



NEW ZEALAND
FOREST OWNERS' ASSOCIATION INC.

To: Forest Owners Association Membership
Date: 13 June 2005
Subject: Forest Health Surveillance Scheme 2005 and 2006

This memo is to advise you that the Forest Health Surveillance Scheme has been awarded to Target Pest for the next two years.

We have not used Target Pest in the past to survey our forests, but many of the staff will be familiar to you. Paul Bradbury is the Manager of Biosecurity for Target Pest, and Brent Rogan is their North Island Coordinator. They currently have nine staff either fully trained or undergoing training in forest health protection. Additionally, they have considerable experience in forest pest and disorder surveillance throughout New Zealand and have relevant experience in high-risk site surveillance for MAF and DOC.

The sub-committee charged with evaluating the tenders made the unexpected recommendation to award all nine zones to Target Pest because their bid was extremely competitive and their proposal rated very highly in all other aspects. Their rates for FHS over the next two years are presented in the table below, which also includes a rate for Permanent Health Plot assessment in Year 2, assuming the Sustainable Farming Fund supports our application for Condition Monitoring. We should know the outcome from this proposal before 1 July 2005.

Table 1. Surveillance costs per zone

| ZONES (\$/ha) | | | | | | | | | |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| FHS Cost | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Year 1 | \$0.510 | \$0.390 | \$0.390 | \$0.370 | \$0.540 | \$0.420 | \$0.410 | \$0.450 | \$0.580 |
| Year 2 | \$0.520 | \$0.400 | \$0.400 | \$0.380 | \$0.550 | \$0.430 | \$0.420 | \$0.460 | \$0.600 |
| PHP cost | \$0.040 | \$0.050 | \$0.040 | \$0.060 | \$0.040 | \$0.050 | \$0.020 | \$0.050 | \$0.030 |

Table 2 provides an indication of how competitive the Target Pest tender was, both compared to last year's costs and also compared to the next best tender received.

Table 2. Cost comparisons

| Total Savings | Compared to: |
|---------------|--|
| \$106,095 | Last year's costs |
| \$20,175 | Last year's costs if audit and admin fee included in 2005 at \$0.07/ha |
| \$83,665 | Next best provider for 2005 year (includes \$0.07/ha admin and audit) |
| \$52,681 | Next best provider for 2006 (includes PHPs plus \$0.02/ha admin) |

A map showing the new zones for 2005/06 is attached to this memo. Boundaries have been modified to rationalise zones and presumably reduce costs.

In addition to the surveillance costs there are of course the fixed costs, listed in Table 3. The “Administration/Audit” costs are proposed. The recommendation to the Forest Owners Association Executive Council is that we use the savings identified in Table 3 (\$106K over last year) to enable a thorough audit and to provide approximately \$25K/year for scheme Administration. It will also likely be necessary to show cash leverage to secure the SFF funding.

Table 3. Additional FHS Costs

| | (\$/ha) |
|--|---------|
| Diagnosis | \$0.110 |
| Database | \$0.047 |
| Research levy | \$0.310 |
| Administration, Audit, PHP development (year 1) | \$0.070 |
| Administration, Audit (from year 2) | \$0.020 |

Total costs, including the Fixed costs in Table 3 plus the FHS costs in Table 1, are shown in Table 4.

| | ZONES (\$/ha) | | | | | | | | |
|--------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Year 1 | 1.047 | 0.927 | 0.927 | 0.907 | 1.077 | 0.957 | 0.947 | 0.987 | 1.117 |
| Year 2 | 1.047 | 0.937 | 0.927 | 0.927 | 1.077 | 0.967 | 0.927 | 0.997 | 1.117 |

Table 4. Total costs by zone

To make the scheme a success we will be encouraging all members to participate on an annual basis. The scheme has been thoroughly reviewed and revised to enhance its ability to both detect new incursions and also to provide reports on current forest condition. We will also be encouraging non-FOA members to participate.

In the past there has been an issue that some forest owners have ignored the recommendation of the FOA to use the FHS Provider recommended and have contracted directly with another Provider. Obviously the tender has been negotiated in good faith with the successful Provider and the price has been set accordingly. Therefore, it is hoped that all FOA members will cooperate for the benefit of the collective good.

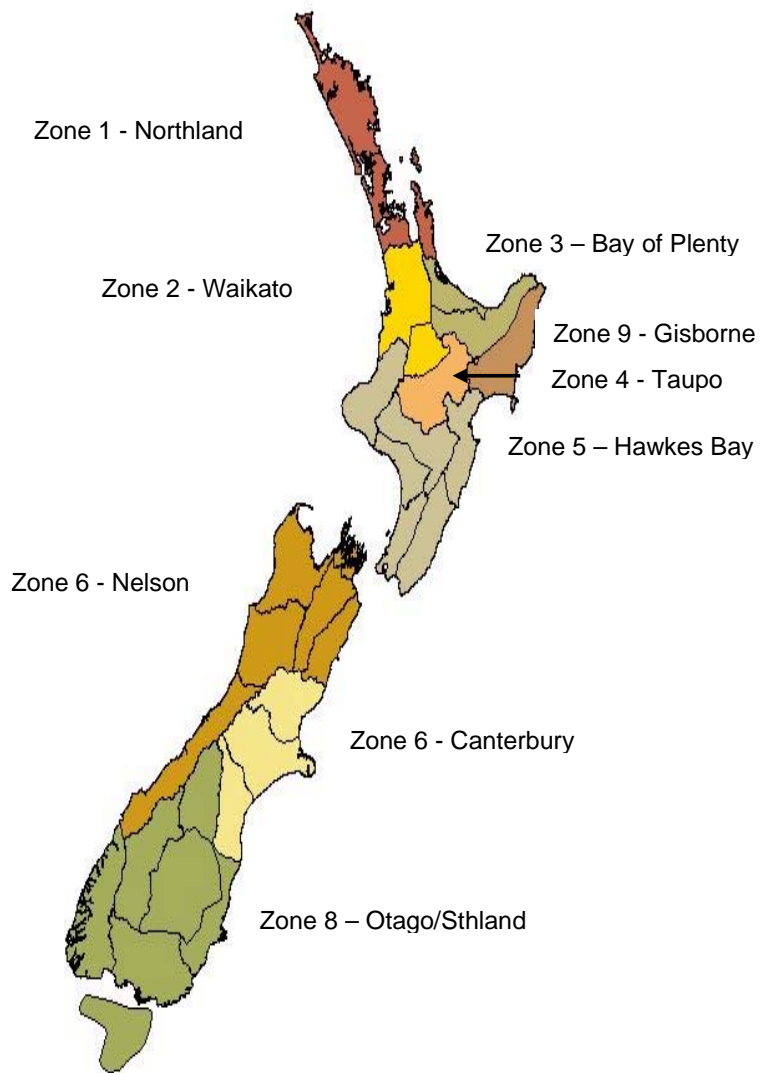
We are in the process of finalising arrangements with Target Pest and you can expect direct contact with them in the near future.

If you have any questions on the revised surveillance scheme, please do not hesitate to contact national office: email – christine@nzfoa.org.nz.

Yours sincerely

Jeremy Fleming
Chairman

Graeme Hall
Secretary



Forest Health Surveillance Zones for 2005/2006