

Silviculture in 2018

REPORT

RESEARCH AND EVALUATION

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**FOREST INDUSTRY
CONTRACTORS
ASSOCIATION**

supported by
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This research has been undertaken under the management of Forest Industry Contractors Association (FICA) and through funding by NZ Forest Owners Association.

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EVALUATION OF THE CURRENT LANDSCAPE RELATED TO THE NEW ZEALAND SILVICULTURE INDUSTRY

Under the management of Forest Industry Contractors Association (FICA), and through funding by NZ Forest Owners Association (NZFOA), an industry committee, named the Silviculture Action Group (SAG), has been established to address concerns within the silviculture industry. SAG is currently developing a programme of its future work. To inform the next phase of the programme, SAG requested a scoping evaluation to provide contextual understanding of issues within the industry.

The primary focus of this evaluation was to gain an understanding of the internal dynamics of the industry and to identify strengths, weaknesses and potential areas for improvement. The evaluation involved interviews and an electronic survey with over 100 participants in silviculture across Aotearoa, New Zealand. Agencies such as MBIE, WorkSafe and First Union and industry training providers also participated. Participant stakeholders included workers, contractors and owners/principals across the industry, including those working in silviculture, corporate forestry and small-scale forestry.

Ten key themes have been identified (outlined in *Figure 1*). Data was analysed

thematically - coded using in-depth exploration and systematically linking key themes, document review and relevant literature to the evaluative questions. Key themes are recognised as interrelated and contextually impact on each other¹.

¹There is no importance related to the order or colour of themes.

Figure 1. Key Themes



At a systematic level, the industry needs to develop a clear identity/brand which needs to be marketed to influence the perception of the industry by agencies, potential workers and the public. At the business level, commercial reasoning for principals and contractors to invest in industry sustainability needs to be developed and professionalism within the industry rewarded. To address the issues that currently undermine success in the industry, partnership and collaboration between industry, its associations and agency is important. Moving forward equity in recognition and wealth distribution through the supply chain needs to be visible. Overall, a systematic change for the benefit of industry is required, with commitment from all key stakeholders, to ensure that the capacity and capability of the industry is not limited.

Figure 2. Key Stakeholders



In each thematic section key recommendations have been formulated to provide for future development,

planning and research gaps. Outlined below are the key recommendations each cross-referenced to the associated theme for contextual positioning and reasoning.

Key Recommendations

Political-government level

- ➔ Develop a commercial reason (needs analysis) for principals and contractors to move from compliance to investing in sustainability (2.1.1).
- ➔ Explore the opportunity to collaborate procurement to provide the industry with sustainable scale of work programmes (2.2.1).
- ➔ Identify agencies that have invested interest in the sector. Lobby to partner with them to develop a comprehensive strategy that supports the industry (2.3.1).
- ➔ Gain clarity on how Tertiary Education Commission (TEC) funding can benefit the industry, understanding that this must go together with making the sector more attractive. Moreover, specifically investigate the opportunity of the Gateway programme and support available to enable the achievement of Māori (2.7.1).
- ➔ Support programmes need to focus not only on employment but also rehabilitation and habilitation² through employment (2.7.3).

²The term **habilitation** meaning "to make suitable, to fit", from Classical Latin *habilis* "fit, proper, skilful".

- Establish a professional career pathway for workers. It is important that this is co-designed with industry (2.9.2).

Industry level

- Create an industry brand and marketing strategy (2.5.1).
- Develop a comprehensive strategy to deal with commercial issues undermining productivity, health and safety (2.1.2).
- Review approaches used by competing industries (e.g. construction and manufacturing) to recruit and develop career pathways for workers within the domestic market (2.7.2).
Develop safe work resources and guidelines specific to the industry (2.5.2).

Association level

- For the industry to have collective impact, they need to engage with their industry associations (2.4.1).
- Stagnated wages need to be addressed to attract workers and agency collaboration (2.8.1).

Principal level

- Principals need to recognise the actual costs of running a sustainable business and developing commercial incentives to attract and maintain professional contractors in the industry (2.8.3).

Contractor level

- Contractors need to be able to present actual (and current) costs of compliance and business sustainability to successfully negotiate these into the contract (2.6.1).
- Identify complimenting work tasks outside of the industry that will add value to business sustainability and worker skill sets (2.6.2).

Worker level

- Workers need the security of employment and a wage. Having an additional output bonus system is attractive for worker (2.8.2).
- Entry into the industry needs to be graded on task skill sets so that fitness and competency can be gained over a sustained period without affecting the internal dynamics or earning capacity of the crew (2.9.1).
- Gain an understanding of the exposure and consequence that pressure can have on workers and identify guidelines that support the supply chain to mitigate the associated risk (2.10.1).

1.0 Data Collection

This evaluation considered conditions specific to the silviculture industry and no other areas of plantation forest-management (e.g. harvesting). A range of data gathering techniques were utilised to provide information that were salient to participant stakeholder groups, time frames and budget. As stakeholder groups in the project vary in size, the collection of information varied to ensure methods used were viable. The methods used for gathering information are presented in *Table 1*.

