NZFFA

FOREST OWNERS ASSOCIATION

# Forest growers commodity levy research

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# Background and Objectives

The New Zealand Forest Owners Association (FOA), the New Zealand Farm Forestry Association (FFA), and the Forest Growers Levy Trust (FGLT) have commissioned research to help them understand the awareness and perceptions of a commodity levy, currently paid by commercial forest growers on plantation timber forests.

The FOA and the FFA represent the owners of New Zealand's 1.7 million hectares of commercial plantation forests and the FGLT manages the proceeds of the levy.

In 2019 a referendum will be conducted among forest owners on the collection and amount of the levy.

FOA, FFA and FGLT have established a Steering Group Levy Awareness Project (SGLAP) to assist with developing and measuring the success of a communications plan around the referendum and the levy.

This document outlines the results from two research surveys.

1. An initial survey in September 2018, designed to provide a pre-communications snapshot of awareness and perceptions of the levy.

2. A second survey in November 2018 after SGLAP have undertaken proposed promotional activity to gauge the success of the communications and determine how accurate understanding of the levy is.

# Methodology

# Pre-measure Wave 1

## HOW?

The questionnaire contained six questions, and the survey was carried out online.

The survey was hosted by Colmar Brunton and only people who had received an email invitation were eligible to complete it.

## WHEN?

Fieldwork was conducted from 6th – 16th September.

## WHO?

We emailed a total of 1,500 members from the FFA database to participate in the survey. Each email contained a unique link for them to complete the survey.

A total of **338 interviews** were completed, a completion rate of 23%.

# Methodology

# Post-measure Wave 2

### HOW?

The questionnaire was seven minutes long and the survey was carried out online.

The survey was hosted on the FGLT website as an open link and forest owners were directed to the website to participate.

### WHEN?

Fieldwork was conducted from 15th November to 9th December.

### WHO?

We emailed 1,456 members from the FFA database, and sent 9,075 postcards to members without email addresses. Of these 109 postcards were returned to sender.

Current forest owners, planning to harvest a forest between now and 2024, who have a single stand of trees at least 4ha in a single site that is more than 10 years old, were eligible to complete the survey.

658 people responded to the survey (366 to an email link, and 292 to the open link on the website). 246 people were eligible and completed an interview. 259 were not eligible based on the specified criteria, and 153 didn’t finish the survey.

The email response rate is 25%. The overall completion rate is 2%.


# Key insights

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# Key insights

Awareness of the levy has increased significantly from September to November.

There is also significant increase in the number of forest owners who are confident enough to vote.

Positive perceptions of the levy are associated with increased confidence in being able to vote.

The majority of forest owners are positive about the levy and see the benefits for the industry.

One third of forest owners who are aware of the levy don't have the confidence to vote. Comments suggest this is driven by a lack of knowledge about how the funds are utilised.

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# Awareness and perceptions of the levy

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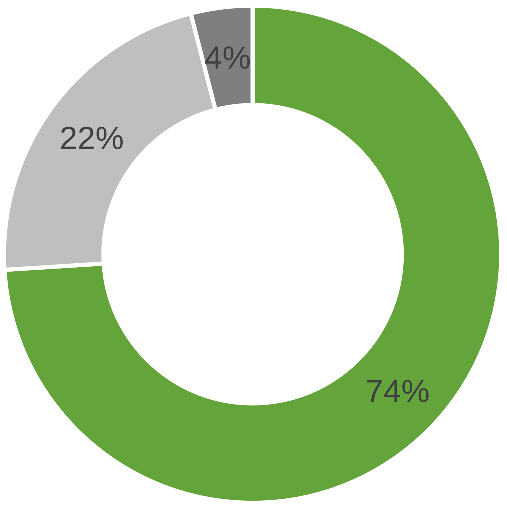
# Awareness of the levy

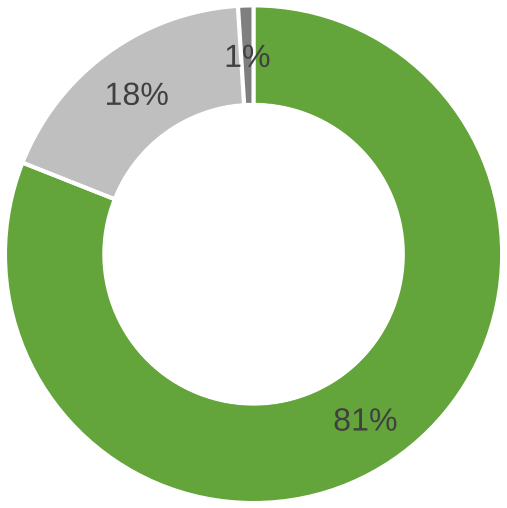
Awareness of the levy has increased significantly from September to November.

Prior to any levy communications, three quarters of forest owners were aware of the levy. In the post research this has increased to four out of five.

## September 2018




## November 2018



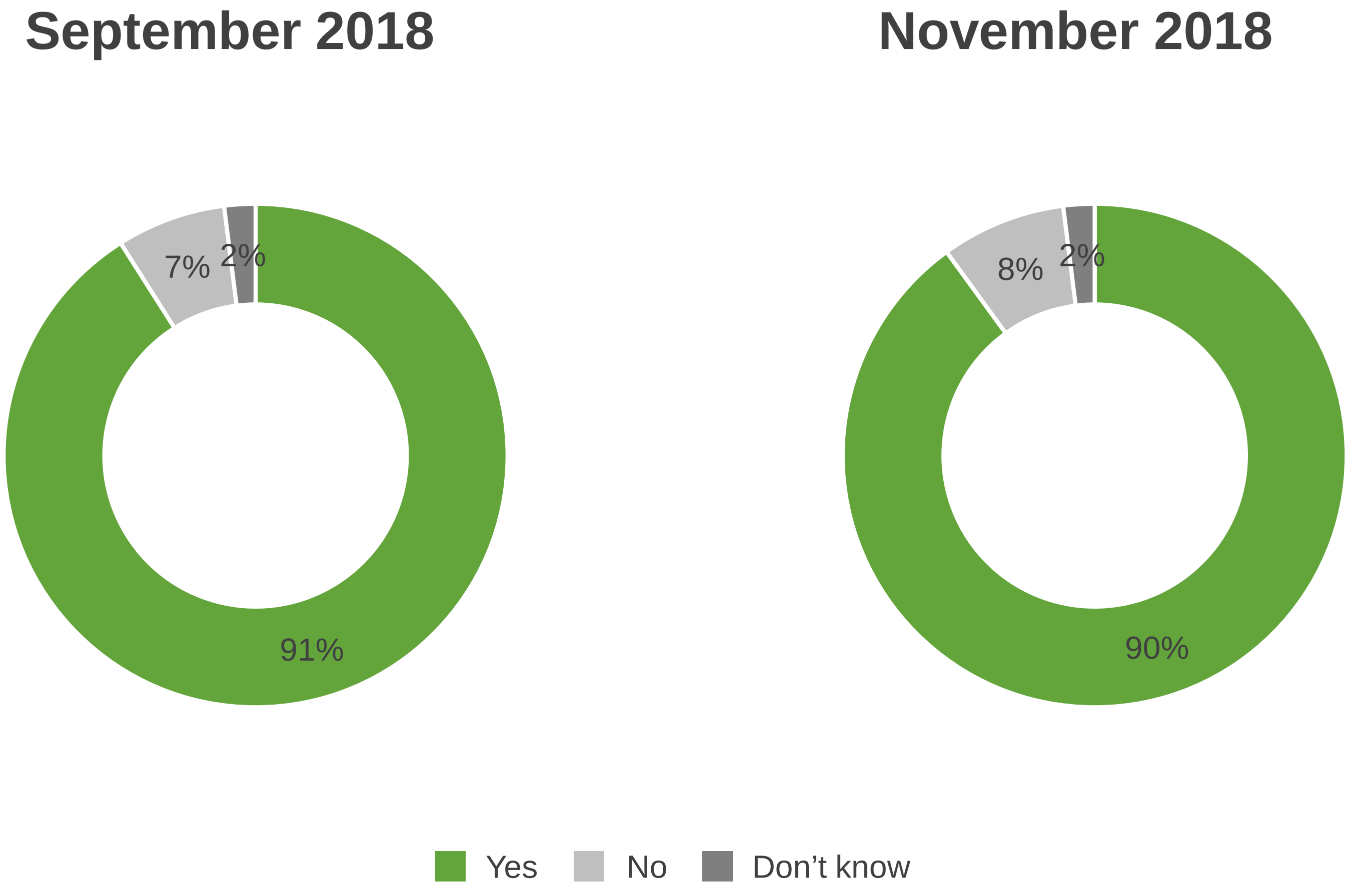

Yes No Don't know

Q2/Q4. When forest owners sell logs commercially they are charged a commodity levy. Before you read this here were you aware of this levy?
Base: All forest owners September 18 n=338; November 18 n=246

# Purpose of the levy

Awareness of the purpose of the levy is high both before and after any levy communications.

