FOREST OWNERS ASSOCIATION

New Zealand Farm Forestry Association
Oranga Rākau Aotearoa

Submission

On

Fixed Dates for the *Arhopalus ferus* (Burnt Pine Long-horn beetle) Flight Season.

Submission to:

Plant Exports
Ministry for Primary Industries
PO Box 2526
Wellington 6140
New Zealand.

PlantExports@mpi.govt.nz

20 September 2024

Trees for our future

Contents

FOREST OWNERS ASSOCIATION

New Zealand Farm Forestry Association
Oranga Rākau Aotearoa

Contact Details

Brendan Gould
Director Biosecurity and Risk
Forest Owners Association
Level 9, 93 The Terrace, Wellington.
Email brendan.gould@nzfoa.org.nz
Web www.nzfoa.org.nz

Introductory Comments

1. The Forest Owners Association Incorporated (FOA) and the New Zealand Farm Forestry Association (FFA) welcomes the opportunity to provide feedback on the Consultation on Fixed Dates for the *Arhopalus ferus* (Burnt Pine Long-horn beetle) Flight Season.

Summary

2. While the fixed date flight season proposal appears, at face value, to present a more cost and resource efficient approach, this appears to be an assumption which is not supported by evidence or any analysis of whole-of-system-costs in the consultation document.
3. In the absence of more detailed analysis to support the assumptions being made we believe that there is a high likelihood that the proposed approach could result in additional and unnecessary fumigation or treatment costs being imposed on exporters, and it could also create unnecessary risk of goods arriving in Australia and being non-compliant and therefore requiring additional treatment and the associated costs.
4. We question if the current monitoring programme is being delivered as efficiently as possible and is making best use of available technology to deliver the monitoring programme objectives as cost effectively as it could be.
5. Given the lack of evidence supporting the efficiency assumptions on which this proposal appears to be based and aiming to achieve, and the lack of whole-of-system costs that the proposed approach may impose relative to the existing approach, we do not support a change in approach at this time.
6. We recommend that MPI undertake a more detailed comparative analysis of the whole-of-system costs and efficiencies to better inform a decision on whether the fixed date approach and the dis-establishment of the longstanding monitoring program will actually deliver a more cost effective and efficient outcome for the industry and MPI. This will provide industry with greater assurance that the proposed approach will in fact be more cost efficient for the industry as well as MPI.
7. We recommend that MPI undertake a review of the existing *Arhopalus ferus* flight season monitoring programme to determine if the programme objectives could be delivered more cost effectively.

Submitters

The Forest Owners Association (FOA)

8. The 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 of New Zealand's 1.8 million hectares of plantation forests. FOA members account for over 70% of the annual harvest.

The Farm Forestry Association (FFA)

9. The FFA is the representative membership body for small forest block owner, farmers, foresters, investors, growers and managers, it has a membership of around 1200 with its members owning or managing approximately 100,000 ha across New Zealand. The FFA also ensures that the interests of some 16,000 small forest owners and investors across New Zealand are represented.

The Plantation Forestry Sector

10. In 2023, the forest growing sector was worth $6.35 billion in export value, and this is expected to decrease to $5.81 billion in 2024[1] due to a combination of reduced supply and subdued international markets which are not anticipated to rebound. The sector contributes about $9 billion toward GDP across is wider supply chain. The Ministry for Primary Industries expects forest product export values to exceed $9billion by 2030.[2]

11. Plantation forestry is predominantly a commodity market which means that forest owners are price takers. The profits or returns to forest owners are dependent on a variety of factors, inter alia, market conditions, supply and demand dynamics, regulatory, supply chain and phytosanitary costs, etc. Ultimately, the growers return is the sale price less all the costs incurred in growing and getting the products into the market. This includes insurance premiums where this is available and affordable, and associated levies.

12. Plantation forests play a significant public good role in helping New Zealand meet its net-zero emissions targets by 2050 through carbon sequestration and providing feedstocks to meet growing demand for bioenergy, and for high-value products that offer an alternative to those made from fossil fuels. This vital role is only going to increase in the future.

