

# Bulletin

Winter 2023

## PARATA INQUIRY LOOKS FOR LANDUSE ANSWERS P4-5

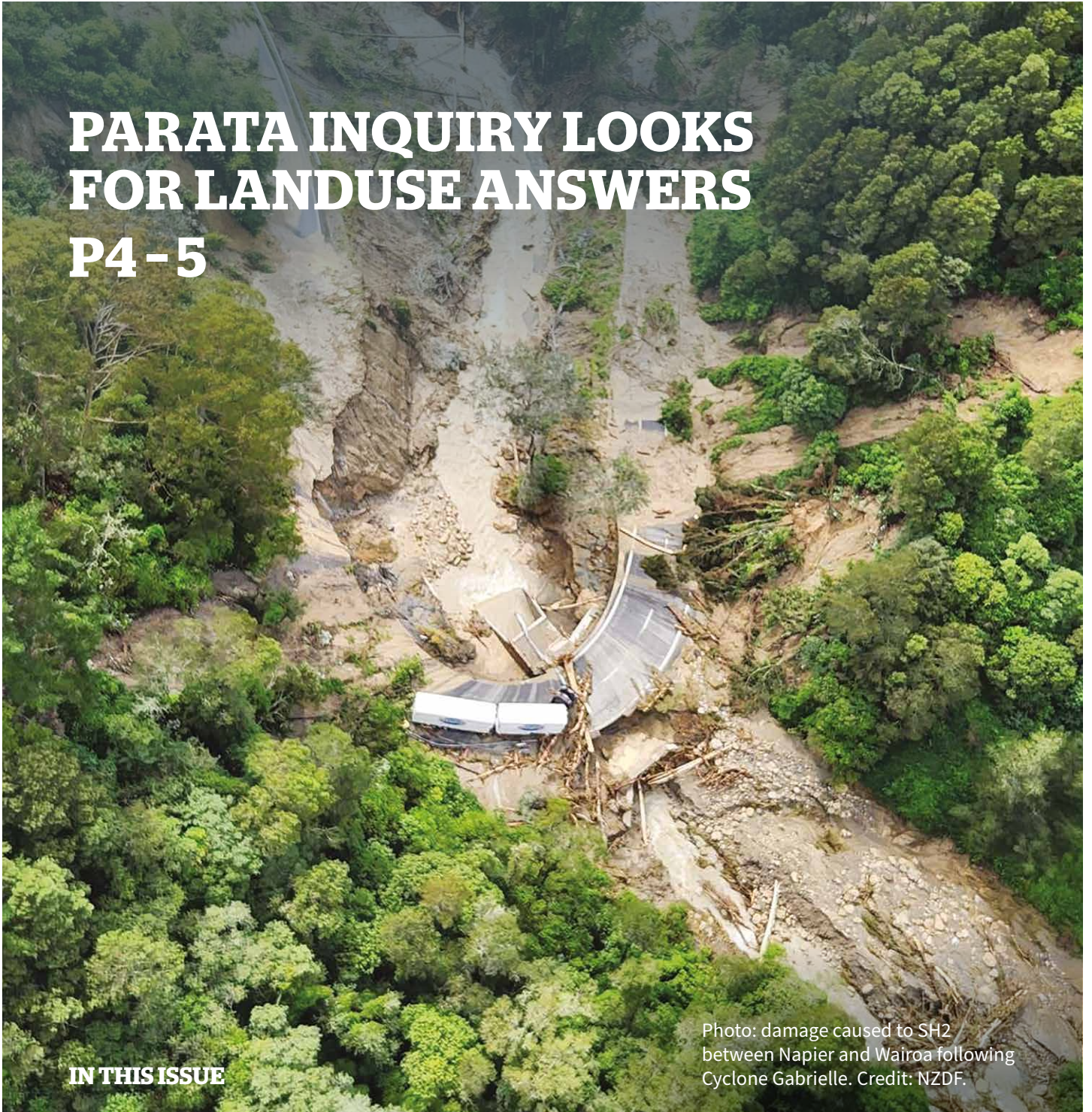


Photo: damage caused to SH2 between Napier and Wairoa following Cyclone Gabrielle. Credit: NZDF.

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Rail or not to rail?





# Forestry in our future

In a short while we will struggle to remember the place in China where a respiratory disease spread mayhem around the world, and we had to wear a mask when we flew anywhere.

**Like the global financial crisis, inflation will recede, and the recession will pass. We will look back with the benefit of hindsight and pontificate about whether the fiscal settings were too tight or too loose.**

The underlying reality that we are living in a period of the fastest rate of global warming on record will reassert its place as the bigger, less easily fixed, challenge. Fossil fuels are aptly named, and we are on the cusp of another societal revolution.

We are planning for a bio-based economy, a circular economy and one based on renewables. That sounds like a hand and glove relationship for forestry.

But some people demand a lot less forestry. Concerns about forestry reducing food production, or destroying both communities and biodiversity, are all high-profile debates. They are legitimate questions, but unfortunately inflamed by a media which thrives on conflict and controversy.

What do we need?

