

Forest Growers **LEVY
VOTE
2024**

HAVE YOUR SAY

GROWER INFORMATION PACK

**TOGETHER WE CAN SET THE DIRECTION
OF FORESTRY IN NEW ZEALAND**

**FROM RESEARCH AND DEVELOPMENT
TO BIOSECURITY AND PROMOTION,
THE LEVY WORKS TO BENEFIT
THE ENTIRE FOREST SECTOR.**



About the levy

In 2013, New Zealand's commercial forest growing industry identified the need for a national fund to support sector growth in a range of areas. The general sentiment was that the industry should step up and play a bigger role in setting the direction of forestry in New Zealand.

Implementing a levy for forestry seemed the most appropriate way of supporting and growing the sector.

The Government subsequently approved forestry's first ever levy – the Commodity Levies (Harvested Wood Material) Order – in November 2013, which set the levy rate at 27 cents for the first year.

The legislation governing the levy is the Commodity Levies Act 1990. The Forest Growers Levy Trust (FGLT) is set as the body responsible for the levy under this Act.

The FGLT acts as custodian of the levy money, ensuring it is appropriately invested in areas such as research, development, biosecurity and promotion, to benefit the entire forest sector.

Who pays the levy?

The levy benefits the entire plantation forest industry, therefore all forest owners, regardless of whether their forests are small or large, pay the levy when their trees are harvested.

The levy is collected on harvested wood material and becomes payable on the earliest of the following:

1. Immediately before the material enters a mill or other processing plant
2. Immediately after the material enters a port
3. When the material is sold.

How is the levy collected?

To ensure all forest products are fairly and accurately levied, domestic wood processors and export stevedoring/marshalling companies act as the data collection agents. They are asked, and legally required, to provide volume, weight and log ownership information to the FGLT.

The FGLT then invoices the owners of the trees at the sawmill or port. If this is not the forest owner, the levy can be charged back through the supply chain to the forest owner.



\$6.4 BILLION

GENERATED BY
NEW ZEALAND
FORESTRY EXPORTS
FOR THE YEAR ENDED
DECEMBER 2023



14,000

FOREST
GROWERS IN
NEW ZEALAND



28

THE LEVY IS COLLECTED
WHEN TREES ARE
HARVESTED, WHICH IS
TYPICALLY AT 28 YEARS
OF AGE OR OLDER

How is the levy invested?

Without the levy, the forest growing sector would not have had the level of investment it has today into areas like research and development, promotion, and biosecurity. It is vital to supporting our sector's growth.

Anyone or any group seeking funding for a project which will directly benefit the plantation forest industry can submit a proposal to the FGLT for levy funding. All proposals are considered so long as the proposal would benefit all forest growers. The FGLT Board review all funding applications in December and rank them

according to the likely benefits or identified outcomes they hope to deliver to the sector. Guidelines established in 2013 also ensure the FGLT is making sound funding allocation decisions.

If the application is successful, it will be incorporated into the annual FGLT work programme. Any allocated funding must be spent within the financial (calendar) year the project is approved for.

The FGLT notifies growers of the annual work programme and budget at the start of each year and later reports back on how levy money was spent and what was achieved.

Under the Act, the FGLT can use levy money to fund a range of projects and activities that fit all or any of the following purposes relating to harvest wood material or forest growers:



More than \$10 million invested in 2023

The money raised by the levy is used to benefit plantation forestry in New Zealand. It funds research projects and activities that can be broadly grouped into the following categories:



Research and development – ranging from genetics through to tree health and best practice in fighting forest fires.



Health and safety initiatives administered by the Forest Industry Safety Council to reduce accidents in the industry.

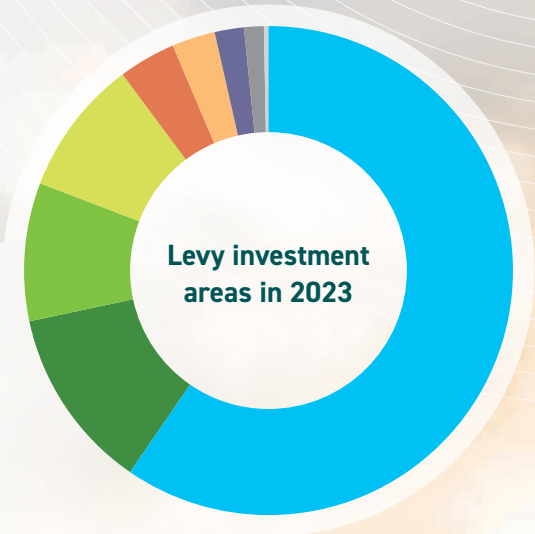


Biosecurity research and surveillance for forestry in New Zealand.



