

Notice of the Ordinary meeting of

Forestry Subcommittee

Te Kōmiti Āpiti, Ngahere

Date:	Tuesday 21 June 2022
Time:	9.00a.m.
Location:	via Zoom

Agenda

Rārangi take

Chairperson
Members

Mr John Murray
Her Worship the Mayor Rachel Reese
Councillor Kate Fulton
Councillor Tim Skinner
Independent Forestry Expert Peter Gorman
and Group Manager Infrastructure Alec Louverdis

Quorum: 5, comprising the Chair and two elected member (decision makers), plus one Council officer and the independent forestry expert (for advice only)

Pat Dougherty
Chief Executive

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision. For enquiries call (03) 5460436.

Excerpt from Nelson City Council Delegations Register (A11833061)

Forestry Subcommittee

This is a subcommittee that reports to Council.

Areas of Responsibility:

- All matters relating to the commercial forestry operational portfolio including environmental and recreational issues

Powers to Decide:

- In accordance with Council's Annual Plan and Long Term Plan:
 - Approval of forestry and harvesting management strategy and plans
 - Approval of the engagement of contractors/consultants and forestry tenders

Powers to Recommend to Council:

- Any actions relating to the oversight of all matters relating to the commercial forestry portfolio, falling outside the powers to decide, including:
 - Approval of forestry related budgets; and
 - Any other matters relating to continuing commercial forestry operations.

For the Terms of Reference for the Forestry Subcommittee please refer to document A1739267.

Karakia and Mihi Timatanga

1. Apologies

An apology has been received from Her Worship the Mayor R Reese

2. Confirmation of Order of Business

3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

5. Confirmation of Minutes

5.1 22 March 2022

5 - 7

Document number M19340

Recommendation

That the Forestry Subcommittee

- 1. Confirms the minutes of the meeting of the Forestry Subcommittee, held on 22 March 2022, as a true and correct record.***

6. Chairperson's Report

7. Forestry Update - Number 19

8 - 21

Document number R26778

Recommendation

That the Forestry Subcommittee

- 1. Receives the report Forestry Update - Number 19 (R26778) and its attachments (A2896464, A2896757 and A2897597).***

Karakia Whakamutanga



Minutes of a meeting of the

Forestry Subcommittee

Te Kōmiti Āpiti, Ngahere

Held in the via Zoom on Tuesday 22 March 2022, commencing at 1.02p.m.

Present: Mr J Murray (Chairperson), Her Worship the Mayor R Reese, Councillors K Fulton and T Skinner, Independent Forestry Expert P Gorman and Group Manager Infrastructure A Louverdis

In Attendance: Councillor R Sanson, and Governance Advisers (A Fon, K McLean)

Apologies : Nil

Karakia and Mihi Timatanga

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

There was no change to the order of business.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 1 December 2021

The minutes were updated to reflect the correction to Item 9 page 7 – he reported delays in health, safety and recreational considerations, should read 'he reported delays in resource consenting considerations'

Document number M19127, agenda pages 4 - 7 refer.

Resolved FS/2022/001

That the Forestry Subcommittee

- 1. Confirms the amended minutes of the meeting of the Forestry Subcommittee, held on 1 December 2021, as a true and correct record.***

Murray/Her Worship the Mayor

Carried

6. Chairperson's Report

There was no Chairperson's report for this meeting.

However, the Chairperson indicated that Mr Sam Nuske would be including information on current operations and markets.

7 Forestry Update - Number 18

Document number R26482, agenda pages 7 - 22 refer.

Group Manager Infrastructure, Alec Louverdis, presented the report and answered questions on ungulate control, Marsden, Maitai and Roding harvesting, Forestry High Level Review, carbon credit potential and budgets.

PF Olsen representative, Mr Sam Nuske, presented the quarterly report and noted that although the domestic and export log market was strong that this was balanced by high fuel costs and demand for ships.

Mr Nuske answered a question regarding disposal of slash, confirming that where practical the slash was diverted to other use such as landscaping supplies or bio fuel. If it was uneconomic to remove, then it was stockpiled away from waterways and will over time breakdown into mulch.

