

Forests Act 1949: Quarterly Report of Swamp Kauri Activity

1 January 2016 – 31 March 2016

Swamp kauri, which is also known as ancient kauri, is kauri timber that has been buried and preserved in what used to be swamps for anywhere between 800 and 60,000 years. The Ministry for Primary Industries (MPI) is responsible for implementing and enforcing the Forests Act 1949 (the Act). Under the Act, MPI regulates the milling and export of swamp kauri. More information on the management of swamp kauri can be found at:

<http://www.mpi.govt.nz/exporting/forest-products/wood-and-wood-products/swamp-kauri>

This report summarises MPI's milling and export regulatory activities in the first quarter of 2016 (1 January 2016 – 31 March 2016). It also presents summary information on historic swamp kauri activities. The report shows:

- That since September 2015, all sites notified to MPI where swamp kauri extraction is planned to occur have been inspected by MPI Forestry Officers. Likewise, all sites where extraction has been completed have been inspected;
- Export activity for the year to date is down by 79% on the average export activity for the same period over the previous three years. For the first quarter of 2016, seven exports totalling 104.3 cubic metres of swamp kauri timber have been approved; and
- Two new milling statements were issued in the 1st quarter of 2016, allowing for the milling of 220 cubic metres of swamp kauri timber.



Milling Controls

Indigenous timber, including swamp kauri, can only be milled by sawmills registered with MPI. MPI regularly inspects registered sawmills, and sawmills are required to report their milling activity every quarter. All swamp kauri must also have an approved 'Milling Statement' from MPI before it can be milled at a registered sawmill. Milling statements verify the timber as having originated from an approved source under the Forests Act.

Milling statements are only issued under specific circumstances; the applicant must demonstrate that the swamp kauri will be salvaged from either:

- land that is not indigenous forest land; or
- indigenous forest land, and that the natural values of that land will be maintained when the swamp kauri is extracted.

Details of new milling statements approved in this quarter are presented in Table 1:

Table 1: Milling statements issued 1 January 2016 – 31 March 2016

Milling Statement #	Timber Source	Region	Approved Volume
7-00-02433	Non-indigenous forest land	Northland	160.0 m ³
7-00-02474	Non-indigenous forest land	Northland	60 m ³
			220 m³

The total approved volume will not necessarily reflect the total volume of swamp kauri extracted in the quarter. If someone extracts swamp kauri with no intention to mill the timber, then they do not need to apply for a milling statement.

Milling statements are issued for a term of six months to a year. If not all of the approved timber is milled before the expiry date, operators can apply to have a milling statement re-issued. Table 2 provides details of milling statements re-issued in this quarter. With re-issued milling statements, the volumes approved for milling do not reflect additional timber being extracted. The approved volume reflects what MPI assesses is the un-milled volume remaining from the original milling statement. These assessments are based on measuring the remaining timber during sawmill inspections, and tallying data from sawmill returns.

Table 2: Milling Statements re-issued 1 January 2016 – 31 March 2016

Milling Statement #	Timber Source	Region	Approved Volume
7-01-02479	Non-indigenous forest land	Auckland	11 m ³
7-00-02459	Non-indigenous forest land	Northland	346.6 m ³
7-00-02493	Non-indigenous forest land	Northland	371.5 m ³
			729.1 m³

¹ This is a re-issue of milling statement 7-01-02010.

² This is a re-issue of milling statement 7-00-02155 and reflects the volume of that initial milling statement, less the volume milled since it was originally issued.

³ This is a re-issue of milling statement 7-00-02342 and reflects the volume of that initial milling statement, less the volume milled since it was originally issued.

Export Controls

Swamp kauri can only be exported as a finished product, or, if it isn't from indigenous forest land, as whole or sawn stump or roots. Indigenous timber export controls are set out in Section 67C of the Forests Act.

Export approval from MPI is required before exporting whole or sawn swamp kauri stump or roots, and all such exports must be visually inspected as part of that process. Such exports are not cleared by the New Zealand Customs Service (Customs) without the appropriate, completed documentation from MPI.