Nine out 10 forest owners who are aware of the levy know the purpose of the levy.

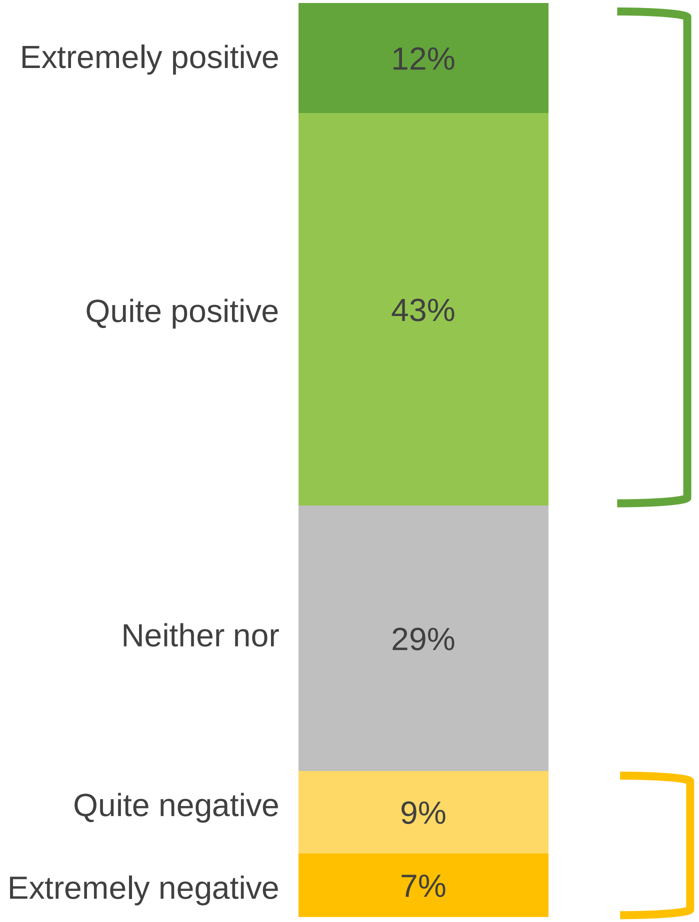



Q3/Q5. The levy is administered by the Forest Growers Levy Trust, and funds a work programme of approximately $9 million a year for the benefit of all plantation forest owners in New Zealand. Before you read this here, were you aware of the purpose of the levy?
Base: Forest owners who are aware of the levy September 18 n=249; November 18 n=199

# Feelings about the levy

Just over half of forest owners feel positive about the levy and the majority of the remainder are neither positive nor negative.

Just over one in six people are negative about the levy, a sentiment which seems to be driven by a lack of understanding of the purpose of the levy.




Q15. Overall, how positive or negative do you feel about the levy?
Base: All forest owners n=246

"Continuation of the levy initiative is essential."

"Happy to contribute to it."

"I should know more about it but originally thought it was a good idea and have faith in the industry to get most of it right."

"I think it has been well managed. Although the Trust has the ability at the moment to increase the levy within the existing cap they look to be fiscally responsible, even to the extent of sharing office space. Lots of good work coming out."

"Yes. It is a fair way to raise money for all the things it does for the forest industry i.e. It takes money from many small growers who were not contributing anything before."

"What is this levy for and who is imposing it? Why is it necessary when our forests were planted no levy or roading contribution was talked about? What has changed apart from now more trees, with all these added costs forestry is starting to be not worth the effort. If we are not careful the costs will be higher than the tree value."

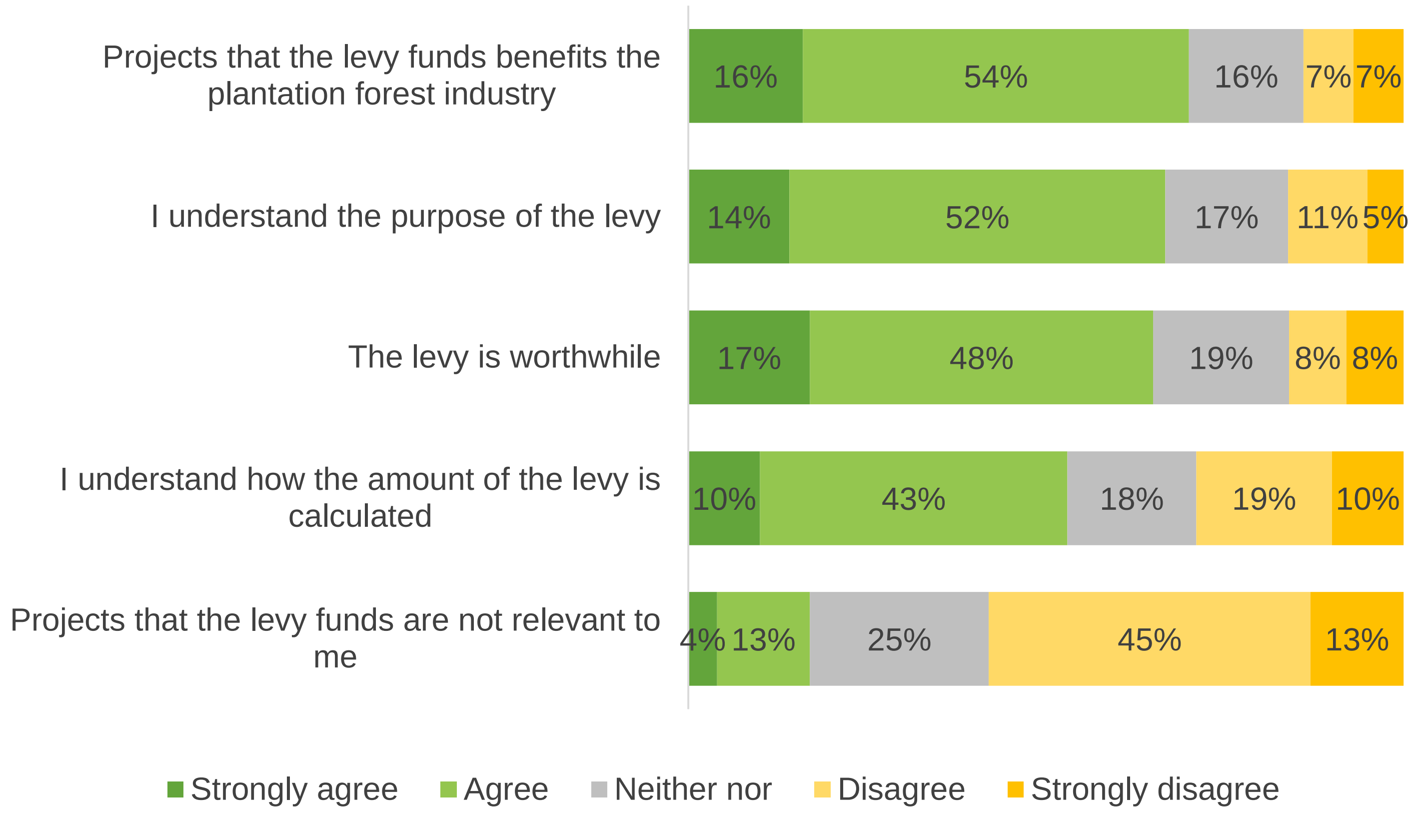
"It is hard to see where exactly the money is going....and if the benefit is really flowing back to the forest owner or getting lost in the supply chain."

