

Annual Report 2022



Global demand for construction roundwood will be up to an additional 4.1 billion cubic metres a year by 2050 - more than 100 times New Zealand's production

Dalberg Advisors et al reporting to COP27 Climate Summit 2022

Contents

Highlights	01
Report from the President	02
Report from the Chief Executive	04
Activities	06
– Health & Safety	06
– Fire	08
– Transportation & Logistics	09
– Training & Careers	10
– NEFD	11
– Small & Medium Enterprises	12
– Research Science & Technology	14
– Market Access	18
– Forest Biosecurity	19
– Environment	20
– Promotions	22
– Fielddays® at Mystery Creek	24
Audit Report	26
Financial Statements	28
Executive Council & FOA Staff	33

2022 Highlights

The New Zealand Forest Owners Association (FOA) represents the owners of New Zealand's commercial plantation forests.

The Association and its members are committed to the highest standards of sustainable silviculture, environmental practice and workforce safety.

Forest product exports to June 2022 were worth

\$6.578b

a 1% increase from the previous year.

China remains the forest industry's main market, taking

54% of exports

in the year to June 2022, compared with an average of 35% market in China for the whole primary sector.

As of April 2022, the standing volume of plantation forests was

549m m³

an increase of 18m m³ from 2021.

The total plantation estate on 1 April 2022 was

1.757m hectares

still 70,000 ha less than in 2003.

Wildfires in forests increased from 7% of all wildfires in 2019/2020 to

12%

in 2020/2021. In 2020/2021 wildfires on meat and wool production country were 43% of all wildfires.

Report from the President

Having done a bit of boating over the years I have observed that my timing as president helmsman at FOA has coincided with a number of storm fronts and high seas hitting the industry's bow.

The most significant is the role of trees in the fight against climate change, the reluctance of other primary sector organisations to embrace forestry as a solution (or any useful solution at all in some cases) and the impacts of climate change itself as our communities and the forest industry struggle with the damage caused by storms and floods from tropical cyclones.

There is no doubt that carbon sequestration from trees must play a major role in New Zealand's climate change response. For many industries, the simple fact remains that current energy technology offers limited short-term options for reducing fossil fuel emissions. Using trees to offset those emissions, at least in the short to medium term, provides time for zero emissions technology to develop and become mainstream.

Farming has some real and well documented challenges with livestock related emissions. Despite being New Zealand's largest emitting sector, it has lobbied hard against the expansion of pine trees on farms.

The recent announcements around He Waka Eka Noa (HWEN) and the ability of that sector to contribute positively to New Zealand's greenhouse gas inventory will hopefully incentivise more trees on farms, as the HWEN scheme further incentivises more farmers to diversify their properties with trees.

Water quality, soil stability, climate resilience and increasing economic return from New Zealand's marginal land base will all be winners in this process.



The challenges brought by tropical cyclones Hale and Gabrielle on the East Coast of the North Island especially cannot be ignored or underestimated. Most foresters are well aware of the fragile soil geology in that region and the history of pine trees being used to stabilise the land.

Despite this, only so much resilience can be built into forest systems, and this has been overwhelmed by extreme weather. The repeated debris flows from the forest catchments in these storms is having a real impact and forestry's social licence hangs by a thread in impacted communities.

As an industry we must find solutions to these issues or face substantial social and legislative consequences. The intersecting dynamics of all rural land uses, the resilience of public infrastructure and the economic prosperity of a region dependent on forestry, all need to form part of community led solutions.

One aspect that will assist is the greater utilisation of forest residues and a thoughtful expansion of added value domestic processing in New Zealand. During the year FOA has contributed to and welcomes the Industry Transformation Plan (ITP).

FOA is up for the challenge and we look forward to working with MPI, TuR, our peer industries and our communities to make New Zealand a better place with more forests.

Aligned with this has been a joint industry promotion “Wood – our low carbon future” and an excellent promotional stand at National Fielddays at Mystery Creek. Together we must ensure that the ITP leads to more investment in wood processing in New Zealand, innovative new products and a greater product and market diversity for forest investments.

The FOA is fortunate to be led by a competent CEO David Rhodes and team. The significant effort put into responding to industry challenges, progressing a substantial legislative change agenda, whilst continuing to progress industry growth along with business as usual, deserves recognition.

The support of the Forest Growers Levy Trust, the Farm Forestry Association (FFA), FOA board and the joint FOA / FFA committees supported by FOA staff, but otherwise made up of volunteers from the industry, all forms part of the wider group of people stepping up to represent our industry. They are all deserving of recognition for their efforts over the past year.

During a recent media interview the journalist questioned me about the impact of the “powerful forestry lobby group”. This observation from outside the industry reflects well on the efforts of the group of people outlined above.

Personally, I am grateful for their assistance, guidance and diligence. Special mention also goes to my predecessor Phil Taylor, who not only did a superb job of the Presidency during his term, but also for his role in preparing me for my time as President.

The year ahead will clearly not be smooth sailing. The industry will be challenged on the impacts of forest debris and will face renewed calls for tougher legislative operating controls as a result.

Other legislation, such as the unpopular log traders and forestry advisers’ legislation, as well as substantial Regional Council led water reforms, will in all probability be time consuming and costly to address, while delivering minimal societal benefit when applied to our industry.

We will also have a wider group of people and politicians seeking to take advantage and this will be highlighted over the 2023 election year.

FOA is up for the challenge and we look forward to working with MPI, TuR, our peer industries and our communities to make New Zealand a better place with more forests.



Grant Dodson
March 2023



Report from the Chief Executive

Covid has had a long tail and the impact on trade and workforce continued right through 2022, not least exacerbated by the zero tolerance approach the Chinese government took and the associated lockdown of major cities such as Shanghai.

As a consequence, the Year of the Tiger for the Chinese economy was a bit toothless and had a flow-on effect to the forest industry in New Zealand. Working with industry partners we continued to secure good support from Te Uru Rākau for forestry, notably in successfully proposing an alternative pathway for forestry to allow close contacts to continue to work under Phase 2 of Covid-19 restrictions.

How we deal with greenhouse gas emissions and the role of offsetting remained hot topics. Everyone agrees we need more trees. That's about where the harmony ends. Some want trees for offsetting, but only for addressing farming emissions, not other emissions. Some want offsetting but only for native trees.

The right tree and the right place mean many different things to different people. The FOA had to counter a lot of inaccurate information about the Overseas Investment Act, the ETS and the NES PF (being unable to regulate carbon forestry). The Association has many elements of commonality with primary sector groups, but some key differences also remain. That said, many individual landowners have made up their own mind and plantation forestry has reversed the hectares lost in the previous decade.

One area of encouraging progress, that FOA was responsible for bringing about, was the Crown funding approved in the budget to investigate the potential for forest management recognition thus opening up the potential for pre-1990 to benefit from carbon sequestration.

Meanwhile, on a separate front, we continued to grapple with what the Forests (Log Traders and Forestry Advisers) Amendment Act meant for everybody. We made some progress in narrowing down who was captured, and what was needed to satisfy professional development. But significant questions remain.

From 6 August 2022, log traders and forestry advisers were able to apply to register on the system. The stampede since then has resulted in two registered advisors and no registered log traders. Given that both FOA and the NZ Institute of Forestry have advised against registering until the detail is clearer, this isn't a big surprise. The problem is we are not confident that detail will become clearer before 1 August, and then the risk is that anyone practising will be breaking the law, although the penalty regime is another missing piece of the jigsaw.

FOA opposed this legislation from the start because of the process, and the intent of the Minister who proposed it. Increased professionalism is laudable, but not at any cost, and not when the benefits could be quite marginal.

More positively, an important development for our industry was the finalisation of the Forestry and Wood Processing Industry Transformation Plan towards the end of the year. We can have all manner of debate about what will be achieved, and by when, but the importance of having a broadly agreed direction for the industry cannot be under-estimated.

It was very encouraging that the various industry associations (FFA, FICA, NPT, NZIF, WPMA and TIF) were able to join FOA to coordinate a pan industry response to this and provide feedback on the core priorities where we considered the ITP needed to direct most effort.

Our ITP was one of several delivering the government's Fit for a Better World pan primary sector vision. In this I continued to be involved with the Food and Fibre Partnership group.

On this, and other matters, we have had great support from Ray Smith and the team in MPI. We certainly have an agency that is very focussed and increasingly knowledgeable about our sector and able to bring informed advice to pan departmental discussions. I would like to thank Ray Smith and the dedicated folk in MPI and TuR for their work.

With good support from MPI we also hosted a very successful two day field trip with 25 people from MPI/MfE/Fonterra/EPA/MBIE/AirNZ/DOC. We will repeat the exercise.

Another successful gathering was the first physical R&D conference since Covid hosted by Paul Adams and the team.



And then in November the FOA, FFA, MPI and the Levy Trust partnered with Te Uru Rākau to host the Forestry and Wood Hub at National Fielddays in Hamilton, which was widely regarded by those who were there from inside and outside our industry as a wonderful projection of a multi-faceted sector – another commitment that needs repeating.

Throughout the year there was ongoing engagement with a diverse range of groups who all wanted to engage on some aspect of forestry and including, Inshore Fisheries, Biosecurity Pledge partners, Fish and Game, the Climate Change Commission and Apiculture NZ.

As the rest of the Annual Report illustrates, we have had some substantial, and far-reaching items to deal with including the reform of education and training, the replacement of the RMA, review of the National Environmental Standard for Plantation Forestry, fumigation restrictions, national policy on biodiversity and a major refresh of R&D programmes and associated funding applications.

Looking forward the 2023 year appears to be one of considerable upheaval. Whatever the election outcome there will be significant change in faces and policies. The same will hold for FOA.

As noted last year the post Covid inflation is proving difficult to put back in the box but, like most central banks, the Reserve Bank will do whatever it takes and so we will have to weather a recession for most of the year while inflation is tamed.

For the timber industry the easing of Covid restrictions in China and a near doubling of predicted growth, along with cyclone damage reconstruction, should provide some counter to otherwise testing economic circumstances.