13. The forestry sector supports the employment of over 40,000 people, investment, and development across New Zealand throughout its supply chain in both urban and rural New Zealand.

14. The industry through Phytos and its predecessor, STIMBR, has invested significantly in exploring alternatives to, and potential reductions in the use of harmful phytosanitary fumigants.

The importance of Australia as a Trading Partner for NZ Forest Products

15. Australia is a significant and strategically important trading partner for New Zealand, with primary industry exports to Australia valued at $4,516m for the year to 31 March 2024 accounting for 8% of all primary industry exports[3].

---

[1] https://www.mpi.govt.nz/dmsdocument/60526-Situation-and-Outlook-for-Primary-Industries-SOPI-December-2023
[2] https://www.mpi.govt.nz/dmsdocument/41319-fit-for-a-better-world-background-analysis-on-export-earnings-in-the-primary-sector
[3] https://www.mpi.govt.nz/dmsdocument/62637-Situation-and-Outlook-for-Primary-Industries-SOPI-June-2024

16. Export revenue to Australia accounted for 9% of all exported forest products ($5.9b) making it our second largest and a critically important market for the New Zealand forestry sector.
17. The industry alongside MPI is actively exploring opportunities to increase Australia as a market for forest products.

Feedback

Rationale for proposed changes

18. While at face value the proposal to disestablish the *Arhopalus ferus* monitoring programme appears to present a more efficient system, the proposal fails to demonstrate any detail in support of this beyond potential process and cost efficiencies for MPI!
19. Section 27 Bullet point 1 – "…*However, over the last decade (2014-2024) it has become clear that the seasons have become relatively stable and consistent (refer Appendix 3*)". The fluctuations over the 10-year period reflected in appendix 3 vary by up to 4 weeks for both the start and end dates of the documented flight season. While the proposed fixed dates account for the average start and end date, with some contingency ("A cautionary period"), the consultation document does not account for the potential unnecessary fumigation or treatment costs in situations when the actual flight season starts after 1 Nov and ends before 30 April. This could, at the extremes, amount to an additional 4 - 8 weeks of unnecessary fumigation / treatment and associated costs!
20. Section 27 Bullet point 2 – "Industry, MPI and DAFF resourcing previously used to communicate changes in the season can be redirected to strengthen exports instead of having to implement immediate treatment measures within a 48-hour timeframe." This is a generic statement but is not supported by any evidence in the consultation document. No indication is provided on what or where the efficiency gains might be in terms of time and cost for the various parties identified. The existing process is now routine and well embedded so should be relatively efficient. In the absence of any quantification estimates of efficiencies we question the assumed extent of the efficiency benefits the proposed change would deliver and for whom these would accrue to!
21. Section 27 Bullet point 2 – "*Industry will benefit from the removal of the monitoring programme due to the removal of the Arhopalus ferus flight season monitoring volume fee that currently stands at $0.55 per cubic metre*." While this might be the case, the consultation document fails to consider this potential savings alongside the potential costs of unnecessary fumigation or treatment of what might be a significant volume of product.
22. Section 27 Bullet point 2 – "If a fixed date is implemented MPI will monitor any potential *Arhopalus ferus* detections within New Zealand and interceptions found at destination country borders, making changes where appropriate." This is an unacceptably a high-risk strategy for which the industry is wearing all the risk. The uncertainty of how Australia might respond in the event of such a situation and the potential resulting additional treatment costs if the goods fail to meet the import requirements. This risk and uncertainty is further exacerbated by changing climatic conditions and weather patterns in NZ due to climate change.
23. Section 26 bullet 4 – "*The existing contract for the Arhopalus ferus monitoring programme ended with the 2023/2024 flight season. A review and tender process would need to occur if it were to continue for future seasons".* While we appreciate that the timing of the proposal coincides with the end of the existing monitoring contract and a decision prior to commencing with a new procurement process, we do not see this as a reason to support the proposed approach as such

procurement should be a relatively routine process for MPI, which is further simplified by the existence of the Surveillance Panel.

