



# Commercial

Activity Management Plan

**2015 - 2025**

**Final**

July 2015

### Quality Assurance Statement

|   |   |           |
|---|---|-----------|
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**For full Quality Assurance Statement, Refer Appendix Z**

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## SECTION A: COMMERCIAL ACTIVITY SUMMARY

### Introduction:

This document represents the creation of a new Commercial Asset Management Plan (Commercial AMP) for the commercial activities of Council. It is the first time these assets have been grouped in this manner and follows a greater focus by Council on these assets and their respective commercial performance. Over the preceding 4 or 5 years, Council has implemented a change of management for these assets through the appointment of its Commercial Subcommittee and Commercial Manager roles.

The Commercial AMP incorporates the activities of Aerodromes, Campgrounds, Commercial property, Forestry and Ports.

Previously AMPs have existed for Aerodromes, Port Tarakohe and Property. AMPs have not existed for Campgrounds, Commercial property and Forestry activities. In the past, these have been dealt with in a minor way through the Property AMP.

This Commercial AMP incorporates the outcomes from the increase in focus by Council on commercial activities. The Council's financial strategy for the commercial activities is to;

- manage the assets as a group;
- maximise the financial performance of the group and thus overall returns;
- develop a retention of profits model that will self fund the future growth and investment needs of commercial activities;
- adopt a dividend strategy that is reflective of market practices, whilst ensuring future planned growth and reinvestment is achievable.

This new financial strategy is different from the previous approach. Historically, the profits generated have been directed to other Council activities, primarily to offset the need for General Rates funding. This resulted in low reinvestment back into these activities. The impact of this low reinvestment has seen the need to loan fund any development and renewal needs, and over a period of time a dropping financial return to Council.

Council recognises some of the assets included within the Commercial AMP have been acquired subject to restrictive covenants or conditions that create legacy issues. These matters may affect our ability to deliver against commercial imperatives and provide full market related returns. The recent increase in focus and reinvestment will, when combined with strong commercial imperatives and sound commercial management practices, increase the overall returns to Council. It has been recognised that some assets may never reach the desired full commercial return level, however maximising their financial performance is then the key objective.

This change in strategy will require an upfront financial investment to return the condition of the assets to the appropriate level. This will allow Council to achieve the targeted levels of service, satisfy customer demand and provide medium to long term financial returns.

Full business cases will be prepared for any major changes to commercial asset infrastructure (capital or renewals) and will be required to demonstrate the investment to be self funding. Having control of all assets and their returns will allow for a high degree of planning and execution. This will be driven around directing funds to the best use and highest return. This approach will allow true commercial imperatives to take hold within the Activity.

There are six parts in the structure of the Commercial AMP, as follows:

- Generic summary for Commercial Assets
- Aerodromes
- Campgrounds
- Commercial Property
- Forestry
- Ports

## 1 Key issues for the Commercial Activities

The various issues relating to each commercial activity are shown in tables under each activity section.

All commercial activities have a focus on financial sustainability, asset fitness for purpose, Health and Safety and condition assessment (customer satisfaction).

**Table 1: Key generic issues for all commercial activities**

| Key Issue   | Council Approach  |
|---|---|
| <p><b>Health and Safety:</b></p> <p>Regulation and legislative changes to high risk assets of a commercial nature will require a completely different focus.</p> <p>External audits and monitoring of industry best practice is required with regular monitoring.</p>   | <p>Council has external audits on high risk activities as a starting process. Such audits are expected to highlight best practice, measure shortcomings and recommend changes to both current and future assessment and monitoring programmes.</p>  |
| <p><b>Financial Sustainability/Viability:</b></p> <p>Closed account status exists for all assets and they are required to be self funding.</p> <p>There is to be no rate funding of the group.</p> <p>All future investment is to be driven by individual business case assessment with a commercial focus– best and highest use of funds.</p>  | <p>All assets have or are in the process of financial business case review – covering financial, operational and governance issues.</p> <p>Many legacy assets have under performed commercially on both a level of service and financial return basis.</p> <p>Development plans have been initiated or planned from 2013 onwards; reviewing commercial practices, levels of services and financial charges.</p> <p>Trading profits that deliver a break-even result after depreciation funding and loan repayments are essential to gain further investment from Council.</p> |
| <p><b>Fit for purpose Facilities:</b></p> <p>Facilities and infrastructure are required to be adequate to handle the current and proposed activities.</p> <p>Growth requirements are reviewed with greater focus in respective financial business case reviews.</p> <p>The condition of some assets has slipped and requires improvement to keep pace with changing requirements.</p> | <p>Condition assessment to review fit for purpose infrastructure and facilities is occurring through input from;</p> <p>User groups;</p> <p>Operational management;</p> <p>Regular review and peer discussions.</p> <p>The Council will identify, plan and implement changes required to ensure all activity users needs are balanced against the required financial sustainability performance.</p>  |
| <p><b>Governance:</b></p> <p>All responsibility for these commercial assets sits with the Commercial Manager, and through the Corporate Services Manager to Council via the Commercial Subcommittee.</p> <p>Some assets have non-binding external advisory groups established to obtain input ie Port Tarakohe, Mapua Wharf, Aerodromes.</p>  | <p>The Council has indicated it is comfortable with the current level of governance and will regularly review changes to governance for each asset, if required.</p>  |



## 2 Activity Description

### 2.1 What We Do

The Council owns and operates commercial and semi-commercial activities throughout the region to provide an alternate income stream for Council, and thus reduce reliance on general rates, whilst providing services for a combination of commercial and recreational use.

A complete description for assets is included in each activity section.

### 2.2 Why We Do It

The Council's ownership and management ensures assets are retained for the commercial and recreational community – their economic development and strategic importance is critical to all ratepayers and facility users. These assets provide benefits to all users via employment and development for the wider community.

A complete description for assets is included in each section.

## 3 Community Outcomes and our Goal

This section is covered within each asset activity section of the Commercial AMP that follows.

### 3.1 Our Goal

The Council aims to provide commercial activities that meet user needs, provide a safe and compliant working environment and that contribute to the financial sustainability of Council.

## 4 Operations, Maintenance and Renewals Strategy

### 4.1 Operations and Maintenance

The Council's approach is to maintain and develop all commercial facilities in response to reasonable user needs, whilst ensuring financial viability via the appropriate level of user fees and other charges.

This ensures that Council provides a facility suitable for commercial and recreational users at the lowest long term cost to Council. The aim is to have all assets financially sustainable and self funding (including depreciation based on current asset values and all principal and interest debt servicing).

The day to day management is undertaken for each asset based on the complexity and operational nature of the asset. All activities report to, or are managed by, the Commercial Manager. There is a combination of contracted roles, leased ownership and remote management for respective assets. The management is clarified on each asset in their section below – the majority of activities are reactive.

The Commercial Manager is responsible for the overall management of all commercial activities, and reports to the Commercial Subcommittee, which reports directly to Council.

Regular condition assessments are undertaken according to recognised needs with a number of recommendations to be undertaken as maintenance. There is financial provision made for these items based on priority. A number of these have been addressed since this report was first drafted. A structural review and valuation of each asset is proposed every 5 years. These have been costed and detailed for inclusion in the 2015 version of this AMP.

Operation and maintenance is discussed within each activity section.

## 4.2 Renewals

Renewal expenditure is major work that does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original capacity. Work over and above restoring an asset to original capacity is new works expenditure.

Assets are considered for renewal as they near the end of their effective working life, or where the cost of maintenance becomes uneconomical and when the risk of failure of critical assets is sufficiently high.

The renewal programme has been developed by:

- Taking the asset age and remaining life predictions from the valuation database, calculating when the remaining life expires, field validation of the current condition, and converting that into a programme of replacements based on current unit rates.
- Reviewing and justifying the renewals forecasts using the accumulated knowledge and experience of asset operations and asset management staff.

The renewal programme is reviewed in detail during each Activity Management Plan (AMP) update (ie three yearly), and every year the annual renewal programme is reviewed and planned with the input of the operational management, Advisory Boards, Subcommittees and Council management.

The Council proposes to maintain the existing level of service provided to all users including lessees; and increased levels of service where a commercial imperative exists.

Renewals are discussed within each activity section.

## 5 Effects of Growth, Demand and Sustainability

### 5.1 Population Growth

A comprehensive Growth Demand and Supply Model (GDSDM or growth model) has been developed to provide predictive information for population growth and business growth, and from that, information about dwelling and building development across the district and demand for infrastructure services. The Growth Demand and Supply Model underpins the Council's long term planning through the Activity Management Plans, Long Term Plans (LTPs) and supporting policies (eg Development Contributions Policy).

The 2014 Growth Demand and Supply Model is a fourth generation model with previous versions being completed in 2005, 2008 and 2011.

Population growth within the district has a mixed effect (both direct and indirect) on the Council's commercial activities therefore the Growth Demand and Supply Model outputs are not always directly relevant to these activities.

However, there are changes in public and industry expectations which will have an impact on the future demands of at various activities. Impacts of growth are discussed within each activity section.

### 5.2 Implications of Legislative Change

The Council strives to meet the (legislative) standards when managing all commercial assets. There are various policy statements, policy documents, acts and bylaws relating to activities within the commercial environment that the Council must comply with. There is potential for increased expenditure to ensure compliance with these requirements.

Changes to policies may be driven from a number of directions. They could be internally driven with greater emphasis on the objective of self supporting, or externally (eg changes driven by national organisations and Government Policy Statements).

The Council will continue to monitor these factors when reviewing and developing forecasts and strategies.

Currently no financial allowance has been made for any legislative changes.

Key Legislation, Industry Standards, Statutory Planning Documents and growth and demand impacts are discussed in each activity section.

## 5.3 Sustainability

The Local Government Act 2002 requires local authorities to take a sustainable development approach while conducting their business, taking into account the social, economic and cultural wellbeing of people and communities, the need to maintain and enhance the quality of the environment and the reasonably foreseeable needs of future generations.

Sustainable development is a fundamental philosophy that is embraced in the Council's Vision, Mission and Objectives, and that shapes the community outcomes. The levels of service and the performance measures that flow from these inherently incorporate the achievement of sustainable outcomes.

Many of the Council's cross-organisational initiatives are shaped around community wellbeing (economic, social, cultural and environmental) and take into consideration the wellbeing of future generations. This is demonstrated in:

- The Council's Integrated Risk Management approach which analyses risks and particularly risk consequences in terms of community wellbeing.
- The Council's Growth Demand and Supply Model which seeks to forecast how and where urban growth should occur, taking into account opportunities and risks associated with community wellbeing.

For all activities, the Council is adopting a 10 year forecast in the Activity Management Plans to ensure the long term financial implications of decisions made now are considered, taking into account the commercial nature of the activity. At the activity level, a sustainable development approach is demonstrated by the following:

- recognising the impact on the environment by the activity; and
- balancing any future requirements of the activity, and subsequent developments for each activity are identified at an early stage and that they, and the financial risks, are identified and competently managed over the long term.

## 6 Level of Service and Performance Measures

At a macro level, the levels of service and performance measures for all asset activities will have components of health and safety, economic performance, fit for purpose condition assessment and customer satisfaction measures. Each specific Level of Service (LOS) is specified in the respective section of this AMP (ie Aerodromes, Campgrounds, Commercial property, Forestry and Ports).

## 7 Changes Made to Activity or Service

This section will be addressed in each individual activity section. Campgrounds, Commercial Property and Forestry did not previously have an AMP. Aerodromes and Port Tarakohe AMPs have been modified whereby all assets are now more commercially focused around key commercial drivers.

## 8 Key Projects

This section will be addressed in each individual activity section.

## 9 Management of the Activity

### 9.1 Management

Activities are managed by a combination of lessees, contractors and Council staff.

All assets are under the Council's control through the Commercial Manager, Corporate Services team and via Commercial Subcommittee, with Full Council oversight.

All land is owned by the Council and held in various ownership vehicles (principally reserves). Some land is subject to encumbrances, including the offer back provisions of the Public Works Act, or the proceeds of disposal are to go to the Crown.

## 9.2 Significant Effects

The significant positive and negative effects for each activity are addressed in each section of the AMP.

## 9.3 Assumptions

The Council has made a number of assumptions in preparing the AMP. Generic assumptions for all commercial activities are listed in table 2. Specific assumptions are listed in their activity section of the Commercial AMP.

**Table 2: Significant Assumptions**

| Assumption Type                            | Assumption  | Discussion   |
|--|---|--|
| Financial                                  | That all expenditure has been stated in 1 July 2015 dollar values and no allowance has been made for inflation. | The AMP financial data is non-inflated. As part of the LTP process, inflation factors are primarily provided by Business and Economic Research Limited (BERL). These factors are consistent across all AMPs. Performance reporting is against inflation adjusted figures   |
| Asset data knowledge.                      | That the Council has sufficient knowledge of the assets and their condition.                                    | There are several areas where the Council needs to improve its knowledge and assessments but there is a low risk that the improved knowledge will cause a significant change to the level of expenditure required.   |
| Timing of capital projects.                | That major capital projects will be undertaken following the development and acceptance of full business plans. | The risk of the timing of projects changing is high due to factors like consents, business case review, preparation and funding approvals by the Council. The Council tries to mitigate this issue by undertaking early consultation, investigation and design phases sufficiently in advance of the construction phase. If delays are to occur, it could have significant effects on the levels of service and financial returns.       |
| Funding sources.                           | That all assets activities will become self funding.  | The Council's requirement is for all consolidated assets to become self funding and that no funding will be sought from general rates. The Council has adopted "closed accounts" for all activities. This includes commercial activities.  |
| Funding of capital projects                | That the projects identified will receive funding following a business case review.                             | The risk of the Council not funding capital projects is moderate due to user affordability issues. If funding is not secured, it may have moderate delaying effect on the increasing levels of service as projects maybe deferred. The risk is managed by consulting with the affected community/users and appropriate distribution of fees with all new investments requiring appropriate business case returns.                        |
| Accuracy of capital project cost estimates | That the capital project cost estimates are sufficiently accurate to determine the required funding level.      | The risk of large under estimation is low; however the significance is moderate as the Council may not be able to afford the true cost of the projects. The Council tries to reduce the risk by including a standard contingency based on the projects lifecycle.  |
| Changes in legislation and policy          | That there will be no significant changes in legislation or policy.   | The risk of major change is moderate/high due to the changing nature of the government and politics. If major changes occur it is likely to have an impact on the required expenditure. The Council has not mitigated the effect of this.<br><br>Health and Safety changes both in recent years, and as proposed during 2015, will provide significant challenges for the Council in the management of its commercial activities. A full |

| Assumption Type | Assumption | Discussion  |
|-----------------|------------|---|
|                 |            | audit will need to be actioned, any corrective processes adopted, and a regular review programme entered. |

### 9.4 Risk Management

This approach includes risk management at an organisational level (Level 1). The treatment measures and outcomes of the organisational level risk management are included within the Long Term Plan.

The asset group level (Level 2) risk assessment was carried out at the same time as the Level 1 assessment due to the small number of assets managed within the activity.

Major asset groups within the activity have been identified. An analysis of risk events was then undertaken to determine the issues arising that may prevent the assets delivering the required service. At this level of risk assessment, the risk events considered are physical events only as management and organisational risk events formed part of the earlier organisational risk assessment. Treatment strategies that mitigate each risk for asset groups have been identified.

The outcome from this process for each activity is summarised in section 9.4 and further described in Appendix Q.

### 9.5 Improvement Plan

This Activity Management Plan document has been peer reviewed by Waugh Infrastructure Management Ltd.

This is the first time the commercial Activity Management Plan has been developed and there are aspects that will continue to develop over time. There is an improvement plan listed in Appendix V which covers ongoing development.

## 10 Consolidated Summary of Commercial Activities

The following table is a financial trading summary of the existing **consolidated** commercial activities of Council generated from existing activity information.

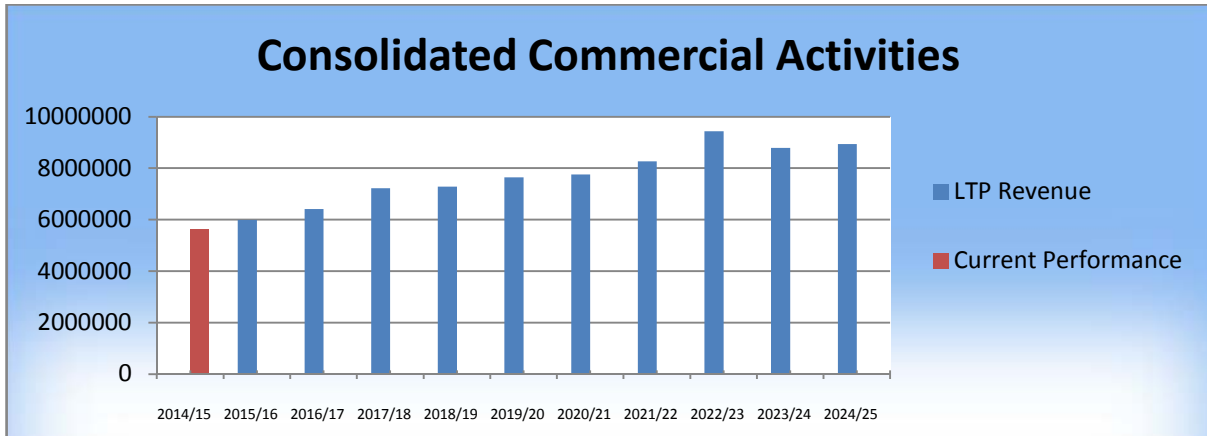
**Table 3: Consolidated Summary of Commercial Activities**

| Summary - Commercial Activities            |                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Account Summary                            | Total Budget AP 2014/15 | Budget LTP 2015/16  | Budget LTP 2016/17  | Budget LTP 2017/18  | Budget LTP 2018/19  | Budget LTP 2019/20  | Budget LTP 2020/21  | Budget LTP 2021/22  | Budget LTP 2022/23  | Budget LTP 2023/24  | Budget LTP 2024/25  |
| <b>Income</b>                              |                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Rates                              | \$ 470,436              | \$ 246,270          | \$ 296,110          | \$ 321,627          | \$ 317,548          | \$ 312,338          | \$ 305,473          | \$ 280,901          | \$ 230,036          | \$ 192,481          | \$ 159,884          |
| Fees & Recoveries                          | \$ 4,500,729            | \$ 5,129,529        | \$ 5,335,288        | \$ 5,954,140        | \$ 6,365,399        | \$ 6,563,900        | \$ 7,150,731        | \$ 7,670,586        | \$ 7,684,730        | \$ 7,881,291        | \$ 8,395,719        |
| Revaluations                               | \$ 593,000              | \$ 476,142          | \$ 653,000          | \$ 797,114          | \$ 465,969          | \$ 620,547          | \$ 163,955          | \$ 167,131          | \$ 1,346,604        | \$ 565,465          | \$ 232,234          |
| Sundry Income                              | \$ 81,773               | \$ 135,237          | \$ 131,015          | \$ 148,865          | \$ 140,162          | \$ 145,876          | \$ 141,617          | \$ 152,076          | \$ 180,646          | \$ 154,820          | \$ 153,369          |
| <b>Total Income</b>                        | <b>\$ 5,645,938</b>     | <b>\$ 5,987,178</b> | <b>\$ 6,415,414</b> | <b>\$ 7,221,746</b> | <b>\$ 7,289,077</b> | <b>\$ 7,642,661</b> | <b>\$ 7,761,776</b> | <b>\$ 8,270,695</b> | <b>\$ 9,442,016</b> | <b>\$ 8,794,058</b> | <b>\$ 8,941,206</b> |
| <b>Expense</b>                             |                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Wage Timesheet Allocation                  | \$ 13,077               | \$ 9,807            | \$ 9,704            | \$ 9,908            | \$ 10,225           | \$ 10,562           | \$ 10,921           | \$ 11,304           | \$ 11,711           | \$ 12,144           | \$ 12,605           |
| Maintenance                                | \$ 1,620,652            | \$ 1,930,377        | \$ 2,036,054        | \$ 2,638,383        | \$ 2,518,021        | \$ 2,721,014        | \$ 2,634,122        | \$ 2,979,480        | \$ 4,083,935        | \$ 3,275,323        | \$ 3,315,072        |
| General Operating Costs                    | \$ 359,745              | \$ 497,648          | \$ 485,391          | \$ 517,864          | \$ 523,118          | \$ 542,399          | \$ 556,371          | \$ 631,049          | \$ 616,641          | \$ 627,505          | \$ 645,248          |
| Professional Fees                          | \$ 198,068              | \$ 241,891          | \$ 197,397          | \$ 204,681          | \$ 235,068          | \$ 214,030          | \$ 221,622          | \$ 255,657          | \$ 234,785          | \$ 263,401          | \$ 282,904          |
| Employment Related Expenses                | \$ -                    | \$ 512              | \$ 524              | \$ 538              | \$ 552              | \$ 568              | \$ 586              | \$ 604              | \$ 624              | \$ 645              | \$ 668              |
| Operations                                 | \$ 92,647               | \$ 136,725          | \$ 140,143          | \$ 143,787          | \$ 147,669          | \$ 151,951          | \$ 156,510          | \$ 161,362          | \$ 166,687          | \$ 172,354          | \$ 178,559          |
| Overheads                                  | \$ 336,997              | \$ 381,484          | \$ 381,663          | \$ 418,486          | \$ 404,323          | \$ 411,581          | \$ 454,975          | \$ 442,123          | \$ 451,215          | \$ 500,771          | \$ 487,167          |
| Loan Interest                              | \$ 457,828              | \$ 329,973          | \$ 372,054          | \$ 322,665          | \$ 228,919          | \$ 206,964          | \$ 195,990          | \$ 125,390          | \$ 40,611           | \$ 79,152           | \$ 164,232          |
| Depreciation                               | \$ 339,418              | \$ 739,423          | \$ 824,325          | \$ 868,875          | \$ 907,787          | \$ 957,858          | \$ 963,278          | \$ 960,107          | \$ 951,589          | \$ 929,458          | \$ 904,208          |
| <b>Total Expense</b>                       | <b>\$ 3,418,432</b>     | <b>\$ 4,267,841</b> | <b>\$ 4,447,256</b> | <b>\$ 5,125,188</b> | <b>\$ 4,975,682</b> | <b>\$ 5,216,928</b> | <b>\$ 5,194,375</b> | <b>\$ 5,567,075</b> | <b>\$ 6,557,797</b> | <b>\$ 5,702,449</b> | <b>\$ 5,662,199</b> |
| <b>Trading Surplus/ (Deficit)</b>          | <b>\$ 2,227,506</b>     | <b>\$ 1,719,337</b> | <b>\$ 1,968,158</b> | <b>\$ 2,096,559</b> | <b>\$ 2,313,396</b> | <b>\$ 2,425,733</b> | <b>\$ 2,567,401</b> | <b>\$ 2,703,619</b> | <b>\$ 2,884,219</b> | <b>\$ 3,091,610</b> | <b>\$ 3,279,007</b> |
| EBITDA                                     | \$ 3,024,752            | \$ 2,788,733        | \$ 3,164,537        | \$ 3,288,099        | \$ 3,450,101        | \$ 3,590,555        | \$ 3,726,669        | \$ 3,789,115        | \$ 3,876,419        | \$ 3,941,916        | \$ 4,018,983        |
| less Revaluations                          | \$ 593,000              | \$ 476,142          | \$ 653,000          | \$ 797,114          | \$ 465,969          | \$ 620,547          | \$ 163,955          | \$ 167,131          | \$ 1,346,604        | \$ 565,465          | \$ 232,234          |
| Interest cost                              | \$ 457,828              | \$ 329,973          | \$ 372,054          | \$ 322,665          | \$ 228,919          | \$ 206,964          | \$ 195,990          | \$ 125,390          | \$ 40,611           | \$ 79,152           | \$ 164,232          |
| Principle cost                             | \$ 470,152              | \$ 558,498          | \$ 661,844          | \$ 699,297          | \$ 721,112          | \$ 775,547          | \$ 810,424          | \$ 783,711          | \$ 748,384          | \$ 709,088          | \$ 677,767          |
| <b>Cash Trading Surplus</b>                | <b>\$ 1,503,772</b>     | <b>\$ 1,424,121</b> | <b>\$ 1,477,639</b> | <b>\$ 1,469,023</b> | <b>\$ 2,034,101</b> | <b>\$ 1,987,497</b> | <b>\$ 2,556,300</b> | <b>\$ 2,712,884</b> | <b>\$ 1,740,819</b> | <b>\$ 2,746,514</b> | <b>\$ 3,273,214</b> |
| less Capital Expenditure                   | \$ 780,254              | \$ 3,192,783        | \$ 1,112,574        | \$ 603,542          | \$ 409,207          | \$ 2,671,787        | \$ 380,587          | \$ 328,348          | \$ 311,796          | \$ 322,709          | \$ 655,912          |
| plus Loan Funding                          | \$ 153,538              | \$ 3,121,173        | \$ 902,654          | \$ 388,164          | \$ 110,596          | \$ 2,387,554        | \$ 87,828           | \$ 2,366            | \$ -                | \$ -                | \$ 294,491          |
| less Funding of Depreciation               | \$ -                    | \$ 29,664           | \$ 59,426           | \$ 87,682           | \$ 160,391          | \$ 223,007          | \$ 265,785          | \$ 345,119          | \$ 419,781          | \$ 437,953          | \$ 451,492          |
| <b>Cash Result</b>                         | <b>\$ 877,056</b>       | <b>\$ 1,322,847</b> | <b>\$ 1,208,294</b> | <b>\$ 1,165,963</b> | <b>\$ 1,575,100</b> | <b>\$ 1,480,258</b> | <b>\$ 1,997,755</b> | <b>\$ 2,041,782</b> | <b>\$ 1,009,243</b> | <b>\$ 1,985,853</b> | <b>\$ 2,460,301</b> |
| Dividend to Parks and Reserves             | \$ 385,000              | \$ 385,000          | \$ 385,000          | \$ 385,000          | \$ 385,000          | \$ 385,000          | \$ 385,000          | \$ 385,000          | \$ 385,000          | \$ 385,000          | \$ 385,000          |
| Dividend to Council (offset debt)          | \$ -                    | \$ -                | \$ -                | \$ -                | \$ -                | \$ 600,000          | \$ 1,000,000        | \$ 1,100,000        | \$ 300,000          | \$ 1,100,000        | \$ 1,450,000        |
| Dividend to Council (offset rates)         | \$ 250,000              | \$ 250,000          | \$ 250,000          | \$ 250,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          |
| <b>Cash Retained</b>                       | <b>\$ 242,056</b>       | <b>\$ 687,847</b>   | <b>\$ 573,294</b>   | <b>\$ 530,963</b>   | <b>\$ 690,100</b>   | <b>\$ 4,742</b>     | <b>\$ 112,755</b>   | <b>\$ 56,782</b>    | <b>\$ 175,757</b>   | <b>\$ 853</b>       | <b>\$ 125,301</b>   |
| Accumulative Cash in activity              | \$ 242,056              | \$ 687,847          | \$ 1,261,140        | \$ 1,792,104        | \$ 2,482,203        | \$ 2,477,461        | \$ 2,590,216        | \$ 2,646,999        | \$ 2,471,242        | \$ 2,472,095        | \$ 2,597,396        |
| Accumulative Dividend to Council and Parks | \$ 635,000              | \$ 635,000          | \$ 1,270,000        | \$ 1,905,000        | \$ 2,790,000        | \$ 3,675,000        | \$ 4,560,000        | \$ 5,445,000        | \$ 6,330,000        | \$ 7,215,000        | \$ 8,100,000        |
| Interest cost cover ratio (times)          | 6.61                    | 8.45                | 8.51                | 10.19               | 15.07               | 17.35               | 19.01               | 30.22               | 95.45               | -49.80              | -24.47              |
| Funding cost cover ratio (times)           | 3.26                    | 3.14                | 3.06                | 3.22                | 3.63                | 3.65                | 3.70                | 4.17                | 4.91                | 6.26                | 7.83                |