Training and career development to attract professional and other workers into the industry.





Research and development **59.6%**



Biosecurity **12.1%**



Health and Safety **9.1%**



Promotions **9.0%**



Training and Careers **3.8%**



2.9% Environment



1.9% Transportation and Logistics



1.3% Small and Medium
Enterprise forest owners



0.3% Fire

LEVY RATES

Forest growers will have the opportunity to vote on what they think the levy rate should be during this year's Forest Growers Levy Vote, from 1 October to 31 October 2024.

Previous rates

Every six years, forest growers have the opportunity to vote on whether they want to renew the levy and at what rate.

The first levy vote occurred in 2013 and resulted in the setting of a minimum levy rate of 27 cents and a maximum levy rate of 30c per tonne of harvested wood material for the 2013–2019 levy order period.

The second levy referendum occurred in 2019, which saw the maximum levy rate increase from 30c to 33c per tonne of harvested wood material.

This additional support vindicated the investment of levy funds over the previous six years.

Current rate

The current levy rate under the Harvested Wood Material Levy Order (2019) is 33c per tonne of harvested wood material. This raises approximately \$10 million per year in levy money (depending on harvest volumes).

A photograph showing three people from behind, standing on a grassy hill and looking out over a vast forest landscape. One person is wearing a bright yellow high-visibility vest. A dark green text box is overlaid on the left side of the image.

Ultimately, forest growers will determine the most appropriate levy rate (including the maximum levy rate) in the October 2024 levy referendum.

What is being proposed for 2025–2031?

Each year, the FGLT reviews its work programme and consults with growers on its proposed levy spend and budget for the upcoming year. Growers have the opportunity to have their say on the levy spend and the levy rate during these annual consultations, as well as at each six-year levy referendum.

For the next levy order period (18 November 2025 – 17 November 2031), the FGLT propose to increase the levy rate from 33 cents to a band of 40 to 70 cents per tonne of harvested wood material.

The proposed levy band was formed from survey feedback of small- and large-scale growers in February 2024 and from a view of delivering a stronger return on investment for forestry.

A levy rate of 40 cents was identified by the FLGT as the minimum rate required to effect sufficient change and deliver the benefits growers are seeking.

An intermediate levy rate of 60 cents would produce a total levy take of approximately \$18 million per year – placing forestry in lockstep with the levy take of New Zealand's three other key primary industries.

This would provide forestry with an additional \$8 million in levy money received each year to spend on industry-good projects and activities, with a proposal to invest the additional revenue in the following priority areas:

- Promotion and advocacy
- Mechanisation and robotics – from nursery to transport
- Adding product value
- Tree and soil biology
- Alternative species and uses
- Biosecurity and fire protection
- Pinus radiata development, uses and market access
- Environmental management and impact.

40c–70c

**PROPOSED LEVY RATE
FOR 2025–2031**



2024 REFERENDUM

The FGLT must conduct a levy referendum every six years in accordance with the Commodity Levies Act 1990.

The levy referendum process

The current Commodity Levies (Harvested Wood Material) Order 2019 will expire in November 2025, and is therefore up for renewal. Renewal is subject to support for the levy, established through the 2024 Forest Growers Levy Vote, and approval by the Minister of Forestry.

The FGLT will prepare a high-level work plan and budget and present this information to forest growers in the months leading up to the referendum.

A series of roadshows and webinars provide growers the opportunity to have their say on how they wish to see the levy invested in the years to come and to give feedback on FGLT's proposal. Feedback will be documented by FGLT as part of its consultation process.

Information on the referendum will also be made available online, through mail-outs and through industry publications.

Eligibility to vote

To be eligible to vote, you must own a qualifying forest which:

- 1 Is a contiguous and relatively homogenous stand or stands of trees that are **10 years or older** with a common set of characteristics, normally managed as a single unit.
 - For the purposes of the 2024 election, this means your stand(s) must have been planted before 30 September 2014.
 - This applies to all species, wildings, and regeneration of trees grown for eventual harvest but **excludes** Christmas trees and trees grown for domestic firewood.
- 2 Totals **four hectares or more** at the time of voting.
- 3 You intend to harvest* between **18 November 2025 and 17 November 2031**

*It is assumed that the earliest a tree may be harvested is at age 16 via production thinning.

