

An aerial photograph taken from the window of a plane, looking out over a vast, dense forest of evergreen trees. The forest covers rolling hills and valleys, extending to the horizon. The sky is clear and blue. The white structure of the plane's wing and window frame is visible in the foreground.

Forestry in the Public Eye

NZIF Conference September 2017



**Forest
Enterprises®**
Creating wealth. Naturally.

Forestry in the Public Eye

Structure of this Session

- Theory
- Experience in the industry

The focus of my presentation is -

Kiwis investing in forestry

- ***the ultimate industry endorsement***

What is Forest Enterprises Interface with the Public?

- **Licensed manager of Managed Investment Schemes – Other**
 - Under the Financial Markets Conduct Act 2013
 - Forestry investments
- **This means that we are licensed to ask the public for money to invest in forestry investments**
 - Currently have money from around 6,500 private individuals
 - Nature of our investments is that we ask for money up to 2 times each year for 10 years then 1 time each year for another 15 or so years until harvest
- **Also a small corporate forester**

Forest Enterprises has 2 interfaces with the public

- **As a small corporate forester**
 - responsibility to be a good corporate citizen
- **Asking people to invest in forestry**
 - this is the interesting interface, and what I will be focusing on

Why do people invest in forestry?

- **To make money**
- **Other reasons**
 - Asset allocation
 - Something tangible and real
 - To be part of
 - a successful industry
 - an industry that is good for New Zealand
 - an industry that will still be in business in another 50 years
 - a sustainable industry
 - an environmentally friendly industry

Why do people invest in forestry?

- **To make money**
 - Investing in the hope to make money
 - 25 -30 investment play
 - Not your usual recommended investment

Why do people invest in forestry?

- **Other reasons**

- **Something tangible and real**

- Kiwis like tangible assets – forestry is type of property asset

- Like to get emotionally involved

but

- Like to get emotionally involved in -

- a successful industry
 - an industry that is good for New Zealand
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Why do people invest in forestry?

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- **To be part of**

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People invest in forestry on PERCEPTIONS

People invest in forestry on the PERCEPTION they will make money

Because

Their perception is that the forest industry is -

- a successful industry
- an industry that is good for New Zealand
- an industry that will still be in business in another 50 years
- a sustainable industry
- an environmentally friendly industry

People invest in forestry on PERCEPTIONS

Today's reality

is that the

FACTS

on their own

do not create the

PERCEPTION

PERCEPTION does not necessarily = the FACTS

Forest Industries challenge

Is to ensure that the FACTS are the PERCEPTION!

That the forest industry is perceived as

- a successful industry
- an industry that is good for New Zealand
- an industry that will still be in business in another 50 years
- a sustainable industry
- an environmentally friendly industry

Forest Industries challenge

So how is the industry doing in terms of the public's perception that the forest industry is

- **a successful industry**
 - Third largest export earner – who knows?
 - Ministry of Agriculture & Forestry
 - Isn't it an Associate Minister responsible for the forestry portfolio?
- **an industry that is good for New Zealand**
 - Yes - but tragically a number of New Zealanders suffer serious harm and death
 - Yes - but we destroy roads
 - Yes – but we have those dirty logging trucks in the way on our roads
 - Yes – but our wooden buildings are rotting
- **an industry that will still be in business in another 50 years**
 - Yes – but how many of the current industries were in business 50 years ago?
 - Yes – but why are more steel buildings being built?

Forest Industries challenge

So how is the industry doing in terms of the public's perception that the forest industry is -

- **a sustainable industry**
 - Yes – but we are a monoculture threatened by pests and diseases
 - Yes – but we destroy our forests by cutting them down every 25 to 30 years
 - Yes – but wooden structures do not necessarily have higher international sustainability (green) ratings over concrete and steel buildings
- **an environmentally friendly industry**
 - Yes – but we use sprays that upset FSC
 - Yes – but we put logs in rivers, on beaches, cause erosion, cause sedimentation
 - Yes – but we destroy the landscape when we harvest

So why does this matter for Forest Enterprises?

The public's

perception of Forestry Investment

is tied to their

perception of the Forest Industry

So why does this matter for the Forest Industry?

Because public investment in the forest industry is a barometer of the public's perception of the forest industry

- **It is a gauge of how well the industry is doing**
 - The gauge peaked in the 1990's
 - The gauge is now moving back into positive territory
- **It is a gauge of the industry's social license to operate**
 - So it does matter to the industry, not just to my company

So why does this matter for the Forest Industry?

Recent and on-going experience of the pastoral farming industry

- **There was a time when pastoral farming could do no wrong**
 - Largest export earner
 - Farmers ran the country
 - Were the community leaders
- **So what has changed?**
 - Still the largest export earner

So why does this matter for the Forest Industry?

Recent and on-going experience of the pastoral farming industry

- **The public's perception of pastoral farming has changed**
- **What are they doing about this?**
- **Are there lessons for the forest industry?**

So why does this matter for the Forest Industry?

BUT public investment in the forest industry is not just a barometer of the public's perception of the forest industry

- **It also assists with moulding the public perception of the industry -**
 - My investors become advocates for the forest industry
 - My investors become part of the effort that can never stop to ensure that the perception of the forest industry reflects the positive facts

So why does this matter for the Forest Industry?

***Kiwis investing in forestry
is the ultimate
industry endorsement!***