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Press Release:

New Government construction announcements provide a glimmer of hope to New Zealand's wood processing and manufacturing industry

After a government pause in building and construction spend, announcements this week on new defence housing, school infrastructure, and hospital facilities provides a glimmer of hope to a flat building industry. The projects include a \$600 million spend on homes for military families, a plan to accelerate \$413 million of investment in classrooms and other school infrastructure, and a \$100m boost to upgrade hospitals.

'These announcements come at a time when the wood processing industry is doing it tough, with some mills saying domestic timber sales are the worst they have ever witnessed', said Mark Ross, Chief Executive of the Wood Processors and Manufacturers Association. 'With a flat domestic market and challenging global sales any new government spending in building and construction is welcome.'

'Wood is a key component of buildings, and it is anticipated that these new projects will lead to increased timber orders from domestic mills. With the wood industry employing over 30,000 people in regional New Zealand, it is essential that the government procurement process supports the purchasing of locally produced sustainable timber and lumber over imported wood products,' said Ross.

The June quarter GDP figures showed construction had suffered more than most industries, with the value of building work put in place down 2.2%. Conditions in the building and timber supply sectors are still gloomy, but there is slight optimism emerging among industry players, especially following this week's government announcements.

Building data highlights that the picture in the construction sector is still very mixed. While Otago (including Queenstown) had seen a 47% jump in annual building consents, Wellington was down 11.4% and showing no signs of improving. Building activity in Auckland had just turned the corner, with a 3% increase in consents. Overall, the 34,000 consents issued nationally in the year to June were a 1% improvement, and although it was well down on the 2022 peak, it was in line with the long-run average. Renovation work dominated, with new building activity patchy.

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WPMA – who we are:

WPMA is an industry membership association representing companies involved in the wider wood processing and manufacturing industries, including sawn timber, pulp and paper, manufactured and engineered wood products, along with bio-forest products. Our vision champions wood processing and manufacturing as the core to New Zealand's economic growth, regional development, and sustainable environment.