The Council continue to work towards developing a separated balance sheet for these activities, which requires a number of changes to the accounting platform currently in use. A financial position summary under each activity, for all commercial assets is listed below:

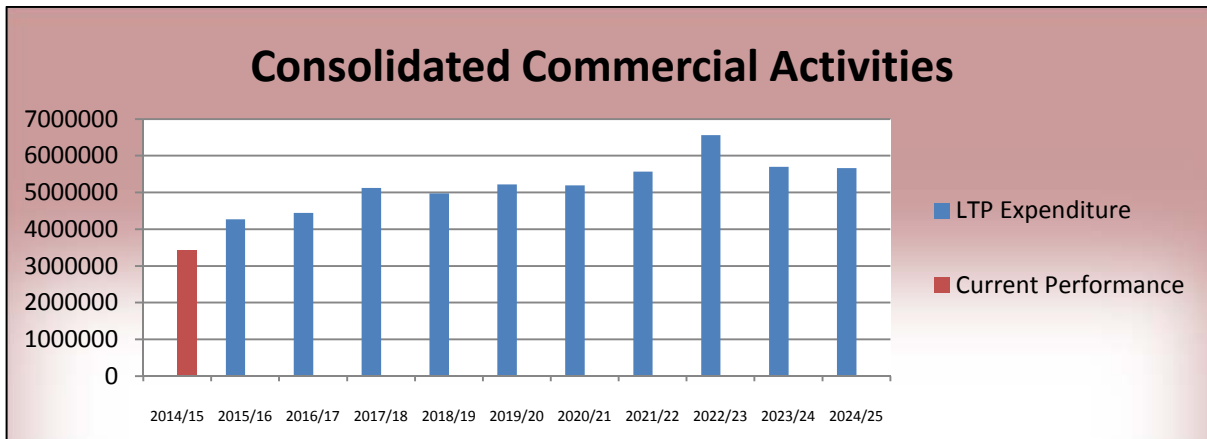
| PROPERTY ADDRESS               | IMPROVEMENTS              | LAND VALUE           | IMPROVEMENT VALUES   | VALUE                |
|--------------------------------|---------------------------|----------------------|----------------------|----------------------|
| Aerodromes                     | Motueka                   | \$ 1,550,000         | \$ 258,089           | \$ 1,808,089         |
|                                | Takaka                    | \$ 795,000           | \$ 604,273           | \$ 1,399,273         |
|                                |                           | \$ 2,345,000         | \$ 862,362           | \$ 3,207,362         |
| Campgrounds                    | Motueka                   | \$ 600,000           | \$ 1,605,960         | \$ 2,205,960         |
|                                | Pohara                    | \$ 3,042,000         | \$ 1,311,675         | \$ 4,353,675         |
|                                | Murchison                 | \$ -                 | \$ 399,525           | \$ 399,525           |
|                                | Collingwood               | \$ 710,000           | \$ 533,106           | \$ 1,243,106         |
|                                |                           | \$ 4,352,000         | \$ 3,850,266         | \$ 8,202,266         |
| Commercial Property            | Mapua Wharf Precinct      | \$ 1,230,000         | \$ 1,170,000         | \$ 2,400,000         |
|                                | Mapua Land (ex Fruitgrowe | \$ 2,900,000         | \$ -                 | \$ 2,900,000         |
|                                | Armadillos                | \$ 1,215,000         | \$ 85,000            | \$ 1,300,000         |
|                                | 11 Fittal Street          | \$ 300,000           | \$ 200,000           | \$ 500,000           |
|                                | 13 Fittal Street          | \$ 300,000           |                      | \$ 300,000           |
|                                | Port Motueka              | \$ 1,810,000         | \$ -                 | \$ 1,810,000         |
|                                | Wharf Rd Motueka          | \$ 400,000           | \$ 365,000           | \$ 765,000           |
|                                |                           | \$ 8,155,000         | \$ 1,820,000         | \$ 9,975,000         |
|                                |                           |                      |                      |                      |
| Forestry                       | Borlase                   | \$ 1,890,000         |                      |                      |
|                                | Eves Valley               | \$ 370,000           |                      |                      |
|                                | Howard                    | \$ 1,075,000         |                      |                      |
|                                | Kingsland                 | \$ 725,000           |                      |                      |
|                                | Rabbit Island             | \$ 5,000,000         |                      |                      |
|                                | Sherry                    | \$ 1,230,000         |                      |                      |
|                                | Tunnicliff                | \$ 430,000           |                      |                      |
|                                | \$ 10,720,000             | \$ 20,038,000        | \$ 30,758,000        |                      |
| Port Tarakohe                  |                           | \$ 6,679,000         | \$ 7,201,323         | \$ 13,880,323        |
|                                |                           |                      |                      |                      |
| <b>TOTAL COMMERCIAL ASSETS</b> |                           | <b>\$ 32,251,000</b> | <b>\$ 33,771,951</b> | <b>\$ 66,022,951</b> |

**Graph 1: Consolidated Total Income**



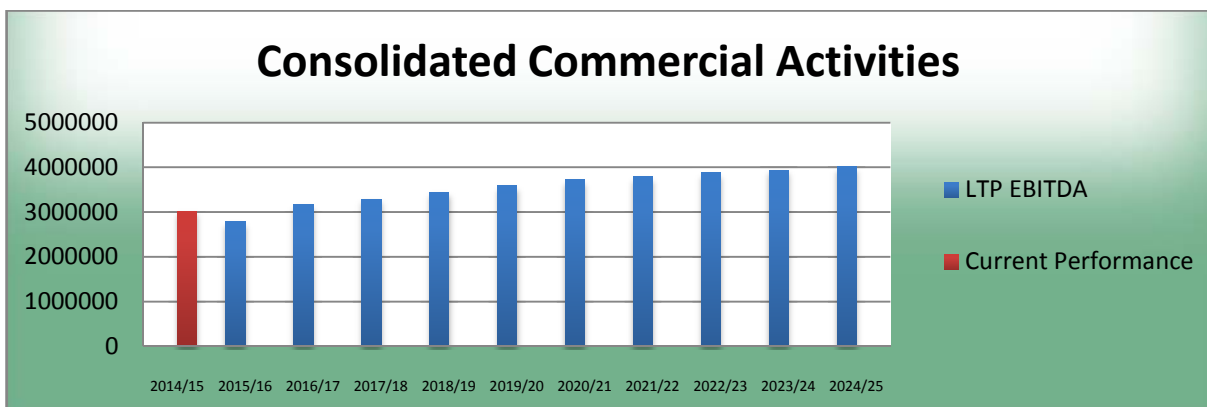
- Consolidated Revenue streams are expected to lift by 50% over the LTP period from the commercial activities, principally driven by Forestry, Port Tarakohe and Campground activities.

**Graph 2: Consolidated Total Expenditure**



- Consolidated expenditure on the commercial activities will also increase by 50% before dropping back, principally driven by increasing LOS to Port Tarakohe and Campground activities.

**Graph 2: Consolidated EBITDA results**



- Consolidated Earning Before Interest and Tax (EBITDA), a key commercial financial driver, is planned to substantially increase over the LTP period following a greater focus on individual commercial activities and their respective strategies and processes.



## SECTION B: AERODROMES

# Aerodromes

## 1 Key Issues for the Aerodromes Activity

The most important issues relating to the aerodromes activity are shown below in Table 4.

**Table 4: Key Issues for the Aerodromes Activity**

| Key Issue                                       | Council Approach  |
|---|---|
| The Council's aerodromes are not self funding.  | <p>The Motueka and Takaka aerodromes are relatively small operations and therefore do not benefit from economies of scale. It is difficult to manage the income and costs so that these activities do not require rating support.</p> <p>The Council has considered options for reducing the general rate requirement for the Motueka and Takaka aerodromes, and has reviewed the work programme and levels of service for the aerodromes. The objective is for these facilities to be operated without support from general rates over the medium term. Changes include:</p> <ul style="list-style-type: none"> <li>• increasing income from the aerodromes;</li> <li>• consideration, if necessary, of lower levels of service;</li> <li>• consideration of an alternative governance and management structure for Takaka aerodrome.</li> </ul> |
| Knowledge of asset condition needs improvement. | Obtain a basic level of asset knowledge focused on the key assets of both aerodromes.   |
| Financial performance                           | Undertake a financial review of the operations of both aerodromes in the first three years of this AMP.   |

## 2 Activity Description

### 2.1 What We Do

The aerodromes activity encompasses the provision and maintenance of two aerodromes at Motueka and Takaka.

A complete description of the assets included in the aerodromes activity is in Appendix B.

### 2.2 Why We Do It

Aerodromes have a commercial and private value, Council's ownership and management ensures the assets are retained for the community.

## 3 Community Outcomes and Our Goal

The community outcomes that the aerodromes activity contributes to most are shown in Table 5.

**Table 5: Community Outcomes**

| Community Outcomes   | How Our Activity Contributes to the Community Outcome   |
|--|---|
| Our unique natural environment is healthy and protected.                     | All aerodromes can be managed so the impacts of any effects do not affect the health and cleanliness of the receiving environment.  |
| Our urban and rural environments are pleasant, safe and sustainably managed. | The aerodromes activity ensures our built urban environments are functional, pleasant and safe by ensuring the aerodromes are operated without causing public health hazards and by providing |

|  |   |
|--|---|
|  | attractive recreational and commercial facilities.  |
| Our infrastructure is safe, efficient and sustainably managed. | The aerodromes provide commercial and recreational facilities to meet the community needs at an affordable level and are available to the whole community. The facilities are also sustainably managed. |

### 3.1 Our Goal

We aim to provide the level of service that the customer wants and is prepared to pay for and in a manner that minimises conflict with the community.

## 4 Operations, Maintenance and Renewals Strategy

### 4.1 Operations and Maintenance

The Council's strategy is to maintain the aerodromes and associated runways and navigational aids, as well as any Council owned buildings suitable for lease income, so that the aerodromes provide an aviation facility suitable for the recreational and commercial users at the least long term cost to the Council. The Council expects both aerodromes to work towards being able to operate without a rates contribution.

For Motueka, the grass runways, taxiways, and vegetation control of all sealed runways and grass environments are managed through a maintenance contract with Nelmac. The contract is an extension of the Parks and Reserves maintenance contract. All other maintenance is undertaken as required by selected contractors.

For Takaka, the local committee instruct selected contractors to undertake the work on an as required basis within the limits of their delegated authority and after consultation with the asset manager, where appropriate.

Operation and maintenance is discussed in detail in Appendix E.

### 4.2 Renewals

The renewal programme has been developed by the following;

- Taking the asset age and remaining life predictions from the valuation database, calculating when the remaining life expires, field validation of the current condition, and converting that into a programme of replacements based on current unit rates.
- Reviewing and justifying the renewals forecasts using the accumulated knowledge and experience of asset operations and asset management staff.

The renewal programme is reviewed in detail during each Activity Management Plan (AMP) update (ie three yearly), and every year the annual renewal programme is reviewed and planned with the input of the maintenance contractor.

The Council proposes to maintain the existing level of service provided to the aerodrome users and the lessees to meet at least the existing needs.

Resurfacing of car parks and runways will typically be undertaken by the Council's resurfacing contractor who is engaged to undertake sealed road resurfacing throughout the district. Packaging the work in this way is an efficient way of engaging an experienced contractor at competitive rates. The resurfacing contractor is required to comply with the various NZ Transport Agency (NZTA) standards for chip sealing, asphaltic concrete and markings. The layout of markings will be in accordance with the Civil Aviation Authority (CAA) requirements.

Renewals are discussed in detail in Appendix I.

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## 5 Effects of Growth, Demand and Sustainability

### 5.1 Population Growth

Population growth within the district does not have a direct effect on the aerodromes activity. Therefore the Growth Demand and Supply Model outputs are not directly relevant to this activity. However, population growth generally leads to intensification of the use of existing facilities for recreation and commercial development of the aerodromes. The potential effects of this on the aerodrome activities are:

- increased use of aerodrome facilities for recreation
- possible need for further development of ancillary infrastructure to serve new facilities.

It is anticipated that there is sufficient capacity within the existing aerodrome assets to cater for the population growth. There are no growth related projects included in the 20 year forecast.

### 5.2 Implications of Legislative Change

The Council strives to meet the Civil Aviation Authority standards when managing the aerodromes; however it is not a requirement of the Council to do so as the aerodromes are not certified with the Civil Aviation Authority. The Civil Aviation Authority is reviewing the thresholds for certification which may require both Motueka and Takaka to become certified aerodromes. This will result in increased expenditure to ensure compliance with the Civil Aviation Authority regulations for certified aerodromes.

Changes to aerodrome activity policies may be driven from a number of directions. They could be internally driven – greater emphasis on the objective of self supporting, or externally, eg changes driven by national organisations such as the Civil Aviation Authority.

Growth and demand for the aerodromes activity is discussed in detail in Appendix F.

### 5.3 Sustainability

At the activity level, a sustainable development approach is demonstrated by the following:

- ensuring minimal impact on the environment by the activity, and
- ensuring that the district's likely future aerodrome requirements are identified at an early stage and that they, and the financial risks and shocks, are competently managed over the long term without the Council having to resort to disruptive revenue or expenditure measures.

## 6 Level of Service and Performance Measures

The following table summarises the levels of service and performance measures for the aerodromes activity. Development of the levels of service is discussed in detail in Appendix R. Shaded rows are the levels of service and performance measures to be included in the Long Term Plan.

**Table 6: Levels of Service**

| ID   | Levels of Service<br>(we provide)   | Performance Measures<br>(We will know we are meeting the level of service if...)  | Current Performance<br>(as at end Yr 2 2016/17) | Future Performance  |                     |                     | Future Performance<br>(targets) in Years 4 - 10 |
|--|---|---|---|---------------------|---------------------|---------------------|---|
|  |   |   |   | Year 1              | Year 2              | Year 3              |   |
| <b>Community Outcome: Our urban and rural environments are pleasant, safe and sustainably managed.</b> |   |   |   |                     |                     |                     |   |
| 1  | <b>Our aerodromes are operated in a safe manner.</b>                        | Our aerodromes are managed in accordance with CAA requirements, as measured through a CAA audit.  | Actual = 100%                                   | 100%                | 100%                | 100%                | 100%  |
| 2  |   | The glide path for planes is free of obstructions, as determined by CAA.  | Actual = 100%                                   | 0 non - compliances | 0 non – compliances | 0 non - compliances | 0 non - compliances                             |
| 3  |   | No Health and Safety incidents  | 0 non - compliances                             | 0 non - compliances | 0 non - compliances | 0 non - compliances | 0 non - compliances                             |
| <b>Community Outcome: Our infrastructure is safe, efficient and sustainably managed.</b>               |   |   |   |                     |                     |                     |   |
| 3  | <b>Faults in the aerodromes system are responded to and fixed promptly.</b> | We respond to Customer Service Requests regarding faults on our aerodromes within the timeframes we have agreed with our suppliers and operators, and within available funding. | Actual = 100%                                   | 100%                | 100%                | 100%                | 100%  |
| 4  | <b>Aerodromes managed in a financially sustainable manner</b>               | Aerodromes managed in a financially sustainable manner  | Actual = not achieved                           |                     |                     |                     |   |

## 7 Changes Made to Activity or Service

Table 7 summarises the key changes for the management of the aerodromes activity since the 2009 AMP.

**Table 7: Key Changes**

| Key Change   | Reason for Change  |
|--|--|
| Motueka and Takaka aerodromes are to be managed by the Commercial Manager with support from the Council's Property Services staff. | The Council considers that aerodromes should be managed on a fully commercial basis (acknowledging any public good element). |
| Adoption of Emergency Plan, Management Plan, and Development Plan for Motueka aerodrome.   | These plans are fundamental for the operation, management and future development of the aerodrome.                           |
| Planned development of a governance and management strategy and associated plans for Takaka aerodrome.                             | Development of the strategy and plans will be fundamental to the operation and management of the aerodrome.                  |
| The aerodromes activity now reports to the Commercial Subcommittee which reports to the Council's Corporate Services Committee.    | The Council considers that the activity is better managed by the Commercial Subcommittee.                                    |

## 8 Key Projects

Significant Projects Table 8 details the key capital and renewal work programmed for years 2015 to 2025.

**Table 8: Significant Projects**

| Project Name                        | Description   | Year 1 (\$) | Year 2 (\$) | Year 3 (\$) | Year 4 to 10 (\$) | Project Driver <sup>1</sup> |
|-------------------------------------|---|-------------|-------------|-------------|-------------------|-----------------------------|
| Takaka sealed runway reseal         | Runway resurfacing and remarking.                   | 0           | 0           | 0           | 87,828            | R                           |
| Motueka access off College Street   | Construct and seal access off College street.       | 16,368      | 0           | 0           | 0                 | LoS                         |
| Motueka power and data reticulation | Installation of new power and data services.        | 0           | 0           | 96,920      | 0                 | LoS                         |
| Motueka pressure wastewater system  | Design and installation of a new wastewater system. | 0           | 0           | 10,769      | 110,596           | LoS                         |

Note:

- See Appendix F for a full detailed list of new capital works projects driven by renewals and/or an increase in level of service.
- See Appendix I for a full detailed list of renewal projects.

<sup>1</sup> LoS = Levels of Service, R = Renewal

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## 9 Management of the Activity

### 9.1 Management

The aerodromes are managed by Tasman District Council through Council staff and Council agents as required (with input from user groups).

The reports and recommendations to the Council are made through the Commercial Subcommittee and Corporate Services Committee. These include, but are not restricted to:

- operations and maintenance works
- hours of operation
- types of uses
- occupancy
- landing fees and other charges.

The Property Services Manager is the executive officer for the Motueka aerodrome and is delegated the responsibility for its administration. Takaka day to day administration is managed through the secretary for the local management committee.

The Council may, at its discretion, delegate some of its authority to a management committee.

At Takaka, the local management committee consists of a Councillor, one member of the Golden Bay Community Board, and three to four members elected at the annual public meetings. This committee manages its own finances with limited subsidy from Council.

The Motueka Aerodrome Management Plan covers the day to day management of the aerodrome, the activities carried out thereon and the relationship between users and aerodrome management.

The Motueka Aerodrome Advisory Group has responsibility for overseeing the implementation of the development plan, to review and recommend any changes to the scope of works for the aerodrome maintenance contracts, review and recommend discretionary and permitted uses in the aerodrome management plan, review the noise monitoring programme when established, review the Aerodrome Memorandum of Understanding and take part in the annual debrief of the Nelson Drag Racing Association's events. The Group reports to the Commercial Subcommittee and comprises representatives from recreational and commercial users, the community, Motueka Community Board, Drag Racing and the Council. It has no financial delegation.

The Motueka Aerodrome Operations and Safety Committee oversees operational and safety requirements as well as best practice on the aerodrome and this committee is comprised of aerodrome users and the Property Services Manager.

The Council will use a number of measures to assist in the management of demand for aerodromes including:

- supporting commercial business growth within the aerodromes
- landing and parking fees
- a development plan for Motueka Aerodrome

## 9.2 Significant Effects

The significant positive and negative effects are listed below in Table 9 and Table 10 respectively.

**Table 9: Significant Positive Effects**

| Effect                        | Description  |
|-------------------------------|--|
| Economic development.         | Provision and maintenance of aerodromes allows for the development of commercial businesses, therefore contributing to economic growth and prosperity in regions.<br><br>The Council's management of the aerodromes activity using industry best practice, commercial imperatives and competitive tendering, which aims to provide the economic efficiency (ie best value for money) for the ratepayers. |
| Community value.              | The provision and maintenance of the aerodromes is of community value as it contributes to tourism, recreation, education and business within the communities.   |
| Environmental sustainability. | The Council aims to achieve environmental sustainability whilst managing the aerodromes activity.  |

**Table 10: Significant Negative Effects**

| Effect   | Council's Mitigation Measure   |
|--|--|
| Noise from aircraft within the aerodromes and flying overhead in residential areas. This has social effects with associated frustration caused by excessive noise. | The Council restricts the hours of operation to daylight hours only and enforces noise restrictions at the aerodrome as per its RMA consent requirements.<br><br>The aerodrome has been in its current location for many years. The Council ensures no breaches of consents occur. |
| Noise from drag cars (Motueka only).   | The Council restricts the hours of operation and the number of events per year.  |
| Building height restrictions to protect flight paths.  | This has very low impact, therefore the Council accepts this issue.  |
| Increased traffic movements from both the commercial businesses and drag racing events (Motueka only).   | The Council restricts the hours of operation, and number of events per year for drag racing.   |
| Aerodrome buildings are out of character with the nearby residential area (Motueka only).  | The Council sets criteria for exterior finishing and maximum heights via its district plan provisions.   |



### 9.3 Assumptions

The Council has made a number of assumptions in preparing the AMP which are addressed in the summary section of this AMP. All remaining applicable assumptions relate specifically to the Aerodrome activity.

**Table 11: Significant Assumptions**

| Assumption Type                            | Assumption   | Discussion  |
|--|--|---|
| Funding sources.                           | That the aerodromes will improve on historical trading performances and aim to become self funding.        | The Council expects the aerodromes will become self funding over time and that no funding will be sought from rates. This will require consideration of the effect of depreciation on this activity and how it may be funded, as well as the ability of the individual aerodromes to fund their own operating costs.                    |
| Funding of capital projects                | That the projects identified will receive funding.   | The risk of the Council not funding capital projects is moderate due to community and user affordability issues. If funding is not secured, it may have moderate effect on the levels of service as projects may be deferred. The risk is managed by consulting with the affected community/users and appropriate distribution of fees. |
| Accuracy of capital project cost estimates | That the capital project cost estimates are sufficiently accurate to determine the required funding level. | The risk of large under estimation is low; however the significance is moderate as the Council may not be able to afford the true cost of the projects. The Council tries to reduce the risk by including a standard contingency based on the projects lifecycle.   |

The major capital projects and their potential uncertainties are listed in Appendix Q.

## 9.4 Risk Management

The specific risk management table for operations related to the aerodrome activity are listed in Appendix Q. The table below lists addresses key risk issues for aerodromes.

**Table 12: Key Aerodrome Risks**

| Risk Event   | Mitigation Measures  |
|--|--|
| Catastrophic failure of key Aerodrome Infrastructure.  | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>Annual inspection of key infrastructure (runways and taxiways) by internal engineering staff. Last completed January 2015;</li> <li>Maintain aerodromes to certification of CAA standards. CAA inspections every 2 years. Last completed 2015;</li> <li>Routine monthly maintenance inspections of all facilities by Property Manager;</li> <li>Detailed inspections when reviewing capital, maintenance requirements and condition assessments where required;</li> <li>Reactive inspections following extreme weather events.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>Continuation of structured maintenance and inspection programmes.</li> </ul>   |
| Health and Safety operations.                          | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>Observe CAA requirements for all aircraft operations;</li> <li>Current best practice – standard ops procedures when airside. Members of NZ Airports association which provides best practice information;</li> <li>Operations and safety committee meet quarterly to address;</li> <li>Aerodrome emergency plan, tested 2 yearly;</li> <li>Standard procedures in place for drag racing events and debrief by Council to users annually.</li> <li>Ensure all contractors to aerodromes are approved, authorised and certified to meet appropriate standards.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>Continue to monitor and identify hazards (eg flight threshold separation distances).</li> </ul> |
| Premature deterioration or obsolescence of Facilities. | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>Maintenance performance measures included in the Nelmac maintenance contract;</li> <li>Routine inspections;</li> <li>Industry best practice adopted;</li> <li>Inspection pre and post drag race events.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>Continuation of structured maintenance and inspection programmes.</li> </ul>   |
| Combustible Materials.                                 | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>Fuel providers comply with necessary regulation, inspection and certification processes;</li> <li>Individual users can provide mini tanker materials from time to time. Responsibility sits within each operator and their provider.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>Ongoing operator awareness;</li> <li>Standardisation of operating procedures across all Council sites;</li> <li>Health and safety obligations discharged and continued to be measured against legislative changes.</li> </ul>   |

## 9.5 Improvement Plan

This Activity Management Plan document has been peer reviewed by Waugh Infrastructure Management Ltd. The feedback has been integrated into this document.

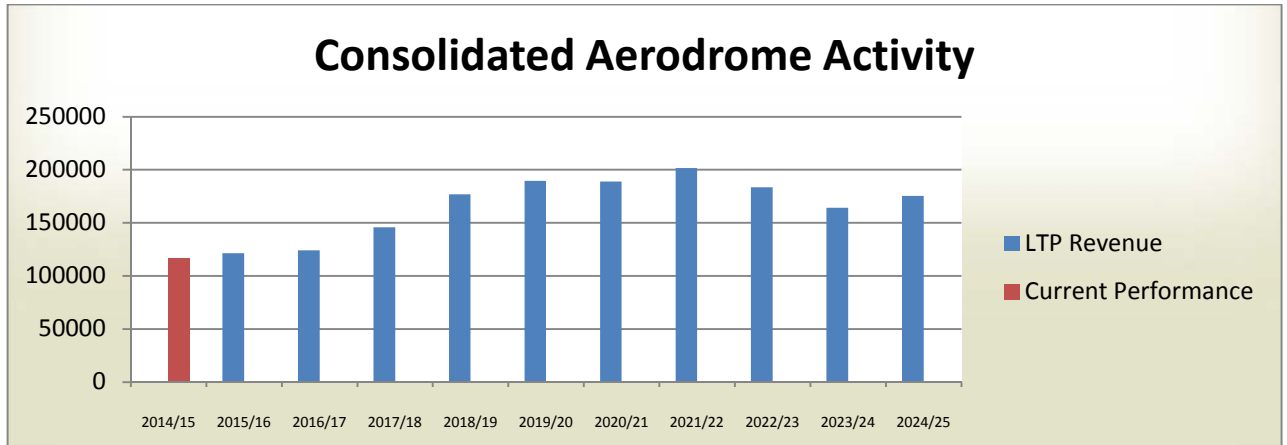
## 10 Summary of Cost for Activity

The following figures have been generated from a consolidation of the Motueka and Takaka aerodrome activities, which are group managed.

