



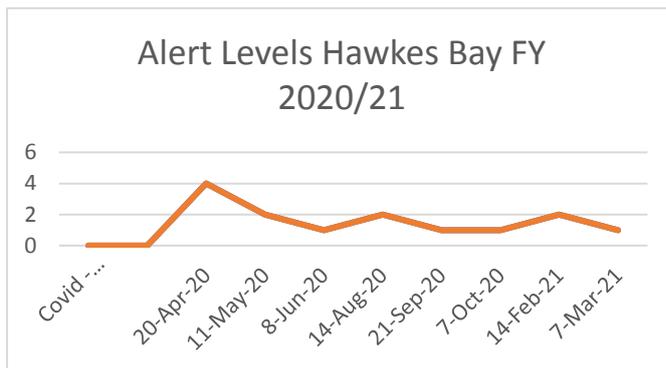
Hawkes Bay Forestry Group

YEAR IN OUTLINE FY 2020/21

1. OVERVIEW

This report highlights the work undertaken by the Group over the financial year 2020/21. HBFG was incorporated on 22 September 2015, meaning we have been operational for nearly six years.

The year started well with lofty log prices and receding concerns relating to loss of farmland to forestry and beaches to wood-debris. Tolaga Bay was becoming old news and whilst the 'Fifty Shades of Green' movement was still very alive; positive forestry business metrics were self-evident and convincing. People were making money and the economy was thriving, with forestry poised to become our second biggest export earner.



Then came Covid and a landscape of change.

In March 2020 Government introduced the 4-tiered Alert Level system to help combat COVID-19.

In April NZ moved to Alert Level 3 and thereafter seesawed: needless to say, it all had a major impact on what and how we did things.

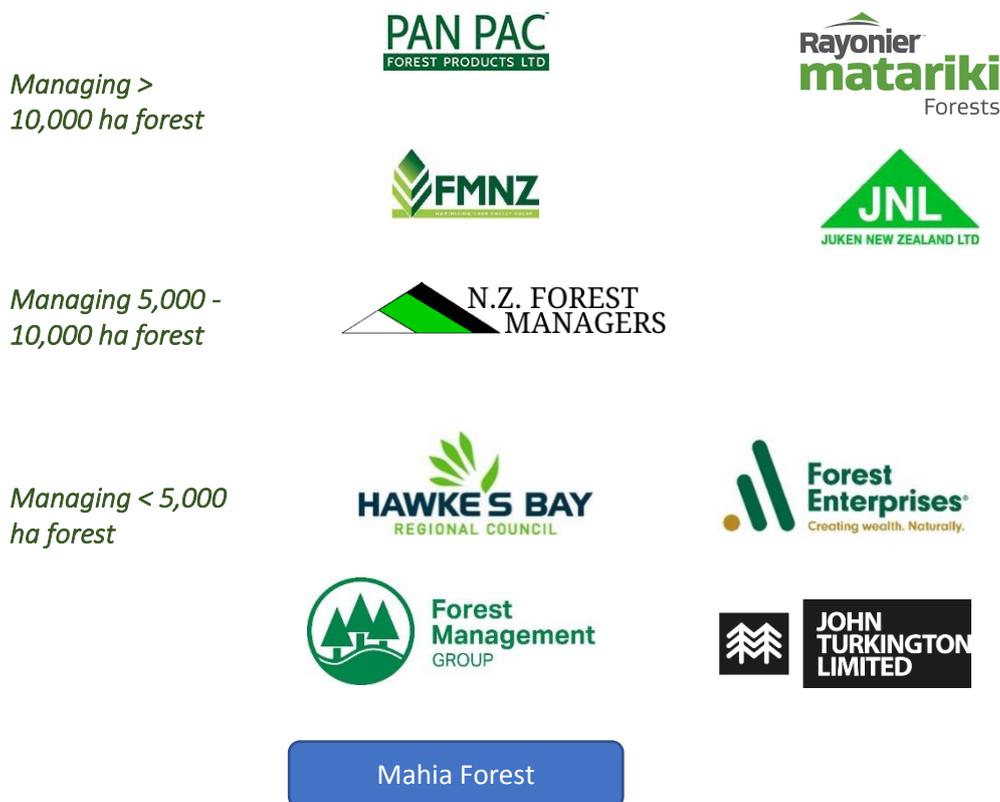
The pandemic peaked in early April 2020, and few were spared its impacts. While the corporates held virtual office, contractors closed against lock-down protocols. An institutional hibernation followed. While we are not out of the woods yet, most people are back at work. C-19 is still around but forestry in the Bay has survived.

