with the compliments of:

New Zealand Forest Owners Association
85 The Terrace
GPO Box 1208, Wellington
Phone: +64-4-473 4769
Fax: +64-4-499 8893
Website: www.nzfoa.org.nz
email: nzfoa@nzfoa.org.nz

Wood Processors Association of NZ
85 The Terrace
PO Box 10937, Wellington
Phone: +64-4-473 9220
Fax: +64-4-473 9330
Website: www.wpa.org.nz
Email: tania@wpa.org.nz

Monitoring & Evaluation Unit
Policy Group
Ministry of Agriculture and Forestry
PO Box 2526, Wellington
Phone: 0800 183 009
Fax: 04 894 0741
Website: www.maf.govt.nz
email: stats_info@maf.govt.nz

Further copies of this publication can be ordered from the New Zealand Forest Owners Association:

85 The Terrace
GPO Box 1208, Wellington
Phone: +64-4-473 4769
Fax: +64-4-499 8893

or order on-line at:

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NEW ZEALAND FOREST INDUSTRY

FACTS&FIGURES

2007/2008

New Zealand Planted Forestry in Summary

Area & standing volume statistics	1 April 2005	1 April 2006
Net stocked forest area (ha)		
Total estimated area	1,811,000	1,800,000
Growth characteristics		
Standing volume (000m^3)	404,548[r]	418,152
Average standing volume (m^3/ha)	223[r]	232
Area-weighted average age (years)	13.9	14.3
Area by species (ha)		
Radiata pine	1,611,000	1,603,000
Douglas-fir	115,000	113,000
Cypress species	6,000	7,000
Other exotic softwoods	28,000	28,000
Eucalyptus species	33,000	31,000
Other exotic hardwoods	18,000	18,000
Radiata pine area by tending regime (ha)		
Pruned with production thinning	226,000	219,000
Pruned without production thinning	793,000	774,000
Unpruned with production thinning	40,000	39,000
Unpruned without production thinning	551,000	571,000
	Year Ended 31 December 2004	Year Ended 31 December 2005
New planting (ha)		
Total estimated new planting[2]	10,600	6,000
Restocking	39,600	31,900
Harvested area awaiting restocking	42,700	37,092
Harvesting (ha)	31 March 2005	31 March 2006
Area clear felled (ha)	39,000	38,800
Volume clear felled (TRVIB[1], 000m^3)	17,580	17,862
Volume production thinned (TRVIB, 000m^3)	719	410
Total volume removed (TRVIB, 000m^3)	18,299	18,272
Average clear fell yield (m^3/ha)	450	460
Area-weighted average clear fell age for radiata pine (years)	27.9	28
Estimated planted forest roundwood removal (000m^3)[2]	19,234	18,962

Notes:

[1]TRVIB is an abbreviation for Total Recoverable Volume Inside Bark.

[2]This is an indirect estimate based on the application of conversion factors to the various forestry products.

[r]:revised

Source: NEFD 2006

Unless stated, all information contained in this booklet has been sourced from the New Zealand Ministry of Agriculture and Forestry.

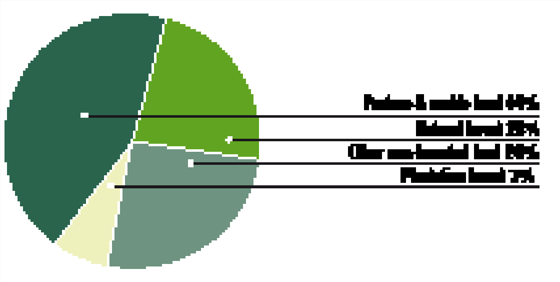
NZ Economic Indicators – 2006/07

Population	4,233,267
GDP $ billion	98.5
GDP per capita $	23,200
Exports $ billion	32.7
Forest products exports total $ billion	3.2
Total overseas debt $ billion	145
Annual percentage change in GDP	1.7%
Inflation (as measured by annual percentage change in CPI)	2%
Forestry sector contribution to GDP	3.2%

Source: Statistics New Zealand

New Zealand Land Use

(Total area of New Zealand 26.9 million hectares)



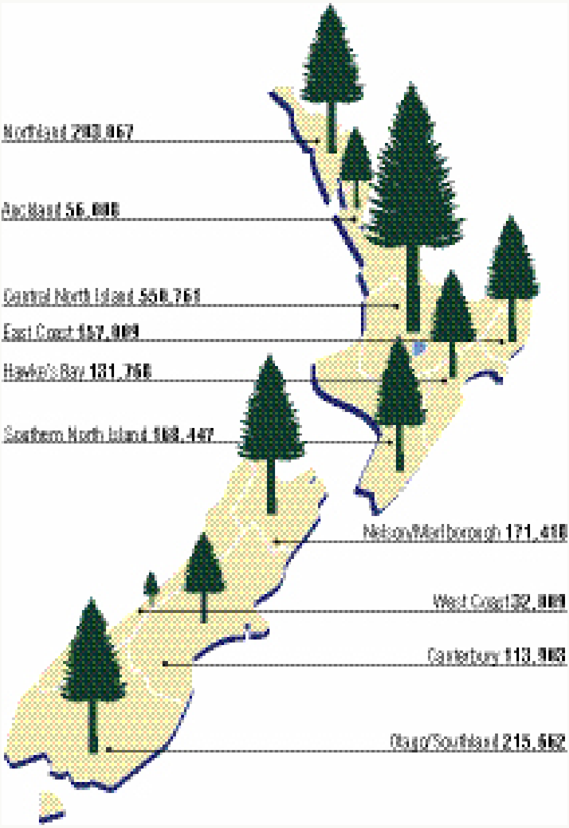
	Hectares (millions)	% of total
Pasture & arable land	11.8	44%
Natural forest	6.2	23%
Other non-forested land	7.1	26%
Plantation forest	1.8	7%

Notes:

Total area is measured at mean high tide mark on 21 September 2001

Where The Plantation Forests Are

(Hectares)



Total 1.8 million hectares

Source: NEFD 2006

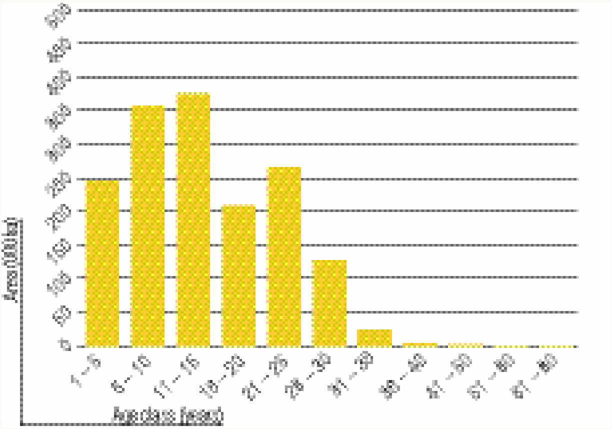
Plantation Forest Area By Species

(As at 1 April 2006)