The right tree in the right place? Yes, but that can be interpreted in so many ways it isn't helpful.

Other things are less hazy.

We know we need to offset emissions simply because we can't cut them quickly enough without economic suicide.

Offsetting which puts biodiversity, or our resilience to climate change, at risk has been slammed by the Intergovernmental Panel on Climate Change. And it should be.

But, thankfully, that's not what's happening in New Zealand, even though some have chosen to interpret it that way.



Exotic forest planting is taking place on farmland and consequently the net outcome is increased biodiversity. As much as native forest? No, and never claimed to be.

The point is that biodiversity hasn't been compromised. Most people, including many environmentalists, will be unaware of an accord between the leading forest industry organisations and the key NGOs, including Forest and Bird and WWF.

That was signed back in 1990 and, even then recognised the important role plantation forestry had to play, as well as agreeing that exotic forest should not be planted where native forest was already established.

We may need to do more on emissions than we have been but, even if we do, we will still need at least a minimum area of forestry planted every year for the next decade. Presently, we are only hearing one part of that message.

We are also beginning to appreciate some things we used to do, aren't going to be OK under our new climate. Building back better may also mean building somewhere else. And forestry practices on vulnerable land need to change.

The economics of production forestry on the coast were always tough, and they just got tougher. Whether they are going to get too tough remains to be seen.

Change is non-negotiable, but there is also a real risk that communities will have environmental damage replaced with economic damage. Permanent canopy cover in native trees will undoubtedly be part of the answer but, quite apart from the practicalities of establishing it, turning private land from productive to non-productive raises questions about the public/private cost of doing so.

## Eighteen-year chapter closes for Rhodes

The forestry industry farewellled FOA chief executive David Rhodes this July, after 18 successful years in the role. David has been party to an enormous amount of industry change over the years – the introduction of the forest growers levy in 2013, the destruction caused by cyclones Hale and Gabrielle and now, the chance for collaborative industry transformation through the Forest and Wood Processing Industry Transformation Plan. His tenacity and strong leadership skills have steered the sector well, championing the importance of forestry and its people and the role it has in mitigating climate change.

David has been a tireless industry advocate throughout his tenure, ensuring forestry's voice was heard both domestically and abroad, including at the International Council of Forest and Paper Associations (ICFPA), at the pan-primary sector Food and Fibre Partnership group and in the Emissions Trading Scheme space, where his technical expertise has proven invaluable.

David's career began with completion of an MSc in Zoology, then a period as an ecologist at D.S.I.R, followed by several appointments with the Ministry of Agriculture and Fisheries, Ministry of Forestry and Ministry of Agriculture and Forestry – including a year as Special Advisor to the Department of Natural Resources in Canada. He will be leaving FOA for a well-deserved retirement, starting with a trip to France to follow his love of mountaineering and tramping.



This is particularly acute for much Māori land and the definition of kaitiakitanga is being tested.

And what of the option of harvesting native timber, or will we simply be creating another conservation estate?

Change is constant within the industry, and the tools to assist are evolving. Remote sensors analyse forests in real-time to determine where harvesting should be prioritised. Drones collect data to map areas that need attention.

Within the law though, it is important to let landowners make decisions about their property, rather than gruffly hear from those who purport to understand what they need.

Of course, it isn't just about trees. We also need much more timber used. Over 10 years ago, international negotiations recognised the ability of countries to claim carbon in wood products.

That benefit is accruing to New Zealand, yet is not being encouraged at the processing level.

Carbon can be locked up for a very long time and there are a myriad of other reasons why we should be living and working in buildings made of wood, especially living in the shaky isles.

We also seem to have a love hate relationship with foreign investment. There should be rules to ensure there is a net benefit to New Zealand from foreign investment (as there is), but we aren't big enough not to need help.

It has been my observation that foreign owners are associated with many characteristics that may be, but often aren't, associated with domestic investment.



**“ALL MANNER OF FORESTS ARE NEEDED... AND WE DON'T NEED A LOT OF LAND TO DO IT.”**

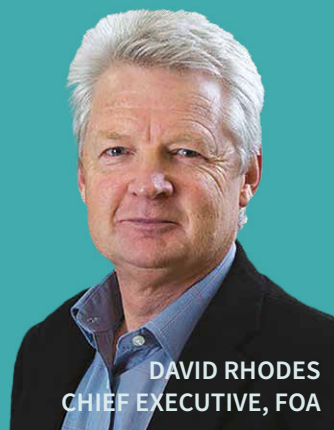
Things such as:

- Third party audited environmental certification.
- Continual production, employment and supply through market ups and downs (a particular Achilles' heel of our industry)
- Economies of scale
- Innovation
- Industry good support

Forestry has ample capacity to play the role that is needed, but the signals thus far have been muffled or contradictory.

All manner of forests are needed. Timber producing, bioenergy producing, essential oils, short rotation, long rotation, permanent cover, exotic and native trees. And we don't need a lot of land to do it.

What we do need, is for government to be clear on exactly what it expects from forestry, and so end that uncertainty.