While the recent flooding events do not form part of the year being reported on, it is hard not to recognise the implications that will also have for the industry and for New Zealand generally in terms of adaptation and “managed retreat”.

While FOA has much smaller resources to call on to face these challenges than some comparable primary sectors we do have some unique strengths. A key attribute is the joint levy-supported committees. These are worth recording along with their diligent chairs as follows: Training and Careers (Steve Chandler), Biosecurity (John Simmons), Environment (Sally Strang), Fire (Sean McBride), Research (Ian Hinton), Transport (Tim Sandall), Small to Medium Enterprise (Graham West), and NEFD (Paul Nicholls). During the year Marcus Musson agreed to step up and chair the reformed Promotions committee, a committee for which the expectations are many and varied.

We simply could not deliver the outputs we do without these committees. To the people who serve on them and to the chairs – thank you one and all.

Grant Dodson has somehow managed to juggle the demands of Presidency and industry leadership with his day job as CEO of City Forests. He has unwaveringly been available for the Association to lead the board, support the staff and take on a significant public profile. The demands in that role do not come evenly. To him and the other members of the board who give freely and consistently of their time to make a difference I would like to pass on sincere appreciation on behalf of the Association and its members.

My thanks finally to the staff in Wellington, Rotorua and Christchurch. The FOA team (Rosemary, Glen, Don, Brendan, Paul, Jeff, and Rachel) has been stable through a very unstable period with the only change being in the Rotorua office where Amanda has joined to provide great support to the FGR and FRC teams. They are a hard-working, dedicated bunch of folk, who have addressed some significant challenges. Forest growers are fortunate to have them on their side.

David Rhodes
March 2023



Reports

NZFOA is a founding member of the Forest Industry Safety Council (FISC), an independent Charitable Trust that also includes representatives of FICA, NZFFA, WorkSafe, ACC, First Union, workers and Māori. FISC delivers safety and wellbeing initiatives on behalf of the industry through its Safetree brand. Here is a summary of FISC's key activities in 2022 from its CEO, Joe Akari.

Health & Safety

Leadership

A place where forestry can learn, address issues and engage with government

FISC/Safetree continue to provide a mechanism that enables the forestry industry to come together to learn, and improve safety and wellbeing issues that are better dealt with at a sector level. FISC also provides the industry with a strong voice on safety and wellbeing in discussions with government. In 2022 this work included monitoring MBIE's Plant, Structures and Working at Heights Health and Safety Regulatory Review and engaging with WorkSafe over the review of the ACOP and other industry guidance.

Forest Charter

The Forest Charter is an accord between forest industry participants and the government that commits signatories to a sustainable and safe business model. A draft charter was developed and circulated to stakeholders for feedback.

Supporting the industry through Covid-19

In January 2022 Safetree produced and shared new Covid-19 guidance, *Forestry Work Under the Covid-19 Protection Framework (Traffic Light System)*. This practical guide aimed to help forestry businesses quickly adapt to working under the 'traffic light' system.

Managing Risk

Winch-Assisted Harvesting Best Practice Guide

At the industry's request and with funding from ACC and WorkSafe, Safetree developed a *Winch-Assisted Harvesting Best Practice Guide*. The guide sets a benchmark for winch-assisted harvesting on steep slopes. It has been divided into chapters so people can easily download the parts relevant to them. See the guide on the Safetree website

<https://safetree.nz/resources/winch-assisted-harvesting-bpg/>

Understanding Risk workshops

Safetree ran 13 of these workshops, with funding from WorkSafe. They offered a different approach to risk management that goes beyond risk assessment processes and takes into account human behaviour and its impact on risks.

Learning from each other – Safety Alerts

FISC / Safetree help forestry businesses learn from, and share with, each other. This included creating and/or sharing 12 Safety Alerts in 2022. See these Alerts

<https://safetree.nz/safety-alerts/>

Video on tree-jacking

Sharing innovation is an important goal for FISC. With that in mind Safetree created a video about tree-jacking, a technique that can be used to fell trees in difficult places such as along fence lines. The video was very popular, attracting 27,000 Facebook views and 13,000 TikTok views.

<https://safetree.nz/resources/tree-jacking/>

Managing Risks to Mental Wellbeing

Wellbeing-related initiatives in 2022 included renewing an arrangement that gives forestry businesses discounted access to counselling services for workers and a new fact sheet on where to get help. See the Where to Get Help factsheet:

<https://safetree.nz/resources/mental-health-and-wellbeing/>

Engagement

Toroawhi

Safetree's Toroawhi continued to visit crews and businesses to support worker wellbeing and better worker engagement in health and safety decision-making. They have also been active on social media, posting about site visits and good practices they encounter onsite. These posts attract strong engagement from the forestry community. The Toroawhi project has been extended to December 2024.

Safetree Conference, Queenstown June 2022

This conference was attended by 160 people. It focused on themes of leadership and communication, along with essential skills to improve performance. The *Winch-Assisted Harvesting Best Practice Guide* and Tree-jacking video were launched at this event.

Increasing Safetree's reach

During the year Safetree trialled a number of new methods to increase its audience reach.

Fieldays: This was an opportunity to connect with farmers and other small-lot forestry operators, and to raise awareness of Safetree's work and how it can help them.

TikTok: This social media platform is being used to increase the delivery of information to workers. The 32 TikTok videos posted between July and December 2022 received 260,000 views, and attracted 10,700 likes/1761 followers. See, like and share Safetree's TikTok page

https://www.tiktok.com/@safetree.nz?is_from_webapp=1&sender_device=pc

Boosting Safetree's Facebook presence

To boost its Facebook presence, Safetree began paid promotion of some posts and uploading short videos onto Facebook Reels. The \$2000 spent on boosting posts increased Facebook reach (number of people who saw Safetree content) to 330,305 for the year, an increase of 530% on 2021. The number of visits to Safetree's Facebook page increased 137% to 5854.

Text message service

A new text alert system delivers important information to the mobile phones of all contractors who have signed up for Safetree Certification. Contractors can also respond to the texts if they want to share feedback or need assistance.

Industry Stories

Safetree produced six industry stories focusing on 'good work':

- Taking Pride in Your People: How Pride Forestry dealt with the aftermath of a crew suicide
- Helping Workers Recover from Addiction: Forestry Solutions Group's story
- Brand Logging: How Tony Brand tries to build a good, safe workplace
- Gamble Forest Harvesting: 50 year-plus working relationship with City Forests
- Mike Hurring Logging & Contracting: Safety features of NZ's first hybrid electric-diesel harvester/ Mike's training school offering simulators and real machines to train on.
- Loggbull Ltd: A hauler refit that included safety smart innovations suggested by workers.

See these stories on the Safetree website:

 <https://safetree.nz/resources/industry-stories/>

Tailgate cards

During the year we delivered Tailgate Meeting Cards to 106 frontline crew.

Capability

Certification

The number of Silviculture and Harvesting Contractors certified or recertifying in Safetree Certification in 2022 was 260. The number of workers involved with the Tree-Falling or Breaker-Out Safetree Worker Certification scheme in 2022 was 188.

New certification portal

At the start of the year Safetree Certification moved to a new online portal run by EcoPortal which includes a dashboard that provides more information to contractors and workers. It also makes it easier for them to share information with clients and others.

Subsidies reduce costs of Certification

FISC secured \$250,000 from the Forest Growers Levy Trust and \$150,000 from ACC to support the certification scheme. This enabled it to reduce the cost of certification for Contractors during 2022. More than \$70,000 of additional funding from the Forest Growers Levy Trust is subsidising the cost of Certified Contractors paying for their workers to become certified / re-certified.

Increased support and promotion for Certification

FISC has taken over administration of the Certification scheme, which is run on a cost-recovery basis only. FISC staff can now personally help contractors and workers with the certification process. A dedicated help line, 0800 SAFE 123 (0800 7233 123), and email address, certification@safetree.nz, have also been set up to support those with questions.

Activity to promote the benefits of Certification included:

- Adverts in rural media promoting the online register of certified contractors to small-lot forest owners.
- Cross recognition of Safetree Certification with the construction industry's Tötika certification scheme.
- Dedicated email newsletters for contractors to keep them informed of new developments/benefits.

Improving Contractor Certification audits

A workshop was held for Safetree Certification Auditors in October to enhance the consistency and quality of audits, and so auditors could share ideas on ways to better support contractors and workers through certification.

Performance

3 fatalities were reported by WorkSafe.

2022 milestones

Leadership

- Created forestry specific protocols for working under Covid-19 'traffic light' system.
- Developed draft Forest Charter for feedback
- Continued to provide a place where forestry can come together to learn & address issues.

Managing Risk

- Launched the *Winch-Assisted Harvesting Best Practice Guide*
- Ran Understanding Risk workshops
- Circulated 12 Safety Alerts
- Created video on Tree-jacking
- Continued to create and share resources, including Safety Alerts and on managing risks to mental wellbeing.

Engagement

- Toroawhi continued to build engagement with workers and companies
- Safetree Conference attended by 160 people
- Connected with farmers and small-lot owners at Fielddays
- Trialled new methods to expand our reach, including TikTok, text messaging, paid promotion on Facebook
- Continued to tell industry stories of good practice and innovation.

Capability

- Number of Contractors certified/recertifying in Safetree Certification: 260
- Number of workers involved with Safetree Worker Certification: 188
- New certification portal went live
- Cost of Contractor Certification reduced and subsidy to encourage Worker Certification
- Increased admin support for, and promotion of, Certification
- Improving consistency of audits.

Performance

- 3 fatalities were reported by WorkSafe.

35%

of plantation forests (of those surveyed) had tree crop insurance

Fire

The annual fire awareness campaign led by FENZ was again conducted during the 2022/23 summer. This year, however, the Fire committee considered that as FENZ was now fully stood up, forest owners no longer need to make a financial contribution to support the campaign.

The campaign focus continues on fire prevention and wildfire readiness to:

- 🌿 Keep wildfire risk top of mind for the public by further integrating Fire Danger into the New Zealand weather eco-system.
- 🌿 Frame wildfire risk and impacts in a way that the audience cares about.
- 🌿 Provide accessible tools to make it easier for the public to assess the risk and take the right action.
- 🌿 Help rural/semi-rural dwellers understand how they can protect their property from wildfire and prepare for coming wildfire seasons.

