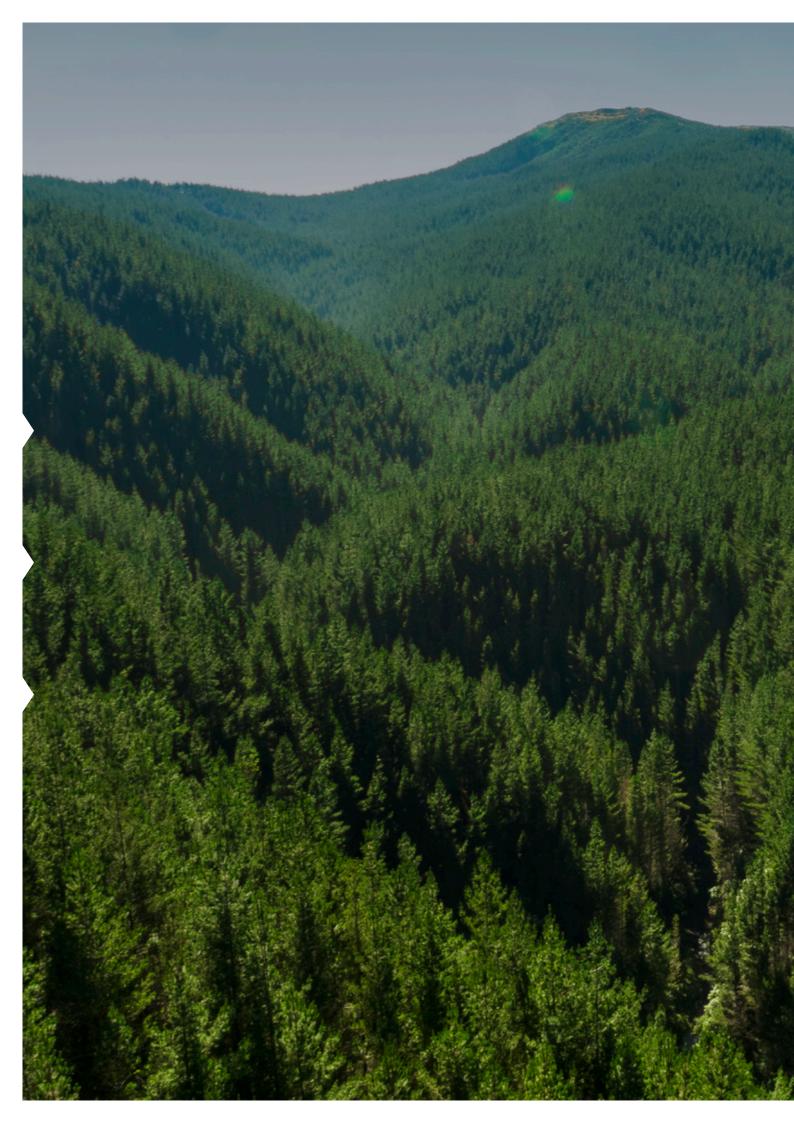


Opportunity

## Investment

Wood Processing in Tairāwhiti March 2020



## Ready when you are

Tairāwhiti Gisborne offers an attractive investment opportunity with a large forecast supply of logs, plans to expand key infrastructure, and a regional development agency focused on creating a prosperous wood processing industry.

Let's get started

# Table of contents

#### Introduction

### Outlining the opportunity

Minister's foreword	7
Trust Tairāwhiti foreword	9
Executive summary	10

#### Section one: Key information for investors

## A prime location for wood processing

Tairāwhiti wood sector overview	15
Wood availability	17
Land	21
Electricity	22
Heat	25
Logistics	28
Workforce development	28

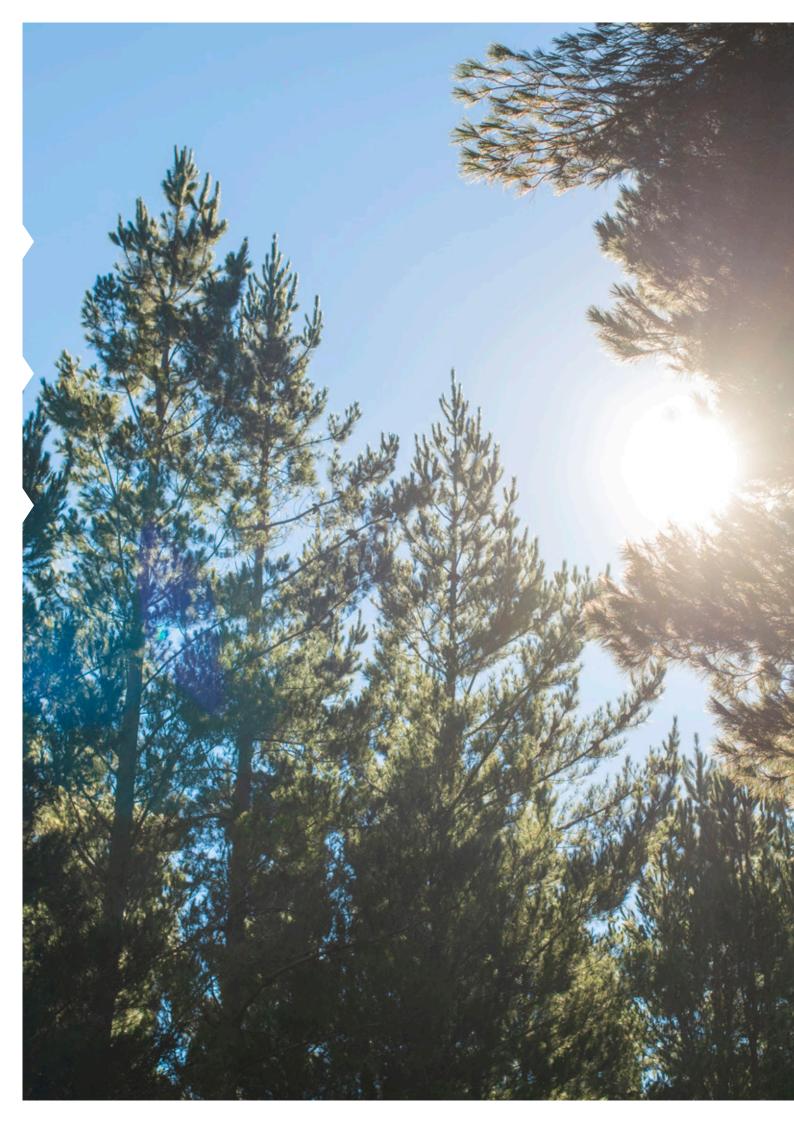
#### Section two: Background information

### Would you like to know more?

New Zealand's wood sector overview	33
Tairāwhiti region overview	37
Good for business	40
Rules for overseas investors	41
Government support	42

All figures are in New Zealand Dollars unless otherwise stated.

