



Community or carbon?

Like many small rural communities in New Zealand, Tiraumea has been declining for years. De-population has been exacerbated by farm amalgamations and technology, and concerned locals fear the recent flurry of farm sales to forestry may prove the final nail in the coffin. **Rebecca Harper** reports.

Photos by Brad Hanson.

Blink and you might miss it. There's not much left in Tiraumea, located on Highway 52 between Alfredton and Pongaroa, in the Tararua District.

Once a thriving rural community, mostly sheep and beef farmers and their families, numbers are dwindling.

The school closed in 2012, though the lone 100-year oak stands proudly in what used to be the school grounds. The hall is still there, along with the rural fire service shed and domain, but that's about it.

In the last year a number of farms have been sold, either to forestry or manuka, with no new families moving in to replace

those lost, and those left are concerned about the impact of mass pine tree plantings.

Robert Liverton has lived in the Waihoki Valley, Tiraumea, all his life. The fourth generation of Livertons to farm Pakowhai, his ancestors were the original settlers of the property, some 150-odd years ago.

His son, who works on the farm, is fifth generation and a new granddaughter is the sixth generation of Livertons to live on the farm.

While Robert and his wife Pat have no plans to sell to forestry, he admits the thought of being surrounded by pine trees is unappealing.



"If every farm around us goes into forestry then it becomes a very unattractive place to live, socially and environmentally, not to mention in 30 years when the logging trucks come."

On their road alone there used to be seven farms, of those only three remain sheep and beef farms.

"De-population at Tiraumea is an example of what has happened to other communities, our school has closed, and it's been happening for a while with farm amalgamations and technology, but this will accelerate it. It's the end. It just destroys communities and



it's snowballing. It's hard to believe what's happened. Old established families have gone, to trees."

Robert does not believe there is any ill feeling towards those who have sold to trees. "Those people wanted to sell. A lot had been for sale for a long time."

But with the carbon price and forestry driving farm prices up, it is almost impossible for those who would like to buy these properties and continue to farm them to compete.

Another local farmer, Rob Thorneycroft, who was able to buy his first farm in the area and turn it into a profitable farming operation, winning the prestigious Wairarapa Farm Business of the Year Award in 2015, believes the opportunity may now be gone for other young farmers wanting to follow in his footsteps.

"One of my big concerns is young people looking for an opportunity to get into farming. The land here is of good economic value because of the distance from town. The forestry guys are taking out young families looking to come to our community and it just snowballs from there."

One of the farms sold has a young couple living on the front, more productive part of the property and continuing to farm it, while the harder parts will be planted, perhaps this compromise could be employed on other farms in the area.

No one disputes some of the farms sold would be best-suited to planting in pines,

but some are good productive farmland.

"What if the market for wood diminishes? They're not going to harvest them if there's no money in it. Who can say what a commodity's value will be in 30 years," Rob says.

Brendan White is a younger farmer in the area, he and wife Emma recently bought the family farm, Balmoral, from Brendan's father. Brendan is on the board of trustees at Pongaroa School, about 20 minutes down the road, where most local children now attend.

Pongaroa was the go-to area for young people wanting to buy a first farm, how do you continue if that first step is gone?"

"It has to affect the school. All those farms could have had families with children come back in. We were solid with three teachers, but we had 20 children leave and now we're struggling to keep the third teacher – that can only get worse.

"Less farmers, less shearing, less fencing, less people stick around Pongaroa, which is a rural service centre. Pongaroa was the go-to area for young people wanting to buy a first farm, how do you continue if that first step is gone?"

The village of Pongaroa is home to about 300 people, many working as casual labourers or in shearing gangs on farms in

Above: Farms like this are being lost to forestry in the Pongaroa-Tiraumea area.

the surrounding area, as well as servicing local farmers, contractors and passing tourists. Recently, the community has banded together to build their own fuel stop, with the help of Allied Petroleum.

Although isolated, it has retained a strong community and facilities, with a pub, shop and farm centre, as well as the school and early years centre. There are golf, squash, rugby and gun clubs.

