New Zealand Farm Forestry Association
Oranga Rākau Aotearoa

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Ministry for Primary Industries
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SUBMISSION ON

Forestry and wood processing industry transformation plan

Draft

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About this organization.	The Association represents people who own small-scale private forests and/or are interested in the many values of trees. Currently we have over 1200 members representing a good cross-section of the approximately 15,000 entities owning private forests in New Zealand. Small forest owners are managing about 25% of the national exotic forests and also own generally sizable areas of indigenous forests, with some managed under the sustainable forest management provisions of the Forest Act.
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BACKGROUND AND SUMMARY

The Ministry for Primary Industries has issued a draft Forestry and Wood Processing Industry Transformation Plan. This is a welcome contribution and appears to be well researched, but we feel it lacks real aspiration. Should our pastoral exports face growing challenges over environmental performance, forestry exports will be needed to replace them. Forestry is a more benign land use, and could prove the long-term mainstay of the economy; but it will require threats like climate change, single species, and sector fragmentation to be boldly addressed. At present the Plan is more incremental than transformational.

The Plan proposes a vision and actions to transform the sector and lists five ***goals for industry transformation***:

1. To reduce carbon emissions by 6.9 million tonnes by 2030 and 54 million tonnes by 2050 (this may be in aggregate or per annum. It's not stated)
2. To scale up domestic wood processing by an additional 3.5 million cubic metres of roundwood a year
3. To increase export earnings from value added wood products by $600 million by 2040 (one assumes per annum, though it's not stated)
4. To increase the annual use of wood products in construction by 25% by 2030
5. To increase the planting of alternative species to 20% of all planting by 2030 (i.e. in afforestation and reforestation combined).

To achieve these goals the Plan proposes actions in four ***priority areas***:

1. Growing (productive, sustainable forests)
2. Processing (modernising and expanding)
3. Marketing (growing and diversifying)
4. Facilitating (improving system settings).

Each of the areas has a number of ***objectives*** with proposed ***actions*** to achieve them.

We support all of the objectives and most of the actions. Some actions we strongly support, while on a few we are neutral.

We are strongly in favour of

1 **Action 1.1 Increase forestry benefits to Maori and small woodlot owners through aggregation**. We want aggregation legally enabled and supported in such a way as to provide clear benefits to small forest owners, as well as to the contractors and processors.

2 **Action 2.1 Develop a diversification programme for productive forests**. This will be welcome. We have been planting and advocating for other species for decades, and have the experience and knowledge to partner in this action.

3 **Action 2.4 Explore the role of the Crown for investing in the diversification of productive forests.** To make a significant change we need to de-risk investment at scale, and set a higher goal of perhaps 35% planting of alternative species by 2030. This will be difficult to achieve, but the NZ Farm Forestry Association will assist to the extent our resources allow.

4 **Action 3.2 Map biomass supply and demand**. A map showing supply and demand for biomass by location would greatly facilitate aggregation of biomass supplies from small forest owners.

5 **Action 7.4 Accelerate low carbon procurement and support implementation**. The Government must be seen to prefer (and if possible, mandate) timber in its own new buildings such as offices, schools and hospitals, and any building that it subsidises. Failure will send the wrong message.

6 **Action 12.1 Support innovation and commercialisation**. A science funding model that gives priority to sector development over long periods could greatly assist the completion and uptake of forestry research, particularly in the areas of alternative species and biomaterials development.

7 **Action 13.1 Enhance MPI's forestry-based advisory services.** An advisory service needs to have forestry-qualified staff with adequate practical experience to talk to farmers. The NZ Farm Forestry Association is willing to assist MPI with this as our resources allow.

In terms of Objective 4 we are strongly in favour of any programme that helps develop dispersed, profitable regional wood processing facilities since these are likely to improve the profitability of small forests.

