GREENPLAN
FORESTRY INVESTMENTS

NOVEMBER 2006

GREENPLAN FOREST NEWS

We came across the following article and felt that it would be of interest. We would like to acknowledge and thank "New Zealand Tree Grower Magazine" and "Piers Maclaren" for allowing us to publish the article.

GREENS AND THE GREENHOUSE

Two gatherings, one month apart, in the same venue. The first: Victoria University's Climate Change Conference, with the British Prime Minister (Tony Blair) in a guest video-appearance. The second: the 2006 NZIF Annual Conference dedicated entirely to environmental topics.

The Institute Conference discussed issues of great national importance: soil and water protection, wildlife and biodiversity, biofuels, climate change, and so on. Taken together, these problems seem overwhelming, except that they have (at least in part) the same solution – more trees. But how to generate sufficient public support? One key to forestry's renaissance could be the internationally acknowledged benefits of trees in mitigating global warming. A carbon-driven planting boom would stimulate the Sector to such an extent that many other environmental goals would be met.

If you agree with the above sentence, you will be surprised to note that, at the preceding Climate Change Conference, forestry professionals were as scarce as kauri trees in Kaikoura. I have attended many such meetings over the years but this one was different. Despite the hefty admission fee, the auditorium was totally full. Participants had already thought deeply about the subject, and were obviously keen to proceed beyond steps one and two.

Step One is the acknowledgement that human activity has increased levels of greenhouse gases to the point where the climate is being altered. Hardly any serious scientists now dispute this fact. Residual opposition comes mainly from flamboyant media stars (David Bellamy), sensationalist popular authors (Michael Crichton) or fossil-brained politicians (George Bush). If I'm derogatory about these people, it is because their ability to confuse the public and delay action is inversely proportional to their useful contribution to the debate.

Step Two is the gut-realisation of the major climate disruption that "business as usual" entails. Some shocks are already occurring (eg satellite pictures of ice melting in the Arctic and in glaciers everywhere) and some are not expected to affect humans for a few more decades. Even the mildest scenarios (2° C warming – almost inevitable whatever we do) would have horrific consequences, whereas the most extreme events (10° C or more) would be unimaginably traumatic. It is not a scientific impossibility that human life may indeed, as the Chief Scientific advisor of the UK government recently warned, become restricted to the continent of Antarctica.

Step Three was not properly discussed at the Conference, and cannot be sensibly addressed until there is a more widespread consensus on the first two. It is a strategy for combating the threat. What can we in New Zealand do about it? In formulating solutions, there is plenty of opportunity on the international stage for denial, prevarication or free-riding. It would be hard enough to reach consensus among 180 individuals, but among 180 quarrelsome nations…?

We must stop thinking that there are simple solutions to be found: for example, supplies of uranium for nuclear fission are far scarcer even than oil; or again, wind-power, under current technology, cannot drive your car let alone an aeroplane. Finally, no individual needs to solve all the problems on their own. All of us must be sufficiently humble to focus on our own tiny part of the world, and on our particular specialist training. What can forestry do to avert global warming catastrophe, and in particular what can New Zealand foresters do? Note that foresters are one of the few professional groups trained to contemplate events many decades into the future – yes, you do have a part to play in all this.

There is no doubt that the world has insufficient plantable land for carbon sinks to offset more than a tiny proportion of the coal that is destined for burning. Using timber in your houses is worthwhile, but will have an even more minor effect. Among the many more promising methods of ameliorating global warming, let's concentrate in these last few paragraphs on wood heating and biofuels.

New Zealand should not waste too much electricity on heating things. Electricity is a high-value form of energy and should be kept for high-value uses. The alternative? Wood pellets. Despite widespread use of cogeneration at some processing plants, New Zealand wastes a King's ransom in wood every day from our 1.8 million hectares of planted forests. With some intelligent planning a woodpellet stove could be incorporated in every household and factory. There would be no need for new coal-fired power stations and major new transmission lines; instead there would be warm houses and efficient factories that do not add to greenhouse gas concentrations in the air.