Landvision Limited representative, Mr Lachie Grant, updated the subcommittee on replanting alternative species.

Resolved FS/2022/002

That the Forestry Subcommittee

- 1. Receives the report (R26482) and its attachments (A2853830, A2853822 and A2823832).***

Skinner/Fulton

Carried

Karakia Whakamutanga

There being no further business the meeting ended at 1.40pm.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved

Forestry Update - Number 19

1. Purpose of Report

- 1.1 To provide an update to the Forestry Subcommittee on forestry activities undertaken since Council adopted the Forestry Review recommendations in September 2016, and since the March 2022 update.

2. Recommendation

That the Forestry Subcommittee

- 1. Receives the report Forestry Update - Number 19 (R26778) and its attachments (A2896464, A2896757 and A2897597).***

3. Harvesting

Bridges

- 3.1 Roding bridge – work commenced on site in March.

Maitai harvesting

- 3.2 Harvesting in the Maitai Valley is almost complete.

Marsden Harvesting

- 3.3 Harvesting of Block 42.05 (around 15Ha) is complete.

4. Tasman Pine Forests and Waahi Taakaro harvesting

- 4.1 When Tasman Pine Forests Ltd harvest the block adjacent to the Waahi Taakaro Golf Club, the work will also include harvesting the small area planted by them on Council land. PF Olsen will monitor this work to ensure that the trees on Council owned land are harvested to the required standards. The small area will be replanted with indigenous species. No date has been provided by Tasman Pine Forests for the harvesting.

5. Health and Safety

- 5.1 No Safe Work Observations (SWOs) were conducted by NCC between January to March. PF Olsen continue to undertake regular internal SWOs.

6. Other matters

Forestry High-Level Review

- 6.1 All consultants have been appointed with peer reviews underway to progress the work to guide the high-level review. All work, once peer reviewed, will be presented to the Subcommittee as a package for review with that work guiding development of the next Forestry Activity Management Plan.

Carbon Credit Potential from Council Indigenous Forests

- 6.2 Council resolved on 17 November 2021 as follows:

2. Agrees to undertake a detailed assessment of all Council land under ownership and management for eligibility in the Emissions Trading Scheme (ETS); and

3. Requests that eligible Council owned and managed land (including exotic forestry) be registered into the Emissions Trading Scheme before 1 April 2022.

- 6.3 As noted previously, updates on this matter will be reported to both this Subcommittee and the Council. Council has engaged PF Olsen to do the detailed eligibility assessment (assisted by the 1989 aerial photography held by Council) and to manage the registration process as Council's authorised representative.
- 6.4 The exotic forestry application was submitted in March, but is still to be registered by the Ministry of Primary Industries (MPI) (who has advised that applications submitted before 30 April 2022 have a reasonable chance of being registered before 31 December 2022).
- 6.9 With respect to the indigenous forestry application the application has not been submitted by PF Olsen yet as they are dealing with a backlog within their spatial team. Once submitted it is unlikely to get registered by 31 December 2022 due to the delays from MPI. The number of units that could be earned from the indigenous area over the current 5-year period is not large and depends on the area that MPI accepts. Other providers are also busy submitting applications, and Council would still face MPI's backlog regardless of which provider Council used. Officers are liaising with PF Olsen to move this matter forward and to give Council priority on this matter.

PF Olsen contract

- 6.10 PF Olsen's initial term ends on 30 June 2022 and includes an extension term of five years. A forestry high level review is underway but

Item 6: Forestry Update - Number 19

irrespective of the outcome of that work, a contractor is required to manage Council's forestry.

- 6.11 PF Olsen are performing well under the contract and their performance has been reviewed by the independent forestry expert and following discussion with the Chair the contract has been extended for a further 5 years.

7. Finance

- 7.1 An updated summary of Council budgets to December 2021 is appended as Attachment 1 (A2896464). PF Olsen's quarterly report January to March 2022 is appended as Attachment 2 (A2896757).