We want priority given to

1 **Action 4.6 Attract and facilitate new investment in the bioeconomy and advanced processing.** Development of new products from wood is key to transforming the sector and replacing materials derived from oil. Wood needs to be used for plastics, clothing, food, and energy. This transformation needs to be clear in our national vision and it cannot rely on carbon prices alone. **Please give this priority.**

2 **Action 7.2 Address technical barriers for innovative wood products, such as standards**. For years we have been advocating for change in the way standards limit the use of alternative timbers. It should not be this difficult. **Please give this priority.**

3 **Action 8.1 Create and sell our forestry and wood product story**. The story must be for New Zealand as well as for our export markets. Government investment in the story will be more cost effective than Government investment in the industry and the story will be critical to the success of the Plan. **Please give this priority.**

4 **Action 13.2 Regulate log traders and forestry advisors**. The key to protecting small forest owners from fraud will be information, and transparency. We want industry standard contracts that set out the necessary clauses in plain English. **Please give this priority.**

Our comments on specific clauses follow.

AREA 1: GROWING SUSTAINABLE FORESTS

OBJECTIVE 1 IMPROVING FOREST PRODUCTIVITY

Action 1.1: Aggregation

We are strongly in favour of:

- *Improving data and information sharing*. We want transparency, particularly in the area of harvesting and marketing small forests.
- *Supporting the development of aggregation pilots and business cases*. We want the aggregation of small forests legally enabled and supported in such a way as to provide clear benefits to small forest owners, as well as to the contractors and processors.
- *Reducing barriers such as tax settings.* We have argued for years for changes to the 'cost of standing timber' provisions of the Income Tax Act to allow aggregation without tax penalties.
- *Improving the purchasing environment for multiple small blocks*. We favour improving the purchasing environment provided it is not to the detriment of small forest owners.

Action 1.2: Automation and robotics

We are neutral about the Government and industry co-investing to:

- *Develop new automated technology in harvesting and sorting logistics.*
- *Identify the skills necessary to operate new machinery.*
- *Promote, commercialise and deploy new technologies.*

The more automation that is adopted in harvesting and marketing, the more capital intensive it will become; and the less downtime contractors will tolerate. More automation means less willingness to harvest small forests that do not offer long contracts.

Aggregation is more important to small forest owners than automation.

Action 1.3: Precision silviculture

We are in favour of investment in precision silviculture to reduce forest management costs. We suggest pruning needs greater investment as it is the key to adding value to future crops. However small growers must be involved in this development, as capital intensive mechanisation can lead to higher costs and reluctance by contractors to service scattered small forests. The technologies must also be suited to the sort of steep and broken terrain on which many small forests are – and will be – planted.

Action 1.4: Breeding and genetics

We are in favour of exploring options to improve breeding and genetics:

- *Assessing the current state of genetic stock.* Accurate estimates of genetic gain are important to justify the higher costs of genetically improved tree stocks. The current genetic improvement programme is dominated by the large corporates, and small growers are often left with less productive stock. Possibly the creation of a radiata pine "Farm Breed" suited to fertile sites is needed and could be funded.
  Small forest owners are already working on improving the genetics of exotic and indigenous species including cypress, eucalyptus, redwood, totara, kauri and puriri.
- *Identifying opportunities to increase access, boost research and advance development.* Access to the best radiata pine genetic stock is a significant issue for small growers, who rely of Proseed to make sufficient quantities of the necessary control pollinated crosses ahead of demand. Access to IP from Scion is another impediment as their legal requirements are onerous and very slow.
- *Mitigate wilding risk.* The NES-PF already has adequate controls on wilding risk. We are neutral about research attempts to produce sterile Douglas fir.

