

# DOWN TO EARTH



ISSUE NO 006

**W**elcome to our second newsletter for 2008. Winter shut down is behind us for the season and we would like to take this opportunity to thank all of our clients for giving us their strawmulching, hydroseeding and tractor grassing work over this busy time of year. We would also like to thank all of our wonderful staff for the long hours and effort they put in so that jobs could get done to a high standard and on time. For many contractors this will be the quieter time of the year as far as earthworks go. It's a good time of year for staff to take their annual leave and for management to plan the coming season's workload.

The economic environment is an issue that everyone in the industry is watching at the moment, as we wait for lower interest rates from the reserve bank (hopefully in September) and listen to the promises of the politicians in the build up to the elections. Increased petrol prices are biting into our budgets and promised tax cuts from the Labour government were disappointing at best. With so much doom and gloom in the media it is easy to get disheartened about the industry, but in my humble opinion, this is only part of the usual cycle of business. These cycles

come around like the seasons of the year. It is just a matter of waiting for the downturn to pass, the same as you wait for winter to pass.

Erosion Control is continuing to grow, with a record number of team members and research continuing into new products and services that will benefit our clients. Thank you for all the positive feedback you have given us about our newsletters and we wish you prosperity for the coming season.

Roy Timperley and Lynda Baldwin

## DEVELOPERS USING LOW IMPACT DESIGNS



### STORMWATER SEDIMENT STAINING THE SEA: SOUTH ISLAND, NEW ZEALAND

There is a growing requirement for developers to use Low Impact Design (LID) practices in their building and construction in urban areas. Low impact designs are anything that reduces the volume of storm water run-off that enters the waterway, therefore helping to control stream erosion and ultimately sedimentation in estuaries. Examples of these designs include the use of roof gardens, roof tanks (especially where water is taken for toilet flushing or watering the garden), planting of

vegetation, using permeable paving, or limiting the total amount of paved surfaces on a site so rain can soak into the ground.

Other ways of reducing this run-off include minimizing the area of soil disturbance during construction (which reduces the compaction of the soil and conserves existing vegetation), and also re-vegetating with a good cover immediately after construction.

## CREDIT SQUEEZE FOR CONTRACTORS

The slowing economy is seeing changes in our industry. According to figures released by National Bank Business Outlook, residential building consents are down 35% and commercial building consents are down 61%. There is also a drop in the price and sales of both commercial and residential property. On top of this is the increase in fuel and bank rates.

The direct impact of all these factors will mean less jobs for contractors involved in the development and construction industry and also falling profit margins as developers are forced to reduce overheads. There is also likely to be an increase in the number of bad debts, as companies struggle to pay, or give up and go into receivership.

What we have to remember is that this is just part of the cycle. We have had the buoyant years and now we are having the difficult years, but it will turn around. There are differing views on how long this downturn will last. Some say 6 months while others are predicting up to two years.

There are different strategies suggested for surviving the downturn. Some people believe it is a good time to market and grow your business as your competitors within the industry are struggling. This strategy works if you have capital reserves you can rely on. Another strategy according to business advisor Jon Vincent, is to forget about growth and just plan to still be in business in 18 months or so when the market recovers. This means cutting any unnecessary spending and honing budgeting skills. The benefit of this strategy is that the business will function more cost effectively when the economy does recover.

## DONOVAN DRAINAGE & EARTHMOVING

Donovan Drainage & Earthmoving is a civil contracting business that specialises in roading and sub divisions. With a 22 year history of servicing clients in the Whangarei and Far North area, owner manager Peter Donovan is still passionate about the business and enjoys the industry.

Peter and his wife Robyn, purchased their first digger in 1986 while they were still farming. From this small beginning they have built a business that currently owns 165 items of plant or machinery and has, at times, employed up to 140 people. They have also acquired two other businesses along the way, Donovan Sealing, which specialises in bitumen sealing, and Hutton and Cameron, which specialises in private work such as tennis courts, driveways,

cable installation etc. Peter and Robyn continue to work together with Robyn managing the financial side of the business and Peter managing the company. Daughter Michelle has now also joined the team to make it a real family business.

