

RMA Review

Further investment in forestry processing may be seriously affected.



The Signs Are All Bad

After hammering at the Resource Management Act (RMA) from several different directions, the FOA has found it a tough nut to crack. The business-unfriendly legislation has emerged from four years of deliberations and submissions with only minor changes recommended.

New Zealand Forestry Bulletin is published by the New Zealand Forest Owners Association, 85 The Terrace, PO Box 1208, Wellington Telephone 0-4-473 4769 Fax 0-4-499 8893 Email robmcl@nzfoa.org.nz Internet www.nzfoa.nzforestry.co.nz

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NEW ZEALAND FOREST OWNERS ASSOCIATION INC.

The RMA is regarded as one of the most difficult and expensive compliance issues for business, mostly because of inconsistent interpretation by local authorities that administer it. In 1997 the then environment minister, Simon Upton, commissioned a review of the Act.

A Resource Management Amendment Bill was drafted that addressed some of the concerns of industry. But a select committee of Parliament, chaired by Greens co-leader Jeanette Fitzsimons, has watered down the draft legislation.

The bad news comes as the FOA is pursuing changes through various channels, including:

- A submission to the Government's Business

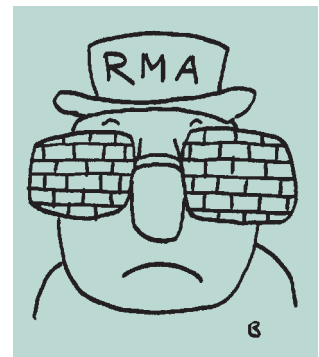
Compliance Cost Panel

- An industry/government steering group developing a wood processing strategy
- Direct consultation with local authorities such as Environment Bay of Plenty.

FOA chief executive Rob McLagan says the industry supports the objectives of the Act, but the select committee's findings failed to tackle "fundamental problems and deficiencies in the legislation."

"That could seriously impact on further investment in forestry processing in New Zealand," he adds, "and that in turn would have an effect on the potential for the industry to improve regional development and job growth."

The industry agrees with the intent of the RMA but feels that its administration does not meet that intent. Now the FOA's worry is that the amending legislation will pass in its present form with no likelihood of it being revisited for a very long time.



The FOA's submissions to the compliance panel were presented by national secretary Graeme Hall and immediate past president Nick Roberts, who described the RMA as "the single biggest compliance problem for business after taxation."

They spoke of inconsistent and unpredictable interpretation of the Act by local government officials and those of the Department of Conservation (DOC).

"DOC officers seem to start from varying bases," says Hall, "and that leads to some unlikely decisions."



In My View

Need For Selective Co-operation

To compete or co-operate is regularly debated within the forest industry. Most industries with a strong commodity focus seem to regularly question whether their interests would be advanced if they pooled their resources, particularly in marketing, product promotion, research and training.

Too often the debate is based on a philosophical approach rather than a commercial one. While the concept of 'NZ Inc' may sound appealing, the debate must start on the premise that companies' first responsibility is to add value to shareholders' funds, and only then to add to the greater good of the industry. If co-operative action does not commercially benefit the individual company, there is little justification to develop joint approaches with other companies in a similar line of business. However, co-operative action can be commercially very sensible.

In the forestry sector there are many examples where companies have concluded that joint action is mutually beneficial. This approach applies particularly where no one company can capture the benefits of acting alone or where the action – or inaction of other companies – can have serious flow-on effects.

Forest training, forest health surveillance and forest fire protection and prevention are seen as areas where co-operation makes good commercial sense. Forest fires and exotic pests and diseases do not respect legal ownership boundaries, and it

certainly benefits the whole industry by pooling resources to increase the number of well-trained operatives.

The industry is currently debating whether or not to adopt a joint approach to research and market development.