Second, until the advent of cheap and functional electric vehicles, we must replace petrol and diesel from fossil sources. Nearly forty percent of New Zealand's CO2 emissions are from transport. We must use wood, converted into ethanol or methanol, producer gas or synthetic diesel. The various technologies were well reviewed during the 1975 OPEC oil embargo, and should be revisited.

In future years, the link between forestry and the Greenhouse Effect will be so obvious that readers will be amazed that anyone of our generation could have ignored it. Panic over global warming will result in massive subsidised plantations, designed solely to extract carbon from the air and hold it in harmless form on or beneath the earth's surface. Future readers will curse us, not just for our greed, but for our slow response to this imminent and obvious threat.

** Piers Maclaren is a Registered Forestry Consultant and a former Forest Reserarch scientist. His column appears regularly in the Journal.*

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Check out your forest at www.greenplan.co.nz

Greenplan
wishes everyone a Merry Christmas

Do we have your correct address, if not please contact the office with your details.

INSURANCE

Greenplan forests have insurance cover arranged through FMG "Farmers Mutual Insurance Association". The events insured are fire, hail, earthquake, volcanic eruption, landslip, impact and malicious damage.

Agreed Value: The individual forest partnerships have been valued using the NZ Farm Forestry Association's "Radiata Pine Calculator". The Calculator establishes the stumpage value for the forest which is then discounted using an industry accepted discount factor. The derived figure is the net present value of the forest. This value is the insured amount.

Cover: The insurance cover is based on a first loss basis of $5 million. This is where the insurers have agreed to a first loss amount that is at least equivalent to the largest contiguous forest area. The largest contiguous area is the Maikaikatea Forest which includes the Boltaway 41, Clearwater 42, Wild Boar 43, Millennium 44 and Tunnel Rock 46 Forest Partnerships. The combined value of these forests is some $2.8 million.

Historically in New Zealand fire has destroyed less than 0.02% of the stocked area of plantation forests per annum. In the 2003/04 year some 66 hectares of exotic forest was burnt out of a total area of 1,827,000 hectares. The table below shows the vegetation area burnt for the years since 2000.

Source www.fire.org.nz

You will note that Grass, Gorse and Scrub fires are the most common. Unfortunately when the media reports on these fires they are referred to as forest fires and hence confusion as to the relatively low risk attached to exotic (Plantation) forest fires. The Greenplan forest fire risk is even further reduced due to the location the forests are growing. From news articles that have been reported over the last couple of years it would appear the Canterbury and Northland regions are the areas most at risk. This is due to the climatic conditions common to those areas. i.e. droughts and high winds.

TABLE 29A : VEGETATION FIRES - AREA BURNT BY TYPE OF VEGETATION

Type of Fire	2003/04	2002/03	2001/02	2000/01	1999/00
Native forest	86	56	20	155	2
Exotic forest	66	353	149	365	2
Crop *	0	143	40	135	3
Grass	527	438	166	1,563	29
Gorse	307	276	161	185	12
Scrub (excluding gorse)	1,760	1,437	1,747	644	86
Tussock	2,530	81	6	4	0
Wetland	152	2	1	2	0
Other	49	14	6	50	2
TOTAL hectares	**5,477**	**2,800**	**2,297**	**3,103**	**136**

NB : Figures are for number of hectares, not incidents. There is a significant change late in 2002/03 which should result in better identification of the type of vegetation burned. This change requires the reconstruction of this table - it will NOT balance with other tables in this publication. The early years data is gathered by incident type, the latest year by type of vegetation burnt.

At Greenplan all forest management staff have undertaken education in fire fighting along with the contractors employed by Greenplan to work in your forests. We have a comprehensive fire plan that outlines procedures and plans to be implemented in the event a fire is detected. In the event of conditions becoming too dry we will often suspend work activities in those forests affected.

Thin to waste Jones Partnership No. 39

FIELD DAY 2007

We are planning another Greenplan Field Day in March 2007. The format is yet to be decided. It will however be as informative and interesting as past field days. We will keep you posted regarding the date and format.