Under the Act, exporters of finished or manufactured products are not required to provide MPI notice of their intention to export. However, exporters regularly, voluntarily notify MPI to confirm that exports comply with the Forests Act. When notified, Forestry Officers undertake visual inspections to determine if the export meets the definition of a finished product.

In addition, export inspections are also conducted by Forestry Officers from time to time as part of regulatory oversight of the sector. This commonly occurs when MPI receives intelligence suggesting export activities that MPI has not been notified of, or in situations where the New Zealand Customs Service query the validity of an export.

Not all swamp kauri timber extracted is exported. On average, a larger proportion is sold into the domestic market or held as inventory for future processing.

Table 3: Notified swamp kauri export consignments for 1 January 2016 – 31 March 2016

Destination	No. of Exports Approved	No. Inspected	Volume Exported
China	2	2	73.9 m ³
Italy	1	1	5.3 m ³
Germany	1	1	24.5 m ³
USA	3	3	0.6 m ³
Totals	7	7	104.3 m³

Site Inspections

Responsibility for managing swamp kauri extraction rests with councils under the Resource Management Act. However, applicants must provide evidence of the timber's source when applying for a milling statement or export approval.

Since September 2015, improvements to the Ministry's regulation of the swamp kauri industry have included increased oversight of extraction sites. This supports assessments of the source of swamp kauri timber. All notified sites are now inspected before and after extraction activities. Pre-extraction site inspections allow for a clear assessment of the land's classification (whether it is indigenous forest land or not) with respect to the Act. Mid-extraction and post-extraction site visits focus on assessing the volume of timber extracted, and confirming activities are limited to the land area classified during the pre-extraction site inspection.

A breakdown of inspections undertaken can be found below in Table 4. In understanding the data, it is important to note that six sites were subject to extraction activities before 1 September 2015, meaning pre-extraction inspections could not be undertaken. Importantly:

- 100 % of notified sites where extraction has commenced since 1 September have been subject to a pre-extraction site inspection;
- 100% of sites where extraction has been completed since 1 September have been subject to a post-extraction site inspection; and
- 47% of sites have had mid-extraction site inspections.

Table 4: Inspections of notified swamp kauri extraction sites, 1 September 2015 – 31 March 2016.

Total Sites	21
Total Inspections	39
Pre-extraction	15*
Mid-extraction	10
Post-extraction	14

* Six sites exist where extraction activities began prior to September 2015, meaning pre-extraction inspections were not undertaken.

Summary of Annual Swamp Kauri Activity:

The following figures illustrate the key dimensions of the export trade of swamp kauri from New Zealand.

