

AGENDA

Property Subcommittee
Tuesday 2 July 2019 at 8.30am

Property Subcommittee Agenda

Meeting to be held in the Kaipara Room
36 Water Street, Whangārei
on Tuesday 2 July 2019, 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 Bill Shepherd (Ex-Officio)

Councillor David Sinclair

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Councillor Bain and Councillor Stolwerk	
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5.5 Presentations - Kensington Redevelopment	
5.6 Receipt of Action Sheet	

TITLE: Confirmation of Minutes - 8 May 2019

ID: A1206235

From: Nicole Inger, Property Officer

Recommendation

That the minutes of the Property Subcommittee meeting held on 8 May 2019 be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: 2019 05 08 PSC Minutes [↓](#)

Authorised by Group Manager

Name: Phil Heatley

Title: Strategic Projects Manager

Date: 28 June 2019

Property Subcommittee
8 May 2019

Property Subcommittee Minutes

Meeting held in the Committee Room
36 Water Street, Whangārei
on Wednesday 8 May 2019, commencing at 9.30am

Present:

Councillor John Bain
Councillor Bill Shepherd (Ex-Officio)
Councillor Rick Stolwerk (Acting Chair)

In Attendance:

Full Meeting
Strategic Projects Manager
Property Officer

The Chair declared the meeting open at 9.30am.

Apologies (Item 1.0)

Moved (Bain/Stolwerk)

That the apology from Chair Smart, Councillor Sinclair and NRC Chief Executive for non-attendance be received.

Carried

Declarations of Conflicts of Interest (Item 2.0)

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

Confirmation of Minutes - 3 April 2019 (Item 3.1)

ID: A1187750

Report from Nicole Inger, Property Officer

Moved (Bain/Stolwerk)

That the minutes of the Property Subcommittee meeting held on 3 April 2019 be confirmed as a true and correct record.

Carried

Business with Public Excluded (Item 4.0)

Moved (Shepherd/Bain)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.

ID: A1190648

1

Property Subcommittee
8 May 2019

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
4.1	Confirmation of Confidential Minutes - 3 April 2019	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.
4.2	Purchase of Whangarei CBD Properties	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).
4.3	Receipt of Action Sheet	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).

Carried

Conclusion

The meeting concluded at 10.20am.

TITLE: Mount Tiger Forest Quarterly Report April - June 2019

ID: A1206214

From: Nicole Inger, Property Officer

Executive summary/Whakarāpopototanga

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. Mr Jenkins will be present at the meeting to answer any questions.

Recommendation

1. That the report 'Mount Tiger Forest Quarterly Report April - June 2019' by Nicole Inger, Property Officer and dated 25 June 2019, be received.
2. That the draft report '2019 Mt Tiger Forest Harvest Results' be approved for presentation to Council.

Background/Tuhinga

As per the Forestry Management Report, council's consultant, Jenksmax Consulting Limited, is to report back to Council every quarter providing an update of the Mount Tiger Forest. The significant matters reported in Quarter Four are as follows:

- Harvest of the 1991 area completed on 12 April 2019 with full harvest sign off on 23 May 2019.
- A draft report "2019 Mt Tiger Forest Harvest Results", has been prepared and attached for approval by the Property Sub-Committee, prior to presentation to full Council.
- In this quarter, no Health and Safety matters have arisen.
- In the year to date, no significant weather events have occurred and no repair works have been required.
- Most of the Forest Development programme pertains to ongoing maintenance and protection activities while the forest continues to grow and add value.
- The annual forest road and road edge weed control spray programme was undertaken in April 2019.
- Regular forest checks (5) have been undertaken for general inspections, following up on the replanting issues, maintenance, trespass, for the valuation, for operational planning and general forest inspections.
- The Mt Tiger Forest annual tree crop valuation for Council's financial reporting has been completed. The current, tree crop market value (PBE IPSAS 27 fair value) of Mount Tiger forest is \$3.364 million as at 30 June 2019.