**DAVID RHODES**  
CHIEF EXECUTIVE, FOA



# Ministerial Panel comes down on forestry

The Eastland Wood Council welcomed the much-awaited report of the Hekia Parata led Inquiry into forest harvest slash and land use in Tairāwhiti following Cyclone Gabrielle, but others are more cautious and critical of both the inquiry panel's big picture and fine print.

**It took only two months and two weeks for the three-person panel to submit its report to the Forestry and Environment ministers. Predictably for such a lower level inquiry, it was a reporting back of popular sentiments and quick fix solutions, based on their spending three-quarters of their time speaking to submitters.**

Alongside critical references to a 'monoculture of pines' and reimagining hard hill country Huiarua Station as 'beautiful farmland', the panel set out a vision of Tairāwhiti in 100 years as covered in exotics and natives sequestering enough carbon to be known as 'the lungs of the Pacific'.

The plantation pines in Tairāwhiti and Hawke's Bay presently sequester an additional four million tonnes of carbon dioxide every year.

The panel focused on forest harvest slash. It appeared to want all such slash removed from the land during harvest, though this was not clear.

It prescribed a general formula for the region to replace what the panel called 'clearfelling' with coupe harvesting with minimum catchment area of 40 hectares/5% to be harvested at one time and a five year wait on harvesting adjacent trees.

On the face of this recommendation, most forest experts say it won't work. Catchments may be the huge entire river system back from where it flows into the sea. Or they may be smaller and more manageable tributary systems. We do not know.

Predictably, the panel concluded that much of the current plantation estate in Tairāwhiti should not be harvested, and, again predictably, the assessment of where these no-harvest areas should be needs to be finer grained than laid out

"THE MINISTERIAL INQUIRY'S REPORT IS RECOMMENDING MEASURES WHICH WILL STOP THE VERY ACTIVITIES WHICH ARE VITAL FOR THE REGION'S RECOVERY."

**James Treadwell, President, NZ Institute of Forestry**

in the National Environmental Standard for Plantation Forestry. Likewise, a much heavier regulatory hand is to be laid over forest management.

There was little mention of the millions of tonnes of land stripped off hill country farms by Gabrielle, though there was a briefly expressed desire for farmland to be better managed, and a suggestion this may be achieved through the freshwater farm plans, for this decades-old problem.

As significantly, the panel provided no perspective of the huge volumes of willows, poplars and native trees swept into the region's rivers and down into bridges. It just saw harvest slash as the issue, and so avoided the much harder problem of trying to stabilise land which already has trees on it, but can't withstand the storms.

Instead, the panel prescribed a debris task force – foresters and councils only. There is no parallel 'Sediment Task Force'.

The panel naively and at length advocated reforestation with native trees, while ignoring the massive costs, risks of more tree killing droughts, browsing animals, fire, and seedling vulnerability to storms.

The lack of income generation from native trees, for at least many decades, was substituted for income from biodiversity credits, changing the ETS to value carbon more in native trees than in exotics, and government grants.

"THIS THOROUGH REPORT IS AN IMPORTANT STEP FORWARD FOR OUR COMMUNITY, AS WE ALL MAKE CHANGES NECESSARY TO PROTECT OUR WHĀNAU AND OUR WHENUA AND COMBAT THE INCREASINGLY SEVERE WEATHER WE FACE."

**Phillip Hope, CE, Eastland Wood Council**

Revegetation with non-harvest species is indeed vital, but it is much more difficult than the panel acknowledges.

In comparison, the panel skimmed over the potential of the Forestry and Wood Processing Industry Transformation Plan to provide part of the solution to harvest slash debris damage and create sustainable and economically viable new employment opportunities.

A more immediate vision than the 'lungs of the Pacific' could have been to create energy self-sufficiency for the region using wood fuels.

At least, however, even though important climate change risks have been ignored and economics side-lined, a debate for the region, has been started. The role of local iwi has been highlighted. The need for urgent action has been emphasised.

The forest industry has acknowledged its harvest ambitions in some parts of the region have been too optimistic to be sustainable, and has likewise fronted with clearing up after both Hale and Gabrielle.

But with the right investments, management, partnerships and vision, the forest industry looks forward to making a continuing large and vital contribution to the future of Tairāwhiti.

It is to be hoped that this is not thwarted.

# Economic future for Tairāwhiti



Eastland Port in Gisborne is the third busiest wood export port in Aotearoa New Zealand, handling nearly three million tonnes of logs a year, and scheduled to double this over the next few years

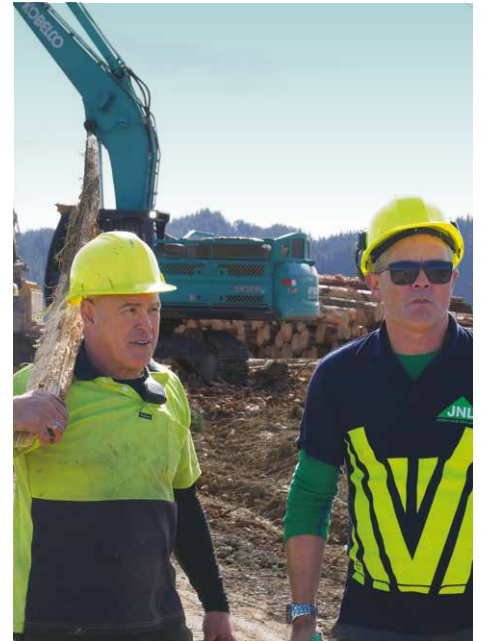
**The Parata Inquiry into wood waste and land use in Tairāwhiti was vague about what type of economy could emerge to replace reduced forestry and farming. It appeared to look indefinitely to central government for help.**

Solutions need to be based on continued employment, land stabilisation which keeps ahead of climate change, productive land use if possible, and carbon sequestration.

