

What happened at the Forest seminar on forestry organizational reform. by Howard Moore.

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A one-day forestry seminar was held in Wellington on 30 September to exchange ideas with a delegation of 19 French forest owners, forest managers and scientists, and the Spanish President of the European Union of Forest Owners, Mr Inazio Martinez de Arano.

Introduced by the French Ambassador, M. Francis Etienne, the purpose of the seminar was to share information that might lead to better outcomes in commercial forestry for small forest growers, who in the absence of collective representation can be poorly informed, poorly organized and sometimes poorly served.

NZFFA members who could not attend may find this summary useful.

European forest owners are collaborating

1. Inazio Martinez de Arano¹, the keynote speaker, outlined the issues faced by forest owners in south west Europe. The forests like their owners are very diverse and fragmented. Profitability is low and the public is increasingly demanding that forests be managed for environmental values, but they will not pay for them. European climate change initiatives are undermining forestry, which is not supported as an offset. Forests in Spain and Portugal are burning but there is no engagement with the energy sector that could use the fuel. Authorities cannot decide a balance for providing infrastructure, controls and/or innovation. Forest owners have a weak position in the value chain and a business model that is becoming impossible. His short message to small forest growers was, UNFRAGMENT FORESTRY. JUMP INTO THE VALUE CHAIN.
2. Yves Lesgourges² and Christian Pinaudeau³ outlined their experience with the forest of Aquitaine on the Atlantic coast of south west France. The forest covers 1.7 million ha, mostly in pines. Much of it was lost to fire in the 1940s, but after replanting and with modern management and genetic improvement its productivity has tripled, and it now makes a huge contribution to the regional economy. Unfortunately in 1999 and 2009 it suffered from catastrophic windstorms which halved the forest mass, created a replanting backlog of 200,000 ha and slashed production. Wood demand is now more than the forest can supply, while the frequency of storms and the threat of insect and fungal attacks is rising.

¹ Executive President of the Union of Forest Owners in the South of Europe: www.usse.es

² Director CRPF Aquitaine (Directeur du Centre Régional de la Propriété Forestière d'Aquitaine).

³ President of the Association of Forest Owners of the Southwest of France.



Windthrow: CRPF Aquitaine

Around 80% of the forest area is privately owned. Every owner with more than 25 ha has a management plan and owners cooperate in regional groups supported by a central union. This lobbies government, provides insurance, trains forest owners, arranges PEFC forest certification, facilitates research transfer, negotiates log sales and provides an industry bank taking deposits and making loans to members. The key message for forest growers from the two men was, GROUP TO MEET THE CHALLENGES AND DELIVER THE BENEFITS.

3. Chris Goulding⁴ described the large, vertically integrated forestry cooperatives and associations in Sweden and Finland. Sodra in Sweden was formed in 1938, has 10 sawmills and 3 pulp mills, and its 51,000 members own half of all privately owned forests in southern Sweden. Sodra provides an international market, engages in forest policy debate, and helps its forest owners stay profitable. In Finland growers join regional Forest Management Associations that offer services including valuations, timber sales plans, management plans and tax returns; and tenders for site preparation, planting, and thinning and harvesting. The cooperative Metsaliito, which started with log sales in 1934, has become a large multinational wood-processing company owned by 131,000 foresters with over NZ\$ 10 billion in annual sales. Chris's message was, WE SHOULD MAKE A START.

International forest researchers are collaborating

4. Jean-Michael Carnus⁵ and Tim Payn⁶ enlarged on the international cooperation between France and New Zealand on forest research, linking Scion with INRA (the forest research centre in Bordeaux). Climate change has a major impact on forestry through species distribution, biotic risks, fire and storms. The TRANZFOR programme [<http://www.tranzfor.eu/tranzfor/>] is helping scientists to build networks and share information and resources to address issues including genomics and tree breeding, forest models, environmental services, risk assessment and bio-energy. The outcomes are helping both countries develop adaptation strategies. The message was, SHARING RESEARCH IS BOTH SUCCESSFUL AND VALUABLE.
5. Jenny Aitken⁷ and Alain Rival⁸ described using the Dumont d'Urville programme to help fund research into the identification and traceability of plant lineage (subspecies, hybrids and useful variants) using DNA analysis of tissue samples. They included techniques for overcoming the problems of securely shipping tissue culture material between countries for further research. Their work has direct commercial applications in identifying useful

⁴ Dr Chris Goulding, Principal Scientist at Scion, Rotorua

⁵ Director INRA Forest Research Centre (Directeur Site Recherches Forestières) Bordeaux Aquitaine.

⁶ Dr Tim Payn, Principal Scientist at Scion, Rotorua.

⁷ Managing Director at The Tree Lab, Rotorua.

⁸ CIRAD – Systèmes Biologiques Montpellier, France.

variants for adapting to climate change, and was a good example of THE BENEFITS TO APPLIED SCIENCE OF INTERNATIONAL COLLABORATION.

6. Warren Parker⁹ outlined the role and charter of Scion and stressed the benefits of building effective, mutually beneficial collaborations and research partnerships both within the industry and externally to deliver value. The organization had a strong outcome focus, and for local forest growers was working on the evaluation and development of alternative species, a bio security plan and research priorities for alternative species, increased research on indigenous tree species and the development of modelling platforms accessible to farm foresters (e.g. via a portal). He asked for MORE TRANSLATORS TO BRIDGE THE GAP BETWEEN RESEARCH AND USERS.