Still, many of the good things we planned for 2020 were cancelled.



2. CORPORATE FRAMEWORK

The corporate arrangement was unchanged with membership comprising the following 10 companies with significant forest responsibility in the region:



GOVERNANCE

Again, governance was heavily influenced by C-19. Notable shifts during the year were

- Stephen Bell stepping up to the Chair role / Matthew Croft moving to Deputy
- Andy Fleming succeeding Jo Field as Chair of the Environment Sub Committee
- Formation of a Careers/Promotions sub-committee headed by Damon Wise

Committee composition follows:

EXECUTIVE COMMITTEE		SUB-COMMITTEES	
		ENVIRONMENT	CAREERS/PROMOTION
Steve Bell	Chair	Andy Fleming	Chair
Matthew Croft	Deputy Chair	Jackie Egan	Damon Wise
Tim Sandall		Reece O'Leary	Leigh Smith
Dylan Foster		Mark Roper	Luke Williams
Jackie Egan		Paul Barrett	Dave Saathoff
Ben Douglas		Stephen Sykes	Shaun Andrews
Keith Dolman	Sec/Treasurer	Keith Dolman	Keith Dolman

3. SIGNIFICANT CALENDAR EVENTS FY 2020/21

April 2020	
3 rd	Meeting (zoom) on Covid response
May	Weekly participation in Te Uru Rakau teleconference (Covid related)
June	
2 nd	HBFG General Meeting
4 th	Workforce Coordinator appointment
July	
2 nd	Commissioned HBFG website reconstruction
30 th	AGM and General Meeting – Matariki Office
August	
6 th	William Colenso Careers Expo - Napier
14 th	'Share a Yarn' evening (FICA) - Ahuriri
20 th	Meeting HBFG Environment Committee
September	
2 nd	T/con interview by HBRC on 'Right Tree Right Place'
9 th	Submission on PC7 (Outstanding Water Bodies)
October	
13 th	WDC Consultation meeting on emerging rating policy - Wairoa
15 th	CHB College Careers Expo - Waipukarau
16 th	Engagement of WoodisGood Coordinator- FMNZ Office
20 th	T/con interview for Turners & Growers on farming/forestry impacts
21 st	HBFG General Meeting - FMNZ
21 st	E-meeting with Wood Councils
November	
20 th	Meeting on WDC rate change policy
23 rd	Attend consultation on Mohaka PC8 - Te Pohue
24 th	Growing Teachers Day Out - Pan Pac
30 th	Hearing of submissions on Outstanding Water Bodies - Ahuriri
30 th	Presentation to HDC Rural Advisory Board - Hastings
December	
1 st	Pre-consultation (zoom) with WDC on rating - FMNZ
2 nd	E-meeting Forestry/WDC on WDC rating policy change
January 2021	
21 st	E-meeting HBFG members to discuss options on WDC rate hike
29 th	E-meeting to identify 'next steps' for response to WDC rate hike HB Today article "Rating changes threaten investment viability"
February	
18 th	HB Today editorial & advert within Forestry & Land use Feature
24 th	HB Today advertorial on collateral damage of WDC rate hike
March	
10 th	WoodisGood field day Pukehomoamo School
11 th	HB Today advertorial on 'Forests crucial for buying time'
16 th	HBFG General Meeting (Pan Pac)
18 th	E-meeting (FOA) to discuss appetite for judicial review of WDC rating
19 th	Participate in FOA Board meeting on 'where to with WDC rating'
20 th	Taradale High School Careers Expo



HBFG promotes well-managed plantation forestry in Hawkes Bay

1. WHAT IS HBFG TRYING TO ACHIEVE?

Some see positive, others otherwise, but all will agree that we operate at a time of a heightened public scrutiny. People are watching how we impact on our environment. It is about winning hearts and minds and we pursue that objective by:

1. **Promoting our contribution to social, cultural, economic and environmental health.** We focus here on dialogue, understanding and collaboration with councils and communities.
2. **Encouraging more people to want to work in forestry.** We attend expos, run days out for schools and generally try hard to erase entrenched bias against forestry work and promoting its ample and diverse career opportunities.
3. **Seeking improvement in forestry's environmental performance.** We listen, recognise shortcomings and seek to bring knowledge, context and balance to policy change.

