

WAIKARE

Forest Partnership



Forest Managers Report March 2019

The summer conditions have generally been very kind to all of our forests and we hope this continues through the autumn and into the winter months. Conditions have been dry, but not too dry and we have had none of the cyclonic storms experienced last year.

The February fires in Wakefield have been a reminder to all forest owners and managers of just how destructive fire can be and the importance of being active in managing the potential fire risk in our forests. At FMNZ, we review and then implement our fire policy each summer. Along with FENZ, we monitor the conditions and as the fire risk rises, we ensure all of our contractors are aware of and are managing their risks in the forest.

The fire plan is a code based system and as the fire danger increases, the level of management increases also. For example, if the code goes from yellow to orange, all chainsaw operations, hauler, ground based and shovel logging operations should stop in the forest at 12.00 hours however, processing can continue until 15.30 hours.

Forest Health

The seedlings planted in the cutover last winter are in excellent health and have been making strong growth. Survivals look to be very good, apart from one area of around two hectares where there is some goat damage evident.

Tree health among the older stands at Waikare is generally excellent and the trees continue to make good progress.

Replanting

We plan to replant the remainder of the cutover this winter, some 81 hectares.

Last winter we budgeted to replant 150 hectares and actually replanted 120 hectares. This is reflected in the actual costs when compared to the budgeted costs for last year where we are generally under budget for the re-establishment.

The exception to this is releasing which is \$8,402 over budget, this is due to having to respray some areas to stop the inkweed and tobacco weed from smothering the young seedlings.

Roading

Now that we have kilometres of forest roads to maintain, it is quite challenging to achieve this in a cost effective manner. At this stage we are budgeting to keep the culverts open and ensure the water control is effective accompanied by one major or a couple of smaller visits to the forest by a digger to clear slips and repair dropouts.

Weed and Pest

In spite of maintaining a regular goat control programme, the young seedlings are attracting the goats like a magnet and there seems to be a never ending supply of them. Fortunately we have several weekend hunters who are keen to assist with the goats control however, we are going to have to keep the pressure on to avoid damage to the young forest. This will be an ongoing cost over the next few years and we have made some allowance in the budget to cover this cost.

Last year the possum control was carried out by the pet food company from Tauranga who trapped good numbers. While we have made allowance for possum control in the budget this year, if there is no sign of damage to the young trees we may choose to forego this work and leave it to the pet food team.



2016 Plantings



Death on Hil Road

Carbon Sales

No NZUs have been sold over the past six months.

The NZU holding as at the end of February was 618 pre 1990 units.

NZU Price

The \$25 cap remains in place and over the past six months we have seen a peak price of \$25.75 for one day during December. This quickly shifted back to the \$25.00 to \$25.15 that has become quite usual over the past weeks. Towards the end of March, we saw another spike as prices lifted to \$25.50.

The value of an NZU is unlikely to change unless there is more certainty around the market moving forward – either the price cap is lifted or the government provides more detail around the proposed cost containment reserve which is a partial function of the auctioning of NZUs by the government.

Wairoa Rail Hub

Kiwirail advise they have repaired the washout north Raupunga. The first log train should be on the tracks sometime in May of this year. Initially the service provided will be on Saturday and Sunday and will only be provided more frequently if there is sufficient demand.

We understand Kiwirail are currently working through details of the operation of the Wairoa Rail Hub. At this stage we are not sure what the service will cost per tonne so cannot compare it with the cost of trucking logs to the port as yet. All the way through the development of the rail proposal we have been clear that we will support the service if there is a demonstrable cost benefit in doing so and are therefore unwilling to commit volume to the service until the costs are clarified.

Napier Port Development

In November 2018, resource consent was granted for the construction of a new wharf at Napier Port. The wharf will run parallel to the existing rock retaining wall. It will be 350 metres long, 34 metres wide and will be supported by piles to be driven into the seafloor and be able to berth a ship up to 360 metres long.

At present, only one large container ship can moor at a time and with an increasing demand for larger ships wanting to use the port, Napier Port needs to be able to accommodate larger vessels and more than one ship at a time. By 2028 port traffic should have increased to include 7.3% more ships, 21.2% more cargo, 75% more cruise ships and 32.4% more logs.

The consent also allows for further dredging to be carried out to accommodate a 14.5 metre berth pocket and a 12.5 metre swing basin (the area the ship turns in), deepened to 12.5 metres, in line with the ports' current depth. In the future and as required, both the swing basin and the shipping channel will be dredged to 14.5 metres to accommodate larger vessels in port.

Construction will commence in 2020 and should be completed sometime in 2022 and cost an estimated \$142 million.

The Hawkes Bay Regional Council, a 100% beneficial owner of Napier Port, last year held a referendum to ascertain the preferred way to fund the growth of Napier Port over the next decade. The port needs \$320 to \$350 million of investment to allow for growth and future demand.

Around 3,500 people submitted during the consultation period and the preferred option was to float a minority stake in the Port on the NZX. Revenue generated from the sale of shares will fund the expansion of the Port facilities.

Aftermath of June 2018 Debris Damage at Tolaga

The two bouts of heavy rainfall in the Gisborne/Tolaga region in June 2018 left an estimated million tonnes of logs and debris strewn across property, roads and infrastructure. While some of the initial damage has been cleared, the effects of the slash mobilisation event continues to be felt.

Gisborne District Council has now brought charges against ten forestry companies and forest owners for breaching the conditions of their resource consents on the basis that these breaches caused, or contributed to the mobilisation of the slash. All of the forest companies have pleaded not guilty and are jointly defending the charges. The case should be heard in August. All of the forest indus-



Looking down Hil Road at 2016 Plantings

try is watching these proceedings with interest as regardless of the outcome, there will be a downstream effect for all foresters.

Meanwhile, while much of the initial damage has been cleared, every time there is rainfall, more slash is washed down the waterways and on to the beach, so the clean-up work is ongoing. While the forest companies initially cleared the beach at Tolaga following the June events, it remains littered with logs and slash that have subsequently appeared. The approach is to push the debris into a heap and burn it, assisted by a large fan to enable the fire to burn the wet material.

Gisborne Mill

The purchaser of the mill at the old Prime mill site in Gisborne, Far East sawmills is preparing a funding proposal to double the production of the mill. Additionally, regional plans are being made as to the creation of a \$20m, Prime Wood Cluster Centre of Excellence on the site. This initiative is hoped to create 120 jobs along with the creation of 300 offsite jobs through supporting businesses.

One obvious need in Gisborne is for a business which chips or pulps binwood which would be of great assistance in helping foresters to clear unmerchantable wood out of the forest. Binwood is the majority of the material that was mobilised in June 2018 and is made up of offcuts, logs that do not meet specification, etc. With no facility to process this material, the forester has no option but to leave it in the forest.

Steve Bell
Forest Manager