8. Alternate Uses

- 8.1 Council agreed to retire approximately 140Ha of forestry and consider alternate uses and an Alternate Use Plan has been approved. Refer to Attachment 3 (A2897597) for an update. Lachie Grant (Landvision) will be in attendance to update the Subcommittee further.

Author: Alec Louverdis, Group Manager Infrastructure

Attachments

Attachment 1: A2896464 - Q3 Report Budget Summary 2021-22 [↓](#)

Attachment 2: A2896757 - PF Olsen NCC Quarterly Report - Q3 - 2021-22 [↓](#)

Attachment 3: A2897957 - Alternative Species Update 25 May 22 [↓](#)

<p>Important considerations for decision making</p>
<p>1. Fit with Purpose of Local Government</p> <p>The regular updates support the effective and efficient management of Council's productive forests and through best practices and sustainability contributes to Local Government well-beings of social, economic, environmental, and cultural.</p>
<p>2. Consistency with Community Outcomes and Council Policy</p> <p>The Group aligns with the following outcome: "Our Council provides leadership and is supported by an innovative and sustainable economy".</p>
<p>3. Risk</p> <p>The Subcommittee has been set up to specifically have an oversight on all things relating to forestry to reduce the risk to Council. Key risks identified in this report relate to harvesting in the Brook and Maitai, which are adequately mitigated by planned safety measures.</p>
<p>4. Financial impact</p> <p>The Subcommittee has been set up to monitor forestry activity and to manage income and expenses accordingly. Any expenditure recommended in this report is in line with this oversight.</p>
<p>5. Degree of significance and level of engagement</p> <p>The report deals with several matters that have required individual engagement with individuals/groups.</p>
<p>6. Climate Impact</p> <p>Commercial pine forestry and harvesting is a sustainable practice and contributes positively to climate change mitigation.</p>
<p>7. Inclusion of Māori in the decision-making process</p> <p>Iwi have not been consulted in the preparation of this report.</p>
<p>8. Delegations</p> <p>The Forestry Subcommittee's areas of responsibility include:</p> <p>Areas of Responsibility:</p> <ul style="list-style-type: none"> <i>All matters relating to the commercial forestry operational portfolio including environmental and recreational issues</i>

Item 6: Forestry Update - Number 19

Powers to Decide:

- *In accordance with Council's Annual Plan and Long-Term Plan:*
 - *Approval of forestry and harvesting management strategy and plans*
 - *Approval of the engagement of contractors/consultants and forestry tenders*

Item 6: Forestry Update - Number 19: Attachment 1

NCC Forestry Accounts Summary at 31 March 2022

Account	YTD Actuals Mar 2022	YTD Operating Budget 2021/22	YTD Variance	Total Operating Budget 2021/22	LTP 2021-31 Final Year1 (2021/22)
Grand Total	(182,453)	66,147	248,600	582,250	582,255
Income	(3,808,114)	(2,873,577)	934,537	(3,490,726)	(3,490,722)
Other Income	(3,808,114)	(2,873,577)	934,537	(3,490,726)	(3,490,722)
154005100232. Brook / York Valley Forest	(803,874)	(149,345)	654,529	(213,350)	(213,350)
154005100233. Maitai Forest	(1,778,869)	(2,724,232)	(945,363)	(3,891,760)	(3,891,756)
154005100234. Marsden Forest	(1,225,371)	0	1,225,371	0	0
15400730. Revaluation movements	0	0	0	614,384	614,384
Expenses	3,625,662	2,939,724	(685,938)	4,072,976	4,072,977
Staff Operating Expenditure	153,493	149,733	(3,760)	199,637	199,637
15401602. Support Services Overhead	142,822	144,900	2,078	193,196	193,196
15401672. Parks & Facilities	10,671	4,833	(5,838)	6,441	6,441
Base Expenditure	3,245,551	2,306,451	(939,100)	3,244,338	3,244,341
154020190232. Forest management: Brook/York	19,918	14,011	(5,907)	14,011	14,011
154020190233. Forest management: Maitai	51,636	47,358	(4,278)	64,860	64,857
154020190234. Forest management: Marsden	3,499	8,747	5,248	12,386	12,389
154020190235. Forest management: Roding	51,048	33,606	(17,442)	45,444	45,444
154020190800. Forest management: General	48,579	53,932	5,353	71,398	71,400
154023100232. Brook/York Valley Harvest Costs	846,431	134,378	(712,053)	172,709	172,712
154023100233. Maitai Harvest Costs	1,351,189	1,981,259	630,070	2,830,370	2,830,368
154023100234. Marsden Harvest costs	816,947	0	(816,947)	0	0
154023100235. Roding Harvest Costs	1,299	0	(1,299)	0	0
15402621. Rates	5,654	6,275	621	6,275	6,275
15402637. Insurance	34,696	26,885	(7,811)	26,885	26,885
15402693. Admin (advertising, mapping, H&S)	10,368	0	(10,368)	0	0
15402720. Valuation fees	4,287	0	(4,287)	0	0
Unprogrammed Expenses	186,822	393,240	206,418	500,001	500,000
154033100232. Tantragee Hazardous tree removal	186,822	393,240	206,418	500,001	500,000
Programmed Expenses	39,795	90,300	50,505	129,000	129,000
154040168020. Forestry disestablishment	0	20,300	20,300	29,000	29,000
15404041. Commercial Species Investigation	39,795	70,000	30,205	100,000	100,000