Table 13

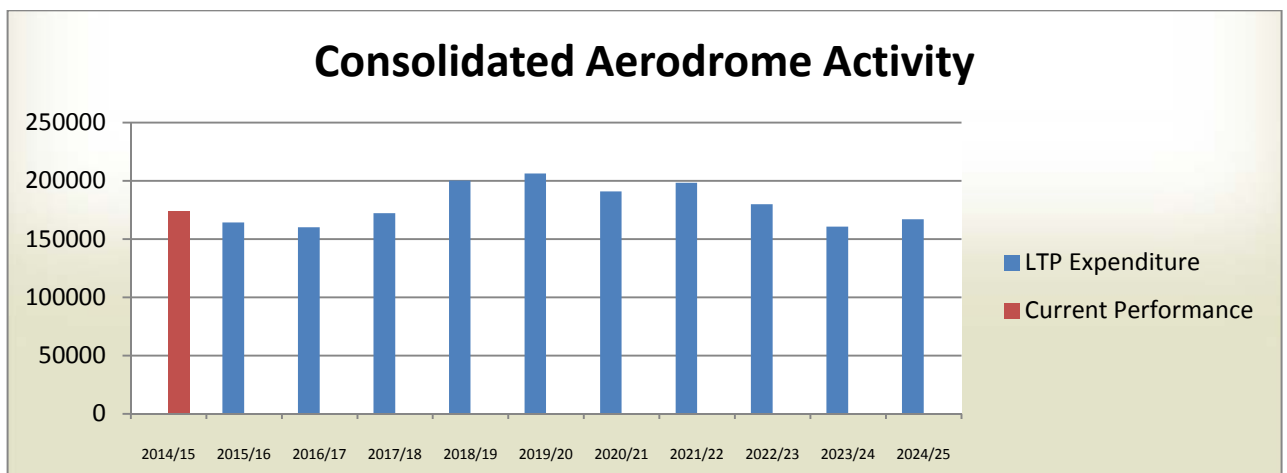
| Aerodromes                         |                   |                   |                   |                   |                   |                   |                  |                  |                  |                  |                  |            |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------|
|                                    | Total Budget AP   | Budget LTP        | Budget LTP        | Budget LTP        | Budget LTP        | Budget LTP        | Budget LTP       | Budget LTP       | Budget LTP       | Budget LTP       | Budget LTP       | Budget LTP |
| Account Summary                    | 2014/15           | 2015/16           | 2016/17           | 2017/18           | 2018/19           | 2019/20           | 2020/21          | 2021/22          | 2022/23          | 2023/24          | 2024/25          |            |
| <b>Income</b>                      |                   |                   |                   |                   |                   |                   |                  |                  |                  |                  |                  |            |
| General Rates                      | (\$14,806)        | (\$8,930)         | (\$9,996)         | \$7,264           | \$33,203          | \$40,720          | \$34,789         | \$41,297         | \$17,035         | (\$9,126)        | (\$5,590)        |            |
| <i>Fees &amp; Recoveries</i>       |                   |                   |                   |                   |                   |                   |                  |                  |                  |                  |                  |            |
| - Motueka Aerodrome                |                   |                   |                   |                   |                   |                   |                  |                  |                  |                  |                  |            |
| - Landing Fees                     | \$16,535          | \$26,598          | \$27,369          | \$28,190          | \$29,064          | \$30,023          | \$31,044         | \$32,131         | \$33,288         | \$34,519         | \$35,831         |            |
| - Rental Income                    | \$65,758          | \$70,587          | \$72,634          | \$74,813          | \$77,132          | \$79,678          | \$82,387         | \$85,270         | \$88,340         | \$91,608         | \$95,090         |            |
| - Other Income                     | \$14,800          | \$15,140          | \$15,579          | \$16,047          | \$16,544          | \$17,090          | \$17,671         | \$18,290         | \$18,948         | \$19,649         | \$20,396         |            |
| - Takaka Aerodrome                 | \$28,770          | \$14,387          | \$15,293          | \$16,271          | \$17,363          | \$18,563          | \$19,828         | \$21,198         | \$22,730         | \$24,444         | \$26,311         |            |
| Revaluations                       | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| Sundry Income                      | \$5,376           | \$3,548           | \$3,304           | \$3,295           | \$3,585           | \$3,371           | \$3,314          | \$3,462          | \$3,102          | \$3,087          | \$3,472          |            |
| <b>Total Income</b>                | <b>\$116,433</b>  | <b>\$121,330</b>  | <b>\$124,184</b>  | <b>\$145,880</b>  | <b>\$176,891</b>  | <b>\$189,445</b>  | <b>\$189,034</b> | <b>\$201,649</b> | <b>\$183,443</b> | <b>\$164,183</b> | <b>\$175,510</b> |            |
| <b>Expense</b>                     |                   |                   |                   |                   |                   |                   |                  |                  |                  |                  |                  |            |
| Wage Timesheet Allocation          | \$1,522           | \$1,213           | \$1,238           | \$1,264           | \$1,304           | \$1,347           | \$1,393          | \$1,442          | \$1,494          | \$1,549          | \$1,608          |            |
| Maintenance                        | \$44,465          | \$41,302          | \$42,252          | \$43,308          | \$44,434          | \$45,678          | \$47,003         | \$48,413         | \$49,962         | \$51,661         | \$53,469         |            |
| General Operating Costs            | \$21,640          | \$23,434          | \$24,020          | \$24,644          | \$25,310          | \$26,044          | \$26,825         | \$27,656         | \$28,569         | \$29,540         | \$30,604         |            |
| Professional Fees                  | \$17,347          | \$18,038          | \$13,246          | \$13,590          | \$19,481          | \$14,362          | \$14,793         | \$21,288         | \$15,754         | \$16,290         | \$23,557         |            |
| Employment Related Expenses        | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| Operations                         | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| Overheads                          | \$18,290          | \$12,658          | \$12,172          | \$14,611          | \$13,054          | \$13,027          | \$15,964         | \$14,322         | \$14,361         | \$17,613         | \$15,742         |            |
| Loan Interest                      | \$4,755           | \$5,823           | \$5,020           | \$6,185           | \$9,288           | \$8,680           | \$6,594          | \$4,467          | (\$226)          | (\$4,171)        | (\$666)          |            |
| Depreciation                       | \$66,204          | \$61,682          | \$62,091          | \$68,494          | \$87,203          | \$96,985          | \$78,146         | \$80,579         | \$70,046         | \$48,218         | \$42,513         |            |
| <b>Total Expense</b>               | <b>\$174,223</b>  | <b>\$164,160</b>  | <b>\$160,038</b>  | <b>\$172,096</b>  | <b>\$200,074</b>  | <b>\$206,123</b>  | <b>\$190,718</b> | <b>\$198,167</b> | <b>\$179,961</b> | <b>\$160,701</b> | <b>\$166,826</b> |            |
| <b>Trading Surplus/ (Deficit)</b>  | <b>(\$57,790)</b> | <b>(\$42,820)</b> | <b>(\$35,854)</b> | <b>(\$26,216)</b> | <b>(\$23,183)</b> | <b>(\$16,678)</b> | <b>(\$1,684)</b> | <b>\$3,482</b>   | <b>\$3,482</b>   | <b>\$3,482</b>   | <b>\$8,684</b>   |            |
| EBITDA                             | \$13,168          | \$24,685          | \$31,257          | \$48,463          | \$73,308          | \$88,987          | \$83,057         | \$88,528         | \$73,302         | \$47,529         | \$50,530         |            |
| Interest cost                      | \$4,755           | \$5,823           | \$5,020           | \$6,185           | \$9,288           | \$8,680           | \$6,594          | \$4,467          | (\$226)          | (\$4,171)        | (\$666)          |            |
| Principle cost                     | \$8,413           | \$10,499          | \$8,911           | \$17,747          | \$29,247          | \$30,273          | \$29,967         | \$30,074         | \$17,920         | \$5,447          | \$6,009          |            |
| <b>Cash Trading Surplus</b>        | <b>\$0</b>        | <b>\$8,364</b>    | <b>\$17,326</b>   | <b>\$24,531</b>   | <b>\$34,774</b>   | <b>\$50,034</b>   | <b>\$46,495</b>  | <b>\$53,986</b>  | <b>\$55,609</b>  | <b>\$46,253</b>  | <b>\$45,187</b>  |            |
| less Capital Expenditure           | \$33,538          | \$16,368          | \$0               | \$107,689         | \$110,596         | \$0               | \$87,828         | \$2,366          | \$0              | \$0              | \$214,175        |            |
| plus Loan Funding                  | \$33,538          | \$16,368          | \$0               | \$107,689         | \$110,596         | \$0               | \$87,828         | \$2,366          | \$0              | \$0              | \$214,175        |            |
| less Funding of Depreciation       | \$0               | \$8,364           | \$17,326          | \$24,531          | \$34,774          | \$50,034          | \$46,495         | \$53,986         | \$55,609         | \$46,253         | \$45,187         |            |
| <b>Cash Result</b>                 | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       |            |
| Dividend to other                  | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| Dividend to Council (offset debt)  | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| Dividend to Council (offset rates) | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| <b>Cash Retained</b>               | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       |            |
| Accumulative Cash in activity      | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| Accumulative Dividend              | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              | \$0              | \$0              |            |
| Interest cost cover ratio (times)  | 2.77              | 4.24              | 6.23              | 7.84              | 7.89              | 10.25             | 12.60            | 19.82            | -323.87          | -11.40           | -75.90           |            |
| Funding cost cover ratio (times)   | 1.00              | 1.51              | 2.24              | 2.03              | 1.90              | 2.28              | 2.27             | 2.56             | 4.14             | 37.24            | 9.46             |            |

**Graph 2: Total Income**



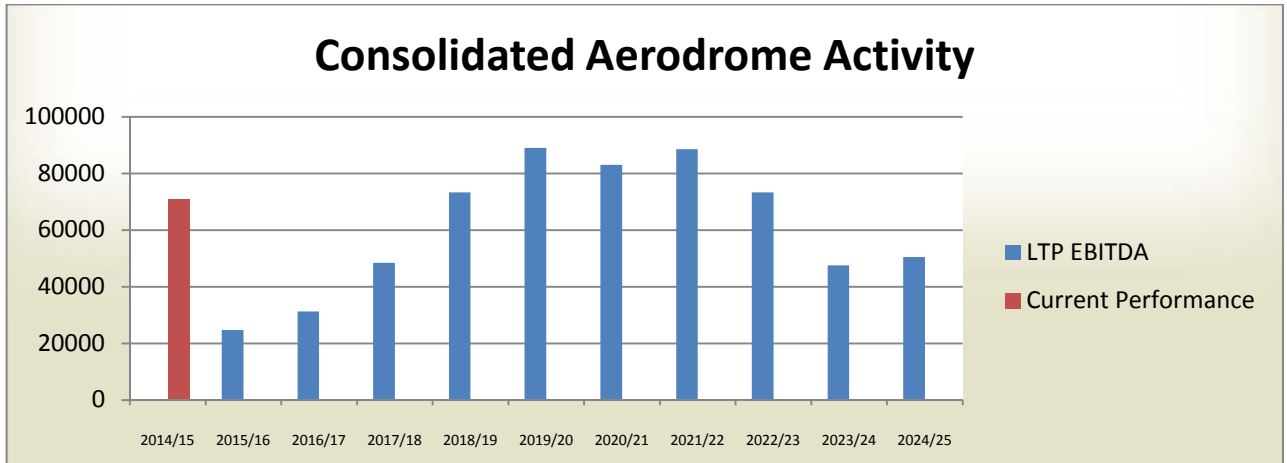
- The income proposed for the next 10 years is consistent with recent income streams.
- Landing charge increases are planned on both assets over the next year to cover future maintenance and renewal costs.
- Specific business case reviews of the asset are planned in 12-24 months.

**Graph 3: Total Expenditure**



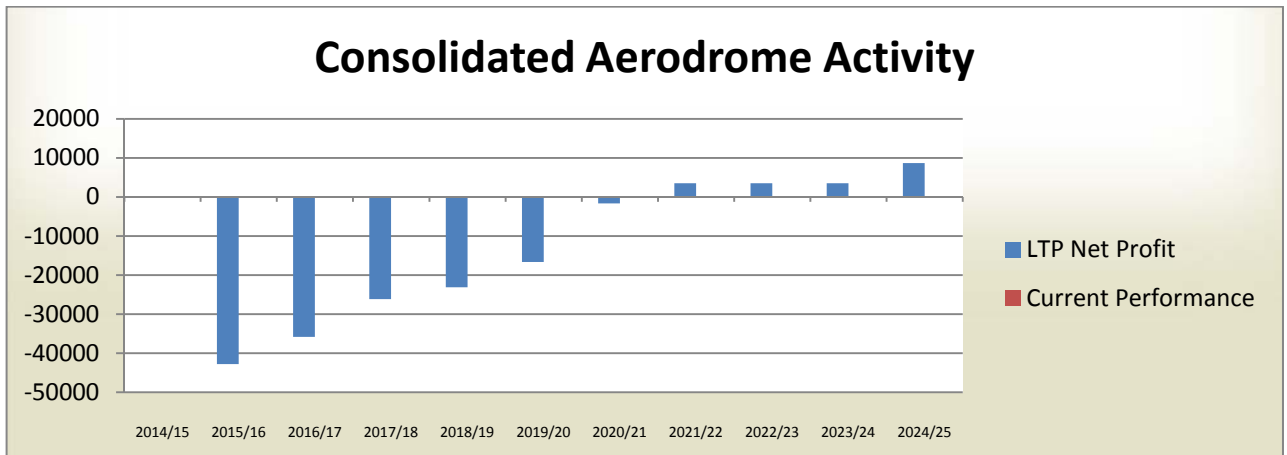
- Operating expenditure stable against today's costs.
- Increases are in depreciation and interest resulting from additional expenditure on various assets.

**Graph 4: Total EBITDA Profitability**



- Aerodromes collectively operate at a nominal loss.
- Rates fund is required in some years to balance the trading result through the LTP period.
- Motueka has some critical mass and provides a small profit. Takaka aerodrome records a loss.
- Losses are after allocation of corporate overheads which accounts for all \$54,000 per annum which results in an operating surplus at EBITDA on all activities.
- Capex schedule will be met from loan funds and repaid over a 10 year period.

**Graph 4: Total Net Profit**



- Aerodromes collectively operate at a net loss after high depreciation and servicing costs.
- Business case review and changes to operating models are being planned for review to make these operations self funding.
- Planned capex has a resulting impact on profitability of aerodromes.
- Depreciation reduces towards the end of the LTP at an accelerated rate.

## SECTION C: COUNCIL CAMPGROUNDS

# Campgrounds

## 1 Key Issues for the Campground Activity

The most important issues relating to the campground activity are shown below in Table 14.

**Table 14: Key Issues for the Campground Activity**

| Key Issue  | Council Approach  |
|--|---|
| <p><b>Ownership and Management Model</b></p> <p>The Council currently operates a mixture of ownership models on these assets. The status of all land is reserve however a mixture of ownership of improvements exists along with varying rates of return.</p> <p>Campgrounds have seen lack of reinvestment, resulting in dropping returns to the Council. The Council has recognised the need to now reinvest in these campgrounds. This reinvestment will be on a commercial basis and self funding over time.</p> <p>A dividend of 40% is proposed to be paid to the Parks and Reserves activity to offset their general rates requirement. The balance is to be retained for pooling in the wider commercial activities to fund future investment and possible expansion of the commercial activities.</p> | <p>The Council has returned to a single ownership model based on the best commercial return across its entire Portfolio.</p> <p>This model requires ownership of all land and improvements by the Council. The model also looks to move all assets within this activity to eventual leasing, not management, to ensure operators have the appropriate level of ownership/commitment with the Council.</p> <p>With the model comes the intention to strengthen many of the legacy clauses in current leases to ensure a higher level of repairs and maintenance and guaranteed spend on advertising and other critical expenditure necessary for the long term health of maintaining the Council's investment.</p> <p>The Council is to produce a business plan for each asset as part of a strategic review and also consider the repurchase of lessee assets to achieve a consistent strategy and improve returns.</p> |
| <p><b>Health and Safety</b></p> <p>Campgrounds are recognised by the Council as a high risk environment with numerous activities that require risk management.</p>   | <p>The Council is engaging with external parties to complete an external audit on its management of processes of key activities. These findings will be implemented in operational manuals of the campground activities.</p>  |
| <p><b>Closed Account</b></p> <p>The Council has in the past identified these assets as requiring commercial analysis and review. This includes greater commercial focus and monitoring.</p>  | <p>From 2013 Council has operated the Campgrounds activity on a closed account basis.</p>   |
| <p><b>Land Issues –Accretion and Coastal Erosion</b></p> <p>The Council is currently trying to secure the wider land use at Collingwood for the continuation of the site as a viable campground operation, as the existing site includes reserve land, Maori freehold land and accretion gains.</p> <p>Collingwood and Pohara sites are subject to coastal erosion under certain weather events. Both have a level of existing rock wall protection. Damage to these has occurred and this will need ongoing protection or a managed retreat strategy over time.</p>   | <p>The Council is still to agree to secure use rights over existing land at Collingwood to protect its current improvements and maximise its activity area.</p> <p>The Council is to determine whether to continue to repair these walls when damaged and protect the current site footprint or use a managed retreat strategy. Both sites will be significantly affected if left open to erosion from adverse weather events.</p>  |



## 2 Activity Description

### 2.1 What We Do

The Campground activity encompasses the provision, management and maintenance of four campgrounds. These campgrounds are located at Collingwood, Pohara, Motueka and Murchison.

### 2.2 Why We Do It

The Council's investment in campgrounds is for a combination of commercial and recreational purposes. The Council's ownership and management ensures the assets are retained for the community use and the returns are appropriately reinvested by the Council back into other Council activities.

**Table 15: CAMPGROUND SUMMARY**

| Campground                        | Area (ha) | Powered sites | Unpowered sites | Cabins | Motels | Kitchens | Laundry | Toilet/ Shower Blocks | Managers Accommodation | Other  |
|-----------------------------------|-----------|---------------|-----------------|--------|--------|----------|---------|-----------------------|------------------------|--|
| Collingwood Campground            | 1.29      | 41            | 17              | 13     | -      | 2        | 1       |                       | 3 bedroom house        | 2 bedroom house                                |
| Pohara Top 10 Holiday Park        | 5.2       | 175           | 75              | 22     | 5      | 2        | 2       | 3                     | 3 bedroom house        | Entertainment facilities                       |
| Motueka Top 10 Holiday Park       | 3.2       | 154           | 31              | 21     | 14     | 4        | 3       | 5                     | 3 bedroom house        | Entertainment facilities and Conference centre |
| Riverside Holiday Park, Murchison | 3.4       | 39            | 51              | 25     | 2      | 3        | 1       | 3                     | 3 bedroom house        | Recreation hall                                |

A complete description of the assets included in the Campground activity is in Appendix B.

### 3 Community Outcomes and Our Goal

The community outcomes that the Campground activity contributes to are shown in Table 16.

**Table 16: Community Outcomes**

| Community Outcomes   | How Our Activity Contributes to the Community Outcome  |
|--|--|
| Our region is supported by an innovative and sustainable economy.  | Running a viable and economically sustainable model ensures development and growth opportunities are paid for by users, not the ratepayers. Facilities are able to be maintained and levels of service gradually improved through a consistent reinvestment strategy based on community use. |
| Our infrastructure is efficient, cost effective and meets current and future needs.                        | The campgrounds provide the users with a variety of facilities to choose from at an affordable level while also looking towards future needs of a changing market. There is a changing community expectation around campground facilities.   |
| Our Council provides leadership and fosters partnerships, a regional perspective and community engagement. | Open and good dialogue with operators of the Council’s facilities fosters strong relationships with common ground. The Council receives constant feedback and recommendations from operators regarding trends and issues which achieves strong buy in by lessees.                            |
| Our communities have access to a range of social, educational and recreational facilities and activities.  | All campgrounds have facilities that provide for a range of social, and recreational activities for school and educational groups, being the cornerstone of this operation.  |
| Our urban and rural environments are people friendly, well planned, safe and sustainably managed.          | The campground activity contributes to our built urban environments which are functional and provide a pleasant experience. This is achieved by ensuring the campgrounds are operated without causing public health hazards and are therefore sustainably managed.                           |
| Our communities are healthy, safe, resilient and inclusive.  | The campground industry is heavily regulated by public health authorities. This is achieved through operating health and safety standards.   |
| Our communities have opportunities to celebrate and explore their heritage, identity and creativity.       | A number of the asset sites have historical significance and are available for historical reference and exploration.   |

#### 3.1 Our Goal

We aim to provide the level of service that the customer wants and is prepared to pay for and in a manner that minimises conflict with the community and retains the intended character and history of these sites.

## 4 Operations, Maintenance and Renewals Strategy

### 4.1 Operations and Maintenance

The Council's strategy is to further investigate the implementation of its preferred ownership model for each asset. This is a move away from the mixture of current arrangements in order to maximise commercial returns, whilst providing lessees with a business model that is consistent with normal market practices.

The Council will also discuss and decide whether to continue to periodically repair sea walls at Pohara and Collingwood, when damaged. This decision will have an effect on future operations, levels of service and maintenance budgets.

Pohara, Motueka and Murchison are leased sites. Collingwood is currently a managed site. We have summarised the management arrangements on each asset below:

| Campground                        | Leased/ Managed | Party                       | Contract Period | Expiry Date                         | Next Rent Review Date        |
|-----------------------------------|-----------------|-----------------------------|-----------------|-------------------------------------|------------------------------|
| Collingwood Campground            | Managed         | Christine and Gary CLEMENTS | 3 Years         | 30 September 2017                   | N/a                          |
| Pohara Top 10 Holiday Park        | Leased          | Brent and Del CLARKE        | 32 Years        | 30 September 2040                   | 17 September 2016 (3 yearly) |
| Motueka Top 10 Holiday Park       | Leased          | Steve and Jeanette EDWARDS  | 33 Years        | 30 June 2040                        | 1 October 2016 (3 yearly)    |
| Riverside Holiday Park, Murchison | Leased          | Robin and Linda SANFORD     | 10 Years        | 31 March 2020 plus 1 x 10 year ROR. | 1 April 2016 (2 yearly)      |

Financial returns and contract management costs are negotiated regularly and considered to be commercially sensitive between lessees/managers and the Council.

### 4.2 Renewals

The Council proposes to increase the level of service on these assets, subject to individual business case preparation. Alignment to the Financial Strategy is generally likely to see profits from these assets retained to support the renewal programme.

## 5 Effects of Growth, Demand and Sustainability

### 5.1 Population Growth

Population growth within the district does have some effect on the campgrounds activity therefore the Growth Demand and Supply Model outputs are relevant to this activity. However, population growth will generally lead to intensification of the use of existing facilities. The potential effects of this on the campgrounds activities are:

- Increased use of campgrounds facilities for recreation.
- Potential for an increase in revenue for the Council.
- Possible need for further development of ancillary infrastructure to serve new and upgraded facilities.

It is anticipated that there is sufficient capacity within the existing four assets to cater for the population growth. There are no growth related projects included in the 20 year forecast however, depending on demand there may be a change of mix to current services.

Tourism growth in the region also has the potential to impact on the demand for these activities. Currently the industry growth is low/stagnant. The gradual reduction of coastal sites into commercial development and the gradual reduction of traditional camp sites will increase the demand for these activities. The Council needs to monitor the growth carefully to ensure the capacity is available. Currently the Council has a stable capacity at its four commercial sites to maintain projected GDP and tourism growth.

The campground assets are operating within a dynamic and changing market environment driven by customer demands. Those customer demands are favouring higher levels of service via increased quality and services from all accommodation suppliers.

### 5.2 Implications of Legislative Change

The Council strives to meet the legislative standards when managing the facilities. Increased expenditure is required to ensure compliance with the campground legislative requirements for certification.

Changes to campground activity policies may be driven from a number of directions;

- a) internally driven – greater emphasis on the objective of self supporting; or
- b) externally, eg changes driven by national organisations.

Campground standards are driven by the Reserves Act 1977, Campground Regulations 1985 and Health standards and regulations.

Campgrounds also have a changing health and safety environment, with legislative changes in the Health and Safety Act expected in early 2016. Until these changes occur, the final detail is unknown and will be updated through our improvement plan – refer Appendix V.

Electrical, gas, chemical storage and plumbing regulation changes continue to have an impact on the operations of campgrounds. Changes need to be regularly monitored and given two of the Council's campgrounds operate outside of the "marketing group" they may have a higher risk of not understanding or being notified of regulation changes. The Council needs to ensure all sites are well informed and monitored.

### 5.3 Sustainability

This is addressed in the summary section of the commercial AMP.

At the activity level, a sustainable development approach is demonstrated by the following:

- Ensuring minimal impact on the environment by the activity; and
- Ensuring that the district's likely future campground requirements are identified at an early stage and that they, and the financial risks and shocks, are competently managed over the long term without the Council having to resort to disruptive revenue or expenditure measures.

## 6 Level of Service and Performance Measures

The following table summarises the levels of service and performance measures for the campground activity.

**Table 17: Levels of Service**

| ID  | Levels of Service (we provide)  | Performance Measure<br>(We will know we are meeting the level of service if...)   | Current Performance<br>(as at 2016/17)   | Future Performance  |   |   | Future Performance (targets) in Years 4 - 10                        |
|---|---|---|--|---|---|---|---|
|   |   |   |  | Year 1  | Year 2  | Year 3  |   |
| <b>Community Outcome: Council provides and safe, industry compliant, efficient and fit for purpose facility to all users.</b> |   |   |  |   |   |   |   |
| 1   | Health and Safety procedures are in line with industry best practice and improved to external audit findings.   | Fully compliant at all times, or if issues identified a corrective plan implemented within 30 days.   | <b>Actual = partially met</b>  | <i>Partly compliant</i>   | <i>compliant</i>  | <i>compliant</i>  | <i>compliant</i>  |
| <b>Community Outcome: Our region is supported by an innovative and sustainable economy.</b>                                   |   |   |  |   |   |   |   |
| 2   | Financial sustainability must be achieved.  | EBITDA performance of the campgrounds must provide 1.2 times funding cover.   | Actual = 3.5 times   | 2.1 times   | 1.8 times   | 1.5 times   | 1.5 times   |
| <b>Community Outcome: Our infrastructure is efficient, cost effective and meets current and future needs.</b>                 |   |   |  |   |   |   |   |
| 3   | Effective and responsible management of these assets ensuring achieving financial sustainability, whilst recognising the social and recreational benefits to the community. | <p>Condition assessment is based on lease or management model. It should include a focus to improve ratings.</p> <p>Occupancy should sit within a 10% variable of the regional average by year 3 for similar campground activities.</p> <p>Achieving financial returns in line with the budget projections while not compromising the level of service to the community on most assets.</p> <p>The Council's return will improve based on reinvestment levels - LOS changes in new financial strategy adoption.</p> | <p>Ratings = 2 star average.</p> <p>Occupancy = est. 40% average.</p> <p>Tariffs = within 90%-110% of national range by year 3.</p> <p>Model = mixed.</p> <p>ROA = 14% (Sales over \$5.8m value)</p> | <p>3 star average</p> <p>unmeasured</p> <p>unmeasured</p> <p>Mixed</p> <p>15%</p> | <p>3 star average</p> <p>unmeasured</p> <p>unmeasured</p> <p>Mixed</p> <p>16%</p> | <p>3 star average</p> <p>40%</p> <p>90%</p> <p>Mixed</p> <p>17%</p> | <p>4 star average</p> <p>40%</p> <p>95%</p> <p>Mixed</p> <p>18%</p> |

## 7 Changes Made to Activity or Service

This is a new AMP. There are no changes since 2012.

Table 18 summarises the key changes for the management of the campground activities following the recent Financial Strategy approval which will have changes to levels of service and investment.

The key reasons for change in the Financial Strategy are asset ownership and control, reinvestment options, single model and maximising financial returns.

**Table 18: Key Changes**

| Key Change                 | Reason for Change   |
|----------------------------|---|
| Ownership/Control          | Current model has mixed ownership of improvements on some assets. A single Council model is sought to retain control and condition of these assets, at the same time maximising revenue in accordance with existing lease arrangements.       |
| Reinvestment               | To maintain a consistent level of reinvestment from trading profitability.  |
| Maximise Financial returns | The Council has historically encouraged reinvestment by lessees in campground assets in return for lower returns to the Council. The single Council ownership model will see increased investment by the Council, and returns to the Council. |

## 8 Key Projects

Table 19 details the key capital and renewal work programmed for years 2015 to 2025.

**Table 19: Significant Projects**

| Project Name           | Description   | Year 1 (\$) | Year 2 (\$) | Year 3 (\$) | Year 4 to 10 (\$) | Project Driver <sup>2</sup> |
|------------------------|---|-------------|-------------|-------------|-------------------|-----------------------------|
| Motueka Campground     | Buyback of lessee improvements with cabin, road and shed upgrade.   | 1,442,430   | 0           | 0           |                   | LOR/ R.                     |
| Motueka Campground     | Capital maintenance programme   |             | 104,960     | 107,689     | 849,788           | LOS/ R                      |
| Pohara Campground      | Buyback of lessee improvements.   |             | 524,799     |             |                   | LOS/ R.                     |
| Pohara Campground      | Capital maintenance programme   |             |             | 107,689     | 363,510           | LOS/ R.                     |
| Murchison Campground   | New Managers and office accommodation.  |             | 0           | 161,533     |                   | LOS                         |
| Murchison Campground   | Capital maintenance programme   |             |             |             | 424,895           | LOS/ R.                     |
| Collingwood Campground | Infrastructure failure replacement/ renovation (minor repairs, painting and chattels upgrade) on existing improvements. | 460,350     | 104,960     |             |                   | LOS/ R                      |
| Collingwood Campground | Capital maintenance programme   |             |             |             | 559,316           | LOS/ R                      |

<sup>2</sup> LoS = Levels of Service, R = Renewal

Note:

1. Motueka asset buyback has an element of both LOS improvement and renewal as key drivers.
2. Pohara asset buyback has an element of both LOS improvement and renewal as key drivers.
3. Murchison campground additions are an upgrade to LOS.
4. Collingwood infrastructure is in poor repair and highlighted renovations are renewals.

