



BAY OF CONNECTIONS FORESTRY & WOOD PROCESSING STRATEGY 2014

- VISION** *To extract the maximum sustainable regional wealth from the CNI forest resource*
- MISSION** *To provide advocacy and strong leadership to maximise growth opportunities*

The Bay of Connections Forestry and Wood Processing Strategy was first developed and launched in September 2011 to help support and accelerate the development of a market-led, globally-focused, high-value wood products industry in the Bay of Plenty. After three years it is timely to review the current operating environment and future growth opportunities, and to reset actions to support the growth and development of the industry in the years ahead.

The forestry and wood processing industries in the wider Bay of Plenty are a significant part of the regional and national economies, representing the central hub of New Zealand's forest and wood processing industry. The region produces 40% of the country's harvest and is set to provide New Zealand's largest single regional supply of uncommitted forest harvest in the next 30 years.

The local solid wood processing sector is still heavily dependent on the New Zealand housing market and is growing again after five years of recession. Significant growth opportunities exist in export markets for processed wood products.

The combination of the region's forestry and natural energy resources, emerging technologies, established support infrastructure (including clusters of highly developed mechanical engineering), support services, research capabilities, and the increasing relevance of Māori as land and forest owners, present a unique set of opportunities to stimulate the industry's future growth.

IMAGES
WOODCHIPS: NORSKE SKOG TASMAN LTD, CLT & SEEDLING: SCION, MILL: RED STAG TIMBER, HOME: INTALOK HOMES, LOG LOADER: KAJAVALA FORESTRY



FORESTRY AND WOOD ACTION GROUP

THE KEY ROLE OF THE FORESTRY AND WOOD ACTION GROUP (FWAG) IS TO SUPPORT INDUSTRY GROWTH THROUGH ADVOCACY, COMMUNICATION AND COLLABORATION.

Where most advocacy bodies pursue a self-interest point of view, FWAG is non-political and non-partisan within the sector, and advocates from a perspective of what is best for the whole, rather than for any one part. Its leadership is not aligned with any narrow self-interest so has credibility that few other lobby or facilitator groups can match.

We are all willing to influence and directly contribute to the investment environment and infrastructural policies, as well as building scale and working together to create positive outcomes at a national and international level.

MEMBERSHIP OF FWAG

Membership of FWAG is open to everyone involved or interested in the forestry, wood products and processing industries, building industry participants, trades and professions who may utilise wood in their businesses, researchers, industry support and service suppliers, EDAs and Government agencies. In fact, anyone who is positively focused on building a prosperous and sustainable forestry and wood processing industry is welcome to be a part of FWAG.

A vital and energised group is necessary to ensuring this Strategic Plan is put into action. Members also provide leadership in the Bay of Plenty by driving and owning initiatives that will contribute to the goals of the strategy.

Membership will monitor and regulate the action areas at regular FWAG meetings to help maintain focus on short-term outcomes within the long-term framework set by the strategy.

CURRENT MEMBERS

Bay of Connections, Bay of Plenty Regional Council, Carter Holt Harvey Pulp & Paper, Carter Holt Harvey Wood Products, CNI Iwi Holdings, DANA Ltd., Enterprise Great Lake Taupō, Future Forests Research, Grow Rotorua, Hancock Natural Resource Group, Intalok, Interpine, Kajavala Forestry, Kawerau District Council, Logiztix, Ministry for Primary Industries (MPI), Ministry of Social Development (MSD), New Zealand Trade & Enterprise (NZTE), PF Olsen, Port of Tauranga, Red Stag Timber, Scion Research, Sequal Lumber, Sigma Consultants Ltd., Te Arawa Group Holdings, Timberlands, Toi-EDA, Taupō District Council, Waiariki Institute of Technology, Wood Processors & Manufacturers Association (WPMA) of New Zealand, Woodlanz Pacific Homes.



HIGHLIGHTS & FOCUS AREAS

HIGHLIGHTS OVER THE LAST THREE YEARS

1. Development and launch of original Bay of Connections Forestry Strategy, "Are We Ready? World Class Forestry and Wood Processing"
2. Facilitated inter-sector linkage between FWAG and other Bay of Connections groups, including Freight Logistics, Waikato Regional Council and NZTA/BOP/Waikato Infrastructure Planning
3. Successful lobbying for the removal of High Productivity Motor Vehicle (HPMV) restrictions on State Highway 33 and advocacy for HPMV across the region's network
4. Submissions made on key regional and national policies and plans
5. Local forestry representation and messaging on the Prime Minister's trade delegation to China in April 2013
6. Facilitated industry and Government discussions about barriers to growth including macro – prudential financial policies and tools and suggested how they might be addressed
7. Facilitated Foreign Direct Investment (FDI) discussions to feature wood processing investment opportunities
8. Input provided to National Building Standards and Forest Management Standards
9. General lobbying at political level - both local and national - lobbying to support the sector, resulting in outcomes such as the Labour Party's manifesto on forestry for their 2014 general election platform
10. Acted as conduit to central and regional government, including NZTE, MBIE, MPI, MFAT and BOPRC
11. Acted as a market learning catalyst, for example customer forces influencing the export of logs versus lumber to China