These, we think, are key to maintaining our social license to practice forestry in the Bay.

2. NOTABLE ACTIVITIES AGAINST THESE PRIORITIES

PROMOTING OUR CONTRIBUTION TO SOCIAL, ECONOMIC AND ENVIRONMENTAL HEALTH

Once the C-19 bindings relaxed, we became regular contributors to the '*Hawke's Bay Today*'. This paper circulates from Dannevirke up to Wairoa and throughout the Central Hawke's Bay, with a print readership of 69,000. HBFG contributions included:

- A full-page editorial and advertisement on 18th Feb 21 titled '*The forestry industry – a force for growth & stability*' – effectively to counter the 'Fifty Shades of Green campaign'.
- A half page advertorial on 24th Feb 21 titled '*Wairoa rating hike out of synch with national interest*' – to counter media releases justifying Wairoa's rate loading on forestry.
- A half page advertorial on 11th Mar 21 titled '*Forests crucial for buying time*' - essentially putting positivity in the Climate Change Commissions recommendation to plant a lot more trees to balance NZ's carbon obligations.

Plans for field day outs for HBRC, WDC and the Primary Producers Group were scuttled by C-19, as was the annual Hawkes Bay Careers Expo.

The 'Fifty Shades of Green' campaign gained momentum mid-year with WDC front-footing concern for loss of farmland to tree planting. Government's Billion Trees campaign and climate change policies were paraded as conferring unfair advantage, at a time when environmental compliance costs are eroding profitability of sheep and beef farming. This is now a busy space, and it has generated a stream of requests, many through our website, for forestry's positioning.

C-19 also put the brakes on our 'Share the Road' programme, which uses a model developed by the LTSC. The point of difference now is that this initiative is managed under aegis of the 'Wood is Good Programme' which has a full-time coordinator. Sheldon Drummond (Pan Pac) provides the HBFG lead and was able to organise one outing late in the reporting year.



Wood is Good day, March 2021
Pukehomoamo School

ENCOURAGING MORE PEOPLE TO WANT TO WORK IN FORESTRY

Several significant career support days were cancelled due to C-19 restrictions, notably:

- The 2020 Hawkes Bay Careers Expo
- The 2020 Speedmeet Programme, and
- HBFG's Big Day Out for schools

A day out at Pan Pac provided a first opportunity for many teachers to visit a forestry/processing site. This visit was highly regarded and, amongst other things, has encouraged HBFG to engage in the 'Inspiring the Future' programme that is being rolled out across the country in primary schools.

GrowingNZ also runs Spotlight20 Sessions with secondary schools. Instead of young professionals coming into schools, they run Q+A sessions over Zoom, connecting young professionals to schools across the country.



GrowingNZ Teachers' Day (Pan Pac 24/11/20)

The pandemic delayed installation of 'our' careers kiosk (a mobile form of the interactive computer system featured on the Inzone Bus). This went in in March (post lockdown) and has garnered a good deal of interest. Due to a change in the management and funding arrangements for the Inzone bus (key to currency of the kiosk software), HBFG will not extend this support to the coming year.

Whilst the major careers expo for Hawkes Bay fell to the C-19 sword, HBFG was able to attend carers days at Central Hawkes Bay College and William Colenso College



Fraser Cunningham of FMNZ represented HBFG at William Colenso College Career Day on 6th Aug 20



Bevan Braithwaite & Andrew Eddington of Pan Pac fronted the CHB College Career Day at Waipukurau on 15th Oct 20

SEEKING IMPROVEMENT IN FORESTRY'S ENVIRONMENTAL PERFORMANCE

Again C-19 has curtailed or limited our capacity to improve environmental outcomes. It has also contributed to a longer than expected time to regain momentum after the unexpected departure (from Pan Pac) of Jo Field early in the reporting year.

HBRC Forestry Compliance Summary Mar 2020 – Mar 2021

(Report from HBRC)

In our last report relating to forestry compliance in 2019, we highlighted a critical resourcing issue that hampered effective monitoring and accurate reporting. Mindful of this, the FTE's were lifted in forestry compliance to 1.5. Also, particularly over this reporting period, the focus has been to assess compliance risk at notification to define the frequency and timing of site visits (if any).

In the event, over this reporting period, 213 notifications were received by HBRC for forestry activities with 115 site visits (and associated reporting) undertaken. Activities not visited were assessed as those with a low risk of non-compliance.

