

## Last word

Kent Chalmers

The Editor assures me that it is a tradition that the chair of the conference committee writes 'The last word'. I hope it's because he thinks the chair, having generated significant insight about the industry, will want after the conference to enlighten you all. This is an opinion piece based on what I saw and heard at the 2016 conference sessions.

The NZIF conference brings together the widest cross-section of professionals in the industry. As an annual event it's a great opportunity to take a snapshot of the mood of the industry and where we are heading. Based on a snapshot at this year's conference I had two 'lightbulb' moments.

First, we're not in crisis. The solid wood processing capacity in our host region, Otago-Southland, is dominated by three large processors – Niagara, Craigpine and Pan Pac. Each of these plants have either completed, are doing or are about to start major upgrades. We are seeing, like most of the plantation forest regions in New Zealand, significant investment in wood processing.

Sawmilling is a running to standstill type industry requiring constant investment, but you still need to create a solid business case to invest so this can only be a sign of confidence. In a region with over 50% of the forest resource held in private hands, these mills will need to secure supply from small growers. In an export market downturn these mills will have to bring volume to the market. This adds to the stability of our regional woodflows and work for our contractors, as well as potentially more stable returns.

A session with senior managers from foreign-owned companies actively engaged in vigorous debate with Overseas Investment Office (OIO) officials suggests to me that these managers want to continue to buy forests. Surely wanting to buy more means they are happy with their current investments.

Our clearwood mills are predicting a profitable future, which may lead us back to more investment in the forest. The carbon outlook looks good, as do consumption forecasts in our export markets. I don't think that koura farming, essential oils or wood residues for heating will get away from our reliance on China, but it shows we are innovative and still capable of identifying and taking opportunities when they present themselves.

A contributor to the negativity about our industry has been that we are competing with other land uses that

seem to have the odds stacked in their favour. We had some excellent speakers heavily involved in agriculture and I think that they have some real challenges ahead of them. Agriculture's position in the emissions trading scheme (ETS) is well known, but it is inevitable that this will change. Even if this doesn't change nutrient run-off restrictions in some catchments are surely waiting round the corner. Faced with rising land costs, we are all striving to produce more on the same footprint and I think the route to increasing productivity looks a whole lot easier on our side of the fence.

I'm not delusional enough to suggest that the news is all good. Five fatalities this year is a tragedy and no-one would argue it is acceptable. That this comes on the back of the huge amount of work that has been done since our 2013 *annus horribilus* is incredibly disappointing, but also suggests that lifting our safety performance will be harder than we thought.

Attracting and retaining young people to work in the operational forest roles remains difficult with no easy answers. Utilising migrant workers as our agricultural and horticultural colleagues do is an option, but will hinge on political views towards immigration at the next election.

My second lightbulb moment is that we have great people – those currently in the industry and our students and recent graduates. Every industry bemoans the war for talent; trying to attract and retain the best and brightest. I believe that in order to not just attract, but also retain, people we have to do a better job of sharing our good news stories. We need our people to be proud of the excellent work that we do. No way should we stop ignoring and being honest about our challenges – I believe if we can attract and retain good leaders and managers then the challenges seem a bit easier. If we can only keep talking about the problems they will surely want to go and be involved somewhere with what are perceived to be more positive prospects.

Maybe the industry won't reach the dizzying heights that we thought it would in the mid-1990s, and that is an opportunity lost for New Zealand, but what we have now is good and we need to keep reminding ourselves of that – because no-one else will.

*Kent Chalmers is Marketing Manager at City Forests, a Dunedin-based forest products company. Email: kent.chalmers@cityforests.co.nz.*

