

# Submission

RM19-0663: Genera Limited

Submission to:

Bay of Plenty Regional Council  
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## Introductory Comments

1. The New Zealand Forest Owners Association Incorporated (FOA) welcomes the opportunity to make an updated submission/statement of evidence in support of Genera's resource consent application reflecting the additional information and evidence that has been provided, or arisen, since its previous submission.
2. The Forest Owners Association (FOA) supports Genera's application because:
  - The use of fumigants as a pre-shipment phytosanitary treatment for logs and other products for export is a foundational requirement for enabling and maintaining the flow of trade.
  - There are currently no alternative treatments that achieve the same efficacy across the range of pests and pathogens in a cost-effective manner that make them commercially viable.
  - The use of fumigants is critical for the effective mitigation of biosecurity risks associated with imported goods and conveyances.
  - The port is a vital transport hub for international and domestic trade that enables significant economic benefits to be realised regionally and nationally.
  - The Port of Tauranga represents close to 1/3 of the forest sectors log export volume to international markets.
  - The ability to effectively address the biosecurity threats to our trading partners is critical to maintaining New Zealand's reputation as a reliable and safe trading partner.
  - The robust, rigorous, and evidence-based process applied by the EPA has established workable controls that mitigate any potential or perceived human health or environmental effects from the use of fumigants at the Port of Tauranga and that any residual risks will be avoided or mitigated with the conditions proposed by Genera.
  - The approach proposed by Genera in its application and the subsequent conditions agreed to in the Expert Conferencing Joint Witness Statement align with the EPA conditions and represents the best, yet workable options for the use and discharge of fumigants at the Port of Tauranga.

## Submitter

### The Forest Owners Association (FOA)

3. The New Zealand Forest Owners Association Incorporated (FOA) is the representative membership body for the commercial plantation forest growing industry. FOA members are responsible for the management of approximately 1.2 million of New Zealand's 1.7 million hectares of plantation forests. FOA members account for over 70% of the annual harvest.
4. FOA members rely heavily on the effective functioning of all the layers of New Zealand's multi-layered biosecurity system, including protection from new pests and pathogens that might arrive and New Zealand's access to cost effective phytosanitary treatments that enable it to meet trading partner requirements.

### New Zealand plantation forestry

5. Plantation forestry plays a significant role in New Zealand, contributing to the country's economy and environmental sustainability. The practice involves the establishment and management of forests primarily for the production of timber and other forest products.
6. Plantation forests are grown across New Zealand and cover a significant land area (1.7 million hectares), particularly in the central North Island, where favourable growing conditions exist. Radiata pine, a versatile and fast-growing species, dominates the country's plantation forests, accounting for the majority (90%) of commercial forestry operations. Other species like Douglas-fir, eucalyptus, and cypress are also cultivated to a lesser extent. The forest growing sector has a 12% share of rural land use.
7. Plantation forestry is a vital sector of New Zealand's economy. It contributes significantly to the country's export earnings and provides employment opportunities in rural areas. Timber production from plantation forests supports a range of industries, including construction, furniture manufacturing, and pulp and paper production.
8. The forestry sector also supports employment (~40,000 people), investment, and development across New Zealand throughout its supply chain in both urban and rural New Zealand.
9. New Zealand has adopted sustainable forest management practices to ensure the long-term viability of its plantation forests. Forestry companies adhere to rigorous environmental standards, including responsible harvesting techniques, reforestation, and protection of biodiversity. The industry also emphasises the use of forest residues and by-products for renewable energy and other value-added products where this can be recovered cost effectively.
10. Plantation forestry brings many environmental benefits to New Zealand. Forests help mitigate climate change by sequestering carbon dioxide from the atmosphere, acting as carbon sinks. They also play a crucial role in soil conservation, erosion control, and water quality management. Additionally, plantation forests provide habitat for native wildlife and contribute to overall landscape aesthetics.
11. Plantation forestry also supports a range of other public, economic, social and wellbeing values, including recreation, adventure, and reflection, i.e., mountain biking, hunting, fishing, apiculture, rongoā, off road 4wd, motorbiking, walking, horse-riding etc. Most of these are enabled and supported through the good will of forest owners. Recently a report was published

on the economic benefits of bike tourism in New Zealand<sup>1</sup>. This report demonstrated that bike tourism in plantation forests is of significant economic benefit to New Zealand. It estimates that over 600,000 mountain bikers used New Zealand's plantation forests, and this was worth over \$290 million to New Zealand's regional economies and that Rotorua ranks as the number one location for new visitor spending by bike visitors to plantation forests.