Attachments/Ngā tapirihanga

Attachment 1: 2019 06 21 Mt Tiger Forest Quarter 4 Report Apr-Jun 2019 [↓](#)

Attachment 2: 2019 07 02 Draft 2019 Mt Tiger Forest Harvest Results Report [↓](#)

Authorised by Group Manager

Name: Phil Heatley
Title: Strategic Projects Manager
Date: 28 June 2019

NORTHLAND REGIONAL COUNCIL - Forestry Report Q4 2018/19 Year



NRC - MOUNT TIGER FOREST

BRIEF REPORT ON FORESTRY STATUS - For April to June 2019

1 Background

- This report is for the period April to June 2019.
- Mt Tiger forest continues to be managed in accordance with the Forest Management Plan 2015-2019 and the 2018/19 Work Programme and Budget is now complete - as at 30 June.
- This report therefore provides a brief update of activities and relevant comments for this quarter - being Q4 of the 2018-19 financial year (FY 30 June 2019).

2 Health and Safety

- In this quarter no Health and Safety (H&S) matters have arisen.
- Jenks and NRC's H&S Officer have taken an active role to ensure the H&M Agent (NFML) and all contractors involved in the harvest were operating in line with H&S legislation, rules, guidelines and forest industry best practise and NRC's responsibilities as a forest owner/PCBU are being met.
- Forest harvesting is now complete.
- The whole harvest operation from roadlining through to site clean-up was undertaken extremely well from an H&S perspective.
- During the harvest there were no Lost Time Injury incidents.
- There were no incidents reported and no reported critical rule breaches reported during the harvest period.
- No other forest H&S matters this month.
- Jenks will continue to take an H&S overview role with the forest management and activities to ensure NRC's PCBU responsibilities are being met.

3 Forest Harvesting

- The harvest of the 1991 area commenced in January, a year earlier than scheduled (and budgeted) owing to very high log prices and NFML being able to find a suitable cable hauling contractor.
- Full scale harvest extraction commenced 18 February 2019.
- Harvesting was completed on 12 April 2019, after which post-harvest clean-up and site shutdown was undertaken, culminating with full harvest sign-off on 23 May 2019.
- Overall, the harvest was undertaken to a high environmental standard and at least consistent with best practice.
- There was one small archaeological site (Q07/989) within the 1991 stand harvest area that required careful management as part of the harvest. The site has been undamaged.

NORTHLAND REGIONAL COUNCIL - Forestry Report Q4 2018/19 Year



- The final area able to be actually harvested was 18.5 ha and less than the planted area (23.4 ha), a result of practical harvesting realities, which were not taken into account at planting.
- The volume/ha achieved was also less than budget, but the log grade mix was reasonably well aligned.
- The harvest timing was superb and captured very high export log prices. The unit rates for revenue were thus well above budget. Generally harvest costs were lower than budget.
- Therefore the high unit stumpage returns almost completely offset the significantly lower volume achievement to result in the final net return at \$523K falling just short of the budget (2019-20) of \$538K and the pre-start estimate (Feb 2019) of \$533K.
- The overall total net return at \$523K is an excellent result.
- NFML have done a good job in undertaking their H&M contract on behalf of Council and should be commended.
- [A draft report "2019 Mt Tiger Forest Harvest Results - 1991 Stand", has been prepared for approval by the Property Sub-Committee, prior to presentation to full Council. Please refer to the report attached.](#)

4 Forest Development Programme

- The NRC Mt Tiger silvicultural work and forest development activity planned for the 2018-19 budget year was very simple.
- Given the age class distribution of the forest and that all tending works are up-to-date, this year saw no pruning or thinning operations required. Most of the programme this year pertained to ongoing maintenance and protection activities while the forest continues to grow and add value.
- The 2018-19 year and budget included 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 foliar sampling was undertaken 20th March, samples were sent to Scion for analysis and have been returned.
- The results are again favourable and indicate that no fertilising is required on these stands. A budget saving of some \$11K resulting. All nutrient levels are above the Management Plan intervention "triggers". The forest fertility seems to be improving in the 2nd rotation.
- Mid-rotation inventory was programmed and budgeted for the 2001 and 2002 areas for Q4, some 43.7 ha and has now been completed. Data analysis is underway.
- The 2018-19 programme also covered 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 reported previously, there have been some challenges in establishing this area as a result of poor initial tree growth in the 2017/18 summer and strong weed competition.
- In August 2018, NFML organised blanking (restocking) of gaps and some manual line cutting to increase the tree numbers.