Meat processing capacity has shrunk. There are only a couple of dairy farms in the region.

All primary industries in the region struggle with the steep terrain, delicate infrastructure, and distance to markets.

While there is also limited timber processing in the region, the recently launched Forest and Wood Processing Industry Transformation Plan could add many other wood processing operations based on using wood waste.



It is possible that one day Tairāwhiti could be energy self-sufficient – based on the wood that is now causing all the trouble.

Most importantly, the solutions to all these issues must be led by the people of the region. It is their future, knowledge, skills, investments, and ambitions which will resolve these so very difficult problems.

## Gisborne District Council moves on Purple Zone

**The Gisborne District Council has dusted off a post-2018 report on debris flows at Tolaga Bay.**

It is its forestry starting point to respond both to Cyclone Gabrielle and, as well, to the Parata Inquiry's harsh criticism of the GDC's environmental enforcement.

The recommendations from the University of Canterbury's Rien Visser are for small coupe harvesting, restricting the maximum harvest area, and requiring enough time to 'regreen' cutover before harvesting adjacent coupes.

Levels of maximum residues are proposed, shrinking as the slope becomes steeper.

GDC has identified land, where, with 'clearfell harvesting, skeletal soils and climate change, this risk becomes unacceptable' for GDC.

The proposal is to limit any afforestation, or reforestation, to trees with a harvest maturity of at least 80 years or species which will coppice – read this as code for Redwoods.

The riskiest areas, which the Parata Inquiry suggested be given a 'purple' code, will be completely retired from production into permanent vegetative cover.

This would include thousands of hectares of farmland which GDC says 'is not suitable for farming', and which would have been responsible for what GDC calls a 'massive amount of sediment mobilisation'.

The Government at the same time has responded to the Parata Inquiry report by calling in no fewer than 18 ministers and their departments to respond on ways to implement the 49 recommendations in the report.



# Recovering from the Cyclone: Pan Pac Forest Products

Cyclone Gabrielle caused significant damage to Hawke’s Bay, with lives, homes and livelihoods lost.

**The aftermath of this event continues to be felt by many families and businesses in our region. Our company, Pan Pac Forest Products, was probably the most financially impacted individual business from this event, with losses to plant and business continuity estimated at around \$200 million, and a further \$40-\$45million in damage to forests and infrastructure.**

The night prior to the cyclone, we shut down the plant as a precaution with only a skeleton staff remaining in second-floor buildings. While we did not expect the site to flood, we were concerned about workers driving in dangerous weather. Early the following morning, the nearby Esk River breached the stop banks behind Pan Pac, flooding the site with water and silt 2m deep. The staff remaining onsite had to be evacuated by boat. The first few days after the event were extremely challenging, as most of the region was without electricity or telecommunications. Napier Port provided our Crisis Management Team with a dedicated office on their premises, powered by generators, which became our temporary hub for several weeks. Our key priority was ensuring all our staff were safe. We also had to make the site safe before workers could return. Ten days after the event, we held an all-staff meeting at the local Municipal Theatre in which our MD Tony Clifford acknowledged the loss and impact to our community, and assured our 400+ workers that their jobs were secure. Deputy MD Kazuya Shimma advised that



Pan Pac under water on 15 February 2023

our shareholder Oji Group in Japan had expressed their full commitment to rebuilding our business. He referred to the legend of the phoenix and the vision that Pan Pac would rise again from this disaster.

Project Phoenix, our four-stage recovery and rebuild plan, was born. When the site was made safe, hundreds of workers picked up shovels and squeegees and set to work clearing the silt. This work took months and involved many sucker trucks and specialist equipment.

About four percent of our forest estates were impacted by the cyclone, including the loss of 10–15-year-old trees. We faced many challenges accessing the forests due to slips, and damaged roads and culverts. Pan Pac and our contractors worked alongside other members of the Hawke’s Bay Forestry Group and the Hawke’s Bay Regional Council to clear and repair roads and bridges and remove woody debris from neighbouring properties. This work continues in our community.

We are now in phase four of our recovery plan. Our aims are to release our first Lumber packet by October and our first Pulp bale by November. While the silt is almost gone, we are still without electricity onsite as our electrical teams painstakingly work through

the process of recommissioning the entire plant. The commitment from our people to our recovery and rebuild has been outstanding and humbling.