When the business first started out it focused on rural work such as putting in races on bigger farms. One farm Peter remembers required 20 km of races established in one season. As the years went on the

business took on new challenges. This often involved having to employ people with the skills required to get jobs completed to a high standard. By learning from these experts and taking opportunities along the way, the business has evolved into the very successful civil contracting company it is today.

Peter believes that the key to success is first having the desire to succeed and then being prepared to work hard and put in the hours. He also

believes you need to change with the times and be prepared to take opportunities as they arise.

He sees the current marketplace as being very competitive, with cost increases and the shortage of skilled staff being some of the industry's major challenges at present. He has, however, many ideas that will no doubt enable his company to continue to perform well and grow over the coming years.



## HYDROSEEDING BLENDS



Experienced hydroseed applicators use different hydroseeding mixtures to suit different situations and uses. The mixture used in this hydroseeding application includes green dye which is optional and adds to the visual appeal for some people. In residential lawns and subdivisions this dye is quite popular.

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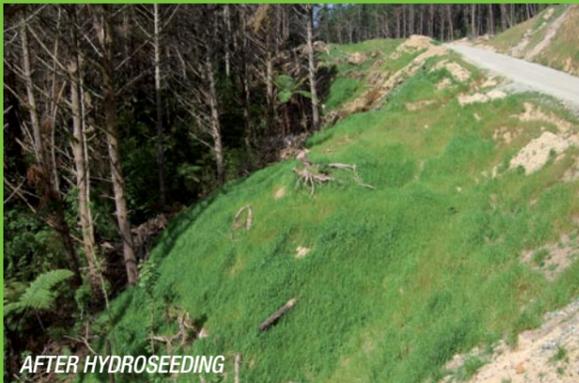
# DOWN TO EARTH



## FORESTRY STABILISATION



BEFORE HYDROSEEDING



AFTER HYDROSEEDING

According to MAF there were 1,682,517 h/a of planted production forestry in New Zealand in 2006. Most of this forestry requires stabilisation at some stage to keep their roads and landings sound and to comply with council requirements. The main requirement of most councils is that any exposed ground is stabilised as soon as practical.

Common stabilisation measures include hydroseeding, strawmulching, slash, rock lining, aggregate and the use of geotextiles. Each type of stabilisation has its place. Rock lining, geotextiles and aggregate are useful in small or specialised areas and roadways.

Hydroseeding is a particularly useful means of stabilisation on steep or critical areas. It is often the only way grass cover can be achieved on hard clay surfaces such as cut faces and landings. Applications in either autumn or spring are best, to allow time for seeds to germinate and establish enough to provide stabilisation. After mid May it may be advisable to strawmulch over hydroseeding to help retain ground temperature and therefore aid seed germination.

Strawmulching is useful when the seasonal elements make hydroseeding impractical, as it puts an instant cover on the ground. Seed and fertiliser can be added to the mulch so that it becomes long term stabilisation if required. Slash can be used instead of strawmulching in some cases, such as water run off areas.

According to forest hydroseeding specialist Mark Oxborough, it is important to use experienced applicators when getting stabilisation work done. They must be aware of the unique challenges associated with working in the forestry such as:

- 1) Ensuring the correct seed mix is used for the area and the stabilisation you are trying to achieve.
- 2) They must have the minimum impact on the forest harvest plan and be very conscious of safety. This requires being aware of other vehicle movements, so accidents and hold ups are avoided.
- 3) Having the right vehicles and equipment for the job is paramount. Because conditions are often steep and/or slippery, it is essential to have 4 wheel drive hydroseeding trucks and track-mounted strawmulchers when working in these areas.

Hydroseeding is a very cost effective way to stabilise large areas but it is important to plan ahead to get the best results.

If you have any queries regarding forestry stabilisation contact Mark Oxborough at Erosion Control Co Ltd. 09 426 8292 or 027 473 4350.