Over recent years the resources which forest companies have been prepared to devote to joint research activities have diminished significantly. The main reasons have been lower overall profitability (mainly as a result of the Asian crisis), and an increasing view that individual companies are better to invest their research dollars in areas where they can capture the

commercial benefits. Thus a number of industry research collaboratives have ceased and the Logging Industry Research Association has effectively disappeared.

The issue has now come to a head with the Government clearly stating that unless industry is prepared to contribute significantly to current research close to commercialisation, Government funds will be allocated to other sectors. If this is not to occur, the industry must give urgent consideration to:

- The value of the research to the industry
- Mechanisms to raise the industry share of research project funding.

Another much-debated subject is collective market promotion and development. Again, on a first-principles basis, it can be argued that where the product is not differentiated

or branded, there must be merit in collective action, as the only area of competition is in price. There are simply too many cases where individual companies chase the price down in an often-futile effort to maintain market share.

The commercial arguments in favour of some form of collective market action are particularly strong in new markets that are not fully aware of the way to handle radiata pine. Without good technical advice, new markets such as India and China are in danger of forming negative views of pine.

There are encouraging signs that the major players in the industry are recognising the need for selective combined action in the marketplace – not in response to some philosophical view – but because it makes good commercial sense to do so.



Collective market promotion – scope for action.

Industry Sights On Research Funding

The forest industry has developed a comprehensive research, science and technology strategy to take advantage of increased government investment in the research, science and technology field.

Minister of Research, Science and Technology Pete Hodgson has announced a new \$11.8 million grants programme, and increases of \$9 million and \$2.9 million in funding for Technology New Zealand and the New Economy Research Fund respectively.

In a presentation to the Foundation of Research, Science and Technology (FRST), Forest Industries Council chair Devon McLean proposed that the FIC act as lead agency on behalf of the sector in partnership with FRST.

The aim is to leverage government RS&T investment, and to increase industry involvement, direction-setting and investment.

To these ends the FIC will commit resources, he says, and investigate options to get funding across the forest sector. Its targets are \$2.5 million by 1 July 2002 and another million the next year.

"This new strategy is designed to encourage and provide the resources for research to maximise returns

from the existing forest resource as well as creating new opportunities for our wood fibre," explains FOA chief Rob McLagan. "The strategy is strongly driven by perceived future market trends and developments."

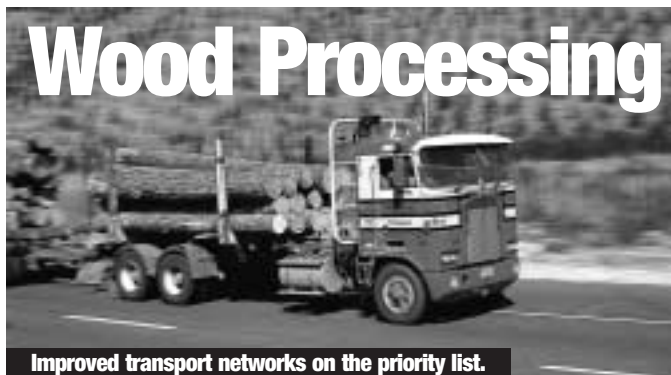
Forest Research CEO Bryce Heard says his company is pleased at the interest and support being demonstrated by FIC for research, science and technology.

"Given that much work needs to be done, I think there

has been some really positive progress made over the last 6-12 months in this area," he says. "Whilst many industry members have spoken about this for two decades, it is now high time for some considered and targeted action.

"We have a number of ideas at Forest Research on how to extract this value, which will be shared and developed with industry progressively in the months ahead."

Taskforce



Improved transport networks on the priority list.

Wood Processing Strategy 'Gaining Traction'

The key issue of investment in forestry is on the fast track following a meeting in April of a steering group of industry and government officials to develop a wood processing strategy.

Even joint government/industry task groups were endorsed to identify specific barriers to increased investment in further processing and to recommend possible solutions – to a tight timetable.

These task groups are each co-chaired by an industry representative and a government official and, depending on the nature of the issues, will include representatives of other sectors such as local government and Maori.

