



HARVESTING REPORT

April 2022

HEREFORD FOREST



Log 28 in Setting 311 with CAT 548 tailhold on Maslowski Road.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Hereford – April 2022

Summary

- Gross revenue for the month is **\$103,196.10**
- Costs for the month are **\$89,449.07**
- Net income for the month is **\$13,747.03**
- Tonnes harvested for the month is **750.68**
- Net income per tonne for the month is **\$18.31**
- Area cleared for the month is **1.4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$8,569,751.61**
- Project costs to date are **\$6,555,625.67**
- Project net income to date is **\$2,014,125.94**
- Tonnes harvested to date is **61,086.72**
- Net income per tonne to date is **\$32.97**
- Recoverable volume per hectare to date is **581.80** tonnes
- Net income per hectare to date is **\$19,182.15**
- Total forest area is **180.50** hectares, approximate hectares cleared to date is **105** hectares.

The total forest area reflects all net stocked areas regardless of age class or previous roadline volumes.

NB: Measured harvest areas are estimated monthly and reconciled with satellite imagery prior to valuations, they are subject to change and should be used as a guide only.

Revenue

Log Sales

Gross income for the month was **\$103,196.10** with an average sale price over all grades of **\$137.47** per tonne.

April 2022 - Log Markets, Gisborne and Hawkes Bay

The April export prices have decreased \$5.47/Jas m³ on average in Gisborne and \$13.00/Jas m³ on average in Hawkes Bay, with the decreases affecting sawlog and lower grades.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.29Mm³, with daily offtake at 49Km³ per day which has been impacted by the Qingmin holidays. Port inventories are effectively static in a now relatively well-balanced low demand and low supply market.

The Chinese elimination strategy and Covid control measures has seen the log market drop to 50% of typical April demand. Lockdowns of some sort have been reported in 93 out of the top 100 cities. In Shanghai, the lockdown measures have been draconian to the point of promoting some civil unrest which takes a very brave protestor. The slowdown in China demand is affecting a wide range of markets, not only terms of demand but also in further clogging already overloaded supply chains.

Low demand is well matched by lower levels of log supply. In the short term, New Zealand supply continues to be constrained by a lack of capacity in stevedoring, fumigation and debarking. Constraints are expected to gradually ease over the next quarter, but New Zealand supply will not increase quickly. Neither is supply expected to increase significantly from the other major softwood producers, assuming China demand stages some sort of recovery over 2022.

The freight market has been under downward pressure over the past month as China demand reduces for a wide range of commodities. The oil market is being driven by the Ukraine conflict. It is highly volatile and reacts quickly to any news of peace talks or heightened conflicts. Oil is trading at around US\$105/barrel which is slowing the rate of decline in freight rates.

The NZD has weakened since the beginning of April despite the RBNZ raising the OCR by 50bp. While a lower NZD might be good for New Zealand exporters it will increase prices of everything we import (fuel).

Grade Recovery

Grade out turn for April is as follows:

