



Ref: s.7(2)(a) - [REDACTED]

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6 September 2021

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s.7(2)(a) - protect
the privacy of [REDACTED]

Dear s.7(2)(a) - [REDACTED]

OFFICIAL INFORMATION REQUEST REGARDING FORESTRY MANAGEMENT

I refer to your official information request dated 10 August 2021 for forestry management information.

You raise in your request that in March this year, Tom Kennedy raised three key concerns that the Friends of the Maitai had in relation to the council's forestry management, namely Council's use of Net Present Value (NPV); extent of the recent valuations and that financial reports are too obscure to be understood.

You also raised a concern that costly damage (wilding pines and sedimentation) are not paid by forestry and environmental restoration and planting in natives comes out of the environmental budget and the recreation budget and have requested that Council reconsider its involvement in commercial forestry.

Your questions are addressed below.

Forestry valuation and NPV

Council is happy with the valuation methodology used as it complies with industry standards, was undertaken by an experienced practitioner, and was based on good available data on which the calculations were based. All valuations should make the best use of good data and that is what was done, which has led to a significant jump in the valuation. This is not unusual, and we believe that our ratepayers are well served with the asset value recorded in the Council's financial statements, being a better reflection of its true value. It is quite plausible for the asset value to change from year to year as it is based on the predicted future cashflow from the forest. Cashflow is based largely on the expected growth rates, yields and log qualities of the forest stands, log prices and harvest schedule. Asset valuations are reviewed by Audit NZ and I will specifically ask them to look at the Forestry valuations.

Financial reporting

We don't believe that our forestry reports that are presented to the Forestry Subcommittee are too obscure. However, we are looking at ways of improving the way we better present information.

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Native replanting of retired blocks

Council has made the decision to retire around 25% of its commercial forestry and to replant those in alternative species. The harvesting of these blocks is a cost to the forestry activity. However, all costs associated with the replanting of these blocks into alternative (non-commercial) species are required to be paid for by the activity who will ultimately end up maintaining these blocks – in Council's case its Parks and Reserves Activity.

Involvement in commercial forestry

The goal of commercial forestry was recently amended to include not just commercial return but to protect both environment and recreational values. Externalities comprise a range of factors such as social, cultural, recreation and environmental impacts. These are borne in part by other council activities and therefore do not feed directly into any financial reporting for one activity class. For example, Parks and Recreation activity are not charged a fee for access to the forestry blocks.

That said, costs to achieve best environment practice (such as achieving NPS Forestry Plantation), by way of example, are included in the expenses of undertaking forestry, and budgets also include costs such as building bridges to enable logging in our catchments which aids in the health of our rivers, transport costs for agreed trucking route plans and specific hours of operation past schools and in the CBD, and increased slash management and sediment retention works.

In terms of sustainability, Council assesses all its activities (forestry included) through many lenses, including the climate change lens as well as considering the values and needs of recreational users and the environment through good practices. Council has also recently made the decision to enhance the way its forestry holdings are managed sustainably, by acquiring and maintaining Forestry Stewardship Council (FSC) certification which is a process that is carried out by an independent certification body.

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or Freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact me by email, alec.louverdis@ncc.govt.nz.

Yours sincerely



Alec Louverdis
Group Manager Infrastructure