



# 25 years on: culture shock of forest privatisation leads to winning formula

BY JOHN COHEN-DU FOUR

March 1987 was a difficult time for local forestry workers and their families. Their beloved Crown-owned New Zealand Forest Service ceased to exist, replaced by a new organisation known as the Forestry Corporation.

The Corporation was to last for only three years, but it marked the radical creation of the very first of the Lange/Douglas government's new and controversial State-Owned Enterprises.

Along with its subsidiary, NZ Timberlands Limited, the Forestry Corporation was to be based on private industry models, meaning it would be profit driven.

This culture shock initially took its toll on staff when they learned there would be employment for only about one-third of the current work force.

Most of the major forestry operations in New Zealand had already started phasing out wage worker crews in favour of contractors. One of the first tasks facing Timberlands in Nelson was to convert existing Forest Service wage gangs to contract operations.

Barry Walsh, long-serving contractor to Nelson Management Ltd (NML—the management company of Nelson Forests Ltd) and the Rural Fire Network, recalls how unions of the day strongly advised workers to take the offered redundancy payouts and either leave the region for other forests or exit the industry altogether. “I was okay with changing over to a contract basis. They’d been a good team to work for. That’s why, in the end, a lot of us hung in there—everyone wanted to keep the relationships going.”



A time of uncertainty: Former Prime Minister David Lange and Tasman MP Ken Shirley address the workforce at Tapawera

By 1990 it was clear that Nelson/Marlborough was one of the more successful districts in the Forestry Corporation. During the previous three years annual log production had doubled and financial performance had improved fivefold.

On 1 November 1990, Timberlands Nelson (which included forests in Nelson, Tasman and Marlborough) was sold to Tasman Forests Ltd, owned by the Fletcher Challenge Limited Group.

Phil Madill, NML's Business Support Manager, played a key role in the many changes and improvements since 1987.

“At the time of the changeover, I was brought down from Taupo in the North Island, where I was Tasman Forests’

Harvesting Manager,” says Phil. “I was charged with setting up the new systems, and hiring staff and contractors. Let’s say there was a lot of negotiation.”

Sensibly, Phil turned to those who knew best: the locals. “Wherever possible I engaged with local operators and workforce. These were the people who knew and understood the estate. We still had trees and they still needed logging.”

Specialised gear previously owned by Timberlands was sold to contractors to aid them in setting up their own operations. “Soon many had their own crews and equipment, and were highly successful private businesses in their own right.”

There was a much greater focus on health and safety and environmental



Above and opposite: Radical change occurred post-privatisation with the cessation of pruning within the estate

management—one of the reasons why, just six years after going commercial, the Company was awarded ISO14001 Environmental accreditation. It was the third New Zealand company to gain this much-acclaimed environmental recognition, and the very first within the forestry industry.

“It’s kind of a no-brainer really,” says Phil. “Good people, good systems, good training, health and safety ... good profit.”

Tasman Forests was a unique blend of cultures, marrying the Forestry Service and Forestry Corporation’s intense love of ‘everything trees’ with the Fletcher Group’s market-savvy ‘commercial understanding’.

This fertile combination has led to ongoing changes in all aspects of forestry operations: management, propagation, seeding, roading, harvesting, sawmilling, marketing, education, health and safety, fire prevention, and environmental protection.

Barry considers the end of tree pruning the biggest single transformation in forestry operations during the past 25 years.

Improvements in tree genetics have seen branches become more spread out and branch sizes decrease. This has allowed for massive cost savings. “Pruning operations required a huge workforce. Just compare a picture of today’s forests with earlier ones of the estate—the difference is really striking.”

Barry is also full of praise for the way Tasman Forests helped establish the Rural

Fire Network. “Tasman Forests was a very safety-oriented company. Before then, the Forestry Service did all its own fire fighting. But the new Rural Fire Network greatly improved efficiencies.”

One major spin-off of privatisation, was the company’s awareness of its public role. NML’s long association with the Tasman Makos and the Nelson/Marlborough Rescue Helicopters are two examples of its commitment to its community.

The company has also continued to support Coronation Forest, an important legacy of its Forest Service beginnings. Coronation Forest was established in the 1950s to give school children the opportunity to learn about trees and conservation and celebrated its 60th anniversary last year.

The single biggest spin-off for the region from privatisation is, in a word, jobs.

NML’s success has supported sustained growth in the local economy. The forestry sector is one of the most important contributors to the Top of the South economy—as an employer, port customer, supplier of raw materials to local businesses, and as an exporter. Plantation forests in the region are managed sustainably and have provided jobs for local people for more than five generations.

The forestry sector (including timber processing) employs around 2,000 people in Nelson Tasman and an

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**PHIL MADILL, BUSINESS SUPPORT MANAGER, NML**

equally significant number of people in Marlborough. Latest figures from the Nelson Regional Economic Development Agency quantify forestry and timber processing’s contribution to the region’s GDP at \$430 million.

“This makes it a close second to horticulture as an economic driver for our region,” says Nelson Regional Economic Development Agency Chief Executive Bill Findlater. Forestry is also a vital contributor to Marlborough’s economy.

“A common misconception is that most of our logs are exported,” says NML’s Managing Director, Lees Seymour. “In fact, 70 percent is processed locally, with the remainder exported to Asia from the ports of Nelson and Marlborough.”

Despite that, NML is still Port Nelson’s and the Port of Marlborough’s largest customer by export volume.

“People think of all this forest land around us as empty,” says Phil Madill, “but it’s not. There are up to 500 people working out there every day of the week. Twenty-five years ago that number was less than 200. The efficiencies we’ve achieved in harvesting, the growth in sales, the ongoing innovations, all have meant more jobs.”

“Yes, there has been a series of owners since 1987,” he says, “ending up with Nelson Forests Ltd in 2007. But throughout this time we’ve maintained a great team of people. At the end of the day, it’s all about people and trees. If we get that right it’s a winning formula.” **WT**

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