# Perceptions of the levy

Forest owners have positive perceptions of the levy, with over half of them agreeing with all positive statements.

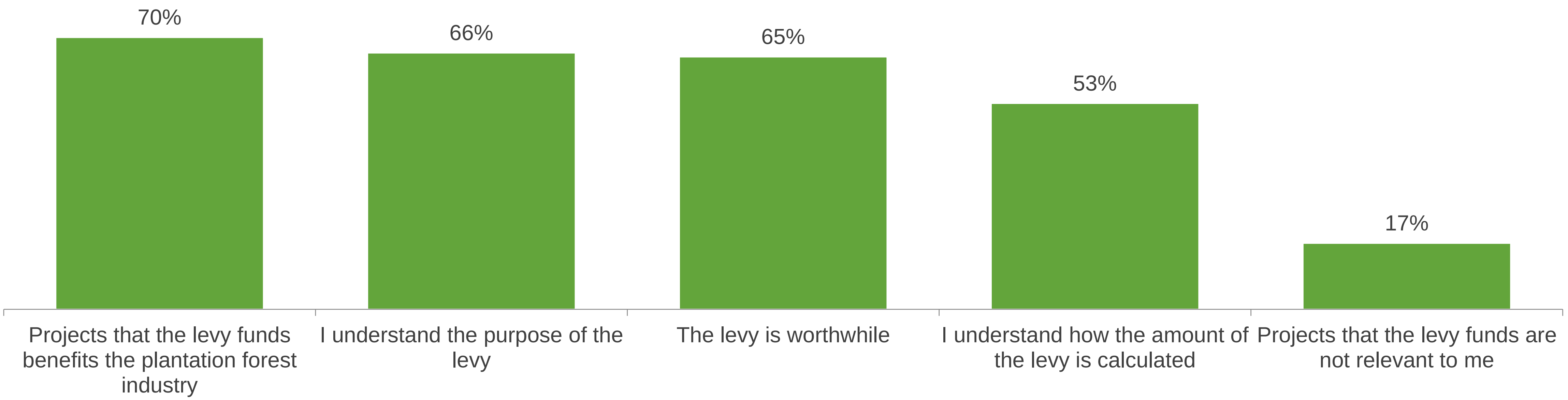
Two thirds of people understand the purpose of the levy, think it is worthwhile, and believe the levy benefits the industry.

Only one in six people think that the levy funds projects that are not relevant to them.




Q14. How much do you agree or disagree with each of these statements about the levy?
Base: All forest owners (excl don't know) n≈246

# Positive perceptions of the levy are associated with greater understanding of the levy, increased perceptions that it is worthwhile, and increased confidence in being able to vote.




| Projects that the levy funds benefits the plantation forest industry | I understand the purpose of the levy | The levy is worthwhile | I understand how the amount of the levy is calculated | Projects that the levy funds are not relevant to me |
|---|---|---|---|---|
| More likely to be positive about the levy (94%), think it is worthwhile (95%), be able to vote with confidence (83%) and understand how it is calculated (83%).<br><br>More likely to be in the Lower North Island (81%). | More likely to be positive about the levy (90%), think it is worthwhile (89%), be able to vote with confidence (88%) and understand how it is calculated (89%).<br><br>More likely to be in the Lower North Island (75%). | More likely to be positive about the levy (93%), be able to vote with confidence (80%) and understand how it is calculated (87%).<br><br>More likely to be in the Lower North Island (73%). | More likely to be positive about the levy (70%), think it is worthwhile (100%), and be able to vote with confidence (68%).<br><br>More likely to be in the Lower North Island (64%). | More likely to feel negatively about the levy (51%), and think that it is not worthwhile (45%). |

Q14. How much do you agree or disagree with each of these statements about the levy?
Base: All forest owners (excl don't know) n≈246

## Most forest owners are positive about the levy and see the benefit for the industry…

"Very good. The industry needs it to continue."

"The funds appear to be used wisely."

"It's a great opportunity to develop the industry, but it is another cost which has to be covered by the growers."

"It's been good to see how quickly the first life of the levy widely used and practical outcomes achieved."

"Best thing that happened to FFAssoc."

"I agree with what it is aiming to achieve. But I have no idea if it is achieving what it should."

"We need to move to a place of sustainability, anything to help that is positive."

"I will be voting to retain it, but I don't think it should be increased."

"To lose the levy would be a major retrograde step for the forest industry."

## …and many have suggestions for how the levy could be used in the future

"I think a portion of the levy should be targeted at solving the labour shortage. The forest industry should have some research funding set aside to understand why there is a shortage of young men choosing to work in the forest and how the industry can adjust to better motivate and utilise the next generation of workers. This next generation is entirely different to the previous few but is still highly capable of working in a hard physical environment. Other industry's are still capable of filling hard physical roles which leads me to believe it is the industry's attitudes and management styles that need to be modified to work with the next generation."

"It should support forestry and HWP to reduce carbon emissions."

"It should be expanded to better cover the following areas in close cooperation with the NZFFA: 1.Better independent coverage of markets including regular updates of trends in main export and local markets; 2. Generic information and an index on profitability of forest growing similar to the profitability of other rural sectors; 3. Act as a source of independent information and research on the ETS, particularly post '89 forests options as they are harvested."

"I don't know how it is used presently but I want it to especially support growers in the fight to stop government rules having negative financial impacts esp. ETS or future carbon tax."

# Confidence to vote

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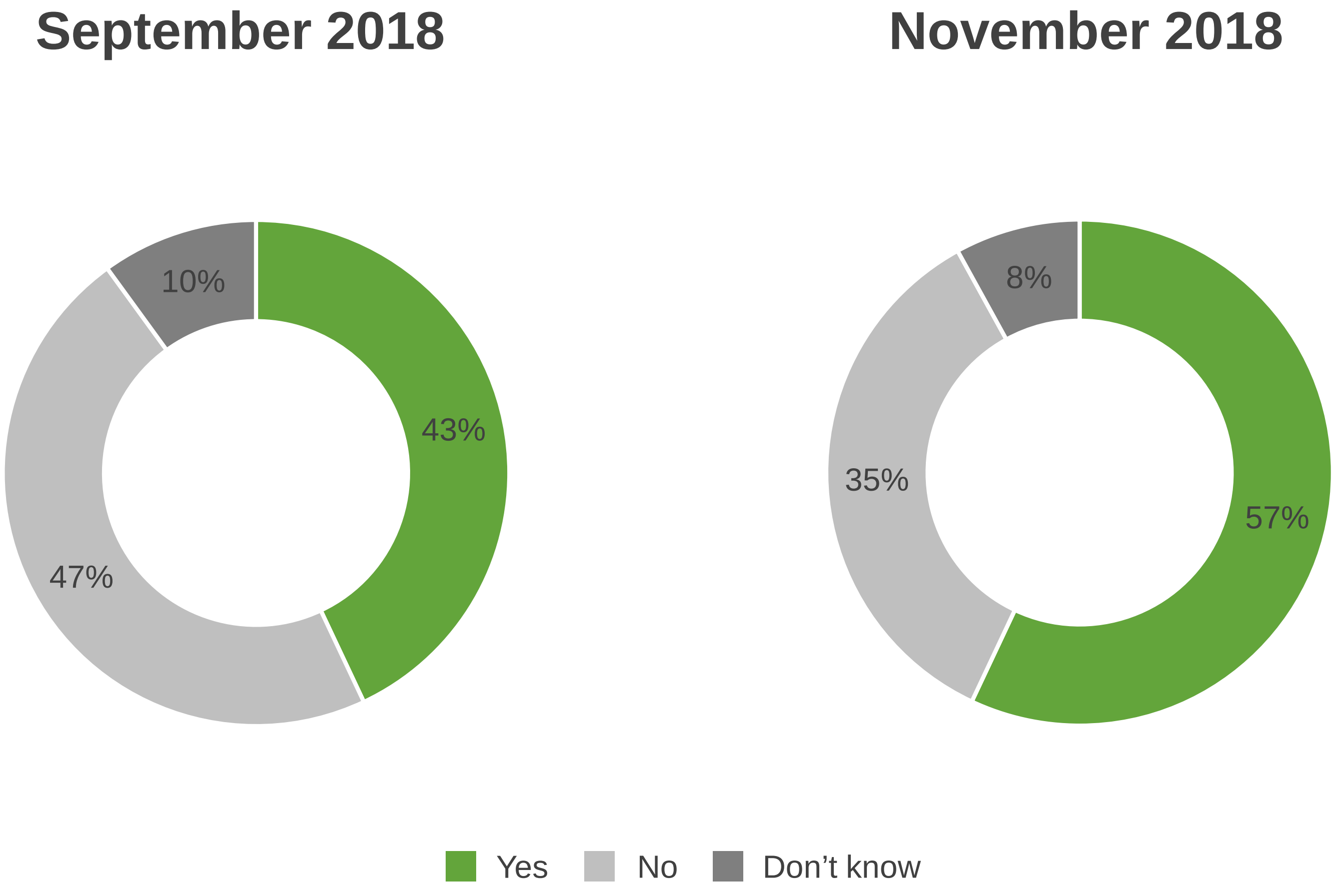
## Confidence to vote

