



Strong growth in sawn timber

New Zealand's sawn timber industry has increased production for the seventh successive year, driven largely by export growth.

According to statistics recently released by the Ministry of Forestry, 2.9 million cubic metres of rough sawn timber was produced in the year ended March 31, 1995. This was a 4.8% increase on the previous 12 months.

The Minister of Forestry, John Falloon, said that the increase represented a significant milestone, as the industry recorded its seventh year of uninterrupted production growth (1989-1995).

"The last time there was such sustained growth in sawn timber production was just after World War II," he said.

From 1946 to 1952, increased production was driven by domestic consumption, with per capita consumption of sawn timber peaking around the 1950s.

"The difference this time round is that the current boom in sawn timber production is export driven," the Minister said.

For the last two decades, total domestic consumption of sawn timber has stayed relatively stable and apparent domestic consumption per capita has been falling since 1955. However, export volumes have more than doubled in the last seven years, increasing from 514,000 cubic metres in 1989 to more than one million cubic metres in 1995.

"Investment in new plant and increased productivity from existing mills has also contributed to significantly more

sawn timber being produced," Mr Falloon said. Since 1988 investment in the sawn timber industry has totalled more than \$NZ130 million, including the installation of new plant and the upgrading of existing facilities.

"The potential of the sawn timber industry presents a huge opportunity for continued investment, and sustainable development," he said.

It is predicted that the renewable harvest from New Zealand's planted production forests will increase by more than

60% over the next 10 years, at a time when global demand for wood is starting to shift away from traditional sources towards sustainably-managed forests.

In keeping with increased production, exports of sawn timber are also predicted to increase moderately over the next three years. However, the Minister noted that the sawmill industry faces new challenges in developing new markets, particularly as Australia experiences a significant increase in domestic production from its own maturing estate.

Small forest owners dominate plantings

Small forest owners are planting an increasing share of New Zealand's forests, according to a recent Ministry of Forestry survey.

The survey of major forest-tree nurseries, carried out during November, shows 70,900 hectares were planted in new forest in 1995.

"While major forestry companies planted 17,600 hectares, independent forest growers planted 53,000 hectares," the Minister of Forestry, Hon John Falloon, said.

"After record new planting levels in 1994, this indicates continuing strong

interest in forestry by private investors," he said.

Increasing Share

"Small forest owners are increasing their share of the national planted production forest estate. In winter 1993, they owned less than 26 per cent of the forest. That has increased this year to more than 31 per cent.

"If this trend continues, within 15 years half of New Zealand's planted production forests will be owned by forest growers rather than the major forestry companies. This is good news for the long-term viability of the forest industry," said Mr Falloon.

High-quality Seedlings

The survey also indicated that nurseries should have sufficient tree stocks to plant a potential 85,000 hectares of new forest in 1996. It showed an increasing trend for raising high-quality radiata pine seedlings.

"It is especially pleasing to note this overall increase in genetic quality of trees being grown for planting in 1996," said Mr Falloon.

"It augurs well for New Zealand's profile and reputation in international markets in the future."

Business research one-fifth of OECD level

Research provided by business in New Zealand in 1992/93 was just one-fifth of the level of the average OECD country, the New Zealand Research and Experimental Development Statistics report shows. Business provided \$213 million worth of research in 1992/93 – equivalent to 0.28% of gross domestic product. The OECD average is almost five times greater at 1.3% of GDP.

Total spending on research on the business sector in the latest year was up \$8 million on 1991/92.

With comprehensive R&D figures collected only for the past four years, trends

show that only primary processing and primary products sectors have shown a consistent increase. Together, these two sectors comprised 46% of business enterprise R&D in 1992/93.

The electronics and appliances sector showed a 56% rise in R&D over the previous year.

The report also shows New Zealand is becoming an effective exporter of technological know-how. The business sector received \$15.1 million more from its overseas sales than it spent on purchasing, and the government sector had a net surplus of \$2.6 million.