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Kia ora,

The Lake Taupo and Lake Rotoaira Forest Trusts (“the Trusts”) hereby submit in support of the application for the reassessment of the approval for methyl bromide.

The Trusts together administer around 50,000 hectares of Maori-owned land in the central North Island on behalf of around 17,000 landowners. These lands include around 38,000 ha of plantation forestry, of which 32,000 ha is owned by the Trusts, and the remainder by our partner Crown Forestry Ltd. Together, the Trusts are NZ’s second largest NZ-owner of plantations, after NZ Super-Fund’s stake in Kaingaroa Forest. Our forests directly employ around 230 people - many being our owners – and indirectly support many whanau, providing them the opportunity to have work and careers on their own lands.

The Trusts and our partner the Crown harvest around 700,000 m³/annum of logs, of which typically 35% is exported. We have a policy of generally supporting domestic processors, and we actively encourage new mills to become established in the region, and for existing mills to expand their throughput. At the same time though we like to keep a presence in the export market, as we would struggle to sell all of our logs domestically. We are in a region with lots of forests and where the local mills can get sufficient wood for their requirements. We have a 20+ year relationship with two of our three export customers – who are in South Korea and Japan. Our other main export ‘customer’ is in fact a range of sawmills in India, to whom we have been exporting logs for around six years.

We are concerned about the viability of the log export market should fumigation recapture be lifted beyond 80%, given both the difficulty in defining what is meant by such a level of recapture, and in achieving levels above 80% with current technology. We are very aware of the enormous efforts the industry has been applying to improve recapture rates and toward investigating alternatives, and these works are ongoing. In the meantime we ask that the 80% recapture rate for methyl bromide be extended.

An extension of the current recapture conditions is essential for us to continue our business, and at the same time we are confident that the industry will continue to invest in research both into how to recapture a higher level, and into alternative to methyl bromide. Our many owners have waited a long time to see a return from their forest investments – we are at the end of our joint venture with the Crown – during which time we have been re-investing most of our share of stumpage income into growing the next crop. From two years’ time the Trusts will start to harvest their own trees, from which they will, for the first time since the Trusts were established in the late 1960s, receive 100% of the stumpage and be able to provide some meaningful distributions to our many owners.

If the export market is significantly less viable or even non-viable the impact on the Trusts’ owners will be considerable. Our forests are located at a considerable distance from the Port, and any extra costs or reduced log prices make a big difference in the viability of our business. If the use of methyl bromide effectively becomes unviable at this stage, there is no doubt that NZ’s export log prices will fall considerably – both in countries that require methyl bromide fumigation and in those that don’t. With

insufficient capacity in the domestic mills to accommodate the full level of harvest in the CNI, it is quite possible that the Trusts will have to reduce its harvest – immediately affecting harvest crews, truck drivers, management and staff, as well as impacting on the level of distribution we can offer our owners, and the level of reinvestment we can continue to make in the industry.

The Trusts have no doubt that as an industry we can solve this issue, and that we will invest in the necessary technology as and when it is proven and when we know the standard required. In the meantime the Trusts are continuing to encourage and contribute to on-going research and development to tackle this challenging issue.

The Trusts also support an extension of the deadline proposed for fumigant recapture in ship holds. Large volumes of NZ's export logs are fumigated in holds, but we understand that there are a range of physical and technical challenges in achieving high levels of fumigant recapture in these situations. Again the Trusts seek more time for the industry to explore options to improve such recapture rates.

Nga mihi
Geoff Thorp
Forest Manager
Lake Taupo and Lake Rotoaira Forest Trusts