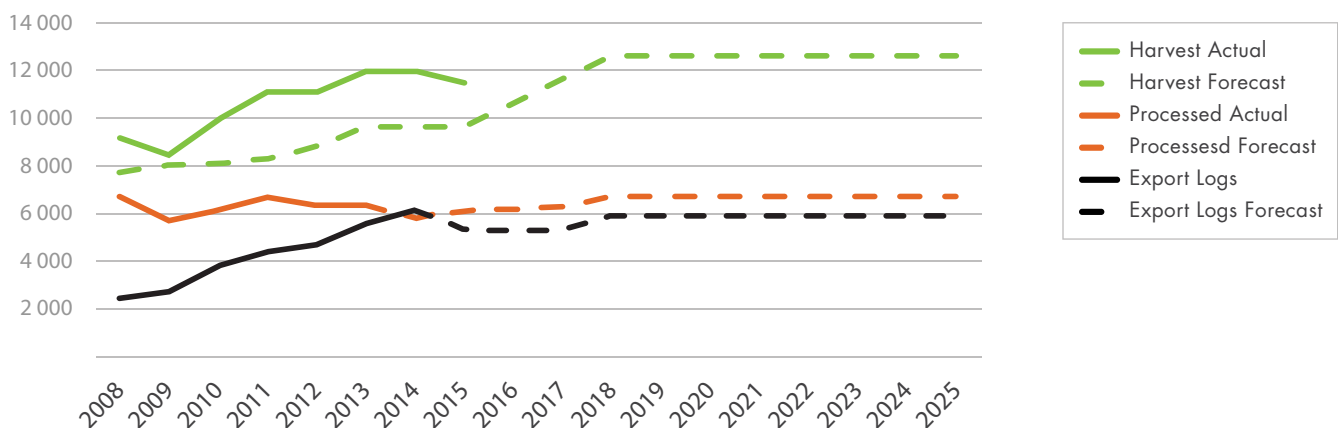
12. Helped shape research relationships between industry and research organisations, including the WoodScape Technical Steering Group, Scion, University of Auckland and CLT research
13. Provided a forum to promote and disseminate knowledge, including supporting and promoting guest speakers, mill and site visits, specific projects such as Wood First Rotorua, Norske Skog's Stump to Pump bio fuel project, Sequel Lumber exporting to Asia, Med-Rise Timber Buildings, Tuhoe new timber building, options for adding value to wood waste, timber construction options for Tertiary Partnership building in Tauranga and Opotiki harbour walls.

SELECTED FOCUS AREAS

Following an industry workshop in May 2014, five focus areas were identified for advocacy and strong, non-partisan leadership utilising collaborative planning, lobbying and communications. Specific actions will be identified, scoped and implemented at the operational level within this strategic framework which will enhance industry confidence and growth.

1. Improving the investment environment
2. Facilitating market access
3. Providing a forum for open debate on sensitive issues within the sector
4. Developing our people
5. Working with Māori

CNI HARVEST, PROCESSING & EXPORT LOG CONSUMPTION (Thousands of Tonnes per Annum)





ACTION PLAN

1. IMPROVING THE INVESTMENT ENVIRONMENT

The wider Bay of Plenty region has the largest plantation forest resource and wood processing infrastructure in New Zealand. It also has access to geothermal energy, innovative technologies and world-leading research and training facilities such as Crown Research Institute Scion and Waiariki School of Forestry and Primary Industries. It enjoys the support of both Local and Regional Government in the Region. These assets combine to create a range of different opportunities for investment in wood and wood fibre processing, wood fibre products and bio fuels.

The purpose of this activity stream is to create a positive investment environment that fosters business expansion and development, whilst working with specific projects to assist with attracting additional investment into the wood industry.