"The wood processing strategy is now gaining greater traction following formal Cabinet approval of the process," comments FOA chief executive Rob McLagan. "The outcome of some of the work to date was reflected in Budget funding decisions and changes to Government policies."

Deputy prime minister Jim Anderton initiated the process on behalf of the Government, and he sees forestry and wood processing going from number

three overseas exchange earner to number one, "if we develop this industry."

Pete Hodgson, minister of forestry, has picked up the ball and has clear ideas on where it should go and when. They include improved transport networks and infrastructure developed in new forest regions, "within a time frame that meets harvesting demands," and at least \$3 billion of investment capital attracted to regional wood processing industries by 2010.

Devon McLean, chair of the FIC, says the progress is very encouraging, especially the "whole-of-government approach."

"All parties have the same agenda, and resourcing of task groups from government and the industry is satisfactory. Broad targets have been set and the government has accepted the need to be specific.

"This is as good an example of government-industry co-operation as I have ever seen."

Landowners An Endangered Species

The Government is trumpeting a five-year \$187 million package to prevent extinction and promote restoration of endangered species in New Zealand, but forest owners are not breaking out the champagne.

They believe the glittering biodiversity package contains some nasty hooks for private landowners, and they want a rethink.

The package includes \$37 million to protect and maintain biodiversity on private land, to be distributed through the Nature Heritage Fund, Nga Whenua Rahui and the QEII National Trust. The first two organisations oversee more than 235,000 hectares of native habitats and ecosystems through acquisitions, covenants, kawenata or Maori reservations.

"Much of this land would have otherwise been logged, cleared or further browsed," comments a policy paper from Minister of Conservation Sandra Lee. It adds that the Trust has

covenanted 60,000 hectares and "works closely with rural landowners and focuses exclusively on covenanting land where ownership remains with the landowner."



Katie Mayes – openly disappointed.

In a letter to Marian Hobbs, Minister for the Environment, the FOA welcomes the measure to assist and promote voluntary protection of biodiversity on private land, but says members are concerned to ensure that "their interests as property owners are adequately accounted for in the final implementation of Government's package of initiatives."

Rob McLagan says Association members have a track record of protecting biodiversity on private land, and they support the voluntary and educative components of Government initiatives.

However he expresses concerns that landowners' efforts could be undervalued when he considers the prospect of a compulsory or regulatory regime. McLagan warns that a statutory obligation on local government to "have regard" to a National Policy Statement

(NPS) on biodiversity could undermine landowners' rights to compensation or rates relief.

The letter asks the Government to reconsider its decision to proceed with the NPS, or at least provide more precise definitions of some of its provisions.

Forest Resource and Environment Committee chair Katie Mayes is openly disappointed with the Government's response to Bio What?, the preliminary report of the ministerial advisory committee considering biodiversity protection on private land.

"The Minister of Conservation has ignored the main thrust of the recommendations in the report," she says, "which was that managing biodiversity should be done voluntarily by all landowners. Whilst the Minister promises a number of positive initiatives by the Crown and local government, she's still promoting the use of a National Policy Statement and regulation."

Ms Mayes says the FOA has made a strong submission on the matter, "which is the next step for us along the never-ending path."

Fire

Fiery Summer In Central Forests

This forest fire season has probably been the worst for a decade, especially on either side of Cook Strait.

The top and bottom ends of the country have had it easy but even in May the 'Big Dry' still gripped Wellington, Wairarapa, Nelson, Marlborough and North Canterbury.

"Very rough" is how FOA Fire Committee Chairman Charles Schell describes the fire season in

central regions. "Plantation losses to fire this year have been very high," he says, adding that without the FOA's publicity campaign and 111 call-up system, they would have been much higher. "The response from the public has been very good, and we have had a high

degree of co-operation through rural fire committees."

