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**Subject:** Long Term Plan submission  
**Attachments:** WDC Draft Long Term Plan Submission 2024 MFM.pdf

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Please find attached Manulife Forest Management's submission on the Long Term Plan.

Regards

Sally Strang

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**Waitomo District Council  
Submission to the Draft Long Term Plan 2024-34**

TO: Waitomo District Council  
PO Box 404  
Te Kuiti 3941

FEEDBACK ON: Draft Long Term Plan 2024-34

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**Submission**

Manulife Investment Management Forest Management (NZ) Ltd (MFM NZ) manages four plantation forests in Ruapehu District totalling just under 8,000 ha, on behalf of our client Taumata Plantations Ltd. Of the forests that we manage, 70% is a long-term lease on land owned by Maraeroa C Incorporation, 27% is freehold land owned by Taumata Plantations and 3% a one rotation forestry right.

MFM NZ acknowledges the challenges that all rural councils are facing with rapidly increasing costs and the pressure this places on a limited ratepayer base. We also acknowledge that forestry has a material impact on the district council's road maintenance costs, during the period when harvesting takes place and that this can be challenging for the council to manage, particularly where maintenance has not been budgeted for by the Council.

We are however strongly opposed to the proposal in the Draft Long Term Plan to introduce a substantial targeted forestry rate. For the forests that we manage, we have estimated that this will increase our client's rates contribution by over 400%, to approx. \$333,000 per annum at current valuations.

Targeted rates are a very blunt instrument for allocating costs. It assumes that all forests have a similar call on district roads which is clearly not the case.

For one of our forests, Maraeroa C, the proposed rates option 2 will amount to a rates bill of \$222,000 per year, which over the full rotation (28 years) will amount to over \$6 million at the

proposed rates levels, at current land values. This exceeds the cost to of maintaining the short access road into the forest by orders of magnitude. Once the lease expires and the land is handed back to the landowners, this high level of rates be financially crippling for the landowners.

### **MFM NZ client's use of WDC roads**

For the forests that MFM NZ manages, the impacts on district roads varies considerably.

The forests under our management include:

- Pureora Forest (1,682 ha of freehold land) located at the Northern end of the district and accessed via SH30 directly and Waitaramoa Road. Waitaramoa Road is a paper road that has very few other users, other than forest owners and recreational users of the DOC estate. To date it has been maintained entirely by forest owners using the road, including Taumata Plantations Ltd and previously Carter Holt Harvey. Provided that Waitomo District recognises Waitaramoa Rd as a non-council road (due to the lack of any council maintenance or upgrade) then Pureora would presumably be assigned as being 'located on a state highway' under the proposal and would attract no targeted rate.
- Raepahu Forest (218 ha forestry right) is our smallest forest in the district, with arguably the greatest impact on the district roads, albeit short term. The forest is accessed via Mangaokewa Rd, for a distance of approximately 15 km. Harvest of the first rotation commenced in August 2023 and is scheduled to be completed in May 2025. Following harvest this area is being returned to the landowners and there will be no further activity, other than occasional light vehicle movements, until harvest of the next rotation commencing in approximately 28 years time.
- The north end of Hiwi Forest (419 ha) which is coming up for harvest and is accessed via Takiri Road onto State Highway 4.
- Maraeroa C Forest (5,500 ha lease forest) which is by far the largest of our forests in the district and will attract the greatest rates burden under the proposed rating option 2 (approx. \$222,000 per annum at current valuations). Maraeroa C is accessed over only a short section of district road, with two forest entrances located on Maraeroa Rd located 300m and 1.7km respectively from state highway 30. Maraeroa C was harvested during the period 2002-2010 and has not had any significant operations since that time.

In addition to the above forests MFM NZ manages other forests in neighbouring Ruapehu District that have made use of Waitomo District roads in recent times. These include:

- Pukemakoiti and Pittams Forests which exit through Maraeroa C onto Maraeroa Rd as for Maraeroa C
- Waimiha, Te Rongoroa, Burgess, Te Uranga and Hiwi Forests that are accessed via Waimiha Rd (approx. 4.6 km in Waitomo District)
- Use of Kopaki and Pukerimu Roads between state highways 4 and 30, for trucks travelling north out of Hiwi Forest.