## FAREWELL LA NINA – NORMALITY RETURNS – WELL ALMOST

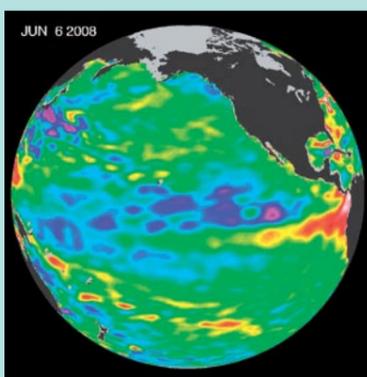
NIWA's latest weather prognosis for the forthcoming July to September period has something for everybody; rain, temperature, wind and snow with ranges of; slightly above normal, slightly below normal and everything in between. However, amongst this potpourri of options, certainty is not to be found and those hoping that the hydro schemes would benefit from substantial rainfall are likely to be disappointed. La Nina weakens her grip but only slowly. Long term the money is on a return to a neutral state (between La Nina and El Nino) as we progress toward the second half of the year there seems to be a negligible threat of El Nino returning next year against the run of play. At least that's something.

Air temperatures are likely to be slightly above average in the North Island and equally so in the upper regions of the South Island. We're warned that 'cold outbreaks' will occur from time to time – no surprises there then, particularly for those who found themselves acclimatising to early July's cold blast surprise.

Sea temperatures around the coastline of New Zealand are likely to return to normal although currently they are slightly above normal in the north and east of the North Island (remnants of La Nina) and back to normal across the rest of the North Island.

With generally warmer than expected temperatures across the north eastern region and a possibility of higher moisture levels, solid pasture growth will be sustained through the winter period. Those areas are beginning to see a decent flush of green but patience will need to be exercised before reliable ongoing growth is sustained.

Contractors will have to be mindful in the upper North Island of the "slightly above average" rain expectation and prepare accordingly. Analysis of previous weather patterns similar in nature to the current declining La Nina pattern suggest that from time to time extended periods of rain will settle over the upper north east making contracting a soggy affair but a good time to undertake machine maintenance.



## THINKING OF CHANGING PHONE SERVICE PROVIDERS? READ THIS FIRST.

**The Vodafone Challenge:** Vodafone suggested that they could save us \$7,000 per year off our current phone bill. We were with Telecom. We believed this was a saving worth swapping service providers for and we are going to try and record our savings to see if their claims are real or just sales talk.

Vodafone allowed us to keep exactly the same mobile numbers we had when we were on Telecom, which means the numbers still start with 0274. Without this we would not have changed as we have all our marketing in place with our current numbers.

It didn't cost us anything to get out of our Telecom

contracts as Vodafone deducted the cost of closing our Telecom accounts from our first phone bills. They also provided us with free phones, sim cards and phone cases.

The biggest hassle we had when we first changed phones was that the numbers had to be manually put into the new phones, and the phones we were issued with didn't have very loud ring tones.

Our landline was another story. When they changed the landline we lost all internet and email until we got a specialist in to adjust our router. It also cost around \$1,000 for the IT specialist.

We'll keep you up dated on the savings, or not, of this change.

## 5 MONEY SAVING IDEAS FOR THE OFFICE

Office costs are part of any business, but simple changes may save you thousands of dollars over a year. Here are 5 ideas:

1. If you do mailouts of over 300 envelopes, NZ Post have a special discount service for postage. Contact NZ Post for more information. But be warned, in my experience, the company is not very helpful.

2. For printing brochures, newsletters etc, digital printing is cheaper than off-set printing. We found we could cut the cost of printing in half, by using digital printing, but you may have to check the quality more carefully to make sure the colours are right. If you are looking for absolute quality, then off-set may be better.

3. Ask your clients if they would prefer receiving statements and invoices online. Not only are you saving on paper but also envelopes and stamps.

4. If you are on a team plan for your mobile phones then consider giving the office lady/man a cell phone to keep on his/her desk that the team can ring them on and they can ring the team on, rather than exchanging calls on a landline. It could work out much cheaper, as landline to mobile can be over a dollar a minute, while team plan calls can be free (depending on your mobile plan).

5. Instead of backing up your computers to disc, back up online. Many companies offer this service for about \$20 per month. This saves you time, money on back up equipment and also it protects your information, off site, in case of computer crashes.

Finally, a great office manager can save you thousands each year through monitoring costs and by not making expensive mistakes on paperwork that can cost the company time and money.

**A pat on the back is only a few vertebrae removed from a kick in the pants, but miles ahead in results.**

**Ella Wheeler Wilcox**

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