The FOA is also working with the National Rural Fire Authority on issues such as research and incident reporting. NRFA chief Murray Dudfield says his organisation is conducting a survey to

establish the extent of the fires, but his guess is that 400-500 hectares of plantation would have been lost.

"The losses will be well above normal," he says, "probably the worst in ten years."

Setback For Industry On Car Inspection

But The War Against Exotic Pests And Diseases Goes On

Across The Seas

Having given an undertaking that used vehicle imports would be inspected before they reached these shores, the Ministry of Agriculture and Forestry has now done an about-face, apparently partly on the grounds of cost.

Forest & Bird, Federated Farmers and the FOA oppose the policy turnaround. They all share the nightmare of Asian gypsy moth and other biological timebombs hitching rides here in used cars and trucks, and maintain that the front line in the war on pests should be the vehicles' countries of origin, not New Zealand's borders.

MAF's policy reversal increases the risk of exotic pests and diseases entering this country, in the eyes of the three sector groups.

Extra costs might be incurred, they say, but they would be small compared with the potential costs from the threat to the country's primary industries, including forests.

The FOA has written to Minister for Biosecurity Jim Sutton on their behalf, urging the Government to rethink the policy reversal and "satisfy itself beyond doubt that it does not in

any way increase the risk of an exotic pest or disease becoming established in this country."

At The Borders

The FOA has put names forward for a working party to help the Government formulate a comprehensive border protection strategy by 2002. The Association welcomes the opportunity, especially since it is backed by a \$2.7 million budget.

Chief executive Rob McLagan says the project could make New Zealand a leader in border protection, and he cites as priorities:

- Closer scrutiny of imported used vehicles
- A contingency fund to enable MAF to swing into action without delay against any incursion
- Immediate update of the Forest Incursion Protocol by government and industry.

FOA president Peter Berg gives the presence of the painted apple moth as an example of the risks facing the industry and the country. "This exotic orchard pest continues to be identified," he says, "and has possibly become more established over the last couple of years."



Minister asked to rethink.

In The Forests

The FOA has finalised new tender arrangements for the Forest Health Surveillance Scheme for 2001 to 2003, and is awaiting proposals from the two current providers.

Last year the country was divided into eight zones, and Forest Health Dynamics Ltd (FHD) and Vigil – Forest Health Advisory Services competitively tendered for the job zone-by-zone. The process has worked well and the Association has prepared tender specifications for the next two years.

The effort put into the

process reflects the importance placed on detecting exotic pests or diseases that might have breached the country's border security system.

"We will be encouraging all forest growers to continue to participate in the scheme next year and to use the preferred providers for their zones," says Forest Health Committee chair Bill Studholme.

He sees the outbreak of foot and mouth disease in Britain as a timely reminder of the potential menace from exotic pests and diseases, particularly if they become well established before they are identified.

No Lone Hand On Kyoto



Forestry Minister – signs of a softening attitude.

After indicating that it means to ratify the Kyoto Protocol by the middle of next year, the Government appears to be having second thoughts in the face of industry pressure and the breakdown of international negotiations on climate change.

Forestry Minister Pete Hodgson now says New Zealand “cannot do it on our own” and that the Government “will not put New Zealand business and employment at risk.”

Ever since the US Government decided at the end of March not to ratify the 1997 Kyoto Protocol on global warming, the forest industry has been concerned that our government might unilaterally do so.

“Our net emissions are so small they’re insignificant,” says FOA Forest Resource & Environment Committee member Murray Parrish, “and all we’ll do is to make ourselves uncompetitive with the rest of the world.”

“If we have to pay a carbon tax or carbon credits when we produce a bag of cement or a roll of paper we’ll be completely disadvantaged against those countries that don’t. Consumers will buy imported goods more cheaply and we’ll just be exporting jobs.”

In a recent speech, Pete Hodgson says the Government knows that climate change “must be addressed seriously and soon.”