OBJECTIVE 2 DIVERSIFYING OUR FORESTS

Action 2.1: Diversification programme

We are strongly in favour of developing a Productive Forest Diversification Programme that includes:

- *Developing a strategic approach to diversifying productive forests to guide future policy, research, investment, education, promotion and risk management activities.* It will be welcome. We strongly support a better strategic approach, analysis, and methods to de-risk investment in other species. The NZ Farm Forestry Association has the experience and knowledge to assist in this action.
- *Accelerating research and development into the best alternative species, management, non-wood forestry opportunities and markets.* It will be welcome. Funding for this work has been limited and we are seeking support for the Speciality Wood Products stage 2 bid under the Sustainable Food and Fibre Futures programme.
- *Sawmilling and processing opportunities.* We largely understand the sawmilling and processing opportunities, but these are constrained by the availability of logs. The resource is scattered, limited and of variable quality.
- *Planning for climate change adaptation and mitigation.* This is essential.

- *Setting up a continuous canopy forestry working group.* Some NZ Farm Forestry members already practise continuous canopy forestry and we look forward to further encouragement and support.
- *Enabling changes to NZ ETS look-up tables to more accurately reflect carbon stock changes and incentivise improved management.* This is overdue.

Action 2.2: Alternative species

We are in favour of the government *partnering with industry to fund investment cases and feasibility studies for alternative species at regional scale*. The information will be useful, although whether or not real investment follows will depend on the strength of the story. To promote diversification, Government assistance in developing and spreading the story of the benefits of alternative species will be critical, and will affect the success of the ITP.

Action 2.3: Native forestry

We are in favour of *lowering the costs of indigenous forestry by establishing a large-scale, efficient indigenous nursery supply chain*, but would not spend a lot of money on it. New indigenous forests will contribute very little to our carbon targets for decades, and will contribute nothing towards the production of high value timbers for generations.

Action 2.4: Crown investment

We are strongly in favour of *scoping the potential for the Government to invest in diversifying our productive forests using alternative species and management regimes*. The Government is a major landholder and there are substantial areas of Pamu (Landcorp) farms that could be productively used as demonstration forests of alternative species. This would improve land use, generate commercial returns and provide leadership.

We note that goal 5 of the Plan is to increase the planting of alternative species to 20% of all planting by 2030 (i.e. in afforestation and reforestation combined). To make a significant change we need to de-risk investment at scale, and set a higher goal of perhaps 35%, not 20%. This will be difficult to achieve, as there will be constraints on raising sufficient clonal stock between now and then to meet the goal. Serious efforts on Actions 2.2 and 2.4 will be necessary. The NZ Farm Forestry Association will assist to the extent our resources allow.

OBJECTIVE 3 INCREASE USE OF WOODY BIOMASS

As noted earlier, one of the five ***goals for industry transformation*** is to reduce carbon emissions and some of this will be through replacing fossil fuels. On pages 28 and 31 it says 49.3 million m3 of woody biomass will be needed for this purpose. The figure is never mentioned again although we would have expected it to be discussed in this section. In particular, it would be useful to know whether we require 49.3 million m3 of woody biomass in aggregate (by 2030? or by 2050?); or whether we require it per annum. If per annum, we will need to start planting another 1½ million ha of exotic forests.

Action 3.1: Recovery practices

We are in favour of *researching and developing best practices and technologies for removing woody biomass from forestry operations that are ecologically sustainable and cost-effective*. These need to be useful for small-scale forests as well as large forests.

Action 3.2: Map supply and demand
We are strongly in favour of *a nationwide mapping exercise of woody biomass supply and demand by region to support better matching between suppliers and users*. A map showing supply and demand for biomass by location would greatly facilitate aggregation of biomass supplies from small forest owners.

Action 3.3: Biomass supply
We are in favour of the Government *planting another 10,000 hectares of forest, including alternative species, and researching the best species and management regimes for growing forests for energy and bioproducts.* We believe some of this research has already been done and that Scion has the results. It would be helpful if Scion were better funded to conduct research, and to publicise and oversee the implementation of the work it has already done.

Action 3.4: Energy value
We are in favour of *advancing research and developing guidance on how to optimise the energy value from wood fibre residues,* especially small scale technologies that create distributed production of concentrated energy, e.g. pyrolysis oil and torrefied briquettes.