Erin Rountree and her husband Zane own and operate the local Pongaroa Farm Centre. Erin grew up on a farm in Pongaroa and, though she has left over the years, she's always come back again.

"There's great people and I've always said, as a community, we don't miss out on much. It's an awesome place and there's always something going on. There's always been work and something to do socially, be it squash or a good group of friends to ride horses with."

Erin has worked at the farm centre for some time and the couple bought the business from Erin's mum last year.

Most of the business is rural supplies, with dog food a big component, but they sell everything from dishwashing liquid to wool packs.

"I want to be able to supply things for the locals – it's just a great place with great people. The majority is rural supplies but there's also things like a can of Milo for the locals in the village."



Left: Pongaroa Farm Centre co-owner Erin Rountree is worried about the future of the town and their business.

She is concerned about the number of farms being sold to forestry and the impact it could have on her business, and the community.

“We can handle a bit of change, but the number so far and there’s probably more to come, it cuts out the opportunities for young families to come into the district and do what our parents did 20 years ago.”

While she says the forestry companies have supported the farm centre, purchasing things like culverts for their

new tracks and gear, like work boots, she knows that gain will be short-lived. “It’s all good for now, and I do appreciate it, but once it’s done, it’s short-lived – farmers are long-term.”

Locals had hoped the forestry might provide some new work opportunities, but she hasn’t seen any evidence of that.

“It’s just the fact that all this land will be planted and pretty much for us, end of story. None of us will get anything out of that land. It would be nice if it was natives

rather than pines. I just wish they would stop buying around here.”

Back in Tiraumea, the farmers are also worried about what will happen to Pongaroa.

“It’s going to destroy Pongaroa, the school, the village. It’s just a nail in the coffin. What was Tiraumea has become Pongaroa, and this will only accelerate de-population,” Robert says.

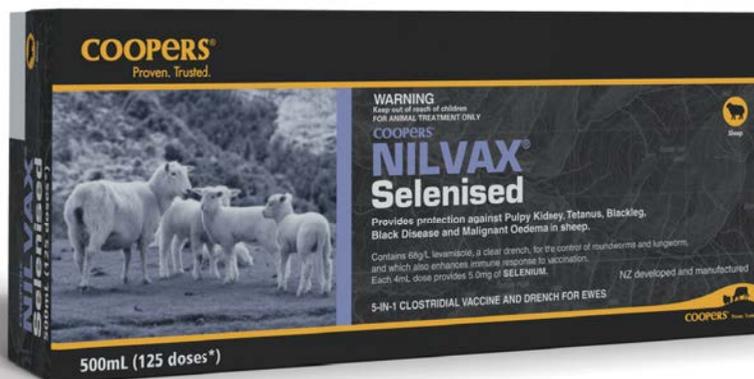
They all want answers from the Government. What numbers have they done and have they actually visited the areas at the coalface of this change, what will happen to the trees in 30 years, how will the roads be affected, what about the fire risk?

If all that remains is a useless exotic tree wilderness, what future will the community have, and where will the next Rob Thorneycroft come from? 

• *Rebecca Harper farms at Pongaroa.*

» Carbon forester makes no apologies p20

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Carbon credits pay for forestry



WORDS: TERRY BROSNAHAN

A forestry developer who is buying and blanket planting farms in pine trees makes no apologies for the impact on the local community.

Ed Kight who owns a logging truck company and Akitio Station near Pongaroa has so far bought up 800 hectares in the past two years for large-scale plantings.

Kight said some people think it is bad for the area but he has found willing sellers when looking for farms.

One farmer was 83 years old with no family interested in farming and another was an absentee land owner.

“There will be a bit of change but the economics of sheep and beef for the past 25-30 years haven’t been that smart.”

Unlike other companies he is not just planting for the carbon credits but for logging too. He first started planting forestry in 1980.

“It has been a very long-term project as far as I’m concerned.”



Ed Kight

Kight saw the opportunities from the early days of discussion around the Climate Change Response Act and the start of the Emissions Trading Scheme so accelerated plantings. He could see the revenue generated from carbon was going to seriously augment and be higher than livestock returns on particular classes of land.