## 9 Management of the Activity

### 9.1 Management

The Council currently operates a mixture of ownership models for these assets. All land is owned by the Council and held as reserve status. This limits options for disposal/use.

Buildings and improvements are owned in all cases at Collingwood and Murchison. A mixed model of building ownership exists in Motueka and Pohara, whereby some improvements are owned by the Council and some by the lessee.

Pohara, Motueka and Murchison are all subject to lease arrangements while Collingwood remains under management contract.

The reports and recommendations to the Council are made through the Commercial Subcommittee. These include but are not restricted to:

- Health and Safety audit and reviews;
- financial performance;
- capital and renewal needs;
- operations;
- maintenance works;
- facility types and uses;
- occupancy;
- fees and other charges.
- All assets are under a quarterly review and reporting programme. Collingwood has a higher management input level because of the management contract operation on behalf of the Council.

### 9.2 Significant Effects

The significant positive and significant negative effects are listed below in Table 20 and Table 21 respectively.

**Table 20: Significant Positive Effects**

| Effect                        | Description  |
|-------------------------------|--|
| Economic development.         | Provision and maintenance of campgrounds allows for the development of commercial businesses, therefore contributing to economic growth and prosperity in regions.<br><br>The Council's management of the campgrounds activity using industry best practice, commercial imperatives and competitive tendering, which aims to provide the economic efficiency (ie best value for money) for the ratepayers. |
| Environmental sustainability. | The Council aims to achieve environmental sustainability whilst managing the campground activity.  |
| Community value.              | The provision and maintenance of the campgrounds is of value to the community as this contributes to tourism, recreation, and business within the communities.   |

**Table 21: Significant Negative Effects**

| Effect  | Council's Mitigation Measure   |
|---|--|
| Damage to the Council's facilities caused by guests.  | Quality facilities generally attract a higher quality guest. They also attract a greater respect and are less likely to have maintenance, damage or cleanliness issues. Costs are fully recovered from offenders, where possible.  |
| Periodic sea wall damage at Collingwood and Pohara.   | Adverse weather events are unpredictable and cannot be controlled. Rising sea level data suggests the Council may continue to experience more issues. Rock wall protection is currently the only option to protect the current coastal locations and most of the repairs involve small areas affected. Therefore, unless the repairs are undertaken the existing protection and land will be significantly undermined/eroded.<br><br>Unless there is a significant massive sea wall damage event, the Council's protection policy is unlikely to change. |
| Significant value of improvements is owned by lessees therefore the Council is missing out on income. | The campground Financial Strategy adopted during November 2015 provides for a single asset ownership model.  |
| Some assets are rundown due to lack of reinvestment.  | During 2015 improvement plans will identify and drive operational reviews. Significant improvements will require a separate business case. Roading, infrastructure, buildings and other improvements are all affected at varying levels on most sites. The Council reinvestment will have an upfront cost as assets are returned to a normal condition. Ongoing maintenance programmes will ensure reinvestment at appropriate levels.   |

### 9.3 Assumptions

The Council has made a number of assumptions in preparing the AMP and they are generic across all assets and addressed in the front summary section of this AMP.



## 9.4 Risk Management

The Council's risk management approach is described in detail in Appendix Q.

An individual asset risk management strategy for each site will be developed within each business case review completed during 2015 and will contain all risk aspects associated with that activity. The table below lists key risks and the mitigation measures for such events.

**Table 22: Key Campground Risks**

| Risk Event   | Mitigation Measures   |
|--|---|
| Infrastructure failure.                                | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Routine maintenance and inspections are included lessee and management contracts;</li> <li>• Cleaning inspections post usage and between parties provides early identification of infrastructure issues/failure;</li> <li>• detailed inspections are completed six monthly for the entire asset schedule;</li> <li>• reactive inspection following extreme weather events.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Detailed condition assessments of all assets planned over next 12 months. Years of under investment have resulted in under conditioning across most campground infrastructure.</li> <li>• Programme development for key risk failures eg building, electrical, plumbing and gas issues.</li> </ul>   |
| Health and Safety operations.                          | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• External audits completed with annual monitoring;</li> <li>• Annual inspection for Health standards completed by Council's compliance division.</li> <li>• Disease management to follow health guidelines to minimise water borne disease issues;</li> <li>• Services – ensure gas, power, water and any other facilities are maintained to a high standard;</li> <li>• Hazardous chemicals – required for pools, cleaning etc. Ensure they are kept in locked area's separated from campground user access;</li> <li>• Ensure all contractors are approved, authorised and certified to meet appropriate standards.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Emergency procedures – develop procedures for all sites.</li> <li>• Develop standard operating procedures for all campground operations.</li> <li>• Continue to monitor and identify hazards</li> <li>• Improve assurance measurements.</li> </ul> |
| Safe access, environment and separation of activities. | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• High visibility and low speed zones for vehicle traffic;</li> <li>• Appropriate barriers between traffic, pools, playgrounds to separate activities;</li> <li>• Pedestrians, vehicles, activities kept clear of campsite activity.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Ongoing staff and lessee training.</li> </ul>  |

| Risk Event                    | Mitigation Measures  |
|-------------------------------|--|
| <p>Environmental impacts.</p> | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Current sites have a number of cultural and protected aspects on the campgrounds. Council commercial requirements are being managed in conjunction with Iwi, Parks and Reserves and other stakeholders;</li> <li>• The Council’s GIS software includes layers identifying cultural heritage sites and precincts and protected trees. Council staff apply for Historic Places Trust authorities and resource consents when these known sites are at risk of potential damage or destruction;</li> <li>• Project management processes for all development work and Council’s consultation guidelines are followed;</li> <li>• Ensure any discharge from activities is in line with health standards;</li> <li>• Consider the coastal environment, erosion and other impacts.</li> <li>• Ensure trees are well maintained to limit potential for harm to users. Visits conducted six monthly.</li> </ul> <p><b>Future:</b></p> <ul style="list-style-type: none"> <li>• Consider climate change impacts, sea level rises etc. into long term planning.</li> <li>• Continue to protect coast sites where impacted by adverse weather conditions affect core operations.</li> </ul> |

### 9.5 Improvement Plan

The Campground activity is a new Asset Management Plan (AMP) document and was earlier included in part within the property AMP in a limited format.

This Activity Management Plan document has been peer reviewed by Waugh Infrastructure Management Ltd.

The feedback has been integrated into this document.

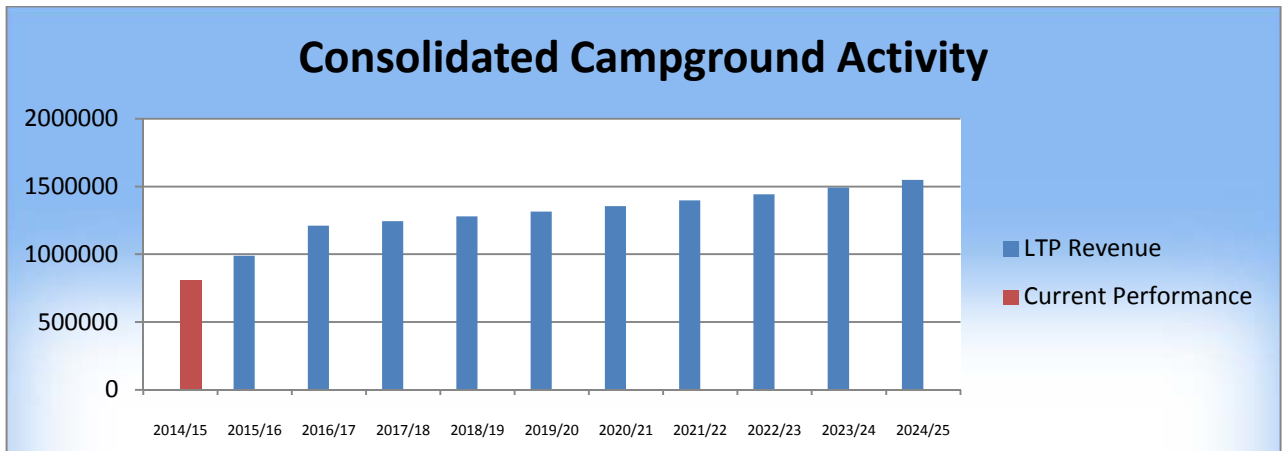
## 10 Summary of Cost for Activity

The following figures have been generated from a consolidation of the Motueka, Pohara, Murchison and Collingwood campgrounds, which are group managed.

| Camping Grounds                            |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Account Summary                            | Total Budget AP 2014/15 | Budget LTP 2015/16 | Budget LTP 2016/17 | Budget LTP 2017/18 | Budget LTP 2018/19 | Budget LTP 2019/20 | Budget LTP 2020/21 | Budget LTP 2021/22 | Budget LTP 2022/23 | Budget LTP 2023/24 | Budget LTP 2024/25 |
| <b>Income</b>                              |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Rates                              | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <i>Fees &amp; Recoveries</i>               |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| - Motueka Holiday Park Rent                | \$228,808               | \$337,693          | \$346,136          | \$355,135          | \$364,724          | \$375,301          | \$386,560          | \$398,543          | \$411,695          | \$425,693          | \$441,018          |
| - Pohara Beach Camp Rent                   | \$292,110               | \$299,739          | \$501,219          | \$514,251          | \$528,135          | \$543,451          | \$559,755          | \$577,107          | \$596,152          | \$616,421          | \$638,612          |
| - Riverview Motor Camp Rent                | \$17,637                | \$19,066           | \$19,614           | \$20,199           | \$20,821           | \$21,503           | \$22,230           | \$23,003           | \$23,828           | \$24,706           | \$25,642           |
| - Collingwood Motor Camp Sales             | \$198,413               | \$255,750          | \$263,167          | \$271,062          | \$279,465          | \$288,687          | \$298,502          | \$308,950          | \$320,072          | \$331,915          | \$344,528          |
| - Other Income                             | \$59,180                | \$60,541           | \$62,297           | \$64,166           | \$66,155           | \$68,338           | \$70,661           | \$73,135           | \$75,767           | \$78,571           | \$81,557           |
| Revaluations                               | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Sundry Income                              | \$13,017                | \$16,814           | \$18,569           | \$18,913           | \$19,113           | \$17,789           | \$17,160           | \$17,509           | \$15,926           | \$15,588           | \$16,000           |
| <b>Total Income</b>                        | <b>\$809,165</b>        | <b>\$989,603</b>   | <b>\$1,211,001</b> | <b>\$1,243,725</b> | <b>\$1,278,412</b> | <b>\$1,315,069</b> | <b>\$1,354,869</b> | <b>\$1,398,247</b> | <b>\$1,443,440</b> | <b>\$1,492,893</b> | <b>\$1,547,356</b> |
| <b>Expense</b>                             |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Wage Timesheet Allocation                  | \$1,834                 | \$1,193            | \$918              | \$937              | \$967              | \$999              | \$1,033            | \$1,069            | \$1,107            | \$1,148            | \$1,192            |
| Maintenance                                | \$169,536               | \$186,526          | \$200,059          | \$205,082          | \$210,437          | \$216,351          | \$222,649          | \$229,352          | \$236,716          | \$244,765          | \$253,358          |
| General Operating Costs                    | \$108,570               | \$114,120          | \$115,123          | \$118,270          | \$121,635          | \$125,342          | \$129,302          | \$133,533          | \$138,173          | \$143,131          | \$148,557          |
| Professional Fees                          | \$5,421                 | \$31,632           | \$5,684            | \$6,908            | \$33,059           | \$6,163            | \$6,348            | \$34,917           | \$6,761            | \$6,991            | \$38,639           |
| Employment Related Expenses                | \$0                     | \$512              | \$524              | \$538              | \$552              | \$568              | \$586              | \$604              | \$624              | \$645              | \$668              |
| Operations                                 | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Overheads                                  | \$83,720                | \$71,679           | \$70,537           | \$81,530           | \$75,767           | \$76,301           | \$88,826           | \$82,946           | \$83,822           | \$97,842           | \$91,258           |
| Loan Interest                              | \$50,860                | \$94,834           | \$154,852          | \$163,108          | \$150,382          | \$144,409          | \$128,433          | \$110,327          | \$94,809           | \$71,436           | \$47,430           |
| Depreciation                               | \$271,022               | \$310,720          | \$357,559          | \$379,417          | \$390,676          | \$399,700          | \$409,264          | \$419,517          | \$430,146          | \$439,466          | \$418,172          |
| <b>Total Expense</b>                       | <b>\$690,963</b>        | <b>\$811,215</b>   | <b>\$905,258</b>   | <b>\$955,791</b>   | <b>\$983,476</b>   | <b>\$969,833</b>   | <b>\$986,440</b>   | <b>\$1,012,268</b> | <b>\$992,158</b>   | <b>\$1,005,424</b> | <b>\$999,274</b>   |
| <b>Trading Surplus/ (Deficit)</b>          | <b>\$118,202</b>        | <b>\$178,388</b>   | <b>\$305,744</b>   | <b>\$287,934</b>   | <b>\$294,936</b>   | <b>\$345,236</b>   | <b>\$368,429</b>   | <b>\$385,981</b>   | <b>\$451,282</b>   | <b>\$487,468</b>   | <b>\$548,082</b>   |
| EBITDA                                     | \$440,084               | \$583,942          | \$818,155          | \$830,459          | \$835,994          | \$889,344          | \$906,126          | \$915,825          | \$976,236          | \$998,370          | \$1,013,684        |
| Interest cost                              | \$50,860                | \$94,834           | \$154,852          | \$163,108          | \$150,382          | \$144,409          | \$128,433          | \$110,327          | \$94,809           | \$71,436           | \$47,430           |
| Principle cost                             | \$72,594                | \$124,373          | \$177,193          | \$189,034          | \$193,072          | \$191,096          | \$186,924          | \$180,254          | \$170,683          | \$157,710          | \$127,308          |
| <b>Cash Trading Surplus</b>                | <b>\$316,630</b>        | <b>\$364,735</b>   | <b>\$486,110</b>   | <b>\$478,317</b>   | <b>\$492,540</b>   | <b>\$553,840</b>   | <b>\$590,769</b>   | <b>\$625,244</b>   | <b>\$710,745</b>   | <b>\$769,224</b>   | <b>\$838,945</b>   |
| less Capital Expenditure                   | \$199,477               | \$1,902,780        | \$734,719          | \$376,911          | \$298,610          | \$284,233          | \$292,760          | \$325,982          | \$311,796          | \$322,709          | \$361,421          |
| plus Capital Loan Funding                  | \$120,000               | \$1,831,170        | \$524,799          | \$161,533          | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| less Funding of Depreciation               | \$0                     | \$0                | \$0                | \$0                | \$39,521           | \$83,441           | \$133,404          | \$191,410          | \$259,463          | \$281,756          | \$290,863          |
| <b>Cash Result</b>                         | <b>\$237,153</b>        | <b>\$293,125</b>   | <b>\$276,190</b>   | <b>\$262,940</b>   | <b>\$154,409</b>   | <b>\$186,165</b>   | <b>\$164,605</b>   | <b>\$107,852</b>   | <b>\$139,486</b>   | <b>\$164,760</b>   | <b>\$186,661</b>   |
| Dividend to Parks and Reserves             | \$240,000               | \$240,000          | \$240,000          | \$240,000          | \$240,000          | \$160,000          | \$160,000          | \$160,000          | \$160,000          | \$160,000          | \$160,000          |
| Dividend to Council (offset debt)          | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Dividend to Council (offset rates)         | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <b>Cash Retained</b>                       | <b>(\$2,847)</b>        | <b>\$53,125</b>    | <b>\$36,190</b>    | <b>\$22,940</b>    | <b>(\$85,591)</b>  | <b>\$26,165</b>    | <b>\$4,605</b>     | <b>(\$52,148)</b>  | <b>(\$20,514)</b>  | <b>\$4,760</b>     | <b>\$26,661</b>    |
| Accumulative Cash in activity              | (\$2,847)               | \$53,125           | \$89,315           | \$112,255          | \$26,664           | \$52,829           | \$57,435           | \$5,286            | (\$15,228)         | (\$10,468)         | \$16,193           |
| Accumulative Dividend to Council and Parks | \$240,000               | \$240,000          | \$480,000          | \$720,000          | \$960,000          | \$1,120,000        | \$1,280,000        | \$1,440,000        | \$1,600,000        | \$1,760,000        | \$1,920,000        |
| Interest cost cover ratio (times)          | 8.65                    | 6.16               | 5.28               | 5.09               | 5.56               | 6.16               | 7.06               | 8.30               | 10.30              | 13.98              | 21.37              |
| Funding cost cover ratio (times)           | 3.56                    | 2.66               | 2.46               | 2.36               | 2.43               | 2.65               | 2.87               | 3.15               | 3.68               | 4.36               | 5.80               |

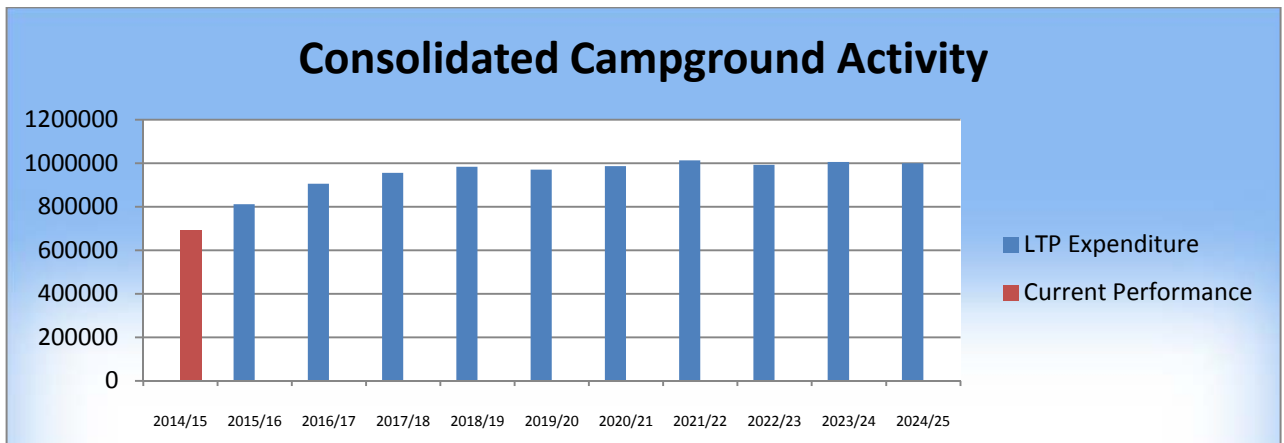
The activity summary covers the consolidated activities of four campgrounds at Collingwood, Pohara, Motueka and Murchison.

**Graph 5: Total Income:**



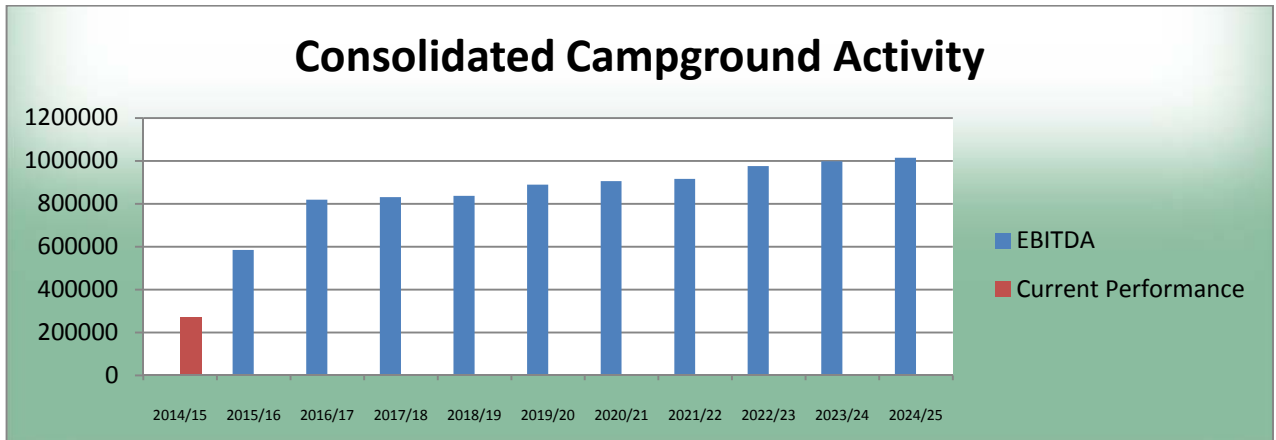
- Campground income is expected to rise during 2015 and 2016 as Council completes the campground financial strategy asset buyback of Motueka and Pohara improvements.
- Reviews on Murchison and Collingwood will also look to make changes to improve returns, but are somewhat hampered by the current condition of infrastructure.
- A stable outlook for occupancy and tariffs is planned.

**Graph 6: Total Expenditure**



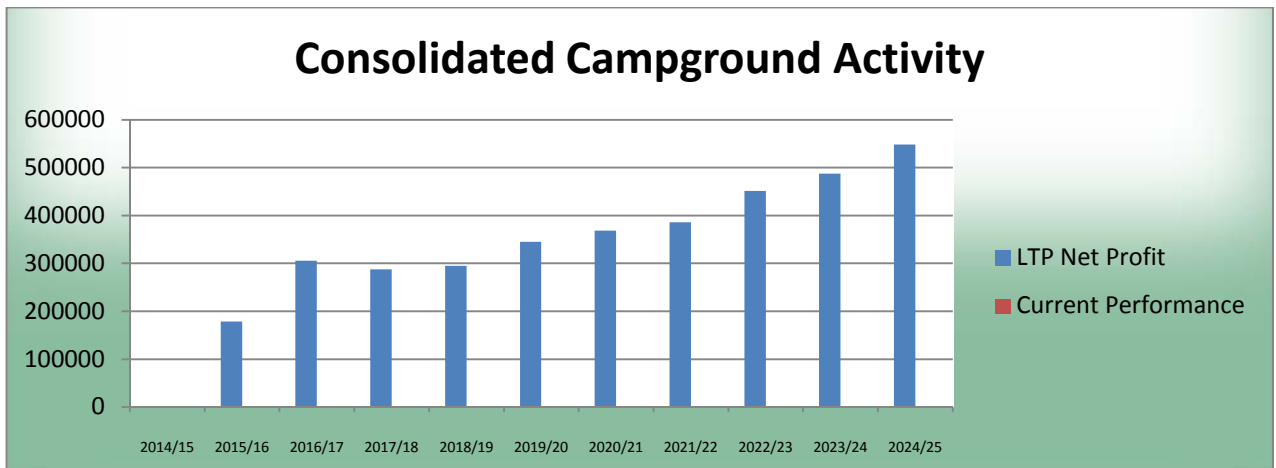
- Expenditure increases are relative to changing model and debt servicing on respective asset buyback programmes.
- Majority of costs for three leased sites (Pohara, Motueka and Murchison) reflect in-house management costs and depreciation.
- Stable outlook forecast with the Council looking to move all toward a single leased model with full infrastructure ownership.

**Graph 7: EBITDA Profitability**



- EBITDA increases by 50% upon asset buyback as key assets of Pohara and Motueka are repurchased, suggesting the underlying investment is a sound move by the Council.
- Step up reflects split timings of Motueka assets during 2015 and Pohara during late 2015/early 2016.

**Graph 8: Net Profit**



- Net profit takes an initial hit due to funding of asset buyback, depreciation funding over time and investment to improve levels of service.
- Major impact is borrowing costs from the additional capital programme. Each asset is subject to a full business case review before proceeding.

## SECTION D: COMMERCIAL PROPERTY

# Commercial Property

## 1 Key Issues for the Commercial Property Activity

The most important issues relating to the commercial property activity are shown below in Table 23.

**Table 23: Key Issues for the Commercial Property Activity**

| Key Issue  | Council Approach   |
|--|--|
| Occupancy of commercial sites needs to be maintained at commercial rates.  | The Council seeks to maintain a 90% occupancy of all commercial sites to ensure appropriate financial returns are achieved.  |
| Lease terms average  | The Council is looking to ensure it has a tenancy lease average term of 3 years with an evenly spread maturity profile for tenancy risk mitigation.  |
| Full services are not available for the Mapua site – toilets, water and parking remain a major issue for the Mapua precinct development.<br>The poor state of repair of the existing wharf toilet needs to be addressed. | The Council is working through implications for these issues to find a solution, which will include a makeover of the precinct area.   |
| Seismic assessments confirm compliance with the Council Earthquake Prone Building Policies and Building Code.  | The Council has conducted assessments of all commercial sites and has ratified their condition where required to appropriate levels.   |
| Regular condition assessment inspections of commercial assets are required - previously reactive and irregular rather than programmed.   | The Commercial Manager is to formalise an inspection programme and response time for dealing with defects (including priority of repairs).   |
| Mapua land sale and related debt clearance   | The Mapua ex Fruitgrowers chemical site land was remediated in 2007. The resultant land has been retained and identified for eventual sale by the Council. There are ten blocks with a total value of \$2.900m. As at January 2015 the Council had a remaining loan balance of \$1.734m. The focus over the LTP period will be for asset rationalisation and related debt repayment for this land. |
| Mapua Aquarium site commercial build   | A commercial project and tenancy is set to occur during 2015, opening by 30 September 2015. Management and tender processes will be dominated by fixed price contracts.  |

## 2 Activity Description

### 2.1 What We Do

As part of the commercial property activity the Council owns commercial land and property at the various locations:

- Motueka Harbour and Coastal Works fund land holdings (three leasehold titles);
- Mapua Wharf precinct (one title);
- Land at Aranui and Tahī Streets, Mapua – ex Fruitgrowers site (thirteen titles);
- Fittal Street, Richmond (two titles);
- 183 Queen Street, Richmond (one title).

A complete description of the assets included in the commercial property activity is in Appendix B.

## 2.2 Why We Do It

The Council's ownership and management must ensure that there is a positive economic return on investment on all its commercial property assets and that they are financially sustainable.

## 3 Community Outcomes and Our Goal

The community outcomes that the commercial property activity contributes to are shown in Table 24.

**Table 24: Community Outcomes**

| Community Outcomes  | How Our Activity Contributes to the Community Outcome   |
|---|---|
| Our region is supported by an innovative and sustainable economy.   | The Council has approved the business case proposing the construction of a commercial property on Council land at Mapua. Financial analysis shows a sound return on investment can be expected. Other commercial property holdings provide an income stream to the Council to reduce its reliance on rates. |
| Our infrastructure is efficient, cost effective and meets current and future needs.                       | Assets must meet current and future needs reflected in both commercial performance and, where appropriate, community benefits.  |
| Our Council provides leadership and fosters partnerships, a regional perspective and community engagement | The Council established the Mapua Advisory Group as a means of engaging with the community on Council activities in the Mapua Wharf precinct.   |
| Our communities have access to a range of social, educational and recreational facilities and activities. | Evidenced by the use of the Mapua precinct for a range of educational and recreational activities eg Sea scouts, boat club, fishing and boat ramp for fishing and recreational craft.   |
| Our communities have opportunities to celebrate and explore their heritage, identity and creativity.      | Historic places and Iwi interests are respected and protected through planned Council development of the Mapua precinct.  |
| Our communities are healthy, safe, inclusive and resilient.   | The Mapua Advisory Group has regular non-binding input into wider issues at Mapua.  |
| Our urban and rural environments are people-friendly, well-planned and sustainably managed.               | Keeping ownership of the site for development at Mapua wharf precinct ensures the Council achieves family friendly objectives as supported by community sentiment.  |

### 3.1 Our Goal

The Council aim is to provide financially sustainable commercial property assets with sound returns, otherwise consider divestment options.



## 4 Operations, Maintenance and Renewals Strategy

### 4.1 Operations and Maintenance

The Council's approach is to maintain and develop the commercial property activities ensuring financial viability via the appropriate lease agreements and charges.

