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Press Release

New Government Procurement Rules a missed opportunity to back New Zealand's wood processing sector

New rules announced today that come into effect on the 1 December requiring Government agencies to apply a minimum of a 10 per cent 'economic benefit to New Zealand' weighting to every government procurement decision, along with awarding construction contracts under \$9 million to domestic businesses are welcome and will potentially provide new openings for greater use of domestically produced timber.

But, the benefits of these new rules to the wood processing sector in increasing sales of wood products is not certain, with other building materials and services also competing for the 10 per cent and sub \$9 million government contracts.

'A directive in the new rules, like with wool, to government agencies to use locally produced wood where practical in the construction and refurbishment of their buildings is what we need to genuinely grow domestic timber and lumber sales, and to stop the significant job losses in our small communities due to the recent closures of wood processing mills', said Mark Ross, Chief Executive of the Wood Processing and Manufacturing Association (WPMA).

'With mills in our regions shutting down and a flat domestic market, the Government has overlooked a clear means to leverage its spending in these new rules to provide direct support to boost the wood processing sector,' said Ross 'Wood products are not only renewable but have strong economic benefits in supporting rural communities.'

New Zealand produced wood, unlike concrete and steel, is a natural sustainable product for building and construction. It is sourced locally, creates regional employment for over 30,000 New Zealanders, is cost-competitive and generates wood chips and sawdust, which are valuable by-products in the manufacture of biofuels and for supplying our bioeconomy with raw materials.

'Wooden products create safer, healthier and more sustainable environments for workers and families,' Ross said, 'the sector contributed \$7.2 billion to the economy in the financial year ending 2024 from domestic sales and from exporting value-added wood products and their derivatives, such as pulp and paper.'

'Hence, our disappointment with this missed opportunity that sees wood taking a back seat to wool and woollen products.'

WPMA will now work with our members and government to assess future options for greater use of wood products in government procurement decisions, such as aligning the wool directive with wood, as a way to lift the fortunes of the wood processing sector in New Zealand.

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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. www.wpma.org.nz