12. New Zealand's forestry sector is committed to research and innovation. Extensive research programs focus on improving tree genetics, productivity, and resilience to pests and diseases. Innovative technologies are employed in forest management, including remote sensing, precision forestry, and advanced harvesting techniques.
13. Plantation forestry faces many challenges including fluctuating international markets, biosecurity risks, and concerns over the environmental impacts of intensive forestry practices. However, the industry continues to adapt and innovate, exploring opportunities for diversification and value-added products.
14. Plantation forestry plays a crucial role in New Zealand's economy and environmental sustainability. Through sustainable management practices, the sector supports economic growth, employment, and contributes to environmental conservation. Ongoing research and innovation are driving the industry forward, ensuring its resilience and ability to meet future challenges.
15. Forest ownership within New Zealand is diverse in nature. While a small number of large companies own a large proportion of our production forests (~70%), the remaining 30% is owned by small growers such as woodlot owners, farmers, investors etc.
16. Forests are also very important to Māori, who have significant investments in forestry and have ownership of more than 30% of the land under plantation forests. Māori also make up a significant proportion of the forestry and wood processing sector (~22% or ~8,300 people).
17. Forestry is a significant and long-term investment for landowners compared to other land use types. Radiata pine, which makes up ~90% of plantation forest, is harvested on average at about 28 years of age.
18. For further information, history and future potential of the forestry sector please refer to:
  - The Forestry and Wood Processing Industry Transformation Plan<sup>2</sup>.
  - FOA Facts and Figures<sup>3</sup>

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<sup>1</sup> Economic Impacts of Mountain biking in Production forests in New Zealand (Appendix 1) - <https://www.benjepatterson.co.nz/wp-content/uploads/2023/05/Economic-impacts-of-mountain-biking-in-production-forests-in-New-Zealand.pdf>

<sup>2</sup> The Forestry and Wood Processing Industry Transformation Plan (Appendix 2) - <https://www.mpi.govt.nz/dmsdocument/54472-Te-Ara-Whakahou-Ahumahi-Ngahere-Forestry-and-Wood-Processing-Industry-Transformation-Plan>

<sup>3</sup> FOA Facts and Figures 2021/22 New Zealand Plantation Forest Industry (Appendix 3) - [https://www.nzfoa.org.nz/images/FGT\\_4234\\_Facts\\_and\\_Figures\\_2021\\_22\\_Internals\\_FA\\_web\\_updated\\_1feb2023.pdf](https://www.nzfoa.org.nz/images/FGT_4234_Facts_and_Figures_2021_22_Internals_FA_web_updated_1feb2023.pdf)

## Phytosanitary Treatments

19. The international trade in logs and wood products (as well as other horticultural products) relies on the availability of effective and internationally accepted phytosanitary treatments to mitigate the global spread of biosecurity threats.
20. Importing countries stipulate phytosanitary treatment(s) that are acceptable to them (Acceptable Level of Protection – ALOP) to protect their environment, economy, and people from the risk of imported pests in the same way New Zealand does for imports.
21. The availability of cost-effective phytosanitary treatments is therefore critical for ensuring, maintaining, and protecting the ongoing international trade in wood and wood products from New Zealand and for mitigating and preventing the introduction of biosecurity threats.

## The Importance of the Port of Tauranga for Forest Product Exports

22. The Port of Tauranga is critical to the forestry sector in New Zealand. It is by far the largest export port for New Zealand's Forest products with about \$1.7 billion dollars' worth of forest products crossing its wharves every year.
23. Close to 30% of New Zealand's ~\$4-billion-dollar log exports left New Zealand from the Port of Tauranga in 2021<sup>1</sup>.
24. The majority of logs exported out of the Port of Tauranga, which are sourced from across the Bay of plenty region, and well beyond, require some form of phytosanitary treatment as an export requirement.
25. In his evidence, para 31, Mr Murray has estimated that approximately 80% (\$888 million per year) of logs exported out of the Port of Tauranga require fumigation and would be at risk without the ability to cost effectively fumigate these.
26. The ability to use effective and trading partner accepted phytosanitary treatments, including fumigation) at the Port of Tauranga for the purposes of biosecurity risk management and safe trade (from a biosecurity perspective) is critical for ensuring the continuance of trade through the Port of Tauranga.
27. MPI have estimated that a large proportion of the \$26.7 billion products imported per year rely on effective phytosanitary treatments being available to mitigate or respond to biosecurity risks.

