

 <p>New Zealand First</p>	<p>Rt Hon Winston Peters New Zealand First Leader Member of Parliament for Northland</p>
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EMBARGOED TILL DELIVERY

**Speech by New Zealand First Leader and Member of Parliament for Northland
Rt Hon Winston Peters
ForestWood 2016 Conference Speech
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REAL POLICIES, NOT TOKEN GESTURES FOR THE FORESTRY INDUSTRY

Thank for the opportunity to address this important conference

When we look from the New Zealand First Parliamentary Office across to the Port of Wellington we see a vast swathe of logs stacked for export

When National Ministers look out of their Beehive Offices they see that same scene too

But For New Zealand First the sight of mass log exports is an opportunity lost – for New Zealand

For the government it is a matter of indifference – they shrug their shoulders and say “leave it to the market.”

New Zealand First considers that New Zealand’s forestry and wood processing sector is vital to our economic future and we can do far better by adding value and creating jobs for the NZ economy.

Currently around 40% of the timber exported goes out as logs.

Increased log processing is the obvious route for the sector to take.

In Parliament this month, in response to a question from NZ First MP, Fletcher Tabuteau, the Hon Jo Goodhew - Associate Minister for Primary Industries - boasted that the share of total harvest processed domestically was 51.2 percent in 2015.

Is the public meant to be impressed that nearly 50% of the total harvest is not processed domestically?

It is likely that there will always be a proportion of the timber harvested and exported as logs.

But right now there is a huge potential resource and source of added wealth and jobs that the government is ignoring.

On one thing we could all agree.

The next 10 – 20 years must not be a replay of the past.

Today is a chance to set out some of the issues that we see as critical to ensuring your forestry and wood processing continues to develop as a leading economic sector for New Zealand.

The dairy industry – vitally important as it is to New Zealand – is not going to repeat the growth record of the past decade.

Both economically and environmentally the conditions that fostered such rapid growth in the dairy sector are unlikely to recur.

Dairy will still be a mainstay – but it has come down to earth with a bump – and given us a salutary reminder that diverse exporting industries is economic common sense.

The recent decision of State-owned Landcorp to scale back its plans to convert former forestry land near Wairakei in the light of dairy price volatility is a significant indicator.

It is not a negative reflection on the dairy sector to say that New Zealand needs to build up many other heavyweight export sectors as well.

That task is urgent given the very vulnerable state of the balance of payments and New Zealand's overall indebtedness.

Under National dairy was the golden goose – and the path for its expansion had to be cleared even if it did require ditching democracy on the Canterbury regional council.

Now as dairy payout prices touch 13 year lows Bill English is denying his government has any responsibility for the dairy sector crisis.

The blunt fact is that when we look around there are very few economic sectors that offer the potential or opportunity of forestry and wood products.

That is why NZ First supports the vision of the Wood Council to raise the earnings of the New Zealand forest and wood products sector to \$12 billion by 2022.

That is not an unrealistic goal given a combination of forest-based exports as well as the potential for much greater processing and value added wood product. But greater processing and greater added value has got to happen in our country, not in some other country.

In short, reaching the sector's potential is going to take visionary policies, not blind free-market ideology.

Right now, what we see from the government is ad hoc and random ideas and piecemeal initiatives designed purely to create the illusion of purposeful action.

What we do not see is evidence of a coherent and well-formulated strategy for the sector.

That strategy has to cover a range of policy areas that are being neglected by government.

And it is essential that the strategy looks beyond the National Government's short term and doctrinaire thinking, and its ideological straightjacket.

We must also look closely at what other countries are doing to protect and to promote their forestry/wood products industry.

For example, countries such as Canada that apply various mechanisms and stipulations to the export of logs to safeguard the interests of local processors and workers.

In this connection NZ First commends the policy and analysis work that the Wood Council of New Zealand is doing on behalf of the sector.

The WoodCo commissioned report on the non-tariff trade barriers facing NZ forest product exporters released today is a very useful contribution to a better understanding of the context that the sector operates within internationally.

We know China is not playing fair, but why has it taken seven years for you to discover that. Simply, the China free trade deal has done nothing for you.

