



## **NZFFA management structures, a case for change?**

NZFFA evolved in the 1950's out of a movement to get commercial and non commercial trees species planted on farms and was a conduit for information flows from the NZ Forest Service, local catchment boards and other government departments into the rural sector of the economy. It was one of few technology transfer vehicles in the private/public space.

Moving ahead to the 1980's and 90's, the reorganisation of many of the former government departments and local authorities meant that some of these organisations ceased to exist and the flow of information that was key NZFFA's members and it the reason for their membership had diminished significantly. Today organisations in the forestry and environment space undertake their own research and tech transfer on a case by case basis and disperse this using electronic as well as written media at a limited number of events. The old communication mechanisms and vehicles for association are changing, distance is much less of an issue within limits, and meetings and communication can be undertaken electronically... e.g. Skype for NZFFA exec discussions.

Membership of all organisations is trending down, with people associating with groups on an "as needed" basis and with the sheer volume of material available on the internet and from direct marketers (e.g. nurseries, rural services, etc) it is fairly hard for NZFFA to corner any space in the market and own it forever.

IN the early 1990's there was a spike in membership that correlated with a spike in planting of investment blocks as people joined to get information , did their planting and then left as quickly as they had arrived. There may be an opportunity to regain some of those members as their forest become ready to harvest, BUT there are many more competing information providers in the market than there were 20 years ago, and they are all more commercially orientated than NZFFA.

SO what now is our reason for being? And will it give us any certainty into the future?



From the 1950-80's sharing information, learning from each other and the local and national social linkages and the provision of services where the private / public sector had failed to do so (marketing co-ops) was the norm. Slow transport and communication systems and undeveloped private sector provision had a part to play in the way that our organisation developed. From the 1990's to the present there has been a vastly increased volume of information flow and a reducing need for many of the traditional social linkages. Vastly improved transport, very fast communications and many highly skilled private sector providers in the forestry and environmental market place have effectively robbed us of opportunity to engage with an audience that was primarily our own for many years.

This raises the question.... what is our potential market space and how might we occupy it?

One potential space is as a collective vehicle for research organisation and information provision in niches not presently occupied by the private sector and CRI's. This could be undertaken at local level by branches or at a national level by action groups /nationally established branches. The Provision of services to members that are not being serviced by the private sector and government could be undertaken but this may lock us into a small audience size and very limited subject material.

Just where that leaves the social interaction space is up for debate, some branches have a very active calendar of events and to some extent are a social vehicle, it could well be argued that the national conference is a social occasion, however it is also our shop window to the world. Does it have the right stuff in the window to attract new members? Or is it just the stuff that the current occupants feel comfortable with?

Currently other organisations with a strategic commercial focus are stepping into what traditionally has been the space of NZFFA and CRI's. The Dryland Forest Initiative is one of these and unashamedly so. What other spaces have been commercialised due to our own lack of foresight or resources or due to the fact that those with paid professional staff do have more time to pursue clients than do unpaid amateurs. The "clean streams" dairy space is one and it would be fair to say that Dairy NZ and regional councils occupy this space due to the fact that they fund people to do it. Forest harvest and log brokers in the



radiate pine market are another, there are very few if any NZFFA marketing coops still functioning effectively in this space.

Organisationally NZFFA has maintained a modest quota of paid staff and a centralised office and administration function. Governance and some management functions are carried out, and an unpaid executive meeting is held quarterly; with the council relegated to reviewing constitutional issues at the annual conference. This had led to a concentration of knowledge, information and workload with a very small number of key persons in and around the executive, and almost none outside of that. Currently the national council meets only at conference for a few hours, has little or no input to its agenda and is administered and chaired by the executive.

Our constitution has been developed over a number of years with additions being made when required. The question that needs to be asked is ...Does our current structure and constitution actually help us grow our organisation into the future and does it have enough flexibility in its provisions to allow either the executive (or Council for that matter) to move quickly on an issue if the need arises.