AREA 2: MODERNISE THE WOOD PROCESSING SECTOR

OBJECTIVE 4 INVESTMENT TO INCREASE MANUFACTURING
We are strongly in favour of any programme that helps develop dispersed, profitable regional wood processing facilities. These are likely to improve the profitability of small forests.

Action 4.1: Government investment
We are in favour of the Government *exploring funding options to catalyse and accelerate investment in primary wood processing capacity, to increase the output of long-lived harvested wood products and boost residue supplies to secondary processing.*

If this is done in conjunction with Action 4.7 (facilitating consents) then once the exploration is over, industry investment should follow.

Action 4.2: Financial incentives
We are in favour of the Government *considering the mix of financial incentives and measures needed to spur industry investment in advanced wood processing and bio-product plants and technologies, and ways to reduce the cost and risk of investment.*

Action 4.3: Harvested wood products
We are in favour of The Government *working with the sector to investigate and shortlist options for a scheme to recognise the carbon stored in harvested wood products.*

Action 4.4: Emissions leakage

We are in favour of the Government *looking at the long-term direction of how we manage the risk of emissions leakage in New Zealand in a manner that aligns with New Zealand's climate and trade goals.*

Action 4.5: Support investment

We are in favour of the Government working *with local government and industry organisations to support investors to access information and insights critical to investment decision making*. We look forward to seeing *investment cases for wood processing, biofuel facilities, and alternative and innovative wood products, such as biofuels, biopharmaceuticals, and engineered timber products*.

Action 4.6: Facilitate investment

We are strongly in favour of the Government *exploring ways to attract and facilitate new investment in advanced wood processing and bioeconomy manufacturing, to accelerate deployment of capital*. Development of new products from wood is key to transforming the sector and replacing materials derived from oil. Wood needs to be used for plastics, clothing, food, and energy. This transformation needs to be clear in our national vision and cannot rely on carbon prices alone. Although it is unlikely that many small forest owners will be directly involved in some of these investments, p**lease give this priority.**

Action 4.7: Planning and consenting

We are in favour of the Government *facilitating the planning and resource consenting process for new wood processing infrastructure.* It is almost impossible to get consent to develop a mill at present, and without a more user-friendly process all of the work trying to attract new investment might be totally wasted (e.g. Action 4.1). There are good examples overseas of codified approaches to resource consents, where if you fully comply with the code you get the consent without debate or delay.

Action 4.8: The finance sector

We are in favour of *the forestry and wood processing sector increasing its engagement with the finance sector to raise awareness of climate-friendly and productive investment opportunities, and ensure mitigations to climate-related risks are well understood*.

The forestry sector needs to work with the Government to develop and promote a compelling story that supports the goals of the Plan, and that convinces other sectors to align with them. As we noted earlier, developing and spreading the right story will be critical to the success of the ITP.

OBJECTIVE 5 SUPPORT SECTOR COLLABORATION

Action 5.1: Cluster facilitation

We are in favour of *establishing a national cluster facilitation team to work with industry, education and research institutions, and Economic Development Agencies to support the establishment of advanced wood processing and bioeconomy clusters across New Zealand.*

Clusters have been proven to deliver benefits to participating businesses. However as noted below, small forest owners would prefer many small clusters widely distributed around the country, over a few large clusters concentrated in industrial centres.

Action 5.2: Regional clusters

We are in favour of *the Government partnering with the sector to explore, assess, and deliver advanced wood processing manufacturing clusters, including supporting feasibility studies and business cases, infrastructure, access to land, consenting barriers and technical advice.*

However, each cluster will have an economic log supply catchment. A few large clusters concentrated in industrial centres will offer benefits to local log suppliers, but not to the wider forest industry. Small forest owners would prefer many small clusters widely distributed around the country offering local demand and services.

