



**TO THE MAYOR AND COUNCILLORS OF THE  
MACKENZIE DISTRICT COUNCIL**

**Membership of the Mackenzie Forestry Board:**

Cr Graham Smith(Chairman)

Cr Noel Jackson

Cr Evan Williams

Cr Murray Cox

*Notice is given of the meeting of the Mackenzie Forestry Board  
to be held on Tuesday, June 10, 2014, at 9am.*

**VENUE:** Council Chambers, Fairlie.

**BUSINESS:** As per agenda attached

WAYNE BARNETT  
CHIEF EXECUTIVE OFFICER



## MACKENZIE FORESTRY BOARD

Agenda for Tuesday, June 10, 2014, at 9am

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**APOLOGIES:** An apology has been received from Cr Evan Williams.

### DECLARATIONS OF INTEREST

#### VISITORS:

Howard and Sharon Jackson have been invited to attend at 9am and speak regarding the public excluded item 'Forestry Block, Corner Clayton and Perry Roads'.

#### MINUTES:

Confirm and adopt as the correct record the minutes of the Mackenzie Forestry Board meeting held on Thursday, March 20, 2014, including such parts as were held with the public excluded.

#### REPORTS:

1. Forestry Manager's Report: Jan – March 2014 (attached).
2. Finance Manager's Report (attached).

#### PUBLIC EXCLUDED:

Resolve that the public, be excluded from the following part of the proceedings of this meeting namely:

1. Discussion of the previous minutes of the Mackenzie Forestry Board, March 20, 2014, taken in public excluded session.
2. Forestry Block, Corner Clayton and Perry Roads (letter attached).
3. Lease agreement Wreford's Block (discussion).
4. Forestry Block, Corner Hamilton and Strathallan Roads (letter attached).

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Previous minutes of the Mackenzie Forestry Board, March 20, 2014.	Commercial sensitivity	48(1)(a)(i)
Forestry Block, Corner Clayton and Perry Roads.	Enable commercial negotiations	48(1)(a)(i)
Lease agreement Wreford's Block	Enable commercial negotiations	48(1)(a)(i)

Forestry Block, Corner    Enable commercial    48(1)(a)(i)  
Hamilton and    negotiations  
Strathallan Roads

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This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Previous minutes of the Mackenzie Forestry Board under section 7(2)(b)(ii). All other items under section 7(2)(i).*

## **RESOLUTION TO RESUME OPEN MEETING**

## **MACKENZIE DISTRICT COUNCIL**

### **MINUTES OF A MEETING OF THE MACKENZIE FORESTRY BOARD HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON THURSDAY MARCH 20, 2014, AT 8.45 AM**

#### **PRESENT:**

Cr Graham Smith (Chairman)  
Cr Murray Cox  
Cr Noel Jackson  
Cr Evan Williams

#### **IN ATTENDANCE:**

Claire Barlow (Mayor)  
Paul Morris (Manager – Finance and Administration)  
Wayne Barnett (Chief Executive) – from 8.58am.  
Kevin O'Neil (Forestry Manager)  
Arlene Goss (Committee Clerk)

#### **APOLOGIES:**

There were no apologies.

#### **DECLARATIONS OF INTEREST:**

There were no declarations of interest.

#### **MINUTES:**

Resolved that the minutes of the meeting of the Mackenzie Forestry Board held on September 3, 2013, including such parts as were taken with the public excluded, be confirmed and adopted as the correct record of the meeting.

**Graham Smith/Evan Williams**

*Chief Executive Wayne Barnett joined the meeting at 8.58am*

#### **REPORTS:**

##### **FORESTRY MANAGERS REPORT TO DECEMBER, 2013:**

The Forestry Manager spoke to his report. A suggestion to ban the use of motorbikes on DoC tracks at Tekapo might need to be discussed further, due to shingle damage and fire risk. This possibly needs to be discussed at Tekapo Community Board level.

The chairman read out the activity list provided by the Forestry Manager.

