

Property Subcommittee
Tuesday 8 May 2018 at 8.30am

AGENDA

Property Subcommittee Agenda

Meeting to be held in the Whangamumu Room
on Tuesday 8 May 2018, commencing at 8.30am

Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.

MEMBERSHIP OF THE PROPERTY SUBCOMMITTEE

Chair, Councillor Penny Smart
Councillor John Bain Councillor Bill Shepherd (Ex-Officio) Councillor David Sinclair

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TITLE: Confirmation of Minutes – 4 April 2018

ID: A1062037

From: Alicia Jurisich, Property Officer

Executive summary

The purpose of this report is to present for confirmation the minutes of the Property Subcommittee meeting held on 4 April 2018.

Councils are required to keep minutes of proceedings in accordance with the *Local Government Act 2002*.

Recommendation

That the minutes of the Property Subcommittee meeting held on 4 April 2018 be confirmed as a true and correct record.

Attachments

Attachment 1: Property Subcommittee Meeting Minutes - 4 April 2018 [↓](#) 

Authorised by Group Manager

Name: Phil Heatley

Title: Strategic Projects Manager

Date:

NORTHLAND REGIONAL COUNCIL PROPERTY SUBCOMMITTEE

Minutes of meeting of the Property Subcommittee
held in Committee Room, Northland Regional Council, 36 Water Street, Whangārei,
on Wednesday, 4 April 2018 commencing at 2.00 pm.

Present: **Full Meeting**
Cr Penny Smart (Chair)
Cr David Sinclair
Cr John Bain
Cr Bill Shepherd (ex officio)

In Attendance: **Full Meeting**
Chief Executive Officer
Strategic Projects Manager

The Chair declared the meeting open at 2.10 pm.

Apologies (Item 1.0)

There were no apologies.

Carried

Declarations of Conflict of Interest (Item 2.0)

It was advised that councillors should make declarations item-by-item as the meeting progressed.

Confirmation of Property Subcommittee Meeting Minutes (Item 3.1)

ID: A1047515

Report from Property Officer, Alicia Jurisich

Moved (Cr Sinclair/Cr Shepherd)

That the open minutes of the following meetings be confirmed as a true and correct record:

1. Property Subcommittee meeting held on 7 March 2018.
2. Extraordinary Property Subcommittee meeting held on 13 March 2018.

Carried

Sale of 56 Gillies Street, Kawakawa (Item 3.2)

ID: A1047588

Report from Strategic Projects Manager, Phil Heatley

Moved (Cr Bain/Cr Sinclair)

1. That the report 'Sale of 56 Gillies Street, Kawakawa' by Phil Heatley, Strategic Projects Manager, and dated 28 March 2018, be received.
2. That the Property Subcommittee note that a paper will be going to full council informing them of the sale of 56 Gillies Street, Kawakawa to Far North Holdings Limited; and
3. That the net sale proceeds, after transaction expenses, will go into the Property Reinvestment Fund.

Carried

Port Nikau – Council Easements (Item 3.3)

ID: A1047585

Report from Strategic Projects Manager, Phil Heatley

Moved (Cr Sinclair/Cr Shepherd)

1. That the report 'Port Nikau – Council Easements' by Phil Heatley, Strategic Projects Manager, and dated 28 March, 2018 be received.
2. That the Property Subcommittee approve the lifting of the Easements 6165858.1, 6156637.1 and 6298710.1 in Port Road, Whangarei, in whole or in part, subject to the Chief Executive being satisfied that:
 - i. The terms of the lease with Ballance have been met or Ballance has otherwise given consent; and
 - ii. There will be no costs or physical remediation costs to council in lifting the easements; and
 - iii. Council has complied with all statutory, regulatory (and policy) obligations that relate to the lifting; and
 - iv. The agreement to lift may include any further conditions deemed to be useful, reasonable, and appropriate in his view having taken legal advice, if required.

Carried

Business with the Public Excluded (Item 4.0)

ID: A1030268

Report from Property Officer, Alicia Jurisich

Moved (Cr Bain/Cr Shepherd)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reason\Grounds
4.1	Confirmation of Confidential Extraordinary Property Subcommittee Meeting Minutes 13 March 2018	The reasons for excluding the public are as stated in the minutes of the open section of the meeting.
4.2	Purchase of CBD Properties in Order to Freehold	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).
4.3	Sale of Council's Lessor Interest to Freehold a CBD Property	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).
4.4	Update of Property Subcommittee Action Notes	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).
4.5	Site visit: Investment Opportunity	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to carry on, without prejudice or disadvantage, commercial activities 7(2)(h).

Carried

Open Meeting

That the committee resumes in open meeting.

