



HAWKES BAY FORESTRY GROUP INCORPORATED (HBFG)

2018/19 YEAR IN OUTLINE

You may have first known HBFG as an assembly of Hawkes Bay (HB) major forest owner/managers which met on an as-and-when required basis and without any structure, rules or records. This changed on 4th September 2015 with a call for a more structured arrangement to serve the business needs for forest growing and processing in the region. This decision seeded incorporation on 22 September 2015, meaning we have been operational for nearly four years.

This report highlights the work undertaken by the Group since the last AGM on 25 July 2018.

CORPORATE FRAMEWORK

Membership was unchanged over the reporting period ~ comprising the following 11 companies:

Companies with over 10,000 ha of forest in the region



Companies with 5 - 10,000 ha forest in the region



Companies with less than 5,000 ha forest in the region



The 2017/18 AGM held on 25 July 2018 elected the following officers:

- | | | | |
|-----------------|---------------------|-------------------|-----------|
| ▪ Matthew Croft | Chair | ▪ Tim Sandall | Committee |
| ▪ Steve Bell | Deputy Chair | ▪ Ben Douglas | Committee |
| ▪ Keith Dolman | Treasurer/Secretary | ▪ Graham Douglas | Committee |
| | | ▪ James Treadwell | Committee |
| | | ▪ Dylan Foster | Committee |

Formal meetings (i.e. those requiring minutes) during the year

- 23 Jul 18 Annual General Meeting / General Meeting
- 14 Feb 19 General Meeting
- 30 Mar 19 NES-PF Meeting
- 30 Apr 19 NES-PF Meeting
- 11 Jun 19 NES-PF Meeting
- 12 Jun 19 Joint Wood Council Meeting

COLLABORATION WITH COUNCILS

1. The National Environmental Standards for Plantation Forestry (NES-PF)

- NES-PF came into effect on 1 May 18 and most members seemed to find that the transition from 'permitted' to 'consenting' was not too onerous.
- This was due in a large part to a working group led by HBRC which helped interpret the new regulation and which tried hard to make the change a positive one.
- Residual uncertainty with the new rules catalysed a decision to resurrect the NES Working Group (Feb 19) only this time it was arranged with an industry lead. This group meets regularly and comprises the following members:

- | | |
|--------------------|------------------|
| • Jo Field (chair) | • Graham Douglas |
| • Andy Fleming | • Stephen Sykes |
| • Jacqui Egan | • Paul Barret |
| • Mark Roper | • Keith Dolman |

2. The TANK plan change

- We continued to participate in this plan change which will define the four river systems feeding the Heretaunga aquifer.
- In Aug 18 the draft Plan was tabled inclusive of 8 Issues, 16 objectives and 55 policies along with matters with material difference of opinion ~ these to be resolved by the Regional Planning Committee and Regional Council.
- The next plan change will have more forestry consequence insofar as it will concern the Mohaka River. Timing is uncertain though, as the TANK process is some distance from passing the post.



Agreeing on how best to use the Tutaekuri, Ahuriri, Ngaruroro, Kereru rivers remains elusive

3. Hastings District Council (HDC) and Infrastructure

- Building on a previous engagement with the HDC Engineer, HBFG is routinely informed of any significant developments concerning road and bridge works / upgrades in the district.

4. Reopening of rail link to Wairoa

- On 14 June, HBFG caught a train to Wairoa. This line was badly damaged by a storm in 2012 and so mothballed because the cost of repairing and maintaining it far exceeded its commercial value at the time.

- Using the Napier-Wairoa line to move logs is thought to be good for the region and the environment as it will take logging trucks off roads that were not designed to cope with growing volumes. KiwiRail says “that using this line to move logs could take up to 5,714 trucks a year off the road and reduce carbon emissions by 1300 tonnes”.



Mohaka River viaduct

5. Wairoa District Council (WDC) Forest Rating increase

- Our most unsatisfying engagement over the past year has been with WDC concerning the hike in rating for forest land. A full summary note on the complex background to this issue was sent out in Jul 18.
- HBFG has since met severally with WDC, both in Wairoa and Napier. We also prepared and spoke to a submission on the Long-Term Plan. Unfortunately, our views were not influential in that on 5th July WDC publicised the intention to raise the rating differential for forest land from 1.54 to 5 (1 being a benchmark for sheep/cattle farming).
- Given the business portents and concern for precedence, the Forest Owners Association supported our defence by funding a legal review of the process leading to WDC’s decision, and later, for an independent expert opinion on the technical guidance (Opus) underpinning this decision. As it turned out, our review (referred to the TERNZ report) made a compelling case for WDC re-looking at their position.

- WDC seem to have accepted that the Opus has flaws and say they are committed to a 'collaborative' (as opposed to 'legal') solution to future-proof infrastructure and ensure a framework for business stability.
- An additional concern of industry is that WDC revised rating package results in an overall reduction in rating revenues ~ in other words, the changes do nothing to ensure these roads will be fit for purpose.



