid the conclusion that forest growers in New Zealand have been sadly let down by these industries. I just cannot believe that a pruned sawlog, with a minimum sed of 40 cm is only worth 2.5 times the price

of a pulplog, and only 1.7 times the mean price of industrial grade and small utility grade logs.

I note that the first recommendation arising from the recent ANZIF Conference is that professional institutes of forestry, "Promote the recognition of timber as a forest product essential for society". What is really needed to promote the establishment and silvicultural management of commercial forests is more certainty about the relationship between log quality and potential value. Twenty years ago I used to use a very simple sawmill model, which was available with the Forest Research Institute's DOS-based stand growth modelling system. I could enter the current timber price list, which used to be published by the NZ Timber Industry Association, and "SAWMOD" would generate a set of relative at-mill log prices. This was abandoned because it was too crude, but it was replaced by a more sophisticated, graphics-based sawmilling research tool, which could simulate alternative cutting patterns for logs of any size, shape and internal branch configuration. So why, in 2011, can't Scion provide its forest grower clients with some advice about the real relative value of different categories of log product, and why wouldn't this advice be equally valuable for the sawmilling industry?

If they have to rely on the evidence of the market, then today's consultants must abandon the concepts of added value which my generation held on to with such evangelical zeal.

David Elliott

## More data needed on productivity

Dear Sir

Regarding the research paper "The three potentially most useful exotic species for south eastern North Island marginal hill country" NZJF Vol. 56 No. 1, I found this study to be a little lacking in imagination and foresight. I would have thought the very first and most important criteria one should consider is "product": Why grow a plantation forest? How is a forest species "useful" or valuable? Although environmental benefits are a useful byproduct, and artificial products such as carbon can provide an incentive for planting forests, the real reason for growing forests has to be wood.

So how does wood generate value? In my mind "value" is assigned by the market based on a wood species attributes. Such attributes include durability, hardness, stiffness, strength, and aesthetic appeal. In determining a species usefulness I'd allocate many more brownie points for "product" over and above "health", "siting" and "productivity".

The productivity data provided in this paper really only demonstrates the shameful lack of information that Scion and industry have accumulated historically for species other than radiata. Such minimal data really only speaks for specific site and regime productivity, certainly not species productivity.

Concluding that certain species are suited to certain regions is in my mind a little otiose, as is selecting species based on their wide tolerance of sites. Siting cannot be across a region, even if there were abundant sample plots from which to draw data: the limitations for any species are not always evident in the data. Snow, wind or frost will limit a species from areas with extremes, but not necessarily regions. Of far more use is knowledge on how to site species with minimal risk.

Evaluating species health is a highly subjective, dynamic and under-researched field. Furthermore, one cannot base future health on historical health - in reality its russian roulette. Not easy to allocate points and pick winners.

I'd wager the conclusion would look very different if the end product, namely timber, had an appropriate rating. *Eucalyptus globoides* might then be well ahead of the others, because it yields such a useful timber. It is durable, stable, hard and strong, just what we need and are lacking in our current plantation resource.

Furthermore the species is healthy, long lived and adaptable. It can be grown in all south eastern North Island regions if sited correctly.

What New Zealand really needs is a forest mix which properly serves the market's needs and which reduces our dependency on imported specialty timbers.

Apart from some basic market research, selection of appropriate species requires a much better handle on their productivity than we hold currently. This would be a good place to start future plantation research and species selection.

**Dean Satchell**



*Given New Zealand's variable topography, siting a new species can pose a challenge. Photo credit: Ian Nicholas.*