Action 5.3: Innovation and commercialisation

We are in favour of *exploring opportunities to support commercialisation of bioeconomy technologies and successful uptake of low carbon products such as bio-pilot facilities and networks.* Rising carbon prices will help drive investment in this area. However it is unlikely that many small forest owners will be directly involved.

Action 5.4: Circularity of the value chain

We are in favour of the Government:

- *Exploring options to enhance circularity of the value chain, including opportunities to give effect to the cascading principle.*
- *Investing in sorting and processing infrastructure for construction and demolition waste.*
- *Exploring regulations to establish obligations for separating construction and demolition materials. This can include the remanufacture into new timber products or use for biofuels.*

These initiatives are desirable but we do not expect them to have much impact on small forest owners.

OBJECTIVE 6 IMPROVE TRADING AND TRANSPARENCY

This is of fundamental importance to small forest owners. Large forest owners may harvest all the time but small forest owners may harvest only once in a generation. They generally have no experience of what is involved, or the risks and how to manage them. Good information and transparency are critical to successful outcomes. Poor outcomes may discourage replanting and defeat the purpose of this Plan.

Action 6.1: Market transparency

We are in favour of the Government *developing tools to ensure log and biomass trading is well informed and transparent*. We would like log prices by grade published regionally with regular updates, so that small forest growers could be better informed of log price levels and volatility.

Action 6.2: Trading contracts

We are in favour of *the Government partnering with the sector to develop log and biomass market trading arrangements through an iterative process to co-create improved trading arrangements*. We note that *there is opportunity to coordinate small woodlots and develop supply agreements with domestic processors that support good returns for forest owners alongside greater surety of supply for wood processing investors.*

However we see a risk that a limited number of harvesting and marketing companies could become dominant in the sector and '*coordinate small woodlots'* by dictating terms to small forest owners in order to aggregate supplies for processors at the growers' expense. Coordination and aggregation must offer benefits to the small forest owners, and we fail to see any mention of equity, sharing or protection. Accordingly we would like full transparency down the supply chain so that growers can see who is getting what and why.

AREA 3: GROWING AND DIVERSIFYING MAKETS

OBJECTIVE 7 GROW DOMESTIC DEMAND

We are strongly in favour of using more wood in the New Zealand economy and think that improving the use of timber in construction, and addressing the way standards for timber products are developed and enforced are both well overdue.

Action 7.1: Timber design centre

We are in favour of the Government *continuing to support the Timber Design Centre to address the barriers for greater use of timber and engineered wood solutions in building projects*.

Action 7.2: Technical barriers and standards

We are strongly in favour of the Government *identifying and addressing regulation, standards and product appraisal barriers that limit the use of alternative timbers and innovative wood products in building and construction*. For years we have been advocating for change in the way standards limit the use of alternative timbers. **Please give this priority.**

Action 7.3: Mass timber

We are in favour of the Government *exploring funding options to support increased use of mass timber in construction and options to reduce financial barriers to low emissions building*.

We acknowledge research that shows timber construction is generally more earthquake resistant than concrete construction. We are also aware of research that shows that people living and working in buildings where wood is featured, find those environments healthier than buildings with synthetic interiors.

Action 7.4: Low carbon procurement
We are strongly in favour of *the Timber Design Centre convening a reference group to help reduce barriers to government procuring buildings that use wood, and better utilise industry expertise in planning, design, and construction*.

The Government must be seen to prefer (and if possible, mandate) timber in its own new buildings such as offices, schools and hospitals, and any building that it subsidises. Failure will send the message that it is unimportant. That will undermine this Plan and our climate change targets, which need wood substituting for more emissions-intense materials.

Action 7.5: Demand for bioproducts
We are in favour of the Government *exploring options to accelerate the bioeconomy, by:*

- *raising consumer awareness*
- *stimulating demand for bioproducts*
- *addressing barriers to uptake.*

Rising carbon prices will help, but as we noted before the forestry sector needs to work with the Government to develop and promote a compelling story that supports the goals of the Plan. This will include customer awareness and demand. Developing and spreading the right story will be critical to the success of the ITP.