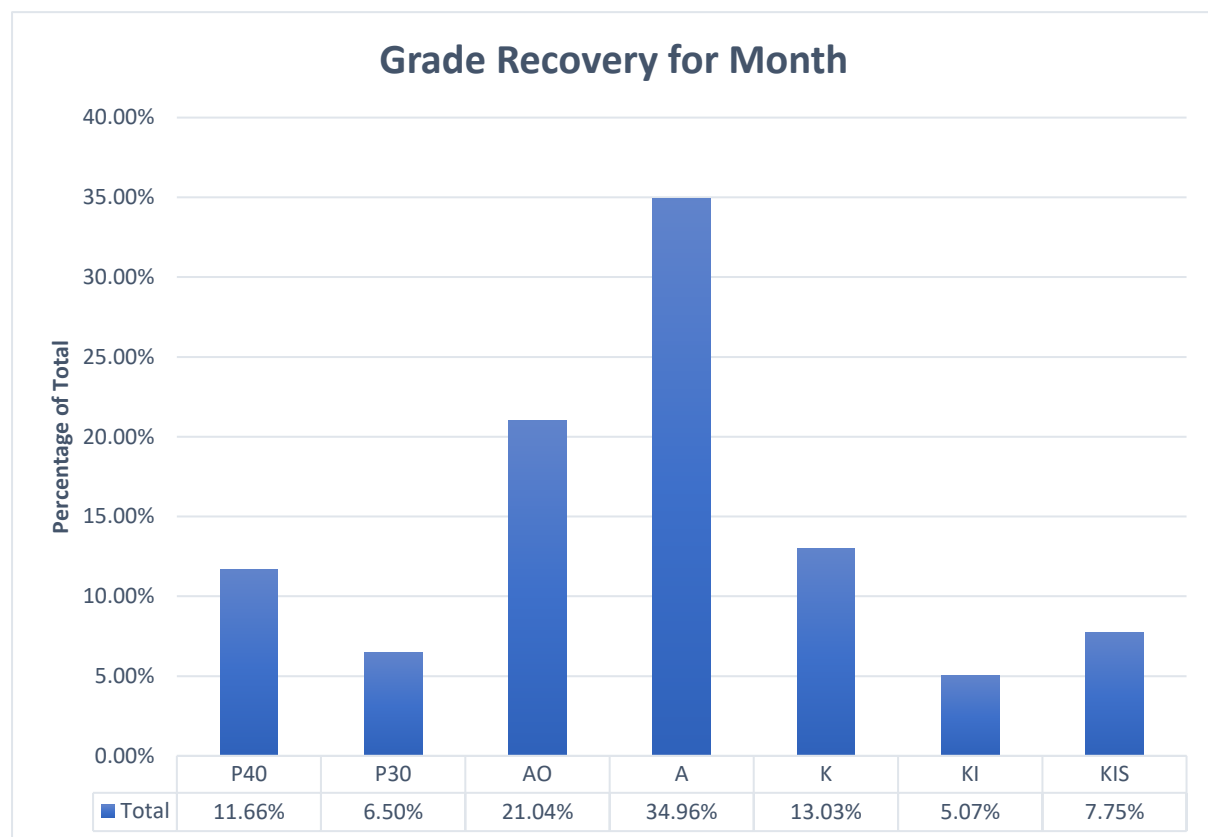


Chart 1: Grade Recovery for Month

Pruned recovery for April comprised 18% of overall sales volume, all of which was sold as export pruned grades.

High quality export sawlog (AO, A and K grades) made up 69% of the total production volume, with lower quality export (KI and KIS grades) comprising 13% of volume.