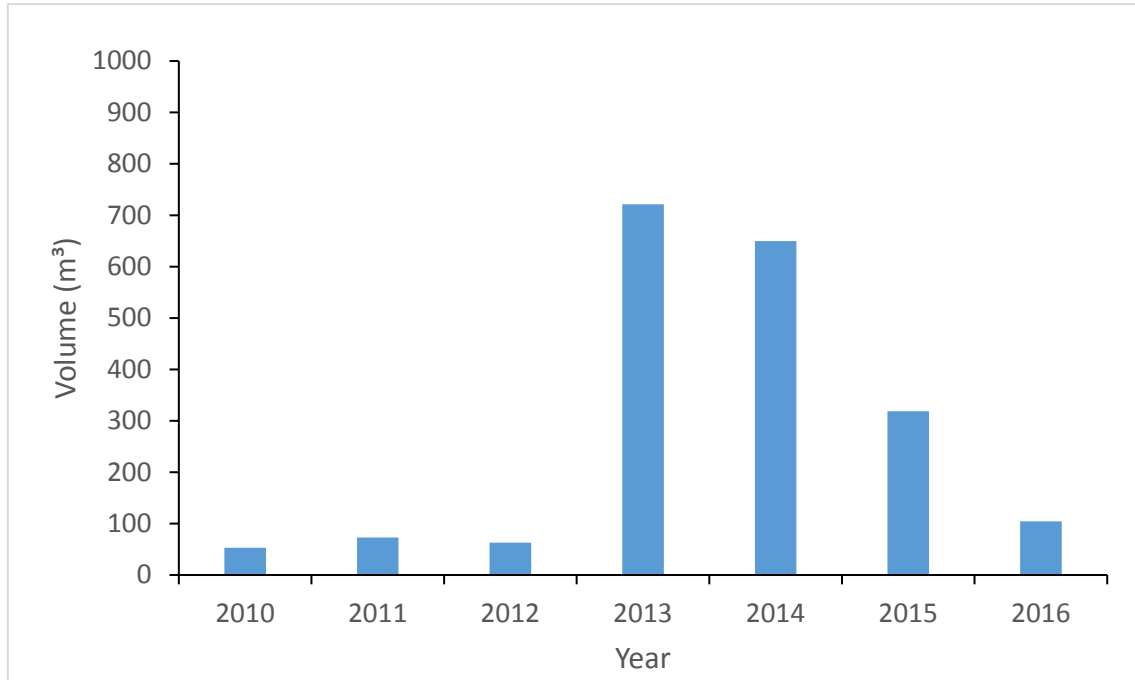


Figure 1: Swamp kauri export volumes for Quarter 1 (1 January - 31 March), 2010 – 2016.

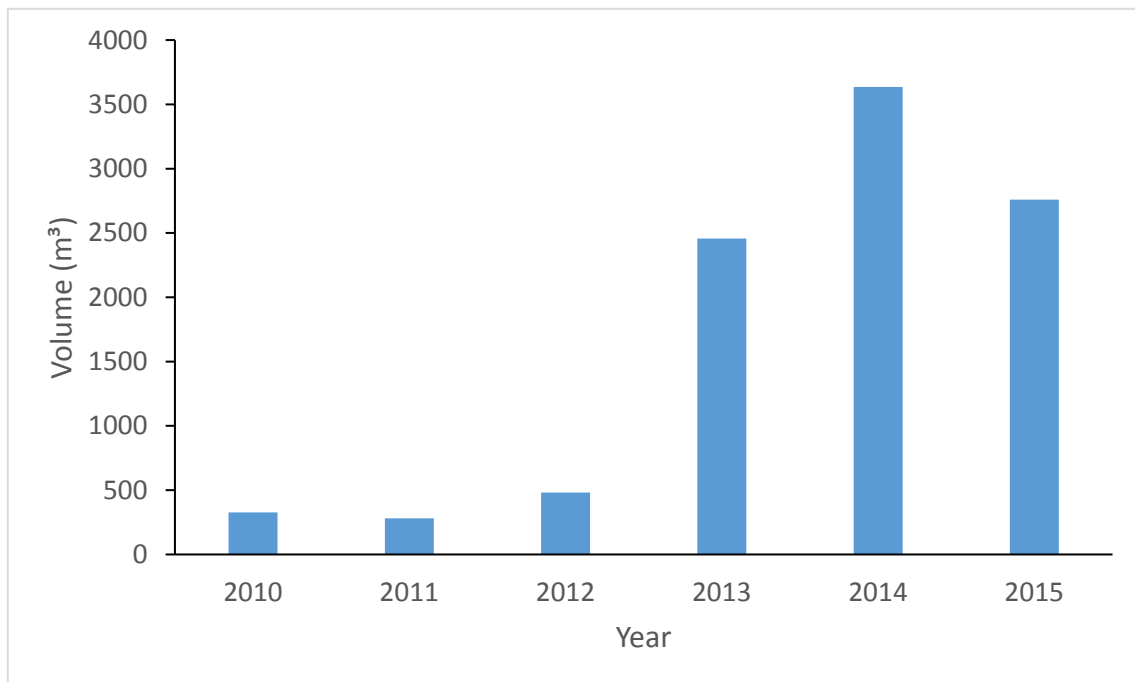


Figure 2: Annual swamp kauri export volumes, 2010 – 2015.