Documentation and reports identified by SAG and stakeholders as relevant to the evaluation were requested and reviewed which formed background information in relation to understanding

the internal and external pressures and opportunities in the industry. It was expected that identified agencies would provide empirical literature and/or information sheets regarding developing or established support systems available in the industry. However, agencies provided limited information, reducing the scope of reviewed literature and information.

Any assumptions made in this evaluation are based on data collected and knowledge gained regarding the industry's internal and external dynamics. The ability to further validate these assumptions was limited by the scope and time frame of the project. The terminology used has focused on language common to the industry rather than legal terminology.

Table 1:
Data Collection

Stakeholders	Methods	Numbers
Workers ³	Document Analysis (Documents and reports were reviewed as relevant to the evaluation)	One-on-one interview 20
Silviculture contractors ⁴ (Contractor)		Electronic survey 31
Forest management and forestry land owners (Principal)		Electronic survey 49
Training providers ⁵		Electronic survey 2
NZ Union for Forestry Workers (Union)		Electronic survey 1
Ministry of Primary Industry (MPI) ⁶		Electronic survey and phone interview 0
Ministry of Business Innovation and Employment (MBIE)		Electronic survey 1
Ministry of Social Development (MSD)		Electronic survey 2
Horticulture Industry Group ⁷		Phone interview 1
WorkSafe NZ ⁸		Electronic survey 1
Scion		Electronic survey 1

³Sample group were from Kaikohe, Whangarei, Rotorua and Nelson.

⁴National representing approximately 29,010 hectares of trees planted per annum.

⁵Training providers: Competenz, Toi Ohomai Institute of Technology and Northtec were invited to participate in the survey.

⁶MPI did not respond with input for the evaluation. The evaluation instead relied on the factsheets provided at the 1 Billion Trees hui held in May. Note that Crown Forestry did have input into the evaluation in the context of being a principal.

⁷Learnings from a different industry facing similar issues.

⁸WorkSafe NZ provided a single collective response following consultation with the forestry inspectorate.

2.0 Findings

Using SWOT analysis of the evaluation data combined with a review of relevant literature and documentation, the following themes were identified. Key themes are recognised as interrelated and contextually impacting on each other.



2.1 Key Theme: Principal – Contractor Relationship

The silviculture industry operates within both industrial and small-scale forests. Services are generally acquired through a contractor by the principal who is the land owner or a forest management company working on behalf of the owner

or investor. The principal plans the forestry plantation activities and holds the relationship with the log buyer and/or exporter.

There are established certification schemes within the forestry industry, which are independently audited, that evaluate forest management practices.

These include (but are not limited to), the Forest Stewardship Council National Standard for Certification of Plantation Forest Management in NZ (FSC certification) and the NZ Forest Industry Safety Council (FISC) contractor certification. Both audits have provisions for worker conditions of employment within the certification audit criteria. However principals involved in the evaluation reported little monitoring of employment conditions, particularly compared with other areas such as health and safety and productivity.

In support of this finding, MBIE (2017) suggest that there are systemic issues in the supply chain regarding worker rights and employment conditions not being met. Three key areas that cause concern for the MBIE inspectorate in the silviculture industry follow:

- 1 Employees not being topped up to minimum wage on the basis/argument of “man day rates”.
- 2 Employees not being paid for “travel” time from pick up to starting work (evidence was gathered of this occurring for up to 2 hours at each end of the day).
- 3 Some silviculture contractors treating their staff as “contractors” rather than employees.

Moreover, key issues include workers not having access to personal protective equipment (PPE) appropriate to assigned tasks and not being paid for work that

does not directly produce earnings, such as tailgate meetings. All issues directly relate to achieving the requirements of Principle 2 of the FSC audit programme criteria and Part 1 of the FISC contractor certification audit.

FISC introduced its contractor certification scheme in 2017. They have since had little engagement from silviculture contractors with just two contractors certified and a further contractor withdrawing from the programme due to the annual fee of \$695 plus GST (FISC, as 19/06/2018). Commercial reasoning was also associated with limited industry access to advocacy associations, such as:

- ➔ FICA lacks silviculture contractor memberships with membership costs between \$500 and \$2,500 plus GST per annum, and
- ➔ The union reported being constrained by lack of funds to support workers.

The main issues...relate to poor working and living conditions, underpayment of wages, holiday pay and immigration issues. We have assisted a number of workers to gain their rightful entitlements to the minimum wage and holiday pay and have also worked with

Immigration NZ to ensure that workers did not get deported because of the “sins” of their silviculture employer. When we have raised the underpayment issue with the contractor; the standard response has been that the forest owner or manager is not paying enough for minimum wages, travelling time and holidays to be paid. When we approach the forest owners they say that it is not their fault as they have simply accepted a tender and the contractor should have included all these legal obligations in his price. Given the contractor is having to compete with other contractors paying below the minimum legal requirements, and the forest owners are happy to accept the lowest tender, the position of the forest owners is not sustainable.