NORTHLAND REGIONAL COUNCIL - Forestry Report Q4 2018/19 Year



- As outlined in previous reports a further (unbudgeted) 2nd releasing operation to knockback the competing weed growth was required and was this undertaken in January 2019.
- The competing vegetation has been knocked back and trees are starting to emerge, so hopefully the tree crop is now underway.
- There were funds within the overall 2018-19 forestry budget to cover these unexpected levels of costs to establish the 2017 stand (from the fertilising and maintenance budget underspends).

5 Other activities undertaken

- The 2018-19 budget included \$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.
- For the 2018-19 full year, especially noting a very dry summer, no significant weather events have occurred and no repair works have been required.
- The annual forest road and road edge weed control spray programme was undertaken in April by Joe Martin at a cost of \$1,870 (+ gst) and results are very good.
- Over the past 3 months, regular forest checks (5) have been undertaken for the forest harvest monitoring and completion, following up on the replanting issues, maintenance, trespass, for the valuation, operational planning and general forest inspections.
- New initiatives have been undertaken in conjunction with NRC Biosecurity to control wild pig numbers in the forest and concurrently try to curb illegal hunting.
- Kiwi listening was undertaken in June, with the data still be analysed, but it appears kiwi numbers in the forest are improving
- The Mt Tiger Forest annual tree crop valuation for Council's financial reporting has just been completed. The current, tree crop market value (PBE IPSAS 27 fair value) of Mount Tiger forest is \$3.364 million as at 30 June 2019.
- The tree crop value assessed in 2018 was \$3.320 million. The tree crop value has increased by 1.3%. This is mainly a result of tree growth (i.e. the remaining forest estate is one year closer to maturity), improved valuation log prices and the lower discount rate this year - all which have more than offset the adverse impacts of the harvest of the 1991 stand, increased harvest costs and forest costs.
- General administration, liaise NRC re environmental and animal control, deal with neighbour issues, other tasks and reporting and meetings as required

NORTHLAND REGIONAL COUNCIL - Forestry Report Q4 2018/19 Year



6 Upcoming Work

- Ongoing field checks for forest maintenance over winter, after storms, trespass, etc.
- Continue work with NRC Biosecurity re pig control initiative/CPCA/trespass issues and animal control for the forest area as a whole, including indigenous.
- Data analysis of MRI inventory and update forest records.
- Commence the 2019/20 forest programme and budget, which will now include the replanting of the harvested area.

Jenks
(Ian Jenkins)
Jenksmax Consulting Limited
21 June 2019.

ITEM: x.x

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ISSUE: Mt Tiger Forest Harvest Results – 1991 Stand

ID:

To: Council Meeting, 16 July 2019

From: Nicole Inger, Property Officer

Date: X June 2019

Report Type:	<input checked="" type="checkbox"/>	Normal operations	<input checked="" type="checkbox"/>	Information	<input type="checkbox"/>	Decision
Purpose:	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function
	<input type="checkbox"/>	Legislative function	<input type="checkbox"/>	Annual\Long Term Plan	<input checked="" type="checkbox"/>	Other
Significance:	<input type="checkbox"/>	Triggered	<input checked="" type="checkbox"/>	Not Triggered		

Executive Summary:

This report is provided to Council giving the results and summary of Council's recent Mt Tiger forest harvest.

Council's forestry consultant, Mr Ian Jenkins, will be present at the meeting to further discuss the harvest outcomes with councillors, if required.

Legal compliance and significance assessment:

The activities detailed in this report are in accordance with the Council's Treasury Management Plan which was adopted in compliance with the decision making requirements of sections 76 to 82 of the Local Government Act 2002. In accordance with section 76 of the Local Government Act, this matter is not considered to be significant.

Recommendation:

1. That the report "Mt Tiger Forest Harvest Results – 1991 Stand" by Nicole Inger, Property Officer, and dated X June 2019, be received.
2. That council approves (as is required in the Forest Management Plan) the replanting with commercial forest crop for this 18.5 hectare site. ??
3. ??

