



Submission to: Gisborne District Council
Submitter: Summit Forests New Zealand Limited

Re: Eastland Port Twin Berth Stage 2 resource consent- Supporting submission

Contact Details

Address: Summit Forests New Zealand Limited
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Submitted by: Rob McGregor
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To whom it may concern,

Thank you for the opportunity to submit on the Eastland Port Twin Berth Stage 2 resource consent application. Summit Forests fully supports Eastland Ports Twin Berth Stage 2 Application. We would welcome any opportunity to discuss any of the points we raise in our submissions below.

About the submitter

Summit Forests New Zealand Limited is a 100% owned subsidiary of Sumitomo Corporation. In March 2013 Summit entered the New Zealand forestry industry through the purchase of a 36,000 hectare Forest Estate in Northland. Since then, Summit has continued to invest in New Zealand forestry, growing into additional regions, including Tairāwhiti, and is now the seventh largest forestry business in New Zealand.

Sumitomo Corporation is a major listed Japanese entity, with a 400-year history of conducting business. Today, the Sumitomo Corporation Group consists of nearly 790 companies with approximately 74,000 personnel; however Sumitomo's business philosophy is still based on Masatomo Sumitomo's (1585-1652) original business credo: "Benefit for self and others, private and public interests are one and the same", which emphasizes the importance of social contribution, meaning Sumitomo business must not only benefit Sumitomo, but also bring benefit to the country and society it operates in.

Response to the Eastland Port Twin Berth Stage 2 Application

Summit Forests fully supports Eastland Ports Twin Berth Stage 2 Application.

Summit Forests have been operating from Eastland Port since December 2015 and have established a successful exporting operation from the region. We currently own 14,750 ha of forests in the region, and we currently employ 80 people directly and indirectly in the region. Currently, our ability to add value to the people of Tairāwhiti, is determined and enabled by the efficiency at Eastland Port.

Since 2020, the landscape of New Zealand's log exports has changed. We are facing new challenges throughout global markets and supply chains with flow-on effects back to the Gisborne region. Our experience shows that clear strategy, innovation, and creating resilience in the supply chain is the key to realising a stable operational platform for our workforce and supply chain; the Twin berth at EPL will allow for this to benefit the people, Gisborne, and the greater Tairāwhiti Region into the future.

Summit sees four major reasons that we support the Twin Berth and dredging program:

1. The Regions exposure to the Port

The Gisborne region has a very small domestic processing industry - this means the regions forestry industry relies heavily on Eastland Port and there is a risk that the Port becomes a single point of failure in the entire supply chain.

New Zealand as a whole, and Gisborne itself, is at our peak 'wall of wood'. Increased supply of logs needs an increasing number of vessels calling into New Zealand, putting pressure on our port capacity. The last two-years of supply chain disruptions, particularly demurrage due to Port wait times, has had a significant detrimental impact on forest returns, impacting the ability of forest owners to provide operational consistency to the local workforce. Any gains the regional forestry industry makes in offshore sales prices, or savings in freight rates, are very quickly eroded when vessels are unable to load due to berthing constraints.

The Twin Berth will ensure more value can flow back to forests, which in turn will flow to contractors and employees, and through the whole regional supply chain.

2. Disrupted supply chains and high ocean freight costs

The last few years of Covid created global supply chain issues and a volatile landscape for freight and demurrage relating to port congestion locally and abroad. In 2021 a perfect storm was created by a bounce back in economic activity and commodity demand, coupled with the trade war between China and Australia (the world's largest importer and exporter of dry bulk commodities) leading to longer routes to market and therefore less available shipping tonnage, and increased shipping inefficiencies due to port congestion. Consequently, freight rates and associated demurrage costs have been significantly higher than anything we've seen in the past 10-years.

Higher global shipping demand results in higher ocean freight rates, which in turn create higher daily demurrage charges from vessel owners. The impact over the last 2-years has meant the cost of wait time (demurrage) has tripled. The Twin Berth project will reduce waiting times for vessels, with two vessels able to berth at the same time, this will greatly reduce the impact of weather/ swell events, meaning less costs going to shipping companies, and better returns for the local forest industry.