ACTION AREAS:

i.	Identify barriers to investment in the industry and work to remove them.
ii.	Identify and promote individual regional growth and investment opportunities.
iii.	Lobby Central, Regional and Local Government to get the best possible investment environment, including development consent streamlining.
iv.	Understand and disseminate the comparative advantages offered to investors in the region such as resource, energy, logistics, port services and business facilitation.
v.	Work closely with NZTE, MBIE, MPI and other Government departments to support service opportunities.

2. FACILITATING MARKET ACCESS

Domestic New Zealand markets for wood-based products are small by international standards. Conversely, the CNI forest resource is of a true international scale.

It follows that:

- Any significant increase in domestic processing must contain a significant element of exporting from an early stage.
- New wood processing businesses must learn how to export early in their development, with little domestic market experience to springboard from.
- Understanding our international and domestic markets, identifying and overcoming the key obstacles to accessing those markets are critical components of growing the forestry and wood products industry in the region.

The advantages of utilising wood products over alternative materials are numerous and include being sustainably grown, fast and flexible to use, earthquake resistant, climate change friendly and having good thermal properties.

ACTION AREAS:

i.	Lead market research and debate to improve understanding of key markets for wood products.
ii.	Assist developing businesses to access domestic and international distribution outlets for their products.
iii.	Advocate for the introduction of enabling standards such as timber-acceptable solutions in NZ building codes.
iv.	Advocate for uptake of Wood First type initiatives for Local, Regional and Central Government.
v.	Improve the level of knowledge and understanding of wood product options through engagement with architects, designers, engineers and builders.
vi.	Inform and support politicians and trade delegations.
vii.	Promote the clean sustainable energy and low carbon advantages of wood products.
viii.	Work closely with industry associations on all facets of market access.

3.

PROVIDING A FORUM FOR OPEN DEBATE ON SENSITIVE ISSUES WITHIN THE SECTOR

The group – and its member individuals – has a proven ability to partner and collaborate across geographic and sector boundaries to create scale and maximise opportunities.

These partnerships – both formal and informal – occur across the region and across New Zealand. They are formed between individuals, organisations, sub-regions, EDAs, industries, Government agencies and businesses. The Action Plan seeks to foster and strengthen these relationships to create business growth, new opportunities and ultimately, jobs.

The list of topics requiring effective advocacy or a safe forum for debate was lengthy and was the most sought-after service from FWAG noted by the May 2014 workshop attendees.

ACTION AREAS:

i.	Advocate, submit and engage with appropriate agencies in relation to policy and planning, for example health and safety, industry standards, emissions trading, environmental, benefits of forestry, land use and GE.
ii.	Act as a safe and non-parochial forum for knowledge exchange, opportunity identification and investment facilitation.
iii.	Build effective working relationships with high-level key stakeholders, e.g. industry representatives and associations, ministers, Government officials and investors.
iv.	Develop and implement a communications strategy to support the Action Plan.
v.	Participate in relevant conferences and national strategy development, e.g. Forest Wood 2016.
vi.	Act as a catalyst for sharing best practice and learning.
vii.	Provide a safe forum for the debate and resolution of sensitive issues such as log supply, collective selling for export and methyl bromide.
viii.	Draw in the wider forestry and wood usage influencers such as architects, engineers, designers, engineering firms and heavy machinery suppliers to get a wider perspective and develop better solutions.

4.

DEVELOPING OUR PEOPLE

Developing and harnessing the potential of our people will be important if we are to fully realise the region's opportunity for forest-based industry growth and development.

This will include providing relevant technical and tertiary training programmes, promoting careers in the industry, and uptake of new technology and research findings.

Also important for this industry is the development and implementation of health and safety standards, training to protect the health and wellbeing of employees, and training and development in areas such as evolving technologies, systems and logistics.

ACTION AREAS:

i.	Engage with Bay of Plenty Tertiary Action Plan.
ii.	Work with tertiary institutions and training providers to promote the development of relevant skills and knowledge.
iii.	Support industry actions and initiatives to improve harvesting safety.
iv.	Communicate and facilitate understanding and support for best practice health and safety systems.
v.	Act as a forum for the latest technology transfer.

5.

