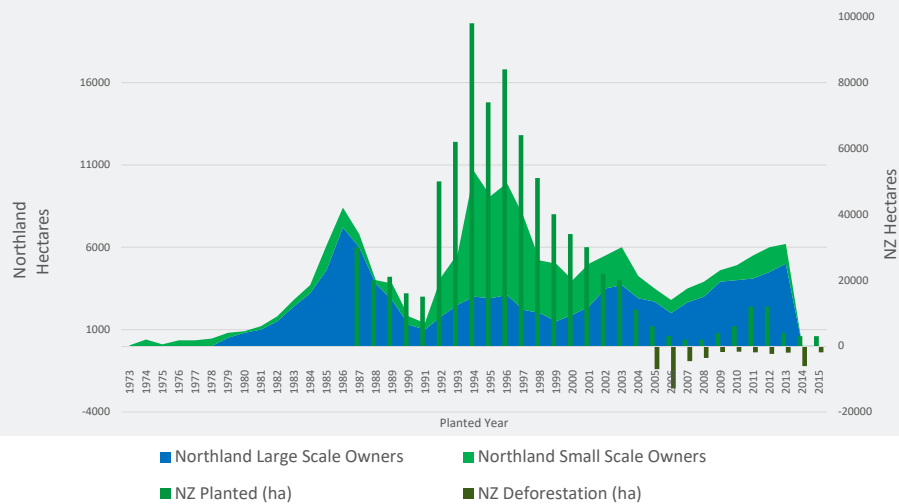


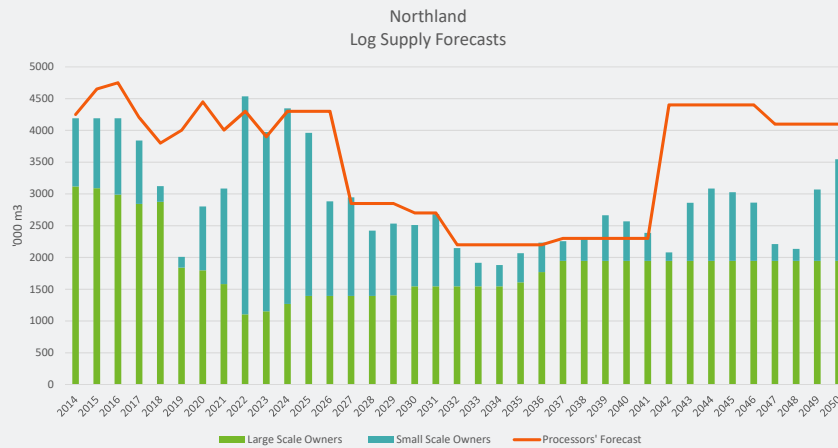
David Rhodes NZFOA

Outcome of engagement between
growers and processors in
Northland on log supply

Northland Planted Area vs NZ Planting & Deforestation



Wood supply situation



Agreed

Log supply

- Viable domestic industry is in everyone's interests
- Generally larger forest owners are providing domestic supply
- Problem is about 5 to 10 years away
- Currently 4.6M m³ and will go to somewhere around 2.2M m³
- Cannot avoid the drop(s) but may be able to mitigate the depth.
- Log exports per se are not the issue

Agreed

- Competing with export price is not the issue
- The concern is being excluded from competing and is twofold:
 - Logs that are exported, suitable but unavailable
 - Logs that are exported, not suitable at the moment, availability is irrelevant
- Some harvesting is based on inadequate valuation/advice
- Aggregation has potential and should be encouraged
- Investment involving private sector expertise is valued.

Agreed

Planting and regional development

- There is an opportunity to make sure the graph does not repeat
- Those involved need to commit to a long term vision
- A government Forest agency has a role
- Landowners need assistance
- A local pan-industry forum including Maori collective is needed
- New joint-venture arrangements may be needed
- The government dollar needs to be stretched

Options

- Continued engagement via a local forum & public commitment
- Improved information on supply (Lidar and other)
- Government provision of independent advice
- Facilitation of joint ventures by government
- Inclusion of OIO consideration of domestic supply commitment
- Avoid OIO restrictions that impede aggregation (eg extending to forestry rights)
- Avoid OIO restrictions that choke off foreign capital investment

- Consider accelerated capital depreciation
- Establish a Wood First policy
- Complete amendments to the ETS
- Continue to take action on anti-competitive trade distortion
- Assess new processing options

Payback time

Within 100 days

Use regional pan-industry groups
 National forest development grp
 OIO log availability consideration
 Ensure OIO supports investment and amalgamation
 Involvement of the Crown (MPI and CFU) prior to FS for:

- Advice, JV's

1-3 years

Forest Service
 Improve the supply side information from the LiDAR work and further Port of Northland analysis
 Make amendments to the ETS to encourage forestry planting and recognise C in wood products
 Accelerated depreciation
 'Wood First' policy

+3 years

- Address anti-competitive trade distortion (e.g. tariff and non-tariff barriers)
- Assess new processing options
- Support for growing and processing research

- The last meeting we had up here with the minister was pre-election and there was a heavy focus on wood supply and the regional economy. The minister invited us at that time to get together and come back to him with our thoughts. Indeed the prospect of a Minister coming up with his own ideas was the alternative which is truly terrifying for everyone.
- Since then a lot has happened. We have had a general election which has transformed where forestry is at and given as an exciting, but challenging, plan to take the industry to a different level backed by serious money. Different politicians have different reasons for wanting forestry to succeed but that's all good. We once again have a senior dedicated Minister of Forestry in Cabinet who wants to do well by us. It's up to us to help him get there by giving him solutions and suggestions. Some of the polarising stuff in the media a little while back didn't do us, or him, any favours.