## FINANCE MANAGERS REPORT:

The Finance Manager spoke to his report. Due to recent wind storms blowing down some trees a decision was made to mill some damaged areas. This provided unbudgeted income of \$183,000 from milling, in advance of when we would normally mill these trees. This has impacted on interest income plus added operational costs related to tidying and re-planting the land. Page 13 shows a balance of half a million dollars in the bank. The Finance Manager believes that by end of the financial year they will spend the full budget, but this will not put us in deficit. We will also receive carbon credits this year.

The chairman said forestry is a great investment for council but it's not short term. Planting more Douglas Fir has lengthened the amount of time needed to grow and harvest. Council is in a good position with good stocks of trees.

## MAPS OF MACKENZIE FORESTRY FOR NEW MEMBERS:

Five maps showing Mackenzie forestry blocks were handed to committee members. Each map was discussed and the location of forestry noted.

On the Tekapo map it was noted that a stop of dangerous trees was removed near Murray Place, and behind that 12 hectares of forestry. The Forestry Board has offered the Tekapo Community \$10,000 to develop that area.

On the Twizel map it was noted that some trees at Twizel are not suitable for anything except firewood. The next stream of income would be pruning Corsican Pine in that area.

At Woodburn is council's most valuable piece of land for growing with good rainfall. Trees in Woodburn are 15-20 years old and on the other side of the road 5 years old. There are two plantations at Burkes Pass.

On the Ashwick map is Mitchell's plantation. It received some wind damage a few years ago and was thinned out. Elders grow on the river bed. More forestry blocks were identified on various maps.

The Forestry Manager suggested a tour for new councillors to show them the forests. The chairman suggested that members keep the maps and he would like to see them refined with more detail.

## LEASE OF WREFORD'S BLOCK FOR REPLANTING:

Thirty years ago council did a land lease swap with the Wrefords, swapping reserve land for forestry land. Council has now harvested the trees on the forestry land and would like to arrange another lease so we have the ability to re-plant it with young trees. The chairman has spoken to Mr Wreford and he is happy to sign a further agreement for the next 30 years, but would like to

include a clause that if trees fall down over fences we will pay to fix the fence rather than him.

The Chief Executive said different reserves have different rules regarding our ability to lease them. He has sought advice on whether council can lease the reserve for that length of time. The advice is that the status of the reserve is currently unknown.

The chairman said we get more land from Mr Wreford than he gets from council. Council would be unable to replant without a 30 year lease.

Cr Williams suggested an agreement to use the land for 30 years rather than a lease. The previous lease wasn't registered so was, in effect, an agreement.

The Forestry Manager said there is another block of land next to Mr Wreford's drive that we possibly own, so this needs to be raised with him.

There was discussion on what would happen if the land was sold within that 30 years. Council would need to be wary of that happening and account for it in the agreement.

Resolved: That staff draft a letter to confirm the continuation of the existing agreement between Mackenzie District Council and Wreford for a further 30 years.

**Evan Williams/Graham Smith**

#### FORRESTER'S RESERVE – MILLING OF TREES AND LEASE:

The Forestry Manager said this is a small block adjacent to a privately owned plantation. Both plantations need to be milled. Council has not done an inventory on the council block to determine its contents.

There was discussion on who pays for the traffic management plan and the establishment of a skid site to allow milling to take place. The privately owned plantation has been damaged by wind and the council plantation is immediately in front of it. If the owner removes his plantation it will expose council's plantation to the wind.

The chairman said we need more work done on this but this is a good chance to mill council's trees. He questioned what would happen to the land after milling as it is too close to power lines to re-plant. Council will need to make a decision on the fate of the land. The chairman would like this included on the agenda of the next Forestry Board meeting.

Forrester's Block is 2.2 hectares, has a \$7000 land value with \$110.90 rates being paid on it.

Resolved that the Forrester's Reserve block of trees be milled.

**Graham Smith/Evan Williams**

#### WEED AND PEST CONTROL:

The rabbit problem needs to be addressed around some of council's forestry. Council may have to use some finance to fight this pest, but adjoining owners also need to also take action.