Following the cyclone, we received many site visits from politicians from both sides and we attended several forums led by the communities most impacted by silt and woody debris. We are mindful of the increased risk of such events occurring and are focused on building greater resilience for our business and our neighbours. For our plant, this will include higher stop banks, as well as identifying ways we can provide greater support to our neighbours who are very isolated in such emergencies.

Community resilience is key, and bio-based businesses such as Pan Pac have a significant role to play in building resilience through long-term employment and innovative business practices that benefit the environment. In addition, our history of supporting community environmental initiatives is bearing fruit. Since 2021, Pan Pac has supported the Urban Kākābeak Project through the Pan Pac Environmental Trust. The Kākābeak (Ngutukākā) is native to Hawke’s Bay and is critically endangered in the wild. As well as sponsorship, Pan Pac purchased over 700 plants which were given away to staff and the community, with the aim of harvesting future seeds to replenish the wild seed stock. This is fortuitous, as the nursery that propagated the plants was severely impacted by flooding. The community is now returning thousands of these wild seeds, bringing this plant back from the edge of extinction.

This year marks the 50th anniversary of Pan Pac and the 150th anniversary of our shareholder Oji. We have great aspirations for the future and are proud of our contribution to our community. We are rebuilding and we will be back.

*Kimberley Moody, Pan Pac*

**\$500 million**  
EXPECTED LOSSES TO PLANT AND BUSINESS CONTINUITY

# Climate Commission struggles to fit forestry into its jigsaw

Anti-forestry headlines were reignited when Rod Carr, the Chair of the Climate Change Commission, suggested in May that plantation forestry should be decoupled from the Emissions Trading Scheme.

**The Commission appears to have realised its ambitions for native tree sequestration beyond 2050, to offset the remaining 'difficult' emissions, are unachievable. Native forests are too expensive to establish, and they do not grow fast enough even for a 2050 impact.**

The Commission is now looking to exotics to do the same late-century job. Previously, the Commission had an opposite view. It had foreseen extensive new planting of pines to 2035, and then stopping, creating extensive carbon stores well before 2050.

The Commission's view, that the government's priority should be to decrease gross emissions, is laudable. A sole dependency on exotic tree offsets quickly runs out of land to plant yet more trees.

And the Commission has a hard job to fit the Emissions Trading Scheme's need to penalise polluters enough for them to change their behaviour, set against the potential of overcooking incentives to plant trees.

But the popular headlines were, despite the Commission's subsequent assurance to the contrary, that the Commission is against planting offset pines.

This view was reinforced by Commission statements in its draft advice to the government that the stability of the forest sector could not be relied on.

It cited harvest fluctuations, more cyclones, risk of pests or diseases, and fire.

To claim the harvest is unstable is ludicrous. We know the numbers. Trees planted from now on would generally not be expected to be harvested until after 2050.

The Wood Availability Forecast, prepared for MPI by Margules Groome, presents three harvest total scenarios to 2050. They range from 0.922 billion tonnes to 0.937 billion tonnes.



In other words, a nearly 30-year harvest total varies only to the extent of half of a single year's harvest. An outlier fourth scenario of delayed harvest predictably presents the same totals a couple of years later.

In the pastoral sector, uncertainty is far greater. The sheep population has dropped from 60 million thirty years ago, to only 25 million now. At least ten sheep generations later, at this rate, there will be none left by 2050.

Climate change will make for uncertainty for pest, disease and fire risk for all species and industries.

Yet, plantation pines are more resistant to drought than typical native trees. And there is a real risk of an emergent pest or disease attacking native trees. A climate change induced spruce-beetle type attack, as has occurred in Europe, would cut a huge hole in the estimated 1.8 billion tonnes of carbon storage in the DoC native tree estate.

A serious cyclone damage risk is more clearly fanciful. Were cyclones with the intensity of Gabrielle to repeat every three years or so, and again destroy some 5,000 hectares of standing forest, the total destruction in these forests would amount to about 0.1%



**A SOLE DEPENDENCY ON EXOTIC TREE OFFSETS QUICKLY RUNS OUT OF LAND TO PLANT YET MORE TREES**

of the national estate on average per year. In the normal course of events they would be replanted anyway.

The frequency and power of cyclones would have to increase to such an extent, to have an appreciable destructive effect, that it would be too late, down the climate change catastrophe track, for the Commission, or anyone else, to do anything at all about it.

Underneath the media interpretations and sound bites, the Commission still sees a vital role for plantation forestry, indeed a slightly more elevated role than previously.

The message about avoiding too much offsetting is valid, but should be run in tandem with the message we can even more dangerously not afford to underplant.



# Forest companies doing their bit to preserve wild kākābeak

Kākābeak (Ngutukākā) are classified as Nationally Critical, with only some dozens of the distinctive red flowered plants left growing in the wild.



Photo credit Wikipedia: Eric in SF

## Aratu Forests are helping to boost the wild population with enclosure work in its plantation estates.

The introduced browsing animals and snails in the early days of European settlement found kākābeak to their liking, and they decimated the population.

Nursery operators domesticated strains of kākābeak, with eventually such a narrow genetic range that they became unsuitable for wild repopulation.