The map on the following page shows the location of forests within Waitomo District (orange) and forests in the adjacent Ruapehu District (grey), most of which make some use of WDC roads for access.



Map Knowledge: This map is distributed as is, without warranties of any kind, other expressed or implied, including but not limited to warranties of suitability for a particular purpose or use. The maps are intended for use only at the published scale. This map was compiled using data believed to be accurate, however, a degree of error is inherent in all maps.

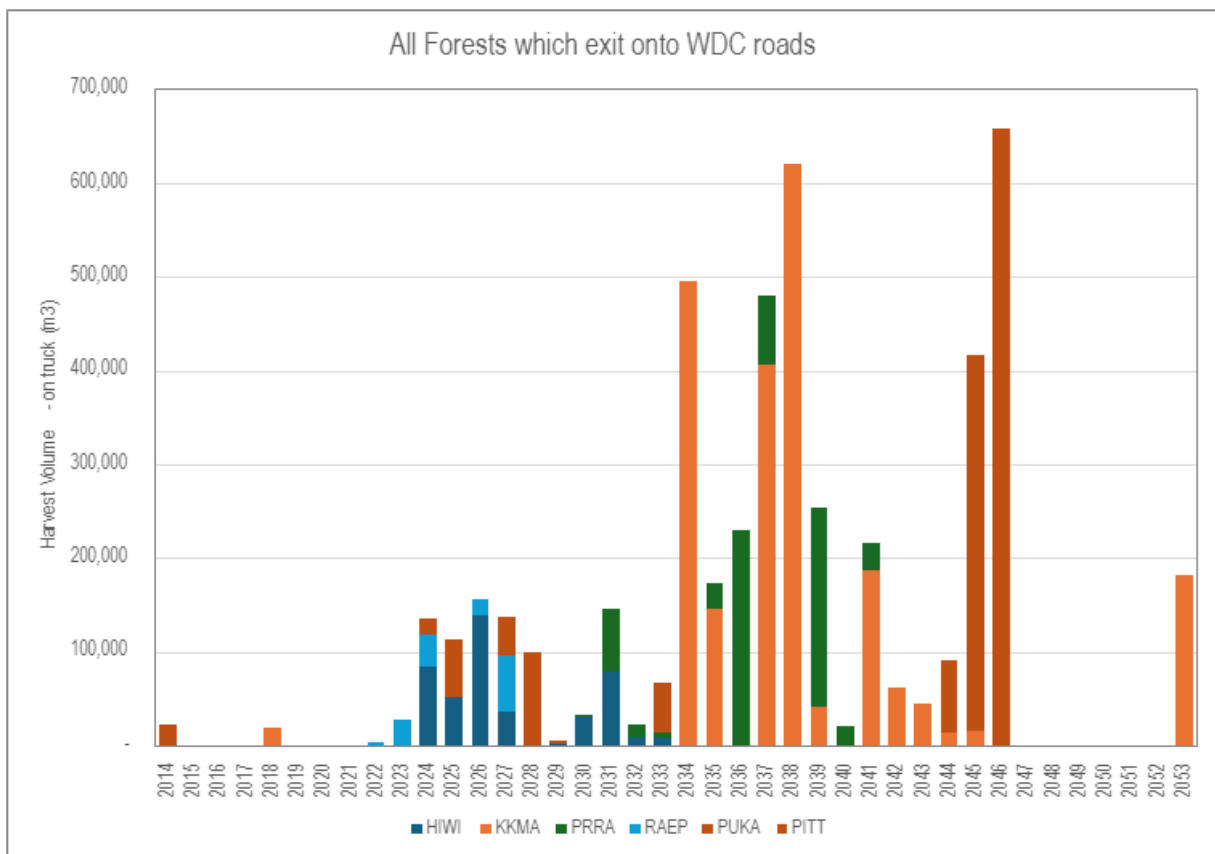
Log transport on Waitomo District roads

		Public Road	MFM (NZ) Managed Forests Ruapehu District
		Council Boundary	Waitomo District
Date: 5/17/2024		Scale: 1:160,000	

The graph below shows our past ten years and projected future harvest in forests accessed via Waitomo District roads. The graph includes the forests that directly access Waitomo District roads via Maraeroa C, but not those further afield.