	Hectares (thousands)	% of total
Radiata pine	1,603	89.1
Douglas-fir	113	6.3
Cypress species	7	0.4
Other exotic softwoods	28	1.5
Eucalyptus species	31	1.7
Other exotic hardwoods	18	1.0
Total	1,800	100

Net Stocked Area Of Radiata Pine

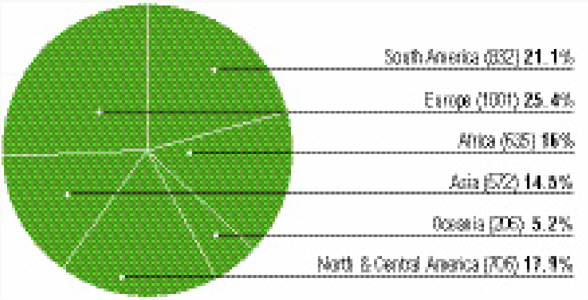
(By age class at 1 April 2006)



Source: NEFD 2006

Global Forest Areas By Main Regions (2005)

(Millions hectares)



2005: total area = 3950 million ha

Source: FAO State of World Forests 2007

Did you know that:

New Zealand's forest industry supplies 1.1% of world and 8.8% of Asia Pacific's forest products trade. All from just 0.05% of the world's forest resource and an annual harvest area equivalent to 0.0009% of global forest cover. The reason – highly productive, sustainably managed plantation forests.

New Zealand Planted Forest Ownership/ Management

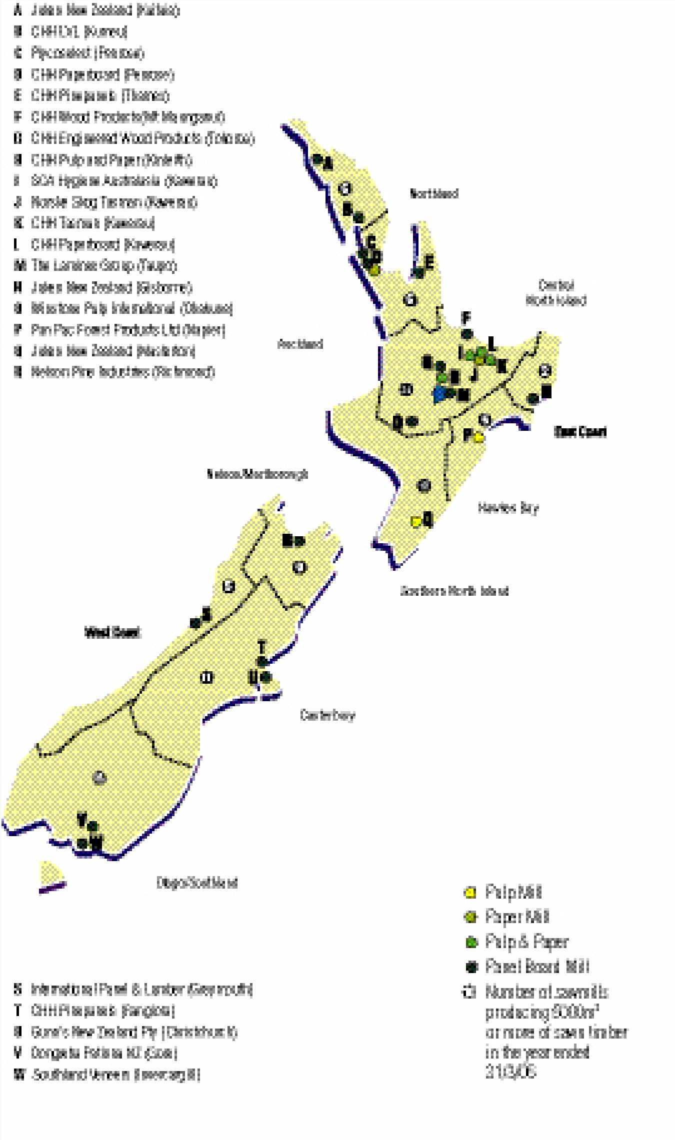
As at 1 December 2006

Forest Owner/Manager	Area (ha) – round figures	% of Total
Hancock Natural Resource Group	289,000	16%
Kaingaroa Timberlands	167,000	9%
Matariki Forests	143,000	8%
Ernslaw One	75,000	4%
Weyerhaeuser New Zealand [1]	60,000	3%
Juken New Zealand	56,000	3%
Crown Forestry (MAF)	37,000	2%
Pan Pac Forest Products	33,000	2%
Global Forest Partners [2]	27,000	1%
Timberlands West Coast [3]	27,000	1%
Hikurangi Forest Farms	27,000	1%
Blakely Pacific	25,000	1%
Wenita Forest Products	24,000	1%
Roger Dickie New Zealand	24,000	1%
Forest Enterprises	22,000	1%
Winstone Pulp International [4]	16,000	1%
City Forests	15,000	1%
Other	751,000	41%
Total [5]	1,818,000	100.0

Footnotes:

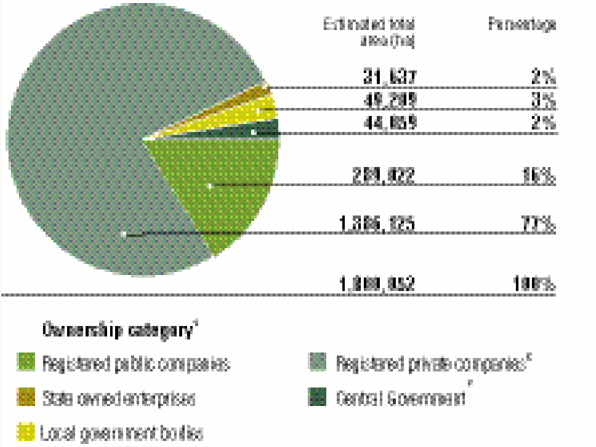
1. At the reference date for this table Weyerhaeuser owned 51% of these Nelson forests. In June 2007 Weyerhaeuser announced that these forests were to be sold to Global Forest Partners effective from 1 November 2007.
2. In addition to the outright ownership of 27,000 hectares as at 1 December 2006 Global Forest Partners has further equity interests in a range of New Zealand forest investments including joint ventures in Mangakahia Forest with Hancock Natural Resource Group, Wenita Forest Products forests and the Nelson forests managed by Weyerhaeuser NZ Inc.
3. Since the reference date for this table, Timberlands West Coast have been transferred to Crown Forestry.
4. Since the reference date for this table, Ernslaw One has purchased Winstone Pulp International.
5. Based on the total net stocked area reported in A National Exotic Forest Description as at 1 April 2006.