This forest-age restriction is designed to ensure that everyone who is growing trees which might be harvested and sold in the six-year levy period and therefore pay a levy, has the right to vote.

You can also place a vote regardless of whether you are a member of the New Zealand Forest Owners Association (NZFOA) or the New Zealand Farm Forestry Association (NZFFA).

If you know people who are growing trees for harvest, and think they may be eligible, encourage them to vote in the 2024 levy referendum.

Who is not eligible to vote?

If you are a forest owner, and you do not intend to harvest trees between 18 November 2025 and 17 November 2031, then you are not eligible to vote in the referendum.

If you own a forest with a stand or stands that total less than 4 hectares in area, you are also not eligible to vote regardless of the age of that stand(s).

Fair process

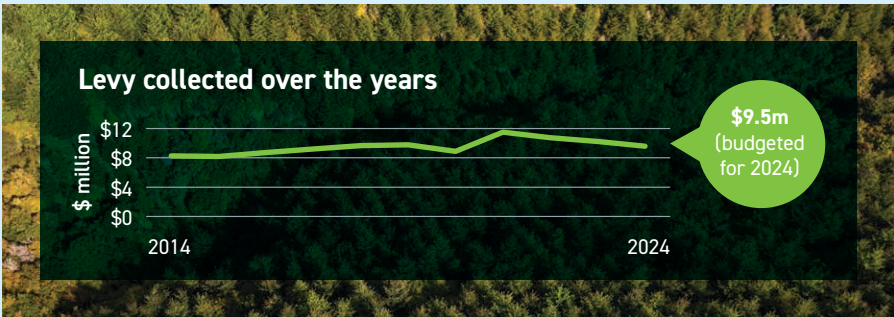
The Ministry for Primary Industries (MPI) is responsible for ensuring the levy vote has been conducted in accordance with the law.

The number of votes made in favour of the levy, and the size of those voters' forests, ensures that the voting process is fair to all.

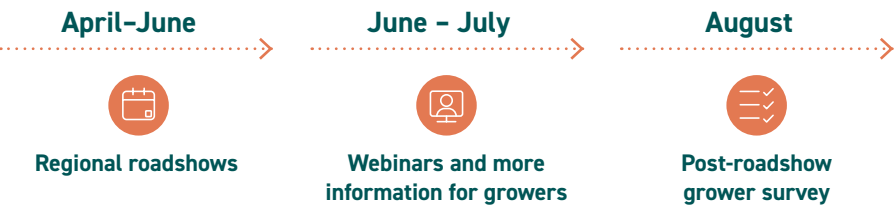
More than half the votes must be cast in favour of the levy in order for it to continue, and the "yes" votes must represent more than half the total hectares of the forests.

This means the vote can't be swayed by a few large forest growers or by a large number of small forest growers who have very few trees overall.

It also ensures the vote is a sound representation of the majority of growers, and therefore the majority of the forest growing sector.



HOW AND WHEN TO VOTE



The Forest Growers Levy Trust will publicise the result of the 2024 levy referendum as soon as the result is audited and confirmed by MPI and the Minister of Forestry. The result will be announced in 2025.

October



Levy referendum

1–30 October 2024

Following consultation, eligible voters will have four weeks (1 October to 31 October 2024) to cast an online vote through forestvoice.org.nz.

During voting, forest growers will be asked to indicate whether:

1. They want the levy to be renewed for another six years (2025–2031); and
2. At what rate.

The referendum itself will be conducted through an independent research company.

2025



Results announced

The Forest Growers Levy Trust will publicise the result of the 2024 levy referendum as soon as it is audited and confirmed by MPI and the Minister of Forestry. The result will be announced in 2025.

MORE INFORMATION

There will be lots of publicity closer to the levy referendum to ensure that eligible voters know how and when to vote. The Forest Growers Levy Trust will publish information on the voting process via its website: www.fglt.org.nz/the-levy/levy-vote-2024.



Voting

Growers can place their vote from 1–31 October 2024 through the following independent voting website: www.forestvoice.org.nz.



Legislation

For information on the Commodity Levies (Harvested Wood Material) Order 2019, visit: <https://legislation.govt.nz/regulation/public/2019/0232/9.0/LMS255446.html#LMS255496>