The Mayor asked if there is any spread of wilding pines from our plantations. The answer was no. The Forestry Manager said he recently flew over the Tekapo Plantation and there were no wilding pines coming from that plantation.

This matter is to go on the agenda of the next meeting.

#### PUBLIC EXCLUDED:

Resolved that the public be excluded from the following part of the proceedings of this meeting namely:

1. Previous Minutes, Mackenzie Forestry Board, September 3, 2013.

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
Previous Minutes, Mackenzie Forestry Board, September 3, 2014	Commercial sensitivity	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: Mackenzie Forestry Board minutes, September 3, 2013, *section 7(2)(b)(ii)*.

**Evan Williams/Graham Smith**

**THE CHAIRMAN DECLARED THE MEETING CLOSED AT 9.54am**

**CHAIRMAN:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

## Kevin O'Neill's Time & Travel Log January 2014

January 2014	Hrs	Kms	Details
9			Issue firewood permit to Colin Cameron for Cave.
13	2		Invoices and office.
14	1		Renew permits to take firewood from Cave.
27	1		Meet up with two permit holders at Cave to check on safety gear.
28	2.5		November forestry reports.
29	3	54	Visited Fox Peak block to check on cattle grazing the block.
30			Issued firewood permit to Donna Barlow.
<b>TOTALS</b>	<b>9.5</b>	<b>54</b>	



## Kevin O'Neill's Time & Travel Log

### February 2014

February 2014	Hrs	Kms	Details
3	5	57	Rang Terry re Alpines request to take trees away from powerlines at Cave.
			Visited the site and had meeting with James Forester, the landowner whose plantation adjoining was 80-90% affected by a storm last year. These trees need to be harvested while still having export value. Our plantation only had about 3-5% damage but with the privately owned plantation milled or even left damaged, our trees would be exposed to any further storms. Spoke with Allan Laurie, the exporter employed by Foresters to harvest their crop to say we will harvest in conjunction with Foresters. Spoke with Aaron from Alpine to arrange for power to be turned off while harvesting.
4	1		Visited Shaun Sloper at Point Lumber to discuss the harvesting of plantation on Cannington Road. Covered restricted area available for skid sites and entrance onto Cannington Road with a restricted site distance also the steepness of the block to harvest and identification of a boundary through the trees as they are all in one block.
12	1.5		Invoices and office work.
16	3		Spoke with Terry, James Forester, Council, Alan Laurie and Alpine about way forward at Cannington. Alan says logging contractor is about three weeks away. Contacted firewood permit holders at Cave about fire risk.
18	2		December forestry report.
25	.5		Spoke with Terry about re-fencing and spraying at Cave.
<b>TOTALS</b>	<b>8</b>	<b>57</b>	

## Kevin O'Neill's Time & Travel Log

### March 2014

March 2014	Hrs	Kms	Details
5	.5		Issue permits to David Dick and Keith Welsh.
6	1		Had meeting with Khan Adam (Excell) about rabbit and wilding tree control. Rabbits building numbers again at Burkes Pass. Contacted Ed Pawsey about getting pet food contractors in again if they are around.
7	1.5	32	Andrew Hurst contacted me about putting up trespass signs at Woodburn as we have had many requests to shoot wallabies, deer or trap possums in his and other plantations. I visited and checked on dangerous creek which carries shingle through the plantation to the road.
11	.5		Contacted logging contractor as three weeks are up and he is waiting to hear from Alpine.
17			Laurie Forestry put me in touch with Neil Goldie who is handling their side of things for a while. I am told Alpine need 2.5 weeks notice to turn the power off.
27	2		Rang Alan Laurie, he is to contact Aaron Davies at Alpine. Neil Goldie rang to tell me the start date is still 2.5 weeks away and Riki Cook is keeping in touch now with Tony Henderson as to when they can move a machine on site. I expressed my concern especially for Forresters logs as they will not last on the ground indefinitely and the block is steep and best harvested while it is still dry. Rang Terry for him to contact Paul Marshall with a proposed start date for him to oversee the job on Mackenzie District Councils behalf.
28	1		Office and invoices.
<b>TOTALS</b>	<b>6.5</b>	<b>32</b>	

## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** MACKENZIE FORESTRY BOARD

**SUBJECT:** FINANCIAL REPORT – APRIL 2014

**MEETING DATE:** 10 JUNE 2014

**REF:** FIN 1/2/5

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**ENDORSED BY:** CHIEF EXECUTIVE OFFICER

### **REASON FOR REPORT:**

The report outlines the financial performance and position of the Forestry Board for the period ended 30 April 2014.

