

Global Warming

Kyoto Paper Confirms Worst Fears



A scenario of foresters growing trees for carbon credits instead of wood, and the Government possibly expropriating the credits without compensation, has emerged from an official paper.

In July the Government circulated a discussion paper to the forestry sector outlining a possible framework for trading carbon sink credits to ease the

way to ratifying the Kyoto Protocol next year. The response of the industry has been unequivocal: it remains opposed to the forest carbon credit regime as proposed within the Kyoto Protocol and reconfirmed at Bonn.

The proposal is that only forests planted after 1990 would qualify for carbon credits. FOA chief executive Rob McLagan points out that if the value of carbon credits rose enough, foresters would plant trees for their carbon store value with traditional wood products possibly becoming a by-product. Equally serious, though, is the prospect of the Kyoto Protocol encouraging subsidised forest plantings in countries in direct competition with New Zealand's forest product exports.

He says the proposal reveals government intentions to possibly expropriate some or all of the carbon value of post-1990 forests and to tax pre-1990



Rob McLagan – worried about possible government expropriation of value of carbon sinks.

forests if they are harvested and not replanted. "We do not support such actions," he adds in a submission to MAF's international policy division. The FOA submission has the backing of the NZ Farm Forestry Association, Federated Farmers and the Federation of Maori Authorities.

It cites Treaty of Waitangi settlements as an illustration of governments' "inability to disregard legitimate property rights in the longer term", adding that substantial forest plantations are owned or under claim by Maori interests. Seizure of part

of their value could delay resolution of Treaty claims and require State forests to be handed over as compensation.

Expropriation of carbon values in pre-1990 forests could also increase the cost of wood to the competitive advantage of fossil-intensive wood substitutes such as steel, aluminium and concrete, the submission says. Another economic consideration is the 'deadweight business costs' that owners of multiple-use land would have to bear in accounting separately for afforestation and livestock activities. The FOA asks that the Government consider methods of minimising compliance costs if it goes ahead with its current carbon sink and livestock tax proposals.

Noting the Government's obligation to protect biodiversity, the Association suggests restricting carbon credits to 'protection forests'. This may provide a means of funding the protection and restoration of forest biodiversity without distorting the existing forest industry or the relative position of wood products within it.

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In My View

No Let-up In Local Government Intrusion of Forest Industry

The activities of forest growers and local government are inextricably linked, and the October elections provide an opportunity to put councils' attitudes and performances in the spotlight.

In most cases industry and local government work well together, but too often there is tension – over rates and charges, the environment or roading, or all three. Coercive local authority powers, if not properly exercised, can create deadweight costs for business, in cash and human resources wasted on hearings, appeals and submissions.

Several current government initiatives have the potential to reduce the cost to business of working with local government. These include proposed changes to the Local Government Act, local body funding powers, the Resource Management Act, government regulations, the funding and management of district roads and national highways, and the management of biodiversity on private land.

But in my view, many of the proposed changes are unfortunately heading in the wrong direction – towards more rather than less intrusion by local authorities. Much of this activity is outside what should be their core responsibilities, and often there are neither clear

operating guidelines nor sufficient incentives to encourage councils to consider the effects on landowners of their policies and activities.

Some councils seem to nurse a belief that the public has the right to interfere in the activities of private landowners in the name of biodiversity without providing recompense for the actual costs to the landowner, or recognition of the loss of productive resources. These same councils, however, are often reluctant to put money into building and managing the roads essential for foresters' operations, notwithstanding the fact that the forest grower has paid rates over the growing period of the trees and pays road user charges before and during harvesting.