Location Of Major Forest Industries by Wood Supply Region



Plantation Forest Ownership

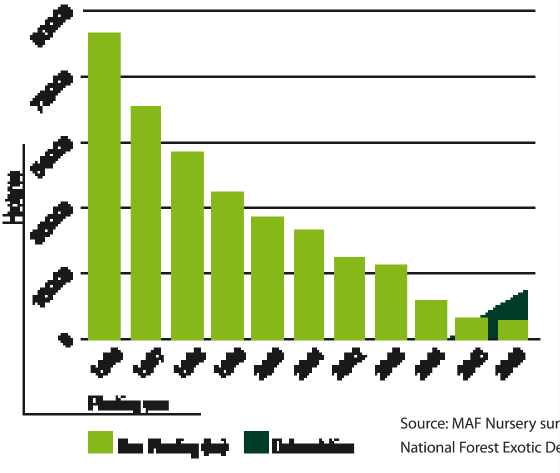
(Net stocked planted production forest area at 1 April 2006)



Note:

1. Ownershipisbasedsolelyontheownershipoftheforestirrespectiveoftheownershipoftheland.
2. "Privatelyowned"includesallprivatelyownedforests.Thelegalentitiesincludedinthiscategoryare privatecompanies,partnerships,individualsandtrusts,whichincludeMaoritrustsandincorporations.
3. "CentralGovernment"forestsarepredominantlyCrownownedforestsonMaorileaseholdland.These forests are managed by the Ministry of Agriculture and Forestry.
4. Notethatsignificantchangesinforestownershipoccurredduring2003resultinginlargeareasofforest previously owned by public companies now being privately owned.

New forest planting and restocking since 1990

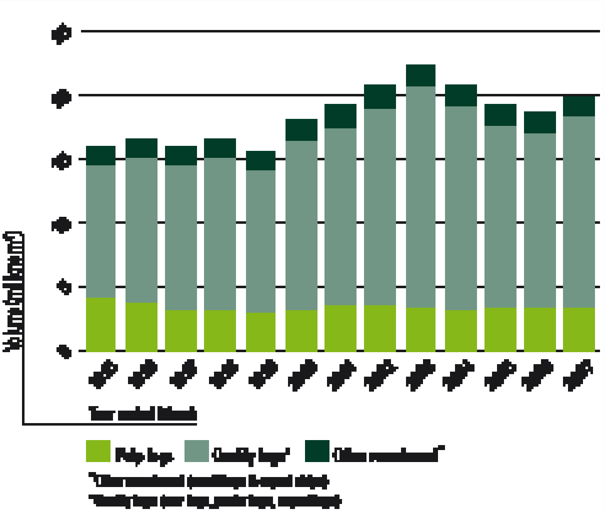


Source: MAF Nursery surveys and National Forest Exotic Description

Note:

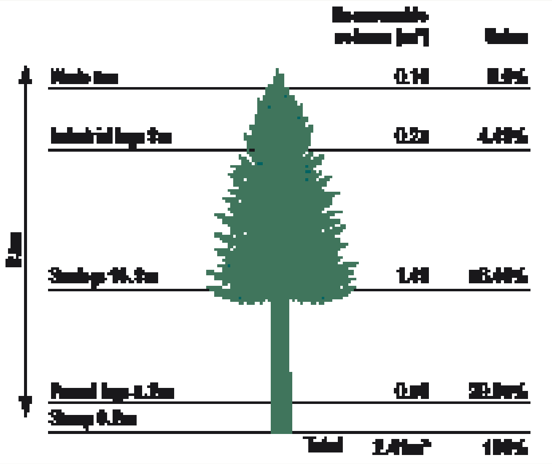
1.Theseestimatesdonotincludeimmatureforestclearedforotherlanduses.Deforestationisarelatively newphenomenonandsensitivityoverdeforestationandtheincreasedseparationbetweenforestandland ownershiphasmadeitdifficulttocollectthisinformationinapostalsurvey.Officialstatisticsofthearea of forest not intended to be replanted after harvest are unavailable before 2005.

Plantation Forest Harvest



Typical Log Out-turn

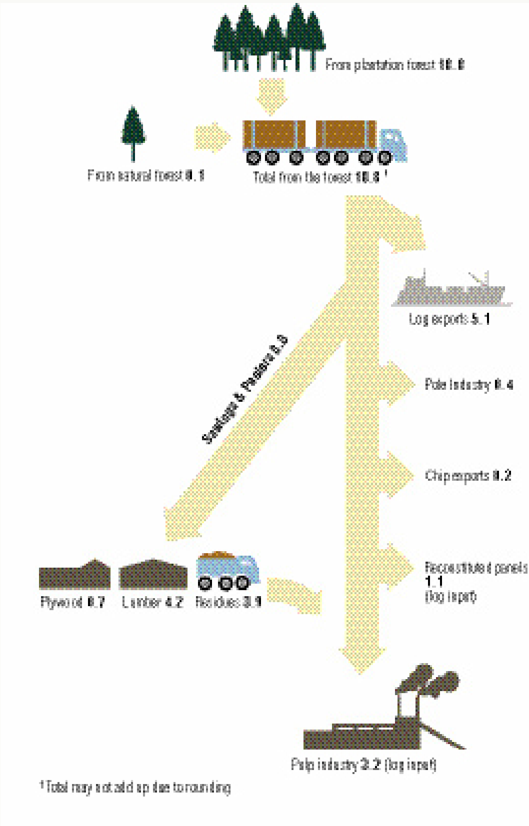
(Radiata pine age 27 from direct sawlog regime)



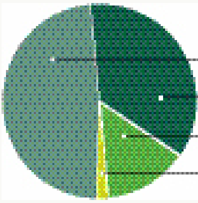
Source: NZFOA

Log Flow In The New Zealand Forestry Industry

(Volumes in millions m³ roundwood equivalent. Year ended 31 March 2006).