*Report Contains Filters

A2896464

Nelson City Council Forestry

Quarterly Report Budget Year 2021/22

Q3: January – March 2022



Mulching slash at the Marsden forest to reduce environmental risk and improve aesthetics of the area.



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A2896756

Summary**Health and Safety**

6.6K hours were worked over the period, with no incidents

Environmental

Ecological surveys are ongoing as part of the Forest Stewardship Council certification.

No breaches of the urban trucking curfews were reported.

Harvesting

Harvesting	Q3 Actuals	YTD Actuals	Full Year Budget	% Budget Achieved
Profit	574,918	551,256	1,102,026	50%
Volume	20,532	36,733	37,412	98%

Harvesting occurred in the Maitai and Marsden forests. Bridge construction commenced at the Roding forest.

Profit was strong for the quarter, buoyed by harvesting at the Marsden forest.

Profit from Maitai forest will improve as costs will be lower.

Roding bridge construction will continue through Q4 and into Q1 of the 22/23 FY.

Forest Management

Forest Management	Q3 Actuals	YTD Actuals	Full Year Budget	% Full Year Budget Achieved
Cost	3,593	340,850	208,103	164%

Costs were low in the quarter due to the deferral of planting at the Maitai and Marsden forests.

1. Health and Safety

Hours Worked	6,622 hours were worked in the NCC forestry estate.
Incidents	No H&S incidents recorded, a testament to the risk management and mechanisation being employed the NCC's forest operations.
D&A testing	Nil.
PF Olsen Auditing	One systems audit was completed throughout the period on Moir Logging Ltd
Worksafe inspections	Nil.
Meetings	A Local Safety Meeting was held in January.

2. Environmental

Incidents

There were no environmental incidents recorded throughout the period.

Urban Trucking Curfews

The below resolution was agreed by the Forestry Advisory Group:

No truck movements between 8:15-9:15am and 2:45-3:45 pm during the school term and that speeds past the school be no greater than 30kph.

Throughout Q3 there were no reported breaches of the urban trucking curfews. The installation of multiple signs, regular reminders to truck drivers and GPS tracking have been working well to prevent issues.

PF Olsen Auditing

Four audits were completed throughout the period on harvesting and operations at the Marsden and Maitai forests.

RMA/Compliance

An inspections by council monitoring officers were completed at the Maitai forest harvesting site. General comments are that the work is compliance with regulations, however there were some recommended remedial work in relation to a slip caused by the rainfall events in February.

Forest Stewardship Council (FSC)

Work is planning to be, or is already, underway for the following surveys:

- Bats – completed
 - o There were no bats recorded
- Lizards – completed
 - o Northern Grass Skink and Raukawa Geckos were found.
 - o Starred Geckos were not found.
- Water quality – underway
 - o Completed in Maitai and Marsden forests before harvesting began. Testing in Roding scheduled.
- Fresh water invertebrates – completed
- Vegetation – underway
 - o Site inspections completed. Awaiting report.

