

Commercial Activities

Sub Activities:

Harbours

Airport

Leased Properties

Forestry

Goal

To manage the District's forestry resources, investments, and property portfolio in a cost effective manner so as to provide the optimum financial return on those assets. Harbour and Airport facilities are to be developed in the most appropriate manner to provide for the needs of its commercial and recreational users.

Nature and Scope of Activity

Harbours

South Bay Marina is only 12 years old, however the increased number of commercial and recreational users of the facility, and the increasing size of the boats being housed there, is placing pressure on the marina and there is already speculation that a much larger facility will need to be provided within the next 10 year period.

The North Wharf replacement will soon be complete, and will provide a landing for cruise ship tenders to drop off visitors directly onto the wharf, in response to demand from the cruise operators. While the fisheries have ceased to operate from the fish and mussel processing factories at the wharf, the fishing boats do continue to use the wharf for offloading their catch.

Airport

Kaikoura's Airport is situated on Department of Conservation land at Peketa, 8km south of the township, and is currently the home of the Kaikoura Aero Club and Wings Over Whales, and host to Sounds Air. The Airport Management Committee has approached Council for permission to extend the runway and develop aircraft hangers on the site, and these projects have been provided for in the Long Term Council Community Plan.

Leased Properties

In addition to the properties already mentioned, Council owns the building at 94 West End occupied by the Library and, until recently, a seal swimming operation. The library has expanded into the vacant space providing it with much-needed room for expansion.

The land at the North Wharf has previously been leased to Pacifica Fisheries Ltd, but the closure of those premises has left much of the area vacant and unused, with a new leasee interested in developing the area. Other leased properties include the property at 25 Beach Rd currently occupied by the gymnasium, a house at 20 Beach Road, and various grazing leases and minor buildings.

Forestry

Council owns 378 hectares of forest located on leased land at Clarence, 8 hectares of forest on reserve land at South Bay, and also has an 11.5% share in the Marlborough Regional Forestry joint venture with the Marlborough District Council.

Effects on the Community

Economic	☺	Harbour and Airport facilities are essential for the continued commercial investment in the district, particularly for our sea- and air-based tourism ventures. And, with the exception of the harbour facility, Commercial Activities also provide a return to Council, which is used to offset the rates requirement and build up cash reserves for further strategic investments.
Environmental	☹	The provision of commercial activities has a negligible impact on the environment, with the exception of forestry. Council's forests are pinus radiata, which gives good ground stability in sandy soils, but does tend to deplete soil nutrients over time.
Social	☺	Harbour and airport facilities provide for leisure, sport and recreational activities, as well as providing for a mode of transport for travellers.
Cultural	☹	Commercial activities have very little impact on the cultural wellbeing of the community.

Community Outcomes

The following table highlights how Commercial Activities contributes to the achievement of Community Outcomes.

Community Outcome	How the Commercial Activities Activity Contributes	Performance Measure
Safe, Efficient Transport Network	By developing airport facilities as required to service passenger traffic	Annual capital spend on airport upgrading
Affordable Access to Quality Community Facilities	Upgrade harbour structures	Annual capital spend on harbour upgrading
	By disposing of two commercial properties to fund the development of the combined community complex	Disposal of 25 Beach Rd and the existing library building

Report on Performance

Performance Measure	Last Year	Target 2007/2008	Actual Result 2008
Annual capital spend on airport upgrading	No plans prepared	Develop land at end of existing airport site to provide for hangars	Council is now unlikely to construct airport hangars: no plans have been prepared
Annual capital spend on harbour upgrading	\$121,492 spent on South Bay public jetty	Complete rebuild of North Wharf, re-establish boat parking protection, and investigate potential location for a new marina	The North Wharf will soon be replaced. The boat parking protection work has been delayed pending agreement from the community, and a potential location for a new marina is yet to be substantially investigated.
Disposal of 25 Beach Rd and the existing library building	N/A	N/A	The library has expanded within the existing library building, and Council no longer wishes to sell it. Instead Council proposes to sell 25 Beach Rd and has negotiated the sale of the house at 20 Beach Rd and an area of land behind it. Until such time as funds are required for the proposed community facility, the sale of these buildings is not essential.