“So I developed more carbon forestry at a pace.”

He signed a contract to supply a major company with carbon credits back in 2010.

Local farmer Brendan White says the area gave young farmers an opportunity to buy their first farm but now carbon forestry is making it harder. One young farmer was leasing but was unable to buy it as the farm was sold for pines.

If it wasn’t for the trees, farms would be selling for more realistic prices.

Farms have sold to forestry for between \$5-6000/ha and north of Pongaroa, \$6500-\$7000/ha.

Shearer Corrin Kidd lives on a small block at nearby Tiraumea and has lived in the area all his life.

He thought there would always be shearing in the area, but not if more land goes to trees.

The pair’s biggest gripe is the trees planted for carbon will not be logged and earn export dollars.

Kidd believes they should be not only logged, but replanted in natives after the first rotation for better long-term sequestration and biodiversity.

From Gandys Road near Tiraumea through to Pongaroa there were only three farms left.

Kight said the attraction was the value of the timber after 25 years and revenue from carbon credits which in most cases funds

Above: Brendan White (left) and Corrin Kidd look out on Te Rimu station which has been bought for blanket pine tree planting.

the project.

Kight said they log trees and claim carbon, most years.

The contractor’s 30 staff can plant 40ha in a day.

What makes carbon forestry most attractive is the credits can be claimed and earn money from the first year. Trees planted now will be eligible for credits in March/April next year.

Kight said 1100 pine trees per hectare had enough roots, stems and needles to sequester half-a tonne at \$25 per tonne in credits.

He rejected the suggestion payments were a subsidy from taxpayers. The ETS has been accepted internationally as a means for New Zealand to offset its carbon emissions. It was intended to be a carrot and stick. Emitters paid \$25/tonne and had an incentive to reduce the emissions cost.

Kight was not concerned that as the ETS is a political scheme it may be changed and prices weakened by future governments.

Kight made a submission in 2009 for the review of the ETS a year after it was passed.

He supported no liability for owners of pre-1990 forests if they logged them if they have already planted the equivalent area.

He said the ETS provided excellent revenue from low fertility on sheep and beef farms from trees.

He was also against the Zero Carbon bill and the burden of reducing methane.

“They have got the wrong end of the stick”.

There would be new ways to reduce methane in the future and it was wrong not allowing farmers to offset their carbon footprint with trees on their own farm.



Ken Buckingham looks around at the gum trees which replaced sheep and farming families.

Gums swallow up prime land

WORDS: TERRY BROSNAHAN

PHOTOS: CHRIS SULLIVAN

Forestry has ripped the heart out of a small Southland community.

In the mid-1990s Waimahaka near Wyndham was one of a number of areas where farms were sold and planted out in eucalypt trees.

It was good money for those selling but the three-teacher school was the heart of a thriving community both of which were devastated.

Waimahaka school had a roll of 70 and three teachers before the trees came. When the farms sold the families left the district. It had only four pupils by the time it closed in 2013.

The land was bought by Japanese-owned company, Southland Production Forest.

It was a perfect time for the Japanese investors to buy land as farming had staggered out of the 1980s and Rogernomics. Farmgate prices were low and

banks weren't keen on lending money to farmers to buy more land.

Also the New Zealand currency was low. With the dollar 40c to the United States dollar, Southland Forest Products could afford to pay \$2000/ha, well above the going rate of about \$1850/ha.

All together it bought up 10,000ha of farmland in the Southland and south Otago region.

A committee called Sustainability of Rural NZ was set-up by a group of farmers to fight the loss of farmland. Ken Buckingham (76) was in the thick of it.

Local MP and cabinet minister Bill English was invited to a meeting at the Tokanui pub but was indifferent to the loss of farms. He told them the market would decide.

"English was bloody-minded English."

In fact the most support they got was from Greens leader Rod Donald who came to see what was happening and took their case back to Parliament.