For example, if a group of people want to set up a new branch under the current rules (7a), that status can be granted by the executive. However if that branch for some reason does not fit easily within the current constitutional framework that we have, a constitutional amendment might need to be made and ratified by Council at the AGM . The problem that this represents is that the AGM is 4 months into a financial year and for a new non conventional branch to set up there could well be a 2 year lead in period involved ... even assuming that the Council is prepared to agree to a constitutional change. This discussion may well seem rather academic, but would a group of people who may not currently be members be prepared to wait around whilst we debate stuff for 2 years and amend our legal structure, or would they just go out to the private market and buy the services they need, or get them for free somewhere else?



The following examples may help with this discussion.

Example 1. If a group of people had wanted to set up a commercial trading branch and be involved in commercial activity, would that have fitted within our structure? And would the council who only meet once a year have had the time and information needed to work through an issue like this had they been required to?

Example 2. If a current action group wanted to incorporate members of a competing organisation into its membership and also wanted to be granted branch status and grow its membership as a whole, and to provide very focussed services to that membership including in some cases exclusive commercial material how would our organisation deal with issues such as “associate status” of the Association, or incorporating those new members into the proposed new branch when membership of the wider NZFFA vehicle may be of little interest or value to them?

Example 3. A person may wish to join a branch or a number of branches for the information resources or services that those branches directly provide, and is prepared to join the national association because our constitution requires that all branch members are also association members. The information provided in the *Tree Grower* is of little value or interest to this person and so he does not wish to meet the cost of the magazine. Currently there is an assumption that every member wants (and accordingly gets) the *Tree Grower*, however this is “our group think” and may or may not be valid.

How should we deal with persons such as this one, given our continually falling membership?

At the July meeting of the executive a number of these issues were debated and it became fairly clear that there was no real clear cut consensus on some of these issues, and yet moving into the future it is clear at least to those on the executive that the ability to move quickly and decisively to grow our organisation or discrete parts of it is possibly hampered by our current constitutional framework and the various knowledge sets and capabilities that exist within all levels of our organisation. Interestingly after a long and sometimes rather heated debate the executive did get their heads around the ideas and issues, but it did take 4 hours with a group of people that live and



work in this space. The real question is how do we engage, educate and make headway on key issues within the Council, a group that is not always in an informed space with respect to many of our issues.

This discussion raises the question, how do we get the body that is constitutionally required to perform oversight of the organisation – the Associations Council - more into the loop so that it can operate in a prudent, informed and timely manner and should we even try. If the council members can't or won't step up to the roles that they are constitutionally charges with undertaking , how do we as an organisation move to a different governance structure that will work more effectively for us in the future.

A number of potential options might include;-

#### Option 1.

Status quo, with the president and executive elected by the branches and wider membership, and the Council being a group of branch appointees having little effective leadership internally and meeting once a year to ratify those matters that the executive ask it to, and those matters that the constitution require it to.

#### Option 2.

An electoral college model, where branches and the membership directly elect the Council, and the executive are a subset of the Council and elected by that Council. The president may or may not be elected by the Council. Ratification of change may or may not be needed at the AGM depending on what rule set the Council elects to adopt.

#### Option 3.

A streamlined model with the president and executive directly elected from the branches and wider membership and undertaking all the roles of the current executive and those of the current Council. The Council is disbanded and the executive may possibly be enlarged if required. Ratification of constitutional changes may or may not be needed at the AGM.



#### Option 4.

Status quo with modification of Council rules enabling it to set its own agenda, elect its own chairman and organise its own communications. Devolution of some as yet undefined executive roles that are NZFFA specific as opposed to pan industry back to the Council. Examples of the role sharing could be awards judging and conference interaction to be run and managed by the Council, with membership of pan industry groups (levy board) or national sponsorship agreements to be undertaken by the executive.

#### Option 5.

The reorganisation of Council so that councillors represent branch clusters that would incorporate the interests of a group of neighbouring branches in whatever governance model is chosen going forward. Critical mass is an issue for many branches with too few people doing too many roles and so the concept of shared services may well work if parochial views can be put aside.

#### Option 6.

(This sixth option has been suggested by a Branch)

Angus' paper does not include the option of retaining the current arrangement but finding a way of shrinking the Council so that it can be kept more up-to-date, meet more often, be more effective and thus provide better guidance to the Executive.

