

# Our forestry future – experience is not what we learn, it is what we do with what we learn

Phil Taylor



Figure 1: Mechanised processing – Geraldine Forest, Canterbury

## Abstract

New Zealand's Nationally Declared Commitment (NDC) to be net carbon neutral by 2050 is less than 28 years away, the average age of a radiata rotation. Over the last 28 years there have been many changes in the forest industry and a number of lessons have been learnt that can be applied when looking to the future. Going forward up to 2050, this paper identifies 12 'challenges'. To achieve the potential of our forest sector these challenges need to be addressed if we are to secure our forestry future.

## Looking forwards and backwards

Cast your mind back to the period in New Zealand forestry between the late 1980s to mid-1990s – or 30 to

35 years ago. Remember that number because a slightly lesser number, 28 years, gains significance later. What was happening in our industry back then? Quite a bit on reflection, and the intervening years prove the pace of change is accelerating. So, it's more important than ever that the past informs the future – at least in part.

In 1987, some lamented, and some celebrated to be fair, the demise of the New Zealand Forest Service (NZFS). In 1992, Scion was formed out of what had been the Forest Research Institute (FRI), the pre-eminent global plantation forest research provider at the time. The Government then passed the Forest Amendment Act 1993, which introduced harvest controls on privately-owned indigenous forest land, and in 1998 the Ministries of Agriculture and Forestry merged to become one – MAF.

Between then and now there have been other significant changes that make the industry we work in today very different to what it was back in the early 1980s.

So, what is my point? Bear with me.

Fast forward to today, and then take another leap through time for a period equivalent to the standard rotation length of a single radiata pine crop – 28 years. About the same time looking forward as I previously looked backwards. That takes us through to 2050 – the year New Zealand has committed to be net carbon zero – a date and target that I would argue will be the most catalytic event for change in this country's forestry future. That future is not far away.

## Four lessons from the past

I believe there are four lessons we should take from the past to inform our path forward. We increase our chances of being well positioned for 2050 if we apply these to a top 12 'things' or 'events' that will be critical for us to attend to sooner, rather than later. You may not agree with me on some of them, maybe all, and many of you will already have heard these from me. But these are the thoughts that shape my thinking about the future for the forest industry to 2050.

The four lessons are:

- First, over a relatively brief period of time back to the mid-1980s there have been significant changes in the New Zealand forest industry – most initiated and controlled by central government. That is not likely to change.
- Secondly, it is obvious that some things never change – even if they need to.
- Thirdly, history tends to repeat itself, so let us learn from our mistakes and use our experiences to good effect. Paraphrasing the famous English writer and philosopher, Aldus Huxley, 'Experience is not what we learn, it is what we do with what we learn'. What we should of course not forget is Huxley's salient message in *Brave New World* where he raises the alarm against the dangers of technology. Using scientific and technological advances to control society may give more power to totalitarian states to change the way human beings think and act. Quite prescient given the rapid change and adoption of new technologies and the influence of social media.
- Finally, change is inevitable and the industry we work in today will be vastly different to the one we will operate in 2050, just as 2022 is very different to the 1980s – but even more so because change is accelerating. The need and pressure for change is becoming more powerful, and it will become unrelenting. Unless we address the challenges placed in front of us over the next 28 years with the passion and vigour I know we all have, then we will get left behind and our industry will fail to realise the full potential it has to offer.

As I reflect on my 40 years in the industry (and recall what a wonderful experience it has been), and more recently my completed two-year term as President of the NZ Forest Owners Association (NZFOA), I can unequivocally say to you that my optimism for the future of forestry, in the broad sense, has never been more positive. Unquestionably there are and will be more challenges than we face today, but that is what should keep us motivated to do better.

## 12 actions, challenges and commitments

So, with those lessons in mind, here are 12 actions, challenges and commitments – call them what you like – that I believe we'll need to tackle if we are to reach the potential our industry has to offer. There are no doubt more, but these are the priority 12 that spring to mind for me.

### 1. Start with our people

I will generously call the current composition of our workforce an accident of history and circumstances, but we need to do much, much better around diversity and inclusion. When talking about diversity I am not simply talking about gender or race – it's much broader than this. True diversity includes other differences as well, such as age, ethnicity, income, sexual orientation, socioeconomic status, physical and cognitive abilities and characteristics, spiritual beliefs, nationality, language, education, political beliefs, family or marital status, or cognitive/thinking style, all of which shape our own identity and interactions with others.

I challenge all of our industry leaders to 'lean in' towards building a more diverse and inclusive workforce culture, recognising that doing so will result in enhanced relationships with stakeholders, a higher-performing and engaged workforce, improved financial performance, greater understanding of workplace issues and a stronger industry reputation. If there was one legacy that I would like to leave behind me at the end of my career it is that I championed for a more diverse workforce.