## Implications of the Resource Consent Application

28. The FOA refers to Phyto's (Mr Hammond) Statement of Evidence which outlines the investment and effort that the forest growing, and export industry has made toward exploring alternatives and reducing Mbr use.
29. China and India recently represented two of New Zealand's largest log export destinations. Both countries require New Zealand's logs to undergo specific phytosanitary treatments to mitigate the risk posed by pests of concern to them. These treatment requirements included the fumigants Methyl bromide and phosphine, with India only accepting the former.
30. In its previous submission (16 November 2020), the FOA highlighted the risks should these fumigants no longer be available for export logs at the port of Tauranga. These are included

below to highlight the impacts of decisions that impact on the availability and workability of phytosanitary treatment options.

31. *“In the event that the use of these fumigant treatments are no longer available for export logs at the Port of Tauranga there will inevitably be a significant impact on the forestry sector and the regional economy and employment.”*
32. *“Log shipments destined for India require these phytosanitary treatments and they will no longer be able to be exported from the Port of Tauranga until an alternative, approved, and accepted treatment is found.”*
33. *“Deck cargo destined for China could cease or be reduced to debarked logs only and there is currently insufficient capacity to achieve this.”*
34. The FOA maintains that in the event that the use of effective fumigant phytosanitary treatments (phosphine, EDN and Mbr) are no longer available for export logs at the Port of Tauranga there will be a significant negative impact on the forestry sector, the regional economy, employment and beyond.
35. Since its previous submission, the Indian market, which is soon to become the world’s third largest economy, and its potential as an area for trade diversification and growth for New Zealand’s exports has effectively been closed to New Zealand logs. This was as a direct result of the effective prohibition of Methyl bromide as a phytosanitary treatment in ship holds resulting from the EPA’s Methyl bromide reassessment decision in 2021.
36. The FOA notes that significant work and bilateral negotiation is required to be able regain access to this valuable and future potential market. Any future options would rely on other fumigants (namely phosphine and/or EDN) and would be dependent on 1) their acceptance by India as an acceptable treatment, 2) the ability to apply these fumigants in New Zealand to meet trading partner import requirements, and 3) that they remain a cost-effective treatment option. How long this might take is uncertain. This market was estimated by Mr Hammond in his Statement of Evidence (para 26) to be valued at “\$300-400 million” per year, but its future potential could exceed this. Until this is resolved this market remains inaccessible to New Zealand’s logs.
37. A further impact of the EPA decision is that New Zealand’s log exports are now largely directed to China (~90%), which makes the value of these exports to New Zealand, regional economies, and forest owners highly vulnerable to market volatility as has been demonstrated by the current market downturn. There is currently no ability to pivot to another major potential market like India.
38. Mr Bakers Statement of Evidence, table following para 74, provides an estimate of the significant (99.56%) reduction in Mbr use at the Port of Tauranga since the EPA reassessment decision.
39. The FOA considers that it is critical to ensure the ability, capability, and capacity to fumigate at the Port of Tauranga is maintained to protect New Zealand from biosecurity threats as well as enabling trade to continue through the Port of Tauranga.
40. It is understood by the FOA that the capability and capacity of fumigators across New Zealand who are able or willing to apply Methyl bromide has reduced significantly since the Methyl Bromide Reassessment conditions came into force. This impact has been observed in delays to MPI’s ability to rapidly implement “urgent measures” to address the immediate biosecurity risks associated with some interceptions. This highlights the issue and risks that arise with decreased



capability and capacity to apply effective treatments like Methyl bromide in a timely manner to rapidly address new potentially high impact biosecurity threats.