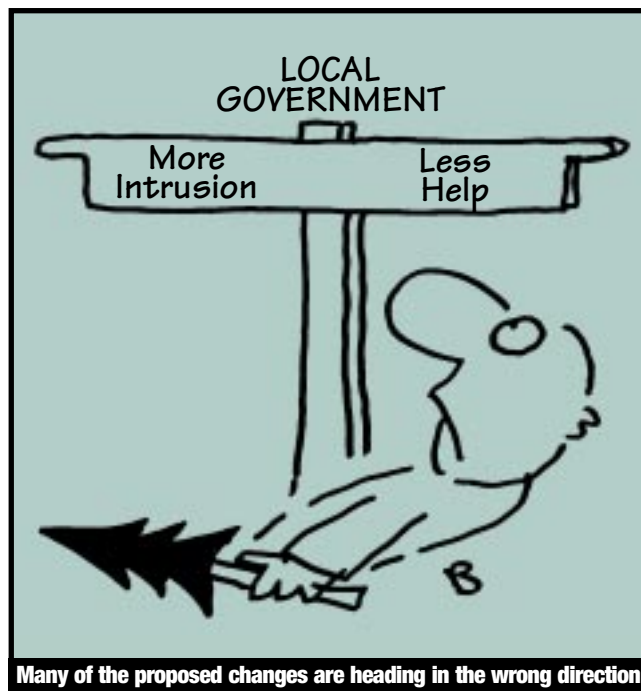
On the other side of the coin are the responsibilities of forest owners towards their local councils, such as maintaining high environmental standards and notifying harvesting plans. The industry generally complies, but some harvesting contractors especially let the side down.

The Association is working to improve relationships with local communities and their councils by discussing with them the implications of the predicted increase in harvesting. We are explaining the benefits that the increase will bring, and acknowledging the downside – the increase in logging traffic for example.

The Government has stated its desire to maximise the boost to regional growth, employment and foreign exchange earnings from the increased harvest. The Wood Processing Strategy partnership is effectively addressing a number of specific issues that might otherwise limit

further processing of the increased wood supplies. It will be a real loss to the industry, regions and the society as a whole if pending decisions on the role, functions and funding of local government increase the costs of further investment and thus reduce further processing in New Zealand.

We will closely monitor the new local government legislation and regulations that affect forest growing and its profitability. Government's decisions on these issues will speak louder than words about the desire to attract increased investment in further processing.



Reduce RMA Costs, Says Panel

Changes to the Resource Management Act have been recommended by the Ministerial Panel on Business Compliance Costs.



Peter Berg – hopes for positive response.

Quoting “confusion and misinterpretation by local authority officers” as a major concern of business about the RMA, the panel recommends auditing the “non-financial performance” of local authorities.

In 1997 the then environment

minister Simon Upton commissioned a review that led to an amendment bill being drafted to address some of the concerns of industry. In May this year a select committee of Parliament headed by Greens co-leader Jeanette Fitzsimons watered down the bill, effectively putting it back to square one from the industry’s viewpoint.

Meanwhile the compliance panel has been at work since January, and the FOA’s submissions were presented by national secretary Graeme Hall and immediate past president Nick Roberts. They were not surprised when the panel reported the RMA to be a major compliance concern.

Its report says that business people interviewed complained

of the complexity of the RMA process, inconsistent interpretation of the Act and delays in processing applications.

The panel has recommended that the RMA be reviewed once more, and changes dumped by the parliamentary select committee revisited. It wants to see a local government/RMA review office set up to audit councils’ non-financial performance, and all proposed legislation that affects business considered by mandatory test panels.

“The panel has provided an exceptionally good report,” says Hall. “It is well-written and makes practical comments and recommendations on finding the balances between maximising compliance and minimising cost. Key issues have been identified, especially in areas of special concern to forestry interests –

RMA, health and safety, ACC, forest and rural fires, transport and local government.

“However, the important issue now is what will be done about the recommendations made. A fine report that raises expectations and then simply gathers dust is worse than useless.”

FOA president Peter Berg also welcomes the panel’s recommendations, but expresses doubts about the Government’s resolve to carry them through. “The panel’s findings have confirmed what we’ve known for a long time. We can only hope that it won’t continue to be a progress of one step forward and two steps back.”

Commerce minister Paul Swain has promised an initial response to the report by the end of August, with a final response in early December.

Administration

Strength In Forest Unity

The New Zealand Farm Forestry Association office in the Wellington premises of the FOA and Forest Industries Council is now well established.

The move is seen as strengthening the industry through unity, though initially there was some hesitation on the part of farm foresters who feared they might lose their independence. The 45-year-old FFA has 3500 members in 29 branches nationwide, and had a Wellington office for four years before the move.

President Mike Halliday says the organisation reduced its full-time staff to one about two years ago and it became apparent that one person working alone without backup was not ideal. The offer from the FOA to share office space was accepted “after some debate.”

“Farm foresters are by nature

fiercely independent characters,” he says, “and there was some feeling among our members that we were in danger of ‘being taken over by the big boys’. Three of the major forest industry groups are now in the same office, providing the opportunity for our executive to have some direct input into issues concerning all three organisations.”

