

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. 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	☺	Council has acquired the airport terminal building, thereby securing its status as a strategic community asset, and having the opportunity to gain greater returns from the facility.
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, and provides a good carbon sink; but does tend to deplete soil nutrients over time.
Social	☺	Harbour and airport facilities provide for commercial, 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.

Measuring our Contribution to Community Outcomes

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

<i>Outcome 3: Safe, Efficient Transport Network</i>		
	Target 2008/2009:	Actual Result:
By developing airport facilities as required to service passenger traffic	No capital work proposed.	Council purchased the airport terminal building to secure the airport as a strategic asset.
<i>Outcome 7: Affordable Access to Quality Community Facilities</i>		
	Target 2008/2009:	Actual Result:
Upgrade harbour structures.	Complete the replacement of the North Wharf.	Replacement of the wharf is well underway, but not complete.

	Target 2008/2009:	Actual Result:
By disposing of 25 Beach Rd, 20 Beach Rd, and the area of land behind 20 Beach Rd.	Sale of the three properties completed	Sale of 20 Beach Rd and the land behind it has been negotiated, with the sale pending.

Level of Achievement

There have been ongoing delays regarding completion of the north wharf. That project is expected to be complete by June 2010.

Operating Cost of Service Statement: Commercial Activities

FOR THE YEAR ENDED 30 JUNE 2009

	2008/2009 BUDGET \$	2008/2009 ACTUAL \$	2007/2008 ACTUAL \$
Operating Expenses			
<u>Airport</u>			
Operations	20,919	21,195	19,856
Loan Interest	8,111	15,117	3,979
Depreciation	5,902	4,370	579
	34,932	40,682	24,414
<u>Harbour</u>			
Operations	84,676	86,848	81,596
Loan Interest	73,860	52,332	45,220
Depreciation	36,256	31,601	34,229
	194,792	170,781	161,045
<u>Leased Properties</u>			
Operations	14,715	39,165	42,273
Loan Interest	19,066	19,648	16,985
Depreciation	15,083	-	10
	48,864	58,813	59,268
<u>Forestry</u>			
Operations	333,268	310,861	486,077
Loan Interest	-	15,831	-
Depreciation	-	21,559	16,387
	333,268	348,251	502,464
Total Operating Expenses	611,856	618,527	747,191
Funded by:			
User Fees & Charges	298,732	326,403	311,547
Forestry Revenues	491,726	302,831	404,985
Targeted Rates	84,278	84,429	108,911
	874,736	713,663	825,443
Operating Surplus/(Deficit)	262,880	95,136	78,252

Capital Cost of Service Statement: Commercial Activities

FOR THE YEAR ENDED 30 JUNE 2009

	2008/2009 BUDGET \$	2008/2009 ACTUAL \$	2007/2008 ACTUAL \$
Capital Expenditure			
<u>Airport</u>			
New/Upgrade Assets	-	450,000	2,979
Renewals	-	-	-
Increasing Level of Service	-	-	-
	-	450,000	2,979
<u>Harbour</u>			
New/Upgrade Assets	-	221,302	225
Renewals	-	-	-
Increasing Level of Service	-	-	-
	-	221,302	225
<u>Leased Properties</u>			
New/Upgrade Assets	-	3,950	18,317
Renewals	-	-	-
Increasing Level of Service	-	-	-
	-	3,950	18,317
<u>Forestry</u>			
New/Upgrade Assets	4,000	-	-
Renewals	-	-	-
Increasing Level of Service	-	-	-
	4,000	-	-
<u>Capital Debt Servicing</u>			
Loan Principal	86,234	79,289	24,071
Total Capital Expenditure	90,234	754,541	45,592
Funded by:			
General Rates (Offset)	(124,458)	(124,365)	(22,355)
Transfers from/(to) Reserves	(105,429)	197,787	(50,316)
Loans	-	450,000	-
Depreciation	57,241	35,981	40,011
Operating Surplus/(Deficit)	262,880	95,136	78,252
	90,234	754,541	45,592

Capital Expenditure: Acquisition of Assets

Airport

Council has taken up the opportunity to purchase the airport terminal building at Peketa, thereby securing that facility as a strategic asset, and enabling improved revenue streams from that investment. The airport is fully self-funding, and the loan servicing costs are covered by the lease revenues.

Harbour

The North Wharf at Wakatu Quay remains a work in progress. 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. The project is now hoped to be completed by June 2010. Once complete, the finished wharf will 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 16 as capital work in progress as at 30 June 2009.

Forestry

No planting, pruning or thinning was undertaken in 2008/2009, due to low logging prices.