At the time the National Government was keen on getting overseas funds into the

country and why the locals believe they turned a blind eye to overseas investment rules being breached.

Ken says the Overseas Investment Commission was given false facts and the land sales only met two of the five criteria. The Government was so keen for overseas funds it rubber stamped it.

"We knew foreign investment was needed but not when it devastated the local population."

They were told it would be a 15-year rotation but after 20 years many of the gums are still standing.

There is an eerie quietness about the walls of wood. No animals, no tractors or farm bike noises.

Old farmers must almost weep when they pass the eucalypt forests which grow on prime farmland.

In the mid-1970s and 1980s a lot of taxpayer money went into converting land from bush into pasture.

Ken says the Tahakopa Valley in Otago (close to Southland) was all farmland but is

» More p23



now in gum trees.

“The gums have devastated rural populations.”

Remaining farms with trees growing along the boundaries are difficult to sell. Even without trees selling is difficult with three farms in the district recently failing to sell.

He says when SPF came into an area it bought the best farm first which created a domino effect.

Tokanui farmer and a relation of Ken’s, Tom Buckingham says the gums had a huge impact on Tokanui with 35 houses shifted out of the area. Since then only three locals work with trees, the rest is done by contractors outside the area.

Tom wasn’t keen on having gum trees as neighbours and at the time wondered where the plantings would end. He isn’t surrounded by trees but they are not far away.

‘We knew foreign investment was needed but not when it devastated the local population.’

Now people like Ken and Tom are worried it is all about to repeat itself again in Southland this time with pines. The region is served by good growing conditions, infrastructure including an easily accessible port.

They don’t want to see any more communities disappear.

This time it will be more difficult as farm prices are buoyant but the \$25/tonne for carbon credits and the prospect it will rise is driving blanket plantings which Ken says is wrong.

He says local government did nothing to stop the gum trees as it was a permitted activity.

Ken’s children went to the local Waimahaka school.

So too did Jean Fallow’s. She was also on the committee and only moved out of the district four years ago. She says the loss was hard as the school was the hub for the community. Clubs and groups used to meet at the school. The community now meets in the hall but the depopulation meant there are not enough people to run the clubs and services.

“The local garage is still running which is good for farmers.”

A central, not a local issue

Environment minister Eugenie Sage recently said the blanket tree planting with pines was a local government issue not a central government problem.

Ken Buckingham says she is passing the buck because the Government’s policies are driving the planting.

“The Government is hell-bent on subsidising carbon credits making it more difficult to buy farms especially young people starting.”

The committee has long since been wound-up, but they recently decided to help fight the blanket planting of pine trees for carbon credits by donating surplus funds to the lobby group 50 Shades of Green. There was still \$2500 in the committee’s bank account or so they thought. But the bank had wound the account up and given the money away to a charity. They are looking into it.

Subsidies were a dirty word in the 1980s when they were taken away from farming. Farmers like Lindsay Broad, another committee member, and Ken were told everything has to stand on its own feet.

“Now there are subsidies for tourism and planting trees,” Ken says.

A lot of the land would have been turned into dairy farming if forestry had not got there first.

One 600-hectare farm sold for \$2500/ha, the top price.

Lindsay says it would have been a very good dairy farm.

“Actually bugger the dairy, it would have been a very good sheep farm finishing lambs.”

In winter the logging trucks cut up the roads and the district council has stopped them.

The tall gums shade paddocks affecting grass growth and narrow roads.

Ken says the sun is lower in the south during the short days of winter. There used to be a local government rule that trees couldn’t be planted too close to roads. Trees were not allowed to shade the roads from 10am-2pm.

Southland District Council was so keen on planting its own forests it relaxed the



Gum trees don’t make good neighbours as they shade pastures and spoil the view.

rule, he says.

The loss of farms to trees means the council is missing out on rates.

Ken’s research found forestry was paying a higher rate/ha on the land, but less in capital value. When the forestry company bought a farm they gave the house and infrastructure to the farmer to sell off.

Locals say one the worst features of the eucalyptus forests is the lack of labour employed with their management. In two weeks the ground is sprayed off, planted out and left to grow until they are cut down.