ITEM: x.x

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4. ??

5. ??

6. ??

ITEM: x.x

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Report:

Background:

At the 11 December 2018 Council Meeting, the following approvals were provided:

1. That Councillor's give approval in principle to the Property Subcommittee recommendation that the Forest Harvest Plan and harvest of the 1991 Mount Tiger Forest Block goes ahead.
2. That Councillor's give the Chief Executive Officer authority up until 30 June 2019 to make the final decision when to harvest.
3. That the harvest will be subject to market conditions, contractor availability, be undertaken in line with budget, and meet high Health, Safety and Employment and environmental standards.
4. The Property Subcommittee recommendations that:
 - the areas unable to be harvested be left standing and a long-term plan developed to ultimately convert these areas to native forest ; and
 - the harvested area be replanted in suitable species in the 2020 winter.be accepted.

The Mt Tiger Forest 1991 block consists of 23.4 hectares (a. 11,700 tonne) of pruned radiata pine. The harvest of this block was originally budgeted for the NRC 2019/20 budget year - subject to market conditions and final approval by Council.

The previous harvest at Mt Tiger Forest was the 1985 block, completed in June 2016 after being delayed some 18 months owing to market conditions and difficulty in sourcing a suitable cable harvesting contractor. Owing to these difficulties last harvest, the 1991 Block pre-harvest planning was undertaken earlier in order to have it "harvest ready" and thus provide more flexibility and allow prompt harvest start-up.

As a result of the detailed pre-harvest planning it was found that:

- Only 18.5 ha of the 1991 block (80%) is physically/economically able to be harvested.
- Consequently, the expected volume will only be some 7,974 m3.
- A number of challenges exist and will need to be managed accordingly, this includes public roads, powerlines, traffic, security, kiwi, environmental, archaeological and adjacent kauri area.

Whilst harvest was not scheduled (and budgeted) until summer 2019/20, in late 2018 high export and domestic log prices and the fact that Northland Forest Managers Limited (NFML), the Council's contracted Forest Manager, had a harvest crew available in March 2019 meant that Council could take this opportunity to harvest the 1991 block.

NFML presented a Harvesting and Marketing Proposal for the 1991 Block via Council's forestry consultant to the Property Subcommittee (and subsequently Council) in November 2018 which outlined:

ITEM: x.x

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- That full harvest be undertaken in March 2019.
- Prior to full harvest, road-lining is required in December 2018, and road and landing construction in January 2019.

NFML's Proposal estimated the net return from the harvest of the 1991 area at approx. \$471,000 (7,974 m³, Gross Price \$135.97/m³, Harvest Costs \$76.90/m³, Stumpage \$59.08/m³).

Whilst the area and volume able to be harvested were down by some 20% on the original NRC budget, the high log prices and similar costs mitigated this to some extent, with the projected result being 13% below budget.

On this basis, Council approval to progress the harvest was granted. NFML undertook the road-lining in January 2019, and road and landing construction in February 2019.

Council's CEO was delegated the authority to make the final decision when to undertake the harvest - to allow for any changes in market conditions, etc. This was subsequently given 12 February 2019, based upon an updated and more favourable forecast of the net harvest revenue.

The updated forecast was as shown below:

Variable	Budget 2019-20	Previous Estimate	Current Estimate
		(NFML H&M Proposal- Nov 2018)	(NFML) Feb2019
Area (ha) economic	23.4	18.5	18.5
Volume (cubic metre)	11,700	7,974	7,974
Gross price (per m ³)	\$120.50	\$135.97	\$144.81
Harvest cost (per m ³)	\$74.50	\$76.90	\$77.96
Stumpage return (per m ³)	\$46.00	\$59.08	\$66.85
Net Total Return	\$538,200	\$471,104	\$533,062

Again it was noted that the area and thus volume able to be practically, environmentally and profitably harvested is down some 20% on the original budget. However, the more recent projected net income, as at the February 2019 update, had further improved and was now very close to budget (and a year earlier).

Full scale harvest commenced 18 February 2019.

Harvesting was completed on 12 April 2019, after which post-harvest clean-up and site shutdown was undertaken, culminating with full harvest sign-off on 23 May 2019.