OBJECTIVE 8 GROW EXPORT MARKETS
We absolutely support *the Government and industry working together to tell the sector's story about the advantages of sustainable wood products*. *Telling this story well has the potential to increase demand and solutions and attract potential investors* - and reduce land use conflict. We agree that *this story needs to align with the transformation of the sector and adapt over time as the sector evolves*.

However we advocate in the strongest possible terms that the story needs to be for New Zealand as well as for our export markets.

Late in 1992 a conservation story appeared in the USA that shook the world. Moves to protect the Spotted Owl on the West Coast led to a spike in log prices as US companies reacted to possible timber shortages. This doubled log prices in New Zealand almost overnight and suddenly forestry became enormously popular, resulting in small forest owners planting around 500,000 hectares over the following years. Although log prices settled back and planting rates fell again, those forests were in the ground and they are being harvested today. The US Spotted Owl story drove a billion dollars worth of private investment here in New Zealand and cost the Government nothing.

More recently the Government's own story around Covid-19 led to the Team of 5 Million, mass testing and vaccination, and the saving of thousands of lives.

Get the story right and implementation of this Plan will be assured. It will be cheaper and more cost-effective for the Government to invest in the story than to invest in facilities.

Action 8.1: Sell our forestry story

We are strongly in favour of *the Government and the sector co-developing an enduring marketing programme to deliver a sector-wide marketing story that showcases the value of New Zealand's sustainable forestry and wood on the global stage. This includes developing marketing resources for use by forestry and wood processing businesses*. We believe t*he story should evolve and continue to be promoted over time as the sector evolves and productivity lifts*.

We advocate in the strongest possible terms that the story needs to be for New Zealand as well as for our export markets. **Please give this priority.**

Action 8.2: Offshore presence

We are in favour of *the Government and the sector co-funding market development staff in our key export markets to improve market access and success for forestry products. That will include:*

- *working to align local wood standards*
- *building market demand*
- *gathering market intelligence on inflows and outflows of logs and wood products.*

However small forest owners will not directly benefit from this work. We would particularly like to see the benefits of that market development flow back to growers through higher log and timber prices in New Zealand.

Action 8.3: Non-tariff barriers

We are in favour of *the Government working with industry to improve market access and reduce non-tariff barriers that currently limit the export of manufactured wood products to key export markets.*

Again, small forest owners will not directly benefit from this work. We would particularly like to see the benefits flow back to growers through higher log and timber prices in New Zealand.

AREA 4: IMPROVING SYSTEM SETTINGS

OBJECTIVE 9 SUPPORT MAORI ASPIRATIONS

We are aware that *Māori often face challenges to fully realising the benefits and opportunities in the forestry and wood processing sector.* These largely relate to the fact that many Iwi are cash-poor (although Treaty settlements have helped significantly) and cannot use Maori land as collateral.

Action 9.1: Strengthen voice of Maori

We are in favour of *supporting greater Māori participation and representation in the forestry and wood processing sector, including:*

- *supporting the establishment of a representative body of Māori Forestry experts*
- *supporting the greater use of Mātauranga Māori to drive research and innovation.*

Action 9.2: Maori leaders

We are in favour of the Government *developing future Māori forestry and wood processing leaders through a potential dedicated government-funded food and fibre Māori leadership programme.*

Action 9.3: Maori land owners

We are in favour of the Government *developing options to enable Māori access to finance/capital to develop their forestry assets; and exploring options to increase Māori participation in the forestry and wood processing sector, as well as participation in the new bioeconomy*.

The problems of Iwi being cash-poor and unable to use Maori land as collateral can be addressed. We are aware of a number of initiatives dating back to the 1980s which sought (sometimes successfully) to enable Maori to access money for forest development. Documentation on these will be held in the archives of the Treasury, and the Forest Service and its successors.

