

NZ Forest Growers Trust may borrow to maintain its work program

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The New Zealand Forest Growers Levy Trust is anticipating borrowing and using reserves to maintain as much of its yearly work program as possible. The Trust has decided to reduce its work program by a million dollars, following disruption to forest exports and production caused by the international spread of coronavirus. Source: Timberbiz

But the Chair of the FGLT, Geoff Thompson, says it's anticipating covering an even larger fall in its revenue and is planning on using reserves and borrowing so as not too significantly disrupt its funding of industry good activities.

The FGLT had previously budgeted to spend \$8.5 million in 2020, mostly in forest research, but also other projects, such as health and safety and biosecurity.

Income for the FGLT is from a levy on harvested logs, set currently at (NZ) 27 cents per tonne.

Geoff Thompson says the outlook for forestry over the short term is highly volatile.

"The current market in China for log exports appears healthy, but we know other countries have sought to fill the gap in China which New Zealand has left while we have been in lockdown."

"The beetle salvaged spruce trade out of Europe into China is looking to resume, and there are quantities of bushfire damaged logs now being shipped out of Australia."

"Likewise, the domestic timber market has been shut-down too and nobody is sure what the local demand will be in the new economy which will emerge when coronavirus is under control."

"The FGLT is going to constantly review and revise its budget over the next few months. That may mean we are able to reinstate the budget-cut we have made if the markets go well enough to fill the gap of the past two months."

"We are committed to the least disruption as possible to indicate our commitment to the forest industry."

Source: <https://www.timberbiz.com.au/nz-forest-growers-trust-may-borrow-to-maintain-its-work-program/>