Expenditure

Harvesting

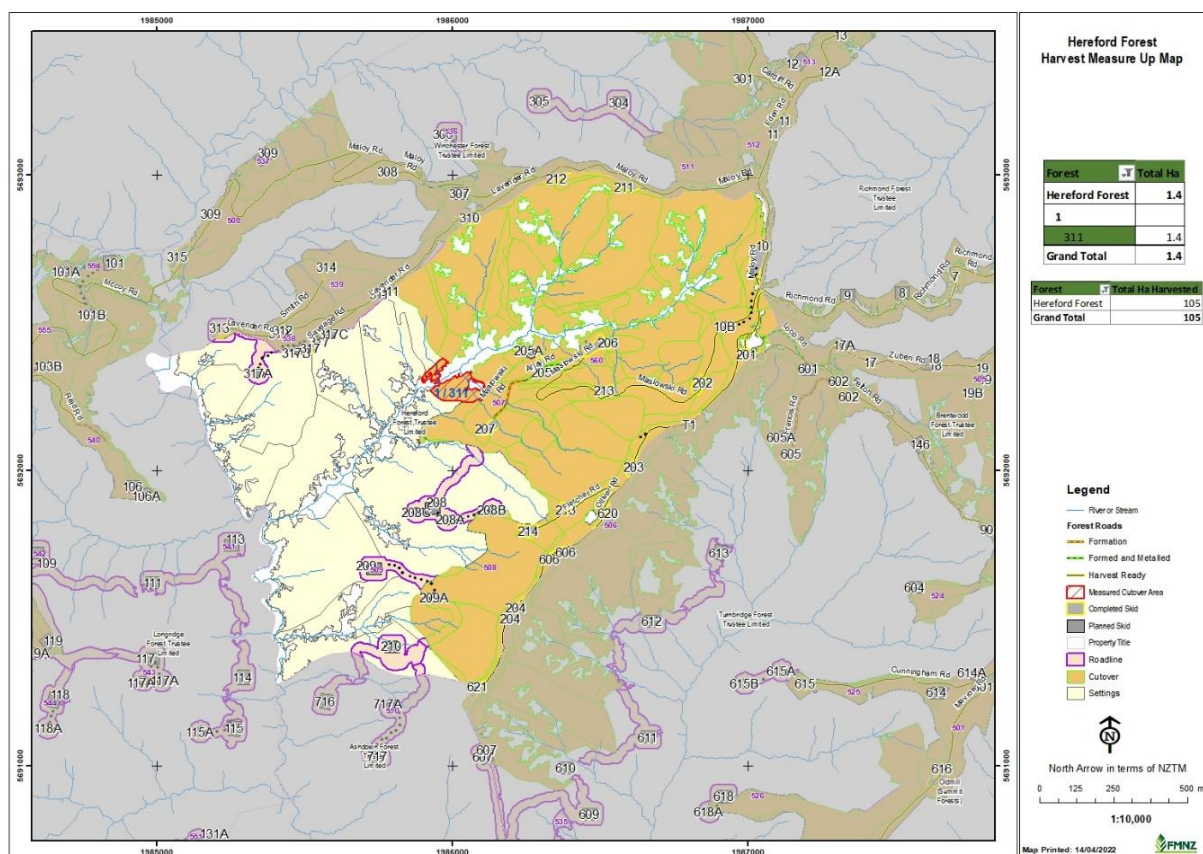
The total logging cost for the month was **\$37,909.34**, an average of **\$50.50** per tonne.

Harvest expenditure for the month is summarised below in Table 1:

LOGGING COSTS		TOTAL
April	Logging	\$37,909.34
		\$37,909.34

Table 1: Logging Costs

Due to the significant rise in diesel and petrol prices, a fuel adjustment factor has been added to the logging rates and will remain until there is a fuel cost reduction.



Pic 1: Progress Map

Due to the storm event occurring in late March which caused multiple dropouts and slips throughout the Ruakituri group of forests, it was not until late April before the harvest crew had full access to return to Hereford to load out the logs felled in March from Setting 311 on Lavender Road. Once these logs have all been loaded out the crew will move out of Hereford Forest due to the limited access for logging trucks caused by the storm damage.

Due to storm damage, the bridge at Te Reinga has been closed to heavy traffic with an estimated repair time of 12 months. In the meantime, all harvesting activities will cease until the bridge reopens. Machinery in the forest has had to exit Ruakituri via Ohuia Station and the Riverina Bridge.

Cartage

Cartage is managed by Harvest Logistics Ltd, who organise the despatch and supply of log trucks into the forest.

The total cartage expense for the month was **\$28,698.90** which is an average unit rate of **\$38.23** per tonne.

Cartage expenditure for the month is summarised below in Table 2:

CARTAGE COSTS		TOTAL
April	Cartage - Truck	\$25,760.55
	Cartage – Rail	\$2,938.35
	Weighbridge	\$279.23
		\$28,978.13

Table 2: Cartage Costs

The average cart rate for April inclusive of weighbridge fees is **\$38.60** per tonne.

Some volume was carted to Gisborne Port and some to the Wairoa Rail Head. The “Cartage Rail” is the cost of cartage by rail only.

Engineering

ENGINEERING		RL	CF	TOTAL
April	Establishment - Engineering	\$368.44	\$2,775.56	\$3,144.00
	R&M - Event Clean-up	\$15.58	\$14,206.28	\$14,221.86
	Metal Lime		\$244.59	\$244.59
	R&M - Culverts Maintenance		\$9.71	\$9.71
	Stockpile Works		\$135.42	\$135.42
		\$348.02	\$17,371.55	\$17,755.57

Table 3: Engineering Costs

Expenditure for the month relates to further storm damage clean-up after the heavy rain weather event in March.