This information Document has been prepared solely for information purposes only and does not purport to contain all the information that a prospective investor may require. Trust Tairāwhiti has not independently verified much of the information in this Information Pack. Recipients are expected to conduct their own investigation and analysis of their proposed wood processing initiatives in the Te Tairāwhiti region.



## Foreword

The Government is committed to revitalising New Zealand's wood sector to help our regions thrive and boost the size of the nation's lung.

The sector is New Zealand's third largest primary export earner behind dairy and meat. In the year to September 2019, the sector generated \$6.6 billion in export revenue and it directly employs around 35,000 people.

We're focusing on planting the right tree in the right place as an immediate defence against climate change and we also want to see more logs processed domestically to maximise the benefit of the forestry sector for all New Zealanders.

The ambitious One Billion Trees Programme we embarked on in 2018 provides the perfect opportunity to think about our whole supply chain with fresh eyes.

No region is more primed to take advantage of this than Tairāwhiti – with its commercial forest estate being one of the largest, most sustainable and highest quality in the world. Disappointingly, only four percent of logs from the region are processed in the region.

Sustained high export log prices have led to New Zealand exporting 60 percent of our wood as logs. Current global challenges highlight the risk of an over-reliance on any one market and serve as a timely reminder about the need to diversify our products and markets. While we continue to promote our export market, these challenges have only strengthened the Government's commitment to supporting and encouraging investment in the sector to move from volume based logs to added value domestic processing.

In addition to the One Billion Trees Programme, the Government has invested in wood processing initiatives through the three billion Provincial Growth Fund, with Tairāwhiti being a beneficiary of significant investment in this space.

The Provincial Growth Fund also made an investment of \$137 million to help unlock the economic potential of Tairāwhiti through stronger, safer and more resilient transport connections.

I welcome investors who share New Zealanders' vision for the wood sector and values of a sustainable and environmentally conscious future and invite them to be part of our journey.

Like any sector, forestry is not immune to disruption but the long-term future is bright.

I look forward to seeing the sector increase its proportion of our country's GDP while providing sustainable and exciting careers for our people.

#### Hon Shane Jones

Minister of Forestry Minister for Infrastructure Minister for Regional Economic Development

# Tatau Tatau Tatau

Together

Tātau — Tātau and the theme of sharing is central to our kaupapa and vision for the region of
Te Mana - Shared Pride, Te Ihi - Shared Prosperity and Te Wehi - Shared Opportunity.

# Invested in the growth of Tairāwhiti

Trust Tairāwhiti is the regional development trust for the Tairāwhiti region. We invest in the wellbeing of our people, the success of our businesses and the future of our region. We are passionate about creating a greater Tairāwhiti for everyone.

Information about Trust Tairāwhiti can be found on our website at www.trusttairawhiti.nz.

Trust Tairāwhiti is the author of this Information Document as well as having oversight of the Tairāwhiti Economic Action Plan (or TEAP) which is the framework document for growth and economic development in the region. The TEAP is governed by a steering group made up of key local stakeholders and is focused on three areas of development:

- 1. Sector Actions
- 2. Enabling Actions
- 3. Future Proofing Actions.

Within the Sector Actions, "Growing Wood, Processing Locally" is a key focus area given that around 96 percent of the region's total log harvest, currently just under three million cubic metres per annum, is exported with no further value added nor jobs created. Specifically, for wood processing investors, it is pertinent to note two things:

- Trust Tairāwhiti owns 100 percent of the shares in Eastland Group Limited (see www.eastland.nz).Eastland Group specialises in regional infrastructure including ports, electricity distribution, transmission networks and electricity generation.
- Trust Tairāwhiti has invested in local infrastructure and start-up wood processing businesses to act as a catalyst for growth in the wood processing sector. This demonstrates an active commitment to the goals set out in the TEAP.

For new wood processing businesses looking to establish themselves in our region, Trust Tairāwhiti can offer support, funding, infrastructure and networks to help unlock the full potential of your business case proposition.



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# Primed for growth

The Tairāwhiti region is located in the north-eastern corner of the central North Island of New Zealand. The area is also referred to as East Cape, East Coast and the Eastland region.

Recently completed wood availability forecasts show minimum volumes of just over two million cubic metres per annum are potentially available for processing on a sustainable basis for at least the next 40 years.

Trust Tairāwhiti recognises that growth in wood processing in the region will require a staged approach that provides key infrastructure and support on a sustainable basis. This approach will require investors to consider how clustered primary and secondary wood processing facilities can support each other and maximise use of available wood resources and residues. The inclusion of solid wood secondary processing (e.g. remanufacturing and CLT) is likely to be attractive due to the lower energy input requirement of these processes.

About 155,000 hectares is planted in commercial forestry, predominantly Pinus radiata (known as Radiata, Radiata pine or NZ pine) which is generally harvested anywhere from 25-30 years after planting.

Eastland Port, the second largest log exporter in New Zealand, is working with Ngāti Oneone on a multi-phase "Twin Berth" project which will increase the port's capacity and see containerisation introduced to the port in 2023.

Eastland Group's Network and Generation divisions have identified a series of stacked, independent projects that would increase electricity supply to the Tairāwhiti region by an additional 35MWe. This could be achieved in a period of three to five years for a committed investor. Eastland Group is prepared to work with such committed wood processing investors to stage introduction of these projects to meet the investor's commissioning timelines.