This ensures that the Council provides facilities suitable for commercial and recreational use at the lowest medium to long term cost to the Council. The aim is to have the commercial property activities financially sustainable and self funding (including depreciation based on current asset values and all principal and interest debt servicing).

The Commercial Manager is responsible for the overall management of the commercial property activities, and reports in turn to the Council through the Commercial Subcommittee.

### 4.2 Renewals

Renewal expenditure is major work that does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original capacity. Work over and above restoring an asset to original capacity is new works expenditure.

Assets are considered for renewal as they near the end of their effective working life, or where the cost of maintenance becomes uneconomical and when the risk of failure of critical assets is sufficiently high.

The renewal programme has been developed by the following.

- Taking the asset's age and remaining life predictions from the valuation database, calculating when the remaining life expires, field validation of the current condition, and converting that into a programme of replacements based on current unit rates.
- Reviewing and justifying the renewals forecasts using the accumulated knowledge and experience of asset operations and asset management staff.

The renewal programme is reviewed in detail during each Activity Management Plan (AMP) update (ie three yearly), and every year the annual renewal programme is reviewed and planned with the input of lessees and Council management.

The Council proposes to maintain the existing level of service provided to all commercial property users including the lessees to meet at least the existing needs.

Table 25 details the key renewal work programmed for years 2015 to 2025.

**Table 25: Significant Projects**

| Project Name                 | Description                        | Year 1 (\$) | Year 2 (\$) | Year 3 (\$) | Year 4 to 10 (\$) | Project Driver <sup>3</sup> |
|------------------------------|------------------------------------|-------------|-------------|-------------|-------------------|-----------------------------|
| Mapua Wharf and Coastal land | Land erosion and wharf maintenance | \$70,000    | \$70,000    | \$70,000    | \$70,000          | R                           |

Note:

1. Condition assessment from MWH wharf inspection review 2014.
2. Mapua precinct wharf buildings have had continual upgrades, but they are old buildings and will require regular upgrading. The roof was redone during 2013/2014.

<sup>3</sup> LoS = Levels of Service, R = Renewal

## 5 Effects of Growth, Demand and Sustainability

### 5.1 Population Growth

Population growth within the district has a direct effect on the commercial property activity at Port Mapua. Therefore the Growth Demand and Supply Model outputs are relevant to this activity. However, population growth will lead to intensification of the use of existing facilities for recreation and social purposes. The potential effects of an increase in demand are impacts on parking, public facilities and foreshore;

- Proposed commercial development at Mapua wharf precinct programmed for construction in 2015 will result in more foot traffic in the area as well as the increasing numbers on the Tasman bike trail and resulting supporting services (ferry).
- Mapua wharf is a prime waterfront location and a popular destination for local and international tourists due to the collection of gallery, hospitality premises and relaxed family environment. This increase will put pressure on existing infrastructure eg parking, toilet facilities, water supply, conflict between cyclists, pedestrians and vehicular traffic.
- Motueka land is remnants from the port development and related endowment fund and is being transferred back to Iwi interests.
- Fittal Street land is ex Richmond recycling site which we are investigating for lease or sale based on best return for the Council. There is also a neighbouring title which is reclaimed land and suitable for sale/lease.
- Mapua Land is part of the ex Mapua Fruitgrowers site land which has been remediated and identified for sale/development over time. With the growing interest in Mapua, the land is increasing in value and interest from developers is building. The use of this land could take a number of forms.

It is anticipated that there is sufficient capacity within the existing assets to cater for the population growth.

### 5.2 Implications of Legislative Change

The Council strives to meet the legislative standards when managing the commercial property activity. There are various policy documents, acts and bylaws relating to commercial property that the Council must comply with. Inside the coastal environment, there is potential for increased expenditure to ensure compliance with these requirements.

Changes to commercial property activity policies will be driven from a number of directions. They could be internally driven – greater emphasis on the objective of self supporting, or externally eg changes driven by the Building Act, Earthquake Commission, Government Policy Statements. There are no plans to extend the current portfolio in the short to medium term.

### 5.3 Sustainability

At this activity level, a sustainable development approach is demonstrated by the following:

- recognition of the impact on the environment by the activity; and
- ensuring that any future requirements and developments are identified at an early stage and that they, and their financial risks, are identified and competently managed over the long term.

## 6 Level of Service and Performance Measures

The following table summarises the levels of service and performance measures for the commercial property activity. Development of the levels of service is discussed in detail in Appendix R. Shaded rows are the levels of service and performance measures to be included in the Long Term Plan.

**Table 26: Levels of Service**

| ID  | Levels of Service (we provide)  | Performance Measure (We will know we are meeting the level of service if...)  | Current Performance (as at 2016/17)  | Future Performance   |  |  | Future Performance (targets) in Years 4 - 10   |
|---|---|---|--|--|--|--|--|
|   |   |   |  | Year 1   | Year 2   | Year 3   |  |
| <b>Community Outcome: Our region is supported by an innovative and sustainable economy.</b>                   |   |   |  |  |  |  |  |
| 1   | Commercial property assets that are financially sustainable   | <p>EBITDA performance of the commercial property portfolio will increase towards 1.0 times funding cover of all depreciation and debt servicing.</p> <p>Occupancy of all commercial tenancies at or above 90% at all times.</p> <p>Weighted Lease terms evenly spread with 3 year average.</p> <p>Condition assessment programme reviewed every 3 months.</p>   | <p>Actual = 1.0 times</p> <p>Not measured</p> <p>Not measured.</p> <p>Regular completion of quarterly condition assessment – no variation.</p>                                 | <p>Actual = 0.7 times</p> <p>Occupancy = 100%</p> <p>Average lease term 3 years.</p> <p>Regular completion of quarterly condition assessment – no variation.</p>               | <p>Actual = 0.7 times</p> <p>Occupancy = 100%</p> <p>Average lease term 3 years.</p> <p>Regular completion of quarterly condition assessment – no variation.</p>               | <p>Actual = 0.8 times</p> <p>Occupancy = 100%</p> <p>Average lease term 3 years.</p> <p>Regular completion of quarterly condition assessment – no variation.</p>               | <p>Actual = 0.9 times</p> <p>Occupancy = 100%</p> <p>Average lease term 3 years.</p> <p>Regular completion of quarterly condition assessment – no variation.</p>               |
| <b>Community Outcome: Our infrastructure is efficient, cost effective and meets current and future needs.</b> |   |   |  |  |  |  |  |
| 2   | Fit for purpose assets that are required to comply with legislative needs, minimise health and safety issues, providing effectiveness and efficiencies now and into the future. | <p>No health and safety issues arise directly attributable to the Council's inaction/control.</p> <p>The Council is able to respond to reasonable Customer Service Requests within the timeframes agreed with our suppliers and within the available funding.</p> <p>Resource consents and building consents are held and complied with for works undertaken by the Council or its contractors. As measured by inspections, defaults and abatement notices issued to the Council.</p> | <p>Health and safety incidents = NIL.</p> <p>All service requests completed with 48 hours and within budget.</p> <p>All buildings and activities consented – no variation.</p> | <p>Health and safety incidents = NIL.</p> <p>All service requests completed with 48 hours and within budget.</p> <p>All buildings and activities consented – no variation.</p> | <p>Health and safety incidents = NIL.</p> <p>All service requests completed with 48 hours and within budget.</p> <p>All buildings and activities consented – no variation.</p> | <p>Health and safety incidents = NIL.</p> <p>All service requests completed with 48 hours and within budget.</p> <p>All buildings and activities consented – no variation.</p> | <p>Health and safety incidents = NIL.</p> <p>All service requests completed with 48 hours and within budget.</p> <p>All buildings and activities consented – no variation.</p> |

## 7 Changes made to Activity or Service

Table 27 summarises the key changes for the management of the commercial property activity since the 2012 AMP – previously commercial property was incorporated with the property AMP.

**Table 27: Key Changes**

| Key Change         | Reason for Change  |
|--------------------|--|
| Management         | The Commercial Manager was appointed in March 2014 to improve management of assets with a greater commercial focus.  |
| Mapua rebuild      | Mapua site burnt down in 201, and the rebuild has been subject to substantial debate, full business case assessment and final approval by the Council. The rebuild was set for start of 2015/2016 and will be completed in Year 1 of the LTP period. |
| Fittal Street land | Transferred to the Commercial Property Portfolio following failure of recycling tenant and subsequent vacancy of site.   |

## 8 Key Projects

Table 28 details the key capital and renewal work programmed for years 2015 to 2025.

**Table 28: Significant Projects**

| Project Name                  | Description  | Year 1 (\$) | Year 2 (\$) | Year 3 (\$) | Year 4 to 10 (\$) | Project Driver <sup>4</sup> |
|-------------------------------|--|-------------|-------------|-------------|-------------------|-----------------------------|
| Mapua rebuild                 | Commercial retail premises completion.                                     | 1,063,920   |             |             |                   | LoS                         |
| Mapua rebuild streetscaping   | Landscaping work around commercial precinct                                |             | 209,920     |             | 113,693           | LoS                         |
| Mapua Coastal wharf extension | Completion of wharf extension to link commercial premises to reserve area. |             |             | 32,791      |                   | R                           |

Note:

1. Mapua rebuild has been subject to a separate business case and Council approval during 2014.
2. Mapua precinct waterfront concepts have been developed in draft and propose to link the commercial and recreational precincts to gain greater integration.

<sup>4</sup> LoS = Levels of Service, R = Renewal

## 9 Management of the Activity

### 9.1 Management

The Commercial Manager is responsible for the overall management of the commercial property activities, and performance is reported to the Council through the Commercial Subcommittee.

### 9.2 Significant Effects

The significant positive and negative effects are listed below in Table 29 and Table 30 respectively.

**Table 29: Significant Positive Effects**

| Effect                               | Description   |
|--------------------------------------|---|
| Economic development and efficiency. | Provision and maintenance of commercial property allows for the development of commercial businesses, therefore contributing to economic growth and prosperity.<br><br>The Council's management of commercial property uses best practice and competitive tendering to provide value for money for ratepayers, thereby increasing non-rating income streams to the Council. |
| Community value.                     | Commercial property assets, especially Mapua wharf and precinct area, contribute to community wellbeing by providing assets for economic prosperity and recreational and social use by local and international visitors to the area.  |
| Environmental sustainability.        | The Council aims to achieve environmental sustainability whilst managing commercial property assets. Provision of timely maintenance assists in the protection of the assets and the built environment surrounds.   |

**Table 30: Significant Negative Effects**

| Effect   | Council's Mitigation Measure   |
|--|--|
| Increased numbers of visitors to wharf precinct increases the risk of clashes with modes of transport eg walking, cycling, vehicular traffic.  | Monitor feedback through quarterly user group, tenant meetings and quarterly Council inspections.                          |
| Structural requirements under the new building code re earthquake risk and age and condition of buildings require regular assessment.  | Older buildings would require more attention and early correction as part of a proactive/programmed maintenance approach.  |
| Tenants for Mapua development shed 4 have yet to sign full lease – heads of agreements are in place. Potential for the Council financial viability may be affected by the inability to attract suitable tenants. | Mitigated by leases required to be signed before build progresses with report back to the Council before letting a tender. |

### 9.3 Assumptions

Council has made a number of assumptions in preparing the AMP and they are listed in the Commercial AMP summary section.

At an asset level, the following assumptions apply;

- Mapua build will only occur when 100% of suitable tenants are confirmed, or the matter will return to the Council for discussion.
- Fittal Street is likely to be leased, not sold.

### 9.4 Risk Management

The Council's risk management approach is described in detail in Appendix Q.

An individual asset risk management strategy for each site will be developed within each business case review completed during 2015 and it will contain all risk aspects associated with that activity.

Major risk events and mitigation measures have been identified below.

**Table 31: Key Commercial Property Risks**

| Risk Event                                   | Mitigation Measures   |
|--|---|
| Condition assessment/maintenance.            | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Condition assessment and regular reviews of commercial property on an annual basis. Maintenance programme implemented - not previously completed.</li> <li>• Comply with Building Act and consenting requirements.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Redevelopment and regularisation of structured maintenance and inspection programmes.</li> </ul>   |
| Consents to conduct activities at each site. | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Comply with necessary legislation, regulation, inspection and certification processes through both Resource and Building consent requirements for activities at each site;</li> <li>• Engage with appropriate parts of Council to ensure compliance processes;</li> <li>• Assurance certification required to be held by Commercial Manager and verified at each upgrade opportunity.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Standardisation of site operating procedures across all Council sites;</li> <li>• Ensuring users comply with operational needs and general health and safety requirements.</li> </ul> |
| Occupancy.                                   | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Income streams are based on activity usage; attraction of clientele based on condition assessment, reputation of lessee's and presentation.</li> <li>• Levels of service proposed at 90% occupancy.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Continue to measure levels of service capability and measurement of reinvestment/management.</li> </ul>   |

| Risk Event                           | Mitigation Measures   |
|--------------------------------------|---|
| Health and Safety operational needs. | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Separate activities at various commercial sites to mitigate operational risks of competing activities;</li> <li>• Standard incident reporting procedures through Vault database.</li> <li>• Health requirements and building WOFs for tenancies required.</li> <li>• Ensure all contractors are approved, authorised and certified to meet appropriate standards.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Develop standard operation procedures inside commercial wharf areas.</li> <li>• Review annually;</li> <li>• Develop emergency plan, test annually;</li> <li>• Comply with Health and Safety Act and WorkSafe NZ's focus.</li> </ul> |

### 9.5 Improvement Plan

This Activity Management Plan document has been peer reviewed by Waugh Infrastructure Management Ltd. The feedback has been integrated into this document.

## 10 Summary of Cost for Activity

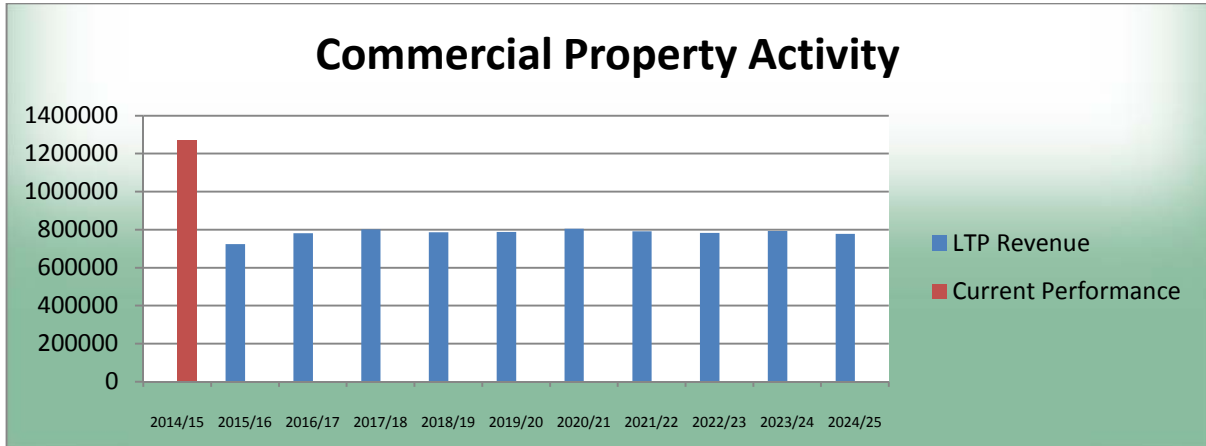
The following figures have been generated from performance of this activity to date.

| <b>Commercial Property</b>             |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
|--|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  | <b>Total Budget AP 2014/15</b> | <b>Budget LTP 2015/16</b> | <b>Budget LTP 2016/17</b> | <b>Budget LTP 2017/18</b> | <b>Budget LTP 2018/19</b> | <b>Budget LTP 2019/20</b> | <b>Budget LTP 2020/21</b> | <b>Budget LTP 2021/22</b> | <b>Budget LTP 2022/23</b> | <b>Budget LTP 2023/24</b> | <b>Budget LTP 2024/25</b> |
| <b>Account Summary</b>                 |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| <b>Income</b>                          |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| General Rates                          | \$485,242                      | \$255,200                 | \$306,105                 | \$314,363                 | \$284,345                 | \$271,618                 | \$270,684                 | \$239,604                 | \$213,000                 | \$201,607                 | \$165,474                 |
| <i>Fees &amp; Recoveries</i>           |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| - Mapua Precinct Lease Income          | \$100,002                      | \$230,175                 | \$236,850                 | \$243,956                 | \$251,518                 | \$259,818                 | \$268,652                 | \$278,055                 | \$288,065                 | \$298,723                 | \$310,075                 |
| - Port Motueka Lease Income            | \$150,000                      | \$59,743                  | \$61,476                  | \$63,320                  | \$65,283                  | \$67,437                  | \$69,730                  | \$72,171                  | \$74,769                  | \$77,535                  | \$80,482                  |
| - 183 Queen Street Lease Income        | \$120,000                      | \$92,070                  | \$94,740                  | \$97,582                  | \$100,607                 | \$103,927                 | \$107,461                 | \$111,222                 | \$115,226                 | \$119,489                 | \$124,030                 |
| - 11 Fittal Street Lease Income        | \$0                            | \$35,805                  | \$36,843                  | \$37,949                  | \$39,125                  | \$40,416                  | \$41,790                  | \$43,253                  | \$44,810                  | \$46,468                  | \$48,234                  |
| - Other Income                         | \$405,432                      | \$23,459                  | \$24,140                  | \$24,864                  | \$25,635                  | \$26,481                  | \$27,381                  | \$28,339                  | \$29,360                  | \$30,446                  | \$31,603                  |
| Revaluations                           | \$0                            | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| Sundry Income                          | \$11,601                       | \$27,464                  | \$21,523                  | \$20,096                  | \$19,151                  | \$19,040                  | \$19,107                  | \$18,410                  | \$18,070                  | \$18,582                  | \$18,075                  |
| <b>Total Income</b>                    | <b>\$1,272,277</b>             | <b>\$723,917</b>          | <b>\$781,677</b>          | <b>\$802,129</b>          | <b>\$785,664</b>          | <b>\$788,738</b>          | <b>\$804,805</b>          | <b>\$791,055</b>          | <b>\$783,300</b>          | <b>\$792,852</b>          | <b>\$777,973</b>          |
| <b>Expense</b>                         |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| Wage Timesheet Allocation              | \$5,548                        | \$4,671                   | \$4,765                   | \$4,865                   | \$5,021                   | \$5,186                   | \$5,363                   | \$5,550                   | \$5,750                   | \$5,963                   | \$6,189                   |
| Maintenance                            | \$106,392                      | \$151,753                 | \$155,243                 | \$159,124                 | \$163,261                 | \$167,833                 | \$172,700                 | \$177,881                 | \$183,573                 | \$189,814                 | \$196,458                 |
| General Operating Costs                | \$55,696                       | \$107,116                 | \$109,807                 | \$112,676                 | \$115,734                 | \$119,107                 | \$122,698                 | \$126,522                 | \$130,719                 | \$135,187                 | \$140,078                 |
| Professional Fees                      | \$25,000                       | \$16,573                  | \$9,123                   | \$18,504                  | \$12,375                  | \$9,891                   | \$20,142                  | \$13,522                  | \$10,850                  | \$22,181                  | \$14,963                  |
| Employment Related Expenses            | \$0                            | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| Operations                             | \$0                            | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| Overheads                              | \$46,766                       | \$69,826                  | \$70,479                  | \$75,023                  | \$74,181                  | \$75,964                  | \$81,513                  | \$81,102                  | \$83,227                  | \$89,713                  | \$89,477                  |
| Loan Interest                          | \$239,112                      | \$132,399                 | \$155,676                 | \$146,167                 | \$125,355                 | \$114,925                 | \$100,276                 | \$81,924                  | \$64,628                  | \$45,441                  | \$26,254                  |
| Depreciation                           | \$560                          | \$61,527                  | \$80,585                  | \$86,161                  | \$86,489                  | \$89,331                  | \$91,459                  | \$91,459                  | \$91,459                  | \$90,452                  | \$88,186                  |
| <b>Total Expense</b>                   | <b>\$479,074</b>               | <b>\$543,865</b>          | <b>\$585,678</b>          | <b>\$602,520</b>          | <b>\$582,416</b>          | <b>\$582,236</b>          | <b>\$594,150</b>          | <b>\$577,961</b>          | <b>\$570,206</b>          | <b>\$578,751</b>          | <b>\$561,606</b>          |
| <b>Trading Surplus/(Deficit)</b>       | <b>\$793,203</b>               | <b>\$180,052</b>          | <b>\$196,000</b>          | <b>\$199,609</b>          | <b>\$203,249</b>          | <b>\$206,502</b>          | <b>\$210,655</b>          | <b>\$213,094</b>          | <b>\$213,094</b>          | <b>\$214,101</b>          | <b>\$216,367</b>          |
| EBITDA                                 | \$1,032,875                    | \$373,978                 | \$432,261                 | \$431,937                 | \$415,093                 | \$410,757                 | \$402,390                 | \$386,477                 | \$369,181                 | \$349,994                 | \$330,807                 |
| Interest cost                          | \$239,112                      | \$132,399                 | \$155,676                 | \$146,167                 | \$125,355                 | \$114,925                 | \$100,276                 | \$81,924                  | \$64,628                  | \$45,441                  | \$26,254                  |
| Principle cost                         | \$270,959                      | \$238,304                 | \$269,986                 | \$275,724                 | \$276,042                 | \$278,199                 | \$280,160                 | \$279,062                 | \$277,787                 | \$276,449                 | \$275,044                 |
| <b>Cash Trading Surplus</b>            | <b>\$522,804</b>               | <b>\$3,275</b>            | <b>\$6,598</b>            | <b>\$10,046</b>           | <b>\$13,696</b>           | <b>\$17,634</b>           | <b>\$21,954</b>           | <b>\$25,491</b>           | <b>\$26,766</b>           | <b>\$28,104</b>           | <b>\$29,509</b>           |
| less Capital Expenditure               | \$525,000                      | \$1,063,920               | \$209,920                 | \$32,791                  | \$0                       | \$113,693                 | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| plus Loan Funding                      | \$0                            | \$1,063,920               | \$209,920                 | \$32,791                  | \$0                       | \$113,693                 | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| less Funding of Depreciation           | \$0                            | \$3,275                   | \$6,598                   | \$10,046                  | \$13,696                  | \$17,634                  | \$21,954                  | \$25,491                  | \$26,766                  | \$28,104                  | \$29,509                  |
| <b>Cash Result</b>                     | <b>(\$2,196)</b>               | <b>(\$0)</b>              | <b>\$0</b>                | <b>\$0</b>                | <b>\$0</b>                | <b>\$0</b>                | <b>(\$0)</b>              | <b>\$0</b>                | <b>(\$0)</b>              | <b>(\$0)</b>              | <b>\$0</b>                |
| Dividend to other                      | \$0                            | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| Dividend to Council (offset debt)      | \$0                            | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| Dividend to Council (offset rates)     | \$0                            | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| <b>Cash Retained</b>                   | <b>(\$2,196)</b>               | <b>(\$0)</b>              | <b>\$0</b>                | <b>\$0</b>                | <b>\$0</b>                | <b>\$0</b>                | <b>(\$0)</b>              | <b>\$0</b>                | <b>(\$0)</b>              | <b>(\$0)</b>              | <b>\$0</b>                |
| Accumulative Cash in activity          | (\$2,196)                      | (\$0)                     | (\$0)                     | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       | \$0                       |
| Accumulative Dividend to Council and P | \$0                            | \$255,200                 | \$561,305                 | \$875,668                 | \$1,160,013               | \$1,431,631               | \$1,702,315               | \$1,941,919               | \$2,154,920               | \$2,356,527               | \$2,522,001               |
| Interest cost cover ratio (times)      | 0.00                           | 2.82                      | 2.78                      | 2.96                      | 3.31                      | 3.57                      | 4.01                      | 4.72                      | 5.71                      | 7.70                      | 12.60                     |
| Funding cost cover ratio (times)       | 0.00                           | 1.01                      | 1.02                      | 1.02                      | 1.03                      | 1.04                      | 1.06                      | 1.07                      | 1.08                      | 1.09                      | 1.10                      |



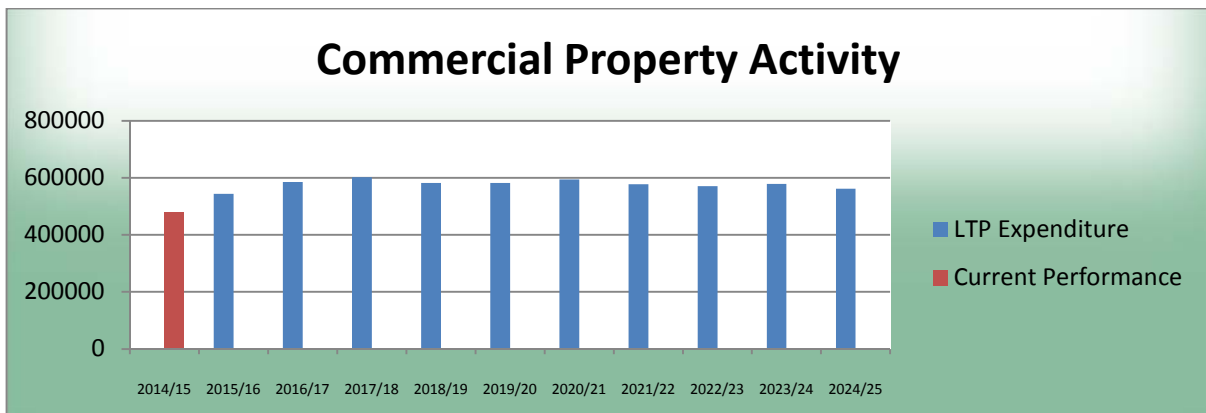
The activity summary covers the consolidated activities of Mapua precinct, 183 Queen Street, Richmond, Fittal Street and Port Motueka leased land.

**Figure 8: Total Income**



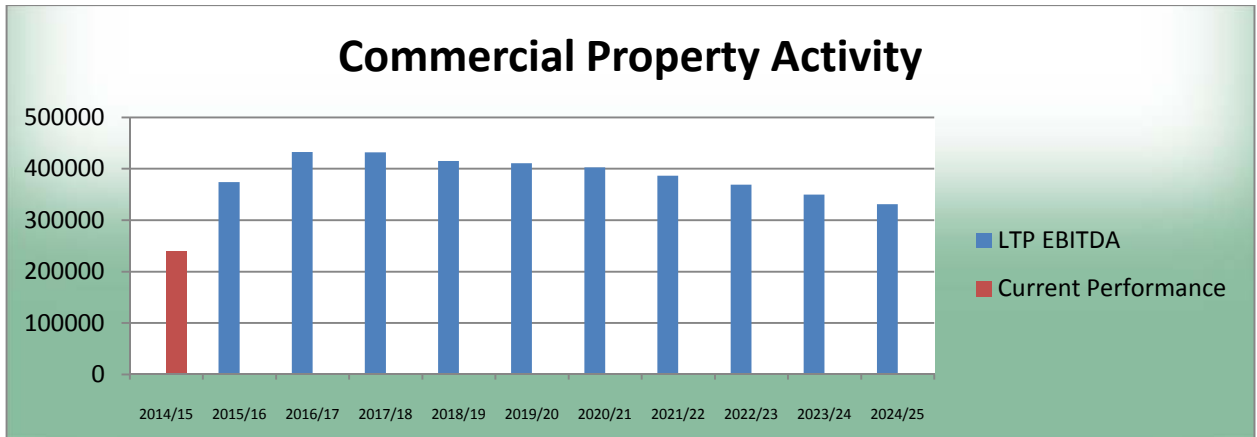
- The 2014/2015 budget year excludes the Golden Bear site which was purchased post setting this budget. It also excludes Fittal Street lease which has been vacant and is intended to be let during 2015.
- Leases forecast reflects new tenancies of the new Mapua commercial build.
- Stable rent streams predicted.