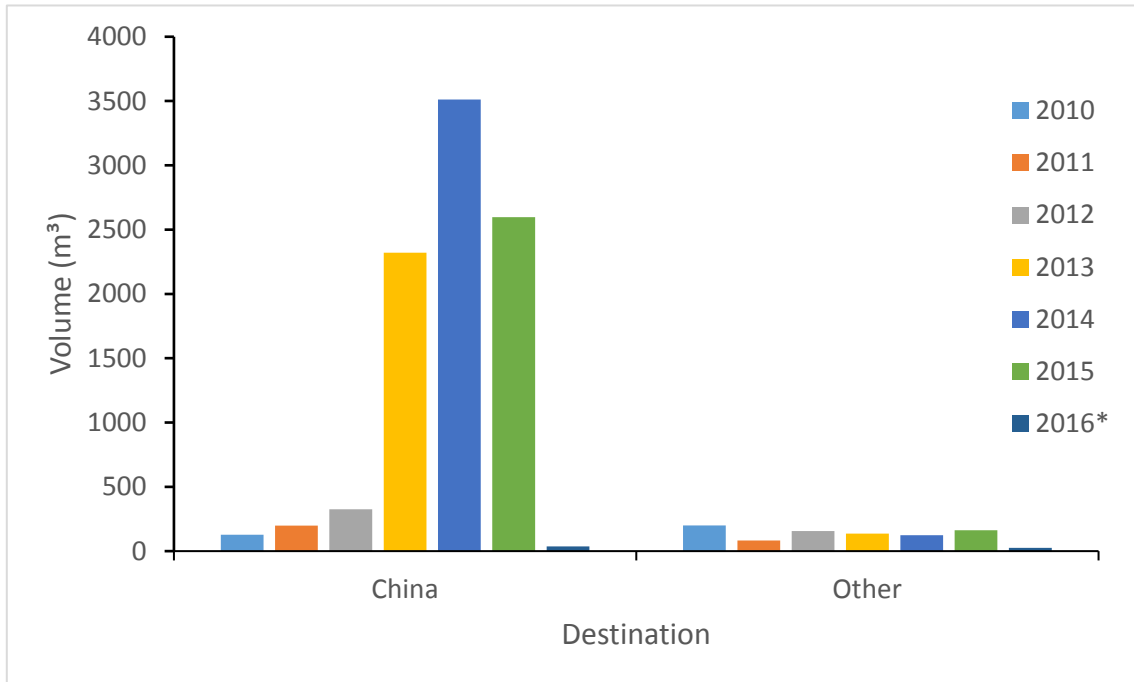


Figure 3: Annual swamp kauri export destinations, 2010 – 2016: China v Rest of World (* 2016 data is year to date).