Carried

CONCLUSION

The meeting concluded at 3.45 pm in order to attend site visit as per item 4.5.

TITLE: Mt Tiger Forest Quarterly Report January-March 2018

ID: A1060596

From: Alicia Jurisich, Property Officer

Executive summary

The purpose of this report is to present background information and an update on Council's Mount Tiger Forest by way of the attached report from Ian Jenkins of Jenksmax Consulting Limited, Council's forestry consultant.

Recommendation

That the report 'Mt Tiger Forest Quarterly Report January-March 2018' by Alicia Jurisich, Property Officer and dated 27 April 2018, be received.

Background

As per the Forestry Management Report, council's consultant, Jenksmax Consulting Limited, is to report back to council every quarter providing an update of Mt Tiger forest. Quarter Three findings are as follows:

- A harvest plan for the 1991 area is about to get underway.
- Upon recent inspection, it was identified that growing shoots of the 2017 stand (2016 harvest) have not developed as they should have. Following the receipt of Ian Jenkins quarterly report, a forest health expert visited the site to investigate the poor tree growth. The outcome was as follows:
"The situation is unfortunate but not catastrophic. There are still plenty of trees and these are not dead or at risk of dying. The problem is variable across the planted area and seems to be worse on the harder bare faces.

We think it's a combination of a dry summer (initially to January), especially where the ground is thin, clean and steep, the impacts of thrips which have been sucking the needles and causing trees to stress, and perhaps some slight knockback from the releasing spray. As a result, the new trees have not flushed and grown as expected but they have sat and "sulked" a bit.

We believe they will come away okay in time. There has been growth on them, but just not as we would have liked/expected at this point in time. We will keep on top of the releasing for a while longer and it may need another spray to ensure the trees get away next year."

Otherwise business as usual.

Attachments

Attachment 1: Quarter Three Report - Jan-Mar 2018 [!\[\]\(4146d17f71dced09c6ad789cacceaa6d_img.jpg\) !\[\]\(c0c268087214cb0c7c02d7259424fbe5_img.jpg\)](#)

Authorised by Group Manager

Name: Phil Heatley

Title: Strategic Projects Manager

Date: 02 May 2018

NRC - MOUNT TIGER FOREST

BRIEF REPORT ON FORESTRY STATUS - For Jan 2018 to Mar 2018

1 Background

- This report is for the period January 2018 to March 2018.
- The Jan-Mar 2017 report was the first report for the new Council, and was more descriptive than usual, containing an introduction to the NRC forest commercial holding and background information.
- **Ian Jenkins (Jenks), Council's forestry adviser and consultant, attended the Property Subcommittee Meeting 5 April 2017 and provided a presentation.**
- A formal YE 2017 report was presented to Council - "*Forest Management Plan - Reporting Actual Performance Against Targets 2016-17*" on **22 August 2017.**
- Mt Tiger forest continues to be managed in accordance with the Forest Management Plan 2015-2019 and the 2017/18 Work Programme and Budget.
- This report therefore provides a brief update of activities and relevant comments for this quarter - being the Q3 of the 2017-18 financial year (FY 30 June 2018).

2 Forest Harvesting

- At present there are no forest harvest activities underway in Mt Tiger forest.
- The next planned harvest is 23 ha (a. 10,500 tonnes - 1991 stand) scheduled and budgeted for the summer of 2019-20, or when market conditions are favourable.
- Harvest timing should ideally be market driven, as well as taking account of logistics re: equipment/crew availability and working in with other local small blocks to minimise equipment establishment and set-up costs.
- Pre-harvesting planning activities (inventory, harvest plan, consents, etc) are **underway in order to have this 1991 block "harvest ready" and thus provide more flexibility and allow prompt harvest start-up.**
- A pre-harvest inventory (PHI) was undertaken in December 2017 by Forest Inventories 2000 Ltd working to an Inventory Plan prepared by Jenks. They were also H&S inducted into the Mt Tiger forest.
- A total of 14 plots were established, representing a 5% sample by area.
- This inventory data has now been analysed and shows an estimated TRV at age 28 of 467 m³/ha. The stand is somewhat variable with a PLE +/- 14.7%.
- This is slightly lower than the TRV estimate used in the budget and valuation.
- The grade mix was better than expected and favours an export market strategy owing to the low stocking and larger branched logs.
- The estimated net return based upon the inventory data and updated log prices and harvest costs is 12% less than the 2017 forest valuation for this stand, but higher than the current budget (planned revenue 2019-20 year)
- **The harvest is not scheduled (and budgeted) until 2 year's time, but recent high export prices suggest NRC should get ready to harvest sooner than later.**
- Analysis of the inventory data also shows there is no real NPV value increase by allowing this stand to grow longer (in volume/mix/value terms).
- The main driver of harvest timing and net result will therefore be log prices and harvest crew/equipment availability.
- The graph below shows recent export log prices.



