

Maximising Returns From Private Native Forests

*Barry, Mye-Ann & Sam
Slack*

Reid's Ck, Gayndah



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INTRODUCTION

Sam Slack wanted a sawmill from an early age. He attended field days and farm management courses from when he was eleven and formed his philosophy on timber production from a broad field of information. As the family farm had large areas of standing timber, value adding that resource and broadening the enterprise base of the family business was a logical progression. Sam quickly realised the importance of good forest management in maintaining productivity to ensure their future resource and has incorporated this philosophy into a business the whole family is involved in.

The Property

The Slack's run a 4th generation beef cattle grazing and timber property at Reid's Creek, 14 km north of Gayndah. The property is approximately 6,000 ha including about 250 ha of old cultivation country used for grazing and the rest forested rangeland. Grazing has been the main enterprise, but timber has become increasingly important since establishing a sawmill on their property two years ago in an attempt to diversify and gain better returns from their native forests.

The People

Barry and Mye-Ann have four children – Amy 20, Sam 19, Cilla 16 and Terry 14. Amy runs her own pottery gallery from the property. Cilla and Terry are still at school, but help out on the property when required. Sam runs the sawmilling side of the business. Barry and Mye-Ann run the grazing part of the business, but also assist Sam with the sawmilling. A team effort goes into running the sawmill. Barry concentrates on maintenance and first break down of the logs, Sam is responsible for accessing logs, sawing timber and marketing and Mye-Ann shares the marketing aspect, organises the orders, assists with stacking (while maintaining quality assurance) and looks after the book work. The Slack's also employ two fulltime and one part time people to help run the sawmill.

The Forest Type

The property is mostly mixed Spotted Gum (*Corymbia citriodora*) forested hills. The forest is quite variable with other species including Narrow Leaf Red Ironbark, Silver leaf Ironbark, Bloodwood and Moreton Bay Ash occurring with the Spotted Gum. Forest Red Gum occurs adjacent to drainage lines. The soils are mainly shallow gravelly grey sandy -clay loams on moderate to steep slopes. Black soils on lower slopes occur on the drainage lines. Some areas of the property are not suitable for grazing or timber production.

Management History

In the past, timber from the property was sold to sawmills and sleeper cutters. The primary focus of treatment in the past was for pasture production (not to improve timber quality). The Slack's started to see potential for better returns from timber. Sam has had a keen interest in timber since he was very young. As he got older this interest started to evolve into improving returns from the properties forests. They purchased a bandsaw and did some contracting. The return for effort was not satisfactory so the Slack's started looking for a better option.

The Slack' s started going to native forest management field days as well as business management and self-improvement courses such as DPI' s Futureprofit's, Building Rural Leaders and ' Resource Consulting Services' -Cell Grazing Course.

Current Management

Sam started treating the forest areas with the management aim of improving timber quality over the long term. Initially small areas were treated to gauge the response to treatment. Treatment regimes are based on leaving the best trees in the following order of priority – 1. Spotted Gum 2. Narrow Leaf Red Ironbark 3. Forest Red Gum (only best quality trees) 4. Silver Leaf Ironbark (only best quality trees). There are no strict spacings used between trees. A compromise is usually required depending on the natural distribution. Tordon ® is used for treatment and applied by stem injection, however, a glyphosate-based chemical will be tried in the future.

Sam has walked over most of the forested areas of the property and estimated standing volumes.

Harvesting

Trees are marked for harvest. The general rule of thumb is to take anything that is defective or in decline down to 30 cm dbh. Well-spaced, actively growing trees are left for future harvests. The Slack' s have now started accessing timber from other properties. They mark all the trees for contractors to cut using the same philosophy employed on their own property. This is because they firmly believe in maintaining the long-term sustainability of their industry.

Integrating Trees with Grazing

In general occasional trees are left in good grazing country. Alternatively in good timber country, the focus is on growing better trees. Improved grass growth is also obtained by treating good timber country. This allows grazing and timber production to compliment each other.

Conservation

The Slack' s have a 20 ha area of *Dry Vine Scrub* that has been left for conservation value. It is one of the largest private remnant areas of dry vine scrub in the district.

When harvesting particularly on the *Blue Gum* flats, the habitat value of trees are considered.