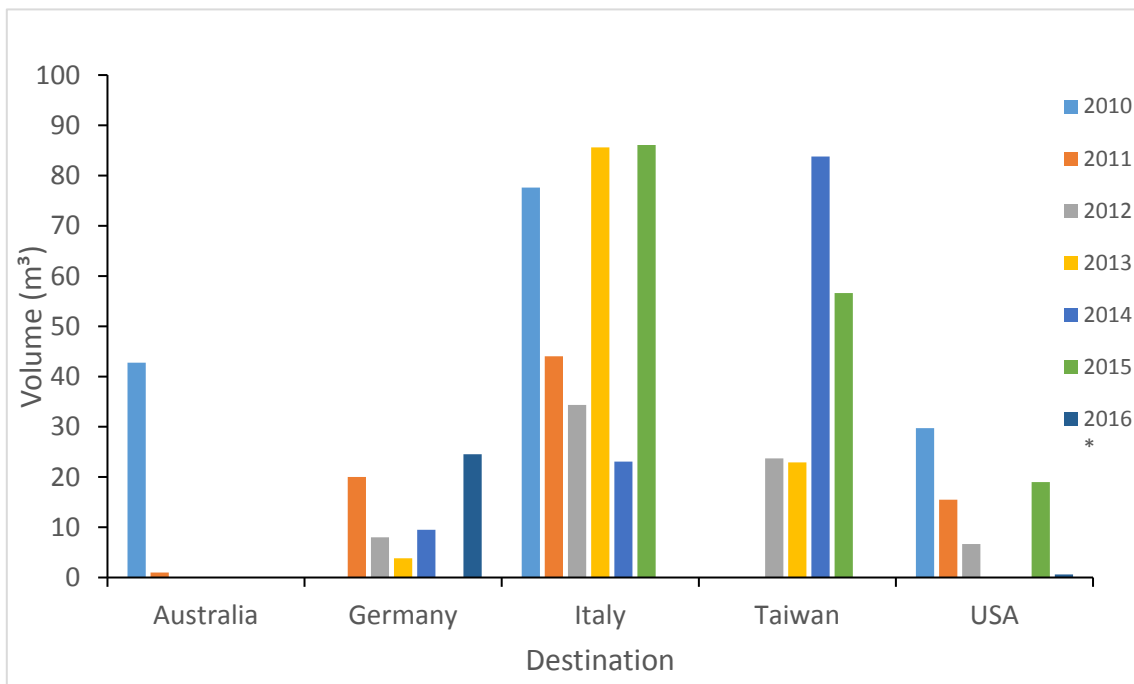


Figure 4: Annual swamp kauri export destinations, 2010 – 2016: Excluding China (* 2016 data is year to date).

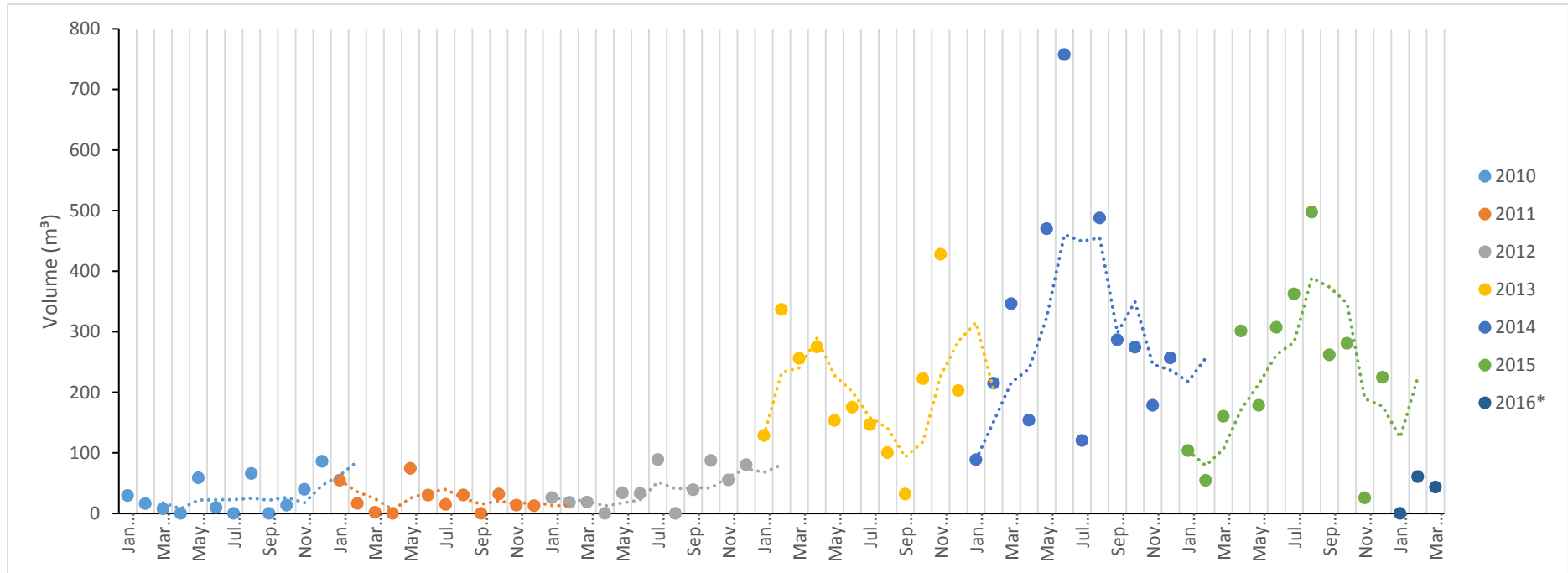


Figure 5: Monthly swamp kauri export volumes, 2010 – 2016 (Trend: three point moving average).