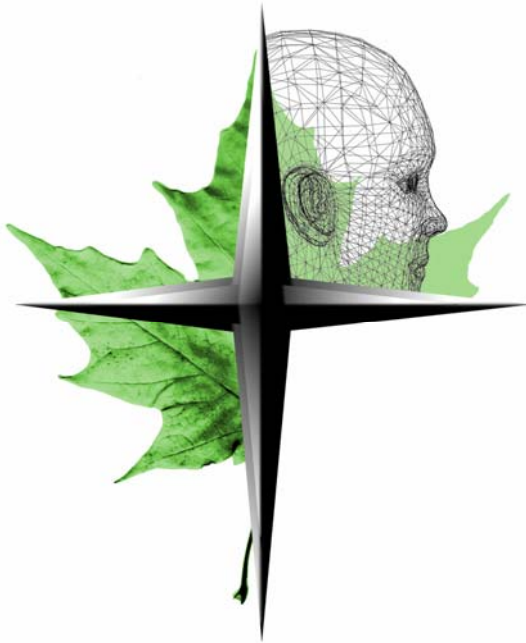


C A S E S T U D Y

F O R E S T P L A N N I N G W I T H R E M S O F T[®]



City Forests employs Woodstock for all aspects of forest and business management modeling

From land acquisitions to carbon credit counting and from verifying sustainable management for certification standards to routine forest planning, New Zealand's City Forests Ltd. has put Woodstock forest modeling software to the test for a full array of resource allocation planning.

The company owns and manages 15,500 -hectares of plantation forest in the Otago province on the South Island of New Zealand. City Forests Ltd. is wholly owned by the City of Dunedin and produces 180,000-M3 of top-quality saw logs and pulp annually mainly for the domestic and Asian markets.

Its principal objective in managing the plantation forests, comprised mostly of radiata pine, has always been to maximize financial returns to its shareholder, the City of Dunedin, but the company must also juggle numerous other secondary objectives and choose strategies that best facilitate achieving these goals.

"Being a plantation forest owner, our main constraints in terms of managing our resources are the application of 'best operations practices' and market and production constraints," says Peter Oliver, Resources Forester with City Forests Ltd. "But because we are based around a city, a number of our forests have high recreation value and this is something we have to consider too."

For many years the company had used a basic simulator to develop strategic and tactical plans but this eventually proved inadequate to cope with the growing complexity of its operations, the growing size of its production and the company's desire to readily test alternative strategies and respond to new opportunities – including land acquisitions.

Having surveyed the options, City Forests chose Woodstock as its forest modeling software tool in 2002, basing its decision on functionality, flexibility and cost.



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“Woodstock has given us the capacity to routinely analyze the carbon effects of different strategies and to actively manage these if constraints are appropriate in future.”

“Woodstock has allowed us to build a highly detailed model based around a large number of development units that solve in a reasonable time. This level of detail together with Woodstock’s ability to simulate and optimize, also allows us to develop tactical plans, to test a range of strategies and conduct extensive sensitivity testing,” Mr. Oliver said.

Mr. Oliver said Woodstock has quickly become a key tool in City Forests’ business planning cycle and it is being used to quickly plan long-term budgets and is even applied by planners to help evaluate the impact of wood flows on private and public road networks and manage the supply of products to markets.

As City Forests is Forest Stewardship Council (FSC) registered, Woodstock has been used to help demonstrate to auditors that City Forests is managing its forests on a sustainable basis.

Carbon Credits and Land Valuations and Certification Compliance Well-acquainted with Woodstock’s flexibility and usefulness as a modeling tool for forest management planning, City Forests has begun to add more information to its models and diversify its applications.

Already Mr. Oliver has used the software to evaluate a forestland acquisition and has represented carbon emission and sequestration rates in the Woodstock model so that the company can report on the carbon status of its forests, as it would any other forest yield.

“New Zealand is a signatory to the Kyoto protocol and the use of forests as Carbon sinks has become an issue for foresters here,” Mr. Oliver explained. “Woodstock has given us the capacity to routinely analyze the carbon effects of different strategies and to actively manage these if constraints are appropriate in future.”

Mr. Oliver had the opportunity to use Woodstock for forest valuation when City Forests was invited to bid on an 1,800-hectare mixed-age forest that was contiguous to its existing land base.

“We wished to be able to model that forest together with our existing resource, both to see how it fit in, in terms of resource flows, and to calculate the synergy value of acquiring it. We believed that we could demonstrate a significant synergy value given the forest’s location and resource structure in relation to our own, and that this synergy value may enable us to tender a very competitive bid.

“Woodstock enabled us to readily test a range of scenarios and subsequently we were the successful bidders,” Mr. Oliver said.

For more information about City Forests Ltd, please visit <http://www.cityforests.co.nz>.