The campaign continued to promote fire danger with more relevant information to targeted audiences. Formats included MetService and NIWA platforms, as well using high profile ambassadors for messaging.

There was a stronger focus on promoting how rural and semi-rural dwellers could reduce their risk.



Quantifying Forest Industry Investment in Fire Risk Management

The Fire Committee engaged Murray Dudfield to lead a survey of forest owners to evaluate their effort for fire protection and response. The industry needed to respond to regulators with a quantification of its investment.

Once completed, the report will be on the FOA website.

The study shows that forest owners managing forests larger than 50,000 ha generally self-insure against wildfire through owning and deploying fire equipment.

Forests owners with estates between 20,000 and 50,000 ha generally have some fire-fighting capability but have little equipment and rely heavily on FENZ and larger forest owners.

The study also found that only about 35% of plantation forests (of those surveyed) had tree crop insurance, and that the insurance premium pool was estimated to exceed NZ\$8m.

This survey will inform both the FOA and government when changes are proposed to the FENZ levy system.



Transport and Logistics

The Transport Committee deals with the safe and efficient transportation of forest products, including policies for the funding of roads and safety of logging trucks. The Committee works closely with the Log Transport Safety Council (LTSC). The Committee manages Forest Grower Levy Trust (FGLT) funds to meet industry transport needs.

The Committee, with local forest owners, issued a judicial review against the Wairoa District Council forest land rating system, where forest land over 100ha is specifically targeted. The High Court found for WDC. FOA and companies appealed and we expect a Court of Appeal hearing mid 2023.

Following the updating of the Log Transport Safety Accord last year, the companion Annual Log Transport Safety Improvement Plan (LTSIP) has been updated.



The LTSIP is to enable the forest industry to collaborate, consult and coordinate agreed interventions to enhance Safety, Health and Wellbeing, setting quantifiable outcomes that will be monitored and measured.

Log Truck Safety Council (LTSC)

<http://www.logtruck.co.nz/>

The Committee manages the annual contribution to the pan-industry LTSC, for work between forest owners, operators, researchers, government and enforcement agencies.

The LTSC commissions research and directly engages with the Transport Committee.

FOA is a signatory to an Accord with the LTSC and the Road Transport Forum

Transport Calculator (previously known as GIS Mapping)

The Transport Committee commissioned SCION to produce a system (completed in 2017) on log truck road usage.

The system is complete. Funding is sought annually to allow a number of runs to be commissioned from SCION using the completed calculator.

The system has been actively promoted to local government and Waka Kotahi.

Logtruck.co.nz

The 0800LOGTRUCK reporting system based upon 'phoned-in reports has been transitioned to a web reporting system

www.logtruck.nz

Signage on trucks and trailers has been changed for the new system.

Parties under the LTSIP agree to actively support the objectives and operational requirements of this public reporting scheme.

To determine the compliance of logging trucks with the new signage requirements the Committee employed a student to visit sites to record signage compliance and trailer lifting certification. Compliance was generally but not uniformly good.

Truck Roll Over Prevention

Log truck roll overs are a significant risk. Roll overs have killed drivers and are a risk to other road users. Roll overs take the assets off the road for a long period reducing capacity.

This project was to provide the driver with an audible and visual alarm warning that their trailer stability warrants a driver reaction. The alarm will also assist the driver with preventative driving real-time feedback.

Log Truck Loading Effect on Forest Roads

A report output was incorporated into the Forest Roding Engineering Manual.

Wood is Good / Share the Road

This programme is supported jointly by both the Transport and Training and Careers Committees reflecting the impact on both spheres of interest.

This programme raises the awareness of students, teachers and parents of the role of forestry and log transportation in their local community via a national primary schools' forestry engagement programme

The programme is now nationwide. A "Wood is Good" brochure and an "Activity Book" have been produced. The Committee is looking at setting up a stand-alone team to develop this work. Nineteen schools were visited – Promoting log transport & "Be safe, Be seen".



Training and Careers

Training & Careers

The Training and Careers Committee’s purpose is to support a programme on plantation forestry training. The Committee has representation from forest grower representatives (FOA, FFA, Future Foresters, Wood Councils), plus industry representatives and training providers comprising the Forest Industry Contractors Association (FICA), Te Pukenga, the School of Forestry and government.

The Committee has been active in communicating forest industry interests on the major government training and career initiative “Reform of Vocational Education” (RoVE).

The Committee manages investment into forestry training by the Forest Grower Levy Trust (FGLT).

Initiatives include:

National Forestry Career Portal

<https://www.forestrycareers.nz>

The portal is the primary reference site for forest industry training and career promotional programmes such as the National Recruitment Campaign and the Social Media Campaign. The portal is the prime repository for a wide range of career and training resources.

Social Media Campaign:

<https://www.facebook.com/ForestryCareersNZ/>

The campaign is on Facebook and Instagram. The most engaged content is the industry profiles.

University of Canterbury – Operations at the School of Forestry (SoF)

With FGLT investment, the SOF is able to retain the Post-Doc to support teaching and research, offer graduate level scholarships, as well as support undergraduate opportunities.

NZIF Future Foresters Support

This is FGLT funded support for careers promotion by Future Foresters to attract new entrants into careers in forestry and to support them in their early career development.

Grow Me

Funding is provided through the FGLT to the Southern North Island Wood Council (SNIWC) to support an understanding and interest from secondary school students in the forest sector. Activities included Careers Expos, Forestry Big Day Out bus trips, and school presentations. Clash of the Colleges at the NZ Agricultural Show was attended, a series of three videos “Trees on Farms”, “Biodiversity” & “Water Quality” have been filmed for secondary school use. Grow Me staff attended the careers teachers Christchurch conference (CATE) in collaboration with WIDE Trust and Future Foresters.

Tokomairiro Forestry Pathways Training

This programme provides pathways for young people wanting to work in silviculture, logging and supporting industries and for tertiary study.

Forestry and Wood Processing Workforce Council – Mentor Project (Forest Silviculture General Skills Project – Job enrichment through mentoring). The primary goal of this project was to provide trainees in forestry, starting in silviculture, but eventually wider forestry and wood processing with a working pilot trial.

National Fielddays

The Committee supported and provided resources for a Training and Careers presence at the National Fielddays held in November/December at Hamilton. Training materials, forest themed books for children and wood based items attracted interest to training and career options.

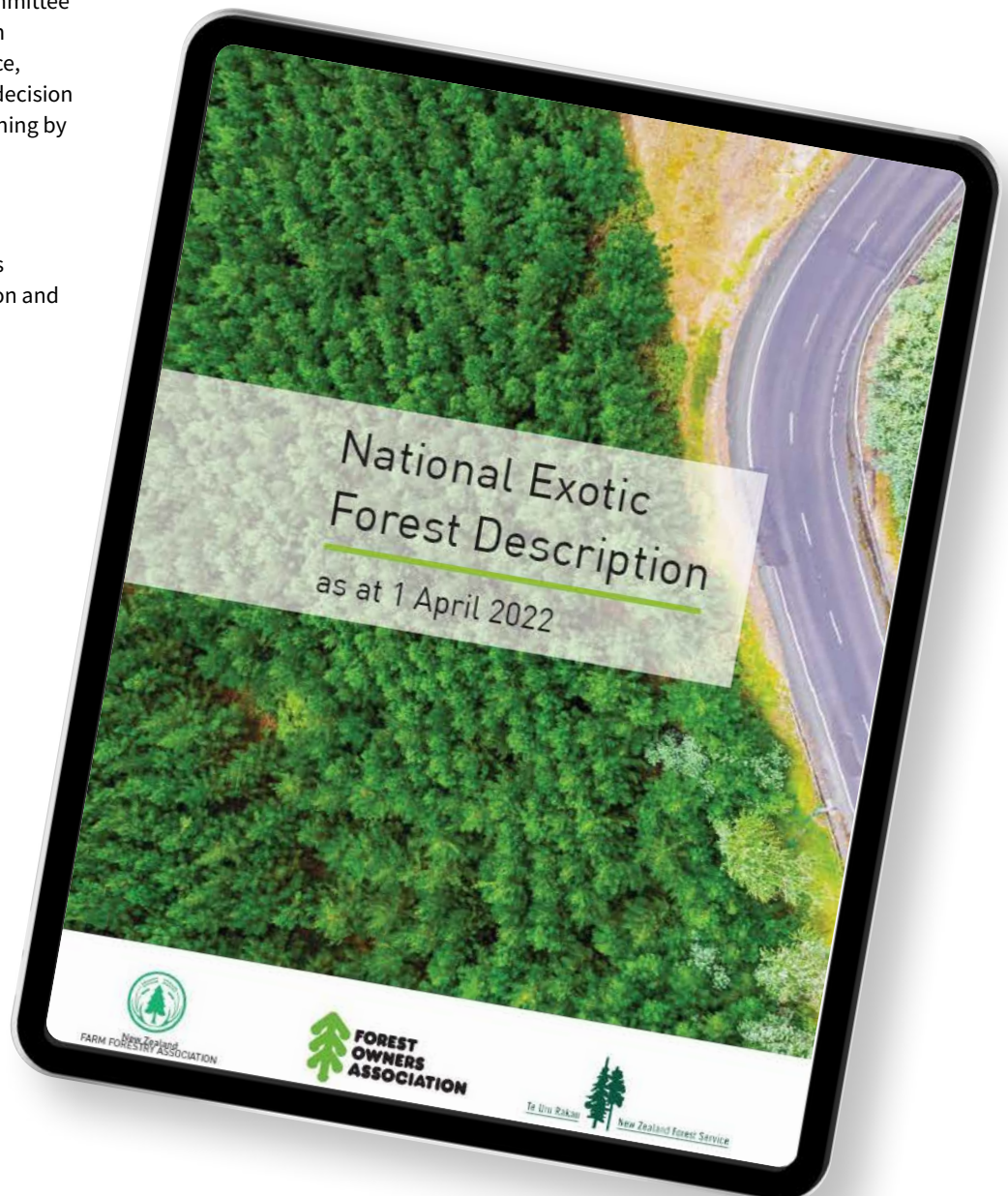




NEFD

NEFD is a joint FOA / MPI / NZFFA committee to deliver high quality information on New Zealand's planted forest resource, that supports and informs end-user decision making and develop a NEFD for planning by the forest sector to support business and policy decisions.