If it was such a good deal why is the government trying to renegotiate it, and can you really be serious about your own interests when you suggest that there is some help in the form of the Minister of Trade putting out a press statement, as voiced on national radio this morning.

If you are that unconcerned and dispassionate about the industry why do you think others will want to come to your help.

In summation this is a crisis and it needs all of you to act like it one.

This is an outline of some of the policy areas where NZ First sees the need for change - starting with climate change.

Climate Change

As the December Paris COP 21 Conference brought into vivid attention climate change and reducing carbon emissions is the great challenge of our time.

Forestry and wood processing is an industry that can achieve a high degree of sustainability.

You are a "green" industry.

Probably the quickest way to get carbon out of the atmosphere is by growing forests. Imagine if most plastic packaging were replaced by paper packaging!

NZ First's approach to climate change is based on common sense.

That is why we opposed the Emissions Trading Scheme.

That complex, – altogether "too clever by half" scheme has done the forestry/wood industry no favours.

And of course it was shamelessly gamed by the National Government. The ETS is a sham. I was on the select committee when your industry made submissions about the National government's betrayal of your interests. But members on that committee treated your serious concerns as though they were chaff. Some of you should know that.

What NZ First wants to see is a plan for reducing carbon emissions for each of the main economic sectors in the economy

That plan would involve the industry itself, government, as well as the science community – all three working co-operatively to make real progress on reducing emissions.

Regional Development

As an industry spread throughout New Zealand forestry and wood processing has a pivotal role in supporting regional development.

That role should be not sidelined.

In turn, thriving regions would provide the supportive environment and infrastructure for forestry and wood processing investment.

At present there is no effective regional development policy in New Zealand.

From time to time government pops up and announces something that affects your industry.

But ideas are not joined up – it's all band-aid stuff - token gestures in response to a particular itch that the government feels motivated to act on.

It is no wonder that many New Zealanders have concluded that we have a totally Auckland-centric government.

New Zealanders can see Auckland's voracious appetite for public spending is largely a result of successive governments open door immigration policy – and that Auckland's demands under National are being met at the expense of regional New Zealand.

To illustrate just how short sighted and blinkered the government's thinking is look no further than their neglect of the rail network in Northland.

Northland is a prime region for the wood industry – with a great product.

The region is now producing about 4 million cubic metres of timber annually. Of that total around 2.6 million cubic metres was exported as logs through Whangarei in the year to June 2015.

So there is clearly great scope for further development of wood processing and wood manufacturing in the Northland region.

But as you know timber companies in Northland are in a battle for survival struggling to obtain supply. That situation is a national disgrace. This province grows the wood, nurses it to the stage of marketability and then faces unfair competition from both overseas ownership and overseas buyers.

A forward thinking government with its eye on the regions would have acted in New Zealand's interests on forestry issues a long time ago. A forward thinking government with a real regional perspective and commitment to Northland would also be investing in rail to support the sector.

However, what is it actually doing?

Because of a lack of investment in track maintenance and rail wagons has allowed the service north of Whangarei to deteriorate and now it is mothballing the line.

As we know from the so-called “mothballing” of the Napier-Gisborne line, instead of repairing the line for a trifling sum – the term “mothballing” is a euphemism for closure.

In fact, Peter Reidy the Chief Executive of KiwiRail let the cat out of the bag at the Parliamentary Transport and Industrial Relations Committee on 2 February this year when he said

“Well, at this stage, there is no rail north of Whangarei.”

What do you think of that? The Chief Executive of KiwiRail does not know what’s going on in the northern regions of his network.

The Chief Executive of an SOE that you own, who resorts to obtuse obfuscation when asked straight question.

Similarly, the failure to connect Northport by rail to the national network is unadulterated, economic lunacy. The Auckland port has passed its use-by date. Northport is the only obvious alternative and yet central government won’t act.

Foreign Ownership

Any strategic plan for the sector must face the fact that foreign corporates have been allowed to buy up large regional forests throughout New Zealand

This takeover has happened under the most minimal and perfunctory scrutiny.