Union

The playing field is not even, and when competing for scarce labour resource, this becomes troublesome.

Principal

Unprofessional behaviour (of some contractors within the industry) is partly driven by the need to survive.

Contractor

Both principals and contractors agree (94%:76%, respectively) that improvements can be made in the contractual arrangement for services. Key issues included requirement for long-term contracts with plans that enable alternative work, regular evaluation and communication, use of reputable contractors, recognition of actual costs, and recognition of workers and job demands. Most contract models utilised by the industry favour man rates and/or productivity per worker per day to calculate contract costs. Costs of compliance⁹, however, were not widely identified as factors that contract costing models are being based on. Contractors

⁹Including non or low productive training time (trainee and trainer), PPE, in forest access, supervision, health and safety meetings, quality control, training, and weather downtime.

expressed that one of the biggest omissions in rates was the actual time and cost of training new employees, and existing employees being trained for operations that are new to them.

Controversially some blocks are paid hourly and some per hectare depending on issues with excessive regeneration.

Focus members raised concerns about the precedent of always trying to get the work done as cheap as possible. If a crew gets behind in a 'per hectare' block due to weather for example, they will have to work hard to catch up as there is generally no negotiation with forest companies after work has begun.

Scion, 2017

Principal stakeholders recognise there is a high demand for silviculture suppliers, and contractors view the demand for their services is set to increase over the next 3 years (Plantation Forestry Labour and Skills Survey, 2018). The evaluation highlighted concerns regarding

the principal-contractor relationship with only 27% of contractors viewing the industry as a financially viable business option.

It's time for the forest manager to be looked at. It's not about who you give the job to, you can give it to any Jo Blog on the street. Why would you give that guy a contract if you knew he was shonkey? It's as simple as that. They are just as liable as the contractor.

Worker

It can be assumed that these issues have led to a wider commercial problem. The horticulture industry, who have also faced attention from MBIE regarding the employment conditions of workers, have found success in creating a demand-driven environment that encourages commercial imperative where the retailer requires a pre-requisite for supply. This is supported by MBIE who are encouraging principals to require professional, independently audited contractors who have a membership with their industry body.

Transpower have also confronted similar issues regarding the way in which they were operating, negatively affecting the success of tower painting contractors. Their learnings suggest that in order for

the supply chain to succeed there needs to be a model based on respect, collaboration, and building long-term relationships.

...to help create a culture and operating model within Transpower that acknowledges that our contractors' success is integral to our success... that commercial model only works if we operate in partnership. We need to respect each other's expertise, and each other's need to be financially viable... Commercial success of our partners impacts directly on their health and safety performance... Building long-term commercial relationships is essential to support investment in health and safety... A comprehensive strategy was developed to deal with the commercial issues undermining productivity, and health and safety... That meant, for the first time, we were providing the long-term security that supports contractors to invest in their businesses. Internally, we also began a

cultural shift away from telling our contractors how to work, and towards getting the right people for the job and giving them authority to be innovative and successful.

———— Scion, 2017 ————

2.1.1 Recommendation

Develop a commercial reason (needs analysis) for principals and contractors to move from compliance to investing in sustainability.

2.1.2 Recommendation

Develop a comprehensive strategy to deal with commercial issues undermining productivity, health and safety.

2.2 Key Theme: Plantation Planning

90% of contractors reported having an all-year-round workplan. Commissioned work fluctuates with increased work demands during the planting season which leads to seasonal work requirements during the year. The industry is heavily affected by harvest planning where the requirement for seedlings to be planted is too rapid for the labour force required to do the planting and restocking.

I know a couple of years back we were struggling a little bit to fill that gap (from lack of pruning availability) and potentially it was looking like quite a massive problem. But if you took away that link for work, people's investments would suffer massively if you don't have a year-round work force... You can't just pull people off the street to get them to do this job; you look at the time they're away from home and then the physical demands, the amount of decisions that they have to make to make sure that the jobs done to the best of the investment, and make it a seasonal thing... If you plant the tree wrong in the beginning, then it's going to damage that investment straight away from the beginning.

————— Worker —————

There is an opportunity for forest growers and owners to achieve social outcomes beyond simply procuring a service but building social capital in their communities.

————— Forest Owner —————

As part of the MPI's One Billion Trees (1BT) programme, MPI are conducting research into matching trees to places and purposes (MPI, 2018). As a significant stakeholder in this programme, it would be beneficial for industry to have input into this so that the research outcomes can be utilisation focused

2.2.1 Recommendation

Explore the opportunity to collaborate procurement to provide the industry with sustainable scale of work programmes.

2.3 Key Theme: Agency Engagement with the Industry

The silviculture industry is currently experiencing a significant amount of pressure from social and economic challenges.

- ➔ 74% of contractors are experiencing major difficulties recruiting suitably skilled and qualified workers into their business.
- ➔ Business growth and productivity is

highly affected by difficulties to recruit.