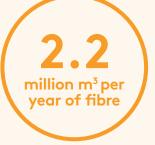
The industrial zoned precinct is located at Matawhero about 10 kilometres west of Gisborne. Around 251 hectares of land is vacant across multiple titles. These are of varying sizes (typically 1 to 15 hectares) and many of the titles are contiguous so land for larger developments could be purchased and aggregated.

The region has excellent examples of partnerships between industry, education and training providers to develop programs to meet workforce development needs. These are often supported by central government investment and a dedicated program could be developed with any prospective investor to upskill locals with the requisite wood processing knowledge.





## The Tairāwhiti region can offer investors



Sustainable availability



Available across multiple titles



**Potential availability** 

Section one: Key information for investors

# Processing

## Potential

A prime location for wood processing

# A growing harvest

The forestry industry contributes significantly to the regional economy. There are 155,617 hectares of radiata pine planted throughout Tairāwhiti, with a standing volume of 54,964 million cubic metres.<sup>1</sup> The figure on the next page shows that Eastland Port annual exports of logs have grown from 1.2 million cubic metres to around 2.9 million cubic metres in the last ten years, due to increasing forestry harvests.

This harvest is expected to rise to over 3.5 million cubic metres per year for the next 15 years as indicated in the Wood availability discussion in Section one. This growth is underpinned by significant plantings in the 16-30 years age classes as shown in the figure on the next page and illustrates why the Eastland Port Twin Berth Project is so critical to the region.

Complete reliance on export in log form can present significant risks for forest owners including biosecurity, log degrade during transit, exposure to increased shipping costs and limited number of markets. Processing logs into wood products will reduce these risks, add to regional GDP and increase job opportunities. Current wood processing is valued at \$27.8m in regional GDP, but less than four percent of logs harvested are milled locally. This compares to the national statistics which show that 40 percent of the total log harvest is processed domestically.<sup>2</sup>

In response to this and to signal its intentions to support this sector, Trust Tairāwhiti purchased the ex-Prime processing plant at Matawhero for \$7.4m in 2015. The Prime Site could potentially process 400,000m<sup>3</sup> per annum, producing 200,000m<sup>3</sup> of product, with a value of \$30m annually in GDP.

Significant progress has been made on the site as follows:

• The former Prime sawmill is about to be operated by Kiwi Lumber under a 3-month trial arrangement. At the end of this period, Kiwi Lumber will make a decision to run the mill for a period of at least 5 years with an option to extend this further if they are comfortable with performance. Kiwi Lumber will employ a minimum of 45 people on the site. • Trust Tairāwhiti further invested \$5.7m into the \$12m joint venture with WET Gisborne Ltd, turning lower-grade logs into high-value structural lumber and engineered wood products. Long term, up to 80 jobs could be created, with 20 jobs created to date.

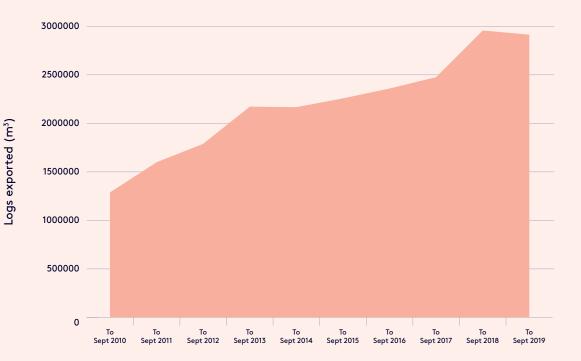
See https://www.woodeng.co.nz.

- In July 2019, \$19.5 million of the Provincial Growth Fund (PGF)<sup>3</sup> funding was committed to the Prime site, following an initial PGF investment of \$500,000, for the first stage of developing further wood processing capacity.
- Investigations are underway into the use of wood waste for energy, both for use on the Prime site and for wider regional benefit.

Te Rūnanganui o Ngāti Porou are looking to progress an East Coast Wood Logistics Solution, investigating wood processing facility options on the East Coast (including transport alternatives), for an estimated 200,000 to 600,000 tonnes annually. Early feasibility work indicates up to 150 new jobs could be created, alongside a \$100 million injection annually into the East Coast economy.

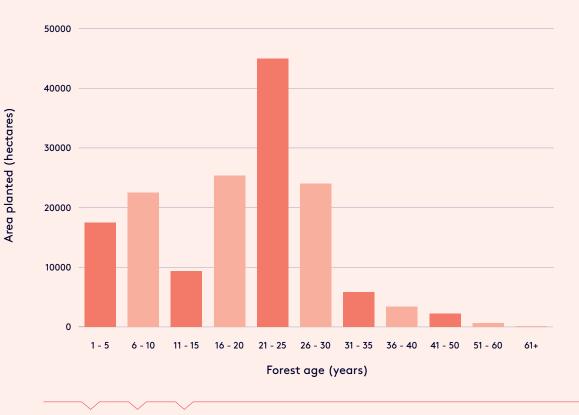
#### One Billion Trees Framework for Tairāwhiti

Facilitating a more diverse range of land uses that support economic, cultural, social and environmental wellbeing would contribute to the region's sustainable economic development. Central government's One Billion Trees Programme (1BT)<sup>4</sup> aims to increase the number of trees planted by 2028. Funded through the PGF and administered by Te Uru Rākau (Forestry NZ), part of the Ministry for Primary Industries (MPI), 1BT will improve social, environmental and economic outcomes for New Zealand with its predominance of forestry. The Tairāwhiti region stands to benefit directly from this initiative. Gisborne District Council has received funding from the MPI to develop a Tairāwhiti 1BT Strategy. This will include determining optimal land uses regionwide.



#### Cubic metres of logs exported from Eastland Port

#### Area Planted by Forest Age Class



<sup>1</sup>National Exotic Forest Description as at 1 April 2019. See https://www.teururakau.govt.nz/dmsdocument/34425-2019-nefd-report-pdf <sup>2</sup>NZ Forest Owners Association "Facts and Figures 2018/19". See https://www.nzfoa.or.nz/resources/publications/facts-and-figures <sup>3</sup>The New Zealand Government has allocated three billion dollars over a three-year term to invest in regional economic development through the Provincial Growth Fund (PGF).

