



November 2017

**Plantation Forest Owner Biosecurity Levy Proposal
as it affects
Nurseries producing trees for commercial forest plantations**

Consultation Document

The NZ Forest Owners Association (FOA) and the NZ Farm Forestry Association (FFA) acting on behalf of New Zealand plantation forest owners plans to apply to the Biosecurity Minister for a levy under the Biosecurity Act. The levy will be structured to raise approximately 80% of total funds from a levy on Harvested Wood products, and approximately 20% from a levy on commercial plantation forest cuttings/seedlings.

The levy would be used to raise industry funds to meet financial obligations incurred by the plantation forest industry as a signatory to a Government Industry Agreement for an agreed response to a biosecurity incursion.

For the majority of the biosecurity levy, the FOA/FFA will rely on the provision of the data already collected by processors and marshalling companies for the Harvested Wood Products Levy. The Biosecurity levy will be payable by the owner of the commodity (owner just after the product has crossed the wharf gate, or the owner of the product just before crossing the mill gate). The owner will be separately invoiced for the biosecurity levy (from the HWP levy).

In addition a separate levy applies to seedlings/cuttings, which will be payable by the nursery company.

For both the harvested wood component and the seedling/cutting component, the entity firstly levied (if not the forest owner) is expected to pass the levy through to the forest owner.

The biosecurity levy will initially be set at zero. The industry component of the biosecurity response (the government will meet an agreed percentage) will be initially funded via a commercial bank loan. The biosecurity levy will be used to meet the loan requirements over a number of years. More than one incursion may be funded at once.

Once an incursion is accepted for response under the Government Industry Agreement process, product supplied two calendar months later will be invoiced for the biosecurity levy. The date of the incursion acceptance and the levy start date will be notified by email to nurseries and via major newspapers or by direct communication with forest owners.

The two-month delay is to allow those entities in the supply chain that are not forest owners, to invoice the owner of the products. All seedlings/cuttings leaving the nursery from the date two months after the incursion acceptance will incur the levy.

Data on seedling/cutting despatch will be supplied to the levy collection organisation monthly from the date of incursion acceptance (data supplied by the 7th of the current month for the previous month despatches). An invoice will be raised by the levy collection organisation by mid-month. The nursery will be responsible for paying the levy by the 20th of the following month.

The levy will initially be paid by the nursery, with the nursery having the right to pass the levy onto the purchaser of the seedlings/cuttings. If this is not a forest owner, the purchasing entity has the right to pass the levy on, until the final levy payer is the forest owner.

To ensure security of information only the company managing the levy collection system will have access to individual company data. Numbers of seedlings/cuttings, levy paid, etc will not be divulged to other levy payers, industry associations or the FOA/FFA. Data will be stored securely by the company running the levy collection system. The electronic data collection system will use secure data transmission technologies (other than if a nursery opts to supply data by fax).

Data identifying the data collector, or the levy payer, can only be used for levy collection purposes. Amalgamated data may be used by the FOA/FFA to manage the levy.

Companies (nurseries) such as yourself, will be identified as the owner or manager of the levied product, and will receive an invoice from the levy collection organisation for the levy due on those products. You will need to collect the levy from the forest owner and it is anticipated that this would be deducted at the point of purchase from the forest owner. In practice, therefore, this would typically mean that you would receive the levy payment from the forest owner prior to being invoiced yourself by the levy collection agency.

The levy on seedlings/cuttings will be 1 to 4c per seedling/cutting. In conjunction with the levy on harvested wood products of 10 to 26c per tonne, the levy has been structured to bring in a maximum of approximately \$10m/yr, based upon an assumption that harvest is 34m m³/annum, resulting in 63,000 ha replanting, with new planting of 40,000 ha per annum

(estimated seedlings/cuttings 100,000/ann).

The levy does not apply to non-plantation species. Plantation species are defined in Appendix 1. Note this list may be amended.

Timetable:

- I. Consultation with the industry will continue until the application is lodged with MPI
- II. Application intended to be lodged with MPI March 2018
- III. Target date to have the biosecurity levy approved, ready for implementation July 2018.

Your participation and co-operation in supporting the development and operation of the FOA/FFA biosecurity levy is very much appreciated. Please direct any feedback to Glen Mackie by 22 December 2017 (contact details below).

Accompanying this letter is a letter headed "Forest Owner". Could you please forward a copy of that letter to any forest or woodlot owners that you deal with.

More detailed information is available at: <http://nzfoa.org.nz/committees/forest-biosecurity-committee>

Yours sincerely



Dave Cormack
Chair, FOA/FFA Biosecurity Committee

For further information please contact: Glen Mackie

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Appendix 1 – Commercial plantation species

The following trees are those considered to be commonly grown for commercial purposes. Due consideration of species which are also less commonly grown will be given in a biosecurity response on a case by case basis, with particular concern regarding carrier species.

- Radiata Pine (*Pinus radiata*) and hybrids
- Douglas-fir (*Pseudotsuga menziesii*)
- Cypress (*Cupressaceae spp*):
 - Macrocarpa (*Cupressus macrocarpa*)
 - White Cedar (*Cupressus lusitanica*)
- Redwood (*Sequoia sempervirens*)
- Eucalypts (*Myrtaceae spp*):
 - Shining Gum (*Eucalyptus nitens*)
 - Brown Barrel (*Eucalyptus fastigata*)
 - Mountain Ash (*Eucalyptus regnans*)
 - Sydney Blue Gum (*Eucalyptus saligna*)
 - Other Euc sp that are supplied for a commercial plantation

This list may be amended to reflect additional species not listed that are supplied to commercial forest owners/managers for planting in a plantation forest or woodlot.