Both parties support moving from an administrative to a user pays charge

- Both parties agree the need is not for a 'quick fix' but rather to 'get it right'; the social/economic implications are considerable and there is a real possibility of this experiment will become a national precedent.
- A revised rating platform within 6-9 months was agreed ~ this to be managed by a working group which will produce a framework for assisting council change its rating policy. The 'user pays' principle will stay, and an independent analysis of the Opus Report will be the core activity. This group to comprise:
 - WDC representative
 - Forest Industry rep (Mathew Croft)
 - Federated Farmers rep
 - Technical Expert (TERNZ specialist)
 - Roothing / local govt person
- An email from the WDC on 2 Aug 19 observed that "*Council was finding difficulty in securing someone to facilitate the group, however, remain committed to this*".

6. ROADS PROJECT

- In 2005 a meeting of the forest industry Transport Committee recorded interest in a fact-finding and relationship building exercise with both district councils and foresters throughout NZ about rural roads. The idea was to identify roading priorities by district to assist the case for regional development funds and to collect better data to improve model predictions. Getting roading / transport costs down was a cross-cutting objective. SCION was contracted (FGLT funding) and Hawkes Bay selected as a pilot study area.
- We now have a useful product to share with the district councils and on which to have a more data-based discussion of road use over the coming decade. The output is a simple model of all the area in an age class harvested at age 26 averaged across two-year age classes. It highlights where the challenges are likely to come and should provide council with an indication of whether existing budgets are appropriate for the coming years.

7. *Hawkes Bay Primary Producers Group*

- In Nov 18 we were invited to the HB Primary Producers Group.
- This fosters cross sectorial discussion with councils toward long term sustainable development.



HBFG is now at the HB Primary Producer Group table

- The group is comprised of all HB civic mayors, CEO's of the regional and unitary councils and reps from major primary producers. Forestry had not previously participated here.

IMPROVING ATTITUDES TO FORESTRY

8. *Hawkes Bay Forestry Awards*

- An ad hoc meeting of HBFG members in Oct 18 decided to contract *Public Impressions* to manage our inaugural Awards Programme'. It was further agreed that the following group would assist this programme:

- Prue Younger
- Damon Wise
- Steve Bell
- Mathew Croft
- Ben Douglas
- Keith Dolman



- The awards emulate similar events elsewhere and will provide a positive spotlight on the industry as well as an opportunity for the players to get together and celebrate, which is not done often.
- Nominations are open until September 30 and anyone can nominate their co-workers, employers or self-nominate. The categories cover individuals as well as teams and companies, all with the idea of recognising the extensive skills and practical talents across a diverse range of roles in the industry. The judges will be looking for examples of best practice and industry high achievers.
- The awards will be celebrated on Friday 29 November at the Napier Conference Centre by an audience of 300. The Master of Ceremonies for the evening will be TV celebrity, speaker and entertainer Pio Terei.
- Dinner tickets will be go on sale on 1st September through the online booking portal at www.hbforestryawards.co.nz

9. *50 Shades of Green*

- Softening attitudes to forestry has been a feature of our dealings with WDC. If anything, though, the tension has lifted a notch or two as the underlying concerns over afforestation impacts on the rural population and efficacy of sheep and beef farming have been energised

by government's 'Billion Tree' programme. At a more national level, the '50 Shades of Green' slogan has gone viral.

- HBFG published rebuttals in the Wairoa Star on 5 Feb 19 and in the HB Today newspaper on 27 Jun 19 to particularly accusatory articles. We have also severally contributed data and ideas toward balancing articles prepared by investigative journalists.
- Similarly, by request HBFG provided an industry perspective to other groups including but not limited to the TANK consultative body and the HB Primary Producers Group.
- Less directly, we supported a number of Forest Owners Association initiatives including recently providing a location and content for a promotional video.

GETTING PEOPLE TO WANT TO WORK IN FORESTRY

10. Careers Expo

- HBFG made quite a splash at the Careers Expo on 21/22 May 19. FMNZ put this together and we were pleased to have a Toi Ohomai Institute of Technology present.
- Seventeen students registered interest in further contact ~ each will be offered a field visit by Pan Pac, Rayonier/Matariki and FMNZ.
- This year we will approach the schools instead of the students, while next year we will go digital to save on typing and having to interpret handwriting.



Our presentation at the Careers Expo was attractive and popular

11. Speedmeet

- In Sep 19 HBFG occupied a desk at the 'Got A Trade? Got It Made'd day. Otherwise known as 'SpeedMeet', this brings students and employers together using a speed-dating style! It makes for a busy time as every seven minutes one meets with a student for a mini interview.
- The clients are at least 16 years and are ready to leave school and enter the workforce within the next six months. Both the 'potential employer', in this case us, and the client note whether you'd like to meet with them again, the student does the same, and it could be a match. The focus is on skilled workers.
- At the end of the *SpeedMeet*, the Ministry of Education (MOE) collates the outcomes and if there are matches then the employer and student are emailed each other's contact details. The school career advisor also receives a copy of the matches. In our case, three young people secured forestry employment because of this effort.