<sup>4</sup>See https://www.mpi.govt.nz/dmsdocument/31860/direct

# Strong, reliable supply

Trust Tairāwhiti, along with other stakeholders including Eastland Port, commissioned a report in the third quarter of 2019 that looked at log availability.<sup>5</sup> Three contestability classes were established as follows:

- Easily contestable volume that would logically flow to Eastland Port;
- b. Contestable volume that is contestable to the point that Eastland Port (or a wood processing operation nearby) would need to be competitive and active to secure this wood; and
- c. Not contestable volume that would not flow to Eastland Port due to factors such as distance, prior agreements or ownership.

The harvest projections were smoothed into five-year increments to reflect a more probable outcome due to capacity and infrastructure constraints in any one given year. This data is shown for the easily contestable and contestable volumes only in the figure on the top of the next page.

Projected wood availability is well over 3.5 million cubic metres per annum until the early 2030s. There is a ten year period after that from about 2034 to 2043 where the wood availability drops to between 2.2 to 2.5 million cubic metres per annum. This reflects a period of very little new planting—following a spike in planting during the 1990s that are now maturing. All New Zealand regions exhibit the same characteristic of a log supply dip from the early 2030s to a greater or lesser extent.



<sup>5</sup>Eastland Port - Review of Regional Log Availability, Aug-Oct 2019, Forme Consulting Group Ltd



This ten-year period from 2034 to 2043 effectively establishes the maximum volume of available wood that any new investor will be able to secure over the next 30 years to supply sustainably a wood processing operation. The wood availability does drop off again in the 2060s, but this is manageable through establishment of new forests in the district from 2030 onward.

The report also broke out the log grades that would make up this volume, as follows:

- Pruned (P30+)
- A grade (A30+)
- K grade
- Kl grade
- KIS grade
- Pulp.

The volume by grade in five-year increments is shown in the figure on the bottom of the next page.

#### Trust Tairāwhiti support

Note that specifications for these various grades can differ slightly by forest owner. Trust Tairāwhiti has some indicative log grade specifications and pricing history for these various grades sold from the Tairāwhiti region that we can make available to committed wood processing investors. We can also make the necessary introductions to key management within the relevant forest owner companies.



### Projected Wood Availability in Tairāwhiti\*

## Projected Log Grade Volume in Tairāwhiti\*



\*Data is based on easily contestable and contestable volumes smoothed into five-year increments. Wood availability data may vary from national datasets due to the inclusion of the neighbouring Wairoa and Opotoki districts.



#### Land

# Room to grow

Wood processing is a permitted activity on land zoned as "Rural Industrial" in the Tairāwhiti District. The only significant Rural Industrial precinct lies in the Matawhero area about 10 kilometres west of Eastland Port and the Central Business District of the city.

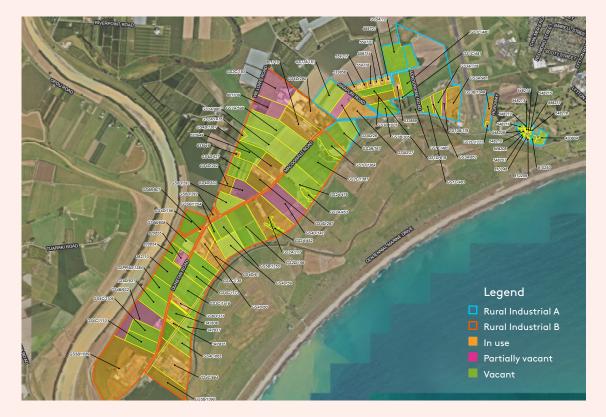
Trust Tairāwhiti analysis of this precinct has shown that it comprises 468 hectares in total of which 251 hectares are either vacant land or being used for horticultural cropping. This area of 251 hectares is made up of 53 separate titles, giving an average title size of 4.5 hectares, with the single largest title being 18.5 hectares. Many of the titles are contiguous (see figure below) so that several adjacent land blocks could be purchased to give a single larger site if required for a significant wood processing venture.

#### Trust Tairāwhiti support

Trust Tairāwhiti has further information on each of the vacant titles including an independent report on indicative land pricing in that area and the land-owner name for each title.



#### Rural industrial zoning in Tairāwhiti



# Powering your success

Electricity is supplied to Tairāwhiti from the national grid Tuai Grid Exit Point, located near Lake Waikaremoana (75 kilometres west of Gisborne, see map on the next page) and provides the connection of Eastland Network Limited's electricity network to the North Island Transmission Grid owned and operated by Transpower. Two 110kV transmission circuits on overhead towers each rated at approximately 60MWe<sup>6</sup> supply electricity into the Gisborne substation (subject to energy losses). Either one of these circuits can supply the peak needs of the Gisborne District (approximately 50MWe) but redundancy is required for security reasons. For a large part of the line, the two circuits are located on the same towers.

The only local generation of electricity is from several semi-permanent 1MWe diesel generators at key locations around the Tairāwhiti and Wairoa regions. These generators provide back up and support on the network and allow Eastland Network to undertake maintenance while minimising outages. Electricity generation can also be provided to remote areas if they are cut off by weather events or other emergencies.

An option to build an independent, new transmission line into the region would cost in the order of \$150 million and require central government investment. Although this is not seen as a likely short-term possibility, central government has indicated that it is prepared to consider options.



As such, given the need for redundancy of one of the 60MWe circuits, the available supply based on current peak demand in Tairāwhiti is approximately 10MWe.<sup>6</sup> Eastland Group, through its Network and Generation divisions, is investigating several projects which could be implemented to increase available supply of up to 35MWe.

The most feasible independent projects are:

- Gas peaking plant
- Thermal upgrade of the 110kV Tuai to Gisborne circuits
- Combined Heat and Power (CHP) plant using wood residues.