So, please keep early March free if you would like to attend. Always a good opportunity to meet staff and catch up with happenings in your forest.

(Details will also be posted on the website)

FOREST MANAGEMENT DIARY

NOVEMBER 2006

It has been a long and fairly wet winter in the King Country. We have experienced numerous days of cold wet weather, although there have still been periods of cool sunny days which always boosts morale within the pruning crews.

Pruning and thinning to waste have continued as the normal throughout the winter period. Of course there has been no break in the programme to do new forest planting so we have had to programme our work throughout the entire year.

Final audits of operations in the 1998 forests are now completed in Stockyards No. 32, Cattle Stop No. 35 and Gateway No. 36 forests. Assessments are now being undertaken in Miners Creek No. 37 and Squires Creek No. 38 forests and audits will be completed shortly. This is the last of the work to be performed in these forests. They will now be left to grow, however we still maintain a regular monitoring programme ensuring the forests are visited regularly.

Third lift pruning and thinning to waste is currently being performed in the 1999 forests. Pruning and thinning contractors have recently completed work in the Clearwater No. 42 forest, although there is around 20 hectares of smaller trees to be pruned and thinned when they are ready. We prefer to leave the smaller trees until they are ready thus achieving a maximum pruning lift and hence better value logs.

Pruning was completed in Jones No. 39 and Huntaway No. 40 forests in August. Thinning operations are now being performed in these forests. Pruning contractors are currently working in Boltaway No. 41. When thinning to waste operations are completed in the Jones forest our contractor will start thinning in the Boltaway forest. The Wild Boar No. 43 forest is programmed to be pruned during the summer.

This year we have nearly 800 hectares of second lift pruning to complete. The pruning prescription outlines the pruned height and stocking rate we want the pruning crew to achieve. For the second lift operation the pruned height must be an average of 5.0 metres. We perform pre-assessment work in the forest prior to pruning to determine whether the pruning crew will be able to achieve a 5.0 metre pruning lift.

Second lift pruning has recently been completed in the Dunmore North No. 48 forest. We currently have crews working in Minormore No. 49 and Twin Rivers No. 51 forests. Once pruning is completed in these forests the crews will move into the Jubilee No. 50 and Headwaters No. 52 forests. These forests, along with the Twin Rivers forest are adjacent to one another and make up some 550 hectares in total. We also have one pruning crew currently performing second lift pruning in the Tunnel Rock No. 46 forest. This work is most likely to be completed this month.

First lift pruning in the 2002 forests began in April 2006. Because not all trees are ready to be pruned in every partnership at the same time we have to perform pre-assessment work to determine the timing of the first lift operation. Pruning is now almost complete in the Ducksfield No. 53 forest and is about half way through in the Big Valley No. 55 and Hidden Valley No. 56 forests. Pruning started in the Glen Afton No. 54 forest in September. This work is being performed by a local contractor.

Hidden Valley Partnership No. 56 First lift pruning

During August we completed an aerial survey of all forests. This was to look for pests and to assess forest health, specifically the fungus Dothistroma pini. During the survey we noted specific areas of forest that were infected with the Dothistroma fungus. Back on the ground we mapped the infected areas using our GIS mapping software. In November we will begin our annual spraying programme. This is an essential operation in order to control the spread of the fungus through the entire forest.

This year we will use a fixed wing aircraft that will apply a fine spray of copper mixture to the infected trees. Because the fungus infects the lower part of the tree first we are also able to control the spread of the fungus by pruning. We have noticed that the pruning operation in conjunction with spraying greatly improves tree health and controls spread of the disease.

Forest health and pest management are continual. We regularly monitor each forest to check for pests and anything unsuspecting. Pests are regularly removed and boundary fences are maintained to ensure stock are kept out of the forest. All pruning and thinning crews have been working hard throughout the winter. Pruning quality continues to be of a high standard and crews are getting through the work at a steady pace. New spring growth is evidence that the trees are enjoying the warmer weather and they will be growing larger.