**Figure 9: Total Expenditure**



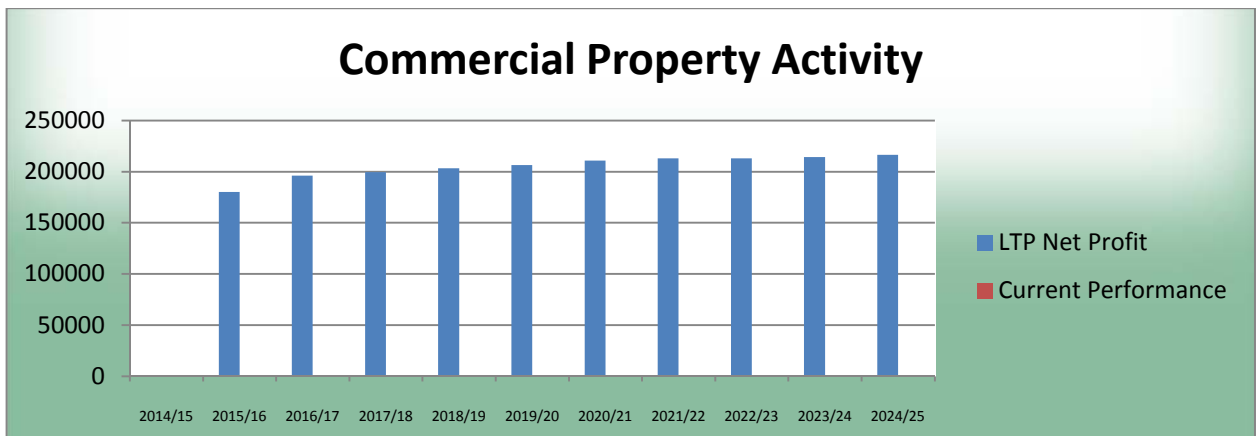
- Expenditure change is increased debt servicing and depreciation. Operating expenditure is stable.
- Overheads for the Council management will be consistent.

**Graph 10: EBITDA Profitability**



- EBITDA is expected to increase by 25% and stabilise around \$105,000.
- EBITDA earnings provide adequate interest cover of around 1.3 times which is in line with most commercial property underwriting standards of banks.

**Graph 10: Profitability**



- Net profit will drop as the Council completes the new build to expand operations and meet demand.
- Net profit recovers gradually over the period of the LTP.

## SECTION E: FORESTRY

# Forestry

## 1 Key Issues for the Forestry Activity

The most important issues relating to the forestry activity are shown below in Table 32.

**Table 32: Key Issues for the Forestry Activity**

| Key Issue   | Council Approach   |
|---|--|
| <p><b>Health and Safety</b></p> <p>Forestry is recognised by the Council as a high risk environment with numerous activities that require risk management. The increasing number of serious injuries and fatalities occurring on forest harvesting sites is a key focus.</p>                        | <p>The Council is engaging with external parties to complete an external audit on its management of processes of key activities. These findings will be implemented in all forestry activities.</p> <p>Contribute to the improvement of Health and Safety within the industry resulting in the reduction of serious injuries and fatalities. Use external auditors to assess risks associated with external and internal influences. Need to better manage public access/conflict.</p> |
| <p><b>Increased recreational use</b> of plantation areas by the public.</p>   | <p>Continue to mitigate via greater security, signage and management deterrents with regular management between respective the Council and contractor interests.</p>   |
| <p><b>Environment management</b></p> <p>Criticism following storm events of the amount of slash and forestry debris evident with the resultant issue of blocking waterways and road ways. Communication of timing of harvesting with the Council's Engineering sections and Parks and Reserves.</p> | <p>The Council's regulatory services are to investigate whether contractors are complying with Council permitted activity and/or resource consent requirements.</p> <p>Open communication between parties on timing of harvesting and road condition and programmed work.</p>  |
| <p><b>Roading network</b></p> <p>Often the Council is faced with having to re-establish roads for access into large and remote Forestry blocks.</p>   | <p>The Council funds the impact of private road/access costs through the day to day operational costs generally associated with the time of harvest. It uses income to cover the direct costs to the public roading network.</p> <p>No costs for use of the public roading network occurs as this is managed through road user charges methodology.</p>  |

## 2 Activity Description

### 2.1 What We Do

The Council has forests at seven different locations in the Tasman District totalling 2,717 ha.

A complete description of the assets included in the Forestry activity is in Appendix B.

### 2.2 Why We Do It

The Council's objective is to obtain an economic return on investment while providing environmental and recreational benefits.

### 3 Community Outcomes and Our Goal

The community outcomes that the forestry activity contributes to most are shown in Table 33.

**Table 33: Community Outcomes**

| Community Outcomes   | How Our Activity Contributes to the Community Outcome  |
|--|--|
| Our developing and sustainable economy provides opportunities for us all.    | The long term cut plan has been developed to produce an even flow of timber from the Council's forestry estate with the ultimate objective of achieving a non declining annual volume cut from the forests with an average stand rotation length of approximately 28 years.    |
| Our unique natural environment is healthy and protected.                     | All forests are managed according to the various policies and plans so the impacts of any effects do not affect the health and cleanliness of the receiving environment.   |
| Our urban and rural environments are pleasant, safe and sustainably managed. | Where practical and safe, public access and use of forests for recreation eg biking and walking will be encouraged. To maintain control over usage, public entry into the forest areas maybe by permit.  |
| Our infrastructure is safe, efficient and sustainably managed.               | PF Olsen Ltd has a management contract over all TDC forests and have gained FSC accreditation ensuring our forests are sustainably managed within internationally recognised guidelines.   |
| Our communities engage with the Council's decision-making processes.         | Neighbours of the forest estate boundaries and community action groups get involved in boundary issues such as weed and pest control, access and boundary alignment issues. These groups act independently but coordinated at an overview level by the Council Reserves staff. |

#### 3.1 Our Goal

Harvest the trees as close as possible to their economic optimum age, then replant while ensuring that environmental values are identified and maintained.

## 4 Operations, Maintenance and Renewals Strategy

### 4.1 Operations and Maintenance

Council's strategy for the delivery of the operations and maintenance service is to outsource all service delivery.

The forestry and harvesting/marketing management is undertaken by a forest manager while the forestry road lines and harvesting operations are undertaken by contractors.

The day to day management is undertaken by P F Olsen Ltd who reports to the Commercial Manager. This is a contracted position which expires in June 2016. Their activities are proactive.

The Commercial Manager is responsible for the overall management of the forestry, and reports to the Council via the Commercial Subcommittee.

Olsen's manage TDC forestry responsibilities under the Emissions Trading Scheme (ETS).

The forestry operation at Rabbit Island and Rough Island are subject to an Act of Parliament which prescribes that 10% of revenue derived from operations are to be made available for funding of recreational activities on the Island.

Operation and maintenance is discussed in detail in Appendix E.

### 4.2 Renewals

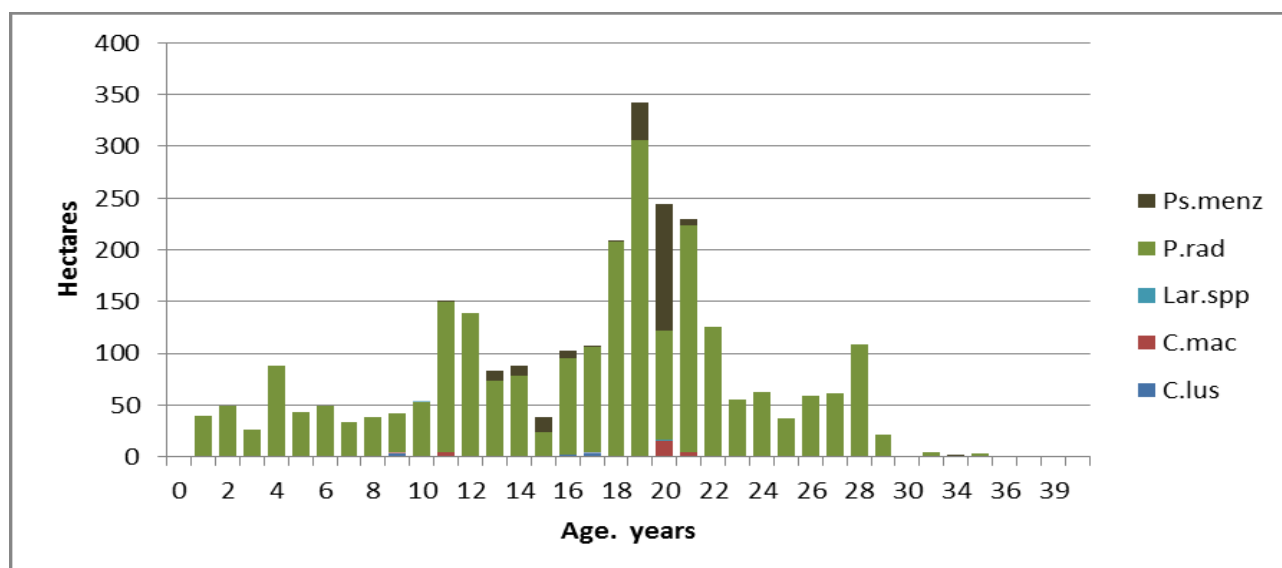
Renewal of the existing asset would be the replanting of forest areas following harvesting, which remains current policy. Council has an ongoing programme for replanting.

The recent July 2014 valuation has stated annual cut proposed as;

|                 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Production (m3) | 19,970    | 24,925    | 29,865    | 34,790    | 39,699    | 39,639    | 39,578    | 39,517    | 39,457    | 39,396    |
| Income          | \$1.128 m | \$1.450 m | \$1,747 m | \$1.794 m | \$1.774 m | \$2.238 m | \$1.707 m | \$1.755 m | \$1.653 m | \$1.541 m |

Age class distribution can be used in developing future harvesting plans.

The age class distribution, as at December 2013, of the Council forest estate is illustrated below.



The replanting programme has been developed by the following:

- Using age class distribution data the long term cutting plan is to produce an even flow of timber with rotation ages no less than 25 years for unpruned stands and 27 years (preferably 30 years) for pruned stands.
- The ultimate objective is to achieve a non-declining annual volume cut from the forests with an average stand rotation length of 30 years.
- Reviewing and justifying the renewals programme using the accumulated knowledge and experience of the forest managers and the Council staff.

The renewal programme is reviewed in detail during each Activity Management Plan (AMP) update (ie three yearly), and every year the annual renewal programme is reviewed and planned with the input of the maintenance contractor and consultant, with the view of maximising TDC financial returns.

The Council proposes to maintain the existing level of service provided by PF Olsen to meet at least the existing needs.

All harvest, management, maintenance and replanting will typically be undertaken by the Council's contractor who is engaged to undertake all activities throughout the district. Packaging the work in this way is an efficient way of engaging an experienced contractor at competitive rates.

The forestry contractor is required to comply with the various operating and legislative standards for all activities.

## 5 Effects of Growth, Demand and Sustainability

### 5.1 Growth Demand Model and Sustainability

Population growth within the district does not have an effect on forestry activities, therefore the Growth Demand and Supply Model outputs are not relevant to this activity.

The forest estate will be managed on a sustained yield basis, with the aim of similar timber volumes being harvested each year in perpetuity.

Yield tables have been derived for each crop type from growth models developed using the StandPak software package. Quality control, mid-rotation and pre-harvest inventory data is used to calibrate the growth models. Yield tables have been generated from crop type growth models using the Nelson/Marlborough base Growth Model.

Yield table demand predictions have also been confirmed against actual yields from clear felling operations undertaken at the respective forests or nearby sites of a similar nature.

It is anticipated that the Council will maintain its current resource size and only purchase additional acquisitions of land or forest where these make practical and economic sense.

### 5.2 Implications of Legislative Change

In order to minimise the risk to forest owners, managers and contractors, it is important that relevant legislation and agreements are identified and appropriate measures put in place to ensure that breaches of legislation are avoided.

The Council strives to meet the legislative standards when managing the forests asset. Changes to this activity's policies may be driven from a number of directions. They could be internally driven eg combined district and Regional Plan or externally eg Resource Management Act.

The key pieces of legislation are;

- Health and Safety Act 1992;
- Biosecurity Act 1993;
- Forest and Rural Fires Act 1977;
- Forests Act 1949;
- Hazardous Substances and New Organisms Act 1996;
- Historic Places Act 1993;
- Climate Change Response Act 2002;
- the draft Health and Safety Act (2014).

All have significant ramifications in their area of responsibility.

The health and safety requirements are actively managed through the Council's forest managers, currently PF Olsen. Health and safety management is a key requirement in awarding any forest management contract for the Council and Olsen's clear record has shown this is well managed. The forestry site has been recently audited and provides good signals that the risks are well managed on the Council's behalf. The findings from the report will be implemented into this Activity Management Plan.

### 5.3 Sustainability

At this activity level, a sustainable development approach is demonstrated by the following:

- The forest estate is managed on a sustained yield basis, with the aim of similar timber volumes to be harvested each year in perpetuity;
- Ensuring minimal impact on the environment by the activity;
- Replanting all existing forests when harvested;
- Activity has a strong commercial focus, but the Council recognises the need to balance some recreational demands, where practical.



## 6 Level of Service and Performance Measures

The following table summarises the levels of service and performance measures for the forestry activity. Development of the levels of service is discussed in detail in Appendix R. Shaded rows are the levels of service and performance measures to be included in the Long Term Plan.

**Table 34: Levels of Service**

| ID  | Levels of Service (we provide)  | Performance Measure (We will know we are meeting the level of service if...)  | Current Performance (as at end Yr 2 2016/17)                                     | Future Performance   |   |   | Future Performance (targets) in Years 4 - 10  |
|---|---|---|--|--|---|---|---|
|   |   |   |  | Year 1   | Year 2  | Year 3  |   |
| <b>Community Outcome: Council provides and safe, industry compliant, efficient and fit for purpose facility to all users.</b> |   |   |  |  |   |   |   |
| 1   | Health and Safety procedures are in line with industry best practice and improved to external audit findings.   | Forestry is a high risk activity. Regular external audit of all the Council processes will occur. Contractors are to have their own health and safety processes which are externally audited and assessed within FSC accreditation processes.   | <b>External audit = partially met</b><br><br><b>Continued FSC accreditation.</b> | <i>Compliant</i><br><br><i>accredited</i>  | <i>Compliant</i><br><br><i>accredited</i>   | <i>Compliant</i><br><br><i>accredited</i>   | <i>Compliant</i><br><br><i>accredited</i>   |
| <b>Community Outcome: Our region is supported by an innovative and sustainable economy.</b>                                   |   |   |  |  |   |   |   |
| 2   | Financial sustainability must be achieved.  | Performance of forestry must provide a net ROA return (ex replanting, management and all activities) of 4%.   | <b>Actual = 3.0%</b>   | 4.3%   | 3.5%  | 2.5%  | 4.6% ave.   |
| <b>Community Outcome: Our infrastructure is efficient, cost effective and meets both current and future needs.</b>            |   |   |  |  |   |   |   |
| 3   | Fit for purpose condition assessment is required to comply with legislative and user requirements whilst providing efficient and effective forestry operations. This LOS will be directly related and recognise the commercial returns required by further investment by the Council. | External six monthly risk reviews identifying key risks and actions required to mitigate. Quarterly internal processes have been refined throughout 2014 to ensure full quarterly review identifies and limits key risks. External quarterly reporting is required within 45 days of period end by the contractor. We respond to customer service requests within 48 hours and within available budget funding. Appropriate consents are held and complied with. Measured by inspections, defaults and abatement notices issued to the Council. | <b>Actual = most not measured and under corrective action.</b>                   | Key Risks = Not met or measured.<br><br>Quarterly processes underway – met.<br><br>Contractor reporting – no exceptions.<br><br>Service requests – no exceptions.<br><br>Consents – no exceptions. | Key Risks = identified risks mitigated.<br><br>Quarterly processes underway – met.<br><br>Contractor reporting – no exceptions.<br><br>Service requests – no exceptions.<br><br>Consents – no exceptions. | Key Risks = identified risks mitigated.<br><br>Quarterly processes underway – met.<br><br>Contractor reporting – no exceptions.<br><br>Service requests – no exceptions.<br><br>Consents – no exceptions. | Key Risks = identified risks mitigated.<br><br>Quarterly processes underway – met.<br><br>Contractor reporting – no exceptions.<br><br>Service requests – no exceptions.<br><br>Consents – no exceptions. |

## 7 Changes made to Activity or Service

This is the first plan undertaken for Council's forestry activity therefore there are no changes.

## 8 Key Projects

There are no key capital projects programmed for years 2015 to 2025.

The only renewal project for this activity is a replanting programme which follows harvest and is self funding in the year of harvest and has no additional capital funding requirements.

The AMP does not anticipate expansion of the activity.

## 9 Management of the Activity

### 9.1 Management

The forestry activities are managed by an independent Forestry Manager through the Council's Commercial Manager to Council via the Commercial Subcommittee.

The Forestry Manager is responsible for harvesting and marketing management. Road works prior to harvesting and the physical operation of harvesting is undertaken by contractors and managed by the Forestry Manager.

The reports and recommendations to the Council are made through the Commercial Subcommittee.

The Council forestry area of management includes;

| Forest        | Productive Area  | Percentage  |
|---------------|------------------|-------------|
| Borlase       | 700.2 Ha         | 26%         |
| Eves Valley   | 27.8 Ha          | 1%          |
| Howard Valley | 453.1 Ha         | 17%         |
| Kingsland     | 100.2 Ha         | 4%          |
| Rabbit Island | 957.1 Ha         | 35%         |
| Sherry        | 387.7 Ha         | 14%         |
| Tunnickliff   | 92.2 Ha          | 3%          |
| <b>Total</b>  | <b>2717.3 Ha</b> | <b>100%</b> |

### 9.3 Significant Effects

The significant positive and negative effects are listed below in Table 35 and Table 36 respectively.

**Table 35: Significant Positive Effects**

| Effect                        | Description  |
|-------------------------------|--|
| Economic development.         | Harvest at the optimum time for stand condition and export market value thereby contributing to economic growth and prosperity.  |
| Community value.              | The provision of the forestry activity is of community value as it takes into consideration neighbouring property interests and needs, the use by recreational users of the estate and also active community groups who are also supported by the Council. |
| Environmental sustainability. | The Council aims to achieve environmental sustainability within the forestry activity.   |
| Economic efficiency.          | Management of the forestry activity by forest managers enables the use of industry best practice and also competitive tendering processes to provide the best value for money for the ratepayers.  |

**Table 36: Significant Negative Effects**

| Effect   | Council's Mitigation Measure   |
|--|--|
| Significant increase in the number of serious injuries and fatalities over last five years nationally.                 | Identification and adoption of industry best practice. Monitoring through monthly meetings and quarterly reports.  |
| Restricted recreational use in forest estates during times of harvesting.  | Where practical and safe, public access and use of forests will be encouraged. To maintain control over usage, public entry into the forest areas is by permit and with appropriate insurance if deemed by the forest manager to be necessary. |
| Public criticism of slash and off cuts blocking drainage channels, structures and roadway during times of storm event. | Proactive management of this is sought through inspection and management. Harvest in difficult areas has been minimal in recent years and will become more of a focus based on the risk within each forest.                                    |
| Fluctuation in the export market price for logs.   | The Council's current contractor, P F Olsen, has actively managed FSC accreditation and access to local markets - both not previously available.   |

## 9.4 Assumptions

Generic assumptions are outlined in the summary section of this Commercial AMP. Assumptions specific to this activity are listed below;

**Table 37: Significant Assumptions**

| Assumption Type                       | Assumption   | Discussion   |
|---------------------------------------|--|--|
| Asset Management                      | That the Council will continue to contract out the management of its forest estate to an appropriate forest management company.  | The Council has indicated it will review most commercial assets and decide whether to continue to hold these. Discussion on whether forestry will be sold or retained has yet to be had. Continuance of existing management and operations and its contractors is assumed. |
| New Health and Safety Act             | That the Council will have additional responsibilities, as the forestry estate owner.  | The Council will need to understand and react appropriately to the additional responsibilities under any changes during 2015/2016.   |
| Environmental Policies and Management | All activities within the Council forests are subject to management within a framework set by forest managers, environmental policies and Environmental Management System( EMS). | No changes are anticipated.  |
| Harvesting Strategy                   | The ultimate objective is to achieve a sustainable annual volume cut from the forests with an average stand rotation length of 28 years.   | This is being actively managed with P F Olsen in an attempt to even out harvest and income levels.   |

## 9.5 Risk Management

The Council's Risk Management Strategy in relation to the forestry activity is:

- To maintain and ensure compliance with up to date Health and Safety Plans for all contractors and manage through the forestry manager the contractors response to new health and safety issues;
- Utilise the developed Environmental Assessment Matrix in the assessment of environmental risks within the Council forests;
- To manage animal pests, pest weeds and disease control through the Environmental Management System and Regional Pest Management Strategy where appropriate;
- To provide fire prevention and control through the Council's insurance agents and rural fire. Fire cover is updated annually for year end 30 June.

**Table 38: Key Forestry Risks**

| Risk Event        | Mitigation Measures  |
|-------------------|--|
| Crop Risk.        | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Annual valuations are completed to understand increasing value based on current condition and volume of crop;</li> <li>• Insurance cover aligned to Council crop value. Updated annually;</li> <li>• Extreme weather events - reactive inspections following extreme weather by Forestry Manager (PF Olsens);</li> <li>• Annual replanting of crop on rotation basis that follows harvesting plan.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• continuation of structured measurement and inspection programmes.</li> </ul>  |
| Operational risk. | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Forestry Manager's (currently PF Olsen's) are responsible for all operational risk on all 7 Council forestry sites;</li> <li>• All contractors fall under the instruction and deployment of PF Olsen's and they are responsible for ensuring the appropriate approvals, authorisations and certifications are held by each contractor to meet industry standards;</li> <li>• All harvesting plans widely consulted on inside Council and include hazard management, road traffic plans and risk mitigation;</li> <li>• PF Olsen's visit harvesting sites at least weekly and conduct assurance and compliance checks on harvesting contractors employed by them;</li> <li>• Mitigate harvesting risk by providing security of contract tenure to allow investment in mechanical harvesting, thus minimising high risk activities;</li> <li>• Site visits conducted by Council three monthly with P F Olsen.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• continuation of structured relationship management and inspection programmes;</li> <li>• Re-tender forest management contract for a period of 7-10 years given high risk challenging sites are coming due for harvest.</li> <li>• Level of assurance to be increased through both reactive and proactive measurement.</li> </ul> |

| Risk Event                               | Mitigation Measures   |
|--|---|
| Environmental risk.                      | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• PF Olsen's have produced a risk matrix table for environmental risks and attached high/medium/low ratings across activities from harvesting, residual slash, disposal, fertiliser, hazardous chemicals, fuel management and forest protection. All are measured in day to day activities and reported on quarterly.</li> <li>• Council contracts document require performance around ecological and environment values and PF Olsen's report quarterly.</li> <li>• Overall environmental performance is managed via Forest Stewardship Council (FSC) accreditation, with an annual audit by external parties.</li> <li>• Individual users can provide mini tanker materials from time to time. Responsibility sits within each operator and their provider;</li> <li>• Assurance quarterly certification required by Commercial Manager.</li> <li>• Many sites have neighbouring reserves or high ecological interest within the forests. These areas are protected and managed on a different basis to plantation forest areas.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Introduce portable toilet facilities for staff operating within the forests;</li> <li>• Standardisation of operating procedures across all Council forestry sites;</li> <li>• Ensuring users comply with operational best practice and industry health and safety requirements.</li> </ul> |
| Recreational and Commercial interaction. | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Policy currently exists, but is under review;</li> <li>• Many sites are dual use and demands of public are encroaching on commercial forestry operations;</li> <li>• The growing conflict between users is creating health and safety risks for harvesting operations.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Update the Council policy to clearly highlight what each forestry site will permit for both commercial and recreational activities;</li> <li>• Separate activities where possible to mitigate risk;</li> <li>• Continue to measure and identify actual risks via best practice.</li> </ul>   |
| Health and Safety operational needs.     | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• Observe Industry operational best practice and review annually;</li> <li>• Entry to all forests activities to be well signposted and secure and restricted to appropriate users (eg permit system, fencing etc);</li> <li>• Standard incident reporting procedures through Vault database.</li> <li>• Ensure all contractors are approved, authorised and certified to meet appropriate standards.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• Ensure PF Olsen's continue to develop standard operation procedures that lead the industry. Review annually;</li> <li>• Review PF Olsen's emergency plan, test annually;</li> <li>• Comply with Health and Safety Act and WorkSafe NZ's focus/ implementation.</li> </ul>  |

## 9.6 Improvement Plan

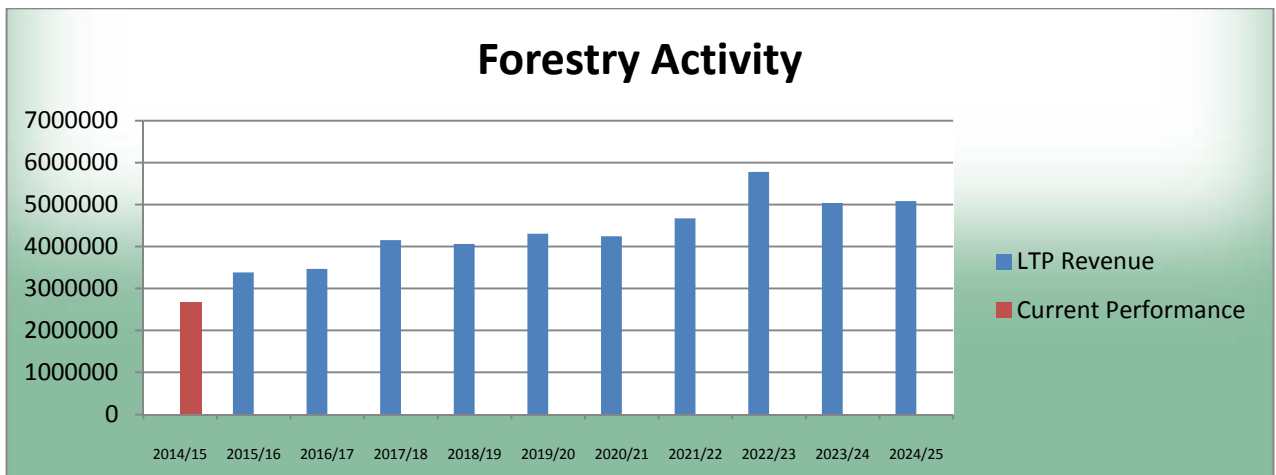
This Activity Management Plan document has been peer reviewed by Waugh Infrastructure Management Ltd. The feedback has been integrated into this document.

## 10 Summary of Cost for Activity

The activity summary covers the consolidated activities of eight forests for a total of 2,717 plantable Hectares.