Researcher: Scion

Here, political organizations show cautious support

7. Hon Peter Dunne, Minister for Revenue acknowledged the importance of forestry in the New Zealand economy across a range of sectors including ecology, climate change, tourism and forest produce. With regard to collaboration, he noted concerns about the impact of tax on the aggregation of smaller forests, observed that the forest industry as a whole was largely indifferent to it, and confirmed that the government had no plans to change the law. However, he did suggest that if growers could find an initiative that addressed the problem while posing no real threat to the tax base, IRD officials would be open to discuss it. His message was WE CAUTIOUSLY SUPPORT NEW IDEAS.
8. Geoff Thompson¹⁰ outlined the forestry recommendations in the report of the Review of the Emissions Trading Scheme. The government is committed to the ETS, which will remain in place despite post-Kyoto uncertainty. The government strongly wanted more forests planted and might introduce offset planting for pre-1990 forests, to improve land use efficiency. It was investigating ways to mitigate the harvest liability for post-1989 forest growers, to help them join the ETS and sell the credits from their immature forests. The recommendations of the review panel would go to Cabinet for approval in the New Year. In their opinion the government's message was WE ARE DOING OUR FAIR SHARE.
9. Iain Cossar¹¹ confirmed the government's role in forestry through the Ministry of Agriculture and Forestry. MAF had an emphasis on trade and access to markets, worked as a partner with primary industry stakeholders and supported industry through various initiatives including the Primary Growth Partnership. Although the Ministry was being restructured it would remain the key department for the primary sector, which

⁹ Dr Warren Parker, CEO Scion, Rotorua.

¹⁰ Partner, Duncan Cotterill, Wellington

¹¹ Director Sector Development, MAF, Wellington.

accounted for over 70% of the country's processed export earnings. He agreed that there was benefit in the better coordination of small forests but LEADERSHIP HAD TO COME FROM THE INDUSTRY.

10. Geoff Copps¹² outlined the roles and concerns of the Territorial Local Authorities which act as regulators, service providers and promoters for forestry. The 20 TLAs in the Lower north Island were generally small, lacked scale and resources and were driven by short-term thinking. In order to engage productively with them industry would have to recognise the TLAs' limitations, and simplify and become more disciplined in its approach. Three key issues would help: the industry should have a common vision of the value chain; it should stick to its announced plans; and it should ensure the outcomes provided benefits to the TLAs and not costs. His message to the industry was, to make progress ENGAGE WITH THE TLAS AS PARTNERS.
11. David Rhodes¹³ described the role and structure of the NZ Forest Owners Association and Woodco. Members of the FOA own or manage more than 80% of the country's 1.8 million ha of plantation forests. Like the Union of Foresters in Aquitaine, the FOA researches and lobbies for its members on health and safety, bio-security, fire protection and transportation issues, and has developed codes of practice and standards adopted by many in the industry. Woodco represents the collective industry including processors, and develops strategies for R&D within the industry; for marketing the forest and wood sector; and for the better understanding and use of wood in the marketplace (for example in timber design and construction). His message was that the necessary USEFUL NATIONAL STRUCTURES EXIST.

NZFFA members are starting to address the issues

12. Hamish Levack¹⁴ outlined the planting boom that followed the price spike of 1993, pointing out that it may lead to a supply crisis if all the owners of these small forests attempted to cut their trees at the same age. The supply bulge could be avoided and converted into a controlled, sustainable yield if the industry started planting more trees now, and the owners cooperated by spreading some harvests forward and others back. Reports from 1993 showed that most forest owners at the time could not take advantage of the high prices because of harvesting bottlenecks. If the owners did not adopt a voluntary controlled cut in the future, they would forgo substantial potential profit. His message was, WE WILL ALL BE BETTER OFF IF WE CAN CONSOLIDATE THESE SMALL FORESTS.
13. Don Wallace¹⁵ explained the problem of identifying the many small forest owners whose post-1993 plantings have caused the supply bulge. Although the TLAs knew most of the growers' names and addresses, they would not tell anyone because of the Privacy Act. Instead the NZFFA had to invite forest owners to register when they gathered at public meetings convened by Council staff to discuss forestry issues such as fire control, resource consents and road improvements. A pilot was run with the Kapiti Coast District Council which showed that this method could be used successfully to identify many of the growers in the region. Using this method Don confirmed that WE ARE STARTING TO IDENTIFY AND CONTACT SMALL FOREST GROWERS.
14. Howard Moore¹⁶ outlined a mechanism that may allow growers to consolidate their small forests without creating a tax imbalance from the sale of standing timber. A forest

¹² Primary Industry Sector Manager, Grow Wellington.

¹³ CEO NZ Forest Owners Association, Wellington.

¹⁴ NZ Farm Forestry Association Executive, Wellington.

¹⁵ Chairman, Wellington Branch, NZ Farm Forestry Association.

¹⁶ Business consultant, NZ Farm Forestry Association member, Wellington.

grower could forward-sell the future harvest revenue instead of the trees. As owner of the harvest revenue, the buyer would hold the forest and marketing risk. The seller would retain, manage and harvest the forest, paying the harvest revenue to the buyer when it was realized at the pre-determined harvest date. The mechanism should allow groups to consolidate small forests and harvest them according to a mutually agreed and planned schedule without incurring tax penalties. He believed TAX MAY NOT BE AN IMPEDIMENT TO CONSOLIDATION.

The conclusion I drew from the day's proceedings was that small forests have been aggregated into economically successful cooperatives overseas. We can learn from their experiences. If New Zealand forest owners are willing, there are no real impediments to creating the same business models here.