

How Woodlots Can Get the Same Benefits as Large-Scale Forestry

Making a decent return out of forestry is tough enough at the best of times, let alone if you are a small, single woodlot owner. This was a topic that was raised at a recent Bay of Plenty Farm Foresters forum in Tauranga. One member asked what advantages there were from choosing a harvesting manager early on in the Harvest-Ready process, and what were firms like PF Olsen doing about the looming harvesting contractor shortage.

Market Access

Gaining reliable market access, especially domestic mill access is really important. Most mills are only interested in dealing with a few larger suppliers and often these are the large forest owners. With small forest owners, however, PF Olsen is able to aggregate their woodlots to make an attractive and reliable supply package for domestic mills. This assists in getting preferential access and the best price.

Good Contractors

It is much easier to attract good harvesting contractors if a decent sized work programme is offered. Large forest owners achieve very sharp harvesting rates and are able to offer the security of long-term contracts. By aggregating smaller woodlot holdings, PF Olsen is able to get some of the advantages appreciated by large forest owners. This can only happen if woodlot owners identify themselves early on in the Harvest-Ready process and commit to PF Olsen being their harvesting manager. “In this way, we can go back to contractors and offer them more attractive work packages and longer-term work. In return we get better performing, and lower cost harvesting contractors”, says

PF Olsen’s Operations Manager, Peter Keach, “It’s a win-win for all parties, and you need that kind of advantage in forestry where every penny counts”.

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large-scale forest. This can only happen if woodlot owners come forward early and get harvest-ready with PF Olsen.

Minimising Downtime

Another benefit of aggregating work programmes is minimising the downtime

and transporter costs associated with shifting harvesting crews from one site to the next. Not only are there the direct costs of moving heavy machinery on transporters, but there is also the downtime cost of the crew not producing logs. These moving costs can form a large component of harvesting rates for small jobs. For example, if a crew moves in from another area, their moving costs could be, say, \$8,000. Over a 2,000 tonne job, that’s \$4/tonne – and that’s even before any wood has been moved! If that cost can be reduced to \$2,000 by working a crew from job to job in the same area that reduces moving costs to \$1/tonne, a saving of \$3/tonne.

The message is clear, woodlot owners need to work very hard to get decent returns from smaller blocks. One way to do this is to band together with other woodlot owners by collectively getting Harvest-Ready. With PF Olsen you can get the benefit of aggregating your volume with other woodlot owners but still get the advantage of a fully independent management service.