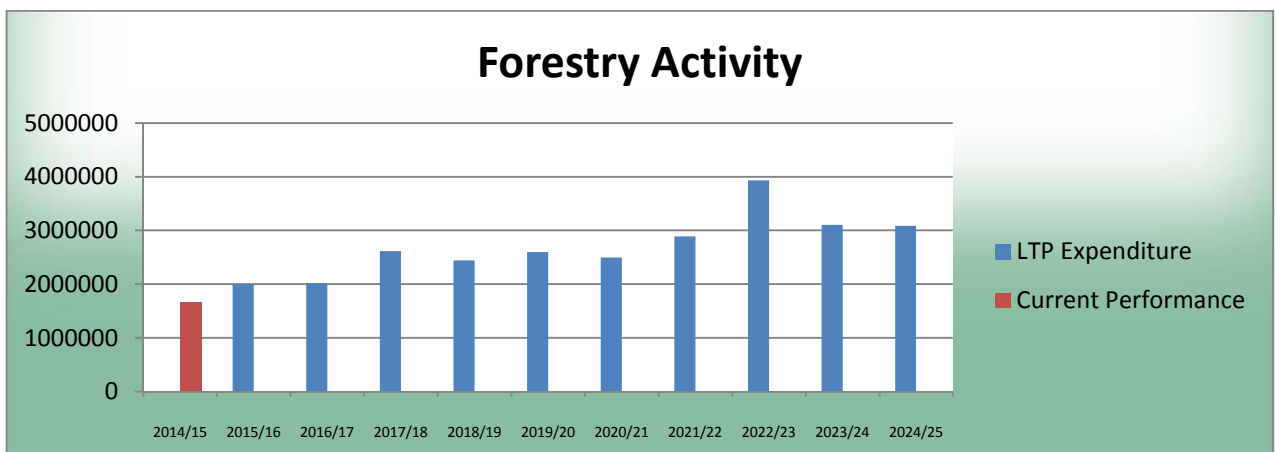
| Forestry                               |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Account Summary                        | Total Budget AP 2014/15 | Budget LTP 2015/16 | Budget LTP 2016/17 | Budget LTP 2017/18 | Budget LTP 2018/19 | Budget LTP 2019/20 | Budget LTP 2020/21 | Budget LTP 2021/22 | Budget LTP 2022/23 | Budget LTP 2023/24 | Budget LTP 2024/25 |
| <b>Income</b>                          |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Rates                          | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <i>Fees &amp; Recoveries</i>           |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| - Rabbit Island Forest Income          | \$2,025,000             | \$2,803,020        | \$2,424,818        | \$976,907          | \$2,917,052        | \$2,336,055        | \$3,734,862        | \$3,182,802        | \$348,238          | \$1,918,468        | \$3,467,325        |
| - Kingsland Forest Income              | \$0                     | \$0                | \$0                | \$1,610,107        | \$0                | \$447,754          | \$0                | \$0                | \$348,559          | \$898,161          | \$0                |
| - Borlase Forest Income                | \$0                     | \$0                | \$286,325          | \$641,874          | \$563,401          | \$775,991          | \$229,250          | \$0                | \$0                | \$987,778          | \$0                |
| - Eves Valley Forest Income            | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$1,186,986        | \$0                | \$0                | \$0                |
| - Howard Forest Income                 | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$3,570,469        | \$528,939          | \$1,246,776        |
| - Other Income                         | \$27,558                | \$28,192           | \$29,009           | \$29,880           | \$30,806           | \$31,823           | \$32,905           | \$34,056           | \$35,282           | \$36,588           | \$37,978           |
| Revaluations                           | \$593,000               | \$476,142          | \$653,000          | \$797,114          | \$465,969          | \$620,547          | \$163,955          | \$167,131          | \$1,346,604        | \$565,465          | \$232,234          |
| Sundry Income                          | \$31,124                | \$73,407           | \$73,566           | \$93,341           | \$85,674           | \$90,628           | \$85,525           | \$96,883           | \$127,970          | \$102,545          | \$101,246          |
| <b>Total Income</b>                    | <b>\$2,676,682</b>      | <b>\$3,380,761</b> | <b>\$3,466,720</b> | <b>\$4,149,223</b> | <b>\$4,062,903</b> | <b>\$4,302,797</b> | <b>\$4,246,496</b> | <b>\$4,667,858</b> | <b>\$5,777,122</b> | <b>\$5,037,945</b> | <b>\$5,085,560</b> |
| <b>Expense</b>                         |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Wage Timesheet Allocation              | \$2,692                 | \$2,323            | \$2,369            | \$2,419            | \$2,496            | \$2,579            | \$2,666            | \$2,760            | \$2,859            | \$2,965            | \$3,077            |
| Maintenance                            | \$1,265,232             | \$1,484,646        | \$1,570,827        | \$2,161,505        | \$2,028,722        | \$2,217,992        | \$2,116,488        | \$2,446,294        | \$3,533,662        | \$2,706,340        | \$2,726,149        |
| General Operating Costs                | \$111,466               | \$186,588          | \$167,987          | \$191,621          | \$187,409          | \$196,272          | \$199,096          | \$261,848          | \$234,365          | \$231,238          | \$233,672          |
| Professional Fees                      | \$145,300               | \$170,534          | \$156,238          | \$160,300          | \$164,628          | \$169,402          | \$174,484          | \$179,893          | \$185,830          | \$211,492          | \$199,065          |
| Employment Related Expenses            | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Operations                             | \$27,996                | \$28,644           | \$29,360           | \$30,123           | \$30,937           | \$31,834           | \$32,789           | \$33,805           | \$34,921           | \$36,108           | \$37,408           |
| Overheads                              | \$116,997               | \$180,647          | \$182,023          | \$195,078          | \$191,781          | \$196,118          | \$211,824          | \$209,559          | \$214,757          | \$233,015          | \$231,024          |
| Interest Charged/ (Received)           | \$0                     | (\$53,257)         | (\$88,526)         | (\$125,326)        | (\$165,174)        | (\$213,614)        | (\$238,259)        | (\$245,849)        | (\$271,621)        | (\$319,515)        | (\$343,167)        |
| Depreciation                           | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <b>Total Expense</b>                   | <b>\$1,669,683</b>      | <b>\$2,000,125</b> | <b>\$2,020,278</b> | <b>\$2,615,719</b> | <b>\$2,440,799</b> | <b>\$2,600,583</b> | <b>\$2,499,089</b> | <b>\$2,888,310</b> | <b>\$3,934,773</b> | <b>\$3,101,643</b> | <b>\$3,087,228</b> |
| <b>Trading Surplus/ (Deficit)</b>      | <b>\$1,006,999</b>      | <b>\$1,380,635</b> | <b>\$1,446,442</b> | <b>\$1,533,504</b> | <b>\$1,622,104</b> | <b>\$1,702,214</b> | <b>\$1,747,407</b> | <b>\$1,779,548</b> | <b>\$1,842,349</b> | <b>\$1,936,302</b> | <b>\$1,998,332</b> |
| EBITDA                                 | \$1,151,992             | \$1,327,378        | \$1,357,916        | \$1,408,178        | \$1,456,930        | \$1,488,600        | \$1,509,148        | \$1,533,699        | \$1,570,728        | \$1,616,787        | \$1,655,165        |
| less Revaluations                      | \$593,000               | \$476,142          | \$653,000          | \$797,114          | \$465,969          | \$620,547          | \$163,955          | \$167,131          | \$1,346,604        | \$565,465          | \$232,234          |
| Interest cost/ (revenue)               | \$0                     | (\$53,257)         | (\$88,526)         | (\$125,326)        | (\$165,174)        | (\$213,614)        | (\$238,259)        | (\$245,849)        | (\$271,621)        | (\$319,515)        | (\$343,167)        |
| Principle cost                         | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <b>Cash Trading Surplus</b>            | <b>\$558,992</b>        | <b>\$904,493</b>   | <b>\$793,442</b>   | <b>\$736,390</b>   | <b>\$1,156,134</b> | <b>\$1,081,667</b> | <b>\$1,583,452</b> | <b>\$1,612,417</b> | <b>\$495,745</b>   | <b>\$1,370,837</b> | <b>\$1,766,098</b> |
| less Capital Expenditure               | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| plus Loan Funding                      | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| less Funding of Depreciation           | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <b>Cash Result</b>                     | <b>\$558,992</b>        | <b>\$904,493</b>   | <b>\$793,442</b>   | <b>\$736,390</b>   | <b>\$1,156,134</b> | <b>\$1,081,667</b> | <b>\$1,583,452</b> | <b>\$1,612,417</b> | <b>\$495,745</b>   | <b>\$1,370,837</b> | <b>\$1,766,098</b> |
| Dividend to Parks and Reserves         | \$145,000               | \$145,000          | \$145,000          | \$145,000          | \$145,000          | \$225,000          | \$225,000          | \$225,000          | \$225,000          | \$225,000          | \$225,000          |
| Dividend to Council (offset debt)      | \$0                     | \$0                | \$0                | \$0                | \$0                | \$400,000          | \$800,000          | \$900,000          | \$0                | \$700,000          | \$1,000,000        |
| Dividend to Council (offset rates)     | \$250,000               | \$250,000          | \$250,000          | \$250,000          | \$500,000          | \$500,000          | \$500,000          | \$500,000          | \$500,000          | \$500,000          | \$500,000          |
| <b>Cash Retained</b>                   | <b>\$163,992</b>        | <b>\$509,493</b>   | <b>\$398,442</b>   | <b>\$341,390</b>   | <b>\$511,134</b>   | <b>(\$43,333)</b>  | <b>\$58,452</b>    | <b>(\$12,583)</b>  | <b>(\$229,255)</b> | <b>(\$54,163)</b>  | <b>\$41,098</b>    |
| Accumulative Cash in activity          | \$163,992               | \$509,493          | \$907,935          | \$1,249,325        | \$1,760,459        | \$1,717,126        | \$1,775,578        | \$1,762,995        | \$1,533,740        | \$1,479,577        | \$1,520,675        |
| Accumulative Dividend to Council and P | \$395,000               | \$395,000          | \$790,000          | \$1,185,000        | \$1,830,000        | \$2,955,000        | \$4,480,000        | \$6,105,000        | \$6,830,000        | \$8,255,000        | \$9,980,000        |
| Interest cost cover ratio (times)      | 0.00                    | -24.92             | -15.34             | -11.24             | -8.82              | -6.97              | -6.33              | -6.24              | -5.78              | -5.06              | -4.82              |
| Funding cost cover ratio (times)       | 0.00                    | 0.00               | 0.00               | 0.00               | 0.00               | 0.00               | 0.00               | 0.00               | 0.00               | 0.00               | 0.00               |

**Graph 11: Total Income**



- Revenue will increase by around 75% over the period of the LTP as the crop maturity profile matures.
- The Council has invested many years in acquisition and is now stabilising its forestry portfolio which provides a long term stable income stream.
- Cyclical commodity price issues with export prices have been mitigated through local market supply and the FSC accreditation programme. Continuation is expected.

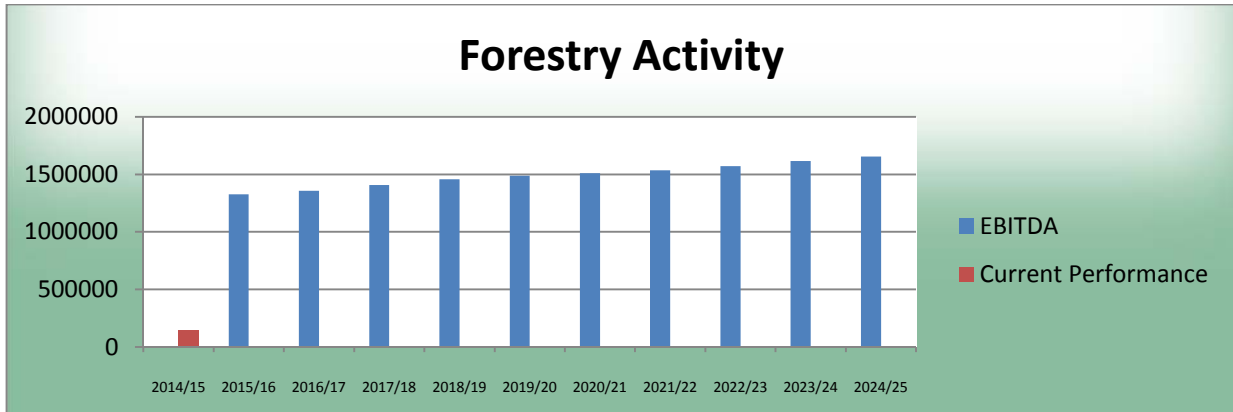
**Graph 12: Total Expenditure**



- Costs are expected to follow increased harvest trends and remain consistent against income trends.

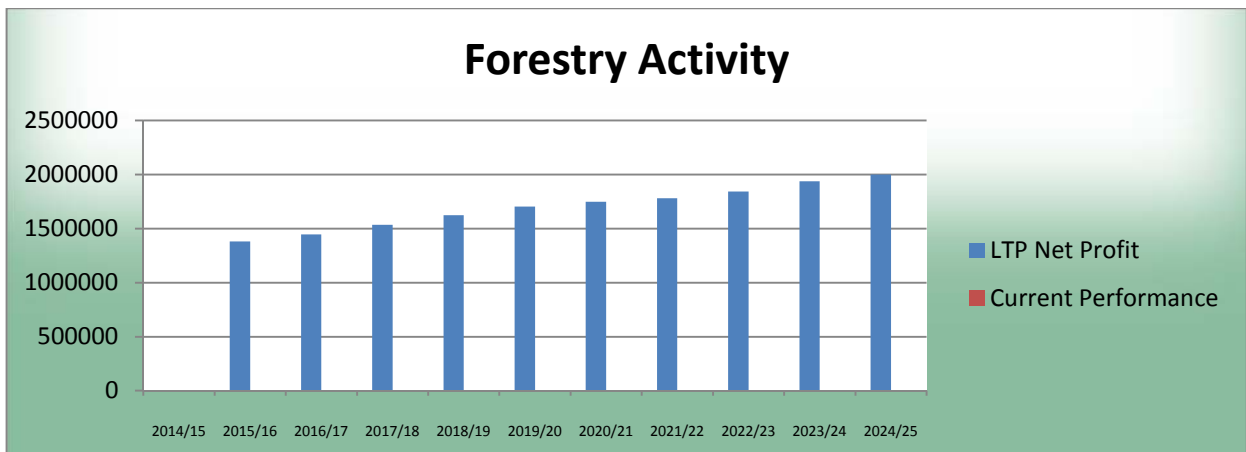


**Graph 12: EBITDA Profitability**



- Profitability at EBITDA level will substantially increase in the LTP period on the back of a maturing profile.
- Activity provides ROA of between 2 and 4.7% after all management and operational costs.

**Graph13 : Profitability**



- Net Profit is similar to EBITDA as the Council has no debt loading against these activities.

# Ports

## 1 Key Issues for the Port Tarakohe Activity

The most important issues relating to the Port Tarakohe activity are shown below in Table 39.

**Table 39: Key Issues for the Port Tarakohe Activity**

| Key Issue  | Council Approach  |
|--|---|
| <p><b>Financial Sustainability/ Viability:</b></p> <p>The Council identified the port for closed account status and self funding in 2013.</p> <p>All future operations are required to be self funding by all port users. There is to be no general rate funding.</p> <p>All future port investment is to be driven by individual business case assessment and profitability.</p>  | <p>Historically, the port has operated at a loss.</p> <p>A development plan feedback process was initiated during 2013, which has seen a substantial increase in all user charges to address financial sustainability.</p> <p>Those charges will be constantly reviewed to ensure Port financial viability is maintained. A trading profit that delivers a break-even result after depreciation funding and loan repayments is essential.</p>   |
| <p><b>Health and Safety</b></p> <p>Port activity recognised by the Council as a high risk environment with numerous activities that require risk management.</p> <p>The increasing number of serious injuries and fatalities occurring on commercial port sites is a key focus.</p>  | <p>The Council is engaging with external parties to complete an external audit on its management of processes of key activities. These findings will be implemented in all port activities.</p> <p>Contribute to the improvement of health and safety within the industry resulting in the reduction of serious injuries and fatalities. Use external auditors to assess risks associated with external and internal influences. Need to better manage leases, public access and operational conflicts.</p> |
| <p><b>Fit for purpose Facilities:</b></p> <p>The port facilities and infrastructure are adequate to handle the current activity at Port Tarakohe.</p> <p>Growth is starting to place pressure on these facilities and the scale of the committed Area Management Plans (AMAs) for mussel farming in Golden Bay, and will at some point place significant pressure on all facilities.</p> <p>However, the condition of some parts of port facilities will require improvement to keep pace with changing requirements, port growth and health and safety legislative changes.</p> | <p>Constant review of fit-for-purpose infrastructure and facilities are occurring through input from;</p> <ul style="list-style-type: none"> <li>• Port user groups;</li> <li>• Port Management;</li> <li>• Regular review and peer discussions.</li> </ul> <p>The Council will identify, plan and implement changes required to ensure all reasonable port users needs are addressed within the fiscal envelope that must be maintained to deliver financial sustainability.</p>                           |
| <p><b>Governance:</b></p> <p>Currently the responsibility for the asset lies with the Commercial Manager, reporting to the Council through the Commercial Subcommittee. The Port Tarakohe Advisory Group (PTAG) has been re-established to obtain input and feedback from port stakeholders.</p>   | <p>The Council has indicated it is comfortable with the current level of governance and oversight.</p> <p>The Council will review changes to governance, if circumstances change.</p>   |
| <p><b>Strategy Document</b></p> <p>The Council objectives for the port and its development will be responsive to stakeholder needs. Investment will be on the basis of a clear business case.</p>  | <p>The completion of a Port Tarakohe Strategic Plan will occur during 2015/16.</p> <p>The plan will clearly outline a definitive action list around wharf development, land use, infrastructure,</p>  |

|   |   |
|---|---|
| <p>Stakeholder future development requirements have long been identified; however the speed of development by key industry groups has lagged behind initial timeframes.</p> <p>Accurate modelling that develops a fit-for-purpose port that delivers on actual industry requirements is key in providing an effective, efficient and viable port operation.</p> | <p>access, water, roading and financial sustainability to cover the expected growth. It will also develop trigger points for such development.</p> <p>Investment by the Council will be dictated by actual growth of industries in a planned manner that delivers financial sustainability.</p> |
|---|---|

## 2 Activity Description

### 2.1 What We Do

The Council owns and operates Port Tarakohe in Golden Bay, which is the only deep water port in the district. The port is used for a combination of commercial and recreational use.

A complete description of the assets included in the Port Tarakohe activity is in Appendix B.

### 2.2 Why We Do It

The Council's ownership and management ensures the asset is retained for the commercial and recreational community – its economic development and strategic importance is important to all ratepayers and users in both Golden Bay and the wider Tasman region. This asset provides benefits to all users with employment, commercial development and recreation for the wider community.

## 3 Community Outcomes and Our Goal

The community outcomes have been jointly developed with the Nelson City Council to ensure regional consistency. The Port Tarakohe activity contributes as shown in Table 40.

**Table 40: Community Outcomes**

| Community Outcomes  | How Our Activity Contributes to the Community Outcome  |
|---|--|
| Our region is supported by an innovative and sustainable economy.   | Running a viable and economically sustainable port ensures development and growth opportunities are paid for by users and do not place an undue burden on district ratepayers.                                   |
| Our infrastructure is efficient, cost effective and meets current and future needs.                       | The Port Tarakohe activity provides commercial and recreational users with facilities to meet stakeholder needs, at an affordable cost and is positioned for future growth.                                      |
| Our Council provides leadership and fosters partnerships, a regional perspective and community engagement | The Council has re-established the Port Tarakohe Advisory Group and opened communication lines with all key stakeholders to improve engagement with all users and gain support for port development initiatives. |
| Our communities have access to a range of social, educational and recreational facilities and activities. | The Port Tarakohe facilities offer access for communities to a safe boating facility for a range of recreational activities to meet social, educational and recreational needs.                                  |
| Our urban and rural environments are people-friendly, well-planned and sustainably managed.               | The port activities are well planned and sustainably managed, ensuring any impacts on urban, coastal and rural environments are minimised.   |

Our unique natural environment is healthy and protected.

Port Tarakohe facility activities are within a recognised landscape area and attempts to minimise any impact on the wider Golden Bay environment.

### 3.1 Our Goal

**The Council aim is to provide a financially sustainable and viable port for commercial and recreational use.**

## 4 Operations, Maintenance and Renewals Strategy

### 4.1 Operations and Maintenance

The Council's approach is to maintain and develop the port facilities in response to user needs, whilst ensuring financial viability via the appropriate level of user fees and other charges.

The aim is to have the port financially sustainable and self funding (including depreciation based on current asset values and servicing all principal and interest on debt).

The day-to-day management is undertaken by the Harbour Manager who reports to the Commercial Manager. The Harbour Manager is a contracted position, with the majority of activities being reactive.

The Commercial Manager is responsible for the overall management of the port, and reports to the Council through the Commercial Subcommittee.

A Structural Condition Assessment (undertaken in 2009) made a number of recommendations to be undertaken as maintenance. There is financial provision made for these items based on priority. A number of these have been addressed since our last AMP. A regular structural review and valuation is proposed every five years. These have been costed and detailed for inclusion in this AMP.

Operation and maintenance is discussed in detail in Appendix E.

### 4.2 Renewals

The Council proposes to maintain the existing level of service provided to all port users, including lessees, and increased levels of service where a commercial imperative exists.

Renewals are discussed in detail in Appendix I.

1. Pile berths – an anticipated modification for use by larger commercial boats;
2. Second wharf extension – replacement of the old condemned wharf structure will be required to facilitate aquaculture industry expansion when it occurs;
3. Marina location – relocation may be required over time to facilitate aquaculture industry expansion.
4. Crane facilities (two) – new facilities to gain better efficiencies and service for commercial port users will be required to facilitate port expansion. Cranes are part of a fit-for-purpose port operation that protects the Council facilities from damage, and provides an all tide facility. They will also improve the health and safety at the port.
5. Port security – best practice access control for commercial port activity is to be gradually adopted. This will assist to ensure a fit-for-purpose operation that is functional and meets the required legislative needs for export product.
6. Mooring increases – currently the port has 20 moorings installed. It has approval for 80 moorings under its consent. We expect a further 10 moorings will be required over the coming five years. These will be managed as part of the overall marina operation.

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## 5 Effects of Growth, Demand and Sustainability

### 5.1 Population Growth

Population growth within the district does not have a direct effect on the port activity therefore the Growth Demand and Supply Model outputs are not directly relevant to this activity. However, there are changes in public and industry expectations which will have an impact on the future demands of the port.

There is expected to be an increase in the demand on Port Tarakohe for:

- the proposed development of aquaculture in Tasman Bay driven by the marine farming industry and already approved by the Council through the AMA process;
- the associated growth of the marine farming industry will place significant pressure on supporting infrastructure around commercial berths (size and scale), commercial infrastructure (storage and service facilities) and current port design. Increasing volume through the port will also impact on roading and the local communities;
- the changing trend in demographics indicates that a greater proportion of the population will be seeking improvement in the availability and make-up of recreational facilities;
- promotion of Golden Bay as a destination could increase the need for the port to expand facilities to better cater for, and service, larger tourist and cruise boats.

The growth in aquaculture and its impacts will be driven by the physical development by the industry. This issue will be explored in the Port Strategic Plan to be developed during 2015 and an expected development programme. The development likely to occur, based on information held, includes items outlined in the capital programme in the Activity Management Plan. These are outlined in Section 8. Key Projects below.

Current recreational berthage is adequate and past waiting lists have been extinguished following port charge increases in 2013. The current 20 mooring sites will require increasing to accommodate expected growth.

It is anticipated that there is sufficient capacity within the existing port asset to cater for the projected population growth.

### 5.2 Implications of Legislative Change

Growth and demand for the port activity is discussed in detail in Appendix F.

### 5.3 Sustainability

For this activity, the Council is adopting a 10 year forecast in the Activity Management Plans to ensure the long term financial implications of decisions made now are considered taking into account the commercial nature of the activity.

At the activity level, a sustainable development approach is demonstrated by the following:

- recognising the impact on the environment by the port operation; and
- balancing any future requirements and developments at the port are identified at an early stage and that they, and the financial risks are identified and competently managed over the long term.

## 6 Level of Service and Performance Measures

The following table summarises the levels of service and performance measures for the Port Taranaki activity.

**Table 41: Levels of Service**

| ID  | Levels of Service<br>(we provide)   | Performance Measure<br>(We will know we are meeting the level of service if...)   | Current Performance<br>(as at 2016/17) | Future Performance |                  |                  | Future Performance (targets) in Years 4 - 10 |
|---|---|---|--|--------------------|------------------|------------------|--|
|   |   |   |  | Year 1             | Year 2           | Year 3           |  |
| <b>Community Outcome: Council provides and safe, industry compliant, efficient and fit for purpose facility to all users.</b> |   |   |  |                    |                  |                  |  |
| 1   | Health and Safety procedures are in line with industry best practice and improved to external audit findings. | There will be no health and safety events at the port that are attributed to the Council or the Port Manager.   | <b>Actual = partially met</b>          | <i>compliant</i>   | <i>compliant</i> | <i>compliant</i> | <i>compliant</i>                             |
| <b>Community Outcome: Our region is supported by an innovative and sustainable economy.</b>                                   |   |   |  |                    |                  |                  |  |
| 2   | Financial sustainability must be achieved.  | EBITDA performance of the port must provide 1.2 times funding cover of all depreciation and debt servicing. The main activities at the port (wharf, marina, recreation) are self-funding. | <b>Actual = 0.8 times</b>              | <i>1.5 times</i>   | <i>1.6 times</i> | <i>1.7 times</i> | <i>1.5 times</i>                             |
| <b>Community Outcome: Our infrastructure is efficient, cost effective and meets both current and future needs.</b>            |   |   |  |                    |                  |                  |  |

|  |   |   |                                       |  |  |  |  |
|--|---|---|---------------------------------------|--|--|--|--|
| 3  | Fit-for-purpose condition assessment is required to comply with legislative and user requirements whilst providing efficient and effective port operations. This LOS will be directly related and recognise the commercial returns required by further investment by the Council. | Investments at the port will not proceed without sound business cases being developed and implementation monitored through quarterly reporting.<br>We are able to respond to customer service requests within 48 hours as agreed with suppliers and operators, and within the available funding.<br>Consents are held and complied with. Measured by inspections, no defaults or abatement notices issued to the Council. | <b>Actual = 90%</b>                   | No variations<br>100%<br>No exceptions | No variations<br>100%<br>No exceptions | No variations<br>100%<br>No exceptions | No variations<br>100%<br>No exceptions |
| <b>Community Outcome: Our Council provides leadership and fosters industry partnerships, a regional perspective and community engagement</b> |   |   |                                       |  |  |  |  |
| 4  | The Council engages with all port users through the Port Tarakohe Advisory Group, fostering improved relationships with industry to understand service and growth needs timed to maximise financial sustainability.   | Quarterly meetings of the PTAG group with Port users/stakeholders.<br>Completion of the Strategic Review during 2015/16, which aligns with industry development needs, their timings and key triggers for service delivery by the Council.  | <b>Actual = 4 meetings per annum.</b> | 4                                      | 4                                      | 4                                      | 4                                      |



## 7 Changes Made to Activity or Service

Table 42 summarises the key changes for the management of the port activity since the 2012 AMP.

**Table 42: Key Changes**

| Key Change                                    | Reason for Change   |
|---|---|
| Financial review                              | Completed Development Plan feedback process during 2013.  |
| Barrier arm for recreational boat ramp access | Non payment of boat ramp fees, attempt to improve cost recovery for services provided.  |
| Harbour Manager's contract                    | Retendered and awarded June 2013 – incumbent reappointed.   |
| Weighbridge                                   | Introduced November 2014 to improve reporting, accuracy and functionality of operations and improve port billing systems.   |
| Port security                                 | Access to the commercial port has created a number of health and safety issues and security concerns. Restriction of access by the public and non commercial interests allows users to comply with MPI, Customs and other legislative requirements which require securitisation of a commercial wharf working area. |
| Manager's office location                     | Moved to commercial port area in November 2014, for security and functionality reasons. Increasing activity is becoming more management intensive following the wharfage system introduction in January 2014.   |
| Security cameras                              | Introduced January 2014 for security and monitoring purposes and improved January 2015.   |

## 8 Key Projects

Table 43 details the key capital and renewal work programmed for years 2015 to 2025.