Membership comprises of Ministry for Primary Industries, Forest Owners Association, Farm Forestry Association and Industry representation.



The size of insured forests ranges up to 2,000

hectares and makes up around 20% of New Zealand's plantation forest area



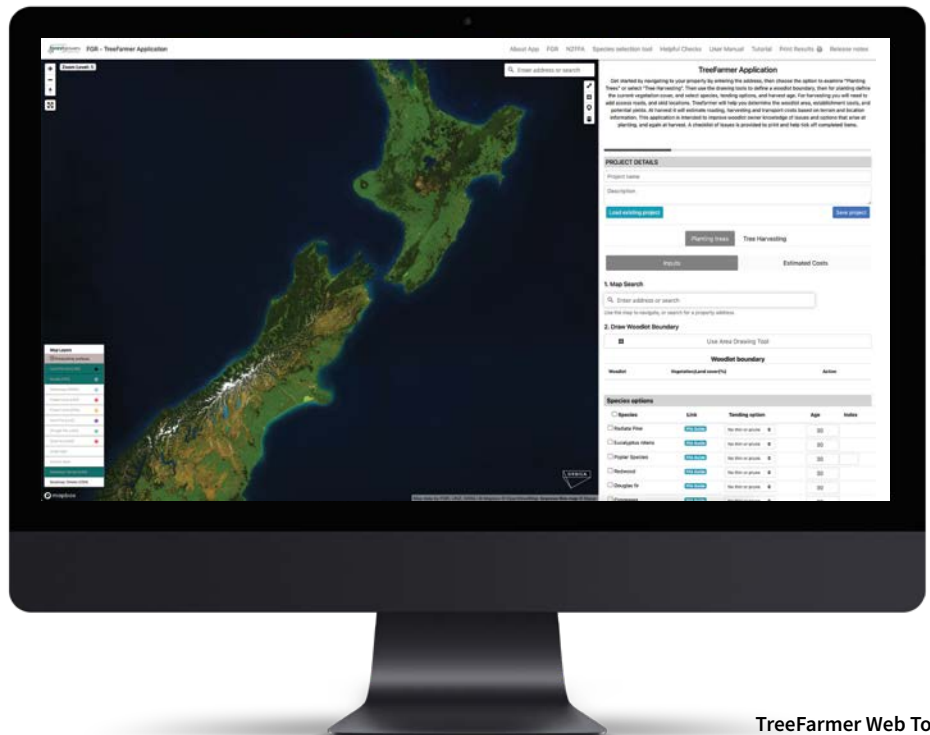
Small & Medium Enterprises

The Small and Medium Forest Owners Committee (SMEC) serves small and medium forest owners, and ensures their concerns are drawn to the attention of the other FOA/NZFFA committees.

There are around 200 large forest owners with more than 1,000 ha, which are managed by professional managers. Another 1,300 growers are estimated to each own between 100 and 1,000 ha of forest. There are some 13,000 landowners with smaller forests, some of which are professionally managed. Around 14,000 small and medium (SME) forest growers manage or own in excess of 30% of the plantation forest estate and will contribute up to 50% of the harvest volume over the next ten years.

The Committee is chaired by the President of the NZ Farm Forestry Association, and there are also larger forest manager representatives with significant woodlot programmes.

The Committee communicates regularly with other Committees to ensure broad coverage of issues for small and medium woodlot owners.



TreeFarmer Web Tool

TreeFarmer Web Tool (Harvest Planning Tool)

TreeFarmer is an innovative prototype geospatial web tool to improve small scale grower harvesting, by raising awareness of harvesting issues and decisions with a checklist. It explains rudimentary harvest planning while underpinning spatial information to drive costs down.

The TreeFarmer app will help the user determine their own woodlot area, establishment costs, and potential yields. At harvest it will estimate roading, harvesting and transport costs based on terrain and location information.

TreeFarmer will host The Geospatial Wind Risk Analysis tool.

There are around 200 large forest owners with more than 1,000 ha, which are managed by professional managers



Geospatial Wind Risk Analysis

Forest insurance premiums are increasing, and insurance conditions becoming stricter under climate change. The Emissions Trading Scheme attracts new forest investors to the Small to Medium Enterprise (SME) category. SME foresters rely on insurance to cover risk. The size of insured forests ranges up to 2,000 hectares and makes up around 20% of New Zealand’s plantation forest area, and of those 80% include wind cover. This project provides information on wind risk to support forest growers and forest insurers to adapt to climate change and help to maintain a healthy forest insurance industry.

Forest growers need to know how location and silviculture affect the risk of wind damage. Forestry insurance providers need information on how growers reduce risk, and where safer forests are located to attract international underwriters.

This project will calculate the risk of wind damage nationally to a level useful for individual properties. It will be done using climate change scenarios. The result will be presented in the TreeFarmer planning tool currently hosted on the FGR website.

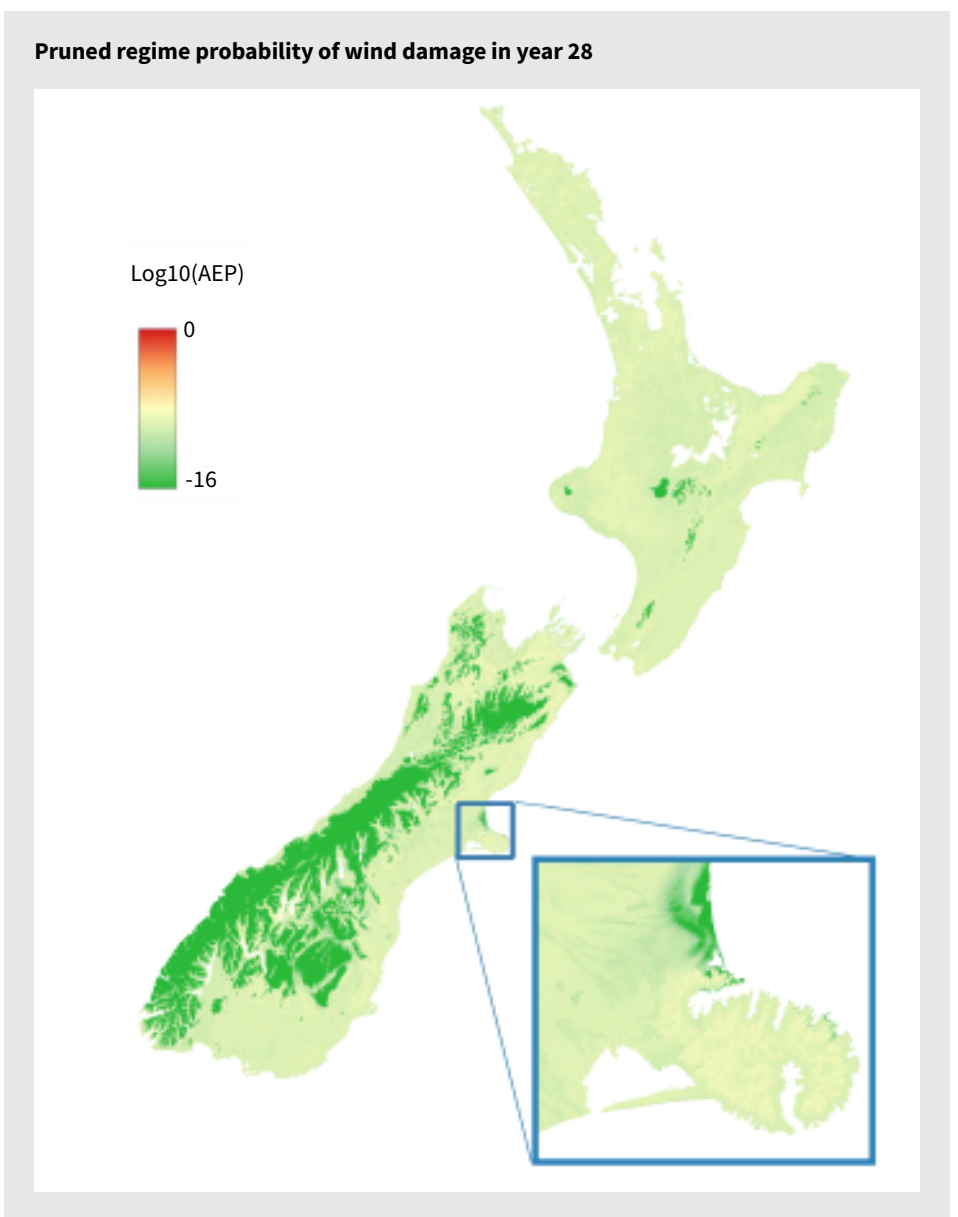


Figure 11: Logarithm with base 10 of the Annual Exceedance Probability (AEP) of stand damage within the 28th year for a pruned regime thinned to 350 stems-ha⁻¹. It includes an expanded view of Banks Peninsula and Christchurch

Highlights

- ☆ New members to the FGR team
- ☆ Commencement of the Precision Silviculture Programme (PSP)
- ☆ Completion of the Specialty Wood Products (SWP) programme
- ☆ R&D collaboration through the Industry Transformation Plan (ITP)
- ☆ Mid-term review of the Automation and Robotics Programme (A&R)
- ☆ New opportunities in Tissue Culture Techniques for 21st Century forests (TC21) programme
- ☆ Successful 2022 FGR Conference

