



**Media release from the Southern Wood Council
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Otago and Southland Wood Availability Forecasts for 2007–2040

Timber supply is predicted to grow in Otago and Southland in the long-term.

After 2015, the combined Otago and Southland regional log harvest has the potential to increase from the current 1.5 million cubic metres, rising to about 2.8 million cubic metres from around 2020.

And while log harvesting from now until 2015 will remain stable, the good news is there is considerable potential within the region for more processing of the Radiata pine and Douglas-fir now being harvested, through using lower grade logs currently being exported, and improved conversion rates from better scanning and sawing technology.

The increase in the annual harvest (after 2020) will be almost equivalent to the volume of concrete poured for the Clyde Dam and power house. This will mean more jobs in both forestry, and downstream services.

For every 10 core industry jobs in forestry, it's been estimated there are a further 11 to 12 jobs in service industries.

That's good news for the rural communities in Otago and Southland with forests and wood processing mills. For small Otago and Southland towns like Tapanui, Tuatapere and Winton, it will not only mean employment but also long-term sustainability as the logs are harvested and processing factories expand, attracting families and young people to strengthen communities.

It will also contribute substantially to the regional economy, with export volumes through the ports of Otago and Bluff expected to grow.

At the same time, this presents a great opportunity to increase the use of timber in construction as a sustainable substitute for concrete, steel and plastic, reducing New Zealand's carbon footprint and mitigating climate change in the process.



The revised forecasts have been a collaborative effort between MAF, and the Southern Wood Council. The resulting report (Otago and Southland Wood Availability Forecasts for the Period 2007–2040) forecasts the range of harvest volumes potentially available from the planted production forests in the Otago and Southland regions. It covers the Radiata pine and Douglas-fir tree species, which make up 90 percent (194,100 hectares) of the Otago and Southland plantation estate.

The forecasts provide infrastructure agencies like roading authorities with credible information for future planning. Co-ordinating this growth in timber supply will be a major focus for industry and for infrastructure agencies in coming years.

Southern Wood Council chairman Matt Hitchings says the news is very positive, and presents the region with considerable opportunity. “Forestry’s economic contribution to regional GDP, already substantial, will continue to grow, putting the sector as one of the top earners in the southern South Island.

“And forestry, through its carbon-storing capacity, is now recognised for the environmental wealth it provides, so the regional benefits are substantial on many counts.”

Mr Hitchings pointed out that the benefits to processing companies, of increasing long term supply, are considerable. “The increased supply means economies of scale, and larger capacity operations can more effectively compete globally. It will also encourage companies to improve technologies to increase productivity, and may support further domestic processing.” The additional harvest will enable sustainable growth over the next generation.

The predicted growth in radiata pine supply will come mainly from smaller growers in Otago and Southland, including the farm forestry sector, small block holders and syndicates who invested in the 1990’s and early 2000’s.

Just how quickly Otago and Southland’s timber supply will be harvested after 2015 will depend on logistical constraints like availability of logging crews, transport capacity and wood processing capacity, and on market conditions; harvesting rates could rise quickly if log prices increased after 2015 or low log prices could delay harvesting.

The production of Douglas-fir, sourced predominantly from corporate forest owners, is likely to move up a gear from the mid 2020’s, with about 50 percent of the Douglas-fir production in the late 2020’s and early 2030’s coming from production thinnings.



The availability of radiata pine is expected to decrease in the early to mid 2030's, depending on the rate of harvesting by smaller growers.

Background about the forestry sector in Otago and Southland

Forestry is already seen as a key growth driver for the southern region. The region experienced strong growth in harvest volumes and processing activity during the 1990's and early 2000's. The industry attracted new investment for planting, sawmilling and remanufacturing, including the key development of a medium density fibreboard (MDF) plant in 1997. The Maitua MDF plant processes much of the region's lower-quality logs and wood residues, while several Otago and Southland forest owners are now managing a third rotation crop.

The sector directly accounts for \$180 to \$200m in regional exports annually, producing 2.1% of the area's total employment and 3.7% of total real GDP in 2004-05.

1.5 million cubic metres of logs harvested from the region in 2003 generated about \$264 million in real Gross Domestic Product (GDP). These figures are projected to increase alongside the increased wood harvest, cementing forestry's position as a sustainable growth industry.

A 2005 BERL study commissioned by the SWC described the sector as a 'core driver' that generates full-time (not seasonal) employment in small and large settlements in the region in business servicing, social services, and personal services.

Otago: The picture for Otago over the next 10 years is for relatively static radiata pine wood availability from both large and small-scale growers. In the longer term, most of the growth in radiata log production will be from the small-grower estate, with production projected to increase towards 2020. The large-grower estate has limited growth potential over the forecast period (2007–2040). Douglas-fir production in Otago is dominated by the large growers and is projected to increase from the early 2020s. Increased availability after 2035 is possible from the small grower resource. From 2027, production thinning is an important component of the potentially available volume.

Southland: For Southland, the forecasts indicate that little change is likely in the availability of radiata pine from large growers, during the forecast period. As in Otago, increased production is possible from the small-scale owners towards 2020. The trends in Douglas-fir production mirror those in Otago. The resource is dominated by the large growers; smaller growers are unlikely produce in a meaningful way until after 2035.



Other species: Eucalypts are the main alternative forest species, with about 13,600 hectares mostly in Clutha and Southland grown on short-rotation for wood pulp production. Harvesting started in 2004, and will progressively increase over the next five to seven years.

The MAF forecasts, based on forest resource and harvesting intentions data from forest owners, managers and consultants in Otago and Southland, only indicate the potential harvest, with actual harvest dictated by demand and pricing conditions at the time.

The Southern Wood Council Inc was set up in 2001 to promote, encourage and coordinate the sustainable economic development of the forest products industry in Otago and Southland. One of a few truly independent groups of its type in New Zealand, it includes all the major forest owners within the region (ownership or management of over 140,000 hectares of production forests with an annual harvest of over 1.2 million m³ of wood), the larger wood processing and manufacturing companies, the port authorities and each of the three economic development agencies from local councils.

For further information contact Matt Hitchings on 03-204-8444.

For a copy of the full report, go to:

http://www.southernwoodcouncil.co.nz/pdfs/Otago_Southland_Wood_Availability_2007-2040.pdf