ITEM: x.x

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Final Harvest Outcomes:

Health and Safety:

Prior to harvest, the forestry consultant went through rigorous H&S checks with NFML, to ensure Council's interests/risk was covered off. In conjunction with Council's H&S Officer, NFML's H&S systems, their contractor induction, and specific actions regarding the Mt Tiger operation were reviewed. This included ensuring NFML had done hazard ID, new site induction meetings, etc. to ensure the contractors were meeting all their requirements.

The whole harvest operation from roadlining through to site clean-up was undertaken extremely well from an H&S perspective. During the harvest there were no Lost Time Injury incidents. There were no incidents reported and no reported critical rule breaches reported during the harvest period.

Environmental:

The harvest of the 1991 block was a permitted activity under the NES-PF. NFML submitted and obtained the pre-requisite pre-start requirements from NRC under the NES-PF Regulations.

An NRC environmental monitoring inspection was undertaken on 20 March 2019, one month into full scale harvest, and was fully compliant.

At harvest end, for Council's own satisfaction and to be seen to be operating under best practise and at or above its own forest industry monitoring standards, the Council's Environmental Monitoring Officer was asked to carry out a final post-harvest inspection. Again an excellent result was achieved with full compliance.

Overall, the harvest was undertaken to a high environmental standard and at least consistent with best practice.

Archaeological site:

There was one small archaeological site (Q07/989) within the 1991 stand harvest area that required careful management as part of the harvest.

A Heritage New Zealand Authority was obtained (in February 2019) and the Forester harvest crew undertook the harvest around this site appropriately. The pine trees immediately on the site were carefully felled to waste at the end of the harvest. The site has been undamaged.

An archaeologist inspected the site during and after harvest and has now prepared his final post-harvest report (favourable outcome) and submitted it to Heritage New Zealand.

ITEM: x.x

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Overall Harvest Financial Results:

The final outcome for the harvest of the 1991 block is described below, resulting in a final net return to Council of \$523,000.00.

The Total \$ net return at \$523,000 is only 3% below the original 2019/20 budget (\$538,000) and 2% below the pre-start estimate (Feb 2019) of \$533,000 and has also been achieved a year earlier.

To understand the final harvest result more fully, it is also useful to examine it in terms of \$/t unit figures as per the Table below.

Variable	Budget 2019-20	Pre-Start Estimate (NFML) Feb2019	Final Harvest Result (Jan- May 2019)
Area (ha) economic	23.4	18.5	18.5
Volume (m3/ha)	500	431	382
Total Volume (t)	11,700	7,974	7,074
Gross price (per t)	\$120.50	\$144.81	\$148.31
Infrastructure (per t)	\$4.92	\$15.07	\$11.75
Log and load (per t)	\$48.22	\$44.99	\$44.69
Cartage (per t)	\$14.45	\$12.84	\$12.82
Other (per t)	\$1.91	\$0.57	\$0.58
H&M Agent fees (per t)	\$5.00	\$4.50	\$4.50
Total Harvest cost (per t)	\$74.50	\$77.96	\$74.34
Stumpage return (per t)	\$46.00	\$66.85	\$73.97
Net Total Return	\$538,208	\$533,063	\$523,213

There are two comparisons to be made from the above data, actual versus budget (2019-20) and actual versus the pre-start estimate (Feb 2019).

Key points of comparison are as follows:

The actual total net return of \$523,000 is an excellent result.

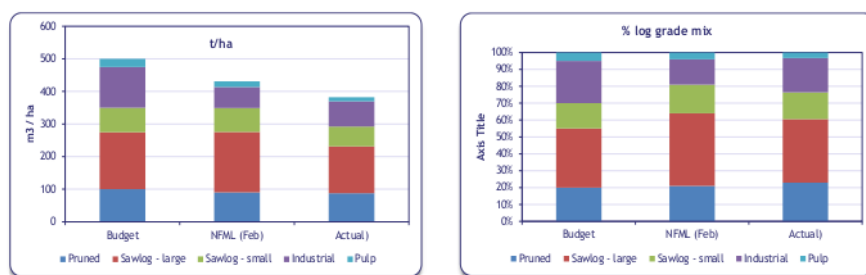
As noted earlier, once the harvest planning was completed, the area actually able to be harvested was 21% less than the original budget (18.5 ha vs 23.4 ha) and hence the budgeted total net return (all other things being equal) should have been unachievable.