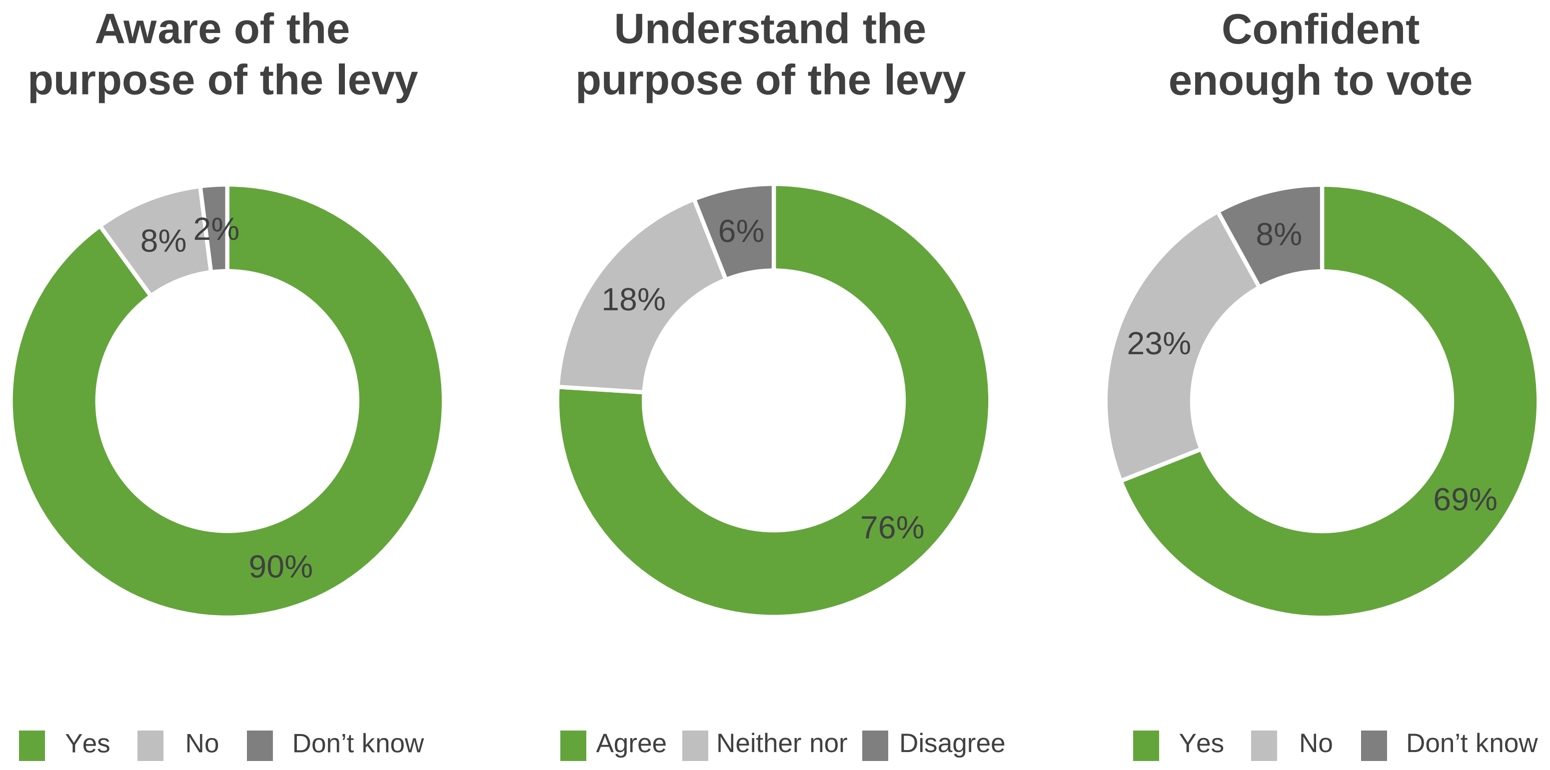
There is a significant increase in the number of forest owners who say they are confident enough to vote in the referendum from September to November.




Q4/Q7. In March and April 2019 forest owners will have the opportunity to vote on the levy. Do you think you currently have enough understanding of the levy in order to be able to vote with confidence?
Base: All forest owners September 18 n=338; November 18 n=246

# Among forest owners who are already aware of the levy…

…there is a group who are aware of, and understand the purpose of it, but still don't have the confidence to vote.




Base: Forest owners who are aware of the levy November 18 n=199

# Some forest owners would like more information about what the levy is spent on, and better accountability from organisations who benefit from levy funding. This may explain the group who understand the purpose of the levy but don't have the confidence to vote.

### Forest owners would like more information about how and where the levy funds are spent

"Nine million is a lot of money I have seen nothing that has benefitted me from it as a forest owner and a export logging contractor. Over the last 10 years of logging there has not been a single block replanted we are working in a sunset industry landowners do not make investment decisions of this nature when the public and the GOVT clearly don't want forestry now, what will it be like in another 30 yrs."

"How does it add value to my business?"

"It is hard to see where exactly the money is going....and if the benefit is really flowing back to the forest owner or getting lost in the supply chain."

"I have had the forest for 25 years with no income from it but a lot of hard work. The levy seems to me to be just another tax."

### There is some concern about the lack of accountability for people or organisations who receive levy funds…

"What I would like to see for the funded projects are post implementation reviews.  A lot of money has been invested in research, yet there seems to be no data on the actual benefits derived from the completed projects. In most cases, I would expect a quantifiable financial benefit, which should related to the initially produced business case."

"As an  example a chunk of levy money was allocated to MAGS for a forest awareness programme.  We were told that  MAGS has a catchment of  20,000 (??) students. Do the maths! I would have expected that a interim/final report from MAGS i.e. accountability was available. Someone didn't do their homework when $$ were approved. Let's see the results and soon."

"Ensure the fund is used for the benefit of farm forestry and not for unnecessary, irrelevant ,obscure purposes dreamed up by people who have never set foot out in the real world of forestry, who may well think "here is a pot of money I can use" as a meal ticket."

### …and concerns that the levy funds are being focused too much on irrelevant research

"Ensure the money is spent on meaningful projects, is managed by focused competent people and keep fat salary infrastructure to a minimum. We are happy to pay provided we can see real benefits."