As FOA president, FIC board member and FFA

member, Peter Berg sees the new situation from all three viewpoints.

“It’s a positive association and development for the industry,” he says. “The interests of both the FFA and the FOA are the same – disease prevention, fire protection, powerline control – the differences are only of scale.

“The FFA is large number of small owners, the FOA is a small number of large owners. What a powerful combination!”

Line Owners Responsible For Maintaining Supplies

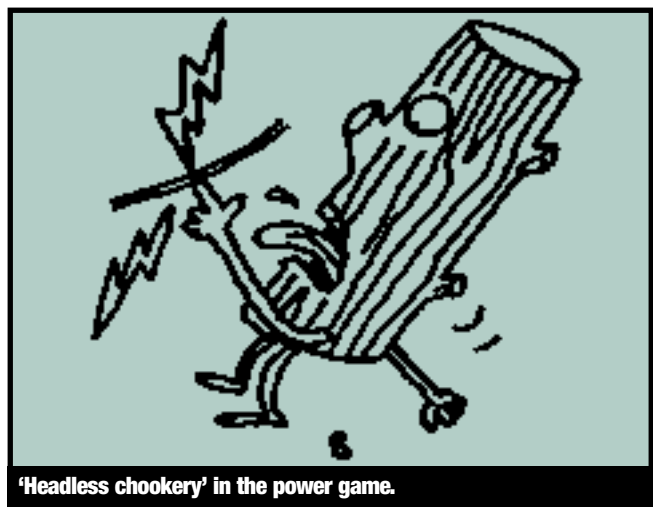
The FOA has written to energy minister Pete Hodgson seeking confirmation that powerline owners, not landowners, are responsible under the newly passed Electricity Industry Act for trimming or removing trees that might interrupt supply.

There was consternation when Parliament's Commerce Committee declined to report the draft bill back to the House – a decision described by rural affairs minister Jim Sutton as 'headless chookery'. Hodgson introduced a supplementary order paper that he said included every amendment that would have been made by the select committee, including clarification of the provisions for land access by lines companies. However, 'the devil is in the details' and FOA chief executive Rob McLagan has written to the

minister underlining that the onus should be on transmission companies to deal with vegetation growing under their lines. "This is consistent with Section 62 of the Electricity Act 1992," he says, "which creates a statutory obligation on an existing electricity distributor to continue to supply line function services." The FOA has been liaising closely with Federated Farmers, the Farm Forestry Association and the Federation of Maori Authorities. All the landowner organisations involved propose to advise their members of the

changes in the new legislation, "though we are disappointed that line companies' responsibilities were not made clearer in the legislation." FOA president Peter Berg sees the issue as one of simple justice: "We don't believe that

one commercial enterprise – a landowner – should be made to maintain the assets of another commercial enterprise, in this case a powerlines owner." A detailed reply was awaited from the minister as this issue of the *Bulletin* went to press.



Research

RST Strategy Gathers Pace

The forest industry is gearing up for growth with the help of funding from the Government for research, science and technology.

Earlier in the year RST minister Pete Hodgson 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. FOA president Peter Berg says the industry is recruiting a full-time co-ordinator to act as a liaison person with the various agencies, as the first step in making its own contribution to

developing RST in partnership with the Government. The Forest Industries Council has become the industry's 'lead agency', and chair Devon McLean says the industry/government task force on wood processing strategy has provided the industry with a "high level political relationship that ensures government will continue to focus on enhancing the industry's international competitiveness."

Key elements of the strategy are market intelligence and distinguishing between the needs of existing and future plantation resources. Research for both components is segmented into:

- Supporting or defending a business or sector's current position (eg: building skills, capability, quality); predominantly funded by the industry.
- Enhancing product performance, differentiation or functionality; funded by the industry and the Foundation for Research and

Technology (FRST).

- Creating opportunities outside the realm of the business or sector's existing operations; predominantly funded by FRST, with industry consultation and additional funding by early adopter companies.
- Pan-industry research platforms built around key issues such as wood fibre properties and wood quality, strategic market intelligence, market access, climate change, sustainable forest management and biosecurity.

GMO Approval Process Will Cost Plenty

Recommendations from the Royal Commission on Genetic Modification will make the approval process costly, and drive biotechnology research offshore.