These costs included establishment of engineering equipment, metal supply, cart and spread, culvert and flume maintenance, road repairs and the clean-up of multiple slips and dropouts.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 4 below:

MONTH	NET MONTH	NET PROJECT
April	\$13,747.03	\$2,014,125.94

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$18.31** per tonne, or **\$9,819.31** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 5 below:

FEES & LEVIES		TOTAL
April	Management	\$4,127.84
	FGC levy	\$253.29
		\$4,381.13

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
April	Consumables	\$10.57
	Other	\$414.33
		\$424.90

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during April.

Other costs are related to road markers for radio call-up on Ohuka, Erepiti and Ruakituri Roads.

Health and Safety

There was one no injury incident reported during April. This occurred when the worker was leaving work on a gravel road when a vehicle driving too fast came around the corner and crashed head on. This is a reminder to drive to the conditions.

Environmental

There was no site-specific environmental planning or monitoring undertaken during April.

Financial Performance

The graph below shows the actual project results compared with the forecast budget.

The orange cumulative line measures actual performance against the forecast budget.

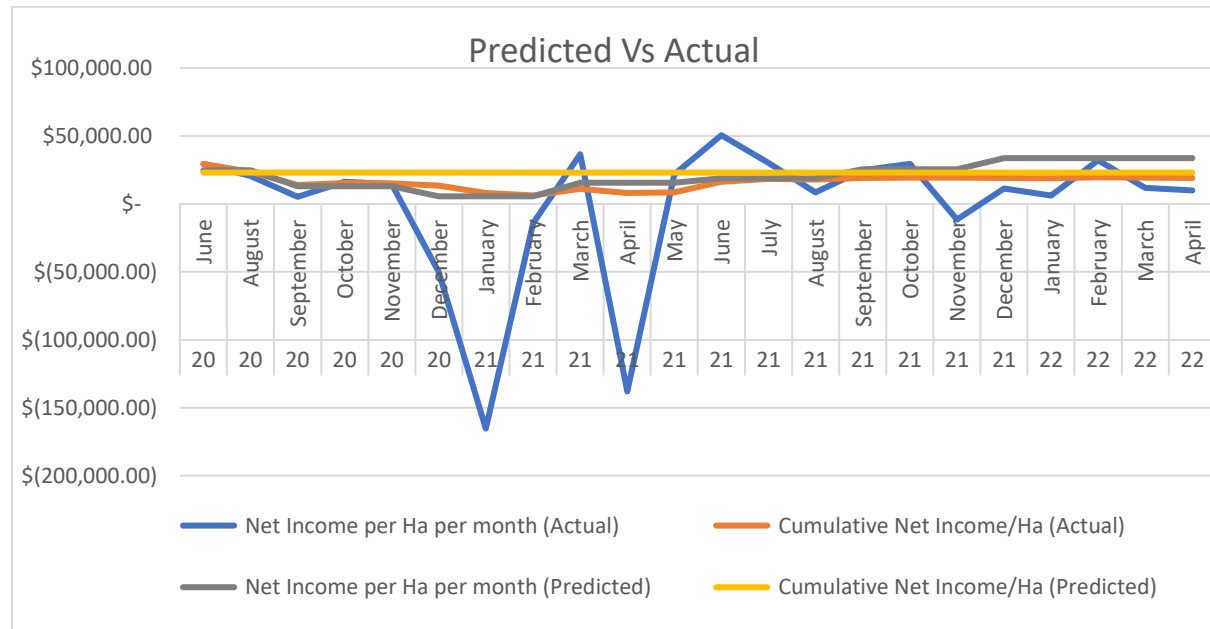


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$32.97**, forecast was \$34.49.

Gross return per tonne to date is **\$140.29**, forecast was \$131.31.