As can be seen there is considerable fluctuation in harvest levels over time. The blue bars show the volume of wood from Hiwi and Raepahu forests that exit via Takiri Rd and Mangaokewa Rd. The orange bars show the volume of wood that is scheduled to exit via Maraeroa C onto Maraeroa Rd (Maraeroa C in Waitomo District, and Pittams and Pukemakoiti located in Ruapehu District). The green bars show the volume for Pureora Forest that makes no use of district roads.

As can be seen from the graph, harvesting levels fluctuate significantly as does the level of use of district roads. From 2033 out until the end of the scheduled period in 2053, the only material use of Waitomo District roads will be 1.7km of Maraeroa Rd.



**Fluctuating use over time and impacts of this**

As can be seen from the above, the call on district roads varies significantly between different forests. This inequity is somewhat balanced out for some large owners with a range of road access situations, but for single forest owners there is a high likelihood of significantly over or under charging for their actual impact on roads.

Whilst there will always be an element of unfairness in rates, when the quantum of the rates is of the magnitude being proposed, the financial impacts on some forest owners will be

significant. This issue is exacerbated given the cyclical nature of forestry, with periodic income from harvest, and long periods of time with no cashflow.

For the Maraeroa C lease forest, once the lease expires and the land is handed back to the landowners, this high level of rates will have to be paid by the landowners during long periods of time (potentially decades) when they have no income to offset the cost. The impact of this high level of rates has the potential to be financially crippling.

A further challenge of forestry's fluctuating use is council's ability to actually ensure that funds are spent where and when it is needed. As we understand it, rates funding cannot be accrued over long periods of low use, meaning that for the long periods of time when harvest levels are low forest owners will be subsidising the general rate payers. Conversely if not correctly budgeted by the council, there is also the potential for short falls during periods of higher road demand.

Given our dealings with district councils to date we have absolutely no confidence that even with the substantially increased funding proposed, this will necessarily result in road upgrade and maintenance being carried out when and where it is required for harvest. In our experience, even when councils are notified of upcoming harvest plans, they often fail to correctly anticipate and budget for the work required, leaving our clients facing the cost of upgrading roads to enable harvest to take place.

Our client has made substantial contributions to upgrade and maintenance of roads in Waitomo and Ruapehu districts. In the past year Taumata Plantations has spent \$174,000 undertaking a substantial upgrade of Takiri Rd in Waitomo District, in preparation for coming harvest, with culverts and Gap 40 supplied by WDC. If targeted rates were to be introduced at the level indicated, we would be very reluctant to agree to any direct contributions in future.

### **Potential anomalies**

The system proposed of identifying 'forestry' properties based on the percentage cover on a property has the potential to benefit large farm owners with woodlots. A large farm property with an area of forest <50% of their land area will be exempt from the rate, whereas a small property owner with a smaller area of forest but higher percentage of their total property would attract the rate.

The discussion document is also silent on how carbon forestry is to be treated, but presumably permanent forests will be exempt. It would be completely inequitable to apply a targeted forestry rate of this magnitude on carbon forest land that makes no use of any roads other than occasional light vehicle access.

### **Conclusions**

MFM NZ strongly opposes the proposed targeted forestry rate. At the levels proposed the rate has the potential to create significant inequity and is potentially financially crippling to some forest owners, far exceeding the actual costs their operations impose on the district councils roads.

MFM NZ submits that alternative methods exist for WDC to achieve better maintenance outcomes for local roads. These should be investigated further and in some cases are already

working. We would welcome the opportunity to work with WDC and other forest owners in the District to achieve a more workable and equitable outcome.

We recognise that the Council faces a funding shortfall that needs to be addressed. Where our operations impose a significant cost on the district and it can be demonstrated that this exceeds our direct and indirect contributions through rates and road user charges, our preference is to continue the current arrangement where we make direct contributions to road upgrades or maintenance. This ensures that the necessary work is carried out when and where it is required to enable harvesting to take place, and that the significant costs involved are borne at the time the forest is generating an income.

Thank you for the opportunity to submit on the Long Term Plan.

**MFM NZ wishes to speak to Council in relation to this submission.**

Yours sincerely.



Sally Strang

**Environment Manager  
Manulife Investment Management Forest Management (NZ) Ltd**