



MEDIA RELEASE

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Wood processing innovators sought for Gisborne sawmill

In a major move to reactivate the Prime Sawmill site, Eastland Community Trust (ECT) is actively seeking an operator for the Prime Sawmill – this week launching a national campaign to find an appropriate operator.

This move comes on the back of securing innovative wood processing company WGL late last year and is a key component to creating the region’s first wood processing centre of excellence - an innovative wood processing cluster that, the Trust expects, will house a number of sustainable businesses and create over 120 jobs in the coming years.

Since the Prime Sawmill was decommissioned in late 2010, it has undergone a regular maintenance program to keep the plant functional. As it stands, recent assessments of the sawmill by independent forestry specialists Forme Consulting Group, indicate there is potential to establish a significant business processing 80,000 to 100,000 cubic metres of mixed log grades per annum. With further investment in the plant, Forme believes there is potential for the site to grow to process over 400,000 cubic metres per annum.

Those in industry circles believe the opportunity to restart the mill is well timed. The Ministry for Primary Industries recently provided data that indicated significant increases in wood availability in the East Coast wood supply region. Credible industry reports suggest the regional forestry harvest is forecast to increase by 50% - 75% over the next five years, requiring a potential increased workforce of 30% - 50% in the sector. Harvests have already increased, and new infrastructure is being established to support additional logging and transport capacity north and south of Gisborne city.

But, the region has few existing log processing outlets apart from log export options. So the ability for the region to add value to the “wall of wood” is currently limited.

Rumoured supply issues for Prime specifically seem to be a thing of the past. ECT general manager Leighton Evans says, in developing the proposal, several forest owners demonstrated a keen interest in helping establish a credible new operator in the region.

“Local suppliers are looking to improve the sustainability of their businesses. Those we spoke to recognised a functioning Prime Sawmill offers an opportunity for them to diversify their market exposure and ultimately add value to their forests - enhancing returns to local forest owners. We’re looking forward to facilitating those conversations with a new operator.”

Mr Evans says interested parties can take confidence in these indicators and in the approach the Trust is taking in establishing the wood processing cluster.

Because they work collaboratively, clusters are often the driving force in business growth and innovation. ECT will, over time, seek a mix of industry tenants to occupy and operate the wider Prime site, creating a high value, innovative wood processing cluster. That mix will likely include wood processing companies, marketing and distributions businesses, and even tertiary and industry training organisations. The vision is to create a wood processing hub where businesses benefit from competition, cooperation and collaboration.

Other industry innovators and stalwarts have already seen the potential and have made long-term commitments to the Prime site. In 2016, WGL (headed by industry leaders including Angus Fletcher, Michael Andrews and Peter Pettit) took the opportunity to become the anchor tenant. The team is currently constructing the first of their plants and expects that when operational (early 2018) they will have 20 staff on site. Mr Evans say there are other parties also willing to add value to the cluster waiting in the wings.

“Historically, Prime has had its issues. But the very best advice tells us circumstances are aligning to create a great opportunity for the right operator. The forests are ready. The industry is ready. We are developing a cluster on the site that will transform the viability of the site, and we have suppliers and a community willing to support the right operator. And, while some see a distance to market as a disadvantage, some of the best minds in the game see Prime as an affordable place to establish a profitable and sustainable business.”

It bodes well for the wood processing centre of excellence. And it’s excellence Mr Evans says is at the heart of ECT’s appointment process. So, while the campaign is a national one, he says the Trust will be led by very strict decision-making criteria.

“ECT is first and foremost a community trust. Whether it be through our distributions programme or our direct investments, we’re committed to developing and growing quality community assets that provide a sustainable future for the people of the East Coast. Prime is no different, and must make a positive contribution to the social and economic wellbeing of the region.”

For that reason, he says, ECT will be discerning about the operator and will focus on the credibility, capability, experience and resources they bring to operate the mill sustainably, efficiently and effectively.

Proposals are currently being accepted through a formal RFP process. ECT’s point of contact is Tony Coombe who can be contacted via the Trust’s office in Gisborne.

Ends.

Background

Eastland Community Trust was established in 1993 as a result of the privatisation of regional lines companies. ECT is the sole shareholder of Eastland Group, which specialises in regional

infrastructure: ports, electricity distribution and transmission networks, and electricity generation. Eastland Group's operations include Eastland Port, Gisborne Airport, and Eastland Network – the electricity network for Gisborne, Wairoa and the East Coast – as well as Eastland Generation, which produces electricity from hydro, diesel and geothermal plants.

In early 2016, the Eastland Community Trust invested \$7.4million in the purchase of the Prime site, intending to establish a wood processing cluster or centre of excellence in Tairāwhiti.