Products & Markets

Sam and Mye-Ann have been to a FITEC -Timber Stress Grading Course in Brisbane. Some timber merchant contacts were made at the course but Sam and Mye-Ann have also approached a number of merchants in an effort to gain market access. Once purchasers were assured of the quality and consistency they continued to purchase their products.

The main products in order of priority are structural building timber, flooring, landscaping and palings. They produce 1,000 m³ of sawn timber a year with close to a 50% recovery rate. Almost all products are CCA treated on the way to the wholesalers due to the sapwood of Spotted gum (their main species) being lyctus susceptible. The Slack' s believe that by ensuring consistent product quality and accurate specifications they can maintain a competitive edge in the industry.

Impediments

- It is hard constant work.
- Good cutters are hard to find.
- Recent rain.
- Cash Flow – landholder wants money immediately but merchants have 30-day accounts.
- Equipment.
- GST.
- Sawmill license.
- Good labour is hard to find.

Lesson Learnt

It is hard work running a sawmill. The team effort by the family members has helped to get the venture of the ground. The different skills and interests of the family members are used to compliment each other and ensure a smooth running operation.

The Slack' s believe in supplying quality products, accurate paperwork and continuity of supply. This could be hard to maintain if the sawmill gets bigger. So in the short term, the Slack' s are not looking to expand but to consolidate their current situation.

Training courses have been very beneficial.

The Slack' s believe they have not made any big mistakes in their sawmilling venture. This has been due to sound planning, training and a team effort by the family. The Slack' s are confident of the future of the timber industry and believe they are maximising the returns from their native forest.

TRANSCRIPT OF CONVERSATION ON MANAGEMENT, MACHINERY, PROBLEMS AND THE PURCHASING AND RUNNING OF A SAWMILL.

HARVESTING

Do you have an upper size limit for a compulsory cut?

Sam: No, it all depends on the health of the tree. It can be a big tree, but if it still has a healthy crown I will leave it, that depends on how they are cutting though, if their developing pipe, like they do on the hard areas then they will be marked.

Do you drop a few before you start marking to see how they are cutting?

Sam: No, you get to read them pretty well around here. If I went into an area I wasn't familiar with I might. But the cutters are never far behind, so I check their progress most days.

Do you treat after logging?

Sam: No, its done more on an ad hoc basis when I can fit it in. Three of us have been doing some over the last week because the mill has been down getting the Perkins rebuilt.

Do you mark for treatment?

Sam: No, we work together on a face and they know what I want kept.

What are your preferred species?

Sam: Spotted Gum then Narrow Leaf Red Ironbark and then Blue Gum usually on the flats. Silver Leaf Ironbark is too slow growing and usually grows on the good grazing areas and as the grazing is better suited to that land (Silver Leaf areas) we tend to open it up a bit more, as it is marginal timber country. A higher stocking is kept in the good timber areas where timber takes priority. We use Tordon ® for stem injection but we will trial Roundup ®, I think it could have less residuals. In the last cut there were some rings in the timber that are unlike any I have seen and I think they are Tordon ® related.

Was that area treated for grazing or timber?

Sam: It would have been grazing.

I think that can happen occasionally after treatment for grazing where they sometimes use more then the scheduled amount to make sure they kill everything and don't have to go over the areas again. Tordon was used extensively for treatment in State Forests and that problem to my knowledge has not been evident there.



Figure 1 - Possible Tordon related stem defect

Sam: As you can see it's a very heavy ring running the full length of the log with a heavy keno layer through it (see Figure 1). It may even have been trees that were treated and not killed. I am a bit wary of it now as it ruins the whole log.

Grazing is an important enterprise on our property and the timber complements it well, the good grazing areas don't seem to grow good timber and vice-versa. We 'cell graze', this seems to suit the timber areas better and doesn't stop the regeneration from growing on.

How would you describe your soils?

Sam: Black cracking clays on the flats and gravelly shallow sandy clay loams on the hills.

Would you ever consider establishing any plantation areas?

Sam: I don't think they would grow on the flats at all, the soils are so heavy and we get very heavy frosts.

Barry: I think you would be better off buying some more timber country.

Do you have any environmental considerations in your timber management?

Sam: In the blue gums I'll leave some of the big hollow trees, but not often in the spotted gum. Most of that area was ring barked in the past and it is all regrowth and there aren't many 'stags' around much.