OBJECTIVE 10 STRONG AND COLLABORATIVE SECTOR

We totally agree that *improving public perceptions of the forestry and wood processing sector is a critical part of supporting the sector's growth.*

We also totally agree that *work is needed to help people understand the benefits of forestry and wood processing, how the sector works, and the value of its products. The sector must ensure that growth benefits wider communities and the environments they live in*.

As we have emphasised, the forestry sector needs to work with the Government to develop and promote a compelling story that supports the goals of the Plan. Developing and spreading the right story will be critical to the success of the ITP.

Action 10.1: Implement in partnership

We are in favour of *the sector and Government partnering to implement and oversee the delivery of this Plan, including considering appropriate governance and working group arrangements.*

The NZ Farm Forestry Association is willing to contribute to any partnership to implement the Plan to the extent its resources will allow.

Action 10.2: Collaborate

We are in favour of the Government *supporting industry to build consensus on industry-good priorities and how these can be delivered, including consideration of funding arrangements*.

As noted above, we are willing to contribute to any partnership to implement the Plan to the extent our resources will allow.

Action 10.3: Build social licence
We believe it is useful for the Government *to continue to support industry to build social licence through marketing and information*.

We believe it is absolutely necessary for the Government to support industry to build social licence through developing and promoting the right story. It will be cheaper and more cost-effective for the Government to invest in the story than to invest in forests. Get the story right and implementation of this Plan will be assured.

OBJECTIVE 11 ATTRACT AND GROW THE WORKFORCE

Action 11.1: Skills forecast
We are in favour of *the Government completing a forecast of skills needed in the food and fibre sectors, including scenarios for forestry and wood processing.*

This forecast should recognise that it will not be possible to use automation in every situation and manual skills will be needed in the management and harvesting of small forests.

Action 11.2: Workforce action plan
We are in favour of *refreshing the Forestry and Wood Processing Workforce Action Plan to respond to new workforce challenges, including:*

- *growing a future workforce to meet demand and leverage new technologies, supported by education resources and improved business and employment practices identifying actions to boost talent recruitment and retention.*

We note that many small forest owners do their own forest management. They need manual skills for safe working, not qualifications for advancement as they are not employees nor do they seek a career in forestry. The Action Plan must offer suitable training for these people.

Action 11.3: A just transition
We are neutral about the Government *supporting the development and implementation of a Forestry and Wood Processing Just Transition plan to identify what is needed to support a just transition for workers, businesses, communities, and Māori that are engaged in forestry and wood processing.*

This does not appear to be relevant to small forest owners whose vocation is in some other line of employment, rather than in full-time forestry.

Action 11.4: Tertiary pathways
We are objectively in favour of the Government *working with tertiary institutions to integrate education on timber design education into engineering and architecture syllabuses. This includes dedicated postgraduate qualifications in wood engineering and biochemical engineering*.

Again, it does not appear to be directly relevant to small forest owners.

Action 11.5: Future forestry leaders

We are objectively in favour of the Government *developing a higher level qualification that uses online and on-the-job training to develop people for positions in leadership or management in the forestry sector*.

Again, it does not appear to be directly relevant to small forest owners.

OBJECTIVE 12 DRIVE SCIENCE AND INNOVATION

We are conscious that the CRI model has failed to assure funding for many of the research programmes of the Forest Research Institute (Scion). Some of the work it used to do (for example, monitor and report on sample plots) has been neglected through lack of Government support. We would like this Industry Transformation Plan to improve science funding so that long-term research – which is necessary in forestry – is not jeopardised by changing policies.

Action 12.1: Innovation and commercialisation

We are strongly in favour of the Government *supporting the practice of research and innovation and the uptake of domestic and international research and innovation.*

We are aware that it is hard to get the results of research and innovation out into the marketplace to assist small forest owners in particular. Scion may be willing but it lacks the skills and resources to do this in a timely manner, since there are always competing calls on its time. A science funding model that gave priority to sector development over long periods would greatly assist the completion and uptake of forestry research, particularly in the areas of alternative species and biomaterials development.