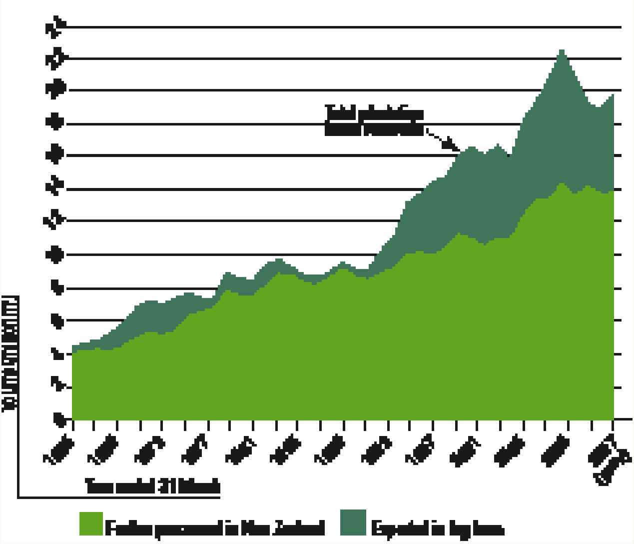
Forest Management Trends – Radiata Pine



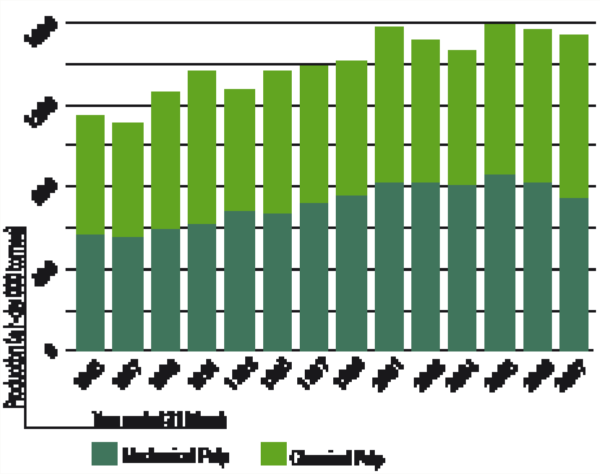
	1999	2000	2001	2002	2003	2004	2005	2006
Pruned without production thinning	50%	51%	49%	50%	50%	49%	49%	48%
Unpruned without production thinning	27%	26%	29%	29%	29%	33%	34%	36%
Pruned with production thinning	19%	19%	18%	17%	17%	16%	14%	14%
Unpruned with production thinning	4%	4%	4%	4%	4%	2%	3%	2%

Source: NEFD April 2006

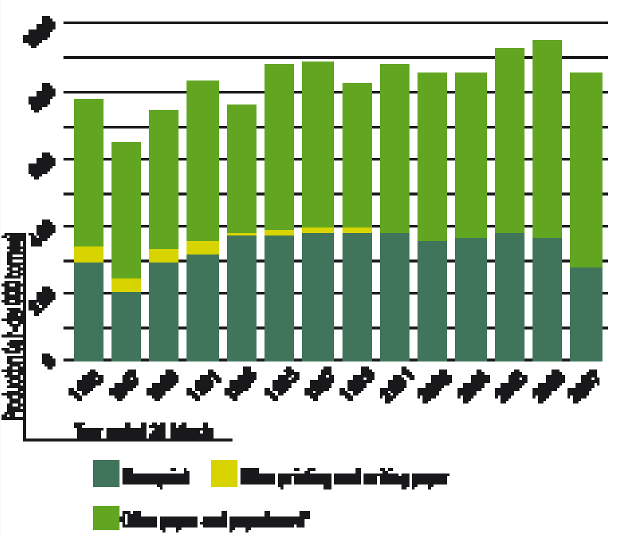
Where The Log Harvest Goes



Wood Pulp Production

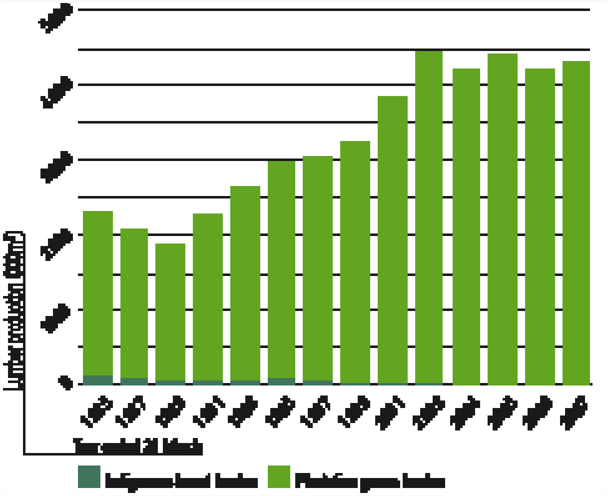


Paper And Paperboard Production

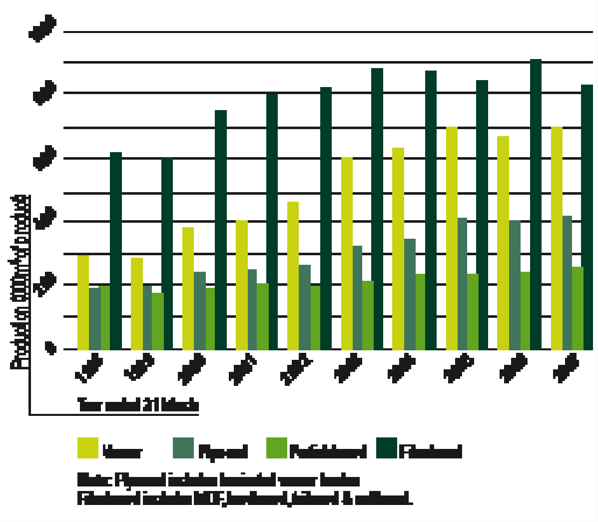


*All other paper and paperboard includes household and sanitary papers, packaging paper & paperboard.
NB. Other printing and writing paper no longer produced in New Zealand.