24. Practicality and Feasibility

25. While we don't disagree with the practicality and feasibility statements, *per se*, and that the fixed dates provide greater certainty, we do question the assumption made that it "*may reduce both operational costs and logistics*" relative to the current process. The consultation document has not in any way considered or evaluated the potential cost impacts of unnecessary fumigation or treatment on the volume of exported goods that may occur within the fixed dates, but outside of the actual flight season. This cost could be significant and could well exceed the cost of the monitoring programme.
26. In the absence of an assessment of the total system costs, this proposal appears to be more about achieving operational efficiencies for MPI. It may in fact create additional and potentially unnecessary costs for the industry, as well as additional and unnecessary fumigant or treatment use. It also increases the risk of goods arriving in Australia not meeting the import requirements and generating additional treatment costs on arrival, which would be significant.
27. We would strongly recommend that MPI undertake a more detailed assessment of the potential cost efficiencies that incorporates the total system costs (MPI and industry) of the new approach relative to the existing approach to provide a more informed and accurate assessment.
28. Should this assessment reflect actual quantified efficiencies for all parties then this would provide a sound basis and acceptable rationale for the proposed changes.

Surveillance and Monitoring

29. Section 26 bullet 5 reflects uncertainty of ongoing programme delivery unless all programme costs are fully cost recovered. Firstly, we would question why the programme costs are not being fully cost recovered and why MPI has not amended the cost recovery fees to account for the reduction in revenue to cover the programme costs.
30. Secondly, we would question if the current programme is being delivered as efficiently as it could be to achieve the monitoring programme objectives. When was the programme last reviewed? Are the current monitoring methods the most cost-efficient methods to achieve the monitoring objectives? Is the programme making the best use of the available technology to achieve the monitoring programme objectives?
31. The consultation document provides no detail on the monitoring programme methodology. It only provides the current delivery cost which appears relatively high for what is effectively a targeted and relatively low-level trapping programme for a single species for a few months of the year.
32. There are several smart trap options available on the market that could potentially be deployed in or around ports or staging locations to detect *Arhopalus ferus* remotely and potentially provide automated triggers or thresholds of detection. Such new technologies could deliver the monitoring outcomes at a fraction of the current programme costs.
33. NZ's biosecurity surveillance system currently has a significant gap in that there is no national beetle trapping surveillance programme around high-risk areas. Were this gap to be filled, *Arhopalus* monitoring could be incorporated into such a programme at a relatively minor additional cost.

Discussion

34. While the fixed date flight season proposal appears, at face value, to present a more cost and resource efficient approach, this appears to be an assumption which is not supported by evidence or any analysis of whole-of-system-costs in the consultation document.
35. In the absence of more detailed analysis to support the assumptions being made we believe that there is a high likelihood that the proposed approach could result in additional and unnecessary fumigation or treatment costs being imposed on exporters, and it could also create unnecessary risk of goods arriving in Australia and being non-compliant and therefore requiring additional treatment and the associated costs.
36. We question if the current monitoring programme is being delivered as efficiently as possible and is making best use of available technology to deliver the monitoring programme objectives as cost effectively as it could be.
37. Given the lack of evidence supporting the efficiency assumptions on which this proposal appears to be based and aiming to achieve, and the lack of whole-of-system costs that the proposed approach may impose relative to the existing approach, we do not support a change in approach at this time.
38. We recommend that MPI undertake a more detailed comparative analysis of the whole-of-system costs and efficiencies to better inform a decision on whether the fixed date approach and the dis-establishment of the longstanding monitoring program will actually deliver a more cost effective and efficient outcome for the industry and MPI. This will provide industry with greater assurance that the proposed approach will in fact be more cost efficient for the industry as well as MPI.
39. We recommend that MPI undertake a review of the existing *Arhopalus ferus* flight season monitoring programme to determine if the programme objectives could be delivered more cost effectively.

Brendan Gould
Director Biosecurity and Risk
Forest Owners Association / Forest Growers Levy Trust
Secretariat - Forest Biosecurity Committee