- On average contractors significant are dedicating 40% of management time to recruitment due to a shortage of quality worker supply from the domestic market and high turnover of workers.
- The most common reason workers are leaving are that the work is firstly, too hard, and/or hours are too long. Secondly, they are enticed by work in another industry. Lastly, other reasons include failing drug tests.

[The worker] had enough. Top worker could do the job well but with all the new requirements and no pay increase he had a guts full of the industry and has gone farming.

Contractor

(Plantation Forestry Labour and Skills Survey, 2018)

Contractors are also dealing with pastoral care requirements beyond direct employee-employer relationship and there is significant contractor support for the recruitment of migrant workers for the forestry industry (Plantation Forestry Labour and Skills Survey, 2018).

New Zealanders will not work in our industry due to the tough physical nature of forestry compared to other industry. Why work a tough job when you get paid similar money in another industry that doesn't require the same physical requirements?

Contractor

The NZ Government have recently announced plans for the forestry industry to be used to “tick a lot of boxes for New Zealand” (MPI, 2018). The 1BT programme seeks to boost the forestry industry to provide a wide range of environmental, regional and economic benefits.

There will be more jobs to boost economic development in regions that suffer from high unemployment and social challenges. This programme will create more skills, more jobs and help people participate in their communities. This programme will provide Maori with more opportunities to realise their full social and economic

potential. This programme will advance our climate change objectives and ensure sustainable use of our natural resources.

———— MPI, 2018 ————

The industry, as an industry, is not engaged in support services available to the workforce. Contractors are not aware of work/employment programmes and/or see minimal value in current programmes on offer. For example, contractors report that supply of new workers through WINZ and training providers is not effective (Plantation Forestry Labour and Skills Survey, 2018). Support services identified during the evaluation included:

- ➔ MSD work start grants and subsidies to recruit, train and support.
- ➔ Learning institutes, such as Te Ohomai and Te Wananga o Aotearoa, developing programmes particularly focusing on pre-employment.
- ➔ Crown Forestry partnering with Maori land owners to implement a training and work experience programme to provide a career pathway into forestry.
- ➔ Regional industry collaborative initiatives with agency and funding providers, e.g. CGAP, the Generation Programme (Tairāwhiti, East Coast) and Tupu Ake (Northland).

- ➔ MSD partnership with pastoral care providers, e.g. partnership with a Ngati Pahauwera in the Hawkes Bay region.
- ➔ A raft of programmes focused on forestry in Northland, funded by He Poutama Rangatahi and Provincial Growth Fund packages. The initial programme rolled out was the Northland College Programme with up to three further programmes currently awaiting approval.

This evaluation has been limited by the availability of empirical research conducted in the industry both privately, institutionally and at government level. Within the industry there is a high proportion of workers identified as Māori relative to other primary industries (MPI, 2018). Māori achievement is a priority area themed throughout government agencies, such as MPI, MBIE, Tertiary Education Commission (TEC) and WorkSafe. Therefore, the responsiveness and responsibility to Māori in the silviculture industry is an important part in agencies' efforts to achieve social, economic and environmental goals.

The industry is faced with social issues that need partnering with an agency. Investors, landowners and government have legal and social responsibility within NZ that are not currently being met & putting vulnerable workers at risk. Recruitment for workers in the overseas market currently puts the industry at risk by participating in migrant exploitation.

Without agency engagement with the industry, the investors, landowners and government are potentially compounding these issues.

2.3.1 Recommendation

Identify agencies that have invested interest in the sector. Lobby to partner with them to develop a comprehensive strategy that supports the industry.

2.4 Key Theme: Engagement of Industry with Support Systems

FICA and the union are two existing associations that are well placed to advocate for and lobby on behalf of the silviculture industry. However, they are limited by a lack of funding due to a lack of industry membership.

2.4.1 Recommendation

For the industry to have collective impact, they need to engage with their industry associations.

2.5 Key Theme: Identity and Recognition of the Industry

Silviculture does not have a clear identity within forestry or public image. It is haunted by a negative stigma, i.e. the industry being seen as 'a rip-off' and only for people who do not have any other employment options due to lack of education, criminal convictions or drug use.

Silviculture work is perceived as a low paid contract business using low skilled uneducated people.

Contractor

It is associated with the fatalities that have occurred within the harvesting aspect of the forestry industry. However, workers spoke fondly and proudly of the innate qualities of the work. This included the comradery developed between workers, the enjoyment of working in nature, working with tools, the nurturing of trees and the importance of their role within the plantation forestry work cycle.

I've met a lot of loggers who say you know if it wasn't for you guys we all would have no jobs. If it wasn't for you guys doing all the hard yards. And I tell that to the boys, I keep them happy, pump them up, give them good feedback. (I say) Be proud of yourselves you are actually doing what no one else wants to do anyway.