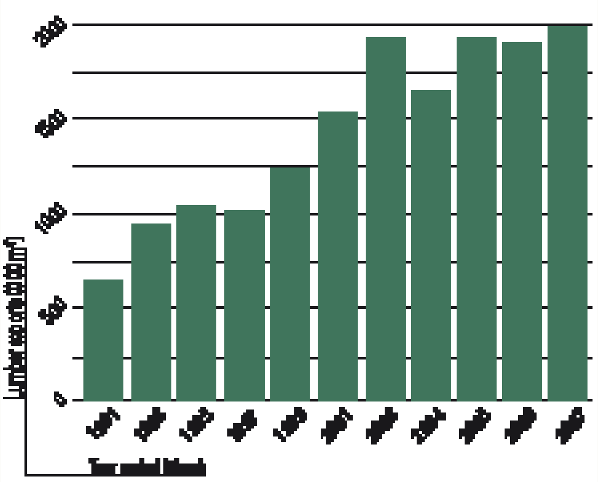
Lumber Production



Panel Products Production

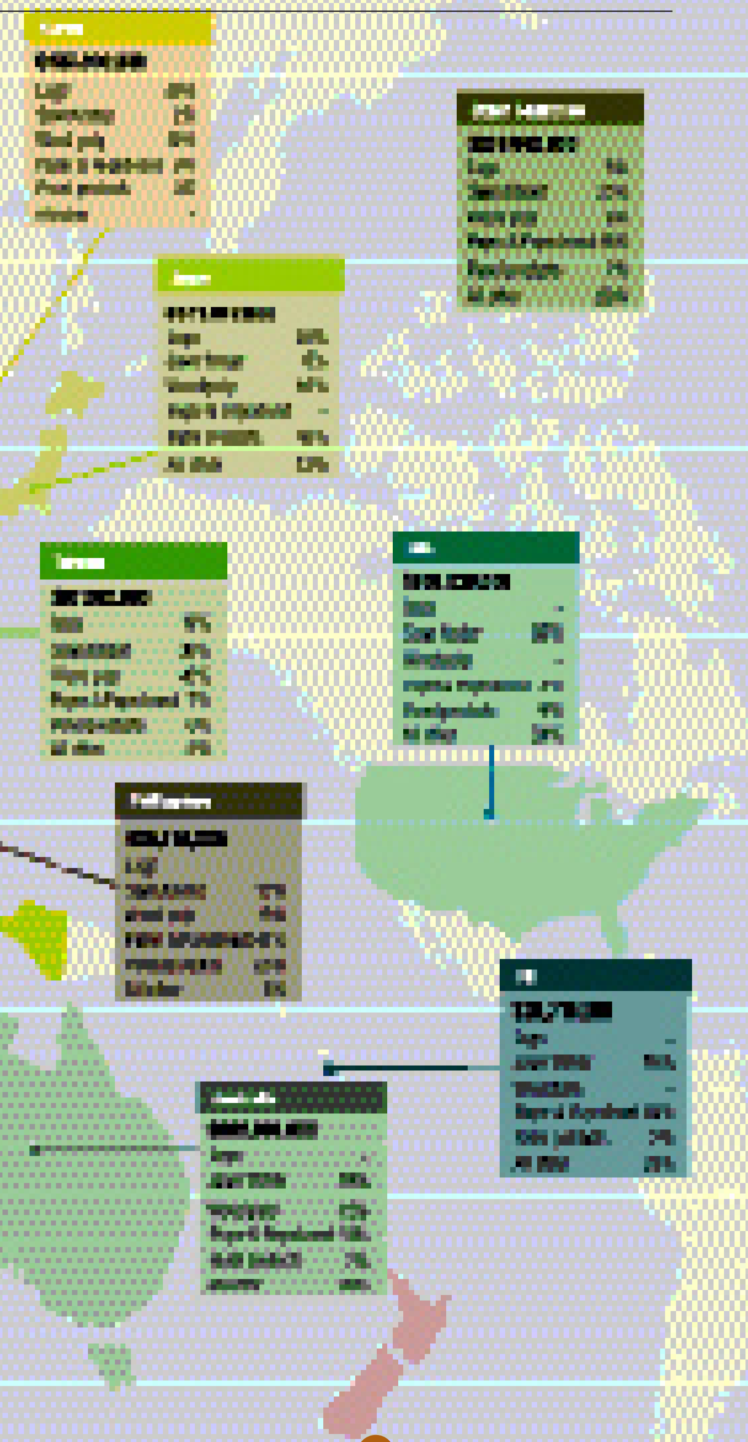


New Zealand Lumber Exports



Top Export Destinations

Year ended March 2007 (provisional - values in NZ$ f.o.b.)



Production And Exports Of Selected Forestry Products

(Year ended 31 March 2007 – provisional)

	Total production	Directly exported	Percentage exported	Export Value (NZ $ m f.o.b.)
Logs (000m^3)	19,804	6,005	30.3	638
Lumber (000m^3)	4,321	1,939	44.9	805
Fibreboard (m^3)	829,463	656,560	79.2	243
Particleboard (m^3)	253,892	110,197	43.4	51
Plywood (m^3)	413,666	72,978	17.6	110
Chemical pulp (tonnes)	771,685	612,641	79.4	516
Mechanical pulp (tonnes)	750,568	197,789	26.4	79
Newsprint (tonnes)	283,225	182,227	64.3	169
Other paper & paperboard (tonnes)	565,930	378,530	66.9	342

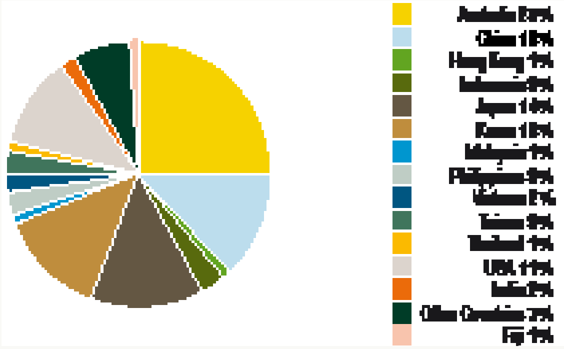
Value of Exports By Product And Destination

(Year ended 31 March 2007 – provisional. Values in NZ$000 f.o.b.)