Net return per hectare to date is **\$19,182.15**, forecast was \$23,032.71.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Hereford Forest Partnership

01/04/2022 to 30/04/2022

Paid to bank account # 02-0792-0001692-000

GST # 62-990-236

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Export					
Pruned Exp	P40 3.9	0.00	20.675	\$179.00	\$3,700.83
Pruned Exp	P40 3.9	0.00	29.058	\$186.00	\$5,404.79
Pruned Exp	P40 5.1	0.00	38.068	\$181.00	\$6,890.31
Pruned Exp	P30 3.9	0.00	35.842	\$149.00	\$5,340.46
Pruned Exp	P30 5.1	0.00	13.960	\$143.00	\$1,996.28
A40	AO 3.9	0.00	175.204	\$134.00	\$23,477.34
A30	A 3.8	0.00	57.887	\$128.00	\$7,409.54
A30	A 5.8	0.00	213.050	\$130.00	\$27,696.50
K	K 3.8	0.00	18.812	\$121.00	\$2,276.25
K	K 5.8	0.00	72.693	\$123.00	\$8,941.24
KI	KI 3.8	0.00	37.466	\$112.00	\$4,196.19
TOTAL EXPORT SALES		0.00	712.715		\$97,329.73

Export Pulp					
Export Pulp	KIS 3.8	0.00	54.826	\$107.00	\$5,866.38
TOTAL EXPORT PULP SALES		0.00	54.826		\$5,866.38
TOTAL			767.541		\$103,196.11

FEES	
FMNZ Management Fee @ %	\$4,127.84
TOTAL FEES	
	\$4,127.84
LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$253.29
TOTAL LEVIES	
	\$253.29
COSTS	
Harvesting	\$34,906.62
Cartage	\$25,760.55
Weighbridge	\$279.23
Cartage - Rail	\$2,938.35
Consumables	\$10.57
Establishment	\$3,144.00
Logging	\$3,002.72
Metal Lime m3	\$244.59
Other	\$414.33

Appendix 1 Harvesting Financial Summary (Continued)

R&M - Culvert Maintenance	\$9.71
R&M - Event Cleanup	\$14,221.86
Stockpile Works	\$135.41
TOTAL COSTS	\$85,067.94
TOTAL FEES, LEVIES & COSTS	\$89,449.07

NET INCOME	\$13,747.04
GST	\$2,062.06
NET INCOME (INCLUDING GST)	\$15,809.10



Photo 1: Sumitomo 370 working on large dropout at Marker 3 on Richmond Road.



Photo 2: Log 28 operations on Landing 311, Lavender Road.



Photo 3: Setting 308.



Photo 4: Hereford Forest cutover with Maslowski Road to the right of photo.

