Ministry of Forestry to change focus and downsize

The Forestry Ministry will lay off 35 staff by July 1 as it moves its focus from forest growing to the processing and marketing side of the industry.

Forestry Secretary John Valentine said that in restructuring the Ministry he had looked at where it would go over the next five years.

"The development in forestry is going to be in the investment, processing and marketing area," Dr Valentine said.

The restructuring would occur at the same time as the Forest Research Institute, presently the largest part of the Ministry, became a separate Crown Research Institute.

Dr Valentine said the parts of the Ministry unrelated to science employed 170 people, but the restructured organisation would employ only 135 people.

He said the number of administrative positions in the Ministry's six regional offices would be reduced, but there would be some movement within the Ministry, so it was not clear which people would be laid off.

Analysts and advisers in regional offices would report directly to general managers in the Ministry's head office.

The Ministry in the past had an emphasis on forest growing but the restructured organisation would shift its focus to forest investment, processing and marketing.

People with those skills, or the ability to develop them, would be employed by the Ministry.

Go global for growth

The forest industry must adopt a global market oriented vision instead of the "fortress New Zealand" production approach that has prevailed so far.

That's the view of New Zealand Forest Owners' Association Executive Director, Ken Shirley, commenting in the March Forestry Bulletin, official magazine of the NZFOA.

Mr Shirley said the whole structure of the New Zealand economy had historically focused on production - be it producing the fattest, heaviest lambs or the fastest-growing, healthiest trees.

"While commendable, in producing a resource-based focus, it is not sufficient in itself. To get the best return on investment forest growers need to be assured that their wood fibre will be marketed in a way that maximises profit."

He said that while New Zealand industry people knew of the versatility and technical excellence of radiata pine, overseas it still tended to be confined to a narrow relatively low value corner of the wood fibre market, particularly in packaging.

"We must think globally, think marketing and cooperate for mutual benefit."

The forest industry was at an exciting stage with many new participants, he said. However, it would be extremely damaging to have a plethora of relatively small growers attempting to market overseas independent of one another. To maximise returns to growers a market-led strategy was needed for the whole industry to give discipline, cohesion and strength.

"There is a certain scale that is required to successfully penetrate and sustain effort in international markets and that can often be best achieved through cooperation," he said.

The structure of the forest industry precluded it from adopting the single-desk approach of the Dairy and Apple and Pear Marketing Boards, but more cooperative and disciplined marketing was needed to ensure the best returns for the grower and the New Zealand economy.

Regarding some of the findings of a recent forest industry strategy study, Mr Shirley said that while the country needed and should welcome foreign investment, greater control of New Zealand wood was needed further down the distribution chain.

"We should be looking at the world as a whole economy where we have as much control down to the end user as possible. It is of lesser significance if we export logs for processing in another country if New Zealand interests control that processing and the distribution networks. Just as the New Zealand Dairy Board exports milk products for processing into a myriad of high-value end-uses off-shore it would not matter if we had to do sawmilling in Thailand if we controlled the sawmill," he said.

"We must think globally and reject the outdated and largely illusory fortress New Zealand concepts of the past."