



NRC - MOUNT TIGER FOREST

BRIEF REPORT ON FORESTRY STATUS - For July 2018 to September 2018

1 Background

- This report is for the period July 2018 to September 2018.
- A formal YE 2018 report was presented to Council - "*Forest Management Plan - Reporting Actual Performance Against Targets 2017-18*" on 22 August 2017.
- Mt Tiger forest continues to be managed in accordance with the Forest Management Plan 2015-2019 and now moves into the 2018/19 Work Programme and Budget.
- This report therefore provides a brief update of activities and relevant comments for this quarter - being the Q1 of the 2018-19 financial year (FY 30 June 2019).

2 Forest Harvesting

- At present no forest harvesting is currently underway in Mt Tiger forest.
- The next planned harvest is the 1991 stand (23 ha - a.10,500 tonnes) 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.
- Normal 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.
- The harvest is not scheduled (and budgeted) until summer 2019/20, but high export prices and issues around harvest crew availability suggested NRC should get ready to harvest sooner than later.
- A pre-harvest inventory (PHI) was undertaken in December 2017 and the results were covered in the 2017-18 Q3 Report.
- Analysis of the inventory data also show there is no real net 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 indicative export log prices.



- 2010 and 2011 were reasonable years for NZ forest growers exporting logs. 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 18 months in particular, have seen superb export log prices.
- The last quarter saw a drop in August owing mainly to depreciation of the Chinese Yuan Renminbi (CNY) against the US Dollar (USD) as an impact of the Trump tariffs implementation. However, the basic market dynamics (inventory levels, supply and uplift) remained solid and into September the price stabilised or improved, depending upon exporter. There was also some upside from lower shipping rates and a weakening of the NZD against the USD.
- Most industry commentators seem to believe the log export market will not fall lower and should improve or hold around current levels in the short-term and will then fluctuate, but average out longer-term somewhere near 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.
- Northland Forest Managers Ltd (NFML) have been contracted to undertake preparing the Harvest Plan for the 1991 area. This examines the practical harvesting realities - ie how to fell the trees, extract the logs, harvesting systems, infrastructure (roads and landings required) and costs, etc.
- The field work has been completed. Jenks spent a day in the field with the NFML harvest planner.
- As a result, it has been found that the 1991 block has a number of significant challenges from a harvesting perspective, as well as it only being a very small harvest area.
- The block is adjacent to a public road, adjacent to power lines, parts of the area are 'blind" (ie have been planted on contour that cannot be reached by the harvesting equipment) and there is a significant archaeological site in the main gully.



- Thus these issues are requiring (and taking) time to work through. It is likely that only some 80% of the block will be physically and economically feasible to harvest.
- Pre-harvesting planning and working through these issues is continuing.
- We are working towards trying to have this 1991 area harvested this summer if possible (in the 2019 new year) and if prices remain high. Of course subject to final Council approvals prior.
- NFML have been asked to further progress this with respect to contractor availability within their harvest programme (and as per their Forest Management Contract with NRC - see later).

2 Forest Development Programme

- The NRC Mt Tiger silvicultural work and forest development activity planned for the 2018-19 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 or thinning operations required. Most of the programme this year pertains to ongoing maintenance and protection activities while the forest continues to grow and add value.
- The 2018-19 year and budget includes the 2nd foliar sampling and possible fertilising of the 2005 planted areas (21.4 ha) as well as mid-rotation inventory on the 2001 and 2002 stands.
- The 2018-19 programme also covers the completion of the establishment for the replanting (undertaken in July 2017) of the area harvested in mid-2016 (the 1985 area of a.15 ha). Now called the 2017 stand.
- As noted in the last quarterly report, the new tree growth has been poor in this 2017 replanted area and in March the seedlings whilst still alive, had not developed as they should have. This was followed up and reported on.
- The initial opinion was that it appeared a combination of 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, perhaps worsened because the trees were already under performing, have meant that the new trees did not flush and grown as expected but they sat and sulked a bit.
- A forest health expert who inspected the trees thought they will come away ok in time. There has been growth on them, but just not as we would have liked/expected at this point in time.
- In August NFML came back to the block to further assess its status and undertake blanking (restocking) of gaps and some manual line cutting to increase the tree numbers.
- This was completed in August at a total cost for the 15 ha stand of \$8,553 (+gst) including management and supervision costs. The budget (developed prior to the issues being noted and for a "normal" follow up blanking operation) was \$2,250 (+gst). This extra cost is disappointing but considered necessary to get the tree crop successfully re-established on this site.
- It will also require a further (unbudgeted) releasing operation to knockback the competing weed growth.



- There will likely be funds within the overall 2018-19 forestry budget to cover these unexpected levels of costs (from fertilising and maintenance budget underspends).
- A follow up inspection after the blanking (in September) showed what appeared to be animal (possum or rabbit) damage. NRC Biosecurity have been bought in to address this. Ongoing. See Photo.



3 Other activities undertaken

- The 2018-19 budget includes \$14,800 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.
- In June we had some storm damage (200 mm rainfall in 24 hrs) that caused some slips on the forest roads that required repair. In the last quarter no significant weather events have occurred and no repair works have been required.
- Over the past 3 months, regular forest checks (5) have been undertaken for general inspections, following up on the replanting issues, maintenance, trespass, for operational planning and post-storm inspections.
- 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) and also now addressing the apparent animal damage in the 2017 planting area.



- 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 significant activity.
- Jenks has continued with providing advise on the Flyger road pine crop of some 9 ha.
- A 5 year Forest Management and H&M Contract with NFML has now been formally signed. This will cover the ongoing (but very minor) establishment work (2017 planting and after the next harvest), forest tending and the harvest of the 1991 area.
- Initiated review and update with Tracey Warboys (NRC H&S) of Mt Tiger forestry Health and Safety practices and in light of new NFML management contract.
- Preparation for a Councillor's forestry field trip on the 25th September to look at Mt Tiger forest, forest overview, forestry regulations, enforcement, forestry NES-PF, pest control, kauri dieback, etc
- General administration, liaise NRC re environmental and animal control, 2017/18 YE reporting, and other reporting as required.

4 Upcoming Work

- Ongoing field checks for forest maintenance, after storms, trespass, etc.
- Completion of the harvest plan for the 1991 stand.
- Advance possible harvest this summer with NFML.
- Monitor 2017 plantings and blanking and undertake releasing (November).
- Continue work with NRC Biosecurity re pig control initiative/CPCA/trespass issues and animal control for 2017 replanted area.
- Complete review and update Health and Safety for Mt Tiger forest.

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