“What we also know,” he adds, “is that we cannot do it on our own. Nor will we achieve real results by actions that seriously harm our ability to secure sustainable economic growth for all New Zealanders.”

“That’s not our game. On the contrary, with a bit of careful planning our response to climate change can readily bring a net benefit to New Zealand. The converse, doing nothing, bodes ill for our nation.”

Hodgson talks of New Zealand showing international leadership on the issue, but adds: “We will not put New Zealand business and employment at risk. I want to make that very clear. We will be addressing competitiveness effects and other impacts in our decisions on implementation.”

Rob McLagan has welcomed the minister’s assurances and the analysis now being done on the impacts of proposed climate change measures on the competitiveness of New Zealand’s forest industry.

Environment

‘Global’ Consents Would Cut Red Tape

‘Global’ resource consents to make life easier for forest owners harvesting trees over large areas have been suggested by the FOA to Environment Bay of Plenty (EBOP).

The idea arose during consultations with the Whakatane-based local authority aimed at smoothing compliance with the Resource Management Act.

Katie Mayes, who co-chairs the Association’s Resource & Environment Committee, has found some of the systems proposed by EBOP so good that she would like to see them used in all regions.

“I congratulate EBOP on its initiative to develop a system that allows operators to take responsibility,” she says.

Medium term (10-15 years) global consents to ensure continuity of work for forestry companies are suggested in a letter to EBOP from Rob McLagan, chief executive of the FOA. He notes that the Ministry

for the Environment endorses such consents in its report *The Way Forward*.

“The rationale for giving medium term consents includes the fact that successful applicants would operate under identifiable management systems and not on an ad hoc basis,” he says. “They would have a proven track record, and they would have in place contractual obligations for contractors to adhere to good environmental practices.”

The Association is continuing its dialogue with EBOP and is confident that an agreed system of accredited operators will be adopted to the benefit of forest owners and contractors, and the environment.

Relief At Court Decision

FOA president Peter Berg expressed relief that Carter Holt Harvey had won a High Court injunction to stop wharves disrupting log loading in the South Island.

The injunction was sought and won after months of confrontation and mediation with the NZ Waterfront Workers Union over CHH's use of Tauranga-based Mainland Stevedoring to load log ships at South Island ports.

"Naturally we're very interested to see the most efficient operators available provide services to meet the industry's needs," he says. "We're relieved CHH has a decision and we can continue to see the innovations we are looking for in this and other areas."

Biosecurity Adviser

Science and technology broker Bill Dyck has been appointed forest industry liaison adviser to MAF's Biosecurity Authority.



Dyck has long experience of the forest industry and extensive connections inside and outside this country.

The part-time appointment has been welcomed by the Association as enhancing communication and collaboration between the industry in New Zealand and the Ministry of Agriculture and

Forests in border control and forest protection.

Borders Tighten

As the UK and other European Union countries struggle to control outbreaks of foot and mouth disease, New Zealand tightens its border controls. Primary international airports will get another 11 teams of detector dogs, and soft-tissue x-ray machines (capable of identifying fruit and meat) will be installed at secondary international airports. The new measures will cost an additional \$4.6 million annually.

Meanwhile, in the UK woodlands and forests are gradually being opened up again. The Government provides daily updates on which areas are accessible to the public (www.forestry.gov.uk).

OSH Compliance Complex

Occupational safety and health (OSH) creates the biggest compliance problem for industry after the Resource Management Act (RMA).

This came out of submissions to the Government's Business Compliance Cost Panel by FOA national secretary Graeme Hall and immediate past president Nick Roberts. As with the RMA, the main problem is inconsistent application of the law by OSH officials of the Department of Labour, and Hall suggests they may have trouble deciding if they are "policemen or educators."

Conference

The Association's 2001 conference will be held at the Waipuna Lodge, Auckland, on Thursday, Oct 4.

Certification

Verification Runs The Gauntlet

Forestry and environmental groups are putting their heads together in a national initiative to set standards for verifying the sustainable management of New Zealand forests.