Any capacity constraints will be addressed by using a mix of upgrades and new energy resources. The exact mix will be dependent on the requirements of the proposed processing facility and the final solution will require customers specifying their exact needs.

#### Trust Tairāwhiti support

Eastland Network is a subsidiary company of Eastland Group who works with Trust Tairāwhiti when looking at new opportunities for the region. We would make the necessary introductions to key management within Eastland Group for any committed wood processing investor and help oversee related activities required within the total project scope i.e. site location, electricity supply, design etc.



<sup>6</sup>Note that MWe refers to the electric power produced by an electrical generator as megawatts electrical. By contrast MWth refers to the thermal power as megawatts thermal produced by a plant, typically a boiler raising steam. Both units can also be used to reflect demand requirements for specific pieces of wood processing equipment as well as the total site needs.



# A thermal alternative

New Zealand pine logs typically have about 50 percent of their weight as moisture when received for wood processing. Final products, whether sawn timber, veneers or panel products will have target moisture contents anywhere up to 20 percent depending on the wood product and its application. This means heat (thermal energy) will be required at some point in the process to remove water from the wood fibres yielding a drier, more stable product.

Options include a dedicated boiler to raise steam that is fired with either natural gas (available from the national transmission system in Gisborne) or the use of biomass. A more compelling option may be to integrate the boiler with a turbine to generate electricity thereby establishing a Combined Heat and Power (CHP) plant that can supply both electrical and thermal energy to the wood processing plant.

The biomass could come from within the wood processing operation as in-mill residues e.g. bark, chips, shavings, off-cuts, waste or as in-forest residues specifically collected and delivered to site during forest harvesting operations. What is used for energy purposes will ultimately depend on the opportunity cost to use the in-mill residues as a feedstock for other products such as fibreboard or wood pellets.

As an example, a Scion report<sup>7</sup> investigated a large CHP plant located at Matawhero generating 31MWth and 12MWe:

- This is the largest of the plants assessed. The total size of the boiler is 62MWth with an overall efficiency of 70 percent giving 20 percent of the output as electricity (12MWe) and 50 percent as heat (31MWth)
- Estimated capital cost is \$65 million
- Fuel requirements as biomass are 363,000 green tonnes per annum of wood
- The average delivered cost of this volume of biomass is \$68-70 per green tonne (equivalent to \$10 per GJ)
- This scale of operation is at the upper limit of the local wood supply and in some years will require a working circle for collection as far as 150 kilometres.

#### Trust Tairāwhiti support

Trust Tairāwhiti commissioned the Scion report in early 2019 that looked at these options. It considered in-forest residue supply and compared the financial viability of CHP plants versus just a heat plant at Matawhero as well as looking at options for smaller CHP plants at other locations in the East Cape. Trust Tairāwhiti is prepared to make this report available to committed wood processing investors to help give some initial insight into the requirements. In addition, Eastland Group has done its own further analysis that can be taken into consideration.

# Developing infrastructure

Eastland Port is currently configured predominantly for the export of logs and smaller fishing vessels. Exports are dominated by the log trade (>99 percent) and the port is progressing development of containerisation capacity. The inability to load two large log ships simultaneously and to handle containerised freight is seen as a major constraint for the region and is being addressed through the Twin Berth project. Currently all materials requiring containerised shipping are shifted by road to either the Port of Napier (via SH2 south through Wairoa) or to the Port of Tauranga (via SH2 north through Ōpōtiki). The other main road out of Gisborne is via SH35 around the East Cape which is being promoted as a tourist route. The region and the central government are investing in roading infrastructure to meet future rural production and processing, export and distribution demands.

The existing rail link from Napier to Gisborne was mothballed by KiwiRail in 2012 after a storm caused slips and washouts. It was partially restored as far as Wairoa and re-opened in June 2019 after a \$6.2 million grant from the central government.

A BERL report<sup>8</sup>, released as recently as December 2019, said restoring the Wairoa to Gisborne section of the line is economically, environmentally, and socially justified. It would need one-off spending of between \$20 million and \$23 million to become operational, with another \$10 million to \$13 million to improve its resilience to bad weather, and upgrade bridges and tunnels.

There is no rail link north to the Port of Tauranga. There are direct air links with Air New Zealand to Gisborne from both Auckland and Wellington. The flight time is just over an hour from either location.

#### **Roading infrastructure**



#### Trust Tairāwhiti support

Commissioning of any new wood processing facility may or may not coincide with the completion of the Twin Berth Project which would allow containers to be shipped, via coastal shipping, to overseas markets. There may be an initial transition period where containerised product needs to be delivered by road to either the Port of Napier or the Port of Tauranga for export. Trust Tairāwhiti have good contacts with logistics solutions providers who would be able to work with committed wood processing investors to develop the most cost-effective delivery option to get product from a plant in Matawhero to customer ports overseas.

### The Twin Berth Project planned stages

Eastland Port is the second largest log exporter in New Zealand. Exports through the port have increased significantly over the last 10 years. The port is working with Ngāti Oneone to redevelop its wharf infrastructure through a two-staged, multi-million dollar construction project likely to take from three to five years to complete.

The first stage, for which a resource consent has been granted, is for:

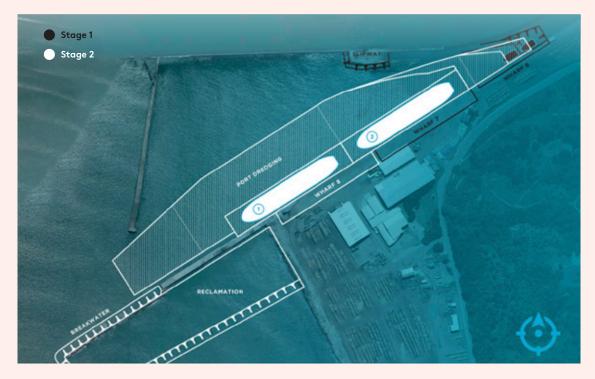
- Rebuilding wharves six and seven which are over 60 years old
- Reshaping the slipway to allow safe manoeuvring of two vessels in port.