WORKING WITH MĀORI

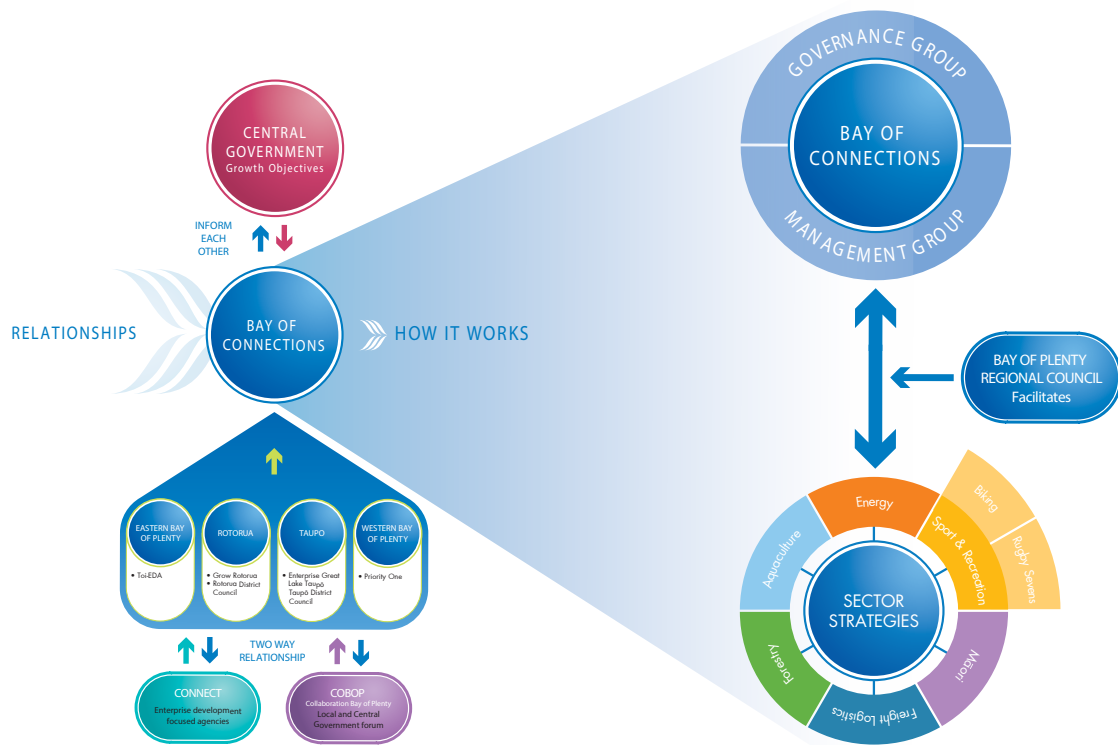
As a major forestry landowner and potentially significant stakeholder in the forestry and wood processing industry, Māori interests in the sector will increase over time. Local iwi will influence the future of the industry, as they look to grow and develop their forestry and wood capabilities.

He Mauri Ohooho, the Bay of Connections Māori Economic Development Strategy, provides a framework for the support of Māori economic growth, with a focus on improving wealth and wellbeing for Māori. This framework will dovetail with FWAG's relationships with Māori, and CNI in particular, in order to support Māori aspirations for forestry.

ACTION AREAS:

i.	Engage with and understand Māori aspirations and timeframes in forest and wood processing.
ii.	Help to develop the forest and wood processing dimension to He Mauri Ohooho and its implementation.
iii.	Recognise and support initiatives that will stabilise regional wood supply beyond 2030, such as site productivity, tree improvement and new land planting.
iv.	Understand and support initiatives such as Toitu Te Waonui.
v.	Help Māori to secure their vision for forestry including investment, partnering and job creation.

HOW THE FORESTRY STRATEGY FITS INTO THE BAY OF CONNECTIONS MODEL



WHAT IS THE BAY OF CONNECTIONS?

Bay of Connections is a regional growth strategy covering Eastern and Western Bay of Plenty, Rotorua and Taupō. It is simple and aspirational. It's about having a prosperous region driven by sustainable sectors. And it's about encouraging collaboration between key groups across the regions, improving wellbeing, and encouraging innovation and leadership.

WHO IS INVOLVED IN THE BAY OF CONNECTIONS?

Bay of Connections is led by a Governance Group of 10 members – three from business, four from the economic development agencies, two Māori business representatives and one local government. Each sector strategy has a dedicated Action Group. In the case of Forestry, it is the FWAG.

WHY IS IT WORKING?

Bay of Connections provides a simple framework for the region to work together. It is only by working together that the region has the scale to be nationally and internationally significant. The success of the Bay of Connections is simple: it is industry-led, has a strong commercial and action focus, and collaboration and connections are at the heart of what we do. It connects business leaders and investors, and smooths and removes roadblocks with local and central government.

SEPTEMBER 2014
WWW.BAYOFCONNECTIONS.COM



BAY OF CONNECTIONS
ONE REGION . ONE GOAL . ONE FUTURE