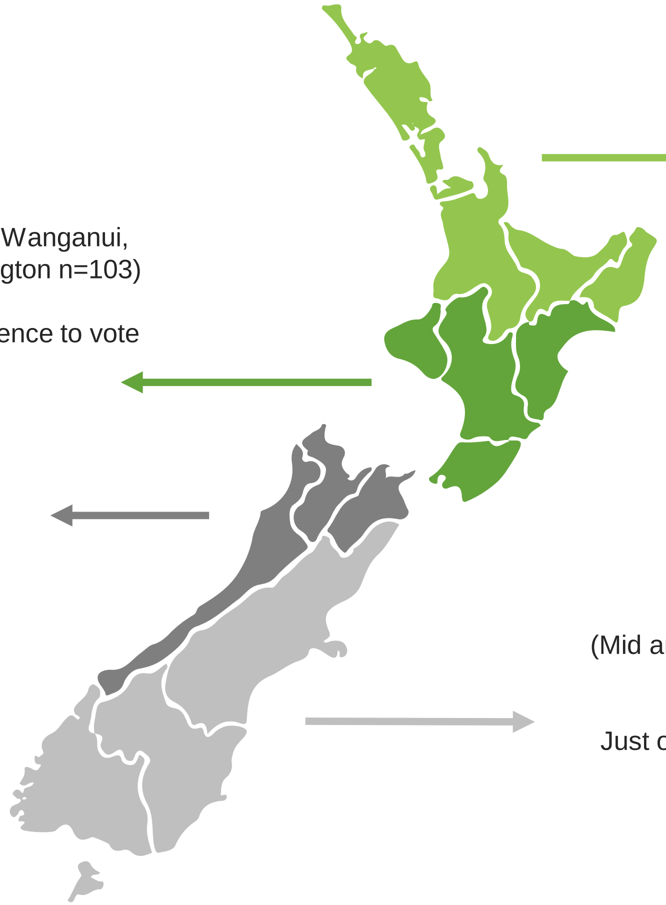
"So long as the funds raised are applied well and not sucked up into 'yet another' bureaucratic waste land . We need leaders in the industry to have a say in where they think we get most value for our $$ levied."

"Too often these levies become captured by research parties with little evident tangible benefit to growers arising from this. We have also done enough on pine genetics - its time we upped to game for our native trees and put the same sort of effort into genetic selection and enhancement to improve the productivity of these forests. Enough on pinus radiata thanks - done enough."

"Don't fritter the funds away doing research that is only going to keep researchers in jobs."

# Regional communications

North Island forest owners are more likely to have enough understanding of the levy in order to be able to vote with confidence.



<u>Upper North Island</u>
(Northland, Auckland, Waikato, Bay of Plenty and Gisborne n=111)

62% of Upper North Island forest owners say they are confident enough to vote

<u>Lower North Island</u>
(Hawkes Bay, Taranaki, Manawatu-Wanganui, Horowhenua, Wairarapa and Wellington n=103)

The region that has the most confidence to vote – 66%

<u>Upper South Island</u>
(Tasman, Nelson, Marlborough, West Coast and North Canterbury n=38)

The region that has the least confidence to vote – 53%

<u>Lower South Island</u>
(Mid and South Canterbury, Otago and Southland n=34)

Just over half of South Island forest owners have confidence to vote – 56%


# Communications channels

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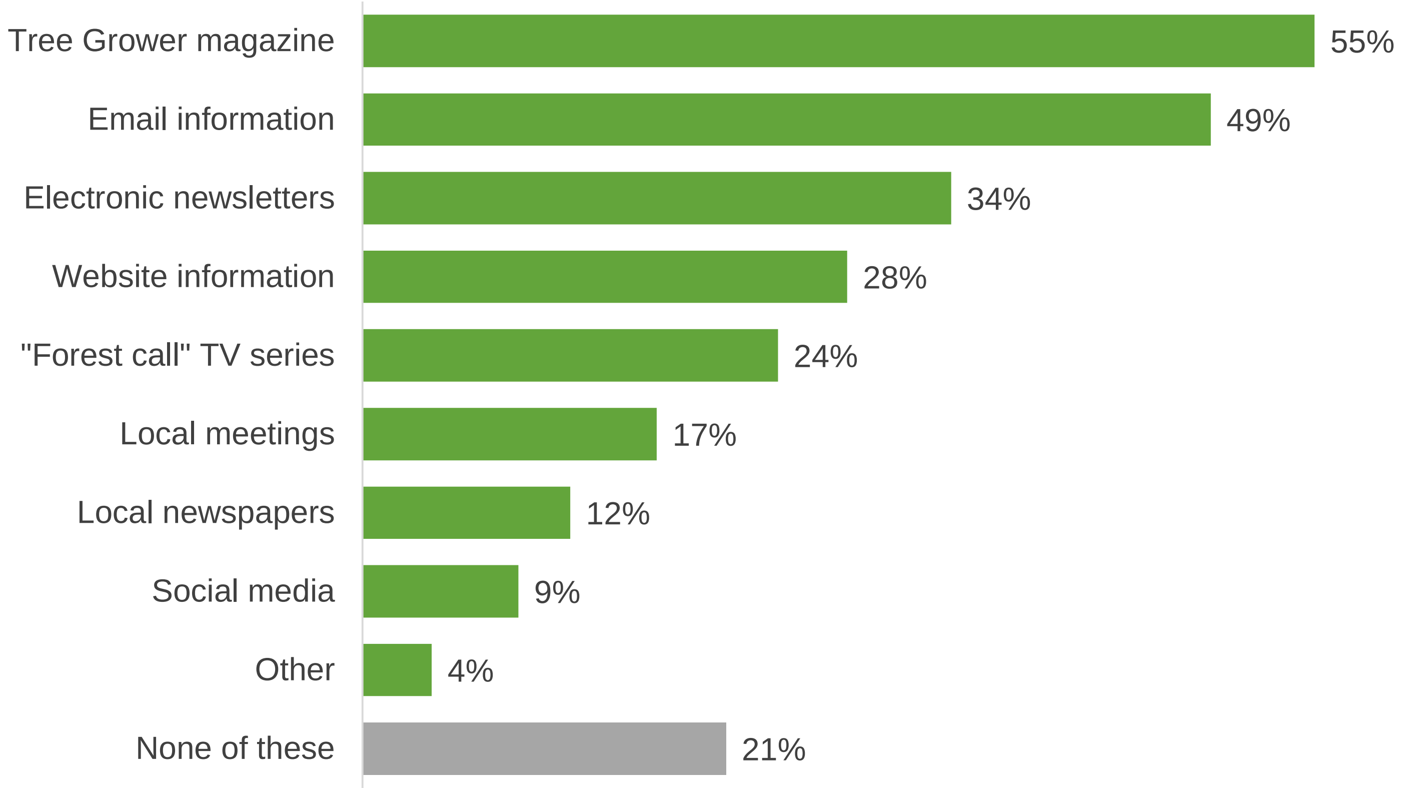
# Communication channels

Tree Grower magazine is the most read channel for levy communications, with over half of forest owners seeing something in the magazine.

One out of five growers had not seen information about the levy on any of these channels.




Q16. Below are some of the channels used to communicate information about the levy and the upcoming vote. Have you seen communications via any of these channels in the previous three months?
Base: All forest owners n=246

# Communication channels

Most information has been received via the channel it was predicted to be the most effective, apart from email communication which is has been a less used source of information than anticipated.

