New Zealand is the world’s second largest exporter of unprocessed logs – this is not a compliment

Chris Goulding

The 13 million cubic metres exported as logs last year is half the annual harvest. It represents an enormous loss in the export revenues which could be achieved if the logs were processed profitably in New Zealand. The Woodco strategy suggests that export revenues could be more than doubled, bearing in mind that we face fierce competition from the likes of the Canada, Brazil and the Nordic countries.

Only Russia exports more logs than does New Zealand. Their government forest policy, however crude, is determined to reduce this amount. Few people would suggest that our government establish primary wood processing facilities such as sawmills, pulp mills or even bio-refineries. Nor is it recommended that the taxpayer directly subsidise the private wood processing sector. However, government is expected to provide the political, economic and social environment where opportunities for industry thrive. Judging by results in the New Zealand forest sector, it is not doing so.

A century ago, the New Zealand government established the Royal Commission on Forestry. It followed through on the spirit of its recommendations, if not the exact details. That government was not inhibited by pre-conceived attitudes on government involvement in forestry. The conclusions were astute, given the limitations of the day. The Royal Commission had been formed because of alarm over the rapid depletion of the merchantable trees available from native forests. It realised that afforestation using exotic species provided a solution, describing radiata pine as ‘a really good second-class timber.’ It also recognised that private companies or individuals, enthusiastic though some of them were, would not provide the leadership and example that the government could provide. It recommended that a distinct Forestry Department be set up, within a larger department.

The current government is calling for the forest sector to produce and implement a coherent national forest strategy. While there is much goodwill, the various components of the sector do not necessarily have the same objectives and often compete with one another. Back in the home country of some of the company industry senior managers would be prosecuted if they were found to meet and collaborate with each other. Within the next decade, the private plantings by the non-corporate owners will become mature enough for harvest, leading to an increase in New Zealand’s annual allowable cut. These owners are many and inexperienced. They do not belong to established forest associations, as for example in France or Sweden, which represent them and provide impartial operations and sales advice to maximise the owners’ economic return. One would have expected a knowledgeable government to provide the catalyst for these associations to form, to mitigate the difficulties that will be faced because of the short-lived spike in afforestation in the 1990s. In Wisconsin, the State government’s Managed Forest Law Program provides technical forest assistance to 31,000 participating family forest owners, including FSC certification for their logs as part of the programme.

There is no one magic silver bullet that will lift New Zealand from its economic doldrums. However, a doubling of export revenue to over $12 billion a year from a vibrant forest sector, where land and forest owners, contractors and processing companies each receive a fair and adequate return on their investment, would be a useful contribution. However, there is a hands-off attitude by the government to production forestry which is mirrored in the government departments.

Contrary to the Royal Commission’s recommendations, as valid today as they were 100 years ago, there is no distinct entity responsible for the development of New Zealand’s forest sector. There is no-one in the top tier deputy of directors who report to the Director General of MPI who has New Zealand production forestry or wood processing experience. Contrast this with the forestry and business qualifications, combined with forest management experience of the late Andy Kirkland.

One may argue that conditions have changed since 1913 and the 1990s. However, today, Metsähallitus is the stand-alone government entity which manages Finland’s state forests, fulfilling many public administration duties while producing about six million cubic metres of logs annually. The Director General is Dr Jyrki Kangas who has advanced qualifications in forest management planning and a long forestry experience. Perhaps this example of forest expertise in the senior management of a government enterprise providing advice to government on policy is one of the reasons why the Nordic countries have displaced New Zealand as the main supplier of wood products to Australia.

The Hon Jo Goodhew MP has recently been appointed Associate Minister for Primary Industries with responsibility for the forestry component of the portfolio. She has a degree in nursing and is also Minister for Women’s Affairs, for senior citizens and community and for the voluntary sector, as well as being Minister of Health. It will be interesting to observe the contribution she will make to the forestry portfolio as New Zealand’s third largest export industry, arguably amongst those with the greatest potential for increased export revenue.

I would like to end on a note of optimism. To paraphrase the old Scottish saying – while we are sleeping, the trees are growing.
NZIF 2013 Conference  New Plymouth 30 June to 3 July

The NZIF conference in Taranaki may seem unusual considering the region contains only just over one per cent of the nation’s productive plantation resource. This resource is mainly situated in the eastern hill country and southern reaches of the province and supports a timber processing industry of a couple of medium size sawmills and a smattering of smaller wood users. The Port of Taranaki has been a periodic exporter of logs over the past 20 years or so.

Why then Taranaki? Taranaki is predominantly a patchwork of intensively farmed dairying land that surrounds the prominent mountain, Mt Taranaki, which lies within the Egmont National park. To the east, the hill country consists of a mix of productive and marginal hill farming country, modified and virgin indigenous forest and a smattering of production plantation forestry. Approximately 300 rivers and streams drain from the mountain to the sea which in combination with the intensively farmed ring plain creates significant challenges for the control of diffuse pollution. The local response to this is Taranaki Regional Council’s riparian management programme which you will hear a lot about at 2013 Conference.

This conference however is not just about riparian land and water quality. It will explore the ecological changes that have taken place over 200 years of agricultural development. There is acute awareness in this region that problems and land use decision making to protect and enhance this environment require multidisciplinary resources. The need for economic, social and environmental values to be the responsibility of all land users will be a core component of the conference. The fact that these decisions are increasingly made in a collaborative manner to ensure all interests are considered is a feature of the Taranaki approach.

Keynote speakers

- Minister Jo Goodhew, Associate Minister for Primary Industries
- Guy Salmon, Executive director of the Ecologic
- Basil Chamberlain, Chief Executive of the Taranaki Regional Council
- Al Morrison, Chief Executive and Director General of Department of Conservation

Special Awards Dinner speaker

- Davey Hughes – aka the Swazi Man of Swazi New Zealand

Visit the www.nzifconference.co.nz website for more details and registration

The Devon Hotel
New Plymouth
30 June - 3 July 2013
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