SECONDARY MARKET UNITS FOR SALE

SECONDARY MARKET

The following units are for sale. Units marked * are subject to the clause two procedure, whereby partners in that partnership have a 28 day first option period in which to apply. The units not marked are available for sale to anyone. Please contact Shirley (invest@greenplan.co.nz) at Greenplan for more details.

PartnershipName	Number of Units	Planted	Price
Arapito No. 9	1	1995	$11,600.00
Aratoro No. 13*	3	1995	From $11,250.00
Aratoro No. 14*	1	1995	$11,250.00
Waipa Valley No. 15*	1	1995	$11,500.00
Awakino River No. 16	2	1995	From $11,250.00
Awakino River No. 17	1	1995	$12,000.00
Barkers No. 18*	1	1995	$11,600.00
Slab Hut No. 21	1	1996	$9,800.00
Brakeside No. 23*	1	1996	$9,500.00
River Road No. 24*	2	1996	From $9,500.00
Tin Whare No. 26*	2	1996	From $9,650.00
Touchwood No. 27*	2	1996	From $9,600.00
Rhodes No. 29*	1	1997	$9,300.00
Coach Road No. 30*	2	1997	From $9,000.00
Moonlight No. 31*	3	1997	From $9,000.00
Gateway No. 36* (two ha unit)	1	1998	$16,000.00
Miners Creek No. 37*	2	1998	From $8,800.00
Squires Creek No. 38*	2	1998	From $4,250.00
Boltaway No. 41	2	1999	From $ 8,300.00
Tunnel Rock No. 46	2	2000	From $7,400.00
Dunmore North No. 48	1	2001	$7,000.00
Jubilee No. 50	3	2001	From $7,100.00
Twin Rivers No. 51	3	2001	From $7,000.00
Headwaters No. 52	3	2001	From $7,200.00
Ducksfield No. 53	3	2002	From $7,300.00
Glen Afton No. 54	1	2002	$7,000.00
Big Valley No. 55	1	2002	$7,300.00
Hidden Valley No. 56	3	2002	From $7,000.00
Greatwood No. 57	10	2003	From $6,900.00
Woodview No. 58	1	2003	$7,000.00
Pinegrove No. 60	1	2003	$7,000.00
Pinegrove No. 61	1	2003	$7,300.00
Wayleggo No. 62	1	2004	$7,000.00
Scotts Bush No. 63	2	2004	From $7,000.00

NEWS CHIPS - CHH FORESTRY INTRESTS SOLD

An extract we have come across again highlights the increased involvement of TIMO's in New Zealand and in usual fashion it involves one of New Zealand's former heavyweights in the forestry sector. The sale price is reported as NZ$1.5 billion.
'Graeme Hart has sold the bulk of Carter Holt Harvey's forests to the world's largest specialist manager of forest investments, North American group Hancock Natural Resource Group. Hancock is owned by Canada's Manulife Financial Corp, with its timber management unit, Hancock Timber Resource Group, based in Boston.

The 290,000 ha CHH estate was put on the market last June and the bidders were believed to be Global Forest Partners, Hancock, and Babcock and Brown, as well as entities connected to the Macquarie Bank in Australia. Hancock this week confirmed that it was a buyer.

Source – www.fridayoffcuts.com

NZ TAXPAYERS FACE HUGE KYOTO BILL

New Zealand taxpayers face a bill for their obligations under the Kyoto Protocol 1000 times more in total value than the amount of election over-spending by political parties, according to Bryan Leyland, of Auckland, chairman of the economic panel of the New Zealand Climate Science Coalition. He was commenting on news that the Treasury has made an upward revision of New Zealand's Kyoto liability to $656 million.

"When you recall that little more than two years ago, the Government was forecasting a net gain for New Zealand of $500 million from the sale of emission credits, this is a turn-around of $1.156 billion," said Mr Leyland. "In fact, based on current international prices for emissions, the turn-around will be more than $1.5 billion.

