
Forest and Wood Products Industry Strategic Plan

Prepared for Woodco by



New Zealand
Farm Forestry
Association



Wood Processors
Association of
New Zealand



New Zealand Pine
Manufacturers
Association



Forest Industry
Contractors
Association

Objective

To improve sustainable profitability at all levels of the value chain

- **Forest Industry Value Chain**

- Foresters - planning and sustainable management of trees and non-wood values
- Harvesters & Haulers - log harvesting, residue harvesting, transport to wharf or mill
- Primary Processors - 1st stage of processing inc, milling, pulping, panels, paper, biofuel
- Secondary Processors - 2nd stage of processing including interior and exterior building products
- Specifiers - incorporating wood based product in design and construction
- Distributors/Wholesalers - intermediaries in selling merchants & retail sector
- Merchants / Retailers - retail primarily focused to trade or end user
- End users - fabricators, developers, builders, DIY'ers and consumers

Achieving the Objective

- **The industry will need to focus on the following areas to achieve the objective**
 - Research & Development
 - Trade Access
 - Marketing & Sales
 - Operating Infrastructure
 - Technology Transfer & Education
 - Public Relations
 - Leadership

Overarching Goals

- **Goals**

- To increase demand for profitable wood based products specifically growing the domestic market (residential and non-residential) consumption by 4% annually by 2010 and maintaining the compounded growth until 2012; maintain residential framing market at no less than 90%
- To expand and grow the share of NZ product in export markets through an export strategy that builds on the domestic promotion
- To increase the level of processed wood and wood-based exported products by 10%
- To reduce the dependence on export trade in wood commodities by increasing the production and sale of value added products – those products requiring secondary processing, by 2% per annum by value (measured annually – MAF statistics), as well as working to eliminate competition from illegal and unsustainable products in the market.
- To reduce the time and cost currently required of “doing business” by 5% per annum
- To increase regional economic development and community well being by increasing investment in the industry
- To have a supportive Government that understands the benefits of the industry to the nation’s well being and reflects this support actively in Government policy and joint industry / government planning.
- To achieve recognition of the non–wood values the industry provides and to achieve financial returns for these values
- To improve the public perception of the industry by undertaking a programme of information dissemination describing the benefit of the industry to the nation.

Research & Development

- Sector specific and pan industry investment into industry specific research and development which provides individual sectors with growth opportunities by:
 - Developing new products and systems that increase productivity, compete with alternative products and open opportunities for new markets for wood based products.
 - Successfully competing for and leveraging government funds commensurate with the potential contribution the industry can make to the nations wealth
 - Supporting the coordination of research effort (e.g. FFR & SWI)
 - Increasing industry R&D contribution to at least the OECD average
 - Identifying and promotion of the non-wood value of forests
 - Supporting the incorporation of timber elements into wide-span multi-storey construction
 - Sufficiently developing LCA for wood to ensure its incorporation into building construction and design and to see it adequately reflected in green building initiatives
 - Exploring alternative options and/or minimize the use of pesticides and current fumigation materials and techniques, particularly methyl bromide
 - Investigating waste disposal of treated timber products
 - Investigating technologies for the recapture of methyl bromide fumigant

Trade Access

- NZ trade officials are assisted with ensuring markets remain open and non tariff trade barriers are minimised by
 - *Industry contribution of agreed activities where specialised technical assistance is required*
- industry will enjoy greater access to customers as a result of Government action including tariff reduction, building codes, procurement policies, trade agreement (FTA), illegal logging policy by
 - *identifying key issues which prevent market access requiring government to government intervention*
 - *having active input into policy development*
 - *developing a pan-industry position on illegal and unsustainable wood products in collaboration with other stakeholders*
 - *working with government to establish and advance recognition of the contribution of harvested wood products and to establish a position on Reducing Emissions from Deforestation in Developing countries (REDD) through the Kyoto negotiations*
- standards, codes and certification are established & implemented which will eliminate these as non tariff trade barriers in export markets & to ensure purchaser confidence in NZ origin product by
 - *Ensuring active engagement by industry with standard setting bodies*
 - *Development of industry standards & procedures & recognition of industry contribution by Government*

Marketing

- **Market Promotion**

- consumer preference for sustainable wood products is developed and enhanced through a promotional campaign
 - Industry support of the NZ Wood programme
 - Exploring the potential for the use of the NZ wood brand as a quality mark
- the environmental and cost benefits of using timber based products over concrete, composites & steel is established & promoted by
 - promoting the BRANZ report to Government
- NZ wood products are positioned in higher value market segments domestically and internationally
 - *Achievement of independent 3rd party audited certification of forest management and forest products chain of custody*
 - *Work to ensure the embodied energy benefits of forest products are adequately recognised for export market promotion and in-market technical support including development of a pan-industry strategy*
- international market intelligence gathering on trends, opportunities and competitive activities in key overseas markets
- Develop an export strategy to increase forex for the sector
 - Investigate use of NZ Wood brand
 - Investigate opportunities for collaboration in chosen offshore markets
 - Investigate supply chain options that better position product in-market