A full FSC audit is being carried out on the 9th of May. This will involve site audits at the Marsden and Maitai forests, along with an office based audit.

3. Harvesting

Financials by Forest

Maitai	Volume (T)	Profit (\$)	Profit (\$/T)
Q1	0	-65,933	0
Q2	8,942	183,736	20.55
Q3	9,287	191,765	20.65
Total	18,229	309,568	16.98
Full Year Budget	35,380	1,061,388	30
\$13/T adverse to budget due to: <ul style="list-style-type: none"> - deferred bridge construction costs, - the more difficult sections of harvesting being completed first, and - increased fuel costs. 			
Brook	Volume (T)	Profit (\$)	Profit (\$/T)
Q1	7,131	-65,983	-9.25
Q2	127	-65,941	0
Q3	0	0	0
Total	7,258	-131,924	-18.18
Full Year Budget	2,032	40,638	20
\$38/T adverse to budget due to: <ul style="list-style-type: none"> - the difficulty of harvesting being more challenging than the average for the forest, namely logging above the water supply pipeline and environmental limitations within proximity of urban area. - Poor log recovery for Douglas Fir and untended pine areas. 			
Roding	Volume (T)	Profit (\$)	Profit (\$/T)
Q1	0	0	0
Q2	0	-6,893	0
Q3	0	-73,246	0
Total	0	-80,140	0
Full Year Budget	0	0	0
Costs associated with the construction of the bridge over the Roding River.			
Marsden	Volume (T)	Profit (\$)	Profit (\$/T)
Q1	0	0	0
Q2	0	0	0
Q3	11,245	456,400	40.59
Total	11,245	456,400	0
Full Year Budget	0	0	0
Costs and revenue in-line with budget despite additional costs incurred when logging crew were stood down while Resource Consent was being issued.			

**Financials
Summary**

Current Year	Q3	YTD	Annual Budget	%	Comments
Volume (T)	20,532	36,733	37,412	98%	
Profit (\$)	571,918	551,256	1,102,026	50%	
Profit (\$/T)	28.00	15.01	29.46	51%	

**Harvesting
Update****Maitai**

Q4 profitability will be improved as easier sections are harvested, although this will be offset by increased fuel costs. Average log prices for Q4 are expected to be similar to Q3.

Marsden

A successful harvest has been completed, except for some post-operational clean-up work which will be included in Q4 financials. Cost savings of about \$100K has been achieved as repairs to Glider Road were completed in conjunction with harvesting operations. Planning is underway for the harvest of the remaining plantation areas in the forest including the Douglas Fir on the Banicoat Ridge.

Roding

The construction of the Roding bridge commenced off-site in March. On site assembly of bridge components will begin in May. The bridge is expected to be completed by the end of September.

4. Forest Management

Forest Budget	Q3 Actuals (\$)	YTD (\$)	Annual Budget (\$)
Roading	0	31,752	27,792
Land Preparation	137	1,105	39,054
Establishment	-4,253	3,689	3,134
Tending	0	32,533	38,929
Protection	142	9,912	22,929
Property Maintenance	0	784	1,390
Forest Mgmt	1,060	18,893	3,475
Monthly Admin fee	4,402	11,532	20,000
NCC Valuation	0	4,287	4,400
FSC Management	0	10,225	7,000
Misc Consulting	2,105	14,403	40,000
Tantragee Hazardous Trees	0	201,735	0
TOTAL	3,593	340,850	208,103