That is the view of Katie Mayes, co-chair of the FOA's Resource & Environment Committee. She says the Association is pleased the report endorses the development and use of genetically modified organisms (GMOs) in New Zealand because that enables the forest industry to keep its options open in the future.

However, the Royal Commission's recommendations include:

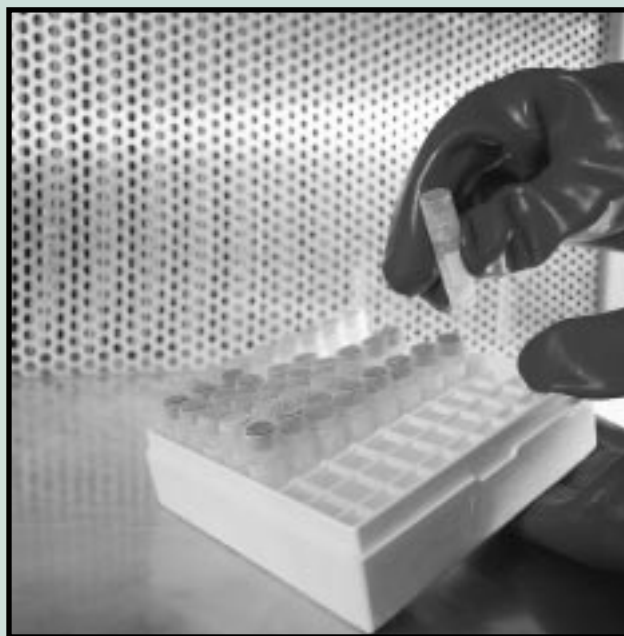
- Establishment of a bioethics committee as an advisory body.
- Creation of a Parliamentary Commissioner on Biotechnology to undertake futurewatch, audit and educational functions.
- Development of 'additional regulatory mechanisms' to manage the relationships between organic crops, GM-free crops and

genetically modified crops.

"The suggested amendments to the current regulatory regime will make the approval process for GMOs extremely costly," Mayes comments, "and the development and use of biotechnology will be driven offshore.

"This flies in the face of government policy to reduce business compliance costs, and will mean that New Zealand cannot take advantage of advances in the so-called 'knowledge economy'."

FOA chief executive Rob McLagan is pleased with the major conclusion of the Royal Commission that New Zealand would be unwise to turn its back on the potential advantages of genetic modification, and agrees that we should proceed carefully, minimising and managing risks.



"The industry hopes that the Government does not impose new and more stringent and costly measures. These would effectively eliminate the ability of the forestry sector to introduce genetic modifications to reduce costs, increase performance or improve quality – even if such modifications were seen as environmentally safe and commercially sensible.

I am concerned that the conditions for the field release of GM crops will be so costly and restrictive that release will not occur – certainly in the short term."

The Government has given itself three months to consider the report and develop its work programme. The four-volume report is available free at www.gmcommission.govt.nz

'Tis The Season To Spray Dothi

Owners and managers of small forest blocks are warned to watch out for *dothistroma pini*, and get their spraying orders in quickly.

Don Hammond, secretary of the Dothistroma Control Committee, co-ordinates a control programme for large and small

owners that includes bulk purchases of copper fungicide at competitive rates on the world market. The dothistroma-spraying season is almost here and he wants orders now.

Dothistroma reduces the growth and therefore the economic return from trees.

Hammond estimates that the industry spends \$1 million a year on control. "The owners of large forests usually have dothi control as part of their maintenance programme," he says, "but those with blocks of 5-10 ha may overlook it, or not know about it."

He suggests that owners of small blocks who suspect their trees are infected may find it cheaper to

spray than call in professional advice. "The cost is only around \$40 a hectare and it has no adverse affect on a healthy tree."

Don Hammond can be contacted by phone at 07 332 3454 or 025 885 940, by fax at 07 332 3464 or by mail addressed to The Secretary, Dothistroma Control Committee, PO Box 1035, Rotorua.

Fewer Fire Districts Wanted



Efficiencies in staffing and equipment.

FOA fire committee members want some rural fire districts to amalgamate for more efficient use of resources.

The move follows the worst forest fire season in a decade. Around 516 ha of plantation forest (0.03% of the national plantation estate) was lost to fire last season, at a cost of around \$3 million, excluding fire fighting expenses. About 266 ha of the crop lost was ten or more years old.

