

Submission by Forest Enterprises

Draft Forestry and Wood Processing Industry Transformation Plan for New Zealand

Bert Hughes

CEO & Forestry Director, Forest Enterprises

DDI 06 370 6361

Mob. 027 441 0535

bhughes@forestenterprises.co.nz

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1. Forest Enterprises supports the draft Forestry and Wood Processing Industry Transformation Plan (ITP).
2. Forest Enterprises is a licensed manager of more than 50 registered forestry Managed Investment Schemes (MIS), managing the investment entities and forest assets from establishment to harvest. We have been in business for 50 years and remain owner operated.
3. Forest Enterprises manages 20,000 hectares of sustainable *Pinus radiata* forestry in the Wairarapa, Hawke's Bay and Gisborne regions on behalf of 6,500 individuals who have invested in our forestry MIS.
4. Our investors, most of whom are New Zealanders, would be considered 'small forest owners'. We aim to inspire the next generation of forestry investors as we bring to market new investment opportunities.
5. We believe that realising the ITP's vision and goals can make forestry even more investible.

Vision, goals and key change proposed by the Plan

6. We support the Plan's vision for the forestry and wood processing sector, of:
 - a. Long-term transformation
 - b. Maximising the value of the sector to New Zealand
 - c. Being a key pillar of our regional communities
 - d. Underpinning New Zealand's low-emissions economy
7. We support the Plan's goals, that the sector:
 - a. Is sustainable and supports biodiversity
 - b. Has high productivity and value
 - c. Has thriving people and places
 - d. Underpins a low emissions economy
8. We support the Plan's intended change of processing more logs and wood residues onshore to produce more value-added wood products and enable the growing bioeconomy.

Challenges and opportunities identified in the Plan

9. We believe that opportunities for forestry businesses and regional communities will emerge from addressing challenges currently facing the sector.
10. Increasing domestic processing capacity and international competitiveness – The discovery, investment and application of new technologies means our lower grade logs can be processed into

higher value products. We can also supply woody residues (waste product from harvesting) for biofuel or other innovations from wood fibre.

11. Improving H&S and working conditions and benefits – Higher skilled, higher paid jobs in forestry supports regional economic development. Our contractors' businesses rely on smart, safe workers; defined career pathways to and prospects in forestry will improve candidate quality and job readiness.
12. Certainty of log supply – Forest Enterprises can already provide certainty of supply to domestic sawmill customers and can provide another decade of wood flow certainty.
13. A single voice for the sector – Negative public perception of forestry continues to be a barrier for the sector. Positive and proactive communications about the social, economic and environmental benefits of forests and forest products, from a trusted and credible source, will help educate and inspire New Zealanders, ensuring the sector's social acceptance and investibility.

Priority Area 1: Growing sustainable forests for our future

14. Forest Enterprises has a 50-year track record of managing commercially successful, sustainable *Pinus radiata* plantation forests and can demonstrate a return on investment. We are part of New Zealand's efficient and well-established domestic and export supply chains for *Pinus radiata*.
15. Most of the forest estate under our management is FSC certified, meeting the highest international standards for responsible forest management.
16. We support the increased use of woody biomass, such as surplus waste product from harvesting, to produce high value-products. Some wood waste left in the forest adds value to the crop environment (providing nutrients to soil, land stability and water filtration), the rest may be recovered for other purposes.

Priority Area 2: Modernising and expanding the wood processing sector and Priority Area 3: Growing and diversifying domestic and export markets

17. Forest Enterprises benefits from the clustering of related businesses in the Wairarapa, for example the Waingawa Log Hub (single location for log marshalling and rail services, log cartage, log storage and a sawmill customer). We would support further sector co-location, collaboration and sustainability in our regions of operation.
18. Forest Enterprises' forest estate is managed to both framing and pruning regimes, producing a range of log grades to suit a diverse customer base, both domestic and export.
19. We are able to satisfy the current demand from local sawmill customers and need to export the balance of what we produce (approx. 60% from Wairarapa is exported, approx. 85% from Gisborne). Increasing domestic manufacturing capability and capacity would mean more harvest volume could be supplied locally rather than exported.
20. Forest Enterprises also manages 15,000 hectares of FSC certified *Pinus radiata* forestry in the southern North Island on behalf of an international impact fund manager.
21. Forest Enterprises currently manages the harvest of over 900,000 tonnes of logs per annum from all estates under management. We will average 900,000 tonnes per year for the next decade from our MIS estate alone. We are the largest harvesting company in the Wairarapa.
22. All land under our management is being replanted after harvest, with a projected rotation age of 26 years.
23. Our projected future wood flow means we would be able to meet increased local demand for wood products and/or any increase or diversification of export markets.

Priority Area 4: Improving system settings for a thriving sector

24. We believe the forestry sector is strong and collaborative but would benefit from improved coordination and communication. The ITP has potential to better coordinate the sector, making it more attractive to the public and for investment and talent.
25. Forest Enterprises relies on positive public perceptions of forestry for attracting investment as well as talent and our business would benefit from a single voice for sector-wide issues, opportunities and successes.



26. We employ 33 staff across three locations (Masterton, Gisborne and Napier) who are management professionals in technical forestry, harvesting, supply chain and business analysis, GIS, finance and accounting, environmental and H&S compliance, log sales and marketing, law, and client services.
27. We have a network of highly skilled specialist contractors to carry out silviculture, harvesting and road building operations plus cartage. We use two specialist log agencies for our export products, plus independent financial and forest auditors.
28. An increased focus on workforce development will have a positive impact on our contractors' business as they mechanise and modernise.
29. We acknowledge science and innovation as essential to ensuring the long-term competitiveness and diversity of the sector.

Partnership and implementation

30. On our investors' behalf, Forest Enterprises is a member of the New Zealand Forest Owners Association and New Zealand Farm Forestry Association, representing the interests of small forest owners and supporting the coordination and success of the sector.
31. We are also a member of the regional Wood Councils where we operate, supporting their local initiatives to promote the benefits of forestry to the community, through educational programmes and promotional communications.
32. We will support the implementation of the ITP through our existing memberships and remain open to other new relevant partnerships.