DNA analysis of wild plants established two species – *Clianthus maximus* and *C. punicens*.

*C. maximus* is the most common. It is further divided into three provenances; Waikaremoana, East Coast and Wairoa. One variant in the Wairoa provenance is the white kākābeak.

Since 2022, Aratu Forests has been monitoring its more than 30,000 hectares of plantation forests in the region for wild kākābeak.

Aratu has built enclosures in Kopua and Whareongaonga Forests to monitor kākābeak growth or decline.

The challenges have included thick Mexican daisy infestations, which manual weeding didn't stop and so required herbicide treatment to control.

Snail bait is also regularly needed.

Goats like to eat kākābeak too, and a combination of fencing and goat control has kept that threat down.

In March 2022, the edge of the Kopua enclosure was damaged by a slip. Since then, no kākābeak plants have appeared in the enclosure. But since they can take a long time to germinate monitoring continues.

At Whareongaonga, 15 budding seedlings were planted in June 2022, in a collaboration of Aratu with DoC, Muriwai School and local iwi.

Another company in the region, Pan Pac, is supporting the Urban Kākābeak Project through the Pan Pac Environmental Trust.

As well as sponsorship, Pan Pac purchased more than 700 plants which were given away to staff and the community, for harvesting seeds in the future to replenish the wild seed stock.

This is fortuitous, as the nursery that propagated the plants was severely damaged by the Gabrielle flooding. The community is now returning thousands of these wild seeds, bringing this plant back from the edge of extinction.

The hope of both Pan Pac and Aratu is that kākābeak will re-establish in the wild and so its representation of bright red and white flowers in Māori art will once more be an embodiment of a flourishing natural world and not an artifact of botanical history.

## White kākābeak and a garden shed

**The white sport of *C. maximus* was declared extinct in the 1950s. Perhaps the last stronghold were the Tinaroto cliffs near Wairoa.**

But in 2011, a random search of a garden shed which had belonged to an amateur botanist revealed an old envelope labelled 'White kākābeak seeds'.

Scion were called in to see if life could be breathed into this relatively ancient germplasm. Two germinated. That was enough. Genome testing revealed that it was indeed from the Wairoa provenance of *C. maximus*.

Scion nursery staff applied their huge knowledge of radiata pine propagation to the precarious white kākābeak. They needed to know how to cut up the plant material without killing the cells, then plate out the tissue and induce it to grow and stay healthy.

The huge investment Scion has made in developing this process to be able to perform this reliably with radiata pine meant Scion was the best choice to undertake it with the white kākābeak. Failure would have meant real extinction.

Four years later, in 2015, Scion presented around 100 white kākābeak to Tairāwhiti iwi, Ngāti Kohatu and Ngāti Hinehika to be planted back in their ancestral lands.





# Phytos is launched as the new STIMBR

Phytos – ‘world leading phytosanitary market access solutions for sustainable wood fibre’ – has recently held its inaugural meeting and set goals for a new era in exporting New Zealand logs.

## Phytos has emerged with industry support to replace STIMBR (Stakeholders in Methyl Bromide Reduction).

With a significant reduction in the ability to use Methyl Bromide (MBr), the time was ripe, after 15 years of service to the industry, to refresh the organisation.

STIMBR was established to look at other options when the clock started ticking for an end to the ability to use Methyl Bromide as a phytosanitary option.

India specified Methyl Bromide for what was until recently a quarter of a billion dollar a year export market for New Zealand.

The far larger China market was no less important, with most of the above deck log cargo traditionally treated with Methyl Bromide.

As part of protecting the ozone layer, the Montreal Protocol (1987) introduced prohibitions on using MBr for industrial use worldwide. However, the protocol also allowed for MBr to be used as a phytosanitary tool, and provided an expectation that all countries would do their utmost to reduce its use.

STIMBR’s aims were not only to develop ways to use less MBr and recapture more of the fumigant, but to investigate and advocate for other treatments, chemical or otherwise.

Of particular interest was Ethanedinitrile (EDN), which is an effective fumigant without being a greenhouse gas or a threat to the ozone layer. The New Zealand Environmental Protection Authority approved its use for export logs and sawn timber in 2022, just after it made the use of MBr less viable.

STIMBR also actively supported the industry’s development of debarking capacity, MBr recapture technology and reduced MBr concentrations. It also investigated the viability of exports from some ports during periods where insect pest numbers were at very low levels, reducing the risk to trading partners.

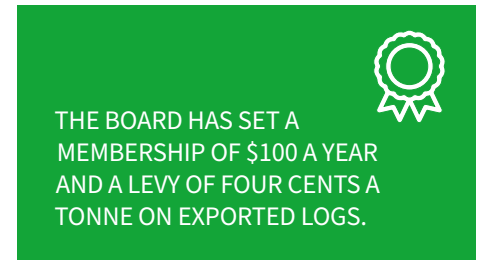
With a strong mandate and support from industry, Phytos will diversify its phytosanitary treatments strategy, improve its stakeholder communications, and develop a prioritised research and development plan. Its vision, strategy and key tactics are summarised below.