Level of Achievement

There have been delays regarding completion of some projects, and Council will not be constructing airport hangars, but rather leaving this option for private developers, therefore Council has not achieved these targets as set out in its Long Term Council Community Plan.

Operating Cost of Service Statement: Commercial Activities

FOR THE YEAR ENDED 30 JUNE 2008

	2008 BUDGET \$	2008 ACTUAL \$	2007 ACTUAL \$
Operating Expenses			
<u>Airport</u>			
Operations	20,182	19,856	13,300
Loan Interest	6,641	3,979	4,183
Depreciation	3,993	579	85
	30,816	24,414	17,568
<u>Harbour</u>			
Operations	88,153	81,596	79,913
Loan Interest	85,778	45,220	40,928
Depreciation	36,256	34,229	30,519
	203,187	161,045	151,360
<u>Leased Properties</u>			
Operations	44,523	42,273	24,326
Loan Interest	19,066	16,985	18,941
Depreciation	12,423	10	120
	76,012	59,268	43,387
<u>Forestry</u>			
Operations	346,174	486,077	122,283
Loan Interest	-	-	-
Depreciation	-	16,387	12,727
	346,174	502,464	135,010
Total Operating Expenses	663,189	747,191	347,325
Funded by:			
User Fees & Charges	325,852	311,547	337,544
Forestry Revenues	496,370	404,985	585,697
Targeted Rates	108,664	108,911	112,797
	930,886	825,443	1,036,038
Operating Surplus/(Deficit)	267,697	78,252	688,713

Capital Cost of Service Statement: Commercial Activities

FOR THE YEAR ENDED 30 JUNE 2008

	2008 BUDGET \$	2008 ACTUAL \$	2007 ACTUAL \$
Capital Expenditure			
<u>Airport</u>			
New/Upgrade Assets	51,450	2,979	-
Renewals	-	-	-
Increasing Level of Service	-	-	-
	51,450	2,979	-
<u>Harbour</u>			
New/Upgrade Assets	-	225	122,492
Renewals	-	-	-
Increasing Level of Service	-	-	-
	-	225	122,492
<u>Leased Properties</u>			
New/Upgrade Assets	-	18,317	-
Renewals	-	-	-
Increasing Level of Service	-	-	-
	-	18,317	-
<u>Forestry</u>			
New/Upgrade Assets	8,000	-	-
Renewals	-	-	-
Increasing Level of Service	-	-	-
	8,000	-	-
<u>Capital Debt Servicing</u>			
Loan Principal	90,050	24,071	62,589
Total Capital Expenditure	149,500	45,592	185,081
Funded by:			
General Rates (Offset)	(22,196)	(22,355)	(77,907)
Transfers from/(to) Reserves	(186,250)	(50,316)	(541,539)
Loans	50,000	-	85,000
Depreciation	40,249	40,011	30,814
Operating Surplus/(Deficit)	267,697	78,252	688,713
	149,500	45,592	185,081

Capital Expenditure: Acquisition of Assets

Airport

Provision had been made for the Airport facility at Peketa to benefit from the development of new aircraft hangars; however this project is unlikely to be led by Council. Council had originally intended to build and lease hangar facilities, but instead has opted with potentially making land available for private operators to develop hangars at their own cost.

Harbour

The North Wharf at Wakatu Quay will be replaced by summer 2008. This project was originally budgeted for in the 2006/2007 year, and was deferred to 2007/2008. Tenders received were substantially higher than had been anticipated, and the original budget of \$300,000 was then doubled. However, the finished wharf will now cater for cruise ship visitors to safely disembark, and this may well increase the number of these cruises visiting Kaikoura. As the work relating to the North Wharf replacement was unfinished at the end of the financial year, this is disclosed in Note 7 as capital work in progress as at 30 June 2008.

The new public slipway and jetty at South Bay has been developed to alleviate congestion during the peak summer season, however the proposed boat parking protection works is in doubt due to opposition from some of the very parties who lobbied Council for the work be done in the first place.

Forestry

No planting, pruning or thinning in undertaken in 2007/2008, due to low logging prices.