Operating Infrastructure

- **Energy**

- ensuring the real price of electricity is reduced and power supply assured by
 - *Identifying alternative power pricing methods*
 - *Investigating the uptake of renewable energy options by the sector*

- **Monetary Policy**

- recommending monetary policy to the Government that enables the NZ economy to grow while maintaining stable exchange rates that provide the right environment for investment in the sector
- To ensure company tax and depreciation rates are internationally competitive to encourage investment in the sector

Operating Infrastructure (2)

- **Central & Regional Government**

- government recognises and supports a strategic plan for the development of the forest sector in collaboration with the industry
- central and local government policy and planning supports the forest and wood products industry
- central and local government policy and planning is equitably applied to all land uses to promote a consistent and cost-minimising approach
- government imposed costs are equitable across all land use and manufacturing activities
- government policy is consistently applied between territorial authorities

- **Forest Protection**

- forests are protected from risk (health, fire, disease, biosecurity) by:
 - *Managing effective and efficient national programmes to effectively mitigate natural risks associated with plantation forests*
 - *Government biosecurity activities appropriate to the level of risk faced*
 - *Industry is included in the decision-making process over responses to pests and diseases.*

- **Transport**

- transport planning and investment makes adequate provision for anticipated harvest volumes and finished product distribution
 - *Ensuring initiation of and input into government working parties to ensure beneficial outcomes to the sector*

Operating Infrastructure (3)

- **Environmental Policy**

- sustainable economic development is not put at risk by Government policy
- codes of practice for forest operations and wood processing investment are developed which establish industry credentials, ensure uniformity & consistency of approach, expedite resource consent procedures and reduce costs of application
- achieve a more supportive local authority regulatory environment assisted by the development of National Environmental Standards that recognises the contribution of industry environmental codes of practice.
- efficient and minimal processing time for consents under RMA are provided so as not to deter investment
- climate change policy is implemented which will not place an unfair burden of cost on the industry relative to either other like industries or level of emissions which positively promotes the climate change benefits associated with the industry and recognises the carbon sequestration of forests
- New Zealand negotiating policies for the second commitment period seek to change unrealistic and distortionary impacts on the New Zealand forest sector and gain adequate and equitable recognition of the carbon benefits of both forests and wood products
- government policy actively supports the contribution that the sector provides to environmental sustainability, biodiversity and the financial contribution to the New Zealand economy
- Joint promotion of the environmental contribution of forestry and wood products, building on the NZ Forest Accord is undertaken with environmental stakeholders.

- **Statistics**

- the collection, storage and distribution of industry statistics is maintained and enhanced by
 - developing a series of statistics detailing the financial performance of the sector relative to other primary sectors
 - developing productivity measures & monitoring these through time to check on the outcomes of this strategy

Operating Infrastructure (4)

- **Business Information**

- foresters & wood processors are informed of activities which will have an impact on their business

- **Business Development**

- suppliers to the sector are, in their own right, profitable and provide effective services at rates which create competitive advantage for the sector

- **Logistics**

- collaborative initiatives are supported in offshore markets through logistics & supply chain management

Technology Transfer & Education

- **Skills Development**

- supporting and developing an industry based skills and professional development capability (including ITO, workplace and University training)
- the forestry sector is viewed as a desirable career in the minds of potential employees

- **Health & Safety**

- workplace practice and operating environment conditions are monitored to ensure improvement, relevance, and cost effectiveness of implementation by
 - *Developing, implementing and promoting industry Health and Safety policies*

- **Design**

- leading edge design becomes an integral part of the value chain

- **Technology Transfer**

- Maintaining information flows to industry participants on changed industry standards, emerging new business models such as carbon markets, biofuels and new building applications

Public Relations

- **Public Profile**

- the perception of the industry by the public, politicians and policy makers is at a level which supports the contribution made to the economy by the sector
- Government and the public place tangible recognition on both the public good and economic benefits from the industry
- Government and industry maintain commitment to a generic wood promotion programme

- **Labour**

- required staff and skills at all levels within the industry

Leadership

- **Woodco**
 - a strong voice on matters of interest
 - industry associations providing appropriate support for Woodco
 - A formal engagement process between government and Woodco is maintained
- **Industry Associations**
 - soundly resourced industry associations operating to advocate for their respective members