After this first stage, expected to be completed in 2023, the port will be able to accommodate one Handymax ship plus a coastal container vessel up to 130m in length.

The second stage, for which a resource consent application is yet to be submitted, involves extending the wharf eight frontage by about 80m plus additional work involving reclamation, breakwater repairs and dredging.

Completion of this second stage will allow two Handymax ships to berth simultaneously.

The aerial diagram below shows the work planned across the two stages.



More detail on the Twin Berth Project can be found at https://www.twinberth.nz.

<sup>8</sup>Tūranga ki Wairoa Rail: Feasibility study into reinstatement of rail line Whiringa-ā-rangi 2019 BERL Reference No: #5993 Whiringa-ā-rangi 2019. Available at https://www.berl.co.nz/research/reconnecting-gisborne

# Skilled and passionate

The graph on the next page shows that the total people employed in Gisborne has been steadily growing and the unemployment rate has decreased to historically low levels in the last two years.

This reflects strong economic growth in both regions over this period and growing confidence to train local people or attract new talent to the region with the necessary skillsets for any investor. Tellingly, within the region there have been several successful partnerships between industry, education and training providers to meet workforce development needs. These include:

- The Generation Programme
- Tipu
- Licence to Work
- The Heavy Vehicle Licensing Programme.

The Generation Programme is a particularly instructive example as it has been developed for the forestry sector and is run by the Eastland Wood Council – an organisation which provides a collective voice for the forestry industry in the Eastland region. The Generation Programme is recognised as a new way of preparing the workforce to ensure they are ready to work from day one.

Participants spend six weeks at a forestry base camp industry introduction programme followed by "learn while you earn" work with contractors, complemented with part-time courses through Eastern Institute of Technology (EIT), Turanga Ararau and Competenz. All the while, students receive pastoral care from First Choice Employment. The base camp approach ensures that the trainees have all the needed requirements, including health and safety, site visits, practical skills learning and talking to people in the industry who are keen to share their passion for the work they do. Once trainees have completed base camp, they head out onto placement with contractors and companies from across the industry, including silviculture, harvesting, operations, transport and logistics.

Additionally, it is noteworthy that vocational training is offered by the local EIT, including a dedicated trades academy.

#### Trust Tairāwhiti support

Like any region elsewhere in the world, there will be peculiarities due to culture, lifestyle, colloquialisms that need to be considered when developing workforce training programs for new recruits from across the Tairāwhiti region. Trust Tairāwhiti has been involved directly and indirectly with several successful programs in the Tairāwhiti region. This experience will be of particular interest to a wood processing investor looking for the most effective way to recruit and train their workforce during the plant construction phase which will typically take at least 12 months. Trust Tairāwhiti is able to assist in helping to design any such training program by using its regional knowledge and network of contacts with business, local and central government and community.

## Gisborne Regional Total Annual Employment 2010-2019\*



Total employment — Total unemployment rate %

\*Source: Gisborne Region Labour Market Trends 2010-2019, January 2020, Economic Solutions Ltd

## Section two: Background information

# Global

## Partner

# Would you like to know more?

# New Zealand's significant softwood supply

International forestry production and trade data shows that New Zealand is a significant player in the export of softwood logs, representing just over 25 percent of all softwood roundwood exports (23 million cubic metres of a total global trade of almost 91 million cubic metres in 2018). However, this does not translate through to the softwood lumber market, where New Zealand exports of 1.9 million cubic metres represented only 1.5 percent of total global softwood lumber exports of around 120 million cubic metres in 2018.

Nonetheless, the wood sector domestically is significant with total exports (including logs and processed wood products) being the third largest primary export earner behind dairy and meat at \$6.6 billion/annum (as at September 2019). Forest plantations cover about 1.7 million hectares, equivalent to about seven percent of New Zealand's land area. Radiata pine (Pinus radiata) dominates with about 90 percent of the exotic plantation area. Douglas-fir (Pseudotsuga menziesii) accounts for a further six percent, with the rest made up of eucalypts and other species.

Radiata pine is generally harvested at 25-28 years and delivers an attractive yield, typically around 640-690 cubic metres per hectare.

The wood processing sector provides a diverse mix of sawn timber and remanufactured products, engineered wood products (including plywood, LVL, MDF, particleboard) and pulp and paper products for the domestic and export markets.

#### New Zealand's softwood supply





The Ministry for Primary Industries (MPI) is the New Zealand government's principal forestry advisor through Forestry New Zealand (Te Uru Rākau) with its key roles being to:

- Regulate forestry and develop forestry policy
- Manage forestry programmes such as the Emissions Trading Scheme
- Promote and protect sustainable forestry in New Zealand and overseas
- Manage forestry grants and information services.

This includes collecting statistical information on production, trade and other forestry activities in New Zealand. This information is available at the website below under three sections as:<sup>9</sup>

- New Zealand's forest
- Wood processing
- Wood product markets.

Some quick facts taken from this website for wood processing and wood product markets are:

For the year ending September 2019

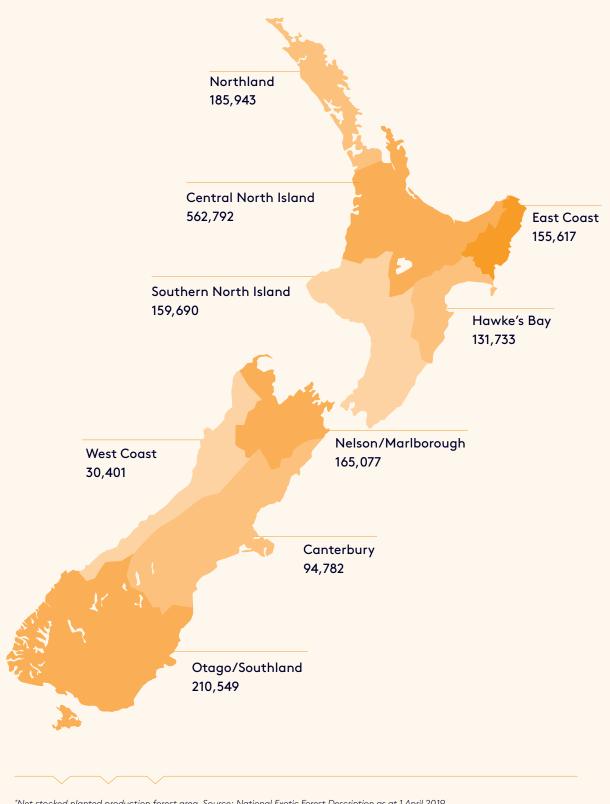
- 37 million cubic metres of roundwood removed
- 4.5 million cubic metres of total sawn timber production
- 1.8 million cubic metres of panel production
- 1.4 million air dry tonnes of wood pulp production
- 42 percent of all sawn timber produced was exported.