3. Different vessels and different markets

Due to constraints of one single berth at the current draft depth, Eastland Port currently only functions for loading log exports to China. Over 80% of New Zealand's logs go to China, and this dependence on China has fuelled recent volatile pricing. The Twin Berth and dredging program will create opportunities for forest owners in the region to export logs to other countries, diversifying their markets and minimising their risks in the long term. The project will also allow for larger vessels to come into the Port. Larger vessels can create more opportunities for shipping to different markets. In the case of Supramax vessels, these vessels do not require deck cargo and therefore won't rely on port-side chemical fumigation for market access for a full load.

Mandatory recapture or destruction of methyl bromide (MBr) emissions (at the end of log fumigation) has been required since January 2022. This limits deck cargo options for China vessels and currently rules out exporting options to India. The restriction of the use of MBr has pushed exporters to focus on debarking for deck cargo to avoid the need for fumigation. Debarking is a valuable tool for meeting the phytosanitary requirements for China deck cargo at deep-water ports. The Twin berth application will allow for exporters to load full vessels using debarked deck cargo, allowing for single port calls for vessel - this significantly reduces freight costs, providing better returns to the local forest industry.

4. Value to Tairāwhiti

Improving the infrastructure of the region by making the Port more versatile and improving capacity will serve Gisborne well into the future. The challenging infrastructure and routes to market would make an expanded port exceptionally enabling, and conversely disabling in its current state. As an example, we see significant opportunities for downstream processing and value adding to our products. Diversifying the port would potentially enable this. Agricultural producers would see similar benefits. Our ability to add value to the region and its people is limited by the constrained Port capacity and we would like to see that changed.

The Twin Berth and dredging will not only solve problems we currently face, but it will also create opportunities for the region and people to generate and retain increased value.

Signed:

A handwritten signature in black ink, appearing to read "R. McGregor".

Robert McGregor
Head of Export

Submission on
Resource Consent Application



Form 13
Under Section 96 of the Resource Management Act 1991.

i A copy of your submission must also be given to the resource consent applicant as soon as possible.
All information provided in your submission is available to the public (on request).

1. Person making submission

Name in full:
Surname: First Name(s):

Address:
No. Street/Road Suburb

Auckland
Town/City Postcode

Mobile: Other phone:

Email:

2. Submission on

Application No:

Name of applicant:

Type of resource consent applied for:

Brief description of proposed activity:

I support the application I oppose the application I am neutral to the application (neither support or oppose)

Clearly state which parts of the application you support or oppose or wish to have amended:

This application is made on behalf of Summit Forests New Zealand.
Summit Forests fully supports Eastland Ports Twin Berth Stage 2 Application.

The reasons for making my submission are (briefly describe the reasons for your views, attach further pages if necessary):

Please see attached letter for more information. We would welcome any opportunity to discuss any of the points we raise in our submission.

Office use only

Received date: Support Oppose W.T.B.H N.B.H

I wish the Gisborne District Council to make the following decision (give details, including the nature of any conditions sought):

Approve all consents. Further information in attached letter.

Please tick:

I wish to speak at the hearing in support of my submission

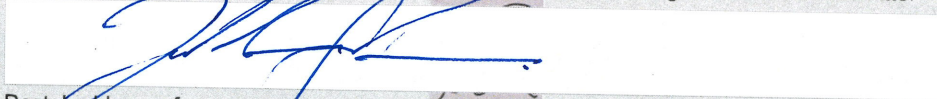
Would you consider presenting a joint case with others who have made a similar submission?

Yes No

I do not wish to speak at the hearing in support of my submission

3. Signature

Signature of person making submission or person authorised to sign on behalf of submitter



Date: 27/10/2022

Postal address of person making submission (if different from previous page):

Name and phone number (if different from previous page):

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