Action 12.2: Innovation facilities

We are objectively in favour of the Government *ensuring emerging and growing enterprises have access to appropriate scale-up facilities to enable the sector to achieve economies of scale*.

This does not appear to be directly relevant to small forest owners except that it might lead to a wider choice of markets.

OBJECTIVE 13 PROVIDE SECTOR INSIGHTS

Action 13.1: Advisory services

We are strongly in favour of the Government *providing better planning and advisory services to support afforestation, including:*

- *Supporting current and potential forest growers by providing advice across the full cycle of establishing, managing and harvesting forests.* Such an advisory service needs to have forestry-qualified staff with adequate practical experience to talk to farmers. The NZ Farm Forestry Association is willing to assist MPI with this as our resources allow.

- *Developing national and regional plans to increase understanding of demand and supply, the forest estate, regional infrastructure, and the processing capacity needed for growing productive forestry and domestic manufacturing.*
- *Developing insights and advice on regional transport capability, supply chain improvements, and associated infrastructure requirements, to enable Te Uru Rākau – New Zealand Forest Service to represent the sector's interests across government transport-related work and investment.*
- *Providing advice on diversifying forestry regimes, including alternative species.* The NZ Farm Forestry Association is willing to assist MPI with this as our resources allow.
- *Helping forest owners make informed decisions about planting and management based on the long-term impacts of climate change.* The NZ Farm Forestry Association is willing to assist MPI with this as our resources allow.

Action 13.2: Log traders

We are strongly in favour of the Government *establishing and implementing a regulatory system to require log traders and forestry advisers to register under the Forests Act 1949*.

We want this system to have teeth. We are aware of instances where small forest owners have been ripped off by unscrupulous contractors. Registration and a code of ethics might reduce this but the key will be information transparency to prevent fraud; or to identify it when it happens and allow legal remedies.

Because the forest owner cannot rely on the contractor to report accurate yields and tonnages, four improvements to information transparency in the harvesting and marketing of small forests are proposed:

1. Independent tracking of each load taken from the forest, because the owner cannot be there all the time to count truck movements.
2. A log book copy for the forest owner of the yield of logs taken on each truck, including weighbridge dockets.
3. A copy for the forest owner of the docket recording the transfer of logs from the contractor to the exporter, showing grade, tonnage and the JAS / m3 conversion.
4. If the logs are sold to a local mill, a copy for the forest owner of the docket recording the transfer of logs to the mill owner, showing grade and tonnage as recorded by a certified weighbridge.

We would like these requirements written into any proposed code of ethics and also into an industry-standard contract that all log traders would be expected to use. **Please give this priority.**

Action 13.3: Log availability

We are in favour of the Government *improving data collection, information and insights on current and future forecasted supply and availability of logs and woody biomass and demand by wood processors and bioeconomy businesses*. Improved market intelligence will assist small forest owners.

Action 13.4: Market intelligence

We are in favour of the Government *creating a centralised market intelligence capability across the supply chain within government by the end of 2023.* We suggest that this centralised market intelligence be made available to all forest owners with the system designed to allow straightforward access, without the user needing special software, tools or training. Improved market intelligence will assist small forest owners.

Action 13.5: Legal harvest system

We are in favour of *the Government establishing a national legal harvest assurance system that:*

- *reflects New Zealand's commitment to reduce the global trade of illegally harvested timber*
- *ensures the legal harvest of New Zealand's imported and domestic timber products*
- *brings New Zealand more in line with the systems our key trading partners are introducing*

Of course the second point requires everyone to be assured that contractors are not defrauding small forest owners by under-reporting log harvests, grades and JAS conversions. We emphasise that we would like this given priority.

Thank you for the opportunity to make this submission. We look forward to the final version of this Plan, and how we might partner with Te Uru Rākau – New Zealand Forest Service to help implement it.

GG West

Graham West
President, NZ Farm Forestry Assn.

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