Worker

They need to understand that a special type of person is needed for this type of work; it's hard work in all kinds of conditions, long hrs, risks every day at work. For this they need to be paid a lot more, targets need to be dropped, more money needs to be spent making job sites safe. We always have been treated as the ground feeders at the bottom of the chain, where in fact from the moment a tree is planted that forest is dependent on the quality of this work...

Contractor

There was a hardship felt by this recognition not being reciprocated by principals due to poor work conditions, production expectations, unpaid travel and suppressed earnings requiring working to fatigue. Workers believed that their work conditions were not on par with other industries within the plantation forestry work cycle, such as harvesting, and with other industries with comparable physical working conditions and skill levels.

Considering that we are the ones responsible for the foundation of each and everyone's investment and the amount of accuracy we have to put in it... You're not appreciated very much and not rewarded... The guys need to be shown some appreciation for what they do. Firstly, through remuneration. That's what damages the guys... You miss out on life... They're mistreated... My dealings with some forest companies at times... They have no value for people at all. And I'm glad that the guys out here don't get to see that because it's totally disrespectful. To change what's happening, this part of the industry needs something to make it more attractive because I guarantee most bushman these days hope and pray that their sons that they raise won't be bushmen and that's a bad cycle for a whole sector of an industry when you have that issue.

Worker

Contractors were also concerned that the skill level requirements of workers are not being recognised by NZQA currently due to the lack of apprenticeships available to the industry. There is also a lack of tailored silviculture best practice guidelines. Currently thinning is covered under the umbrella of harvesting/felling in the Approved Code of Practice for forestry operations. Scion Research (2017) suggest that 'by treating thinning as a different challenge with diverse influences and dynamics, the industry will remove the murkiness and create safe forestry operations'.

The industry needs a clear identity and to establish how it wants to be recognised and promote this to refresh the industry's image both within plantation forestry and publicly. The use of visual media, such as video streaming, was encouraged to enable people to see the innate qualities of the work that attract people to the sector. Industry-specific development, such as Scion's (2017) recommendation to develop a thinning to waste expert advisory group to inform the development of a best practice guideline for silviculture operations, is also an important aspect of developing an identity and industry recognition.

2.5.1 Recommendation

Create an industry brand and marketing strategy.

2.5.2 Recommendation

Develop safe work resources and guidelines specific to the industry.

2.6 Key Theme: Contractor Viability

A key theme amongst responses was the inefficiencies of the tender process and the need to provide work to professional contractors. There were three aspects to this. Firstly, the responsibility of the principal to provide a commercial incentive for industry sustainability including the requirement for professional independently audited contractors. Secondly, the contractor's ability to present and negotiate the actual costs of operating a sustainable business. Lastly, the contractors having continuity of work and a secure workplan.

The business will be profitable and sustainable if the rates are based accurately on the areas worked and if the people that we target are drug free and secure in their living situation.

Contractor

While 81% of contractors track running costs on either a job-by-job or month-by-month basis, only 27% of contracts are based on the contractor's operational costs; there is a combination of costing models being used in the negotiation of rates.

If the contractor is not presenting 'actual costs' of compliance and business sustainability in a way that can be strongly weighted against the other costing models, being referred to by the principal, their ability to negotiate could be disadvantaged.

While there is a high demand for work, it can be seasonal and work tasks often do not provide continuity of work. Most contractors seek to fill their annual workplan by offering a variety of tasks between to a collection of principals. The current work supplied within plantation forestry is outlined in *Table 2*.

The cost of complying is becoming greater and the burden often sits with the contractor. If they lack the skill, expertise or time/resources then issues will arise. We often see this.

Principal

In most industries contractors work hard to provide services to their "client". However, many silviculture contractors fail to recognise this. So, the business relationship can sometimes be either "testy" or it requires a little more effort by the forest manager to address issues not deemed to be important by the contractor, i.e. quality and safety.

Principal

Table 2:

Work tasks supplied within the industry. Note: percentages represent the percentages of contractors whose workplace involves the delivery of the worktask type and the percentage of principals whose workplan requires services for the delivery of work task type.

Work tasks	Contractor Getting	Principal Offering
Planting	94% -1	93%
Thin to waste pruning	88% +40	48%
Pruning	75% +1	76%
Spraying and fertilising	67% +23	90%
Fire services	45% +14	59%
Other	Land clearing, removal of noxious weed, vegetation management for powerline company, environmental management, road maintenance, plotting, manual releasing.	Plotting, data collection, burning, maintenance of forestry security assets, Foredune work.

Both principals and contractors raised the need for longer term contracts that allow for planning and security and, as outlined earlier, there is an opportunity to collaborate procurement to provide scale of work programmes. Outside of this there may also be an opportunity to better understand if there are complimenting work tasks outside of the industry that will add value to business sustainability and the worker skill set.

2.6.1 Recommendation

Contractors need to be able to present actual (and current) costs of compliance and business sustainability to successfully negotiate these into the contract.

2.6.2 Recommendation

Identify complimenting work tasks outside of the industry that will add value to business sustainability and worker skill sets.