A recent meeting of FOA representatives on Regional Rural Fire Committees identified a decline in fire-fighting infrastructure as the service's most pressing problem. Shortages were reported in skilled and experienced people, and in capital equipment.

"One initiative to combat this situation was reducing the number of rural fire districts to permit economies of scale in hiring professional staff and optimising the use of available equipment," says FOA Fire Committee chairman Charles Schell.

The idea is supported by the National Rural Fire Authority, which has offered assistance to districts willing to amalgamate.

Certification

Website To Report Certification Progress

The industry group working on establishing national forest certification standards is building a website to report progress.

The site will contain regular updates on the national initiative to set standards for verifying the sustainable management of New Zealand forests. There will also be links to websites of some of the organisations involved in the process, which include the FOA, the FIC, Greenpeace, the World Wide Fund for Nature, and the Royal Forest & Bird Society.

The website address will be reported in the *Bulletin* once it is operational, and it will be the main vehicle for keeping interested parties up to date with progress.

Katie Mayes, who co-chairs the FOA's Resource & Environment Committee, is one of the three industry representatives who make up the economic chamber in the Plantation Technical Committee. She says the technical

committee is making steady progress and is due to meet again at the end of August to continue discussions.

"I expect that the committee will be able to deliver a draft set of standards at the end of September in line with our objectives," she adds, "and that it will not contain screeds of square brackets around unresolved issues."

"I am extremely pleased with the way the negotiations are taking place at present, as all chambers are well represented and discussion is very positive".

The Indigenous Plantation Technical Committee is not currently operative, and environmental groups have until the end of August to decide if they will appoint representatives to the environmental chamber.

Forestry Fellow Sought

The University of Canterbury School of Forestry is seeking a Visiting Industry Fellow to set up office at the school for a fortnight. The purposes are interaction with staff and students, and advice on the quality and relevance of its degrees and research programmes. The university will provide office facilities, and help in finding local accommodation. Expressions of interest can be emailed to r.sands@fore.Canterbury.ac.nz

Statistics At Length

The reference book *New Zealand Forestry Statistics 2000* has just been published by the Ministry of Agriculture and Forestry. It contains the latest charts and tables available on resources, production, consumption, trade and finance. MAF describes *Statistics 2000* as "the only source of the time-series data on the key elements underpinning the growth of the forestry sector in New Zealand." The complete publication is also available at www.maf.govt.nz/statistics/primaryindustries/forestry/index.htm.

Minister For AGM

Minister for Trade Negotiations and Biosecurity, Jim Sutton, is set down to be the guest speaker at a combined FOA-FIC annual general meeting. The venue is the Waipuna Lodge, Auckland, on Thursday, 4 October. The annual meetings of the two organisations will be held sequentially from 2.00-4.30 pm, and all members of both organisations are welcome to attend the combined session.

After the formal meetings, the chairs of the various committees and task groups will make presentations on their portfolio areas, including brief reports on the past year's activities followed by brief comments on current and future issues.

Mr Sutton will speak and answer questions from 5-6 pm, followed by a cocktail function from 6-8 pm.

Government Training Grant

The Government has committed \$133,000 to help recruit and train forestry workers around Rotorua. The grant is part of a three-year \$33 million partnership programme for regional development. Operated through Industry New Zealand, the programme particularly focuses on regions with new forests maturing.

MAF Consults On Biosecurity

MAF has formed a Forestry Consultative Committee to involve all stakeholders in the process of biosecurity.

Bill Studholme, an FOA representative on the new consultative committee, says MAF is responding positively to past criticism and changing direction. "They are listening with care and I respect their input to this new committee."

Chaired by Ruth Frampton of MAF Forest Biosecurity, the committee's members and invited observers are drawn from industry, local authorities, environmental groups, the Department of Conservation, agricultural research companies, forest health advisory services and universities.

New Facts

Where are the plantation forests located in New Zealand? Who owns them? How many logs are exported and where do they go? How much wood turns into pulp and paper? How many people are employed in the sector?



Those questions and many others are answered in the forest industry's 2001/2002 issue of *Facts & Figures* due out this month. Published annually for over a decade, the pocket-size booklet contains a comprehensive profile of the forest industry in New Zealand.