ITEM: x.x

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The budget volume of 500 m³/ha was a ballpark estimate based on previous NRC harvests and upon a harvest not until 2019/20 (age 28 years). The inventory found the 1991 area to be not as well stocked and the inventory was undertaken at age 26 over the whole 23.4 ha stand. The inventory PLE (probable limits of error, ie reliability) was +/- 17% showing the stand to be variable. Thus, the inventory at 431 m³/ha and 14% lower than budget was understandable, as it was a measured result.

The actual volume harvested per ha, was 382m³/ha, and thus 11% below inventory. The consultant has confirmed that all volume has been accounted for, all produce has been invoiced, there is no significant merchantable volume left on the landing or on the cutover. Any material on the cutover is windthrown and non-merchantable or within industry norms. The reason for the volume under-achievement is in part because Inventory is only a sample estimate and not always precise (PLE range), and the reduced area able to be harvested was not the same as the sample area, with possibly better areas left behind. Further, industry harvest reconciliations often show 5-10% less actual volume than inventory. This variance is also more common in small harvest areas due to the “edge” effect, ie for small irregular stands the impact of accurately mapping and inventorying the forest boundary can be more pronounced.



The volume per ha, comparison is shown in the figure above. The left chart shows the volume by log grade per hectare and the right chart shows the log grade mix in percentage terms.

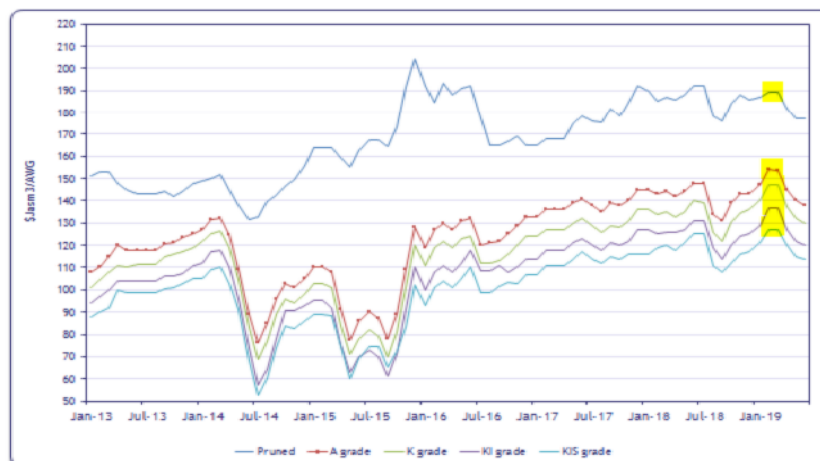
So overall, area and yield recovery per hectare combined, the actual total harvest volume at 7,074t was only 60% of the budget (2019-20) figure of 11,700t, and was 11% below the pre-start estimate (Feb 2019) of 7,974t.

As can be seen in the right-hand figure above, in percentage terms - the actual harvest log grade mix was slightly under the inventory based pre-start estimate (Feb 2019) with less large log and more industrial grades, but was slightly superior to the budget (2019-20) ballpark estimate. Overall the actual grade outturn from harvest was a good result.

The actual unit \$/t gross price achieved (\$148.31/t) was 23% better than the budget (2019-20) of \$120.50/t and in line with (2% above) the pre-start estimate (Feb 2019) of \$144.82/t. The better log grade recovery achieved contributed to this slightly, but it was mainly a result of the better log prices prevailing during harvest as compared to the budget estimates. In fact, whether by luck or good management, the 1991 harvest (as indicated by the yellow highlight) was undertaken at the absolute peak in export market prices, as shown in the graph below.

ITEM: x.x

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Actual unit \$/t total costs (\$74.34/t) are almost identical to the budget (2019-20) of \$74.50/t and 5% below the pre-start estimate (Feb 2019) of \$77.96/t.

As can be seen in the table above, there are variations in the harvest cost components.

