

9 July 2015

Memo to: Mayor and Councillors

Memo from: Administration Advisers

**Subject: GOVERNANCE COMMITTEE– 9 July 2015 – LATE
ITEM**

1. Late Item: Forestry Harvest on Dun Mountain Walkway

A report titled Forestry Harvest on Dun Mountain Walkway is attached and to be considered as a major late item at this meeting.

Section 46A(1)-(6) of the Local Government Official Information and Meetings Act 1987 and Standing Order 2.15.8 require that agendas are distributed with the associated reports. As this report was not distributed with the agenda for this meeting, it must be treated as a major late item to be considered at this meeting.

In accordance with section 46A(7) of the Local Government Official Information and Meetings Act 1987 and Standing Order 3.7.5, a procedural resolution is required before a major item that is not on the agenda for the meeting may be dealt with.

In accordance with section 46A(7)(b)(i) the reason why the item was not on the agenda is because it came to hand after the agenda had been distributed.

In accordance with section 46A(7)(b)(ii) the reason why discussion of this item cannot be delayed until a subsequent meeting is because a resolution on the matter is required before the next scheduled meeting of the Governance Committee to enable a timely decision to be made.

Recommendation

THAT the item regarding Forestry Harvest on Dun Mountain Walkway be considered at this meeting as a major item not on the agenda, pursuant to Section 46A(7)(a) of the Local Government Official Information and Meetings Act 1987, to enable a timely decision to be made.

Forestry Harvest on Dun Mountain Walkway

1. Purpose of Report

- 1.1 To advise the Committee on pending forestry harvesting activities in the Brook Valley and the impact of this on recreational use of the Dun Mountain Trail and to seek advice whether to proceed with this or not.

2. Delegations

- 2.1 The Governance Committee is delegated to consider matters of commercial activities relating to Council.
- 2.2 The Commercial Subcommittee at its meeting on 9 July 2015, resolved to defer this matter to the Governance Committee.

3. Recommendation

THAT the report Forestry Harvest on Dun Mountain Walkway (R4539) and its attachment (A1373078) be received.

Recommendation to Council

THAT the harvesting of the Dun Mountain Trail forest block proceed.

4. Background

- 4.1 The Council currently owns a 25 hectare block within the Dun Mountain area that requires harvesting. This forest is on its second tree crop rotation and is located adjacent to the Brook Waimarama Sanctuary. (refer to attachment 1 for location). PF Olsen, Council's management consultant, identified the block has reached its optimum harvest age, and the net present value of this block will decline after 2015.
- 4.2 Matters relating to forestry have not previously been put before Council; they have been treated as operational decisions. In addition, the Chief Executive has initiated a review (which the Commercial Subcommittee will be considering). This matter comes before the Committee now because of staff endeavours to accommodate all users of the surrounding

area within the harvesting timetable, whilst achieving best outcomes for Council.

- 4.3 The harvesting requires resource consent to carry out soil disturbance and earthworks activities associated with harvesting. Consent was granted on 6 July 2015.
- 4.4 Council has two operational Forestry and Harvesting agreements with a management consultant, PF Olsen. PF Olsen has robust health and safety requirements and procedures in place for their logging sub contractors and are TELARC registered. These agreements mean that the activity will not be the subject of a separate tender.
- 4.5 Several forestry methodologies have been discussed with PF Olsen. All require the closure of the Dun Mountain Trail for most of the intended period (of up to four months) of harvesting, planned to start around August 2015.
- 4.6 As this is the second rotation of pine trees, the site has already been heavily modified during the harvesting of the first crop of trees. The proposal is to clear the existing track network that was used in the previous harvest of this stand in 1986. It is planned to use some of the existing tracks to skid logs to the central ridge where they will be picked up with a falcon grapple and hauled down by cable to the existing skid site. The trail will be re-instated on completion of the harvesting.

5. Discussion

- 5.1 This block was identified as having reached its optimum harvest age and that the net present value of this block will decline after 2015.
- 5.2 PF Olsen estimate that the harvest contractor's per tonne rate will be high – around \$42 per tonne due to the difficulty of extracting the logs from this steep block of land. Net revenue to Council is expected to be within the range of \$300,000 - \$350,000, however this will depend on the market opportunities available at the time the trees are logged.
- 5.3 Council is currently undertaking a forestry review which will focus on the strategic aspects of our forestry activities. This review will consider the future of forestry and /or retirement of those forested areas that are fragmented or poorly located and whether to replant in native bush or not.
- 5.4 Logging truck access to and from the Brook Valley has been carefully managed in the past to avoid trucks travelling past schools at busy times. The Tasman Street upgrade is due for completion early August and will not impact on logging truck movements.
- 5.5 Forestry harvesting activities will limit access to work sites for the Brook Waimarama Sanctuary Trust's (BWST) fencing contractor. Work on a 5.5 km stretch of the fence programmed for December would not be possible if the forest harvest was started any later than August, and result in further disruption of the Trust's programme going forward.

