

Integration of Forests into Farming Landscapes

Te Kapunga Dewes
CEO Interpine Innovation
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Agenda / Overview

- ▶ Context
- ▶ Mythbusting
- ▶ Economics
- ▶ Integration Opportunities



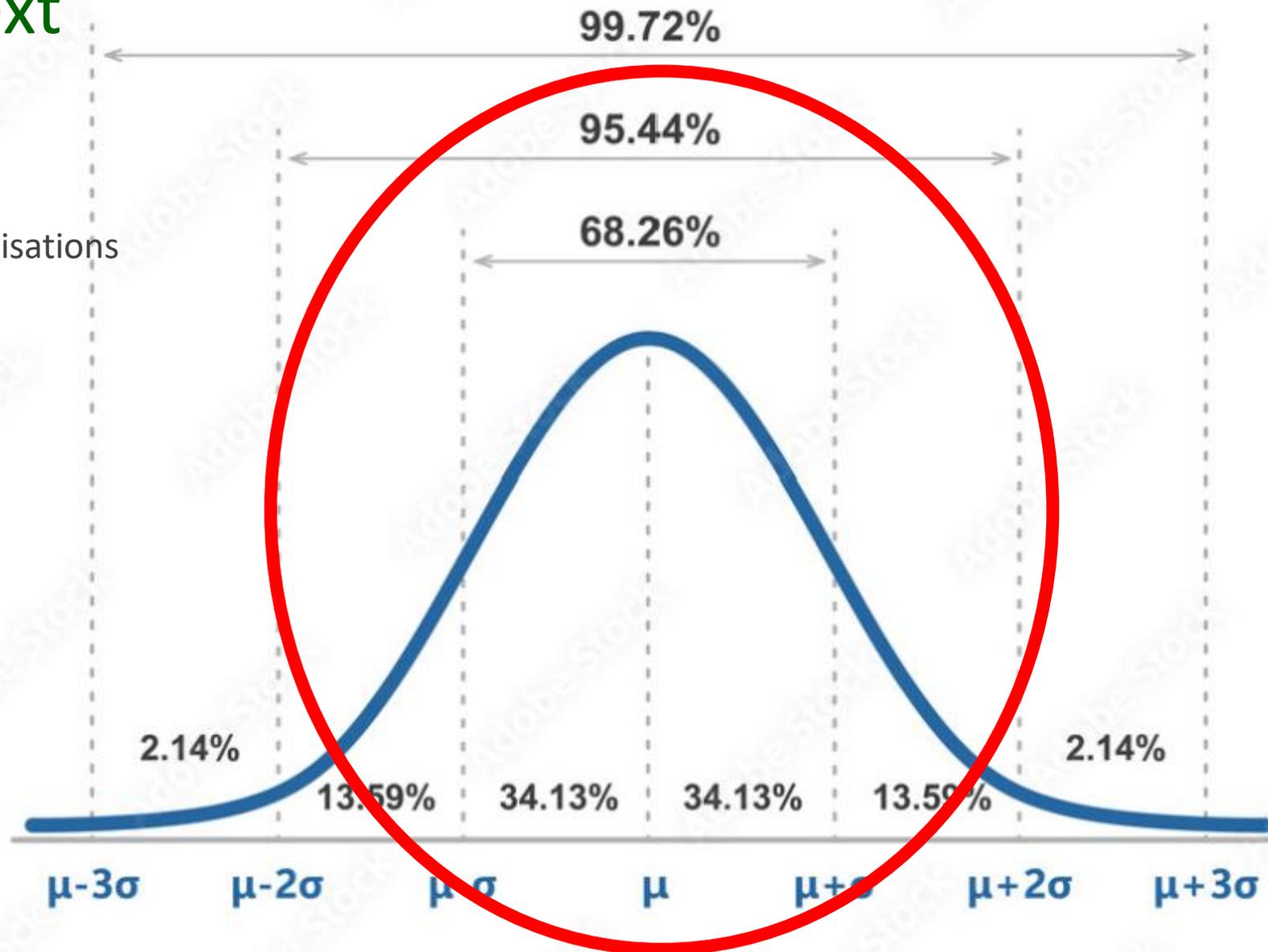
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Context

► Generalisations



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Context

- ▶ Generalisations
- ▶ Land Use Managers



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Context

- ▶ Generalisations
- ▶ Land Use Managers
- ▶ Individual Values - Balance/ Trade-offs
 - ▶ Economic
 - ▶ Environmental
 - ▶ Social



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Myth “Busting”



- ▶ Forests environmentally outperform pasture
- ▶ Professional opinion vs other opinions

Myth “Busting”

The background of the slide is a scenic landscape at sunset or sunrise. The sky is a warm, golden yellow with some light clouds. In the distance, there are silhouetted mountains. In the foreground, there are several pine trees, some of which are in silhouette against the bright sky. The overall mood is peaceful and natural.

- ▶ Forests environmentally outperform pasture
- ▶ Professional opinion vs other opinions
- ▶ The ETS works

The Economics

Activity	\$/HA/ Annum	Reference
Sheep and Beef	\$260	\$146K/annum @ 650 HA avg size
Dairy	\$1100	\$9.52 payout vs \$8.44 breakeven @ 1000kg/HA



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The Economics

► Assumption = ETS Eligible

Activity	\$/HA/ Annum	Reference
Permanent Exotic	\$1500	25 NZU/HA @ \$70/NZU - \$250/HA costs
Permanent Manuka	\$170	6 NZU/HA @ \$70/NZU - \$250/HA costs



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Permanent Native	Negative	6 NZU/HA @ \$70/NZU – \$250/HA - est. costs circa \$15K
Rotation Exotic	Variable	Carbon + logs – proximity to port, topography



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The Economics

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Rotation Exotic	Variable	Carbon + logs – proximity to port, topography
Agro-forestry	<\$1200	Site specific, similar to Permanent Exotic



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Integrating Forestry

- ▶ S&B Farm (650HA) = \$255/HA/Annum
- ▶ Retire “worst 10%” (65 HA) to Permanent Exotic Forest



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Integrating Forestry

- ▶ S&B Farm (650HA) = \$255/HA/Annum
- ▶ Retire “worst 10%” (65 HA) to Permanent Exotic Forest
- ▶ Outcome:
- ▶ Profit = \$380/HA/Annum
- ▶ Improved net environmental outcomes
- ▶ Risk improvement - diversification
- ▶ FEP upsides, ready made offset for emissions reductions.



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Summary

- ▶ Kaitiaki Whenua (LUM) - we have choice.
- ▶ Integration of Forestry to Farms will improve outcomes
 - ▶ Financial and Environmental
- ▶ “I think” land-based specialisation has limited shelf life



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Questions?



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