### 2. Meet the challenges of climate change

The biophysical impacts of climate change, particularly the increased frequency and intensity of storms along with increasing temperatures, will present the biggest challenge for forest managers over the next 28 years. Witness the recent storms on the East Coast of the North Island and the reputational and environmental damage that events like Tolaga Bay had on our industry.

Loss of global forest area through fire events has reached historically high levels, biblical proportions some might say, and will only get worse. These fire events will start impacting us in New Zealand as temperatures continue to climb and our summers



get longer and hotter. As foresters, we will need to refocus our attention on the critical importance of risk mitigation and look carefully at forest location and forest design. One challenge for all will be to find ways to mitigate the risks of the offsite effects resulting from intense storm events and our operations. The regulators will become more vigilant, and they are unlikely to accept a defence that our offsite impacts are a direct effect of climate change and therefore outside our control – the public certainly won't.

Perversely, climate change also presents huge economic and social opportunities, and we need to leverage off these. Carbon income generated from forests is the most obvious economic one, but others include increased demand for new and innovative sustainably-produced timber products. There is also a growing awareness of the important contribution that the planting and growing of forests has in meeting the challenges of reducing emissions, and we need to be constantly telling this story.

### 3. Front the issue of rural land use conflict

'The Right Tree in The Right Place' is a phrase that completely misses the point, and it is holding us back in the conversations about optimal rural land use allocation. If we are to make progress in addressing how we use our rural land we need to be thinking more about 'The Right Land Use in the Right Place'.

There is plenty of land available in New Zealand for both farming and forestry – the problem is that we don't allocate and use it well. I would argue that we could substantially increase the productivity and sustainability, and by extension the profitability, of both farming and forestry if we were smarter about it. I am not sure how we can achieve this given the entrenched views of both farmers and foresters, but we must work towards a way in which we sensibly allocate land.

There are spatial tools available, and we need to use these but in a way that does not encourage centralised planning and being dictated to by government. To avoid this, we need to front the issue of rural land use and work much more closely with the farming community to leverage the opportunities we have with both farming and forestry. Highlighting the role that forestry can play as an integrated part of farming is one key aspect, but understanding and mitigating forestry's impacts on rural communities is also an olive branch we can and should wave.

### 4. Prioritise R&D

Without sufficient investment in R&D we will lose our global competitive advantage. New Zealand is really, really good at growing trees and we need to maintain this advantage with much more research investment. The challenges requiring research



Figure 2: Avenue of pine and ferns – Te Matai Forest, Bay of Plenty

answers are growing, not shrinking, unlike our (industry plus government) investment.

Back in 1992, the FRI was recognised as the global leader in forest research. Over the intervening years this leadership position has been gradually eroding, despite Scion's best attempts to halt this decline. Global competition for the best researchers, a lack of investment by government and by industry, and a competitive government funding process where scientists have to 'bid' for research dollars has led to a slow but steady decline in research capability and capacity. This is in no way to suggest that our current researchers are not committed or capable – rather that we need more of them.

## 5. Keep up with technology and invest more in our industry

Without question one area where we will see the greatest change over the next radiata rotation is in technology. We cannot even begin to imagine what technological changes lie ahead. Technology will change the way we grow, manage, harvest and process our forests. One real frustration for our industry, and other primary industries I might add, is our inability to access genetic technologies to tackle many of the threats and opportunities we face today. We need to campaign for improved access to these technologies.

The New Zealand forest industry has been estimated to have an asset value of somewhere north of \$100 billion. The only semi-reliable source of funding that we currently have access to support the protection and development of this asset is the Forest Growers Levy, which collects around \$12 million p.a. Surely we can do better than this – we certainly need to. We need to invest more into promoting and growing our industry – and simply cannot fall back on government to do this for us.

We can partner with the Government, but unless they see our industry investing, they will correctly ask why the taxpayer should. One immediate option is to increase the amount we collect from the commodity levy we collect on harvested wood products. An alternative option to seriously consider is broadening the levy base by applying a levy on planting stock and carbon. This would capture forest owners who plant trees and grow carbon (for financial gain) and currently benefit from levy-funded projects (such as R&D and biosecurity) without paying a levy.

## 6. Embrace biological diversity

As foresters we need to broaden our minds to the role that 'non-industrial, non-radiata forests' might play in the future. We need to recognise and capture the opportunities and benefits that forest diversification offers. I honestly don't know what that looks like right now, but clearly the strong signal coming out

of government, the Climate Change Commission, as well as from society as a whole is a desire for a more mature and diverse forest estate. The global increase of 'impact investment', where returns are measured in social and environmental outcomes, as much as they currently are in economic returns, suggests that there will be opportunities to grow this important aspect of forestry.

## 7. Get serious about biosecurity

People ask me what my biggest concern for the future of our industry is – in two words, pest incursion. Globally we are seeing the mass destruction of forests because of pest incursions – mountain pine beetle, spruce beetle, phytophthora, pitch canker – scarily the list goes on and on. While this all works in our favour for global supply and demand imbalance, it also constitutes a major threat to our own forests. We need to invest more in biosecurity.