Overall, the assessed environmental performance has been consistent with previous years with 74% of reports awarding full compliance and only 2% finding significant non-compliance requiring enforcement action. It is reasonable to assume that if all of 213 notifications were site visited (i.e. even those assessed low-risk) the level of compliance would be even higher, which is very positive.

The priorities for HBRC in the year ahead include:

- Further refinement of the risk matrix
- Improving forest manager and Council relationship
- Consistent interpretation of the NES-PF.

Farmer and community campaign to limit forestry land conversions.

Whilst beyond HBFG's territorial responsibility, the Tolaga Bay outflow of forestry debris in Jul 20 has had a long reach. We are still being asked to explain and assure local government and communities that we are doing all that we might to reduce such occurrence here.

A related concern, which also keeps on giving, is a perception of a national crisis through waste of land and diversity loss through whole farm conversion to forestry. Farmers criticise carbon farming particularly, as NZ aims for carbon neutrality and the issue has now become a political football. There is much hype around the idea that the Emissions Trading Scheme has incentivised the acceleration of productive farmland being converted to pines planted for carbon credits.

On the other hand, the Climate Change Commission has waded in with a call for an additional 380,000 hectares of plantation forests within 15 years for New Zealand to reach its greenhouse gas reduction targets. This represents about 4 percent of the existing sheep and beef estate.



Plan changes around the Mohaka River will impact on forestry.

There are a lot of players on this field and unsurprisingly, HBFG is a central reference in this dialogue. We regularly present articles in the main newspaper and take pains to inform on forestry's economic, social, and environmental impacts in the Bay. We contend that it should be a commercial decision for landowners to plant trees based on their assessment of the productivity of that land and their responsibilities to environmental stewardship. They should be backed not blocked if they want to improve farm profitability and the environment by planting trees, we say.

Two plan changes relating to waterways may impact on forestry business in the Bay

Late in the previous reporting period, HBFG contracted a legal service to assist our submission on Plan Change 7. This was presented on 9th September with the central argument that we opposed the mixing of the different RMA powers as this has led to the confusing identification of "outstanding" and "significant" values for both freshwater and coastal water. We suggested it inappropriate to apply the classification to the entire river and that there should be more particular identification of the areas that are outstanding – ideally splitting the river up having identified the very special areas.

Plan Change 8 (PC 8) which here would relate to the Mohaka river has been referred to the Environment Court for decision. Along with PC-7, this plan change proposes a range of initiatives each addressing issues that have arisen in relation to water quality. HBFG attended two public consultations on PC-8 organised by HBRC.

Communication and relationship with Councils

HBFG seeks and values an effective working relationship with the regional and district councils. The principal regulator (HBRC) is represented on both our Executive and Environment committees and, subject to the limitations of C-19, this engagement has been busy and cordial. We planned to take councillors to the field, but the pandemic got in the way of that.

Our relationship with Hastings District Council has been less obvious but positive. HBFG now sits on the Rural Advisory Group which is a useful body of industry and civic leaders.

Unfortunately, while cordial, our dealings with Wairoa District Council have been less sanguine. This is due to a public campaign against expansion of forestry in the district and their use of a land rating tool to disincentivise new forestry planting.

Until recently, WDC's sought rate policy change to align road maintenance costs to a user-pays model. From December 2020, the drivers have morphed into social equity concerns wherein forestry tax is loaded, because 'it can afford to pay', and 'inadequately contributes to the wellbeing of Wairoa'. Our work with WDC toward an expert review of the Opus report (which informed the first round of rate increases) has quietly fallen off the truck. Media articles suggest this council harbours strong bias against forestry. They are prominent players, in the '50 Shades of Green' campaign. HBFG has met frequently with WDC throughout this process, has made written submissions and spoken to these at every opportunity (latest being 3 December). We have consistently called for:

- A rating system which is fair and equitable for all – we do not have a dollar value but know there are systems/models available to achieve that purpose.
- A more balanced and positive relationship with WDC and community – this being key to our 'social license'.
- Roads that are fit for purpose – notwithstanding the loading on forestry, total rate take has not increased and as it stands many roads are not fit for harvesting.



Not all councils are convinced of the many values of commercial forestry

3. FINANCIAL REPORT

The Performance Report was prepared by the Small Business Association and is provided under separate cover.

Prepared by

Keith Dolman, CEO

20 June 2021