“At least with pines there is pruning and thinning, Ken says.

» More p24



Report's warnings ignored

Eucalyptus trees are not being harvested within the 15-year rotation because not as many are needed, Southwood Export general manager Graeme Manley says.

Southland Plantation Forest (SPF) forests are managed by Southwood plus other forests. Both companies are Japanese-owned. SPF trees go to Southwood's mill in Invercargill to be chipped for the manufacture of high-grade paper.

Manley said they were doing some harvesting at Waimahaka and 340,000 tonnes of wood a year was processed at the mill.

SPF is reported to have paid \$13.5 million for 10,029 hectares, which is in 42 forests mostly in Southland and Otago of which 99% are gum trees.

The trees are not in the Emission Trading Scheme because it was decided it suited a longer rotation.

"We will review that."

Manley said the forests are spread around primarily to lessen the impact on local communities and due to the land that was for sale.

A report into the planting of the gum trees in the Catlins and Southland region was prepared by Lincoln University's Agribusiness and Economics Research unit. It investigated the social impacts of land use change from farming to short-rotation forestry in Southland, analysing the employment and financial changes.



Above: Jean Fallow, Lindsay Broad and Ken Buckingham part of a group which tried to stop the spread of gum trees but failed.

Some of the Overseas Investment Commission (now the OIO) criteria was met, but overall the forestry investment did not significantly contribute to the national interest, it said.

Forestry resulted in the number of jobs dropping from 50 to 37 while value added rose from \$2.3m to \$3.3m a year. On-land employment dropped by 16 full time equivalents, 19 until logging started at 15 years. The report said the loss in jobs can have serious social impact in rural areas.

While the drop in employment seems small it was a significant proportion of the rural population.

Forestry investments in the Catlins region are not creating new job opportunities nor significantly improving the value added from its land use.

The report, carried out in the late 90s and revised in July 2000, was commissioned by Sustainability of Rural New Zealand which was set up by locals to fight the loss of prime farmland to gum trees. Since then farmgate prices have risen significantly.

Manley said most of the work is carried out by contractors. There are 10 harvesters contracted six forwarders and two loaders. Between 50-65 truckloads a day cart logs to the mill and a similar number transport the chip to the port. The mill employs six people and another two work at the port.

» Cont. from p23

Lindsay says a Waratah tree harvester comes in grabs, cuts the tree down, limbs it and cuts it up in one and-a-half minutes.

"Even the logging trucks come from western Southland."

Ken says though the forestry rate is slightly higher than a sheep and beef farm the rates paid are a lot less than pastoral farms. The trees are rated so farmland has a far higher capital value.

The forestry rate is 0.0065 and the sheep and beef, 0.00054 times the capital value.

The farmers' rates are helping to pay for roads the forestry company uses.

"In Auckland, the biggest problem is providing schools and houses whereas here they pull them down and cart them away."

Lindsay now has gum trees on half of his farm's boundaries.

"I'm looking at a wall of trees instead of grass, people and houses."

When Jean was on her farm she used to

look out on green pastures and lambs with native bush as the backdrop. Rata trees in flower. That vista is now all gone.

Ken says farmers didn't want to sell their farms to SFP to be planted in gums but the company was the only one buying.

Farmers were making no money and Ken's son was overseas. Farmers were offered the farms but he needed another farm "like a hole in the head".

The farms were also easy to sell to SFP because the sales were unconditional.

Forestry interest lifts land prices

Could forestry land values go higher? Quite possibly, but not all forestry opportunities are created equal, **Tim Banks** writes.



Above: Hadleigh Station in the Wairarapa sold to Austrian forestry investor Veronika Leeb-Goess-Saurau.

Buyers need to consider a long list of factors before buying a block of land and forestry is no exception. Recent changes in Government policy and further steps towards carbon neutrality, make it easier for foresters to compete for better parcels of land with good growth rates, easy to harvest, and proximity to ports and processing facilities.