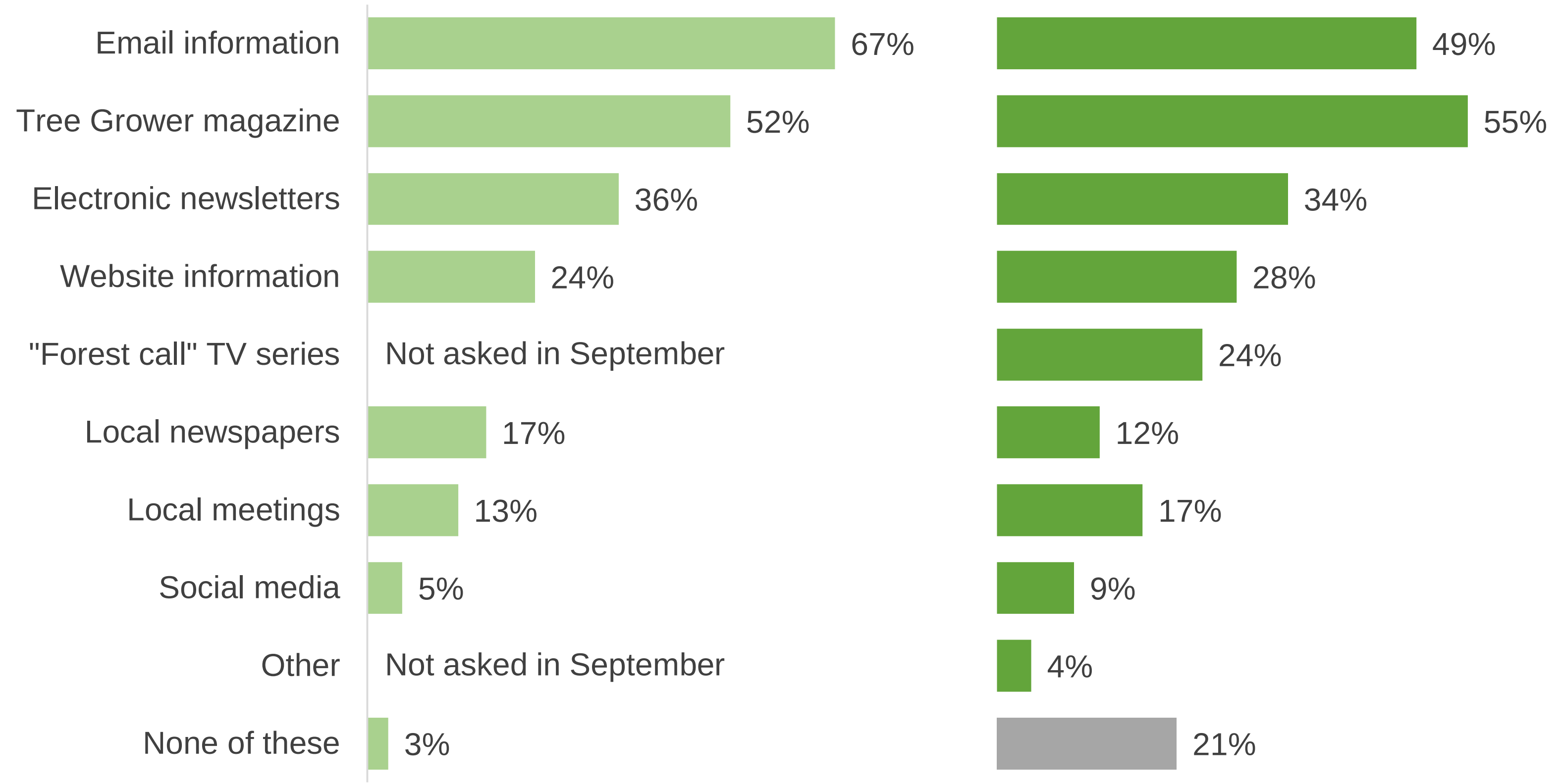
It is not clear if this is due to information not being received by email, or the information has been received but not been read.

## Anticipated effective channels

September 2018

## Actual effective channels

November 2018

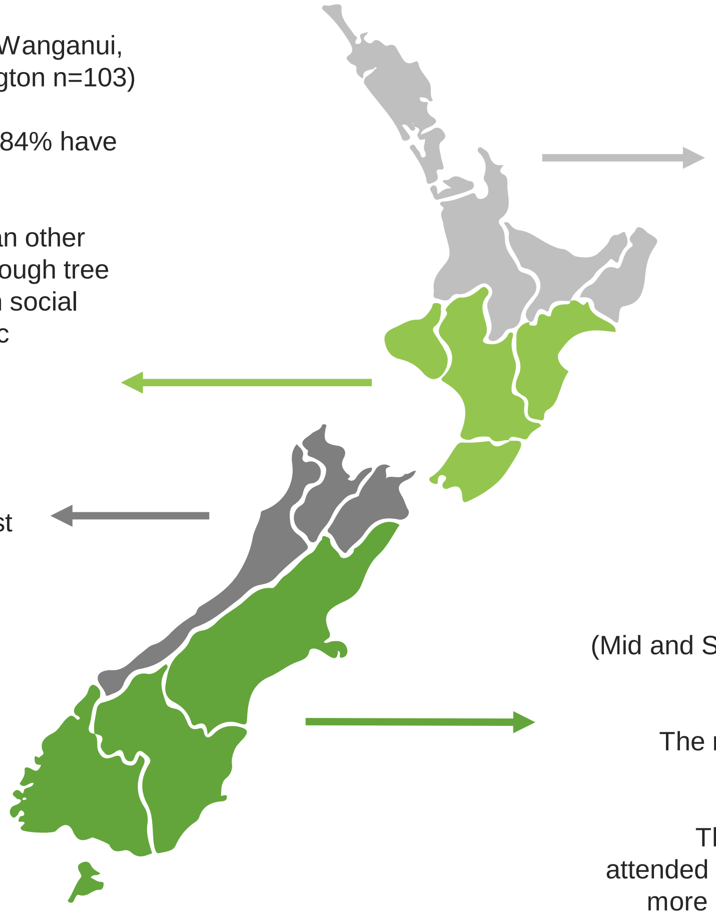



Q5/Q16. Below are some of the channels [we will use / used] to communicate information about the levy and the upcoming vote. [Which of the below will be the most effective methods to communicate with you? / Have you seen communications via any of these channels in the previous three months?]
Base: Forest owners who don’t have enough understanding of the levy to vote with confidence September 18 n=192; All forest owners November 18 n=246

# Regional communications

Social media has been the most effective channel in the North Island.

The Lower South Island is the most informed region, while the Upper South Island is the least informed.



Lower North Island
(Hawkes Bay, Taranaki, Manawatu-Wanganui, Horowhenua, Wairarapa and Wellington n=103)

The second most informed region – 84% have seen information about the levy.

They are significantly more likely than other regions to have seen information through tree grower magazine, via email, through social media, via the website and electronic newsletters.

Upper North Island
(Northland, Auckland, Waikato, Bay of Plenty and Gisborne n=111)

In combination with the Lower North Island this region is more likely to have seen information through social media than the South Island.

Upper South Island
(Tasman, Nelson, Marlborough, West Coast and North Canterbury n=38)

The least informed region – 29% have not seen information about the levy from any of these sources.

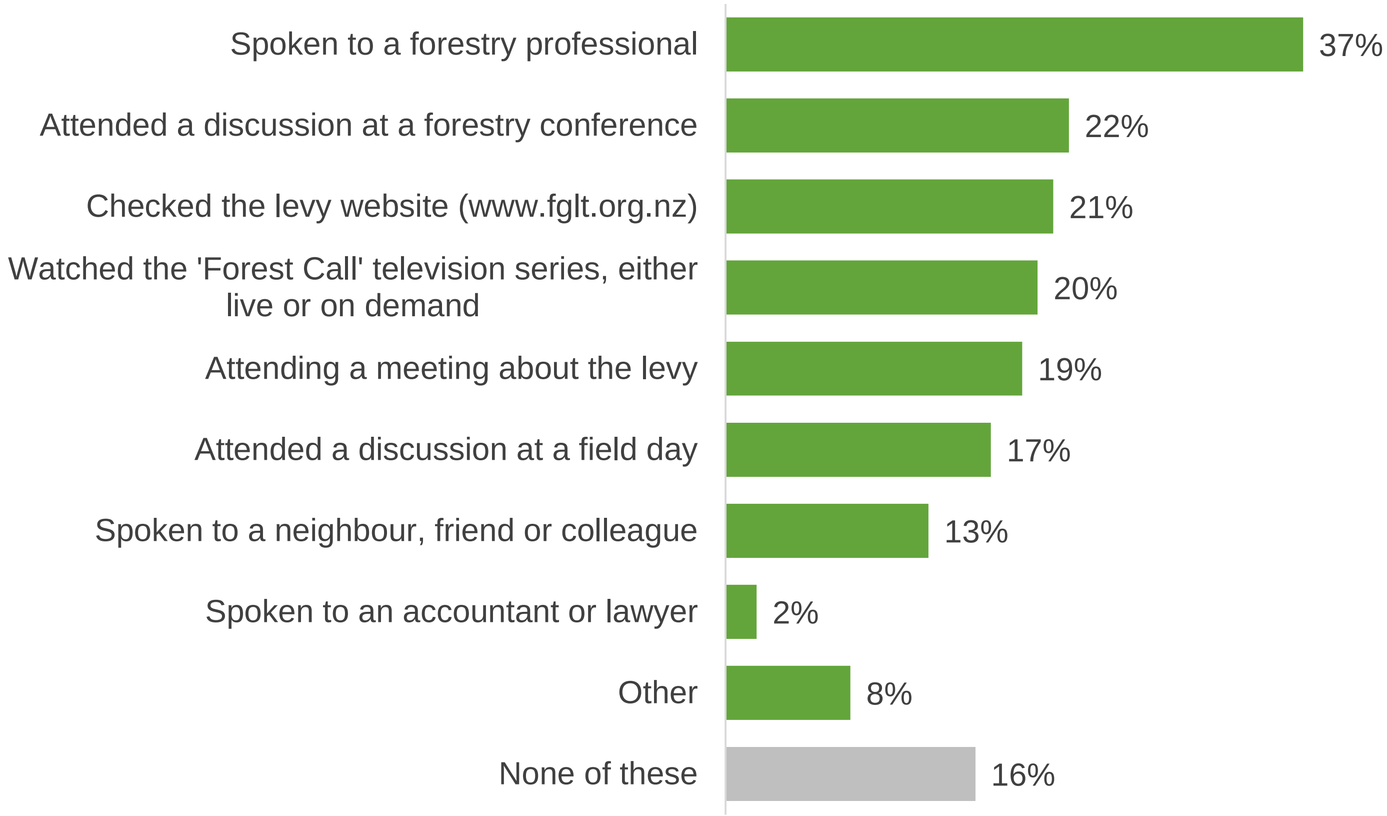
Lower South Island
(Mid and South Canterbury, Otago and Southland n=34)