Country of Destination	Logs & poles	Lumber	Wood pulp	Paper & paper-board	Panel products	All other forestry products	All forestry products
Australia	97	159,848	108,308	297,714	69,469	271,445	906,881
Japan	102,104	44,431	81,259	12	220,490	63,546	511,842
China	115,738	97,513	173,148	35,236	40,807	9,312	471,754
Korea, Republic	339,807	12,820	65,139	20,630	8,729	202	447,327
USA	98	251,365	935	10,122	35,410	97,705	395,635
Indonesia	3,640	36,724	53,151	1,170	13,937	9,858	118,480
Philippines	20	15,134	11,034	37,398	21,718	2,866	88,170
Taiwan	11,253	25,728	36,844	6,213	5,072	2,090	87,200
Vietnam	1,702	46,326	5,641	1,055	7,995	6,800	69,519
India	43,760	938	4,672	1,983	3,798	4,816	59,967
Malaysia	6,015	5,773	19,147	16,979	2,312	974	51,200
Thailand	1,100	15,721	20,554	3,735	875	7,151	49,136
Saudi Arabia	-	15,894	-	1,610	596	13,196	31,296
United Arab Emirates	11,043	5,080	-	629	2,157	12,197	31,106
Fiji	114	2,811	-	16,043	2,073	8,673	29,714
Hong Kong	-	1,293	-	17,125	1,087	750	20,255
Other countries	1,494	67,372	14,790	43,645	14,951	48,994	191,246
Total	637,985	804,771	594,622	511,299	451,476	560,575	3,560,728

Export Destinations of Forestry Products

(Year ended 31 March 2007 – provisional)



Forestry Exports Summary

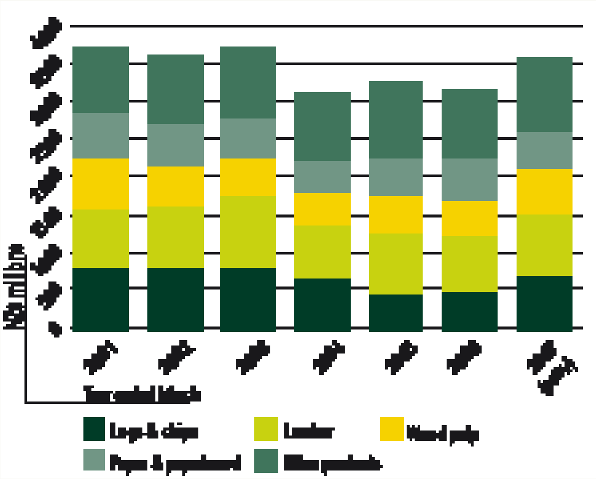
(Year ended 31 March 2007 – provisional)

Forestry Product:	2005 Qty	2005 Value ($mil)	2006 Qty	2006 Value ($mil)	2007 (prov) Qty	2007 (prov) Value ($mil)
Logs and poles (000,000m³)	5	410	5	446	6	638
Wood chips (000 BDU)	199	29	262	39	268	47
Sawn timber (000,000m³)	2	809	2	720	2	805
Chemical pulp (000 tonnes)	436	320	485	323	613	516
Mechanical pulp (000 tonnes)	404	171	369	155	198	79
Newsprint (000 tonnes)	282	233	300	251	182	169
Other paper and paperboard (000 tonnes)	343	273	382	293	379	
Fibreboard (000m³)	669	235	708	240	657	243
Plywood (000m³)	140	181	106	135	73	110
Veneer (000m³)	135	91	138	73	155	48
Particleboard (000m³)	113	71	108	60	110	51
Manufactures of paper and paperboard	-	116	-	132	-	147
Continuously shaped wood	-	150	-	114	-	123
Wooden furniture and furniture parts	-	39	-	53	-	55
Miscellaneous forestry products	-	123	-	128	-	190
All forestry products	-	3,253	-	3,164	-	3,561
Total NZ exports	-	29,714	-	29,701	-	33,481
Forestry exports as % of total exports		10.9%		10.7%		10.6%

Note: Source: INFOS database, Statistics New Zealand. Table prepared by Forestry Statistics Section, Ministry of Agriculture and Forestry.

1. Values are NZ$ free on board (f.o.b.) and may include items for which no quantities are given.
2. Other paper and paperboard includes all other paper and paperboard exported but not manufactures of paper and paperboard.
3. Miscellaneous forestry products includes wood manufactures, cork and cork manufactures, waste paper and prefabricated wooden buildings.
4. Because of rounding, figures in this table do not always sum to the stated totals.

Major Export Earners



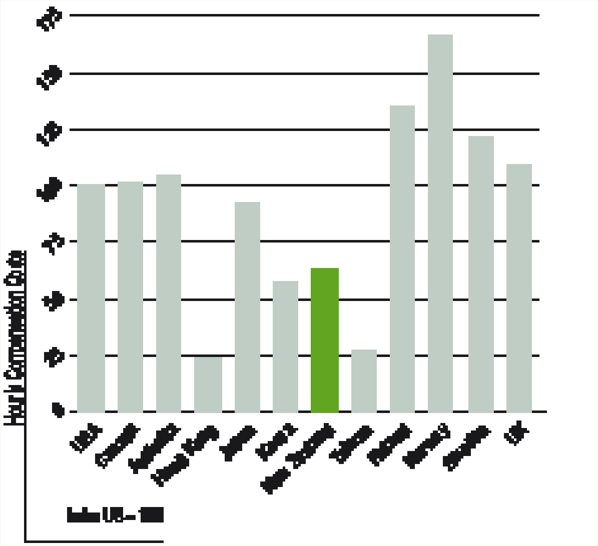
Wood Processing Investment

(Publicly announced as at January 2006, values in NZ$million)

	Solid Wood Processing			Residue Processing			Total
	New Plant	Plant Upgrades	Total	New Plant	Plant Upgrades	Total	
1988	11.0	0.0	11.0	0.0	0.0	0.0	11.0
1989	0.0	21.0	21.0	0.0	230.0	230.0	251.0
1990	20.0	0.0	20.0	8.0	50.0	58.0	78.0
1991	0.0	0.0	0.0	0.0	304.6	304.6	304.6
1992	42.0	14.7	56.7	0.0	0.0	0.0	56.7
1993	41.5	41.6	83.1	1.1	8.8	9.9	93.0
1994	49.0	67.2	116.2	0.0	152.0	152.0	268.2
1995	2.0	49.8	51.8	0.0	0.0	0.0	51.8
1996	1.0	4.0	5.0	10.0	58.0	68.0	73.0
1997	13.0	25.4	38.4	120.0	265.0	385.0	423.4
1998	65.4	56.3	121.7	0.0	313.0	313.0	434.7
1999	3.9	4.0	7.9	10.0	0.0	10.0	17.9
2000	0.0	49.0	49.0	4.0	10.0	14.0	63.0
2001	2.0	14.4	16.4	0.0	4.0	4.0	20.4
2002	236.5	83.5	320	0.0	7.7	7.7	327.7
2003	12.0	5.0	17.0	0.0	18.5	18.5	35.5
2004	30.0	2.5	32.5	0.0	62.0	62.0	94.5
2005	0.0	34.0	34.0	0.0	33.0	33.0	67.0
2006-09	380.0	188.0	568.0	0.0	45.0	45.0	613.0

Note: This summary is not comprehensive. It covers major, publicly announced, one-off investment intentions greater than NZ$1 million. Actual investments will depend on a number of circumstances.