2.7 Key Theme: Recruitment

The industry is viewed by the industry, to have experienced very little change in the last 20 years (apart from increase of compliance-related requirements). Workers spoken to would only recommend the industry to those with no other options as they do not want their family to experience the hardship they go through. Additionally, WINZ struggle to recruit beneficiaries onto industry employment programmes with the current conditions of work seen as a contributing factor.

The industry may require a marketing makeover to make it more attractive as a career option. An openness to reviewing standard practices such as early starts would be helpful.

MSD

Almost all workers have come into the industry through 'word of mouth' recruitment by workers in the industry. Supply through MSD, education providers and employment agencies has not been effective (Plantation Labour and Skills Survey, 2018).

*Unsuitable prospects referred.
Not fit and not keen. Most can't
pass the pre-employment drug
test.*

Contractor

(Plantation Labour and Skills
Survey, 2018)

Through lack of successful recruitment in the domestic market, 18% of contractors (surveyed) are currently recruiting through the overseas labour market.

*Immigrant workers are drug
free and have a better attitude
to work*

Contractor

(Plantation Forestry Labour and
Skills Survey, 2018)

For most workers entering the industry the school curriculum has not been attractive; attracted instead to fitness, the outdoors and practical work. Some workers interviewed entered the industry through programmes run within school.

*They were running a day a week
for senior students, pruning
and stuff ...Forestry was like a
subject for fifth to seventh
form, you could have it as an
elective towards the end of the
90's.*

Worker

Most workers are aged between 20 and 50 years old (75%) or over (13% over 50 years old) (Plantation Forestry Labour and Skills Survey). This could suggest that the industry is not taking advantage of school Gateway programmes to capture new recruits. TEC encourages schools to closely align their Gateway programme with primary industries.

*Gateway funding enables
secondary schools to give
senior students access to
structured workplace learning
integrated with school-based
learning. Students' learning is
assessed in the workplace and
they can achieve credits on the
New Zealand Qualifications
Framework (NZQF) towards
their National Certificate of
Educational Achievement
(NCEA)*

TEC, 2018

TEC have a Tū Māia strategy to lift achievement of Māori learners with key outcomes of Māori learners gaining the skills and qualifications they need for sustainable, well-paid employment. To develop a sustainable feeder system for silviculture workers the industry may need to consider creating an environment that is physically and mentally appropriate to the anticipated maturity and capability of youth while enabling the development of their learnings in forestry and daily work routines.

Alongside worker recognition and suppressed income, the industry identifies drug and alcohol testing as a significant barrier to recruitment¹⁰. Significant social issues were identified regarding the current generation of young people and within the communities of workers. Workers spoken with advised¹¹ that there needs to be more support for workers entering the industry.

I think no one really wants to help them into jobs. Those guys higher than us were in forestry at one stage. I'm sure they got into the industry easy. Why not make it easier for the next generation to get here. Educate them a bit easier than just the funding for them to start. It's the drug and alcohol that's sort of holding them back. ...I think

¹⁰While drug and alcohol testing is seen a barrier to recruitment, those surveyed accept the need for the industry to conduct drug and alcohol testing.

drugs and alcohol is a major factor why they aren't joining forestry, I know there are some good guys that want to join forestry but they're on the drugs. But then why don't they rehabilitate them, get them a job (first) and then help them come clean. (you) Need to rehabilitate them while they work because you don't see a lot of Pakeha in the silviculture. It's all Māori and all Māori are in to the drugs, alcohol and usually the ones that are on drugs are bloody good workers. It's just hard to steer them away from it.

———— Worker ————

One worker spoke about coming into silviculture after being excluded from another industry due to a failed drug and alcohol test and identified that financial motivation was an incentive for him to give up drug use.

It's a big issue because they can't pass drug tests. I was a heavy drug user when I first started but I gave up the drugs; been off them for about two years because I wanted more

¹¹Their experienced gained through challenges faced either on an individual and/or community level with drug and alcohol use.

money. It was easy I was only smoking like cannabis; I don't smoke cigarettes. It was easy the boss chucked in a bonus scheme every month. I chase it every month. But there was a catch to it, if you fail the drug test out of that bonus scheme you get deducted like \$500. It motivated me hard as.

———— Worker ————

This was supported by other workers suggesting that rehabilitation programmes need to be linked to employment.

It'll be hard for them. But my boss here he employs them aye and rehabilitates them. They need more ways to keep them interested in silviculture.

———— Worker ————

2.7.1 Recommendation

Gain clarity on how Tertiary Education Commission (TEC) funding can benefit the industry, understanding that this must go together with making the sector more attractive. Moreover, specifically investigate the opportunity of the Gateway programme and support available to enable the achievement of Māori.

2.7.2 Recommendation

Review approaches used by competing industries (e.g. construction and manufacturing) to recruit and develop career pathways for workers within the domestic market.