**Note**, a review of our membership in July 2014 showed that only 6 out of 26 branches had more than 100 members, interestingly 4 out of 6 action groups had more than 100 members. If we looked at a minimum branch membership threshold of 80 members all the action groups would qualify, but only 10 of the current 26 branches would. We clearly have a problem in branch membership in some parts of the country, and that in turn does put pressure on the organisation both locally and nationally to manage itself effectively. If they proved effective the branch clusters could well become the new local or regional organisational structure of the organisation

The examples and options above are meant to prompt thinking about the issues that we need to resolve heading into the future. It is a real challenge for us because we are trying to change our organisation and grow it based on what



we on the inside know and want, not based on what those on the outside and who are not members don't know and may or may not want.

Added to that is the new role that NZFFA has taken on as a "Partner" with NZFOA to manage the expenditure of the forest levy funds. This is requiring a new level of professionalism and service delivery in what is largely a voluntary organisation. How long executive members of this organisation can continue to have multiple balls in the air and not drop any, for both our own membership and that of the greater forest industry and do it all for free is an interesting question. Luckily we do have a dedicated paid management team working out of our Wellington office, and a national president who has been able to spend a considerable amount of time in Wellington for a very meagre honorarium, but will that always be the case?

### **Matters for discussion and possibly for decision at the Council meeting of 5<sup>th</sup> November**

The introduction above does not attempt to provide answers; it is deliberately challenging in its choice of topics and there are undoubtedly many other topics that members, branches and interest groups would like to have included on the Council meeting agenda scheduled for 5<sup>th</sup> November in Wellington. The reality may be if we have too many topics we will never get through them all but we should get as many out on the table as possible. It is equally a reality that if we don't find some answers to at least the key issues then we will remain suspended in our annual talk-fest space without actually making progress and improving the direction of our organisation; or improving how we manage things ...with our continually declining membership that is probably not a feasible option.

- A. **That the current legal and organizational structure of the association be changed.** Currently we have many branches and many councilors, whose only interaction is for a few hours at the beginning of a conference. It is rushed, hurried, poorly attended and mostly dysfunctional. The constitution says that the association is at the direction of a "council" which only ever meets at conference, and is "led" by the executive. It is proposed that the council's status be reduced to that of being an advisory only body. With enlarged branches or groups of branches fewer councilors would be needed, and it may be feasible for them to meet say twice per year and assume some workload. If this changed role and increased workload for council does not seem practical or is not wanted, then it may be more efficient to enlarge the Executive and eliminate the council. Changes to the constitution would be inevitable. One of Options 1-5 in the discussion paper above, or some variation might apply



- B. That consideration be given to special interest groups having a seat at the council table or formal representation at executive level. If they choose to grow and move to a more nationally relevant status their “legal” status may need modification, and adequate representation will have to be provided if they are to continue to associate under the broader NZFFA umbrella.
- C. That new interest groups that fill unoccupied spaces in the forestry sector, be set up. Because it will be the means whereby the NZFFA is most likely to be able to recruit significant numbers of new members, it is recommended in particular that a “forest investment interest group” be established, [See appendix one for details].
- D. That some functions that are currently undertaken by branches be centralized to ease workloads on voluntary administrators, and to accommodate changes in the regulatory environment, especially around audit and treasury roles.
- E. That a financial strategy be prepared to help with the future development of the association. This would include recommendations on how active funds (national body) and latent funds (branches) could better be used to work towards a common goal. Reserves that are maintained by action groups, and the national office for specific projects would be considered as part of this.
- F. That, once structural changes have been made, the NZFFA’s current “showcase events” such as the national conference, action group weekends and national awards be reviewed to determine their relevance and appropriateness.
- G. A full review be undertaken of the way members of the national association, branches and special interest groups are levied, and how this relates to the benefits that they receive. Currently all costs and benefits are bundled which leads to a high up front charge for membership. Unbundling of charges and allowing choice (e.g. an optional subscription to *Tree Grower*) could lead to lower entry level fees for those that may choose this option.
- H. That special interest groups be encouraged to prepare their own R&D strategies in order to target research gaps.
- I. That a dedicated communications working group be formed to review all the current means of communication including the *Tree grower*, the website, the national office newsletter, and newsletters from branches and action groups and decide on what future changes should be made to communicate information to members and others in a more efficient and effective fashion.
- J. That branch boundaries and regions of interest be reorganized to more closely align with regional communities of interest and possible alignment where practical with local government boundaries. A model of this approach is the amalgamation of the Tararua and part of the Ruapehu branches into Middle districts, which largely follows the boundaries of Horizons regional council.