Research Science & Technology

Overview

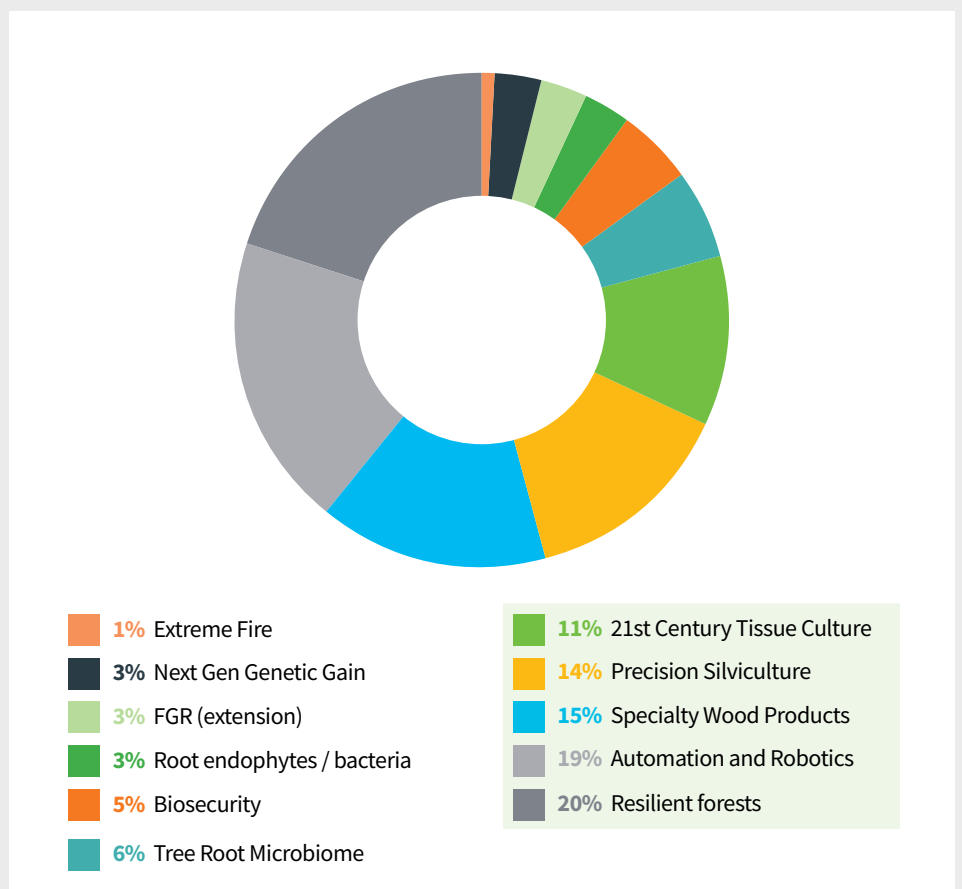
Forest Growers Research Ltd (FGR) is the FOA fully-owned, research management company that coordinates industry input and funding of research programmes relevant to the forest growing sector. FGR does this through management of research funded by the Forest Growers Levy Trust (FGLT) via the harvested wood products levy, and through management of other research programmes funded by sources including major government and industry funded programmes.

The overarching strategic framework for R&D investment is provided in the Science and Innovation Strategy. This identifies three core themes with suggested level of investment:

- The sustainable profitability of our core plantation forest resource (50-60%)
- Other trees species, contingency species, and other forest systems (10-20%)
- Protecting and future-proofing our industry and growing community support (25-35%).

The annual research work programme is developed by the joint FOA / NZFFA Forest Research Committee (FRC) and recommended for final approval by the Forest Growers Levy Trust (FGLT). In 2022, \$5.4 million was invested across the research work programme. This represented approximately 60% of the available levy funds.

The extensive range of research initiatives extend right across the value chain from advanced biotechnology and nurseries through to silviculture, harvesting and supply chain logistics. The large multi-year, Precision Silviculture Programme (PSP) was officially



Percentage allocation of the \$5.4 million levy funds across the Research and Development portfolio in 2022. The green box highlights the five large, multi-year research programmes.

launched in March 2022 while the Specialty Wood Products (SWP) programme officially came to end in December 2022. The three other long-term programmes that have been operating for more than 3 years include: Automation and Robotics, 21st Century Tissue Culture Partnership and the Resilient Forests Programme. The four medium-sized projects included the Tree Root Microbiome,

Root Endophytes (Trichoderma), and Next Generation Genetics. There were also seven smaller projects that received support from the FRC.

Steady progress has been achieved across most projects, however the impacts of Covid-19 continue to be felt, and these relate particularly to supply chain disruptions and difficulties with staff recruitment for some research providers.



The new FGR research team: Left to right: Paul Adams, Keith Raymond, Debbie Harrod, Amanda Brake, Brian Richardson, Russell Burton, Marco Lausberg

New members join the FGR team

During 2022, there were four new additions to the FGR management team. In February, Dr Paul Adams joined as the new Research and Development Director; in May, Dr Brian Richardson joined as Programme Manager for the Precision Silviculture Programme (PSP); in August, Amanda Brake commenced as the new FGR Office Manager; and in November, Debbie Harrod commenced her role as Administration Support.

FGR also had three new directors join the Board during 2022: Ross Larcombe (PF Olsen Ltd), Dean Witehira (Timberlands Ltd) and Brendan Slui (Rayonier Matariki). Peter Berg is the Chair of the Board.

FOA / FGR wants to thank the departing members for their significant contributions and support through the year: Dr Bart Challis and Veronica Bennett, from the research team, and Grant Dodson (City Forests Ltd), Kerry Ellem (Manulife Forest Management) and Barry Murphy (PF Olsen Ltd), from the FGR Board.

Precision Silviculture Programme – Modernising forestry in the Digital Era

This \$25.5 million, seven-year programme is the latest in the Forest Growers Research portfolio. The programme aims to transform commercial forestry by adopting mechanisation, automation, digital technologies and robotics throughout the silviculture value chain. There are five main workstreams: 1. Nursery Automation, 2. Precision Planting, 3. Mechanised Pruning, 4. Mechanised Thinning, and 5. Management of Digital Data.

Co-funding for this programme comes from the Forest Growers Levy, the Ministry for Primary Industries' Sustainable Food and Fibre Futures (SFF Futures) fund and the industry. Much of the early work has focused on establishing the structure for governance and leadership of each of the workstreams, development of workplans and contractor engagement. Technology scans have also been completed to check for relevance to New Zealand conditions. Good progress is being made across a number of workstreams. For example, work is underway to develop automation solutions for forest nurseries, trials have been done on automated post-planting spot spraying with drones, and pruning trials have been undertaken to test a new mechanised pruning machine developed by Hudson Clearwood Ltd.



Pruning machine in development by Hudson Clearwood Ltd

Specialty Wood Products Partnership

The Specialty Wood Products Research Partnership (SWP) commenced in 2015 and was completed in Dec 2022. Strategies for the range of species are being implemented and the forward momentum from this programme will continue into 2023. There have been many important outputs from this programme, including:

- Developing improved breeding stock of selected specialty species to overcome current wood quality and forest health issues.
- Transforming processing options for species other than radiata pine, namely, Douglas-fir, eucalypts and cypresses; this includes a 20-year Cypress Strategy.
- The SWP has identified and developed market sectors, including naturally durable timbers, engineered timbers (such as LVL and CLT), and high value applications that make the most of the attractive colours and grain of some specialty species.
- Ongoing development of a new naturally durable eucalypt resource; with the long-term vision to encourage regional investment in specialty species.
- Four regional business cases or strategies have been developed to identify implementation pathways for the key outputs from the SWP.
- Over 150 technical reports have been produced, reporting on the clear wins that are beginning to emerge for all the species in the programme, and both small- and large-scale growers stand to benefit.

A final research report is in preparation.

Work is progressing on developing a new long-term research programme with industry and government support to realise the potential that alternative species have in diversifying the forest industry and the broader bioeconomy.



Biomass chipping at G.J. Hunger Contracting Ltd, Taranaki

R&D collaboration through the Industry Transformation Plan

The launch of the Industry Transformation Plan (ITP) in November 2022 signalled a significant new initiative to transform forestry in New Zealand. The ITP with four priority areas and 56 actions provides an excellent opportunity for collaboration across a range of important themes and topics. The key area of engagement for FGR aligns with diversification of tree species and forestry regimes and a one-year programme received support at the end of 2022.

Automation and Robotics Programme

The goal of the Automation and Robotics programme is to optimise the forestry supply chain by creating more value, improving profitability, and enhancing sustainability. The seven-year programme is achieving this through the design, development and commercialisation of innovative harvesting and log handling technology, with a strong emphasis on increased automation and robotics. A consortium of leading forestry companies, 10 machinery manufacturing/engineering partners and the government are all working together to bring about these improvements.

Achievements during 2022 include:

- An Automated Tower Hauler and Grapple to increase cable-logging automation and efficiency. Rosewarne and May Ltd has developed an integrated carriage and hauler and this is undergoing trials.

- An Automatic Quick Coupler, that enables the rapid changeover of machine attachments, so that the same base machine can be used for multiple operations. This helps to avoid lengthy delays while attachments are switched and means that contractors may need fewer base machines for their operations. The new tool has been installed on a Sumitomo 300 base machine and is currently undergoing field tests.
- Improved residual biomass options with several current chipping and biomass processing operations studied in Otago, Taranaki and Canterbury.
- Automated Log Tagging and Tag Reading using technology designed by Otmetka AB, Sweden, will improve log tracking and traceability, and reduce bottlenecks at log-scaling stations and at ports. The technical design and build of the log marker has been completed and the tool is now being installed on a Woodsman processor. Pocket Solutions Ltd are developing technology to read the log mark, and trials will be undertaken when the log marker is installed and tested in the field.
- The Automated Log Load Securing project in collaboration with Trinder Engineering Ltd in Nelson has developed an automated load securing system suitable for all logs, including debarked and slippery logs. The system comprises a Chain Thrower, an Auto Tensioner winch and a Load Monitoring System to alert the driver of any load restraint issues.

The mid-term review was undertaken, and recommendations are being worked through by the Programme Governance Group.