12. Big Day Out

- Building on the relationship with MOE, HBFG arranged a 'Big Day Out' in Oct 19. This was a well-choreographed excursion to 3 forest sites for over 60 students to introduce them to forest processing, harvesting and silvicultural work opportunities.



HBFG is now effectively collaborating with MOE on careers

- Feedback from schools indicated that the day sparked interest in students and expanded the horizons of some teachers. All visits were considered useful however the hands-on opportunity offered in the silviculture call was particularly appreciated.
- We planned a sequel in Feb 19 and, with MOE, put in a good deal of preparation. Unfortunately, contrary to early signals, few students showed and so the day was canned.

13. Share the Road Programme

- HBFG only managed one 'share the road' programme, this being for Omahu Primary School in Jul 19. This was because the person trained-up to run these events moved on earlier in the year and it has taken time to rebuild this expertise.
- The stage is now set for a full resumption of this activity.

14. Careers Coach

- By arrangement with FOA, HBFG hosted a visit to four HB high schools from 23rd – 26th July 19 by a careers coach, popularly known as the 'Inzone Bus'.



The Careers Coach offers great potential promoting forestry here

- This is a mobile facility funded in part by the Forest Growers Levy Trust. It features interactive Kiosks designed to connect young people to the Industry and to promote forestry generally.
- Students who registered interest at the kiosks will be offered a visit to a local forest.
- It is likely that HBFG will consider sponsoring a careers kiosk at either/both Napier Boys and Taradale High School. The comprehensive range of e-materials in the kiosks would be kept up to date remotely.

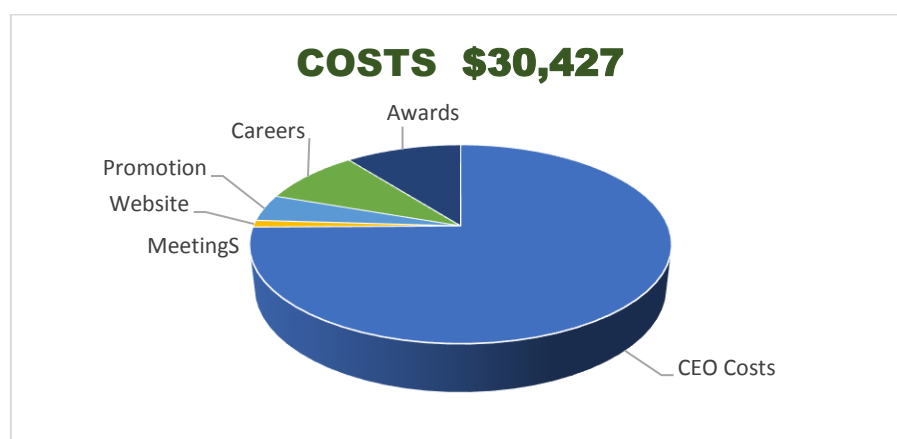
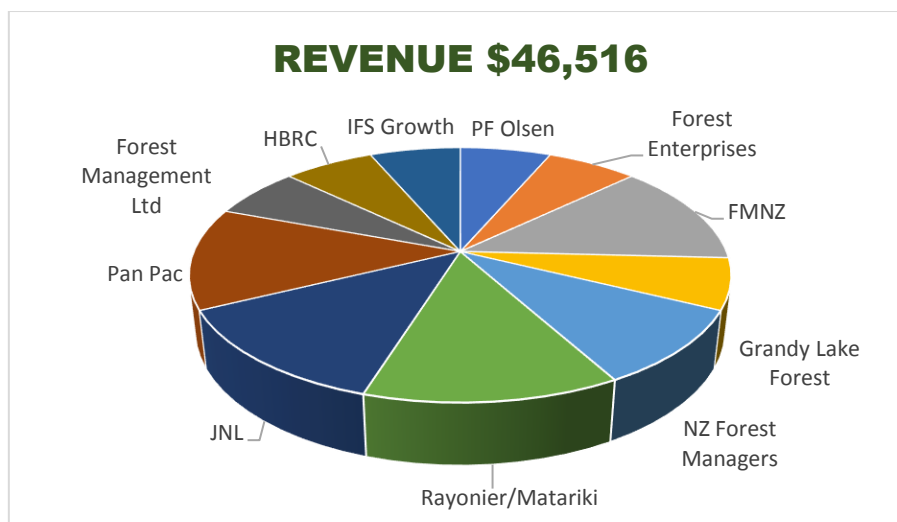


COMMUNICATION

- HBFG has maintained its position as a communication hub and now routinely streams articles, news and notifications to forest managers in the region.
- Key links in this chain are: MPI, FOA, FICA, FISC, and Wood Council.

FINANCIAL REPORT

- A financial report for the four financial years since incorporation was provided to the AGM on 23 Jul 19 and thence to the Companies Registrar.
- In summary, other than a modest bank interest, revenue was from membership fees; whereas, costs are for the most part associated with engagement of the CEO (illustrated).



Prepared by

Keith Dolman

CEO

6 August 2019