- 2010 and 2011 were reasonable years for NZ forest growers exporting logs, but the market dipped during late 2011 and early 2012, but steadily recovered during 2013. There were some market fluctuations through 2014 and 2015, but a steady increase since. As can be seen above, the last 12 months in particular, have seen excellent export log prices.
- Most industry commentators seem to believe the log export market will not go a lot higher and maybe undergo a modest correction some time later in 2018 and will then fluctuate, but average out longer-term slightly below the present levels.
- Looking forward, who knows for certain what log prices will do, but general industry sentiment at the present time is positive, at least in the medium to long term for export logs.
- The Jan-Mar 2017 report contained some commentary about future forest market demand and supply as it pertains to the NRC forest.
- **The next step in getting the 1991 area “harvest ready” is to have a harvest plan prepared.** This is about to get underway.

2 Forest Development Programme

- The NRC Mt Tiger silvicultural work and forest development activity planned for the 2017-18 budget year is very simple.
- Given the age class distribution of the forest and that all tending works are up-to-date, this year sees no pruning, thinning or fertilising operations required.
- The 2017-18 year and budget covers the replanting of the area harvested in mid-2016 (the 1985 area of a.15 ha). Now called the 2017 stand.
- The pre-plant preparation was undertaken prior to July 2017 and within last financial year.
- The work plan and budget this year are therefore for the completion of the re-establishment of this area, namely the planting and releasing.
- The replanting operations are being managed by Northland Forest Managers Limited (NFML).
- The replanting was undertaken in July.
- The aerial releasing of the plantings was undertaken in late November.
- A forest inspection in January 2018 showed the releasing spray had gone well, with good knockdown of the competing vegetation.
- A survival assessment has just been undertaken by NFML. It has noted that whilst the survival is reasonable, there will be some follow up releasing required.
- Of more concern is that over much of the replant area the new tree growth has been poor, with the seedlings being eaten by something, perhaps insects

of some sort. Whilst still alive, their growing shoots have not developed as they should have. A forest health expert will visit the stand with Jenks next week to further investigate and develop an action plan.

3 Other activities undertaken

- The 2017-18 budget includes \$16,800 for forest maintenance expenditure, most of which relates to provisions in case of weather/storm damage to the roading network, as well as for the ongoing roadside weed control and general maintenance.
- To date we have had a good run with weather related damage. Small slips onto the forest roads over last winter caused by storm events required repair which was undertaken at a cost of \$1,512 (+ gst).
- This year an additional \$5,000 has been allocated for noxious weed control in the forest - **given NRC's Regional Pest Management Strategy (RPMS) and the need to be seen by leading by example.**
- In the past 3 months, regular forest checks (3) have been undertaken for general inspections, maintenance, trespass, to monitor the replanting, releasing and for operational planning.
- As noted in the last report, Jenks has been working with FENZ to ensure a level of protection and response continues, including meeting with them, providing information, a forest induction and recce, and provision of access keys and maps. We have now sorted out practical arrangements. The tree crop is insured against fire loss.
- Updated forest records as required.
- NRC Biosecurity is undertaking an ongoing noxious animal control programme in Mt Tiger and the forest is part of the KiwiLink CPCA project (\$8,000 + gst).
- There have been no further developments in the last quarter with respect to the group wanting to reopen the Waikaraka Walkway and no evidence of activity.
- Jenks has undertaken some work, including a field inspection and preliminary advise on the Flyger road pine crop of some 9 ha. Ongoing.
- General administration, liaise NRC re environmental and animal control, liaise FENZ, trespasser management and reporting as required.

4 Upcoming Work

- Ongoing field checks for forest maintenance, trespass, etc.
- Organise and complete the harvest plan for the 1991 stand.
- Initiate road maintenance as required.
- Undertake forest gate repairs Mt tiger road and Awaroa River Road.
- Undertake noxious weed control on forest boundaries.
- Continue work with NRC Biosecurity re pig control initiative/CPCA/trespass issues.
- Flyger road assistance with realisation options.

Jenks
(Ian Jenkins)
Jenksmax Consulting Limited
23rd April 2018.

TITLE: Business with the Public Excluded

Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

Recommendations

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
6.1	Confirmation of Confidential Minutes – 4 April 2018	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.
6.2	Purchase of a Kaitaia CBD property	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
6.3	Update of Property Subcommittee Action Notes	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).

3. That the Independent Financial Advisor be permitted to remain during business with the public excluded.
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Considerations

1. Options

Not applicable. This is an administrative procedure.

2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

3. Policy and Legislative Compliance

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

4. Other Considerations

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.