Steelwrist SQ80 quick coupler connected to a Waratah 624 processor (note processor cradle)



Prototype Trinder Engineering chain placer mounted on a log trailer

Tissue Culture Techniques for 21st Century forests (TC21)

The MBIE funded, seven-year, 21st Century Tissue Culture Programme (Tissue Culture partnership) continues its mission to build a platform for greater use of radiata pine varieties (clones) in commercial forestry. This is through the development of a somatic embryo genesis ‘factory’ for delivering elite germplasm to industry.

Successful outcomes from this research will lead to transformational outcomes for commercial tree production in New Zealand, including increased opportunities for exploiting the advantages of planting varieties, such as improved tree form, wood characteristics, disease resistance, and stand uniformity. To enhance uptake by industry, the production of plantlets needs to be achieved in a very cost-effective manner.

Key work in the workplan has involved testing the performance of cell lines provided by industry in temporary immersion bioreactors and in new protocols in petri dishes. This is critical work in helping to secure our proof-of-concept for using a direct somatic embryogenesis (SE) approach – a disruptive approach for NZ industry. The Programme Manager and Science leader visited our partners, the Finnish Natural Resources Centre in Finland who are using a direct somatic embryogenesis approach, although for their species of interest mainly spruce.

They also visited the partners in the USA who are developing a prototype automated embryo segregation technology with the potential to substantially increase productivity of the SE approach. The experiences learned from these visits is guiding the further development of our workplan.



After dinner guest speaker: Jenny Cameron gave a presentation on the Fit For a Better World Vision



Members of the Forest Growers Levy Trust (FGLT) at the FGR conference. Left to right: Phil Taylor, David Rhodes, Geoff Thorpe, Peter Clarke, Stephen Franks (Chair), Graham West, and Bert Hughes

Annual Research Conference – Forestry for the future

For the first time in three years, the Annual Forest Growers Research Conference was held face-to-face in Nelson in October 2022. This was a successful conference with more than 120 attendees, enthusiastic about meeting again, face-to-face. The theme was: “Forestry for the future”. More than 30 presentations were delivered over two days, with a half day field trip on the third day, hosted by Nelson Pine Forests Ltd. A highlight was the Awards dinner, with Jenny Cameron (Chief Transformation

Officer, MPI) as guest speaker, along with award presentations to six standout collaborators/ researchers. Feedback was very good for the topics covered, the clarity of presentations, session length and the opportunity to ask questions. FGR is now planning for another, successful conference in Rotorua in 2023. Presentations and photos from the 2022 conference can be accessed on the FGR website:

<https://fgr.nz/event/https-2022-forest-growers-research-conference-forestry-for-the-future-lilregie-com/>

Market Access

Stakeholders in Methyl Bromide Reduction (STIMBR)

STIMBR has refreshed its purpose and strategic direction. The new vision “world leading market access phytosanitary solutions for sustainable wood fibre”, is a transition from its original focus on reducing methyl bromide use, to more broadly supporting and enhancing the forest industry’s phytosanitary treatment options. The new strategy identifies three pillars 1) Enhanced market access, 2) Coordinated trade advocacy and communications and 3) supporting (industry) phytosanitary access to new markets. This new direction will broaden how STIMBR supports the forestry industry to maintain and enhance its market access across a range of phytosanitary treatments.

FPEC

FOA remains a member of the FPEC which is a forum for the Ministry for Primary Industries (MPI) and the forest Industry (i.e., forest owners, wood processors, exporters, phytosanitary treatment providers, and verifiers) to work together on phytosanitary export activities, including:

- Export standards and systems
- Market access development maintenance
- Official assurances

STIMBR has refreshed its purpose and strategic direction. The new vision “world leading market access phytosanitary solutions for sustainable wood fibre”



The Forest Biosecurity Surveillance System made 49

significant detections in 2022, two were new species for New Zealand.



Biosecurity New Zealand staff from the Plant Health and Environment Lab (Wellcome Ho and Merje Toome) working alongside Scion scientists and industry foresters while investigating a potential biosecurity threat in a Nelson Forest

Forest Biosecurity

Forest Biosecurity Surveillance

The new format of the comprehensive Forest Biosecurity Surveillance (FBS) programme has entered its fifth year. It's part of the wider Forest Biosecurity Surveillance System which focuses on high-risk points of entry (i.e., ports, airports etc) for early detection, but also extends surveillance into higher risk plantation forests close to those points of entry, major road and rail corridors and other important plantation forest areas.

FBS Model Improvement

In 2022, improvements were made to the model that is used to guide surveillance effort allocation for the FBS programme, leading to better allocation of surveillance effort.

Model improvements take account of the risk of pests or pathogens naturally spreading from points of entry to the road or rail corridors.

Forest Health Database Improvements

In 2021, the Forest Biosecurity Committee engaged Scion to review the Forest Health Database (FHDB) which contains forest health information dating back over half a century. The review identified functionality and accessibility improvements.

Implementing the recommendations is now underway.

Plant Pass

Plant Pass, the nursery biosecurity certification scheme, went live at the end of 2021 and was fully launched in early 2022.

Plant Pass is a voluntary certification scheme to recognise plant producers with good biosecurity standards. The scheme protects producers and plant buyers in both domestic and export markets and will help lessen the incidences of high-risk organisms establishing in a nursery and being inadvertently spread by the domestic plant trade.

Work is underway to extend the Plant Pass to forest nurseries. Two nurseries have agreed to pilot the scheme to see if any adaptations are needed for it to apply to activities unique to forestry, in the form of a forest nursery module.

The Plant Buyers Accord is also a component of Plant Pass. It's a mechanism for plant buyers to identify under best practice biosecurity conditions.



Response Readiness

The Government Industry Agreements (GIA) are continuing to deliver benefits for the forest growing sector. GIA is an agreement between Biosecurity NZ and primary industries for joint decision making and funding for biosecurity readiness and response activities.

Surveillance: Biosecurity NZ funds 50% of the field surveillance and diagnostic component of the FBS.

Lepidoptera: The development of a generic lepidoptera (moth) readiness operational agreement continues. The Operational Agreement is close to being signed by Biosecurity NZ and several primary industry groups, including forestry.

Dothistroma Control Committee

Dothistroma infection for the past year is likely to be similar to previous years at around 60,000 hectares in the North Island, but a wet and humid summer should result in an increased treatment area. Oil costs have increased to near record levels and application costs have also increased due to increased fuel costs. Covid supply chain disruption still means a very long lead in time for copper supply, so the Committee has maintained a large inventory, while also considering the potential for increased demand for copper to treat red needle cast. Red needle cast was nationally severe in 2022, and copper control is showing promise. The Committee also ran well attended training courses for foresters.

Environment

Environment Committee

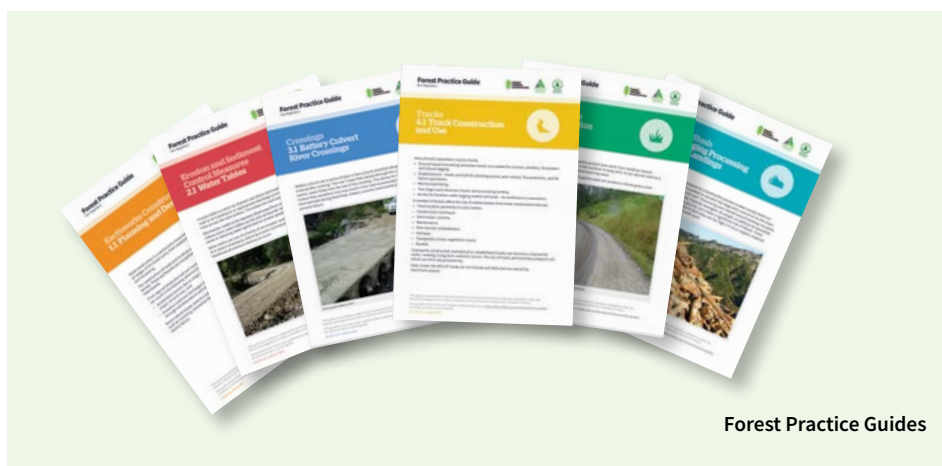
It is the Environment Committee's job to provide leadership and a common position on environmental policy and regulatory matters. This includes forest certification, climate change, water quality, biodiversity and resource management issues. Underpinning the work the committee completes are projects to enhance social licence.

Environmental Consultant

The Environment Committee calls on the services of an expert resource management consultant for ad hoc advice on national regulatory matters such as environmental legislation change, planning matters, submissions, and government engagement.

Resource Management Review, Statutory Change and Planning Advocacy

It was anticipated that several new regulations with wide-reaching implications for forestry management, afforestation, and harvesting operations in New Zealand would be consulted on in 2022. We were not disappointed. Funding was accessed to respond to the various Government consultations. These included: Climate Change (Forestry Sector) Regulations; the National Environmental Standards for Plantation Forestry; ETS Penalties for Small Forestry; Managing Afforestation Incentives in the ETS; the National Policy Statement for Indigenous Biodiversity; and the Environment Canterbury Plan Change 7 appeal.



Forest Practice Guides

Forest Practice Guides

A sub-committee of the Environment Committee champions work on the 28 Forest Practice Guides (FPGs). The FPGs are comprehensive good practice guidance for forest owners, stakeholders, and the regulatory community (i.e. councils). The guides are reviewed every year.

The Environment Committee has also commissioned guidance on Kauri Dieback and has updated and added to the suite of rare species management guides.

FSC Cluster Group Support and FSC Standards Development Group Support

The Environment Committee continues to support both the Forest Stewardship Council (FSC) Standards Development Group and FSC Cluster Group. The FSC Standards Development Group is Chaired by an FOA representative. The group engages on FSC and wider industry topics bringing together representatives from the economic, environmental, Māori, and social chambers. The FSC Cluster Group includes 22 FSC-Certified companies in New Zealand and the funding supports some of the costs of cluster meetings.



Falcon Management Study

The study objective is for better management of kārearea/New Zealand falcon in plantation forests. By measuring nesting success, adult survival rates, and habitat use, during forestry operations (roading, site preparations, harvesting and windrowing) the study is able to test options to mitigate conflict with nesting falcons. The study was initiated in 2020 and was completed in 2022.