We all recognise what forests can offer New Zealand, and how this country is increasingly relying on them for economic, social and environmental outcomes, but they are becoming more and more vulnerable. I would put it to you that it is equally, if not more important, that we invest in protecting our current forest productivity as it is to get more productivity out of them – it's the latter that tends to be the current focus.

## 8. Innovate

There is no question that we export too much of our harvest production, but this is currently a necessity rather than a preference. Every forest owner who I speak to wants to process more wood onshore – here in New Zealand. The challenge we face is how to consolidate sufficient resource of sufficient quality to support economic processing. Given the nature of New Zealand's disparate forest estate, other than for a few regions where wood is sufficiently consolidated to support globally competitive wood processing, a large 'chunk' of our wood resource is spread both geographically and through ownership.

I applaud the Government working with industry through the Industry Transformation Plan, a plan to transform wood processing in New Zealand. There is fertile ground in my mind to explore new and innovative products and different approaches to distributed processing. I cannot believe that with forecasted global supply and demand shortages new opportunities will not arise. The challenge is to coordinate amongst government, forest owners and processors. We all know the reasons why we cannot do something, but we need to think about how we can.

## 9. Build our bench strength

Our industry has struggled around reputation management for decades. It is hard to argue against

the commentators who say we are losing the battle on many fronts, and yet we have such a great story to tell. Part of it comes down to funding but that, in my view, is not the main issue. We do not have a coherent story being told by and then shared with our next generation of foresters.

Future Foresters show great promise and I would encourage them to continue the good fight, but we need to do more to support them. They are, after all, the professionals who will inherit, drive and inform our industry and the public up to 2050 – we need to enable them to do more. As frontman for the NZFOA for the last two years, I often thought that a younger and more energised forester would have been a much better public face to our industry than me. My challenge to all in our industry is to make this happen. We need to also support regional initiatives where forest interests reach out and engage with local stakeholders.

## 10. Engage in our communities

Part of this reputation management needs to start at the grassroots – with community engagement. I have the privilege of working for a family-owned organisation, a family that recognises that it needs to give back to the communities in which it operates. The overused phrase ‘licence to operate’ appears daily in our language, but it does reflect a real and increasing concern by members of communities that live and work in or near our forests.

We underestimate at our peril the importance of engaging meaningfully with our surrounding communities. It may on the surface appear to add cost and complexity, but my experience is that the trust and relationships you build with communities by actively engaging with them is not only personally fulfilling (it is more rewarding to give than to receive), but also simplifies your business in the long run.

## 11. Build quality relationships with regulators

As noted in the lessons learned summary, I made the comment ‘most [change is] initiated and controlled by central government’. Going forward, it is critically important that we maintain a strong and positive relationship with the regulators – be they central or regional government. They more than anyone else will dictate the success or failure of our industry as witnessed in my brief forestry history of the late 1980s and early 1990s.

During my term as president of NZFOA I often reflected on how well we were served by our government officials – they get criticised and

lambasted, but they don’t deserve this. During the initial stages of the COVID lockdown I saw first-hand that no-one worked harder on behalf of our industry than the senior leaders in Te Uru Rākau (TUR). We need to continue to engage and work productively with ‘government’ – that does not mean that we will necessarily agree with everything, and that we should not hold them to account, but we do need to engage in a positive and constructive way.

The carbon-constrained future we face presents huge opportunities for the forestry sector and government is highly motivated to see us be successful. It might not often be seen that way, but one thing I have learnt from my close engagement with government officials over the last two years is that they share their passion for our industry and wish it to be as successful as we do.

## 12. Stay above the fray

Having said all of the above, we need to encourage this government (rather than the officials), and futures ones as well, that a major part of our problem is the three-year election cycle we operate here in New Zealand and not to use forestry as a political football. Forestry is a long-term industry with long-term challenges and is increasingly being recognised as having significant long-term benefits. Short-term interference, as well as confused and uncertain policy, is often a result of responding to political pressure and is the biggest threat to reaching our industry’s potential – and New Zealand’s for that matter.

I take some comfort from the fact that forestry is being increasingly recognised, by all political parties and the wider population, as being critically important for New Zealand’s future (be it economic or in achieving our 2050 net zero carbon goals that have significant environmental and social consequences).

My challenge to all of you is to think about how we can leverage the lessons we have learned to address the major challenges and opportunities in our industry’s future, as well as your own. Let’s seek out major potential disrupters (good and bad) and do something about it. We can all be champions for a cause – the future of our industry.

*Phil Taylor is Managing Director of Port Blakely Ltd and Immediate Past President of NZFOA. Email: [ptaylor@portblakely.com](mailto:ptaylor@portblakely.com)*