Barry: We have 50 acres of dry vine scrub that we are keeping untouched, that's one of the biggest remnants in the district.

What product range do you aim for?

Sam: We don't cut retail orders but try to cut what we can from each log; large section building timber first (50%), flooring all sizes, landscaping and finally palings. This gives us a 50% recovery rate. I cut to a 30 cm top for structural and 25 cm for general stuff, but it's a bit marginal at that size. Right from the start I did not intend to supply retail, it is too inefficient having to chase orders and always trying to find logs to suit the order it's areal time waster and drops your recovery rate.

How did you go about finding a wholesale market then?

Mye-Ann: Sam went to a stress grading course in Brisbane before we even got the saw milling license and talked to a timber merchant nearby. He was interested, so we sent down a trial order. We dealt with them for a while and then looked through the yellow pages and rang around. Our best customer came from a recommendation from one of these calls. We now deal with a number of outlets.

Were they generally pretty receptive when you rang?

Mye-Ann: Yes, they were always on for a chat, some seemed worth following up and others didn't. I also did a stress-grading course and again we picked up a few leads from there as well.

Sam: Back to product, virtually all our timber is treated, the merchants seem to like it that way, the spotted gum has to be any way if it has any sap on it because of lyctus.

It gets treated on the way to the merchants either at Cox's on the north side or Acacia Ridge on the south side.

How do you delineate the workload?

Mye-Anne: We have pretty defined roles, Barry looks after maintenance and repairs (and is usually in conflict with productions who always say, not now later, or, it will last a bit longer!). Sam organises the harvesting and does the marking, organises the logs in the yard and the mill. Sam and I both do the marketing and sales and I do the paperwork, some of the stacking and quality assurance.

Sam: QA is really important and is one of our main considerations. It's hard to watch all the time and often after checking, we discard some pieces that get missed.

We also employ two full time and one part time labourers.

Sam marks all the trees for harvest and insists on the same regime on other properties even though the cutters try to talk them out of it.

Why do you insist on it?

You have to ensure the future resource and in the long run they will thank you. No other industry would treat their resource like that. The present owner needs money now and needed convincing (long and hard) on the merits of tree selection. When he saw the quality of the retained stems he was a lot happier. Now I'm trying to convince him to treat as well.

How do you think is the best way to convince landowners to take up good timber management?

Sam: You have to show them the waste of cutting under size trees that are worth nothing compared to letting them grow on into a good valuable product. On going income is the other, being able to harvest again in 10 or 15 years is a good safety net, you have to look to the future. Farming is becoming more and more marginalised and it's harder to convince someone when they need the money now. In the end it will come down to compromise.

How do you assess standing timber?

You have to be careful about it because you can give people the wrong idea on volume and hence value of their standing timber, you can lose money and credibility that way. I walk through and estimate a couple of acres and multiply it out but you have to be aware of inconsistencies in the paddock.

IMPEDIMENTS

What are the impediments to running a sawmill?

Sam: Constant hard work!! You need to build up a substantial cash flow, especially once you start cutting other peoples timber. Everyone wants their money - landowners in advance, cutters as they cut, and everyone else on 30 day accounts, but the

merchants use 60 day account system and more like 90 with the nag factor. We paid a \$20,000 deposit on this paddock we are cutting, so you can be making money but it doesn't feel like it. You tend to have a big debt by the time the cash starts to flow again.

You mentioned trouble with cutters, have you stuck with the same contractors?

Sam: We have, but sometimes I wonder why. I suppose with the marking, if they weren't willing to stick to it you would get rid of them, but they are always whingeing about it and trying to talk the owners out of it and cut everything.

Have you educated them at all?

Mye-Ann: We try, after a while Sam thought they were finally right to cut without marking, but when he saw what they had done he wanted to sack them, so he had to start marking again.

Is it a cutter /snigger partnership?

Sam: Yes, it is a father and son business and they have a number of skidders and trucks I guess that's why we stick with him. He is reliable and will always pick up logs when you need them.

Would it be better to start a young cutter and educate him as you go?

It probably would be but no one has the gear. Even they have trouble employing cutters, but loaders are hard to find also and he has a Hy-Ab crane on his truck so that's a big advantage.

Barry: There is a bit of a shortage of skills in the industry. You can always get skidders and haulers from some where but good cutters are hard to find. So, it might come down to always marking the trees.