5.6 If the harvesting can be completed by November 2015, the Dun Mountain Trail will be available for recreational users over the summer period.

6. Options

6.1 The Committee could indicate that the harvesting of this block either does or does not proceed.

6.2 If the harvesting does not proceed over the next 12 months, it is likely the condition of the forestry will deteriorate and returns to Council will diminish. However, it should also be recognised that the financial returns to Council will be affected by economic conditions. Council's investment policy is the guiding document, and the forestry section is provided as Attachment 2.

7. Alignment with relevant Council policy

7.1 The block is scheduled for harvest by the management consultant.

8. Assessment of Significance against the Council's Significance and Engagement Policy

8.1 This is not significant in terms of Council's Significance and Engagement Policy.

9. Consultation

9.1 Any consultation will be guided by the regulatory process.

10. Inclusion of Māori in the decision making process

10.1 No consultation has been undertaken with Maori

11. Conclusion

11.1 The forest block is due for harvest and should result in a net income to Council of between \$300,000 and \$350,000.

11.2 The activity has obtained resource consent.

11.3 The harvest will require the closure of the Dun Mountain walkway for a period of time (estimated to be no more than 4 months).

11.4 Harvesting is proposed to commence in August 2015 and will include a detailed communication plan.

11.5 Harvesting of this block will in no way over ride or preclude the outcome of the pending forestry Review.

Margaret Parfitt
Team Leader Roding and Solid Waste

Attachments

Attachment 1: A1373078 - Brook Forest Stand 21.04

Attachment 2: A1384931 - Extract from Investment Policy 2015 - Forestry

Attachment 1

Brook Forest Stand 21.04



15. Forestry Harvest on Dun Mountain Walkway - Attachment 1 - A1373078 - Brook Forest Stand 21.04

Extract from Investment Policy 2015

Forestry

Background

The Council has invested in and been involved in managing forestry interests since the 1940s and these are held as long term investments. Council-owned forests are located in the Brook, Marsden, Maitai and Roding. The total net stocked area as at 30 June 2014 is estimated at 649.4 hectares.

Policy

The Council's current policy for commercial forestry is:

- To not purchase land for forestry purposes nor plant more commercial forests other than replanting;
- Endorse and observe the provisions of the New Zealand Forest Accord (August 1991);
- Contract out forestry management to an independent Forest manager;
- To manage its forest estate on a sustainable basis and to maximise net present value.

Rationale

In the last few years the forestry and land management environment has changed considerably with a much greater emphasis on sustainability and the introduction of the Emissions Trading Scheme. 78% of Council forestry occurs on steep to very steep slopes, making harvesting a more challenging and expensive operation. Some blocks are on their first rotation and therefore will require the establishment of roading and skid sites. The negative impacts of climate change and the likelihood of more extreme weather events causing windthrow issues is also a consideration for the future. Council is yet to review strategic decisions on its forestry portfolio².

Benefits

The Council's forests are a significant resource, a means of generating revenue from public reserve land and provide for recreational use.

Financial Benefits

As well as revenue generation, there are also environmental and social benefits in that forests provide areas with public access for walking, biking, hunting and other recreation. Forestry operations contribute to local business operations including contract forestry management, logging contractors, silvicultural contractors, transport contractors and Port Nelson.

Risks

Forestry has performed poorly in recent years although is still expected to be a low risk investment in the medium to long-term.

Financial Risks

Any forest is at risk from natural disasters, fire, and disease. Prices fluctuate and at any given time depend on world markets, particularly those in Asia. As

² External review currently underway

development is funded from retained earnings, any shortfall in earnings requires the Council to make additional external borrowings to fund development.

Environmental Risk

Poor management of logging operations could pose environmental risks, especially to water supply.

How the Investment Is Managed

The Council actively manages its investment in forestry by:

- Contracting out forest management to reputable consultants;
- Carrying out silviculture to a defined forestry management plan, which is reviewed every three years;
- Revaluating forestry assets at 30 June each year and crediting any increase to the asset revaluation reserve;
- Minimising the impact of short-term decline in prices by delaying harvesting as appropriate;
- Maintaining insurance cover for fire and wind damage.

A1384931