HEREFORD CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22	Apr 22	Grand Total
Engineering	Culvert Installation	-\$11,337.25	-\$4,136.00			-\$15,473.25
	Culverts	-\$23,601.80	-\$11,025.16			-\$34,626.96
	Culverts - Freight	-\$1,041.20	-\$1,521.00			-\$2,562.20
	Establishment - Engineering	-\$6,910.04	-\$1,068.82	-\$390.26	-\$3,144.00	-\$11,513.12
	Fluming	-\$3,416.64	-\$2,915.60			-\$6,332.24
	Grass Seeding	-\$3,810.20	-\$2,122.00			-\$5,932.20
	Landings	-\$223,566.84	-\$24,198.50			-\$247,765.34
	Loadout Bay Construction	-\$2,877.94	-\$3,723.53			-\$6,601.47
	Loadout Bay Metal	-\$2,806.50				-\$2,806.50
	Metal Rock	-\$181,599.76	-\$88,665.46			-\$270,265.23
	Other		-\$1,919.91			-\$1,919.91
	Pads	-\$23,420.00	-\$14,366.00			-\$37,786.00
	Pavement	-\$19,564.67	-\$4,752.63			-\$24,317.29
	R&M	-\$17,634.00	-\$8,979.46	-\$655.50		-\$27,268.96
	R&M - Culverts Maintenance	-\$649.50	-\$4,105.20		-\$9.71	-\$4,764.41
	R&M - Event Cleanup	-\$1,884.76	-\$40,933.55	-\$1,300.30	-\$14,221.86	-\$58,340.47
	R&M - Road Maintenance	-\$22,042.44	-\$40,100.45	-\$2,474.57		-\$64,617.46
	Rehab	-\$7,370.04	-\$9,794.00			-\$17,164.04
	Road Formation	-\$492,639.64	-\$54,055.00			-\$546,694.64
	Sediment Control	-\$350.62				-\$350.62
	Spread from stockpile	-\$70,737.35	-\$12,527.75			-\$83,265.10
	Stockpile Works	-\$9,837.71	-\$10,607.08	-\$112.21	-\$135.42	-\$20,692.41
	Temp Landings	-\$23,492.00	-\$350.00			-\$23,842.00
	Trucks - Cart & Dump	-\$114,787.33	-\$125,548.58	-\$7,957.47		-\$248,293.38
	Trucks - Cart & Spread	-\$2,086.91				-\$2,086.91
	Metal Lime		-\$35,881.67	-\$2,026.05	-\$244.59	-\$38,152.31
	R&M - Metal		-\$11,719.83	-\$8,693.74		-\$20,413.57
	Entranceway - Seal		-\$4,869.35			-\$4,869.35
Engineering Total		-\$1,267,465.14	-\$519,886.53	-\$23,610.10	-\$17,755.57	-\$1,828,717.34
Fees	FGC levy	-\$7,166.39	-\$10,787.25	-\$513.98	-\$253.29	-\$18,720.90
	Management	-\$135,524.15	-\$194,396.72	-\$8,741.35	-\$4,127.84	-\$342,790.06
Fees Total		-\$142,690.54	-\$205,183.97	-\$9,255.32	-\$4,381.13	-\$361,510.97
Harvesting	Cartage - Rail	-\$41,180.09	-\$117,895.02	-\$551.16	-\$2,938.35	-\$162,564.62
	Cartage - Truck	-\$585,112.34	-\$938,244.26	-\$45,659.96	-\$25,760.55	-\$1,594,777.11
	Establishment - harvesting	-\$10,866.71	-\$7,161.00	-\$10,421.68		-\$28,449.39
	Logging	-\$1,057,958.32	-\$1,354,834.06	-\$72,493.93	-\$37,909.34	-\$2,523,195.64
	Tracking	-\$18,525.00	-\$8,560.00			-\$27,085.00
	Trailer Lifting	-\$1,777.04	-\$273.24	-\$55.72		-\$2,106.00
	Weighbridge	-\$9,885.15	-\$11,551.41	-\$607.50	-\$279.23	-\$22,323.29
	Cartage - Trans Shipping		-\$277.50			-\$277.50
Harvesting Total		-\$1,725,304.64	-\$2,438,796.49	-\$129,789.95	-\$66,887.47	-\$4,360,778.55
Income	Log Sales	\$3,388,103.80	\$4,859,918.03	\$218,533.69	\$103,196.10	\$8,569,751.61
Income Total		\$3,388,103.80	\$4,859,918.03	\$218,533.69	\$103,196.10	\$8,569,751.61
Miscellaneous	Consumables	-\$1,180.61	-\$649.25	-\$64.55	-\$10.57	-\$1,904.98
	Other	-\$98.61	-\$86.83		-\$414.33	-\$599.77
	Power Lines	-\$361.55				-\$361.55
	Traffic Management	-\$80.09				-\$80.09
	Environmental Monitoring		-\$1,532.45	-\$18.75		-\$1,551.20
	Consultancy Fees		-\$104.06			-\$104.06
	Security		-\$17.17			-\$17.17
Miscellaneous Total		-\$1,720.85	-\$2,389.76	-\$83.30	-\$424.90	-\$4,618.82
Grand Total		\$250,922.63	\$1,693,661.27	\$55,795.02	\$13,747.03	\$2,014,125.94