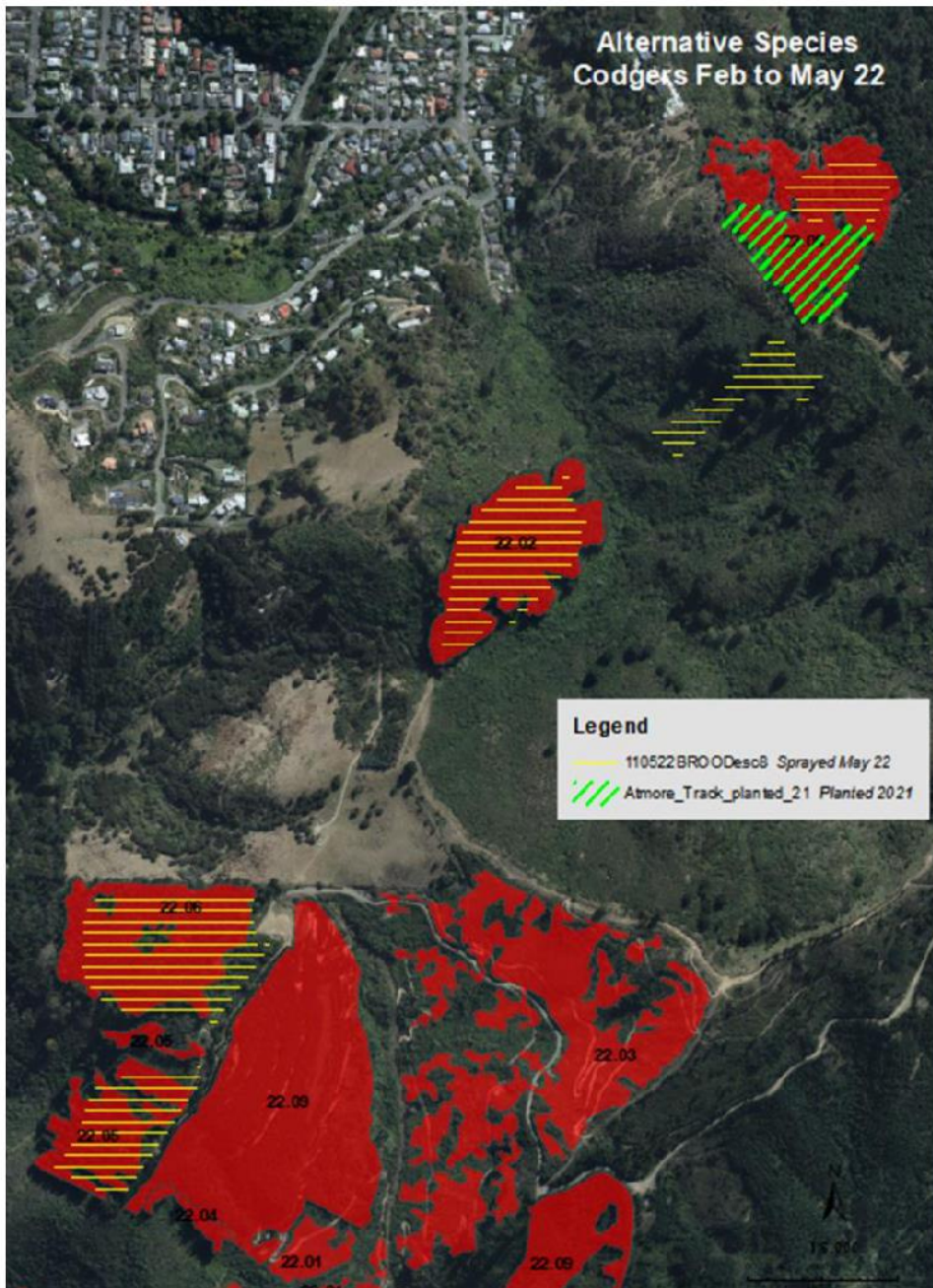
Operational Update

It was a slow quarter for forest management, with land preparation and planting in Maitai and Marsden deferred until the winter of 2023.

Attachment Three

Alternative species update –14 Feb 22 – 20 May 22

Since Feb 22 the only activity was the spraying undertaken by PFOIsens at the Brook as shown on the map below (yellow hashed lines). The blue hashed lines are the plantings in the area undertaken immediately post-harvest last winter. NCC Parks team are undertaking the plantings this winter on the sprayed areas.



A2897957