The One Billion Trees programme provides subsidies for the planting of new exotic and native forests. While half of this will be replanting, the remaining (about 500,000 hectares) will be planted on farmland of varying quality.

The 'average accounting for carbon' rules, introduced in March this year, mean a greater allocation of New Zealand Carbon Units (NZCUs) via the Emissions Trading Scheme (ETS), as well as greater protection from tree losses.

Carbon credits and timber prices are

trading at or close to historical highs and demand for NZ logs is strong with a positive outlook. The Overseas Investment Office (OIO) is still approving sales of NZ land to foreign investors for forestry.

All this is making forestry investments more attractive and some significant recent sales of large pastoral properties for afforestation are making the headlines.

Hadleigh Station in the Wairarapa, an amalgamation of three farms totalling 1728ha owned by Lonestar Farms sold to Austrian forestry investor Veronika Leeb-Goess-Saurau for \$13,750,000 or \$7957/ha. We understand about 260ha is to be on-sold for \$3.8 million.

Tunanui Station in Northern Hawke's Bay, a 2061ha property sold for \$17m or \$8249/ha. Another forestry syndicate which required Overseas Investment Office approval, we understand was willing to pay slightly more, although was unsuccessful.

In Canterbury while we have observed some forestry activity, the market dynamic

is quite different. Pastoral farmers are mostly able to compete with buyers of land for forestry.

Forestry demand though is underpinning value, particularly for land suitable for planting (land not planted in trees as at January 1, 1989).

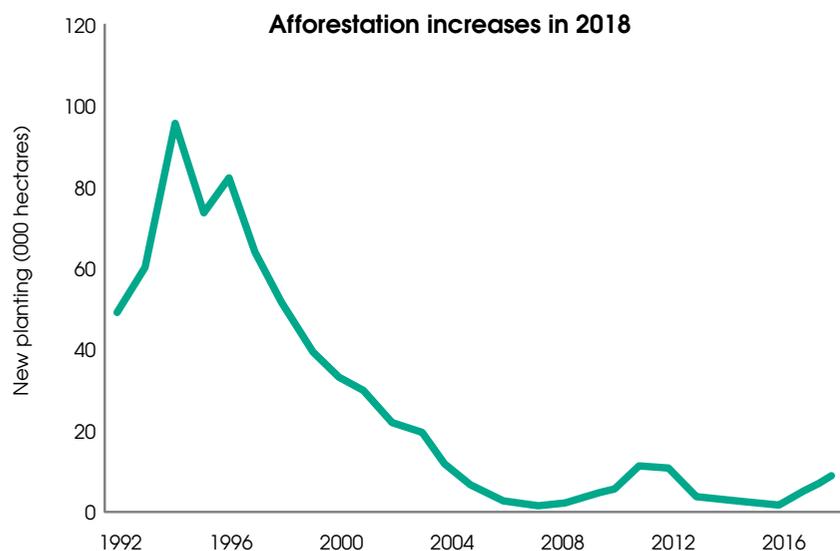
As a result, clear land suitable for afforestation has shifted upwards in value from about \$2000 to \$3000/ha to \$3000 to \$4000/ha and higher for smaller parcels – 20ha or more near existing forest land.

Greater demand and higher prices being paid for afforestation land, particularly with easier-contour, in other regions compared to Canterbury can be partly explained for graph below. Exotic forest (*Pinus radiata*) on the East Coast of the North Island will contribute to sequestration rates up to 77% higher than the same plantations in Canterbury.

We see anecdotal evidence that farmers are considering planting trees alongside their current operations to improve cashflows and increase land utilisation.

We will watch with interest to see if returns relative to pastoral farming for forestry and carbon do go higher, and whether land values follow.

Timber and carbon, like lamb, mutton, wool and beef are commodities and subject to cycles. Timber and carbon particularly perhaps more so as government policy grapples with the challenge of transitioning the NZ economy towards a zero-carbon economy.



New land planted in exotic forestry, year ended December 1992-2018 (provisional) Source: MPI.

• *Tim Banks is a registered valuer and associate director at Colliers International.*