International Labour Cost Comparisons 2006



Source: US Bureau Labor Statistics, September 2006

Employment In Forestry And Processing Activities

	Employee Count[1] as at Mid-February				
	2002	2003	2004	2005	2006
Forestry	970	1,050	1,060	800	740
Logging	4,240	4,740	4,010	3,620	3,540
Services to Forestry	3,530	3,770	3,190	3,200	2,720
Total Forestry and Logging	8,740	9,560	8,260	7,620	7,000
Log Sawmilling	7,310	7,840	7,490	7,580	6,890
Wood Chipping	30	35	15	9	9
Timber Resawing and Dressing	1,600	1,940	1,900	1,950	2,020
Plywood and Veneer Manufacturing	2,100	2,040	1,840	1,890	1,770
Fabricated Wood Manufacture	880	1,150	1,490	1,250	1,170
Pulp, Paper and Paperboard Manufacturing	2,990	2,470	2,410	2,180	2,050
Total forestry and first stage processing	23,650 [r]	25,035 [r]	23,405 [r]	22,479 [r]	20,909

Source: MAF/Statistics NZ

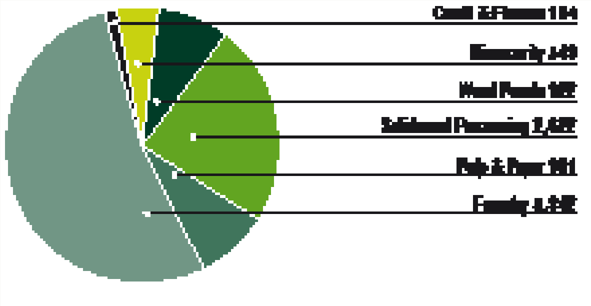
[1] Employee count is a head-count of all salary and wage earners for the February reference month. Previous releases in this series described "Persons engaged" (total number of full-time employees and working proprietors (ie number of persons working 30 hours or more per week plus half the number of persons working part-time), and so the data are not strictly comparable with previous releases in this series.

[r] revised

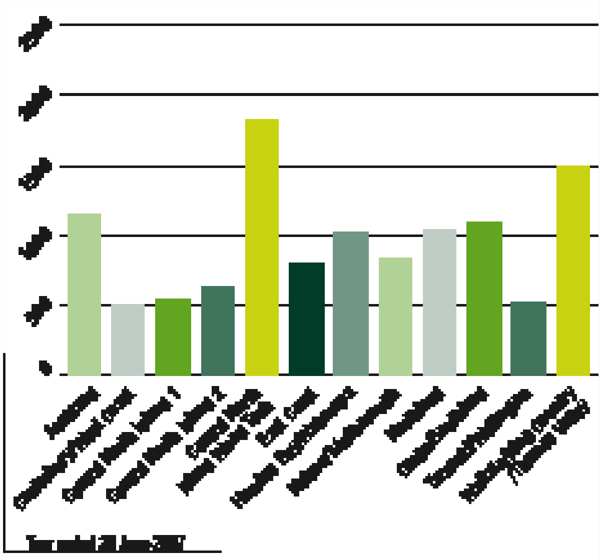
FOREST INDUSTRIES TRAINING STAT

As at June 2007. All material sourced from FITEC.

Trainees By Sector

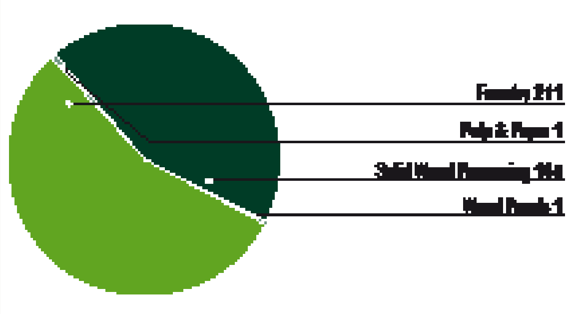


Trainees By Region

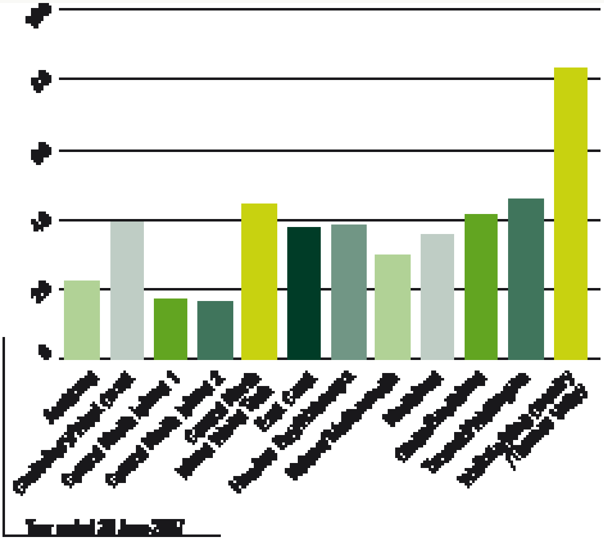


ISTICS

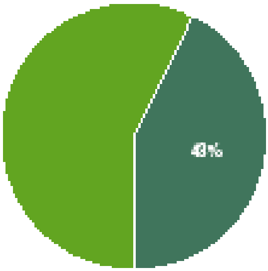
Modern Apprentices By Sector



Modern Apprentices By Region



Proportion of NZ's 1.8 million ha plantation certified by FSC[1]



Kaingaroa Timberlands	189,560
Hancock Forest Management	52,225
Timberlands West Coast	46,142
NZ Forest Managers Ltd	48,462
City Forests Ltd	19,495
Winstone Pulp International	24,147
Wenita Forest Products Ltd	29,491
Blakely Pacific	29,263
Craigpine Timber Ltd	3,594
Ernslaw One South Island	28,441
Ernslaw One North Island	79,780
Pan Pac Forest Products Ltd	45,746
Rayonier Matariki	49,200
Selwyn Plantation Board	12,771
Southland Plantation Forest Company of NZ	13,493
PF Olsen and Company Limited	67,182
Lindsay & Dixon Limited (FM)	11,120
Hikurangi Forest Farms Ltd.	35,010
Total Plantation FSC	**776,352**
Indigenous	**11,120**
Total Platation Forest	**1,800,000**

