



Ministry of Agriculture and Forestry
Te Manatu Ahuwhenua, Ngaherehere

What drives public sector investment into plantation forestry?

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New Zealand Plantations - some key statistics

1955 - More wood harvested from plantations than indigenous forests

2004 - 99.8% of harvested volume from plantations
- 89% of plantations are radiata pine



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History of Government Forestry Agencies

1896 - Forestry Branch of Department of Lands

1919 - New Zealand Forest Service

1987 - "Corporatisation"

1990 - "Privatisation"

2004 - Department of Conservation (indigenous)

- Ministry of Agriculture and Forestry



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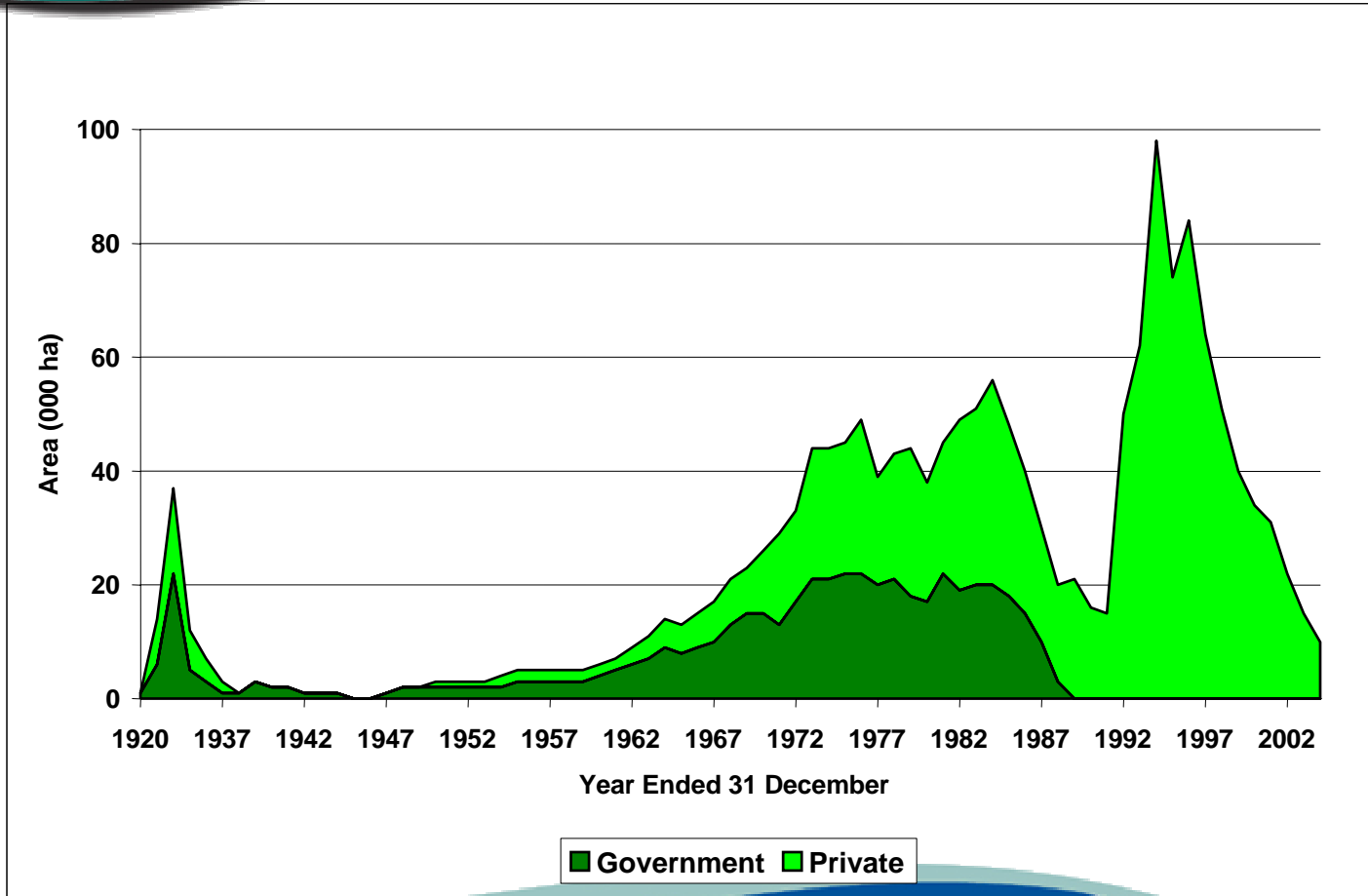
Key forestry responsibilities:

- 42,000 ha of plantations
- East Coast Forestry Project
- Biosecurity services
- Forest policy advice
- Sustainable indigenous forest management
- Residual loans and grants
- Forestry statistics



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What Drove Public Sector Investment into Plantations?





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Direct Public Sector Investment into Plantations

Vision and Commitment

- Knowing which road to take
- Ensuring domestic supply of wood
- Developing an export oriented industry





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Growing the Confidence and Pruning the Risk

- Propagation of suitable species
- Creation of pilot scale commercial forests
- Creating forests to meet raw material requirements
- Achieving key research/management benchmarks
- Ability to model silvicultural practices and yield
- Demonstrating commercial profitability





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Economic Development

- Promoting economic development
- Public sector forest “nuclei” → private investment
- Plantation based wood processing sector
- Employment





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Sustainable Land Management

- Economic use of land unsustainable under agriculture
- Nutrient deficiencies
- Soil erosion
- Invasion by plant pests





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Maori Economic Development



- Economic use of unproductive Maori land
- Joint ventures
- Forest ownership and employment opportunities



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Commercial Returns or National Interest?

- Commercial returns – no
- National interest – yes
- Underlying commercial viability
- Lack of commercial returns → end of Forest Service





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Indirect Public Sector “Investment” into Plantation Forestry

- Provision of infrastructure
- Research
- Biosecurity
- Subsidies
- Market Access and Trade
- Taxation
- Overseas investment
- Training/extension services/statistics





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Future Direct Public Sector Investment in Plantation Forestry

- Carbon sinks?
- Sustainable land use?





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Barriers and Challenges to Future Investment

- Market and trade issues
- Perceptions and attitudes
- Statutory resource management planning
- Sustainable forest management
- Land values and alternative uses



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Key Success Factors for Investment in Plantation Forestry

- Vision and commitment to a clear and justified objective
- Understanding the nature, and motivations, of investor groups
- Positive public and stakeholder attitudes
- An holistic approach – from the markets to the nursery
- Understanding the available land resource and identifying suitable plantation species
- Innovative research
- Demonstrated commercial viability
- Providing infrastructure in the right places at the right times at the right levels
- “Appropriate” economic and regulatory regimes
- Authoritative statistical information



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Corporatisation of Public Sector Plantation Forestry

- Changed political ideology
- Lack of commercial accountability
- Lack of returns on assets
- Conflicts with forestry conservation policy



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Privatisation of Public Sector Plantation Forestry

- Ideological re-thinking
- Corporate model → inefficiencies?
- Exposure to investment in wood processing
- Forest sales in 1990, 1992, 1996