The most informed region – 88% have seen information about the levy.

They are significantly more likely to have attended a local meeting than other regions, and more likely to have used all other information sources.

# Information about the levy

Forest owners who have attended a meeting, a discussion at a field day, or a forestry conference have the most positive perceptions of the levy. They are more likely to think the levy is worthwhile, understand how the levy is calculated and be able to vote with confidence.




Q6. Which of the following have you done to find out information about the levy?
Base: Forest owners who are aware of the levy n=199

# The amount of the levy

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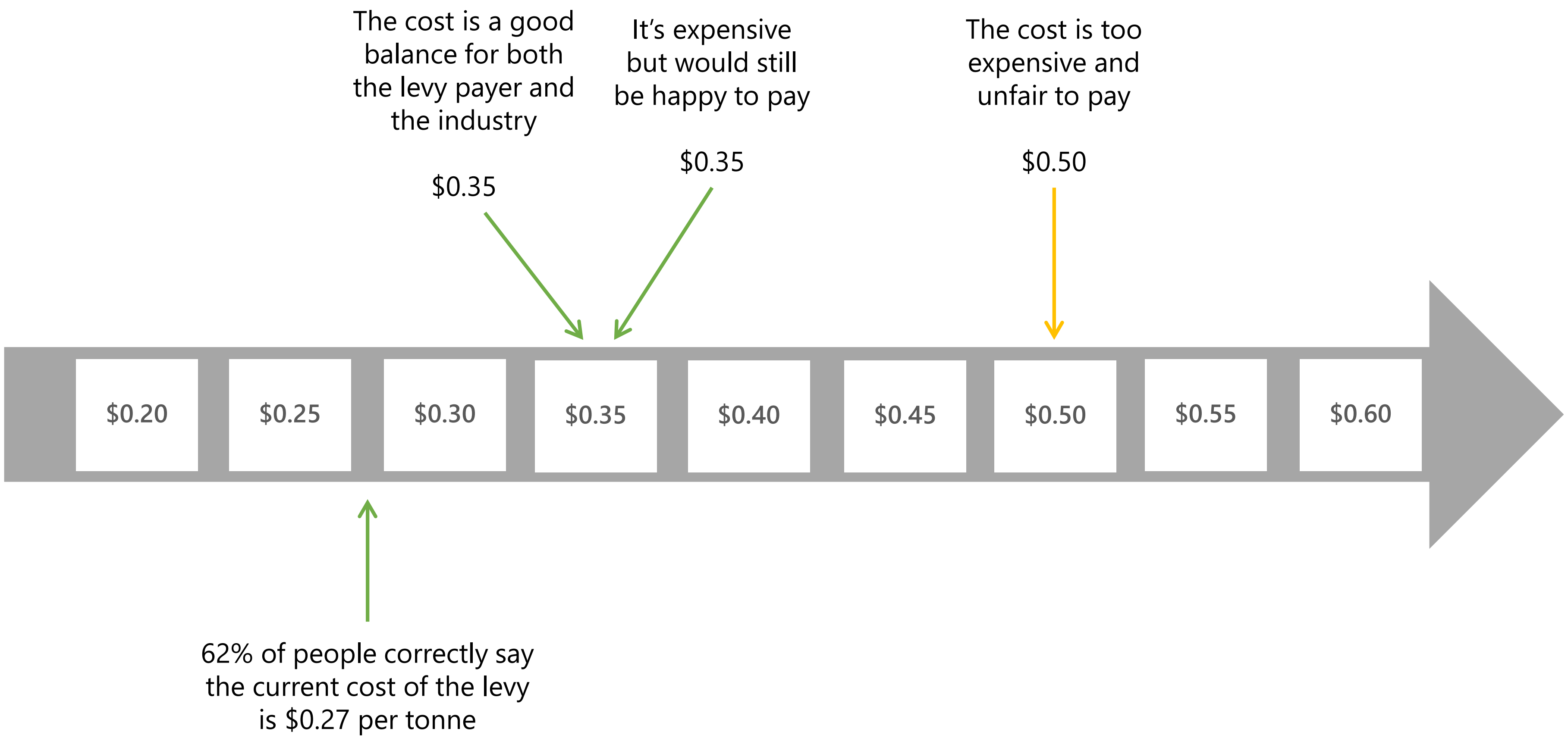
# The majority of forest owners would accept an annual levy cost of $0.35 per tonne




Q8. How much do you think is the current cost of the levy in cents per tonne? Q9. Still thinking about the cost of the levy, what price (per tonne) would you consider to be so expensive that you think it would be unfair to pay? Q10. What price (per tonne) would you consider the levy to be expensive but you would be happy to pay? Q11. What price (per tonne) would you consider the levy amount to be a good balance for both the individual levy payer and the needs of the growing forest industry?
Base: All forest owners (excl don't know and outliers) Q8 n=151; Q9 n=149; Q10 n=156; Q11 n=138