Source – NZ Climate Science Coalition (October 2006)

US$670 BILLION INVESTMENT NEEDED FOR INDIAN HOUSING

According to a study done by the Associated Chambers of Commerce and Industry in India, the demand for houses in India will reach 80 million by the year 2015 and require a total investment of about US$670 billion. The demand will grow to 90 million by 2020, requiring a minimum investment of US$890 billion. According to the study, the housing sector in India currently faces a shortage of 20 million units. The ongoing growth in housing provides huge potential for New Zealand Pine products in India, especially in the furniture and fit-out markets.

Source: NZT&E, 31 August 2006, marketnewzealand.com

HERE'S WHAT WE'VE ALL BEEN WAITING FOR - THE CALCULATION

A cubic metre of wood contains about 250 kg of carbon while a cubic metre of air contains about 0.117 g carbon.
This means that a cubic metre of wood contains the same amount of carbon as 1.4 million cubic metres of air.
The calculation is as follows: Air is 360 ppm CO2 by volume, not mass, therefore, the mass concentration depends on the molecular weight of the compound.
For CO2 (MW = 44), 1 ppm (v/v) = 0.001800 g/m3 @ 25C & 1 atm. Thus, 360 ppm (v/v) = 360 X 0.0018 = 0.648 g/m3.
The amount of carbon (MW = 12) in this much CO2 = 12/44 X 0.648= 0.177 g/m3.
250,000(g carbon/m3 wood)/0.177 = 1,412,429 times as much carbon in a cubic metre of wood as in a cubic metre of air.

By Dr. Patrick Moore, Chairman & Chief Scientist, Greenspirit Strategies Ltd.

Fact: Every second, a slice of rainforest the size of a football field is mowed down. That's 86,400 football fields of rainforest per day, or over 31 million football fields of rainforest each year. Source - www.nature.org/rainforests/explore/facts.html

MISSING PERSONS

Does anybody know the whereabouts of these people? If so, please contact the Greenplan office on 0800 800 154.

INVESTOR	AREA LAST RECORDED
Alan Woodward	Waitara, Taranaki
Christina Creighton	Invercargill
Craig Letham	Browns Bay, Auckland
Daniel Herbison	NT, Australia
Darren Turnbull	Surrey, England
David Moore	Dinsdale, Hamilton
Gail Taylor	Rotorua
Gerard & Lyndley Field	Milford, Auckland
Graham White	Cambridge
Gregory Clark	Tairua
Heather McLean	Ngaio, Wellington
Hee Soon Lee	Seoul, Korea
Jane Dower	NSW, Australia
John & Joanne Ashbolt	Browns Bay, Auckland
Rex Coombes	NSW, Australia
Rodger Taylor	Pukekohe
Sandie Moratti	Browns Bay, Auckland
Shaun Daly & Phillipa Milanta	Henderson, Auckland
Stephen & Rebecca Gussette	Ashburton
Stephen Wild	Palmerston North
Tam Or	Epsom, Auckland
Yi Suk Jeong	NSW, Australia

INDICATIVE NEW ZEALAND RADIATA PINE LOG PRICES

Returns to small growers may be lower than those recorded here owing to scale and buyers' margins. These log prices are historical and indicative only and may not correspond to actual prices paid, or grades used, in market transactions. A "best fit" is applied by survey respondents to align company log grade specification with the generic specifications. Direct comparisons with actual market prices may not apply, due to differences between the specification sets. The prices are subject to changes when further data becomes available. The sources for this information are ministry of Agriculture and Forestry industry contacts.

(Source: www.maf.govt.nz).

Operations Complete Huntaway Partnership No. 40

3rd Quarter and 12-Quarter Average

As at: October 2006

Generic Log Type & Pricing Point	September 2006 Quarter	12-quarter average
EXPORT (NZ$ per JAS m^3 f.o.b.)		
Pruned	173 - 178	170
Unpruned A Grade	104 - 119	90
Unpruned J Grade	98 - 102	77
Unpruned K Grade	87 - 111	77
Pulp	65 - 84	54
DOMESTIC (NZ$ per tonne delivered at mill)		
P1	133 - 147	144
P2	99 - 130	115
S1	82 - 93	86
S2	75 - 93	79
L1 and L2	58 - 77	61
S3 and L3	53 - 73	62
Pulp	39 - 51	42

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