In fact foreign forest purchases have typically been rubber stamped.

The implications and consequences of this takeover have been largely hidden.

NZ First is not anti foreign investment but we are totally opposed to “phony investment” that brings no new productive investment or employment to New Zealand - but just transfers ownership – and profits – overseas.

That is a corporate raid from abroad.

NZ First has been consistently calling for full transparency and information regarding the extent of foreign ownership in the sector.

Infrastructure

Given its importance to the forestry/wood sector, NZ First wants to see major improvements in the area of transport infrastructure.

To serve the sector it is essential that regional roading be maintained to a good standard.

Yet there are multiple instances where regional roading is being neglected in favour of a handful of new high profile motorway schemes that are of dubious economic benefit.

We are calling for a concerted campaign to seal local roads, improve road quality and double-lane bridges where appropriate and justified.

All these measures will make it easier to get wood from forests to plants and then to move timber products to export ports.

NZ First supports an integrated transport strategy for New Zealand.

We say rail has a critical role to play in the overall transport mix, especially in freighting heavy bulk cargo.

For this reason we are very concerned at the systematic run down and the progressive dismantling of the rail network – by stealth.

There are moves to de-electrify the Main Trunk Line and remove the capacity of the Rail Ferries to handle rail vehicles.

NZ First takes the view that the forestry and wood processing sector is long term – and we need robust transport infrastructure based on a long term view.

New Zealand as a whole is being poorly served by National's ideological antipathy to rail.

But the demise of the rail network will seriously impact the long term competitiveness of the forestry/wood products sector.

Biosecurity

NZ First wants biosecurity taken seriously.

Counting on luck is playing with fire – and could have disastrous consequences for our economy especially our agriculture and forestry sectors.

Biosecurity is not being given sufficient resourcing in the face of the tourism surge and the massive volumes of feedstock and other plant material being imported.

Evidence of slackness and minimal checking is found in the frequent biosecurity breaches that are now occurring

NZ First wants to see a significant strengthening of our biosecurity services.

Research and Development

The final policy area that needs mention is research and development.

This is an area where government has an important role to play in supporting the forestry/wood processing industry to innovate and develop new techniques and opportunities.

Under National there have been cuts in areas of Crown Research Institution funding, valuable expertise has been lost and research spending in the relation to the biological economy has declined.

Currently government spending on R&D is well below 1% of gross domestic product.

New Zealand First wants the government contribution to reach 2% within a decade.

New Zealand First will also seek to reintroduce an R&D tax credit to encourage stronger private investment in high-quality R&D.

This has the objective of lifting private R&D from 0.6% of GDP to around 2%.

Altogether this would mean a near tripling of New Zealand's current total R&D investment.

Such a quantum leap in R and D would be a game changer for New Zealand and allow us as a country to fully exploit our resources – including forestry.

As we have said before NZ First is backing wood – bottom line - we want to see more trees planted and more processing of logs in New Zealand.

To make that happen NZ First is calling for a forestry/wood products strategy that will provide a secure foundation for the sector and will maximise its value for the New Zealand economy.

Taxation reform to support your industry

In the time available today one can't set out in full the taxation policies required to further underpin your industry, suffice to say we'll be announcing policies on research and development, new market discovery and using the unemployment benefit to help you employ thousands more within your industry whilst making that profitable for the company and worker.

If you want change think back what happened to your industry in 1984, who tore it apart. Who promised to fix it? Who didn't keep their promise? Worse still, who is putting your industries profitability at serious risk?

You've had seven years of back tracking but a change is in your grasp.

Conclusion

That strategy must be comprehensive including the issues outlined today and focus on what will promote the long term growth of the sector.

The wood sector should have a bright future, but not with present policies.

Your industry needs a serious change and you have not got a day to waste. If you want change you are going to have start by changing who you politically support, who you vote for.

You have had seven years of backtracking and betrayal, but a change is within your grasp.

I hope the rest of this conference spends some time thinking about this message and coming to a collective resolution that you are going to do something about it.

If you want real change, then you have one chance, and that is to vote New Zealand First. For if you don't, then you won't.

Thank you for your attention.

ENDS

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