The Phytos board chair, Don Hammond says, “As we move into what is another exciting phase of work for the wider forestry industry, the board would like to thank the wider industry and specific stakeholders for their support for what is now an organisation very focused on phytosanitary issues relating to market access.”

The board has set a membership fee of \$100 a year and a levy of four cents a tonne on exported logs.

*FOA is represented on the Phytos board by Brendan Gould, with John Gardner, Parke Pittar and Mark Procter representing log exporters. Further board members will be appointed in the coming months.*

*The Phytos Executive Officer is Matt Hill, 021 194 5565, matashnic@outlook.com.*



THE BOARD HAS SET A MEMBERSHIP OF \$100 A YEAR AND A LEVY OF FOUR CENTS A TONNE ON EXPORTED LOGS.

## The futures - our vision and strategic pillars

<b>Vision</b>	World leading phytosanitary market access solutions for sustainable wood fibre		
<b>Strategic pillars</b>	Enhanced export market access solutions	Coordinated trade advocacy and communications	Supporting phytosanitary access to new markets
<b>Key tactics</b>	R&D programme	Stakeholder engagement plan	Phytosanitary solutions for new markets

# Track to the future: the cost of optimising through rail

Forest 360 Whanganui director Marcus Musson says transporting logs by rail is environmentally friendlier than by truck, but costs are pushing foresters back onto the road.

**“With rail freight, there’s the cost of trucking the logs to a railhead, the cost of scaling those logs and then the cost of reloading, as well as other freight component costs.”**

**“It’s hard on the small, family-run businesses that count on every dollar for their retirement. It’s also difficult and time consuming for those that are managing others’ forests.”**

The government implemented a Track User Charge (TUC) of \$1.18 per tonne last year. That rate will increase to \$1.65 per tonne in 2022/23, and keep rising.

Users are also charged for cleaning the wagons. Then there’s a Fuel Adjustment Factor (FAF) that’s payable each month.

Marcus Musson says rail used to be more efficient. “And it should be. It’s no benefit to the industry or to KiwiRail having empty wagons sitting around.”

Forest 360 is part of a three-company collective – Log Distribution Limited (LDL) – formed in 2019. The group coordinates log marketing and shipping, marshalling, and stevedoring, and road and rail transportation across Wairarapa.

Rail carried 267,000 tonnes of export logs from the Wairarapa to Wellington’s CentrePort in 2019. That took 16,000 log truck journeys from the roads.<sup>1</sup>

LDL director Bert Hughes says many in the industry focus on the cost of transporting logs, but the crux of the problem largely boils down to capacity.

“Making a decision purely based on cost eliminates the capacity of getting the job done at all.”

“While rail has its inefficiencies, it is unrivalled in its capacity to shift large volumes of logs to major ports across the country each year.

There simply isn’t the capacity to deliver the same volume of wood by truck,” he says.

“Industry also has an issue of inconsistent log volume. The log market tends to follow a ‘boom or bust’ cycle, so volumes fluctuate. For those of us using rail, we have a guaranteed pipeline to the port. When the price is high, we can move our product and don’t get squeezed out.”

Bert Hughes’ Forest Enterprises Growth Limited has been using rail for 11 years and has tripled throughput. He puts that achievement down to LDL’s efforts to improve efficiencies across the supply chain.

“Log Distribution was founded out of the need for cooperation and coordination at port and rail sites.”

“The group’s product handler, C3, runs the marshalling; measuring, barcoding, loading and unloading of the logs at the rail terminal. It avoids each individual company contracting someone to do the same work and streamlines the system.”

With several companies involved, LDL was able to accumulate the volume of logs needed to commit regularly to the rail network.

“We started with one rake – 15 wagons a day – and gradually got that volume up to approximately 36 tonnes per wagon across 30 wagons, sometimes up to twice a day.” he says.

“Now the target is 1500 tonnes per day. That’s approximately 50 log trucks that would otherwise be on the motorway.”

Optics are one of the biggest attractions for the sector.

Rail uses significantly less fuel, with a carbon footprint about a sixth of that of trucks. According to a 2021 report, the Ministry of Transport estimated that, without rail, there would be 24,000 more trucks on New Zealand roads.<sup>2</sup>

Bert Hughes says there is a lot of community friction that comes about from seeing log trucks on the road.

“Trucks use more fuel, have less capacity and are harder on roading infrastructure. It’s not good for the sector’s social licence.”

He says capturing the benefits and efficiencies of rail requires close management and an understanding of the constraints in the system.

“Rail isn’t a business, so they’re [KiwiRail] not motivated by commercial outcomes. Yes, rail provides a guaranteed freight system, but that will always be secondary to the commuter timetable. It’s about working with that – shifting your log volume within the windows provided.”

“The trains run at a fixed cost no matter what weight is on it, so we’ve gradually been getting lighter and better-quality rolling stock and a longer siding to optimise capacity; transporting approximately 1080 tonnes of logs by rail using two of the three windows available to us each day.”

“We’ve managed to shift an enormous amount of additional volume too, simply by waiting until the wagons were loaded before they would leave.”

That’s not to say the system couldn’t be better.