The New Zealand Forest Owners Association publishes annually a booklet entitled "Facts and Figures" that summarises a lot of this data. The latest 2018-19 year is available for free download.<sup>10</sup>

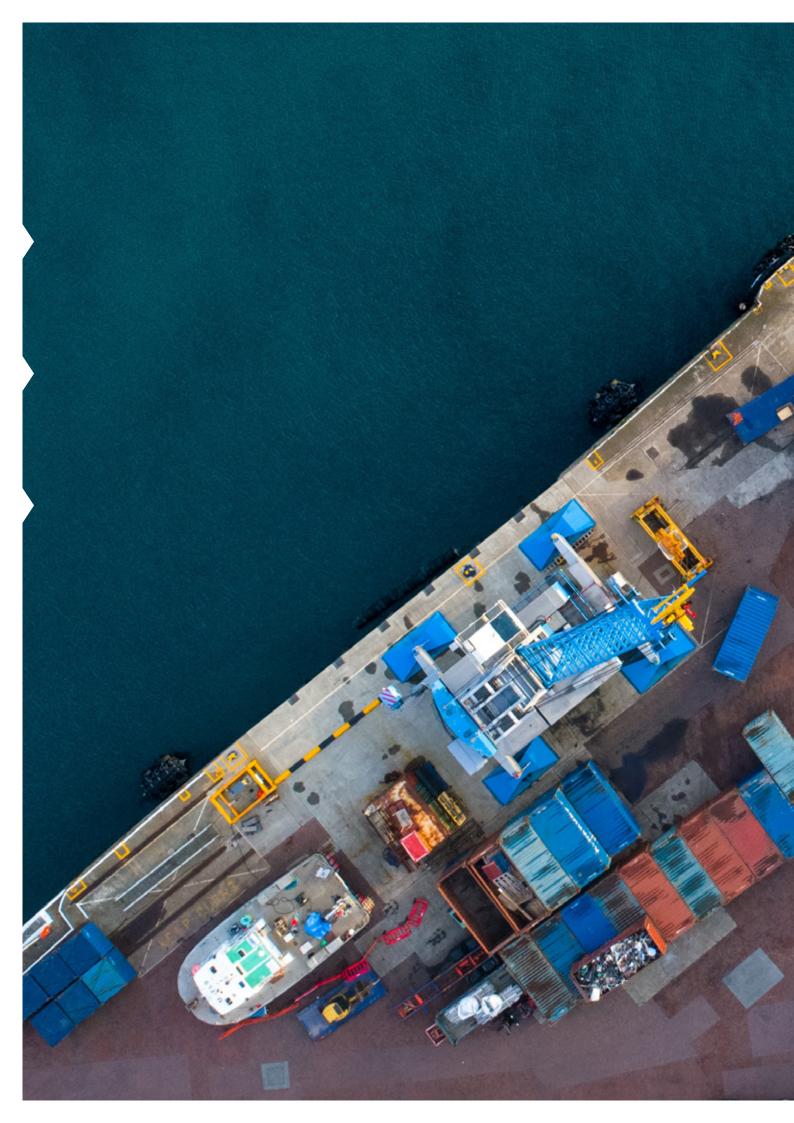
<sup>9</sup>See www.mpi.govt.nz/news-and-resources/open-data-and forecasting/forestry/.

<sup>10</sup>NZ Forest Owners Association "Facts and Figures 2018/19". See https://www.nzfoa.or.nz/resources/publications/facts-and-figures

# New Zealand's production forests in hectares<sup>\*</sup>



\*Net stocked planted production forest area. Source: National Exotic Forest Description as at 1 April 2019. See https://www.teururakau.govt.nz/dmsdocument/34425-2019-nefd-report-pdf



## Welcome to 'the coast where the sun shines'

The Tairāwhiti region is located on the famously sunny and fertile north-eastern corner of the central North Island of New Zealand. It covers 838,600 hectares which is just over three percent of the total land area of New Zealand.

This region of New Zealand is also referred to as East Cape, East Coast and the Eastland region. Tairāwhiti translates to mean "the coast upon which the sun shines across the water".

Gisborne, the urban centre of the region, is the easternmost city in New Zealand. It is a very affordable business location with competitive salaries and industrial land costs. The resident population of the region is currently estimated at 49,000 with about 35,000 (71 percent) living in the city of Gisborne.

The region is nationally renowned for its physical environment and climate, including a stunning coastline and marine environment, strong lifestyle and tourism appeal, and prominent Māori culture.

The Māori word "iwi" is used to represent an extended kinship group (similar to a tribe) descended from a common ancestor and associated with a distinct territory. The main iwi of the Tairāwhiti region are:

- Ngāti Porou
- Te Atianga a Hauiti
- Rongowhakaata
- Ngāi Tāmanuhiri
- Te Aitanga a Māhaki.

Iwi aspirations and unlocking the potential of local Māori are key outcomes sought in the Tairāwhiti Economic Action Plan (TEAP) document.<sup>11</sup> The aspirations and priorities of Tairāwhiti Iwi are included in this document. This is reflected in many of the actions in the TEAP and through a greater emphasis on:

- An inclusive economy sharing the benefits of economic prosperity across communities in the region
- Celebrating and capitalising on our cultural distinctiveness
- Kaitiakitanga protecting and enhancing our environment
- Effective and meaningful collaboration and partnerships with iwi.