River Catchment Fly-through Video

An eight minute flythrough video of the Mohaka River catchment promoting plantation forestry and showing other land use types and recreational river users, from the headwaters through to the river mouth, has been produced. Short commentaries from forestry, iwi and local council representatives are included.

Biodiversity Strategy

New Zealand is moving towards greater emphasis on protection and enhancement of existing landscapes with biodiversity value. It is expected that the National Policy Statement Indigenous Biodiversity will be gazetted in early 2023. The Committee has recognised the importance of better understanding the biodiversity value of commercial plantation forests. Work is needed to identify the Committee's research priorities and plug knowledge gaps. Funding has been accessed to bring together experts and industry specialists to develop the Environment Committee's biodiversity strategy.

Pakuratahi Landuse Study

Pakuratahi is an historic paired catchment study undertaken in collaboration with Hawke's Bay Regional Council and addresses the question of whether land in forestry or pasture will generate more sediment. The study collected water quality data over 11 years from adjacent, comparable pasture covered (Tamingimangi) and planted forest (Pakuratahi) catchments. The study was completed nearly 20 years ago, but the evidence is still relied upon heavily by industry. Harvesting within the paired catchments will be again undertaken in the next few years and the Environment Committee has commissioned a scoping study to assess the feasibility of repeating the study utilising modern technologies.

Wilding Tree Advocacy

Funding is utilised to undertake advocacy and engagement with the various wilding conifer forums to represent the industry's perspective. FOA representatives sit on the governance, technical advisory and advocacy groups to try to achieve a balanced portrayal to both government officials and the public.

Monitoring and Assessing Native Tree Planting

The Environment Committee is supporting a project with the Farm Forestry Association to study the establishment of native trees in several locations around New Zealand. The project is a multi-year study.

New Zealand is moving towards greater emphasis on protection and enhancement of existing landscapes with biodiversity value

454,000 people were reached

by advertisement viewing on Facebook or Instagram for the Wood – our low carbon future campaign

Promotions

Forest and Wood Hub at Mystery Creek

The first ever Forest and Wood Hub site at the Mystery Creek National Fieldays was hosted in November/December 2022, under the just launched banner of ‘Wood – our low carbon future’.

An FOA initiative, the Hub was co-funded by MPI and FGLT. Some 34 exhibitors participated in the four-day event.

Strong support for the Hub also came from a range of forest and wood processing companies, the Farm Forestry Association and Scion.

The purpose of the Hub was to demonstrate to farmers and the public at large that forestry was as important and valuable land use as the livestock and horticulture sector, with the message to hill country farmers that timber and carbon production was a way for these farmers to ‘have their cake and eat it too’.

Of equal value, as it turned out, was the extended engagement of quite diverse parts of the forest sector with each other in the Hub.

The forest industry will be participating in the 2023 Fieldays, which is scheduled back at its regular time of mid-June 2023 (14-17).



- “This is the first time Fieldays has included something so specific to the forestry and wood-processing sectors, which is well-deserved as they continue to be such an important primary industry in our country,” Peter Nation – CEO of the National New Zealand Fieldays Society
- “As the Minister of Forestry, it gives me great pleasure to officially open the Fieldays Forestry Hub. This is the first-time forestry has had a dedicated space at Fieldays, and I want to congratulate and thank all who have been involved,” Hon. Stuart Nash – Minister of Forestry

Wood – our low carbon future

Wood – our low carbon future originated from a MPI invitation in 2021 to the forest industry to participate in the joint venture to promote the wider forest and wood processing industry.

The campaign was designed to supplement the Love our Forests campaign which the FGLT has been funding since 2016.

Wood – our low carbon future was directed and produced in the FOA secretariat.

The seven pou of the campaign are; carbon sequestration, native timber opportunities, the bioeconomy, modern engineered timber, novel wood use, the Māori dimension of forestry and trees on farms.



Though frequent bad weather, Covid-19 lockdowns and departure of an initial production agency, made collecting the necessary images and interviews and post production difficult, the Forests Minister Stuart Nash was able to launch the campaign at the Forest Institute Conference on 12 September 2022.

The campaign is largely built around television commercials, but 'hero' profile print advertisements, radio and social media have all been vital components.

As the campaign becomes more integrated into the messaging of the Forest Industry Transformation Plan an increasing component of the social licence driver of the campaign will be wood processing, modern engineered timber, the bioeconomy and biophilia as well.

www.woodourlowcarbonfuture.nz/

'The adverts you're currently running are just lovely, I'm proud to be associated with your campaign.' Rhondda Colban – Marketing Strategist, Stuff



Standing with Pines

A frustration with the forest debate being dominated in the wider East Coast by hill country critics of forestry led to the launch of the Standing with Pines billboard campaign in 2022.

The 'Pine' small-scale billboards are a direct look and feel response to the local '50 Shades of Green' campaign against forestry and an unapologetic highlight of the value of pine trees to the economy and environment.

The Standing with Pines website is also a reference source to balance the suggestions that abandoning pines as fast as possible is the only sensible way for the industry to progress.

www.standingwithpines.co.nz/

News Media

NZFOA media statements were issued under the name of the FOA President at a rate of more than one a month during 2022. Statements emphasised the role of plantation forests in combating climate change and were generally issued to counter the attempts to artificially protect unviable hill country farming from forest development.

A successful complaint was made to the Advertising Standards Authority against a '50 Shades of Green' electronic billboard advertisement which claimed forestry expansion was pushing meat prices 'through the roof'. The ASA ruled that the advertisement 'was intentionally misleading'.

Chinese Language Week

The FOA and six member companies sponsored Chinese Language Week again in 2022. The September event gives the opportunity for the forest industry to share with other sponsors, such as ANZ and Fonterra, the promotion of the official language of our largest trading partner.

www.nzclw.com/

FOA Bulletin

FOA continued to publish the 12 page FOA Bulletin in 2022, with a typically varied range of stories highlighting both industry issues and what individual companies were doing to address them. The Bulletin is published three times a year and is distributed to an extensive audience of those with an interest in the forest industry.



Social Media

Media Hub (previously Digital Café) conducted its first full year of social media in 2022. In the brief campaign period 20 October to 19 December its Wood – our low carbon future campaign reached 454,000 people with an advertisement viewing on either Facebook or Instagram.

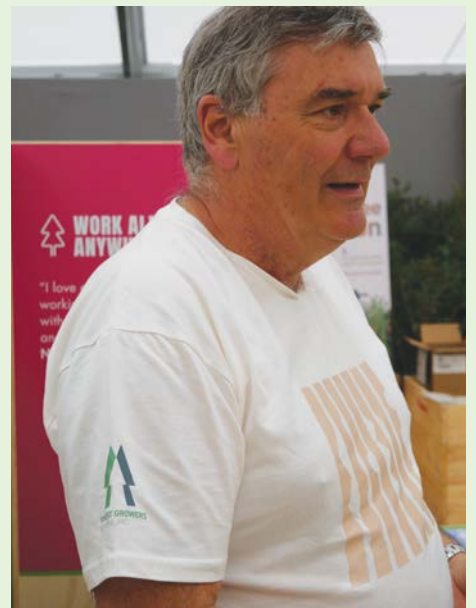
Fieldays® at Mystery Creek

Thirty-four exhibitors were on display at the first ever Fieldays Forestry Hub at the Mystery Creek Fielddays over the four days to 3 December.

Besides commercial exhibitors, the work programmes and funding of the Forest Growers Levy Trust, Te Uru Rākau, Scion, Tane's Tree Trust, Whenua Oho, the Timber Design Centre, Central North Island Wood Council, Bioenergy Association, Save the Kiwi, Future Foresters, and the Farm Forestry Association were all present to display their wares.



There were about 28,000 visitors to the Hub during the four days.



Baker Tilly Staples Rodway Audit Limited
Level 6, 95 Customhouse Quay, Wellington 6011
PO Box 1208, Wellington 6140
New Zealand

T: +64 4 472 7919
F: +64 4 473 4720
E: wellington@bakertillysr.nz
W: www.bakertillysr.nz



INDEPENDENT AUDITOR'S REPORT

To the Members of NZ Forest Owners Association Incorporated

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NZ Forest Owners Association Incorporated ('the Society') on pages 28-32, which comprise the statement of financial position as at 31 December 2022, and the statement of financial performance and statement of movements in funds for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2022, and its financial performance for the year then ended in accordance with the Tax Administration (Financial Statements) Order 2014.

Our report is made solely to the Members of the Society. Our audit work has been undertaken so that we might state to the Members of the Society those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Society as a body, for our audit work, for our report or for the opinions we have formed. Our report should not be distributed to parties other than the Society or the Members.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, we have no interests in or relationship with the Society. Another firm in our network carries out taxation compliance services for NZ Forest Owners Association Incorporated. Appropriate risk mitigation arrangements have been put in place so that provision of these other services has not impaired our independence.

Baker Tilly Staples Rodway Audit Limited, incorporating the audit practices of Christchurch, Hawkes Bay, Taranaki, Tauranga, Waikato and Wellington.

Baker Tilly Staples Rodway Audit Limited is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

**Emphasis of Matter – Special purpose accounting framework**

We draw attention to the statement of accounting policies disclosed in the financial statements, which describes the basis of accounting. The financial statements are prepared for tax purposes in accordance with a special purpose framework (the Tax Administration (Financial Statements) Order 2014). As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Executive Council for the Financial Statements

The Executive Council is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with the Tax Administration (Financial Statements) Order 2014, and for such internal control as the Executive Council determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Council is responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Council either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

A handwritten signature in blue ink that reads 'Baker Tilly Staples Rodway'.