- K. That amendments to the NZFFA constitution be made to allow an unbundling or the relationship that Special interest groups have with NZFFA so that membership growth from outside of NZFFA sphere can be achieved, thus allowing any group to grow into a body representing all members of that particular sector at a national level instead of only members from within NZFFA at a NZFFA level. (Farm Forestry Timbers was formed along these lines but had to form a “branch” to allow non-affiliated members to join).
  
- L. That a name change be considered. If we want to attract members, many of whom will not be farmers, a name change would help. A change from the NZ Farm Forestry Association to the NZ Tree Growers Association is a possibility. It may even be worth considering whether the NZFFA should become a “special interest group” for farmer members and be subordinated to NZTGA. This would facilitate the recruitment of new members from other constituencies. Note the current hosts for the 2014 conference are “Marlborough Tree growers”, a hybrid of Tree crops and Farm forestry.



## **Appendix one: Proposed “Forest Investment Interest Group”.**

It is proposed that a new NZFFA Special Interest Group called “The Forest Investment Interest Group” be established. This would focus on issues such as interaction with local authorities, the consent process, pre-harvest inventory, forest certification, roading, forest aggregation to encourage economies of scale and local processing, machinery improvements, health and safety issues, insurance matters, the ETS (because it might be better to leave your trees to grow on), and divesting forest assets. It is envisaged that this will not only be of interest to many current members, but will also be attractive to many others who invested in small scale radiata pine forests in the 1990s and who are starting to think about harvesting their stands in the 2020s.

Headway has already been made with a first step, which is to identify the small-scale forest owning entities. With an expected modest allocation of the levy money, more will be achieved in 2014. To summarise, satellite imagery and land survey data was used to create a spreadsheet of exotic forests by location, area and owner. A total of 14,700 small-scale forest owning entities, with more than 5 ha and less than 1000 ha, were located. Less than half of them had valid postal addresses but with some funding, over 9,000 valid postal addresses have now been found leaving 5,600 outstanding.

Once the addresses are obtained initial contact can be made, and each addressee provided with an information pack containing an offer of membership of the NZFFA, and a request for an email address.

The pack will also contain an overview of the negative consequences of not doing anything about a five-fold-increase in the total small-scale forest owner cut that could be coming in the mid 2020s, and conversely the opportunities to work collectively and more smartly to maximize SSFO net income and minimize risks.

Of course, once connection is made with the SSFOs, follow-up systems will be needed to keep them involved. The following are envisaged.

- A weekly newsletter sent by email.
- A web-site which is a high-class, up-to-date forestry information hub that is closely integrated with the technical data available from NZIF, NZFOA, and SCION. Much information will be available free, but more recent and therefore more interesting information will only be available to paid-up NZFFA members.
- A *Tree Grower* that is aimed more at the majority of SSFOs, and which can be subscribed to whether purchasers are members or not.
- Better promotion of the services that NZFFA already provides, such as its specialty timber market, its conferences and its field days.



One of the activities of the “Investment” group would be to investigate collaborative structures that would give the members more strength in controlling costs. An example would be a self-sufficient forestry cooperative for members that would provide a range of services including standardized contracts, group insurance and fire protection, group negotiations with local authorities, booking systems for harvesting and marketing and continuity of supply to local mills.

Every new member that the NZFFA recruits and retains will add marginal income from subscriptions and advertising power. Each new member will add to the NZFFA’s ability to influence the rest of the forest industry and Government in its favour. However funding will be needed to set up systems, such as those described above, to bring in these new members.

About \$100,000 will be needed to print and post out the initial information packs. Because the branches would share directly from the recruitment of new members in their regions, branches will be asked to contribute financially. It is envisaged that systems development will be cautious, making sure that each step works, before risking bigger investments.