# Using levy funds

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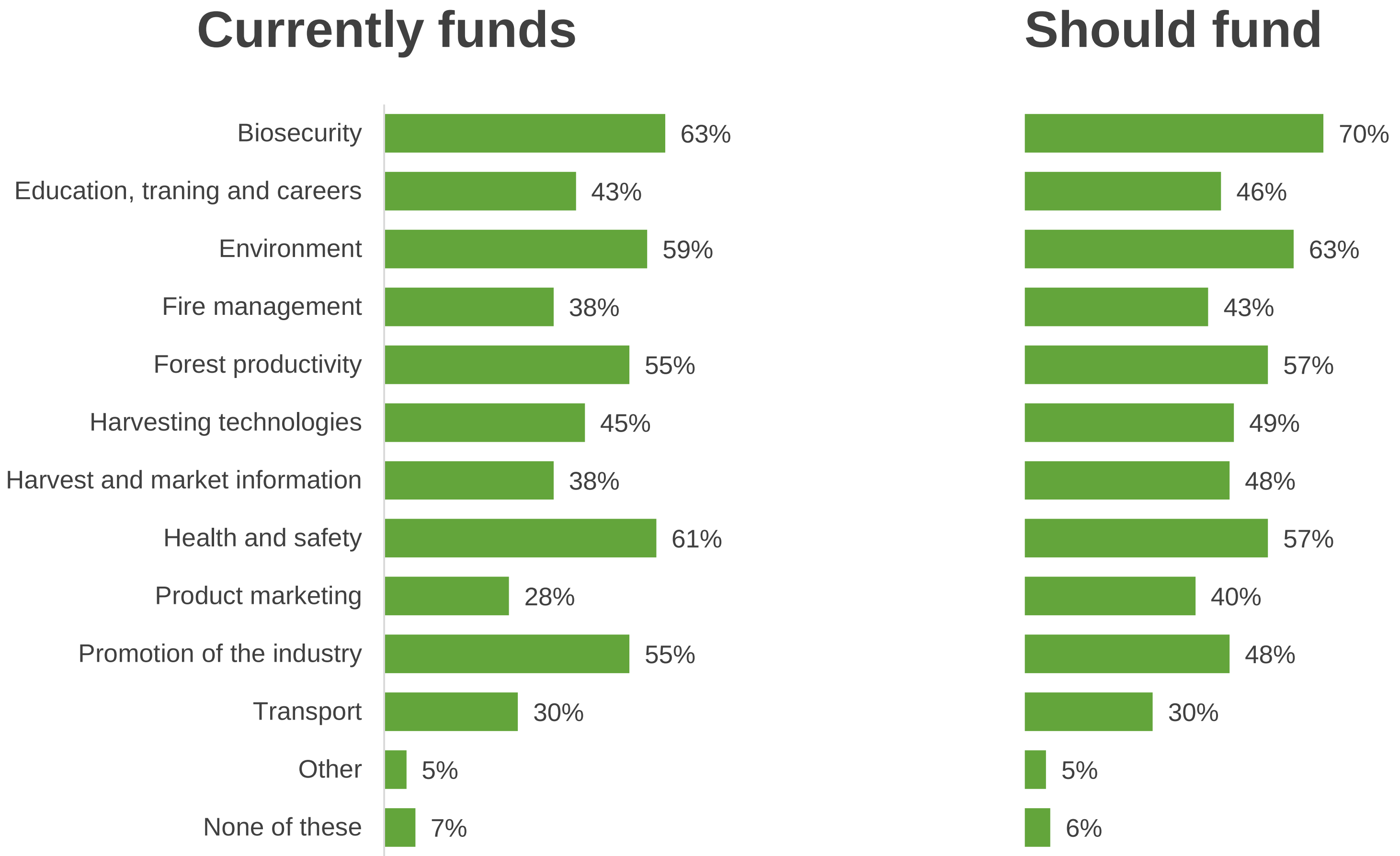
# Using the levy

Perceptions of what the levy currently funds, and what the levy should fund are similar, indicating the levy is administered in a way that reflects the wishes of forest owners. Comments from forest owners support this conclusion.

Biosecurity, environment, forest productivity, health and safety, and promotion of the industry are the top five activities.




Q12. Which if the below activities do you think the levy currently funds? Q13. And which of the below activities do you think the levy should fund?
Base: All forest owners n=246

# Demographic details

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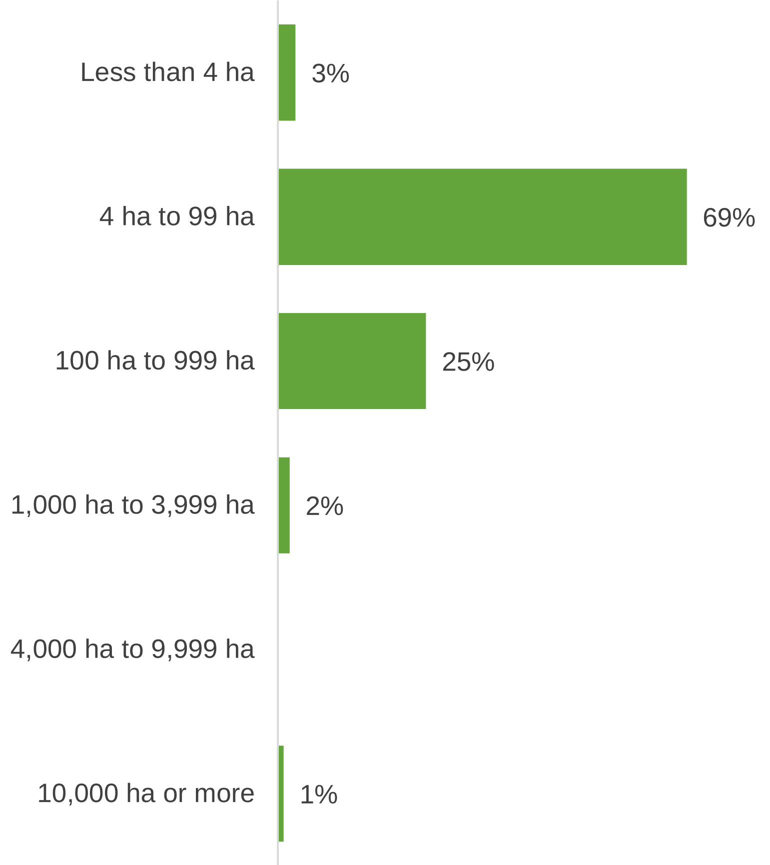
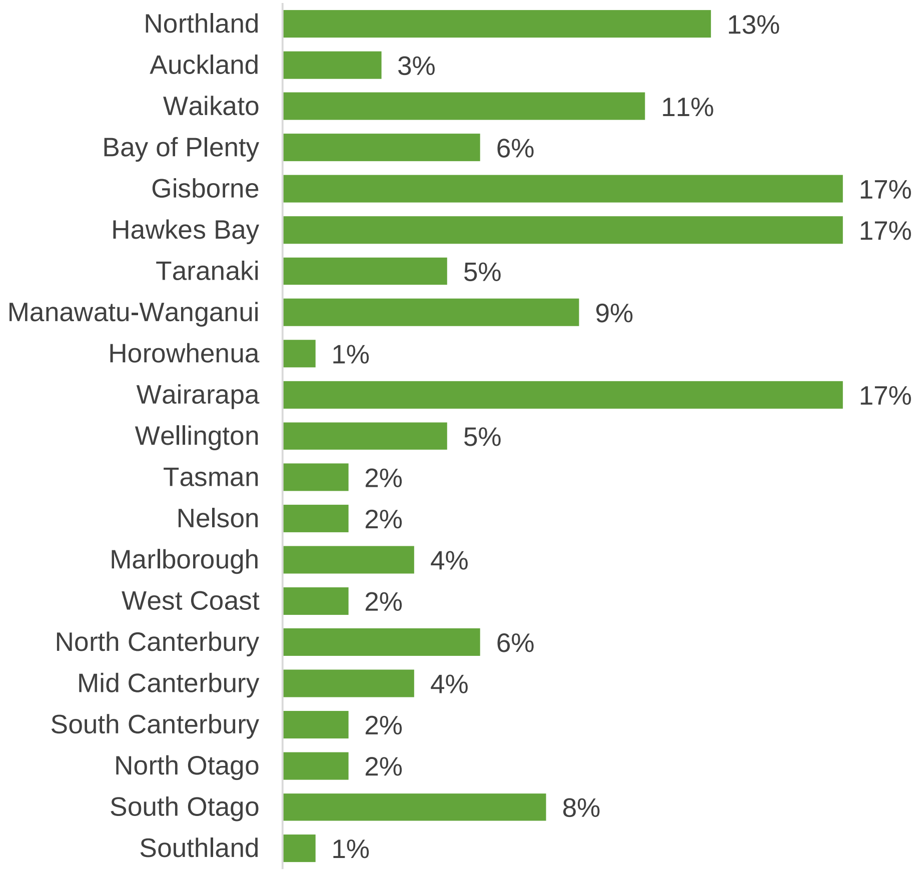
# Forest Ownership




Q1. Are you currently a forest owner in New Zealand? By this we mean that you own a plantation forest that you intend to log commercially? If you have more than one first please answer according to the combined size of all your forests.
Base: All forest owners n=246

# Region




Q17. Which province/s is your forest or forests in?
Base: All forest owners n=246

## FOR FURTHER INFORMATION PLEASE CONTACT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