2.7.3 Recommendation

Support programmes need to focus not only on employment but also rehabilitation and habilitation through employment.

2.8 Key Theme: Reward

20 years ago, workers were attracted to the industry because of its earnings potential. This was up to 'double to triple' the average wage for a 40-hour week in comparative industry.

To be a 16-year-old and be able to get on the tools and generate yourself \$5-6-700 per week was pretty good. The money was the same (as now) but hasn't moved with inflation since then.

It made us happy about the job. Now the expenses of living versus the time you spend in the job, it's not that rewarding.

It sort of restricts guys. We weren't restricted back then. We could earn the wage of a tradesman...and pay mortgages

based on their wage. But now that wouldn't be possible. It hasn't moved in that 23 years really.

Worker

There was evidence that the industry has seen some movement in wage rates in the last 12 months (Plantation Skills and Labour Survey, 2018). However, there was significant support for fair entry rate and ability to increase earnings with increased performance.

If you can come out and perform at you best, you can put on the best performance of your life out here and you'll be rewarded for that. You can come out here and put the worst performance of your life and you will be, you'll get what you're worth which is minimum wage these days.

Worker

The current minimum wage is \$16.50 per hour or \$660 for a 40-hour week. It is strongly indicated by the industry that financial reward needs to be attractive and comparable to logging and trades to recruit and retain workers. This had strong support by principals who acknowledge that workers in the sector are not being recognised or rewarded appropriately with 98%¹² of principals

¹²53% of principals indicated at least living wage. 45% indicated 'other'. Comments under 'other' indicated support for living wage or above.

indicating financial recognition for work should, at the very least, match or be above the living wage. Below are supporting excerpts from principals.

"Recognising that silviculture is a skilled career."

"needs to be above the average wage to motive more workers into the industry"

"at least living wage for beginner and increase increments as he/she gains experience."

"work and harsh conditions they work in including the steep terrain they deserve at least living wage but more-also a bonus on top."

"It should be well paid as they are not only working very hard, the job requires skills and is setting up the future crop value."

"We need to recognise their contribution to our sector."

"Wage rate equivalent to harvesting sector."

This overwhelming principal support provides a strong basis of support for the proposed changes to the NZ standard of the FSC certification which proposes to include the living wage as a requirement¹³.

The Living Wage is recognised in NZ as an alternative to minimum wage, in response to growing poverty and inequality that continues to inhibit workers, their families and the economy.

¹³The Organisation shall pay wages that meet or exceed minimum forest industry standards or other recognised forest industry wage agreements or living wages.

...it's the hourly wage a worker needs, to pay for the necessities of life and participate as an active citizen in the community. It reflects the basic expenses of workers and their families such as food, transportation, housing and childcare, and is calculated independently each year by the New Zealand Family Centre Social Policy Unit. The Living Wage rate is voluntary and for 2018 has been calculated to be \$20.55 per hour, \$4.05 more than the minimum wage set by the Government.

— **Living Wage Aotearoa** —
New Zealand Organisation
(2018)

Highlighted by the MBIE report, and well known within industry¹⁴, there are workers who are on piece-rate contract arrangements within the industry¹⁵. For some of these workers there is a risk of minimum wage not being met. All workers spoken to agree that the contract situation is not financially viable for most workers within the industry.

¹⁴Most workers had experienced working under a contract piece rate which was described as a 'rip-off' and some contractors spoken with expressed resentment toward other contractors who offered these conditions to workers and the principal who allowed them to compete for work.

¹⁵21% of contractors identify as having (some or all) workers under contract worker arrangements.

Nah, they'd get themselves in trouble. They're not financially literate. So, they won't grasp that at all not when you're restricted to that part of society that we have to deal with as our bracket of people we can source as employees. There no way you going to get them doing that, some of them can't read, some of them are not, they're just not financially literate enough for them to do that. You may get some older ones that may do it that may want to but for a lot of younger ones it'd be hazardous.

————— **Worker** —————

The security of employment was very important to worker welfare. Many workers were in support of having a base rate and the potential for increased earnings. They described this as being important motivator for productivity in the harsh work conditions and enjoyed the 'high performance equals high reward' aspect that the industry could offer. One worker suggested the following as fair pay arrangement:

How I'd do it is have a three-tier payment system. Start the new guys on wages paid by company not coming out of block at all, maybe from profits from the last block, for one month. Then on starting rate \$22 per hour, mid-rate \$27 to \$28 and then top rate of \$35-\$38. The bonus system would stay same. If do block in 40 days instead of 50 then get the ten days extra and then portion to pay rates according to the starting, mid and top. Object of doing this makes everyone incentivised to get on top rate. You can't go from beginner to experience in 3 months more like 12 months.

Worker

Principals also recognised that industry crew managers should be earning an annual salaried income above living wage. See *Table 3*.

Table 3

Principal's response to appropriate crew manager earnings.

Crew Manager Earnings	Percentage of Principal's Agreement
At least living wage	6%
\$50-\$60,000	24%
\$60-\$70,000	24%
\$70,000 +	27%
Other	Proportionate to size and complexity of the operation.

