

Memorandum

Date July 15, 2025
Subject Harvesting Considerations Summary

Executive Summary: Timber Pricing and Harvesting Scenarios

Overview

A preliminary comparison of 2023 realized timber prices with the May 2025 price list indicates that overall pricing has remained relatively stable. Cedar continues to command high market value, while some Fir grades have experienced modest reductions. Despite these minor shifts, the overall pricing landscape remains comparable. However, timber values are inherently variable and influenced by factors such as terrain, species composition, and log grade.

This summary outlines three harvesting scenarios—Conventional, Reduced, and Active Conservation—each with distinct financial and ecological implications. These scenarios are intended to support strategic discussions and do not yet account for all operational constraints or regulatory requirements.

Definitions:

Forest Retention: Percentage of forested area left standing post-harvest.

Forest Engineering: Cost of field layout, mapping, and delineation (\$/m³).

Harvesting Cost: Cost to fall, process, site prep and deliver timber to Shoal Island (\$/m³).

Maintenance Cost: Estimated silviculture costs over 10 years (\$/m³).

Log Price: Estimated average sale price of timber (\$/m³).

Net Revenue (\$/m³): Log price minus harvesting and maintenance costs.

Net Revenue per ha: Net revenue per hectare, assuming 400 m³/ha yield.

Harvesting Scenarios: Financial Summary

Harvest Scenario	Forest Retention	Forest Engineering (\$/m ³)	Harvesting Cost (\$/m ³)	Maintenance Cost (\$/m ³)	Log Price (\$/m ³)	Net Revenue (\$/m ³)	Net Revenue per ha (\$/ha)
Conventional	15%	\$1.00	\$45.00	\$4.00	\$90.00	\$40.00	\$16,000
Reduced	35%	\$1.25	\$65.00	\$5.00	\$90.00	\$18.75	\$7,500
Active Conservation	65%	\$2.00	\$90.00	\$0.00	\$55.00	-\$35.00	-\$14,000

Assumptions & Notes:

- The estimated revenue per ha does not account for forestry staff wages and benefits
- All scenarios assume a harvest yield of ~400 m³/ha.
- Harvesting costs are based on 5ha or greater harvest areas; smaller areas may incur higher costs.
- Net revenue includes long-term silviculture costs (e.g., planting, brushing, protection).
- Road building and safety upgrades are excluded and may significantly affect costs.
- Log prices assume unrestricted market access. Local-only sales could reduce prices by ~30%, making only the Conventional scenario profitable.
- Resuming harvesting may affect eligibility for future carbon credit sales.

Harvesting Scenarios: Financial Projections

1. Conventional Harvest

Area-Based Estimate

- **Net Revenue per Hectare:** \$16,000
- **Scenario Projections:**
 - 20 hectares: **\$320,000**
 - 40 hectares: **\$640,000**

Volume-Based Estimate

- **Average Yield:** 400 m³/ha
- **Net Revenue per Cubic Meter:** \$40
- **Scenario Projection:**
 - 16,000 m³ (~40 ha): **\$640,000**

2. Reduced Harvest

Area-Based Estimate

- **Net Revenue per Hectare:** \$7,500
- **Scenario Projections:**
 - 20 hectares: **\$150,000**
 - 40 hectares: **\$300,000**

Volume-Based Estimate

- **Average Yield:** 400 m³/ha
- **Net Revenue per Cubic Meter:** \$18.75
- **Scenario Projection:**
 - 16,000 m³ (~40 ha): **\$300,000**
- **Comparison:** This represents a **53% reduction** in net revenue compared to the conventional harvest scenario.

3. Active Conservation

- **Revenue Impact:** No direct financial return.

Strategic Considerations

1. Environmental and Visual Impact

Ecological and visual impacts are highest under Conventional Harvesting and lowest under Active Conservation. Higher retention levels support biodiversity, carbon storage, and visual quality objectives, but reduce financial returns.

2. Market Sensitivity

Profitability is highly dependent on market access. Restrictions on where timber can be sold (e.g., local-only sales) significantly reduce revenue potential. Under restricted market conditions, only Scenario 1 remains viable.

3. Operational Readiness

Some harvest areas have undergone preliminary planning prior to the suspension of forestry operations. In areas with minimal constraints, harvesting could begin within 6 months, following:

- Council direction
- Field layout and mapping
- Public tendering through the RFP process

Areas with location restrictions, size/method constraints, or public engagement requirements will require longer lead times.

4. Planning and Resourcing

A 5-year forestry plan is recommended to guide long-term operations and cost forecasting.

- Estimated cost: ~\$25,000

- Additional staff time or consultant support may be required to manage the planning process.

Without a long-term plan, it is difficult to estimate infrastructure costs or align harvesting with ecological and community objectives.

Next Steps and Recommendations

1. Council Direction

- Clear guidance is needed on harvesting restrictions, allowable locations, ecological objectives, and public engagement requirements.

2. Resume Long-Term Planning

- Reinitiate the 5-year forestry planning process to identify viable harvest areas and align operations with goals.

3. Assess Infrastructure Needs

- Review road access, safety upgrades, and potential new construction to refine cost estimates.

4. Evaluate Market Scenarios

- Consider implications of local vs. broader market sales and their impact on profitability.