BAKER TILLY STAPLES RODWAY AUDIT LIMITED**Wellington, New Zealand**

13 March 2023

Statement of Financial Performance For the year ended 31 December 2022

	for the year ended 31 December 2022 \$	for the year ended 31 December 2021 \$
Income		
Forest Growers Levy Trust Management Fee	1,491,278	1,386,673
Forest Growers Levy Trust Secretariat Fee	95,000	90,000
Contributions to Joint Projects	367,463	413,713
Interest	11,783	3,755
Occupancy & Staff Recovery	51,898	54,438
Subscriptions	186,805	107,675
Other Income	13,174	44,080
Total Income	2,217,401	2,100,334
Less Expenditure		
Operating		
Staff	1,412,412	1,343,427
Rent & Shared Occupancy Expenses	148,073	179,010
Professional Development & Resources	8,533	6,452
Phones & Internet	8,446	7,837
Stationery & Printing	15,837	17,899
General Office Expenses	2,798	1,832
Repairs & Maintenance for Premises & Equipment	30,463	29,027
Travel & Meeting costs	108,149	67,527
Depreciation & Loss on Disposal	11,820	14,232
	1,746,531	1,667,243
FOA Activities – Activities Funded by Members and Third Parties		
Communication	26,284	25,149
AGM	7,747	7,400
Projects Funded by Members & Third Parties	367,463	413,713
Conferences & Workshops	5,391	12,567
Legal	977	628
Audit Fees	6,840	9,354
Other	14,984	13,033
	429,686	481,844
Total Expenditure	2,176,217	2,149,087
Surplus (Deficit) before Tax	41,184	(48,753)
Less Income Tax on Interest Received	3,019	771
Net Surplus (Deficit) after Tax	38,165	(49,524)
Comprising:		
Surplus (Deficit) transferred to General Fund	38,165	(49,524)
	38,165	(49,524)

The notes to the Financial Statements form part of and are to be read in conjunction with these accounts.

Statement of Movements in Funds for the year ended 31 December 2022

	for the year ended 31 December 2022 \$	for the year ended 31 December 2021 \$
General Fund		
Balance brought forward from previous year	1,180,524	1,230,048
Surplus (Deficit) for the year	38,165	(49,524)
Balance carried forward	1,218,689	1,180,524

Statement of Financial Position at 31 December 2022

	Note	at 31 December 2022 \$	at 31 December 2021 \$
Current Assets			
Cash & Cash Equivalents		1,168,619	1,104,470
Short Term Investments		0	0
Accrued Income		29,936	11,484
Accounts Receivable & Prepayments		404,736	448,012
Income Tax	5	0	2,501
		1,603,291	1,566,467
Current Liabilities			
Accounts Payable & Funds held for Other Groups	7	376,687	378,616
Income Tax	5	3,019	0
GST		32,721	26,689
		412,427	405,305
Non-current Assets			
Fixed Assets	2	27,825	29,351
Intangible Assets	3	0	12
		27,825	29,363
Non-current Liabilities			
Lease Incentive Liability		0	10,001
Net Assets		1,218,689	1,180,524
Association Funds			
General Fund		1,218,689	1,180,524
Total Funds		1,218,689	1,180,524

The notes to the Financial Statements form part of and are to be read in conjunction with these accounts.



Grant Dodson – Chairman
8 March 2023



David Rhodes – Chief Executive
8 March 2023

NZ Forest Owners Association Inc.

Notes to the Financial Statements for the year ended 31 December 2022

1. Statement of General Accounting Policies

Reporting Entity

NZ Forest Owners Association (FOA) is an incorporated society registered under the Incorporated Societies Act 1908.

These financial statements are special purpose financial statements and have been prepared in accordance with the Tax Administration (Financial Statements) Order 2014.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed in these financial statements.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Accounts Receivable

Accounts receivable are valued at expected realisable value.

Fixed Assets and Depreciation

Fixed assets are recorded at cost less accumulated depreciation. Furniture and office equipment have been depreciated on a diminishing value basis between 8.5% and 67%.

Intangible Assets and Amortisation

Intangible Assets are recorded at cost less accumulated amortisation. Software has been amortised on a diminishing value basis at the rate of 50%.

Taxation

FOA is a not-for-profit organisation for the purposes of the Income Tax Act 2007. It is consequently eligible for a standard expense deduction of \$1,000.

Goods and Services Tax

These statements are prepared on a GST exclusive basis except for accounts receivable and payables which are inclusive of GST.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Subscriptions from members are recognised in the year to which the fees relate.

Interest revenue is recognised as it accrues, using the effective interest method.

Cash & Cash Equivalents

Cash and cash equivalents include the current account, savings accounts with banks and term deposits of up to 90-day duration.

Forest Growers Research Limited

NZ Forest Owners Association Inc acts as trustee of 100% of the issued shares in Forest Growers Research Ltd. The Association's investment in Forest Growers Research Ltd is held at its cost of \$nil (2021: \$nil).

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied consistently to all periods presented in these financial statements.

2. Fixed Assets

31.12.2022	At Cost	Accumulated Depreciation	Current Year Depreciation	Book Value Year End
Furniture & Equipment	\$80,940	\$53,115	\$11,769	\$27,825

31.12.2021	At Cost	Accumulated Depreciation	Current Year Depreciation	Book Value Year End
Furniture & Equipment	\$72,525	\$43,174	\$14,026	\$29,351

3. Intangible Assets

31.12.2022	At Cost	Accumulated Amortisation	Current Year Amortisation	Book Value Year End
Software	\$1,279	\$1,279	\$3	\$0

31.12.2021	At Cost	Accumulated Amortisation	Current Year Amortisation	Book Value Year End
Software	\$1,279	\$1,267	\$12	\$12

4. Rent

There is an adjustment in this year's Rent expense, a reduction of \$18,057, relating to the original offer of two months' free rent that was offered upon signing the draft new lease agreement back in 2020. When the agreement was finally signed in November 2022, it was agreed the two months free rent wouldn't be given until exercising the renewal of the lease for a further three years from 1 August 2023.

5. Income Tax

	31.12.2022	31.12.2021
	\$	\$
Interest Income	11,782	3,755
Less Exemption	(1,000)	(1,000)
Taxable Income	10,782	2,755
Tax at Current Tax Rates	3,019	771
Prior year Tax balance due/(refund)	(2,501)	(374)
Less:		
Tax Refunded	2,501	374
Provisional & Terminal Tax Paid	(0)	(3,272)
Tax Payable (Refund Due)	3,019	(2,501)

6. Contingent Liabilities

There are no known contingent liabilities (31 December 2021: Nil).

7. Accounts Payable & Accrued Expenses

	31.12.2022	31.12.2021
Accounts Payable	121,605	140,368
Accrued Expenses	208,336	155,518
Wages Deductions Payable	46,746	82,730
	376,687	378,616

8. Commitments (GST exclusive amounts)

31.12.2022	< 1 year	> 1 year	Total
Operating Commitments			
Rent – 93 The Terrace	\$63,199	\$0	\$63,199
Photocopier	\$5,240	\$16,671	\$21,911
31.12.2021	< 1 year	> 1 year	Total
Operating Commitments			
Rent – 93 The Terrace	\$105,007	\$315,023	\$420,030
Photocopier	\$6,070	\$6,575	\$12,645

Capital Commitments: There were no known capital commitments at balance date (31 December 2021: Nil).

9. Credit Facilities

At balance date the Association had available for its use BNZ Visa business cards. The limit on this facility was \$40,000. This was not fully utilised at balance date.

10. Related Parties

Most members of the Dothistroma Control Committee are members of FOA. The activity of the Committee is not included in these financial statements. The net effect on the financial position of FOA is Nil. During the year FOA loaned funds to the Dothistroma Control Committee totalling \$248,500 all of which had been repaid by the balance date.

FOA manages the Work Programme approved by the Forest Growers Levy Trust (FGLT) Board incurring expenditure on behalf of FGLT. All expenditure incurred has been repaid by FGLT except for the amount of \$130,833 +GST outstanding as accounts receivable at year end.

FOA charged FGLT a secretariat fee of \$95,000 +GST and a management fee of \$1,491,278 +GST during the year under the Levy Services Agreement. All amounts have been paid by FGLT except for the combined amount of \$115,029 +GST outstanding as accounts receivable at year end.

FOA and Forest Industry Safety Council Trust (FISC) have members of key management personnel in common. FISC manages the Health & Safety section of the Work Programme approved by FGLT. During the year FISC received no funding from FOA.

FOA staff is provided at a cost of \$5,000 +GST to support FISC with office management and accounting services, with \$2,500 +GST outstanding as accounts receivable at year end.

In November 2017 FISC relocated its offices to Level 9, 93 The Terrace where FOA is the main tenant. During 2022 FOA charged FISC for rent and related occupancy expenses \$17,739 +GST in cost recovery. All expenditure incurred has been repaid by FISC except for the amount of \$1,966 +GST outstanding as accounts receivable at year end.

FOA and Forest Growers Research Limited (FGR) have members of key management personnel in common. FGR manages the research section of the Work Programme approved by FGLT. During the year FGR received no funding from FOA.

The Executive Council is made up of management employees from a few forest owning organisations, those organisations also pay a subscription to FOA charged at a flat fee of \$0.15/ha. In addition, there were voluntary contributions towards two expense items during the year. Six organisations, with management employees on the Executive Council, equally contributed \$2,500 each towards the FOA sponsorship cost of the NZ Chinese Language Week. Seven organisations, with management employees on the Executive Council, equally contributed \$500 each towards the costs of a forestry representative attending a seminar in Bali for the Environment Committee.

11. Events Subsequent to Balance Date

There were no events that have occurred after balance date that would have a material impact on the Financial Statements (2021: Nil).

Executive Council and FOA Staff



Grant Dodson
City Forests



Tim Sandall
Pan Pac Forest Products



Bert Hughes
Forest Enterprises



Sean McBride
Juken New Zealand



Marcus Musson
Forest 360



Steve Chandler
Tasman Pine Forests



Brendan Slui
Rayonier NZ



Rowan Struthers
China Forestry Group
Corporation NZ



Phil Taylor
Port Blakely



Matthew Wakelin
New Forests



Chris Barnes
Manulife Investment
Management



Dean Witehira
Timberlands



David Rhodes
Chief Executive



Glen Mackie
Technical Manager



Rosemary McFadyen
Office Manager



Jeff Drinkwater
Accountant



Don Carson
Communications Manager



Rachel Millar
Environment Manager



Brendan Gould
Biosecurity Manager



Paul Adams
R&D Manager



Amanda Brake
Office Manager (Rotorua)