### **FINANCIAL REPORT:**

A surplus of \$115,991 was recorded for the period due mainly to overall income being \$192,025 more than budgeted. The budget included no logging revenue but due to wind damage, logging was undertaken during the year.

### **RESERVE BALANCES:**

The Board started the year with a reserve balance of \$571,205. When the surplus of \$115,991 is added, the balance of the Capital Reserve ends up a surplus of \$687,196.

### **RECOMMENDATIONS:**

1. That the report is received and the information noted.

**PAUL MORRIS**  
**MANAGER – FINANCE & ADMINISTRATION**

**WAYNE BARNETT**  
**CHIEF EXECUTIVE OFFICER**

MACKENZIE DISTRICT COUNCIL  
ACTIVITY REPORT  
FOR THE PERIOD ENDED APRIL 2014

10

	LYTD ACT. APRIL 2013	YTD ACT. APRIL 2014	YTD BUD APRIL 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
<b>Commercial Activities</b>						
<b>Income</b>						
Other Income	(22,212)	184,987	-	184,987		1
Other Gains and Losses	-	-	-	-		-
Internal Interest Income	1,473	12,698	5,660	7,038	124.34%	2
Gain on Sale - Assets	-	-	-	-		-
<b>Total Income</b>	<b>(20,739)</b>	<b>197,685</b>	<b>5,660</b>	<b>192,025</b>	<b>3392.66%</b>	<b>6,792</b>
<b>Expenses</b>						
Consultancy Expenses	29,252	15,063	27,500	12,437	45.22%	33,000
Administration Expenses	13,480	15,753	25,410	9,657	38.00%	30,492
Operational and Maintenance	25,563	50,877	26,250	(24,627)	-93.82%	31,500
<b>Total Expenses</b>	<b>68,295</b>	<b>81,694</b>	<b>79,160</b>	<b>(2,534)</b>	<b>-3.20%</b>	<b>94,992</b>
<b>Operating Surplus/(Deficit)</b>	<b>(89,034)</b>	<b>115,991</b>	<b>(73,500)</b>			<b>(88,200)</b>

*Variance Analysis*

1. Unbudgeted Timber sales due to wind damage requiring trees to be milled ahead of time.
2. Higher than anticipated capital reserve balance has resulted in this favourable capital reserve interest variance
3. Higher than anticipated costs associated with replanting due to milling mentioned above.

MACKENZIE DISTRICT COUNCIL  
ACTIVITY REPORT  
FOR THE PERIOD ENDED APRIL 2014

10

	LYTD ACT. APRIL 2013	YTD ACT. APRIL 2014	YTD BUD APRIL 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
<b>Operating Reserves</b>						
Opening Balance	-	-	-			-
Operating Surplus/(Deficit)	(89,034)	115,991	(73,500)			(88,200)
Transfers between Reserves	-	(115,991)	73,500			88,200
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Revaluation	-	-	-			-
<b>Total Operating Reserves</b>	<b>(89,034)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Capital Reserves</b>						
Opening Balance	127,027	571,205	181,189			181,189
Transfer - Interest Earned	-	-	-			-
Transfer - from Operating Reserve	-	115,991	(73,500)			(88,200)
Transfer - form Real Estate	-	-	-			-
<b>Total Capital Reserves</b>	<b>127,027</b>	<b>687,196</b>	<b>107,689</b>	<b>-</b>	<b>0.00%</b>	<b>92,989</b>