

IN THE MATTER OF

The Resource Management Act 1991

AND

IN THE MATTER OF

Application for resource consent under sections 88 and 124 of the Act, in relation to the proposed re consenting of the discharge of contaminants into air from fumigation at the Port of Tauranga.

BY

GENERA LIMITED
Applicant

**STATEMENT OF EVIDENCE OF CHRISTOPHER RAYES
ON BEHALF OF MATARIKI FORESTS (SUBMITTER)**

22 May 2023

INTRODUCTION

1. My full name is Christopher Rayes.
2. I am presenting this submission on behalf of Matariki Forests (Matariki). Matariki made a submission in support of the Genera application dated 16 November 2020.
3. My witness statement relates to that submission.
4. I am authorised to give this evidence on behalf of Matariki.

Qualifications and experience

5. I have over 40 years' experience in the forestry industry.
6. I am an employee of Rayonier New Zealand Limited, which is the manager of Matariki and am employed as the Marketing Director. This role also encompasses management of the export and log marketing services undertaken on behalf of AVA Timber LP (AVA) by Matariki Forests Trading Limited.

Scope of evidence

7. I provide evidence in relation to the effect on Matariki of not being able to fumigate logs at the Port of Tauranga;

SUMMARY OF SUBMISSION

8. Matariki is a substantial forest owner in the Bay of Plenty region and a client of AVA, which exports and markets logs into Asian markets on behalf of Matariki and its other corporate clients.
9. The operational efficiency of the Port of Tauranga is of crucial importance to Matariki.
10. The points made in our original submission remain valid and should be taken as read.
11. Matariki fully endorses the expert evidence submitted on behalf of the Applicant.
12. Since the time of the original submission in 2020 the operating environment has become more difficult. In particular:
 - Matariki is not seeking to increase the amount of phytosanitary treatment of its own volition. It is a requirement of the countries it exports to which reflects increasing phytosanitary requirements globally; for instance Japan has introduced a phytosanitary certification requirement from 1 May 2023.
 - China's imported softwood log volume has peaked and fell around 40% in 2022 to approximately 31 million CBM.

- Increasing geopolitical tension has seen the Chinese Government issue a food security directive to farmers requiring removal of forest area and replacement with food crops, thus flooding the local market in China with cheap logs.
- As predicted at the original EPA hearings, an increase in debarked volume has led to an increase in live insect incursions to the extent that Chinese officials have formally requested MPI to investigate and report.
- Matariki, as a partner in the AVA is projected to increase its export volume through Port of Tauranga in the near to medium term.
- Matariki, as a JV partner in AVA has seen a heavy investment by AVA clients in debarking and port stevedoring productivity. However, Matariki needs, through AVA, a portfolio of phytosanitary options including fumigation to balance increasing market risk whilst endeavouring to minimise further erosion of its return on investment.

THE EFFECT OF THE EPA DECISION ON THE FUMIGATION AND WOOD EXPORT INDUSTRY

13. As stated in our original submission, the EPA decision has increased market risk, effectively concentrating log exports on China and shutting the log export industry out of bulk log exports to India.

THE EFFECT ON MATARIKI OF NOT BEING ABLE TO FUMIGATE AT THE PORT OF TAURANGA

14. The potential worst-case scenario would result in material loss of jobs and contractor businesses and financial failure. This is because the increased volumes going into the domestic log market as a consequence of such a decision would undoubtedly flood that market due to the shallowness of the pool of domestic processors in the region. This supply/demand imbalance would inevitably and likely drastically depress domestic prices. The impact of that would flow back down the supply chain as forest owners reduce their annual harvest and investment in their businesses. This would negatively impact the contractor work force as work programmes are reduced or curtailed and contractors are laid off, inevitably leading to contractor business failures. Ultimately this would also result in a reduction in the value of all Bay of Plenty forest estates including those owned by Matariki.

CONCLUSION

15. The Port of Tauranga is the largest New Zealand log export port. Matariki is gravely concerned at the prospect of any decision further increasing cost and risk to log exporters at Port of Tauranga. Should the Applicant's resource consent application as submitted be declined or conditioned in such a way as to make the export of logs through the Port of Tauranga uneconomic for Matariki, it will have dire consequences for the regional economy including local forestry companies, employees and contractors.
16. Matariki seeks that the Resource Consent as sought by the Applicant be approved in full.

Christopher Rayes

22 May 2023