Working alongside local iwi and understanding their cultural values and objectives will be a key consideration for investors in the region.

Alongside forestry and wood processing, the key sections in the TEAP focus on horticulture, whenua māori, tourism, transport connections, technology, and growing our people and future-proofing our prosperity through climate-friendly initiatives.

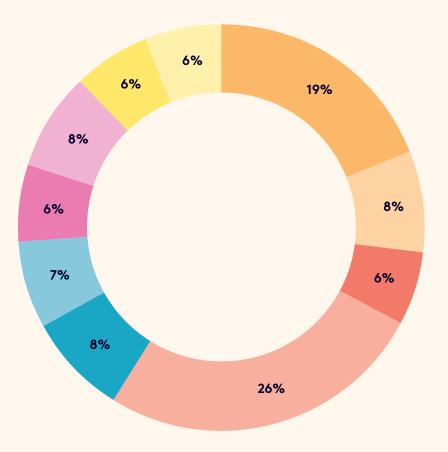


More detail can be found in the TEAP at www.trusttairawhiti.nz/documents/

<sup>11</sup>The Tairāwhiti Economic Action Plan (or TEAP) is the framework document for growth and economic development in the region. The TEAP is governed by a Steering Group made up of key local stakeholders and is overseen by Trust Tairāwhiti. TEAP available at https://www.trusttairawhit.nz.

## Proportion of GDP by Industries 2018

Regional GDP in 2018 was \$1.575 billion with the various industry proportions shown in the figure below.



- Agriculture, Forestry and Fishing
- Unallocated
- Manufacturing
- All others
- Healthcare and Social Assistance
- Owner-Occupied Property Operation
- Retail Trade
- Rental, Hiring and Real Estate Services
- Construction
- Education and Training

## **ASB Regional Economic Scorecard**

One of New Zealand's major banks, ASB Bank Ltd, produces a quarterly Regional Economic Scorecard. This takes the latest quarterly statistics and ranks the economic performance of the sixteen regional council areas of New Zealand. Measures include employment, construction, retail trade and house prices.

The fastest growing regions gain the highest rankings. For the three quarters ending June 2019, September 2019 and December 2019, Tairāwhiti was ranked the number one region by this scorecard, reflecting strong growth currently in the region.



#### **Results for the December 2019 Quarter**

# Open to the world

New Zealand is an exciting opportunity for smart investors and has a prosperous economy that is open to the world. It is the best place for businesses to operate with integrity in a stable and transparent economy.



### In the world for corruption transparency

New Zealand ranks first out of 180 countries for the latest corrupt public sector. Source: Transparency International, 2019 Corruption Perceptions Index.



#### For ease of starting a business

New Zealand ranks first out of 190 economies for ease of starting a business based on procedure, time and cost. Source: IFC World Bank, Doing Business Report, 2020.



## Out of 102 countries for open government

New Zealand ranks second out of 102 countries on the WJP, Open Government Index. Source: World Justice Project, Open Government Index, 2015.



## Out of 186 economies for economic freedom

New Zealand ranks third for advancement in economic freedom, prosperity and opportunity. Source: Index of Economic Freedom, The Heritage Foundation, 2019.



## Globally placed in tertiary education

New Zealand's eight universities rank in the global top three percent. Source: QS World University Rankings, 2020.



## Out of 139 nations for global creativity

New Zealand ranks third on the Global Creativity Index which measures a country's advanced economic growth.

Source: Global Creativity Index, Martin Prosperity Institute, 2015.



Out of 161 nations for business friendliness New Zealand ranks fifth in the world

for best countries for business. Source: Forbes Best Countries for Business, 2018.



### For protecting minority investments

New Zealand ranks third in the world for protection of minority investments. Source: IFC World Bank, Doing Business Report, 2020.



## For developing and deploying domestic talent

New Zealand ranks seventh out of 130 countries for developing talent. Source: Human Capital Report, World Economic Forum, 2017.

Infographics source: The New Zealand Story. See www.nzstory.govt.nz

# Creating a winning partnership

The Overseas Investment Office (OIO) administers New Zealand's overseas investment laws. The purpose of this regulation is to realise the benefits of overseas investment, while protecting New Zealand's sensitive land and assets.

#### Key points for consideration are:

- Potential benefit to New Zealand ("substantial and identifiable")
- Economic factors: Creating jobs, increasing export receipts and additional investment for development
- Non-economic factors: Protection of significant areas of indigenous vegetation, fauna and providing walking access
- Regulation 28 factors: Other consequential benefits, oversight and participation by New Zealanders in investment.



## Here to help

The New Zealand Government is leading a co-ordinated effort to expand the wood sector. Investor support is provided by the following government agencies.



New Zealand Trade & Enterprise (NZTE), is New Zealand's international business development agency. NZTE's global network offers potential investors independent guidance, deep insights, and access to companies, people and networks throughout New Zealand. NZTE Investment connect investors to opportunities.

#### For more information, please contact:

#### **Tony Haworth**

Investment Manager, New Zealand Trade & Enterprise

More information at https://investnewzealand.nz

 Ministry for Primary Industries
 The Government has established a dedicated forestry

 Manatū Ahu Matua
 Image: Annu Matua

 Image: Annu Matua
 Image: Annu

 Image: Annu Matua</

Forestry New Zealand

More information at: https://www.mpi.govt.nz/te-uru-rakau-forestry-new-zealand

The three billion Provincial Growth Fund (PGF) is a key platform for growing forestry along with infrastructure and training initiatives. The PGF has \$480 million allocated to the 'One Billion Trees' Programme, as well as additional funding for Te Ara Maki and wood processing.

More information at https://www.growregions.govt.nz/about-us/the-provincial-growth-fund

The Sustainable Food and Fibre Futures (SFFF) programme funds innovative projects to create more value from the food and fibre industries.

More information at https://www.agriculture.govt.nz/funding-andprogrammes/sustainable-food-and-fibre-futures



Agriculture & Investment Services Tapuwae Ahuwhenua

# Are you ready to invest?

For more information, please contact:

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