Workers were philosophical about the need for everyone in the supply chain to thrive for the industry to be sustainable; however, there was also common support from workers that the recognition for their effort didn't seem fair. Additional concern was that the current reward did not feel fair and that there may not be equity in wealth distribution through the supply chain.

2.8.1 Recommendation

Stagnated wages need to be addressed to attract workers and agency collaboration.

2.8.2 Recommendation

Workers need the security of employment and a wage. Having an additional output bonus system is attractive for workers.

2.8.3 Recommendation

Principals need to recognise the actual costs of running a sustainable business and developing commercial incentives to attract and maintain professional contractors in the industry.

2.9 Key Theme: Professional Pathway for Workers

The hard physical, mental and environmental nature of the work is enough to deter new entrants from entering the industry or lasting beyond the first few weeks or months. The crew tolerance to new workers can be reduced when that worker threatens the crews earning capacity.

As soon as I get beginner, production will go down fast ...If you come in and you're slow the crew won't have it and they won't last long. The crew will make them leave.

————— **Worker** —————

There was overwhelming concern throughout the supply chain regarding the lack of professional pathway for workers and for many this was seen to be linked to the lack of recognition for the industry and its workers. While there were NZQA units relevant to the industry, the

delivery of these were seen to be fraught¹⁶. It was identified that the industry needs an established professional pathway that includes either certification, apprenticeship and/or a qualification specific to the industry that is recognised by the industry.

It is too muddled up. There is no pathway. The assessors that are assessing the unit are just trying to tick the boxes to get funding to keep their programme going. That increases the person's confidence bit when they are still operating unsafely and they're getting assessed and told they're competent that's a danger for everyone. The credits themselves cross over too much and these are muddled up so they're not job specific – in that they are not specific to one operation. So, you get guys that are getting assessed in one operation but aren't familiar with another operation but they're both within the same unit (standard)...Every other industry I know, when you get

qualified at something your wages go up, not in forestry. (there should be) ...a pathway for a career with certain avenues and you also should be rewarded. A qualified operator should be rewarded significantly compared to an unqualified operator...There's no reward for it other than having some units against your name but a lot of people are not (because) something to your name doesn't pay the bills these days.

———— Worker ————

One worker suggested getting qualified should be like getting a driver's license.

Like driving do to get a car license. Do the work, do the tickets. Doing the practical it brings (in) all the theory, when you go to go to the theory it gels together. 'I know what to do now and now I know what to write in the theory.'

———— Worker ————

MPI have indicated that they will be implementing a forestry apprenticeship scheme and provide paid work

¹⁶Due to lack of support for trainers, supply of trainers not meeting the demands of industry, training resources coming at a cost to industry, limited accessibility of trainers to small contractors and TEC funding not matching the nature of industry training, e.g. remote locations, one to one and pastoral care requirements.

experience opportunities. However, the apprenticeship scheme has been supported for harvesting only. It was explained by a contractor that the New Zealand Qualifications Authority (NZQA) have assessed the units of study applicable for silviculture to be one level below the level NZQA require for apprenticeships. There are many examples of certification programmes being developed, by industry for industry, within harvesting operations of forestry including the FISC certification for the roles of tree falling and breaking-out.

2.9.1 Recommendation

Entry into the industry needs to be graded on task skill sets so that fitness and competency can be gained over a sustained period without affecting the internal dynamics or earning capacity of the crew.

2.9.2 Recommendation

Establish a professional career pathway for workers. It is important that this is co-designed with industry.

2.10 Theme: Worker Pressure

Throughout worker interviews, workers were asked about critical risk and to explain the most important factors of maintaining a safe and productive work environment. It was indicated that a heightened element of pressure exists for workers. This was due to the requirement for accuracy, wages having a piece-rate

component, and that suppressed financial reward leads to worker fatigue and increased pressure. Additional pressure that is offloaded onto workers was perceived to manifest into mistakes and re-works. Workers were concerned that compliance requirements have steadily grown placing increased pressure on contractors. Principal representatives (harvest supervisors) could also add pressure on workers through lack of timely communication and/or inexperience in the technical aspects of silviculture work.

2.10.1 Recommendation

Gain an understanding of the exposure and consequence that pressure can have on workers and identify guidelines that support the supply chain to mitigate the associated risk.

3.0 Areas for Future Focus

At a systematic level, the industry needs to develop a clear identity/brand which needs to be marketed to influence the perception of the industry by agencies, potential workers and the public. At the business level, commercial reasoning for principals and contractors to invest in industry sustainability needs to be developed and professionalism within the industry rewarded. To address the issues that currently undermine success in the industry partnership and collaboration between industry, its associations and agency is important.

Moving forward equity in recognition and wealth distribution through the supply chain needs to be visible. Overall, a systematic change for the benefit of industry is required, with commitment from all key stakeholders, to ensure that the capacity and capability of the industry is not limited.

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