It is available from FOA headquarters in Wellington, and a digital version can be loaded down from www.nzforestry.co.nz

Surveillance Scheme

The Forest Health Surveillance Scheme is now in place and forest owners are urged to participate.

Forest Health Committee chair Bill Studholme says the system provides early detection

of any exotic disease or pest incursion, as well as:

- Data to meet New Zealand's international forest reporting requirements
- Forest health management information to individual forest owners
- Assurances to forest industry investors and shareholders.

The arrangements apply for the next two years and the Association has assured the best possible value by opening the contracts to competitive tenders zone-by-zone, from Forest Health Dynamics Ltd (FHD) and Vigil Forest Health Advisory Services.

The boundaries of Zones 2 and 3 have changed from last year, as have the providers in Zones 1, 2 and 3. The prices given are ex GST.

Zone	Provider	Price/ha
1	FHD	54¢
2	FHD	42¢
3	Vigil	43¢
4	Vigil	38¢
5	FHD	51¢
6	FHD	45¢
7	Vigil	52¢
8	Vigil	46¢

Plus: data entry 8¢/ha; diagnostic services 19¢/ha; and a Forest Health Research Collaborative levy of 5¢/ha.

The contact details of the two providers are:

FHD: Don Hammond, Hammond Resource Management Ltd, 327 Central Road, RD2, Rotorua, phone 07-332 3454, fax 07-332 3464, e-mail don.h@clear.net.nz

Vigil: Ross Morgan, Vigil Forest Health Advisory Service, P O Box 6262, Rotorua, phone 07-343 5825, fax 07-350 1440, e-mail: ross.morgan@vigil.co.nz

Harvest Highways A Priority For Task Force

State and local roads are a major issue for forest owners as the harvest volume graphline continues to rise steeply, creating the prospect of many more truck movements – especially in new forest areas.

Infrastructure is a preoccupation of the industry/government task force developing a long-term wood processing strategy. Its latest meeting marked “a positive step forward for the process,” in the words of FOA chief executive Rob McLagan, a member of the joint secretariat. “In particular, the labour and skills, transport infrastructure, Resource Management Act and biosecurity task groups clearly demonstrated that the partnership between industry and the government is working effectively. We are tackling issues that have the potential to limit investment in further processing of the increasing wood harvest.”

President Peter Berg says: “We are developing a strategy for the next five to 10 years, so the process will inevitably take time. However the Government has given us an assurance that the infrastructure will be ready for harvest and we are working with them to help that come about.”

Longer, Heavier, Safer

One way to reduce the number of logging truck movements is to use larger vehicles, and Transit New Zealand has made that a recommendation. But its suggestion that the length limit be increased by five metres and the maximum weight boosted to



0800 numbers encourage feedback.

62 tonnes has run into opposition from the Automobile Association, environmental groups and Tranz Rail.

FOA Transportation Committee chairman Doug Robertson says the proposal has potential to provide significant safety and economic benefits for the forestry industry. “Heavier payloads will mean fewer trucks on the road, while longer lengths – something that the industry has been promoting for some time – will improve stability and reduce the frequency of rollovers.”

Fewer Rollovers

The Land Transport Safety Authority has reported a 64% reduction in the rate of logging truck rollovers from four years ago, but the FOA wants to see

the reduction accelerated.

One of its strategies is to encourage other motorists to phone the Log Transport Safety Council (LTSC) about logging truckers’ behaviour, bad and good. It began in December last year and was boosted by the switch from an 0800 number to 0800 LOGTRUCK or 0800 BULKTRUCK on signs to be carried by the big vehicles. The Association is pressing forestry owners to get all log truck operators to fit the signs by the end of this year.

The LTSC reports that it received 149 calls in June, as a response from the campaign, down from 167 in May and the 217 peak in April.

Most complaints continue to be of careless or inconsiderate driving, but faulty equipment

has edged out speeding as the second most common criticism. Good driving, followed by consideration or courtesy, were the main reasons for calls of commendation.

Road Show

The LTSC is mounting a road show in August and September, sponsored by Lumley Insurance and ACC. It looks at the magnitude of the safety problem, current trends and the roles of vehicle stability, speed and fatigue in crashes. The itinerary is: Whangarei August 28, Tokoroa and Rotorua August 30, Gisborne September 3, Napier September 4, Palmerston North September 5, Dunedin and Invercargill September 10, and Christchurch and Nelson September 11.