



Submission

- to -

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Draft Long Term Plan 2012-22

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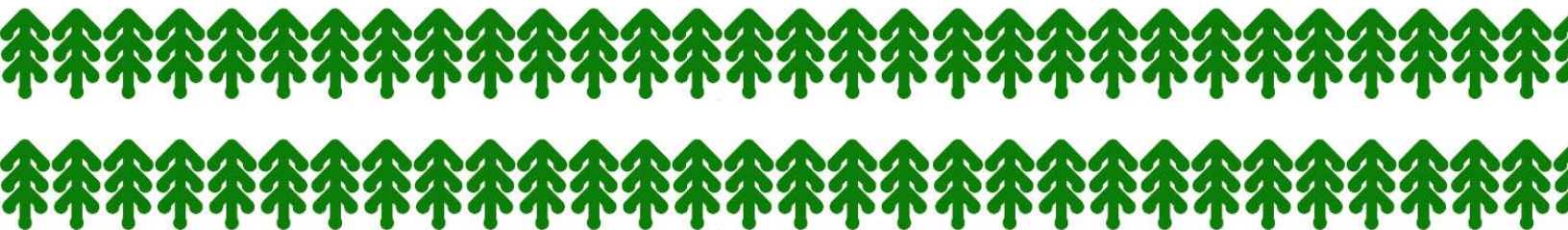


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1. Introduction

This submission to the Far North District Council on the Draft Long Term Plan 2012-22, is made by the NZ Forest Owners Association (FOA) on behalf of our members in the Far North District.

The FOA represents the commercial plantation forest growing sector of New Zealand. FOA represents over 230 members with ownership over some 1.2 million ha of plantation forests. These estates comprise around 70% of the total forest growing sector in New Zealand and comprise small owners represented individually or through affiliation with the NZ Farm Forestry Association (NZFFA) with 2,500 members, through to major corporate and timberland investment interests.

The FOA welcomes the opportunity to make these submissions and is willing to meet with the Project Team and/or provide additional information as required.

The FOA opposes the introduction of the new targeted forestry roading rate as it is proposed.

2. Submission

FOA supports the intent of the Council to develop a fairer rating system to more closely match the level of rates paid by a ratepayer to the benefits provided from each activity, provided this process is undertaken transparently, fairly across all land use sectors and is introduced over a suitable time period.

However, FOA opposes the introduction of the new targeted forestry roading rate as it is proposed. We are not confident of the detail of the workings or the logic behind the assumptions of the Morrison Low analysis that underpins the proposed rate.

Initially, from our analysis to date we have the following concerns:

- The data for total volume of harvest has been taken from the NZFOA New Zealand Production Forestry Facts and Figures 2010-11. The figures for the Northland Wood Supply Region in that publication are derived from MAF figures that incorporate Rodney District in the Northland Wood Supply Region.

Northland production figures therefore include log production from Woodhill, Riverhead, Rayonier Forests around Dome Valley and Mangawai forests which need to be deducted from the analysis, in addition to the already deducted forests in Whangarei and Kaipara districts.

- A significant proportion of forest plantings in Northland is comprised of woodlots on farms. We understand that the determination of whether a property is assigned to 'forestry' is based on primary land use as determined by QV. Forest production from woodlots, on land rated as dairy, or sheep and beef, is included in the forestry production figures, but the rates from this land are not included in the rates total for forest land. This skews the Morrison Low's assessment that forestry is not paying its way by apportioning the inflated forestry production figures over an under-represented forestry land use base (forestry rates contribution).
- A significant proportion of Far North forests access directly onto state highways. While the Council has commented this is also the case for dairying, the size of forests means the impacts are more material. In our view given the very significant rate proposed it is essential the Council deducts forests that make no use of Council roads from the calculations and exempts them from the rate, following the similar logic that has been used for processing plants.

Aupouri Forest, for example, has an extensive internal roading network which means that a significant tonnage is transported on internal roads with none, or only a short distance of Council road connecting to state highway.

A significant proportion of the Far North harvest will be generated by Aupouri forest so how this forest is treated is significant.

i.e. 25,000ha, average yield/ha 450m³, age of felling 30 = annual estimated harvest 375,000 m³

- Using straight tonnage as an indication of road use for primary industries is flawed. Analysis by others concluded that dairy farming generates a higher proportion of vehicle movements per tonnage of product transported than forestry, due to the method of tankers driving to numerous farms accumulating milk as they go. By comparison log trucks drive directly to a forest unloaded, load up and depart fully loaded by the shortest route. This is not taken into account using a straight tonnage of product as used by Morrison Low.

From the figures presented it is difficult to tell if additional farm heavy traffic such as cattle movements, fertiliser and fuel deliveries for example are included in the non forestry figures.

- It is difficult to tell from the information provided whether the analysis has taken into account funding from other parties for roading including most obviously funding from NZ Transport Agency and the very considerable funding made to rural Northland road upgrades through the Rural Development Fund (\$70 million in Northland).

- The Council is proposing to allocate the full cost of roading to the primary industry using the roads. Therefore the same philosophy should apply to all of the Council's services. Arguably the only demand forestry makes on the District Council's services is roading. If the Councils are proposing a system that the industry bears the full cost of roading, then consequently they should remove all other cost from the 'General Rate forestry' for activities that forestry neither benefits nor contributes to. Forests do not use libraries, water treatment plants, parks, etc. It is significant that an area of forest contributes to rates for an average period of 25-32 years, with very little demand on District Council services. There is a valid expectation at harvest time that while current rates maybe be insufficient for roading, that past rates payments for little service must be taken into account.

In addition forests provide many free benefits to the community that other land uses do not. Aupouri Forest, for example, was primarily planted as a protection forest. Sand dunes were covering farm land and threatening to cut State Highway one. Individual attempts by landowners to stop loss of land to encroaching dunes had been completely unsuccessful. Aupouri Forest has stabilised the sand dunes, preventing loss of land and keeps a major tourist link open to Cape Reinga. This is an ongoing benefit to the region.

Forests enhance water quality, are extensively used by the local community for recreation and forest owners provide services such as fire fighting largely at the forest owners expense. Forests traditionally provide more of these non-commercial community benefits than any other land use.

We note the proposal does reduce the General Rate component by approximately 50% but question whether this is sufficient considering the arguments above.

A further matter the Council will need to give consideration to is the proposed level of increase. For some forest owners this has been estimated to be in the region of 300-400%. An increase in cost of this magnitude could be financially crippling for some forest owners / organisations. An increase of this magnitude is likely to encourage land use change to alternatives that are environmentally and socially more challenging.

Given the proposed increase in rates to forest landowners is significant we urge the council to delay introduction in the new rating system until the issues discussed above have been resolved, and forestry ratepayers have been provided sufficient information so that we can assess and ensure there are not other fundamental errors in assumptions and calculations materially affecting the rating proposal.

We also suggest a phase in period for any rate increase in recognition that forest landowners have contributed rates for many years through the growing phase of first rotation forests without any call on the Councils services.

There are other elements in Morrison Low's workings that in the limited time available we have been unable to unravel. It is possible that there are further assumptions that we would question.

FOA wishes to be heard in support of this submission.

A handwritten signature in blue ink, appearing to read 'G Mackie', with a long, sweeping underline.

Glen Mackie
Snr Policy Analyst