Are there many Government impediments?

Sam: Noise may be a problem, we have had a complaint and they are 400 m away.

Mye-Ann: I got the EPA out to see if it could be a problem and they took noise readings. He said our background noise here was very low (35 dbh) and the noise level at our house (340 m) with the mill running was only 37.5 db and it is down hill and closer than the complainants and should have been louder. He said, 5-10 db above background noise was permissible, so there were no problems. They were initially very supportive of the idea but the reality of the mill working was a different story. There are so many planning issues to consider and it is essential to cover them all in advance.

Sam decided not to start before 7 am on weekdays and 8 am weekends to keep him happy. Sam: I've been stopped for ten days getting the motor rebuilt so that will go by the board for a little while. OH&S could be a problem later on, if they ever do an inspection they can always find something wrong. It's a big responsibility.

I would imagine insurance and work cover would be pretty expensive?

Sam: Bloody workers Comp! Don't talk about it.

Mye-Anne: The first fellow we employed would not wear long pants and cut his leg on some strap when it broke and that pushed up our work cover by 1.5% of wages.

Industry standard is 6½% of wages and now we pay 8% that works out to be \$4,000 for each full time person per year. You could have a lot of fun with that money.

How did you find coping with all that initially, was it a steep learning curve?

Sam: We're pretty right now and having the farm meant a lot of that was required anyway. There is a government agency now that covers all of the start up process at one place. It is called ' Smart License' . They send out a folder and you fill in what ever section you are applying for, business name, workers comp, OH&S all at the same time. It was quit well done really. Then you have to comply with the Local Government stuff.

How often do you have to do the licence return (sawmill) ?

Mye-Anne: Quarterly, you have to show how much you cut and your recovery rate. It's not a complex form and there are no checks and balances, but you still have to do it every 3 months.

How much was the license?

The initial licence was \$300 and it took forever to get the approval. It took more then 6 months and now the licence seems to be forever down there as they have to view it to make any additions. An increase in allowable cut or each time you move to a new paddock the location and estimated volume has to be endorsed on the license.

Were there any areas you could have used any help in, that would have assisted you setting up business?

Mye-Ann: It's been a bit of a slog getting up to speed with the computer. I need to spend a day to teach myself how to use *Microsoft Excel*. We've got an old program I still use and it's pretty inadequate but at least I know how to work it. It would be great for someone to work me through it instead of trying to work through it myself. It should be able to do a lot more functions than the old program, but it is just finding the time.

What about the GST?

Mye-Ann: Hopefully it will be better from now on, it has been a nightmare.

Did you buy a special program for that?

Mye-Ann: I went and had some training with the accountant using quick book, but there ended up being a number of wrong codes in the system. All those items had to be re-recorded. Then some of the computer generated accounts did not have the GST

added to them when I thought they had, luckily I had a field officer from Tax Office here assisting with the familiarisation of the GST systems and he picked it up. It could have cost us thousands.

What about buying all your equipment originally, was it just luck you got the right saw bench for the job?

Mye-Ann: Yes, it just came up at the right time, Barry is always looking through magazines and saying ‘this is what we want!’ and in the end it is what we usually end up with. He had decided a *Karra Saw*® was what we wanted, but we had to think a lot about. It is the centre of the whole business really.

Describe the Bench for me?

Sam: It is a hydraulic driven one-man bench with log turning dogs and automatic feed bench. It's got a 44-inch blade driven by a 110 HP Perkins diesel. (Figure 2)

Mye-Ann: When they were trialing gear and they tried this one, it finally seemed like we would have a sawmill.



Figure 2 - Slack's *Karra Saw* bench

Sam: The saw was second hand and had only done 500 hours. The people we bought it off had cut sleepers for years and decided to upgrade and cut timber for retail but found it too difficult and sold it to cut sleepers again.

The agent we were dealing with got peeved when we bought this one because he wanted to sell us a new one and had only sent us around to see how it worked. He would not sell us any spares after we bought it.

It's a very good saw and performs really well. We get around 50% recovery rate which is well above most sawmills, I guess that is because we can cut what we can out of a log instead of trying to fill specific orders.

Figure 3 - Hardwood from the Slack's Sawmill bound for Serenty Gardens being constructed on the old Roma Street Railway yards in Brisbane