41. If the ability to fumigate at the Port of Tauranga is constrained through unworkable conditions being applied, significant increases in costs, or if the resource consent is not granted, there is a real risk that the incumbent may opt not to reapply, and this capability and capacity is likely to be lost to the Bay of Plenty and potentially to New Zealand. If this were to occur it is uncertainty if another provider might to fill this gap or be willing and able to apply for a resource consent, and even if they did the timeframes, based on the time taken to consider this application, would likely be extensive.
42. The FOA considers that the outcome of not being able to fumigate at the Port of Tauranga and the potential impacts that this might have, would be catastrophic not only to forest owners and exporters, but also to fumigation providers, the Port of Tauranga, port workers, forestry supply chain, employees that work in or rely on forest exports and the supply chain, the Bay of Plenty economy and New Zealand's reputation as a reliable trading partner etc. It would also have significant impacts on investor confidence which would have much wider implications for forest ownership, investment, and the economic and other benefits that are derived from plantation forestry.
43. The FOA also anticipate that such an outcome would also have significant negative impacts on other export commodities and also on the ability to import goods if the biosecurity risks associated with them cannot be effectively managed on arrival.
44. Debarking as a phytosanitary treatment option is negotiated bilaterally between countries and is very much dependent on the importing countries ALOP which is dependent on the quarantine pests of concern to them. Currently debarking is accepted by China as an acceptable phytosanitary treatment option but is not accepted by India. Debarking is largely only used for top stowed logs due to the cost and logistical constraints of this treatment option for the volume of logs being exported.
45. The export industry's debarking capacity has increased since 2019. The FOA supports the ongoing use of debarking as a phytosanitary treatment option, however, it notes that there are logistical and cost constraints that prohibit this being a viable treatment option for the volume of logs that are exported commercially from New Zealand, and that it is not a treatment options that is accepted by all of New Zealand's export markets.
46. It is also important to note that all phytosanitary options come with potential risks, i.e., trading partners may change their phytosanitary requirements, or a new biosecurity risk might establish that cannot be adequately addressed by a particular treatment option. It is therefore important to maintain a wide range of effective phytosanitary treatment options.
47. The FOA notes and supports the evidence provided in its entirety by Mr Murray in his Statement of Evidence relating to the economic impacts and implications associated with fumigation at the Port of Tauranga.
48. The FOA also wishes to highlight the point made in Mr Murrays Statement of Evidence that exporters are price takers (paragraph 40). This is an important point because all additional costs that accumulate through the supply chain generally get passed back to forest owner, who will ultimately have to make economic decisions that offer the greatest return and minimise the risk to their, or their investors interests. Such decision are likely to have significant implications through the entire supply chain as was evidenced during the Covid lockdown when the forest sector operations were not considered an essential service.



49. Impacts on export volumes, cost increases, increased risks and a decreased return on investment will impact significantly on all forest owners and will impact different forest owners differently, i.e., while larger forest owners may be able to temporarily spread their risk and absorb some increased costs to a degree, smaller forest owners will not be able to do so and will be heavily impacted.
50. Log exports represent a critical part of the economic sustainability of the forest growing sector. Any impact on the economic viability of log exports from New Zealand are likely to have direct economic impacts on the profitability of the forest sector and will likely negatively impact on its ability to continue to support and enable the many other values that are derived from New Zealand's plantation forests.

## Conclusion

51. The Forest Owners Association (FOA) supports Generas application because:

- The use of fumigants as a pre-shipment phytosanitary treatment for logs and other products for export is a foundational requirement for enabling and maintaining the flow of trade.
- There are currently no alternative treatments that achieve the same efficacy across the range of pests and pathogens in a cost-effective manner that make them commercially viable.
- The use of fumigants is critical for the effective mitigation of biosecurity risks associated with imported goods and conveyances.
- The port is a vital transport hub for international and domestic trade that enables significant economic benefits to be realised regionally and nationally.
- The Port of Tauranga represents close to 1/3 of the forest sectors log export volume to international markets.
- The ability to effectively address the biosecurity threats to our trading partners is critical to maintaining New Zealand's reputation as a reliable and safe trading partner.
- The robust, rigorous, and evidence-based process applied by the EPA has established workable controls that mitigate any potential or perceived human health or environmental effects from the use of fumigants at the Port of Tauranga and that any residual risks will be avoided or mitigated with the conditions proposed by Genera.
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