This is a charged issue, which will run the gauntlet of biodiversity and genetic modification amongst other hot topics.

The industry is represented by the FOA and the Forest Industries Council, and environmental interests are championed by Greenpeace, the World Wildlife Fund and Forest & Bird. Globally, the Forest Stewardship Council dominates certification of forests, and the purpose of the initiative is to

work out a formula with which all parties in New Zealand can live and which is compatible with FSC principles and criteria.

Besides environmental and economic interests, representatives of Maori and social interests will participate in the exercise, which will also include trade unions and consumer interests.

The 'economic chamber' representing the industry hopes to get agreement for a set of standards interpreting the prin-

ciples of the FSC, and recognition of plantation forestry as sustain-able land use.

Three major potential points of contention have been identified so far:

- Chemical use.
- Management of indigenous vegetation areas within plantations.
- Genetic modification.

Katie Mayes, who co-chairs the Resource & Environment Committee of the FOA,

acknowledges the potential difficulties given the different perspectives of the parties. However, she takes comfort from the fact that they are all well-informed people working towards a common goal.

A working group was established at a meeting in May, and Ms Mayes asks interested parties to make the effort to keep informed. Progress will be reported in this publication and on the Web (www.nzforestry.co.nz).

Industry Waits To Hear Its Fate



The forest industry was on tenterhooks as this issue of the Bulletin went to press, waiting to hear if Parliament's Commerce Select Committee would recommend useful changes to the Electrical Industry Bill.

The problem is Clauses 7 and 8, which legitimise powerline owners' rights to use landowners' property – "a private company using someone else's asset at a high cost to the landowner" in the words of FOA chief Rob McLagan.

"The landowner faces potential devaluation of an asset and even possible health risks," he adds. "This situation is totally unfair."

The FOA wants landowners to have power to negotiate a formal agreement with landowners, which would not only make line-owners responsible for maintenance and servicing of existing structures, but would also include the right to negotiate in respect to extras such as additional wires and optical fibre cable.

"Increasing capacity should be subject to negotiation," he says.

FOA national secretary Graeme Hall, in submissions to the Government panel on business compliance costs, questioned if landowners should have to keep transmission line corridors clear and be responsible for fires caused by powerlines arcing.

0800 Calls Rise Steadily

Calls from motorists about logging truckers' behaviour continue to rise steadily, following the switch from an 0800 number to 0800 LOGTRUCK or 0800 BULKTRUCK on signs carried by the vehicles. This is seen by the FOA as a positive outcome from the change to easier-to-read signs.

The Log Transport Safety Council reports that it received 217 calls in April. The March figure was 213 calls and the monthly average since December, when the original scheme began, is 196. The response has grown month-by-month and the ratio of complaints to commendations has been consistent at about 80:20.

Most complaints were of careless or inconsiderate driving, followed by speeding and faulty equipment. The commendations

are fairly evenly divided between good driving and consideration or courtesy.

LTSC secretary Bruce Nairn says he sees a lot of trucks around with the new signs but it is difficult to know whether they are new trucks or replacement signs.

The FOA wants forestry owners to get log truck operators to fit the new plates by the end of this year, to help the public report both good and bad behaviour of logging drivers. It sees the

scheme as also providing the industry with data on which to base further road safety research and programmes.

"A major focus for the Association is to reduce the number of logging truck accidents and rollovers," says FOA's Rob McLagan. "While the incidence of logging truck accidents is declining, there is still an unacceptably high number."

For the record, here is a breakdown of the reasons

given by the callers who left details over the five months:

Complaining

Careless/Inconsiderate Driving	43.5%
Speeding	33.6%
Faulty Equipment	14.8%
Loose Bark	13.9%
Failing to give way	9.9%
Load Issues	7.6%
Other	4.0%

Commending

Good Driving	53.7%
Considerate/Courtesy	44.4%
Gave Assistance	1.9%