

FORESTRY & LAND USE

FORESTRY HAWKES BAY Supporting diversity and resilience to change

Kiwis have got comfortable on the back of a stable and upbeat economy over many years now. It's remarkable, given our isolation and low population. There is also a sense of well-being for our equal opportunity mindset and abundance and variety of work. But not everyone is so appreciative of the role of the primary sector in this play.

With limited domestic consumption and great distance to world markets, our prosperity is tenuous. Coronavirus is making that point. For the most part, we supply Low value/high volume products to a world replete with choice.

Delivering quality at the right price and being able to adapt to change is key to our economic resilience. You should not doubt forestry's place in this mix.

Yet the headlines speak of an intense competition for hill country pastoral farming land driven by foreign investors.

Depopulation of the countryside, our media says, is caused by a shift to forestry.

There is change. But for all the scare stories, sheep and beef hill country farming is not going to disappear under pine trees.



Hawkes Bay
Forestry Group

As for foreign ownership, most sales over the past year have been of existing forests between different overseas companies. Since the Ministerial Directive a little over a year ago, less than 10,000 hectares of sales of farmland for planting in forests have been approved by the Overseas Investment Office, a mere 0.1 percent of the total sheep and beef area.

But then this past winter there has been considerable planting of bare land on the East Coast. Much of this is Kiwis choosing to invest in a forest future and they are doing so because the export returns from forestry are above that of most types of farms.

Most farmers will not convert to forestry, but they will plant out the marginal parts of the farm. For some, however, the reality is that the whole property is unviable in economic or erosion susceptibility terms and here forestry may be a lifeline.

Keep in mind, though, that environmental rules and prudence are putting an end to harvesting which may cause debris flows downstream. Forests will move to 'productive' stocked land. But forests are productive too and the world needs environmentally friendly building and paper-based products.

Evidence is mixed on the relative employment sheep and beef farming provide compared with forestry. But we know that for both industries, urbanisation, mechanisation and amalgamation has reduced the workforce. It's a worldwide trend

We read also of a government subsidy favouring forestry, either through the One Billion Tree Programme or through carbon credits. The reality is that half of the BTP goal is reliant on replanting forest land for which no government grants are given.

For the new planting, grants are only available to plant part of a farm, and no grant is available to large scale forestry. It's as simple as that. Keep in mind also that the price of carbon is a tool to favour a land use which reduces our net emissions. How much land is necessary for this is hugely driven by the government policy of the time.



Keith Dolman
CEO



Hawkes Bay
Forestry Group

A GROWING INDUSTRY VITAL TO OUR WELL-BEING

- ♥ Competitive, sustainable and profitable
- ♥ De-risking dependence on sheep & beef
- ♥ Investment choices for everyone
- ♥ Varied and attractive job opportunities
- ♥ Easiest way to achieve zero carbon goal by 2050



Mum & dad investors, including farmers, are buying into forestry on the back of a forest sector which is building wealth and resilience in the Hawke's Bay economy