

Southern Wood Council, New Zealand

The wood industry in New Zealand's southernmost regions of Otago and Southland formed the Southern Wood Council (SWC) to develop strategies to enhance the economic opportunities for the entire industry. It is unique among timber industry cluster groups in gaining active involvement of all the major forestry businesses, saw mills and wood processors in its region, as well as local council representatives and port authorities.

Origins

The group was established originally in 2001 as the Otago Southland Forest Products Group. It became the Southern Wood Council (SWC) in October 2004, with the expansion of participation to all the major forest owners within the region and the further development of group activity. The group evolved from a sense that regional interests were not well represented by national industry associations and from a concern that government agencies were misinformed about the region's forest resource.

The ownership and wood characteristics of the Otago Southland forest industry differ from those of other timber regions. Elsewhere, two corporate groups dominate forest ownership and timber processing, and have operated with a high level of self-sufficiency. Given their economic significance, corporate interests have tended to dominate the activity of some national industry groups. In the lower South Island, ownership is comparatively balanced among the six largest forest owners, none of whom are affiliated to either of the big corporate groups.

Through its collective voice, the SWC helps members register their concern with national bodies. As a representative of the region's key players, the group is also seen as a way of encouraging national agencies to pilot initiatives such as new training schemes in the region.

Wood characteristics are a further influence bringing the southern wood industry together. As a consequence of the region's climate, wood qualities tend to differ from that grown elsewhere. This gives timber producers a specific market focus based on wood that scores well in appearance and for decorative veneers.

Aims and objectives

SWC has adopted five main objectives:

- To promote, encourage and co-ordinate the sustainable economic development of the forest products industry in Otago and Southland.
- To provide an independent body to bring together and improve communication between persons and groups

involved with the business of forest products in the region to work collectively on issues of common interest.

- To promote co-operation within and between established national and regional forest industry bodies, local authorities and other relevant groups.
- To promote and support regional forestry initiatives and assist in implementing national initiatives.
- To promote actively the benefits of forestry and related industries to the community.

Activities

The group's first significant project was the preparation of a regional resource profile. This required individual businesses to share details of their forest holdings and production volumes, making the project an important step in building trust within the group. Prior to the production of the industry's own profile, government agencies had been working with estimates of future wood flow volumes that were significantly in excess of what the industry assessment has shown exists. From the perspective of established businesses, there was a danger of government agencies misleading new investors and of damaging the region's industry should new investment be based on inaccurate assessments of wood availability. The profile has since become an annual report. It is based on data supplied by SWC members and other wood suppliers and producers in the region. All of these firms recognise the value in an authoritative and up to date reference document on the local forest industry.

Research into the potential for a wood brand to build on the region's distinctive timber characteristics was another early project. Investigation raised doubts on the value of this, although individual businesses have been helped to substantiate claims about the distinctiveness of their product. Development of the region's wood industry is not independent of New Zealand's success in building new overseas markets. In this context, a regional brand might be seen to conflict with efforts to promote a national reputation. It also became apparent that considerable investment might be needed in scientific evidence to support any specific claims attached to a brand.

Outside the first two projects, significant progress has been made in seven other areas of activity.

Improving energy efficiencies. With assistance from the national Energy Efficiency and Conservation Authority's Emprove programme, seven saw mills plus a wood veneering operation completed detailed energy audits that identified savings estimated as over NZ\$535,000 (£200,000) that could be achieved over one to three years. Addressing the issue as a group helped to gain the Emprove assistance and to share learning across the individual sites.

Forestry open days. An annual programme rotating between Otago and Southland each year is being run for school students, careers advisers and teachers to demonstrate and discuss the wide variety of exciting options open to students in forestry, the qualifications and training available and career paths. SWC also participates in careers expos and forestry awards programmes held within the region.

Forestry and wood products training. A new cadetship scheme, initiated by SWC and supported by the Forest Industry Training Council (FITEC), is scheduled to commence in early 2005. If successful, FITEC has indicated that the two-year programme will be introduced in other regions.

Economic Impact Assessment. This was commissioned in late 2004 from independent economic consultants to provide detailed data on the contribution being made by the forest products industry to the regional and national economy. The assessment is seen as providing valuable data to help the industry establish its importance when negotiating with regional and national agencies.

Regional forestry induction tours. Tours are co-ordinated for new councillors, council planning staff and MPs to forests in both Otago and Southland to discuss a wide range of issues relating to the forest products industry.

Improved community communication. Attracting people to work in the industry is seen to be made difficult by the tendency of the news media to report accidents, environmental conflicts and other negative stories without coverage of positive developments. As part of a wider communications planning initiative for the lower South Island, a journalism award was introduced by SWC to encourage more extensive media coverage of the forestry and wood products industry within the region.

Drug & Alcohol Memorandum. A charter agreement to implement an Alcohol and Drug Free Workplace Policy in the lower South Island was developed in 2003. This agreement covers all aspects of the industry, including silviculture, harvesting and wood processing operations.

Structure and Finance

SWC is established as an incorporated society and has 13 business members and 7 associate members (district councils, port companies and a Ministry of Agriculture & Forestry and NZ Trade & Enterprise representative). The joint public-private membership developed from initial efforts to seek government funding under a regional partnership programme. That support was not obtained but other government assistance has been received, including a Cluster Development Programme grant.

Annual membership fees are NZ\$1500 for full members and NZ\$350 for associate members (£550 and £130 respectively). Project activity is funded by individual participants and, where applicable, government assistance schemes. Individual businesses may provide further support by giving staff time to work on individual projects.

As well as the facilitator who has been with the group from the outset providing administrative support, two specialist part-time support staff were added to the group's resources when it became the SWC. One focuses on skills and training projects and the other on communication.

Performance

SWC can claim to be among the most active business cluster groups in New Zealand. This has been achieved partly because there have always been working relationships between individual businesses in the region. Southern forest owners either own or have close working relationships with saw mills in the region. Elsewhere in New Zealand, independent forest owners and timber processors have not developed similar integration. This is reflected in cluster groups that have members from one side of the industry only.

SWC members recognise that the region has a particular opportunity to benefit from the good personal ties among senior staff in the individual businesses. Working collectively, strategies can be developed to address industry issues ahead of other regions. Business membership comes from similar sized organisations. This has made it possible to identify more areas of common interest than if the group were comprised of unequal sized firms. It also makes for efficient decision making. SWC meetings, which are held bi-monthly for a whole day, are attended by the senior executives of member businesses. Their commitment is retained as long as the meetings bring together a small group of decision makers.

Small businesses and the many hundreds of landowners with small forest holdings have not participated directly in SWC. On the other hand, many of the projects promoted by SWC stand to benefit all enterprises and some activities are made open to non-members, such as the energy audits and seminars.

The evolution from the Otago Southland Forest Products Group to the SWC reflects further consolidation of the project.

Future

Having succeeded in recruiting all of the region's main forest owners to the group, SWC looks certain to play an ongoing role in the region's development.

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