Infrastructure (roads and landings) was more expensive than the budget (2019-20) due to the new harvest plan and less volume to spread the costs. However the outcome was 22% below the pre-start estimate (Feb 2019) despite the lower volume.

The actual log and load costs of \$44.69/t were as expected close to the pre-start estimate (Feb 2019) as they were negotiated and set pre-start, but they were some 7% below the budget (2019-20) of \$48.22/t.

The infrastructure costs are high by industry standards, as is the log and load rate - the result of harvesting a small area with a cable hauler.

The actual average cartage cost of \$12.82/t was as expected close to the pre-start estimate (Feb 2019) as the rates were also negotiated and set pre-start, but they were some 11% below the budget (2019-20) of \$14.45/t due to competitive rates being obtained and with more wood going to the CHH domestic mill as compared to the longer and higher cartage rate to Marsden Point export.

Other costs (eg forest industry levy, weighbridge, etc) and NFML's harvesting and marketing fee were slightly under budget.

As a result of the above, the final net stumpage return at \$73.97/t was an excellent outcome, being 61% above the budget (2019-20) of \$46.00/t and 11% above the pre-start estimate (Feb 2019) of \$66.85/t. A result of higher returns and lower costs.

Therefore, these high unit stumpage returns almost completely offset the significantly lower volume achievement to result in the final net return at \$523,000 falling just short of the budget (2019-20) of \$538,000 and the pre-start estimate (Feb 2019) of \$533,000.

ITEM: x.x

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Concluding Comments:

The 1991 block at Mt Tiger Forest has now been successfully harvested.

The area able to be actually harvested was 18.5 ha and less than the planted area (23.4 ha), a result of practical harvesting realities, which were not taken into account at planting.

The volume/ha achieved was also less than budget, but the log grade mix was reasonably well aligned.

The harvest timing was superb and captured very high export log prices. The unit rates for revenue were thus well above budget. Generally harvest costs were lower than budget.

The overall total net return at \$523,000 is an excellent result given the significantly less volume (40% less) harvested. Also the income has been achieved a year earlier than planned.

NFML have done a good job in undertaking their H&M contract on behalf of Council and should be commended.

Replanting:

As per the Forest Management Plan, this block will be replanted in the winter of 2020 for its second rotation. This will provide sufficient time for the initial regenerating weeds and pine regen to be sprayed and controlled, to provide a clean planting site.

After due consideration of options, including the need to re-establish the 1991 harvested site from an environmental perspective as quickly as possible, along with the area being part of a council commercial asset which should be making an investment return, and physical and practical challenges with other land uses, this area is best replanted in commercial plantation.

It is likely to be replanted in Radiata pine to grow another commercial tree crop, but other species will be considered prior to a final decision being made.

Residual Area.

At present the approximately 5 hectares of the 1991 stand that could not be physically/economically harvested remains standing.

It is recommended that these areas be left standing in the medium term. This will help mitigate the environmental impacts of harvest (ie 20% less area harvested, and these trees will act as a buffer at the lower elevations of the block). They will continue to grow happily for at least another 30 years. They might be harvestable next rotation (assuming the main block is replanted in radiata pine, see below) with equipment/technology developments.

It is not recommended to fell these areas to waste in one operation due to the difficulties this would create with future land use. However, it might be a consideration longer term to "convert" these areas to native vegetation through the gradual removal of the pine crop (eg ringbarking/poisoning) to allow the native understorey to develop in a staged manner.

Pictures taken during harvest for interest:



Health and Safety was top priority and well managed, checking crew H&S documentation.



Cable hauler extracting logs.



Loading out logs for transport to Marsden Point



Cutover after harvest, with residual unharvestable area in background



Cutover, with archaeological site prior to final tree felling.

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
5.1	Confirmation of Confidential Minutes - 8 May 2019	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.
5.2	Sale of Council's Interest in Adjacent Whangarei's CBD Properties	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).
5.3	Sale of Council's Lessor's Interest of a Hihiaua Precinct 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).
5.4	Presentations - Kaipara Service Centre Update	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).
5.5	Presentations - Kensington Redevelopment	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii), 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).
5.6	Receipt of Action Sheet	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).

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.