“There is a lot of latent capacity in New Zealand’s railway network,” says Bert Hughes.

“We could shift a greater volume of logs if there were more services – a night shift, or a chartered train – and if there weren’t empty wagons sitting on tracks for days.”

“It’s a lot of wasted capacity.”

*KiwiRail’s \$569.2 million 2023 Budget includes upgrading and strengthening national railways. Two hundred million has been assigned to rebuilding North Island rail lines damaged by the recent storms and \$10 million will go towards a detailed business case looking at more electrification of rail in the North Island.*

1. [kiwirail.co.nz/media/extended-log-trains-will-take-more-trucks-of-roads](https://kiwirail.co.nz/media/extended-log-trains-will-take-more-trucks-of-roads)  
2. [kiwirail.co.nz/assets/Uploads/documents/2021-Value-of-Rail-report.pdf](https://kiwirail.co.nz/assets/Uploads/documents/2021-Value-of-Rail-report.pdf)



FIELDAYS

# Fieldays<sup>®</sup>

Forestry and wood processing were on show again at the National Fieldays at Mystery Creek this year, an important part of the joint promotion of Te Uru Rākau and Forest Growers Levy Trust – Wood our low carbon future.



Above: Tane's Tree Trust's Peter Berg points out his favoured indigenous tree to MC Jamie McKay during the three way argument on what trees to plant



Above: New Forestry Minister, Peeni Henare, opening the Hub



Left: FOA's Don Carson elicits amused agreement from Beef + Lamb's Sam McIvor during the debate on the food versus forest land use issue

## Biker in the forests

David Rhodes is retiring after 18 years with the Forest Owners Association. Like so many other New Zealanders, and tourists too, he likes to bike in our forests.

Economist Benje Patterson has calculated that bike tourists, when they tour 96 plantation pine forests around the country, spend \$291 million a year in local motels, cafés and the like.

Benje Patterson says the bikers' contribution will increase to \$318 million in the next five years.

Some of the extra, no doubt, will be from David Rhodes with more time to pedal.

[www.woodourlowcarbonfuture.nz](http://www.woodourlowcarbonfuture.nz)



**Wood**  
our low-carbon future

## Te Ara Whakahau Ahumahi Ngahere website is live

The website of the Forestry and Wood Processing Industry Transformation Plan – Te Ara Whakahau Ahumahi Ngahere – went live during the week: [transformingtreesandwood.nz](http://transformingtreesandwood.nz)





# Forest Growers Research - new head for Precision Silviculture

**Forest Growers Research says a fond farewell to Brian Richardson, the Precision Silviculture Partnership Programme Leader who has managed the programme since its inception in early 2022.**

Brian initiated and drove multiple projects and we wish him well for his future endeavours.

Brian has brought 40 years' worth of forestry science and knowledge and expertise to the Precision Silviculture Programme, achieving great results and new opportunities across the forest growing value chain.

Brian is leaving FGR to go into "semi-retirement" and to pursue some of his other passions, including rock climbing, mountaineering in the Himalayas and to continue his volunteer role for the Kaharoa Kokako Trust.

**FGR warmly welcomes Claire Stewart as the new Precision Silviculture Programme Manager.**

Claire joins Forest Growers Research from Scion where she was Portfolio Leader specialising in digitisation, automation and data in forestry and wood processing. She has been closely associated with the PSP programme and led the Nursery Workstream project.

In Claire's 18-year career, she has worked with public and private sector organisations across Australasia and the UK for the adoption of new technology.

Claire's knowledge and passion will undoubtedly contribute to the success of the Precision Silviculture Programme.



Farewell to Brian Richardson



Welcome to Claire Stewart

## Another departing FOA stalwart



**Glen Mackie joined the New Zealand Forest Service in 1976. After four years of ranger training he went to the School of Forestry in Canterbury and subsequently took up managerial duties.**

The demise of the Forest Service led to time with Timberlands – Northern, then Forestry Corporation, Fletcher Challenge Forests and Forest Industry Training and Education Council (FITEC). Glen took up the role of Technical Manager for NZFOA 15 years ago.

"The over-riding memory of my time is the people I worked with – all without exception,

in the industry because they were proud of what we were achieving."

"Latterly, with FOA I have had the privilege to work with senior members of the industry who have been incredibly generous with their time and advice to assist me with my job and to benefit the industry. Thanks to all for an amazing time."

Glen has been an outstanding member of the forestry industry, providing excellent advice, support and unparalleled technical nous to all. We wish him all the best in his well-deserved retirement.



The New Zealand Forestry Bulletin is published three times a year by the New Zealand Forest Owners Association.

Please acknowledge the New Zealand Forest Owners Association as the source when republishing stories or abstracts from the Bulletin.

Publication date 10 July 2023.

New Zealand Forest Owners Association

93 The Terrace  
PO Box 10986, Wellington  
Tel: +64 4 473 4769

Website: [www.nzfoa.org.nz](http://www.nzfoa.org.nz)  
Email: [nzfoa@nzfoa.org.nz](mailto:nzfoa@nzfoa.org.nz)