

# Submission

**Wairoa District Council**

**Rating Review 2020**

Submission to:

Wairoa District Council

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## Contact Details – David Rhodes

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**Please accept this submission on behalf of the New Zealand Forest Owners Association (FOA).**

## The Forest Owners Association (FOA)

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 hectares of New Zealand's plantation forests and over 75% of the annual harvest.

In 2019, the forest growing sector was worth \$6.93 billion in export value and has a 12% share of rural land use. COVID-19 affected 2020 results but the industry has performed very well with returns expected to be similar to 2019.

## Submission: Wairoa District Council Rating Review 2020

### To Whom it May Concern

The Forest industry contributes significantly to the Wairoa community and wider Hawkes Bay community. While the forest industry expects to pay its fair share of WDC rates, it does not support the proposed rates changes as outlined in the WDC Rating Review 2020 – Statement of Proposal based on the following points:

- a. Local companies faced a substantial rates increase in 2018 and under the Statement of Proposal could see a further substantial increase.
- b. The current rate revenue per hectare within the Wairoa District is significantly higher when compared to rates our members pay for forestry land in other District Councils. Council explains part of this high rate by pointing out it has a large area of infrastructure and a small rating base. This is not an excuse to unfairly rate a growing business sector.
- c. Given the already significant increase to current and proposed rates for the forest sector, forest owners are concerned about what further changes and escalations will come when

the Long Term District Plan is reviewed in the near future.

- d. Justification for a substantial proportion of the proposed rate increase differential is entirely based upon the “adverse economic and social impact forestry has on the Wairoa district”. This appears to have been derived from a Beef and Lamb report and anecdotal evidence. The much more comprehensive Pricewaterhousecooper (PwC) report, commissioned by MPI and supplied to Council completely refutes the negative figures on community returns and labour that Council are reporting.

Even the BakerAg report notes forestry is a more productive use of land than sheep and beef.

pg20: 4.1. Economic returns and NPV: *“Based upon current log prices and the value of carbon, the typical sheep and beef farm was found to be unable to compete with forestry returns over a 60 yr period.”*

The most recent report by PWC states *“Overall, the forestry value chain is a smaller industry than the sheep and beef farming industry but **generates significantly more value-add on a per hectare basis**”*. The report supports the position that plantation forestry is beneficial for many rural communities both in income and employment terms.

- e. The forest industry in Wairoa pays its way through rates, direct road specific contributions and in-kind support and will continue to pay its way through the settlement and agreement of the Equitable Funding Review.
- f. The forest industry has been largely if not entirely responsible for the opening of the Wairoa – Napier train line and associated Wairoa log yard. COVID-19 made initial utilisation of this resource difficult, but it now appears to be “back on track”. Forests within the economic catchment area of the logyard are only just maturing (reaching harvest age) and utilisation of this resource, and the accompanying benefits to Wairoa, are likely to increase.

The Waingawa Loghub in Masterton (developed in 2015) is now a multi-million dollar resource, currently undergoing a major upgrade. It is a significant Masterton resource. The Wairoa Logyard has the same potential.

What is Council doing to attract other industries to this resource / opportunity? The “traditional economic backbone” of Wairoa is conspicuously missing.

- g. Forestry makes a positive long-term contribution to a region by mitigating erosion, improving water quality, greenhouse gases sequestration and in forest bio-diversity. It is the only truly sustainable industry in the region. (NZ has areas of plantation forests on their forth rotation – where each subsequent rotation has exceeded the previous rotation in production).
- h. Forestry presents an opportunity to the WDC area. Land-use change can be threatening. However, farmers must be allowed to decide the best use for their own land. Harvest activity within the WDC area is set to expand for many more years and will provide continuous employment and development through harvesting, roading, transport and forest re-establishment and silvicultural activities. An inequitable rate on forest land will

damage Wairoa investment.

## Solutions

a) Under point b, the issue of a large area of infrastructure and a small rating base is noted. The industry would like to work with Council to make the case to government for additional roading funding to address a very real problem.

b) The Forest Industry has been in discussions with the WDC refining the “equitable funding model”. FOA considers the parties need to finish this work to arrive at an agreed solution. In addition, FOA believes that the differential rate should capture all forests down to a much lower threshold than the current 100 ha.

c) Local forestry companies typically work closely with WDC as harvest approaches, and contribute significantly to the development and enhancement of key access roads to local forests. These developments provide improvements to these roads that will endure in the long term. The forest industry would like to continue to work with WDC on specific roads required for forest access on an as required basis.

This contribution appears to have been completely ignored in the WDC analysis.

d) We recommend the WDC take a similar approach to the Hawkes Bay Regional Council which has stated “... we are interested in establishing whether there are opportunities for small plots of forestry within pastoral farming systems that can generate a return on investment from carbon, honey, timber and potentially ecosystem services. "HBRC is not pursuing a 'farming versus forestry' approach but seeking to find commercial opportunities that optimise land use for environmental and economic outcomes.”

To maximize the opportunities offered by investment in forestry, and minimize and address the issues, will take leadership by the regions leaders – local government and industry.

FOA would like to speak to its submission.

A handwritten signature in black ink, appearing to read 'David Rhodes', with a stylized, cursive script.

David Rhodes  
Chief Executive