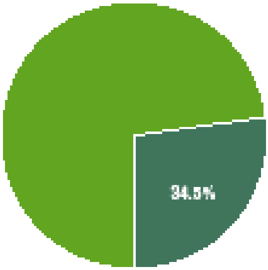
■ Non Certified ■ Certified

Source: FSC

1. Forest certified area relates to total land area which may include areas not currently stocked.

Note: FAO State of the Worlds Forests 2007 lists New Zealands plantation forest area as 1.852 million ha

Proportion of NZ's 19.8 million m^3 annual harvest certified by FSC



Kaingaroa Timberlands	1,765,000
Hancock Forest Management	917,103
NZ Forest Managers Ltd	6,428
City Forests Ltd	169,824
Winstone Pulp International	189,282
Wenita Forest Products Ltd	837,750
Ernslaw One South Island	159,152
Ernslaw One North Island	650,000
Pan Pac Forest Products Ltd	787,255
Rayonier Matariki	517,000
PF Olsen and Company Limited	1,249,479
Lindsay & Dixon Limited (FM)	23,000
Hikurangi Forest Farms Ltd.	116,751

■ Non Certified ■ Certified

Source: NZFOA June 2007

New Zealand Forest Accord 1991

The New Zealand Forest Accord 1991 was updated in 2007 to reaffirm the principles of the 1991 Accord and respond to the threat of climate change. It is an agreement between conservation groups amd most major plantation growers and users to:

- Define areas unsuitable for forestry
- Acknowledge that existing natural forest should be maintained
- Recognise commercial forests as essential
- Ensure any use of wood from indigenous forests is on a sustainable, value-added basis;
- Ensure new plantation forests will not disturb areas of natural indigenous vegetation

And in responding to the the urgency of the threat of Climate change:

New Zealand Climate Change Accord 2007

Acknowledging, inter alia:

- The environmental benefits delivered by indigenous and plantation forests
- That carbon sequestration by forests is a key mechanism to offset green-house gas emissions
- That policies must be consistent with the Polluter Pays Principle, be broad-based and cover all greenhouse gases in all sectors, should avoid net increases in greenhouse gases, should promote the retention and expansion of indigenous forests and the replanting and expansion of plantation forests; ensure all sectors are taking responsibility, be consistent with customary rights and the Treaty of Waitangi and acknowledge that wood is a renewable reusable and recyclable resource.

Vision 2025 - Development Milestones

2004	2025
$5 billion outputs	> $20 billion outputs
4% GDP	> 14% GDP
23,000 employed (100,000 indirectly)	60,000 employed (250,000 indirectly)
$3.3 billion exports	> $14 billion exports
3rd largest exporter	Largest exporter
Top 20 global suppliers	Top 5 global suppliers
1.8 million hectares	3.5 – 4 million hectares
21 million m^3 harvest	> 40 million m^3 harvest
$100 million supporting technologies industry	$1 billion supporting technologies industry

Source: NZFOA

Industry Direction

Vision – A Sustainable Forestry Culture within New Zealand

Strategic Objectives

Recognition

- Industry is operating under independently audited certification systems and a suite of self-regulatory codes
- Forestry's non-wood values, including carbon sequestration, are appropriately recognized and supported
- Government policy facilitates forestry's environmental and economic contributions
- Central and local government land-use policy is equitable, effects-based and includes the use of national policy statements that support sustainable forest management.

Research

- Research capability with supporting skills and technology transfer is suitably funded.

Growth

- Market share and per capita consumption of wood in NZ expands annually
- Energy supply is adequate, reliable and competitively priced
- Forest transport and infrastructure is internationally competitive and equitably funded
- The level of value-added investment is consistent with international competition.

Labour & Skills

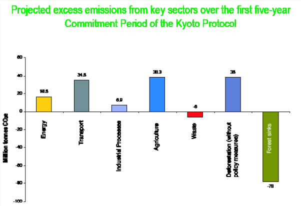
- A safe and healthy operating environment is provided for the workforce
- A sufficiently skilled workforce is recruited and retained
- Annual productivity gains are achieved
- The potential of renewable energy including forest biomass at the national level is maximised.

Risk management

- Forest health protection is cost effective and efficient.
- The forestry estate continues to expand and diversify.

Carbon Sequestration In The Forest

- In 2005, forests removed 25.5 m+ of CO_2 from atmosphere



Source: NZ Ministry for the Environment/FOA

Principles for Commercial Plantation Forest Management 1995

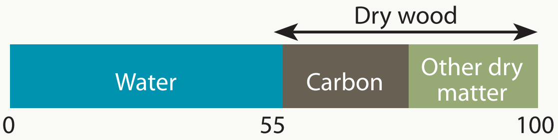
Environmental excellence in plantation forest management is the primary objective of these Principles. Signed by major plantation growers' associations, users and conservation groups, the parties agree that:

- inter-dependence of ecological, economic and social sustainability must be recognised;
- efficient and effective Principle implementation monitoring is required;
- rural land users should be treated equitably, based on the environmental effects of their activities;
- management practices must meet or improve on all statutory requirements and accepted best practices.

Terms And Things

Area & Volume

- A hectare (ha) = 100 x 100 metres (about the size of two rugby fields).
- A cubic metre (m^3) = 1 metre x 1 metre x 1 metre (about three times the size of a household dishwasher).
- An average radiata pine tree yields 2.4m^3 of wood at harvest.
- 1 hectare of 28 year-old radiata pine contains between 650 and 800 m^3 of wood.
- 1 hectare grows up to 28 m^3 of wood each year.
- NZ radiata pine plantations yield up to 30% more wood per hectare than they did 60 years ago.
- 1 hectare sequests approximately 25 tonnes CO_2 per year.
- A fresh log contains about 55% water; approximately 50% of the balance is carbon.



Costs & Values

- It costs 15 - 20 cents to truck one m^3 of wood one km (for 100 km that is \$15 - \$20 per m^3).
- Harvesting costs begin around \$10 per m^3 - increasing with steeper terrain, environmental sensitivities, smaller trees etc.
- Depending on market conditions, the average radiata pine tree when harvested is worth \$150 - \$200 to the grower.
- Value of wood being grown (added) each year in one hectare of forest is between \$1200 and \$2000.
- High quality pruned stands, well located to the market can sell for as much as \$50,000 per hectare net to the owner, while unpruned stands may net less than \$20,000 - particularly if logging and cartage costs are higher.

Note: Prices are indicative only.