**Table 43: Significant Projects**

| Project Name                            | Description   | Year 1 (\$) | Year 2 (\$) | Year 3 (\$) | Year 4 to 10 (\$) | Project Driver <sup>5</sup> |
|---|---|-------------|-------------|-------------|-------------------|-----------------------------|
| Pile berths                             | Commercial berths for larger vessels and health and safety work.  | 81,840      |             |             |                   | R -1                        |
| Condemned wharf part removal            | Entrance to main wharf and pile berths cross the condemned wharf. Health and safety adjustments required. | 76,725      |             |             |                   | R -2                        |
| Water and piping infrastructure changes | Current pipework failing  | 51,150      |             |             |                   | R -3                        |
| Hardstand                               | Working area for boats  |             |             | 86,151      |                   | LoS -4                      |
| Crane                                   | One crane for main wharf.   |             | 167,936     |             |                   | LoS - 5                     |
| Wharf changes and marina relocation     | Rebuild wooden wharf with purpose built wharf to service the mussel industry.                             |             |             |             | 2,273,861         | LOS/ R -6                   |
| Weighbridge                             | Programmed replacement  |             |             |             | 80,316            | R - 7                       |

Note (all figures inflation adjusted):

1. Increasing numbers of commercial boats for mussel harvest and work requirement facilities. Planned reduction in pile berths from recreation to accommodate wider commercial berths is planned.
2. The condemned wharf is used to gain access to both the main wharf and the pile berths. Given the wharf is condemned, these sections must be removed and replaced to a safe level to meet health and safety requirements
3. Water and piping infrastructure is failing and needs upgrading to handle pressure surges.
4. To meet antifouling bio-security needs for a port, we need to consider this service at some point.
5. Crane facility proposed for increased activity and better efficiencies is being promoted and sought by industry.
6. A second wharf/replacement of the condemned wharf will be required at some point. Timed simultaneously with second wharf development, the location of the marina may need to change to accommodate increasing commercial activity and separate risk. Best current information is around 2019/2020 for timing based on development of farms forecast. This will be reviewed in the Strategic Plan which will be underway in late 2015.
7. Weighbridge is programmed to need replacement of key items, given the corrosive environment.

<sup>5</sup>LoS = Levels of Service, R = Renewal

<sup>5</sup> LoS = Levels of Service, R = Renewal

## 9 Management of the Activity

### 9.1 Management

Day-to-day activities are managed by the port contractor under the Council control through the Commercial Manager. Management reporting is through the Council's Commercial Subcommittee.

Port land is owned by the Council and held as Local Purpose Reserve (harbour works).

Council's future investment in the port will be conditional upon sound business cases. The management focus is on ensuring that the port achieves financial sustainability, over the next 3-5 years. There is a requirement to have the port self-funding (including depreciation based on current asset values). Any operational deficits will need to be loan funded with servicing costs met from future income streams.

The port operates on a separate closed account basis.

### 9.2 Significant Effects

The significant positive and negative effects are listed below in Table 44 and Table 45 respectively.

**Table 44: Significant Positive Effects**

| Effect                        | Description   |
|-------------------------------|---|
| Economic development.         | Provision and maintenance of the port allows for the development of commercial businesses, therefore contributing to economic growth and prosperity of the region.                                  |
| Economic efficiency.          | The Council's management of the port activities uses best practice and competitive tendering to provide value for money for ratepayers and also provides jobs for contractors.                      |
| Community value.              | Port Tarakohe contributes to community wellbeing by providing assets for economic prosperity, recreational use by residents and visitors to the area.   |
| Environmental sustainability. | The Council aims to achieve environmental sustainability whilst managing the port. Provision of maintenance at the port improves protection for some residents and the built environment surrounds. |

**Table 45: Significant Negative Effects**

| Effect  | Council's Mitigation Measure  |
|---|---|
| Increased traffic and noise from both commercial and recreational users of port facilities. | The Council controls the use of coastal areas and ports through bylaws, the TRMP, restriction of access and education. It is an industrial site with a buffer zone around the port through neighbouring industrial land and geographical separation from the local urban environment. |
| An industrial environment may have a negative visual impact.                                | The Council controls this through bylaws and the TRMP, and may impose conditions on lessees to improve the amenity value of existing buildings.   |
| Port expansion may, but is unlikely to, affect historic and wahi tapu sites.                | The Council undertakes consultation with affected parties prior to undertaking works. The Council also maintains a record of known heritage sites. This site has no historic or cultural significance and sits on largely reclaimed land.   |

### 9.3 Assumptions

The Council has made a number of assumptions in preparing the AMP which are addressed in the summary section of this AMP. All remain applicable to the port activity.

The major capital projects and their potential uncertainties are listed in Appendix Q.

## 9.4 Risk Management

Council’s risk management approach is addressed in the summary section of this AMP. All remain applicable to the port activity. They are further described in detail in Appendix Q.

The port is a lifeline asset for Golden Bay. Should a road failure occur between Motueka and Takaka, which would isolate the area, access by air and sea only would be available. Given the terrain of the roading network this loss could be substantial and take considerable time to repair. Retaining the functionality of this asset is a key focus for the Council.

Insurance cover is held for key infrastructure and operational failures (chemical spills and environmental contamination) resulting from accidents.

Climate impact on the port could be substantial with sea level changes increasing. The science and timing on this matter remains unproven and we will continue to develop a strategy for the expected rises over time. The strategy will be to raise the height of the port infrastructure or change location of the port. Whilst the coastal nature of the current access land is low lying, there is substantial higher ground behind the port back to Pohara and Takaka.

The outcome from this process is summarised below for Port Tarakohe, including a list of mitigation measures that should be considered.

**Table 46: Key Port Tarakohe Risks**

| Risk Event  | Mitigation Measures   |
|---|---|
| Catastrophic failure of Port Infrastructure.                | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• 5 yearly structural review of commercial wharves by external Qualified Structural Engineer. Last review 2015.</li> <li>• 5 yearly structural review of recreational and commercial berth facilities by external Qualified Structural Engineer/product supplier. Last completed 2012.</li> <li>• 2 yearly lift of moorings to inspect structural aspects and maintenance requirements. Last completed 2014.</li> <li>• routine weekly maintenance and inspections of all facilities are conducted by our Port Manager’s contract;</li> <li>• detailed inspections when reviewing capital and maintenance requirements quarterly monthly or as required by Commercial Manager;</li> <li>• reactive inspections following extreme weather events by Port Manager.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• continuation of structured maintenance and inspection programmes.</li> </ul> |
| Premature deterioration or obsolescence of Port Facilities. | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>• maintenance performance measures included in the maintenance contract of Port Manager;</li> <li>• routine weekly inspections by Port Manager;</li> <li>• industry best practice adopted and where unsure external parties engaged.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>• continuation of structured maintenance and inspection programmes.</li> </ul>   |

| Risk Event   | Mitigation Measures  |
|--|--|
| <p>Combustible Materials.</p>  | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>Fuel providers comply with necessary regulation, inspection and certification processes;</li> <li>Individual users utilise mini tanker materials, from time to time. Responsibility sits within each operator and their provider;</li> <li>Assurance certification required to be held by Port Manager and verified six monthly;</li> <li>Separation of fuel areas away from high activity, geological and landscape issues to minimise of risk.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>Ongoing operator awareness;</li> <li>Standardisation of operating procedures across all Council sites;</li> <li>Comply with operational needs of health and safety requirements.</li> </ul>   |
| <p>Wharf Operational demands and potential conflicts as Port activity grows.</p> | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>Port activity is currently low, but is expected to grow rapidly. The current use of the wharf facilities and marina's are shared between various industry users and split between commercial and recreational users. The pressure will develop as capacity increases which will create challenges and conflicts between users. The operational efficiency and clearance of obstructions for full capacity is being planned and implemented ahead of time to ensure the safest possible operating environment exists;</li> <li>Maintain close links with key operators to ensure growth plans are well planned and changes required implemented ahead of needs;</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>Complete strategic review which looks across all key stakeholders and their expected needs over 20-30 year period.</li> <li>Continue to measure and identify actual (verses planned) needs.</li> </ul>                            |
| <p>Health and Safety operational needs.</p>                                      | <p><b>Current:</b></p> <ul style="list-style-type: none"> <li>Observe Maritime Law requirements for all marine operations;</li> <li>Adopt Port and Marina operational best practice and review against at least two other Ports annually;</li> <li>Entry to commercial Port activities is both secure and restricted to all users;</li> <li>Members of NZ Ports and Marina associations, which provide best practice information;</li> <li>Port user meetings channelled through Port Tarkohe Advisory Group - meet quarterly;</li> <li>Standard incident reporting procedures through Vault database.</li> <li>Ensure all contractors are approved, authorised and certified to meet appropriate standards.</li> </ul> <p><b>Proposed:</b></p> <ul style="list-style-type: none"> <li>Develop standard operation procedures inside commercial wharf area's. Review annually;</li> <li>Develop emergency plan, test and review annually;</li> <li>Comply with current Health and Safety Act legislation and WorkSafe's focus.</li> </ul> |

## 9.5 Improvement Plan

This Activity Management Plan document has been peer reviewed by Waugh Infrastructure Management Ltd. The feedback has been integrated into this document.

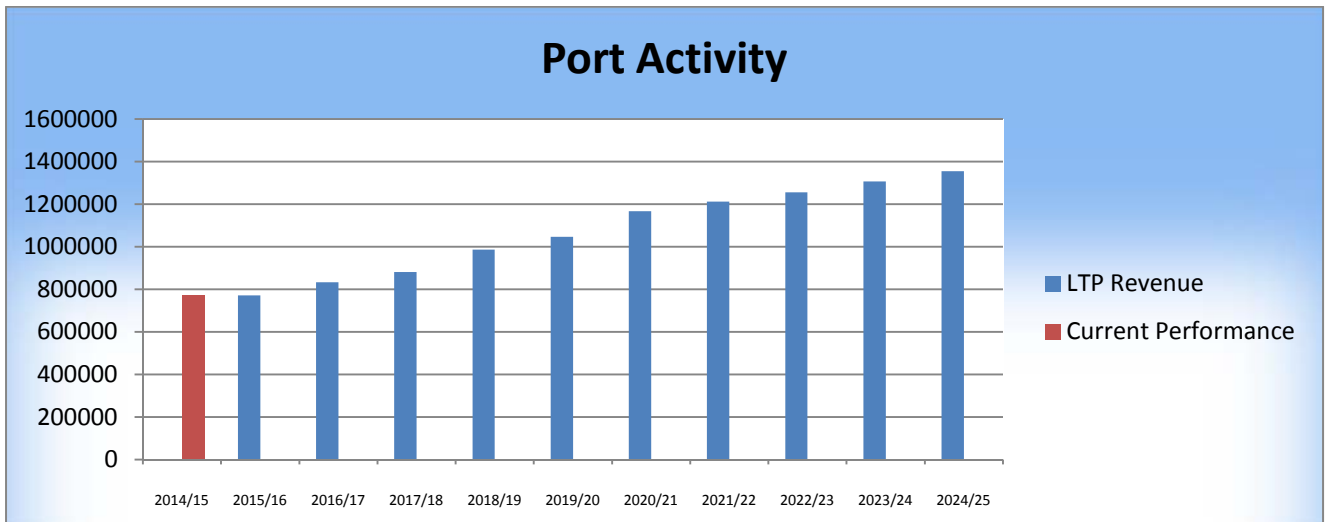
## 10 Summary of Cost for Activity

All figures represent the port activity, which predominantly is Port Tarakohe activity, with some minor income and expenditure streams from Port Motueka and Mapua. The latter are reflective of the sundry income line and essentially those passive operations break even.

| Port Tarakohe   |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|---|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Account Summary                                       | Total Budget AP 2014/15 | Budget LTP 2015/16 | Budget LTP 2016/17 | Budget LTP 2017/18 | Budget LTP 2018/19 | Budget LTP 2019/20 | Budget LTP 2020/21 | Budget LTP 2021/22 | Budget LTP 2022/23 | Budget LTP 2023/24 | Budget LTP 2024/25 |
| <b>Income</b>   |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Rates   | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <i>Fees &amp; Recoveries</i>                          |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| - Marina Income                                       | \$373,020               | \$225,594          | \$232,136          | \$239,100          | \$246,512          | \$254,647          | \$263,305          | \$272,521          | \$282,332          | \$292,778          | \$303,904          |
| - Wharfage fees                                       | \$200,880               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| - Mussels   |                         | \$221,577          | \$264,778          | \$287,872          | \$374,901          | \$403,409          | \$500,550          | \$518,069          | \$536,719          | \$556,578          | \$577,728          |
| - Fish  |                         | \$11,436           | \$13,239           | \$13,636           | \$14,059           | \$14,523           | \$15,016           | \$15,542           | \$16,102           | \$16,697           | \$17,332           |
| - Rock  |                         | \$38,145           | \$39,251           | \$45,482           | \$46,892           | \$53,821           | \$55,651           | \$63,359           | \$65,640           | \$74,257           | \$77,078           |
| - General   |                         | \$14,066           | \$14,474           | \$19,962           | \$20,581           | \$26,642           | \$27,548           | \$28,512           | \$29,539           | \$30,631           | \$31,795           |
| - Berthage and Mooring Fees                           | \$106,140               | \$99,593           | \$102,481          | \$105,556          | \$108,828          | \$112,419          | \$116,242          | \$120,310          | \$124,641          | \$129,253          | \$134,165          |
| - Weighbridge Income                                  | \$0                     | \$75,702           | \$77,897           | \$80,234           | \$82,722           | \$85,451           | \$88,357           | \$91,449           | \$94,741           | \$98,247           | \$101,980          |
| - Lease Income/ Boat Ramp and Compound Fees           | \$65,174                | \$66,117           | \$68,035           | \$70,076           | \$72,248           | \$74,632           | \$77,170           | \$79,871           | \$82,746           | \$85,808           | \$89,068           |
| - Other Income  | \$5,512                 | \$5,332            | \$5,487            | \$5,651            | \$5,826            | \$6,019            | \$6,223            | \$6,441            | \$6,673            | \$6,920            | \$7,183            |
| Revaluations  | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Sundry Income   | \$20,655                | \$14,004           | \$14,053           | \$13,220           | \$12,639           | \$15,049           | \$16,511           | \$15,812           | \$15,579           | \$15,018           | \$14,575           |
| <b>Total Income</b>                                   | <b>\$771,381</b>        | <b>\$771,567</b>   | <b>\$831,831</b>   | <b>\$880,790</b>   | <b>\$985,207</b>   | <b>\$1,046,813</b> | <b>\$1,166,573</b> | <b>\$1,211,888</b> | <b>\$1,254,712</b> | <b>\$1,306,187</b> | <b>\$1,354,808</b> |
| <b>Expense</b>  |                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Wage Timesheet Allocation                             | \$1,481                 | \$407              | \$415              | \$424              | \$437              | \$452              | \$467              | \$483              | \$501              | \$519              | \$539              |
| Maintenance   | \$35,027                | \$66,150           | \$67,672           | \$69,364           | \$71,167           | \$73,160           | \$75,281           | \$77,540           | \$80,021           | \$82,742           | \$85,638           |
| General Operating Costs                               | \$62,373                | \$66,391           | \$68,454           | \$70,653           | \$73,029           | \$75,635           | \$78,450           | \$81,489           | \$84,815           | \$88,408           | \$92,336           |
| Professional Fees                                     | \$5,000                 | \$5,115            | \$13,107           | \$5,379            | \$5,524            | \$14,212           | \$5,855            | \$6,037            | \$15,590           | \$6,448            | \$6,680            |
| Employment Related Expenses                           | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Operations  | \$64,651                | \$108,081          | \$110,783          | \$113,663          | \$116,732          | \$120,118          | \$123,721          | \$127,556          | \$131,766          | \$136,246          | \$141,151          |
| Overheads   | \$71,224                | \$46,674           | \$46,452           | \$52,245           | \$49,540           | \$50,171           | \$56,849           | \$54,194           | \$55,048           | \$62,588           | \$59,667           |
| Loan Interest   | \$163,101               | \$150,174          | \$145,032          | \$132,531          | \$109,068          | \$152,565          | \$198,946          | \$174,520          | \$153,022          | \$127,657          | \$105,917          |
| Depreciation  | \$1,632                 | \$305,494          | \$324,089          | \$334,804          | \$343,419          | \$371,842          | \$384,409          | \$368,552          | \$359,937          | \$351,322          | \$355,338          |
| <b>Total Expense</b>                                  | <b>\$404,489</b>        | <b>\$748,488</b>   | <b>\$776,004</b>   | <b>\$779,062</b>   | <b>\$768,917</b>   | <b>\$858,153</b>   | <b>\$923,978</b>   | <b>\$890,373</b>   | <b>\$880,700</b>   | <b>\$855,930</b>   | <b>\$847,266</b>   |
| <b>Trading Surplus/ (Deficit)</b>                     | <b>\$366,892</b>        | <b>\$23,081</b>    | <b>\$55,827</b>    | <b>\$101,727</b>   | <b>\$216,290</b>   | <b>\$188,459</b>   | <b>\$242,594</b>   | <b>\$321,514</b>   | <b>\$374,012</b>   | <b>\$450,257</b>   | <b>\$507,543</b>   |
| EBITDA  | \$531,625               | \$478,750          | \$524,949          | \$569,062          | \$668,777          | \$712,866          | \$825,949          | \$864,586          | \$886,971          | \$929,236          | \$968,798          |
| Interest cost   | \$163,101               | \$150,174          | \$145,032          | \$132,531          | \$109,068          | \$152,565          | \$198,946          | \$174,520          | \$153,022          | \$127,657          | \$105,917          |
| Principle cost  | \$118,186               | \$185,321          | \$205,754          | \$216,792          | \$222,752          | \$275,978          | \$313,374          | \$294,320          | \$281,994          | \$269,482          | \$269,405          |
| <b>Cash Trading Surplus</b>                           | <b>\$250,338</b>        | <b>\$143,254</b>   | <b>\$174,163</b>   | <b>\$219,739</b>   | <b>\$336,956</b>   | <b>\$284,323</b>   | <b>\$313,630</b>   | <b>\$395,745</b>   | <b>\$451,955</b>   | <b>\$532,097</b>   | <b>\$593,475</b>   |
| less Capital Expenditure                              | \$22,239                | \$209,715          | \$167,936          | \$86,151           | \$0                | \$2,273,861        | \$0                | \$0                | \$0                | \$0                | \$80,316           |
| plus Loan Funding                                     | \$0                     | \$209,715          | \$167,936          | \$86,151           | \$0                | \$2,273,861        | \$0                | \$0                | \$0                | \$0                | \$80,316           |
| less Funding of Depreciation                          | \$0                     | \$18,026           | \$35,501           | \$53,105           | \$72,400           | \$71,898           | \$63,932           | \$74,232           | \$77,943           | \$81,841           | \$85,933           |
| <b>Cash Result</b>                                    | <b>\$228,099</b>        | <b>\$125,228</b>   | <b>\$138,662</b>   | <b>\$166,634</b>   | <b>\$264,556</b>   | <b>\$212,425</b>   | <b>\$249,698</b>   | <b>\$321,514</b>   | <b>\$374,012</b>   | <b>\$450,257</b>   | <b>\$507,543</b>   |
| Dividend to other                                     | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Dividend to Council (offset debt)                     | \$0                     | \$0                | \$0                | \$0                | \$0                | \$200,000          | \$200,000          | \$200,000          | \$300,000          | \$400,000          | \$450,000          |
| Dividend to Council (offset rates)                    | \$0                     | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| <b>Cash Retained</b>                                  | <b>\$228,099</b>        | <b>\$125,228</b>   | <b>\$138,662</b>   | <b>\$166,634</b>   | <b>\$264,556</b>   | <b>\$12,425</b>    | <b>\$49,698</b>    | <b>\$121,514</b>   | <b>\$74,012</b>    | <b>\$50,257</b>    | <b>\$57,543</b>    |
| Accumulative Cash in activity                         | \$228,099               | \$125,228          | \$263,890          | \$430,524          | \$695,080          | \$707,506          | \$757,204          | \$878,717          | \$952,729          | \$1,002,986        | \$1,060,528        |
| Accumulative Dividend to Council and Parks & Reserves | \$0                     | \$0                | \$0                | \$0                | \$0                | \$200,000          | \$400,000          | \$600,000          | \$900,000          | \$1,300,000        | \$1,750,000        |
| Interest cost cover ratio (times)                     | 3.26                    | 3.19               | 3.62               | 4.29               | 6.13               | 4.67               | 4.15               | 4.95               | 5.80               | 7.28               | 9.15               |
| Funding cost cover ratio (times)                      | 1.89                    | 1.43               | 1.50               | 1.63               | 2.02               | 1.66               | 1.61               | 1.84               | 2.04               | 2.34               | 2.58               |

**Figure 13: Total Income**

The income proposed for the next 10 years is expected to increase, principally from mussel farming activity scale. Fishing, rock and other commercial activities as well as recreational activities (marina, mooring and boat ramp fees) are expected to largely be unchanged.



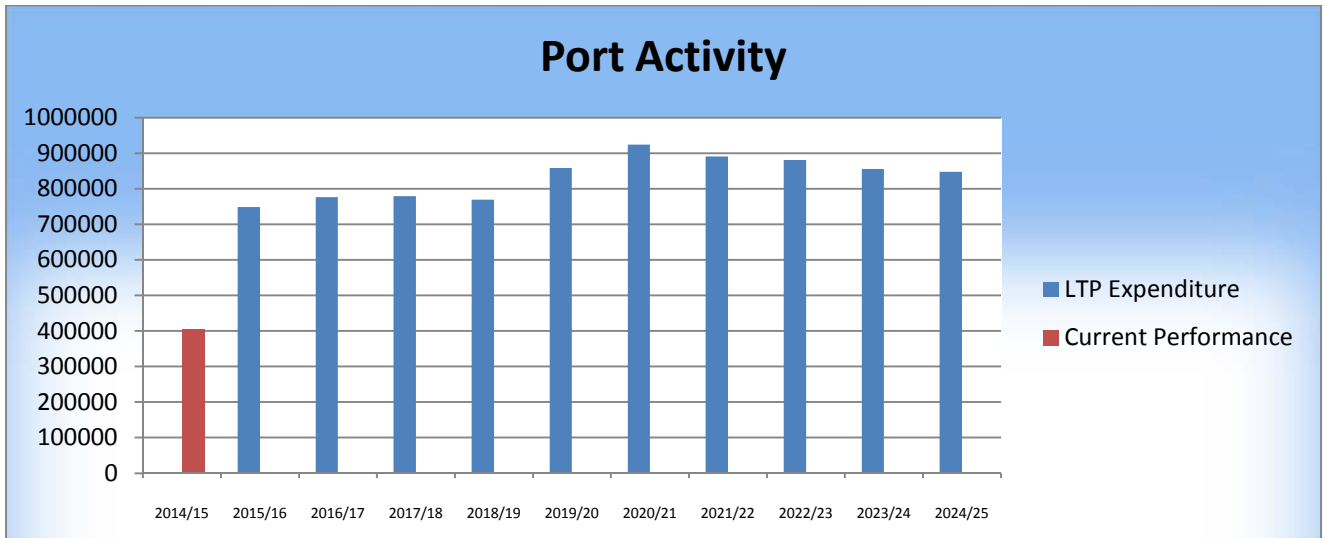
- The expected changing nature of the port’s income streams over the coming 10 years is highlighted by the two graphs below:

**Figure 14: Total Income Breakdown between key activity streams**



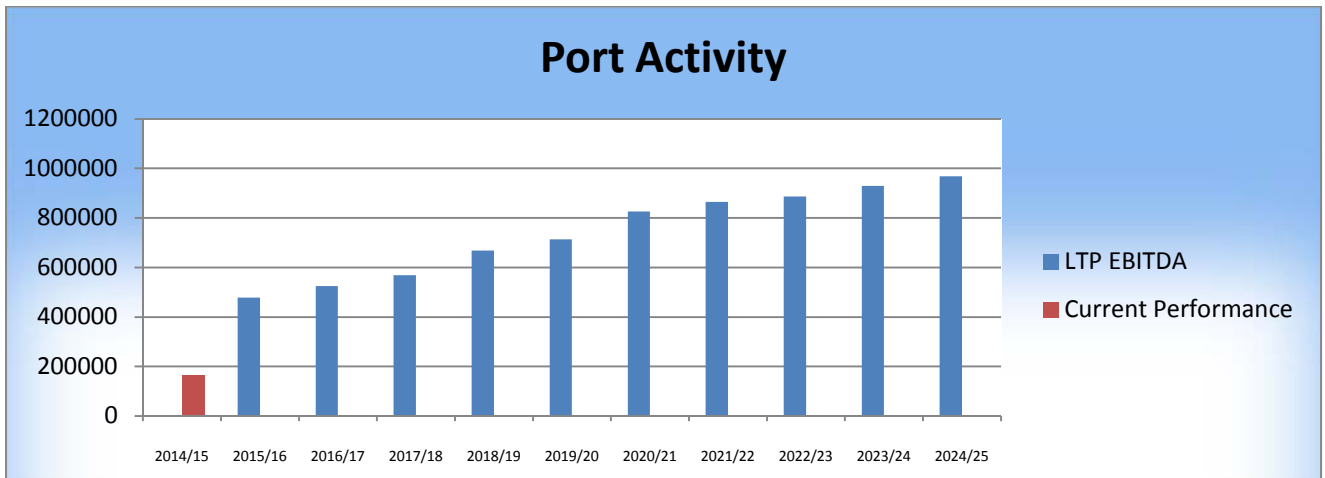
- Marina income is expected to decrease to approx 1/3<sup>rd</sup> of income streams over the coming 10 years.
- Income for mussel crop and spat is expected to move from 24% to 35% of income over next 10 years.
- The mussel industry keeps information tight on respective forecasts. Mussel crop harvesting has doubled during 2014/2015 toward 17-18,000 tonne and is expected to increase towards 30,000 tonne by the end of the LTP period, dependent on mussel farm development by the industry.
- Due to lack of industry support, line levies have now ceased and all mussel industry income is from wharfage (weight based).

**Figure 15: Total Expenditure**



- Operating expenditure increases from \$3.5 million to \$5.1 million over the next 10 year period. This is due to increasing scale and planned expansion of port services when required.
- This figure shows the total expenditure for all port activities, recognising this is principally Port Tarakohe.

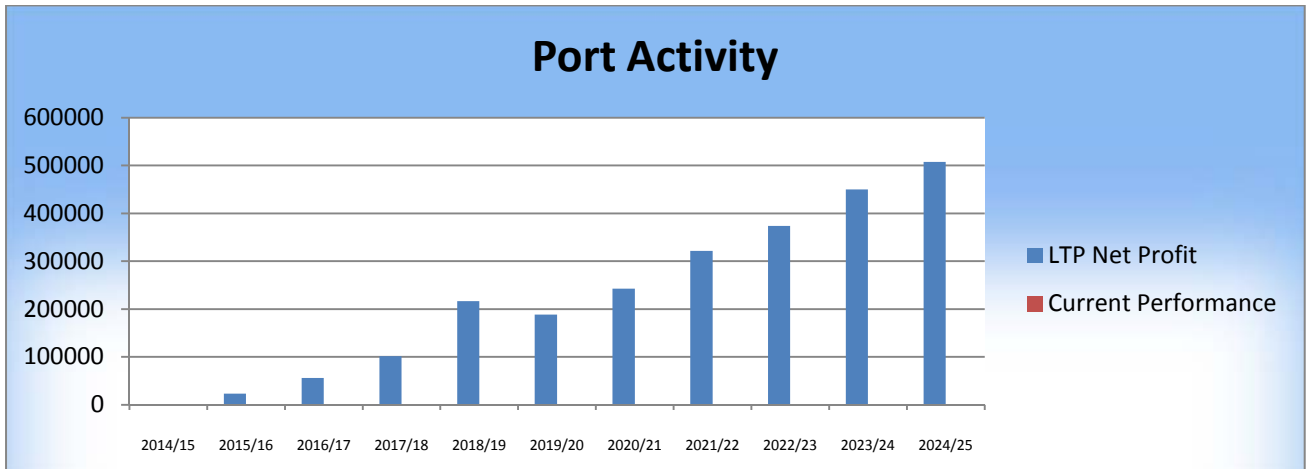
**Figure 16: Total Profitability (EBITDA)**



- The EBITDA profit is reflective of the port activities and growing mussel volumes.
- Cash surpluses are expected for this activity over the coming years reflecting the increasing scale of operations and the recent restructure of fees and charges for port users.
- The above EBITDA calculations are expected to provide an average 1.4 times coverage of interest and depreciation over the next 10 years, factoring in growth requirements of the port.



**Figure 17: Total Profitability (Net Profit)**



- Depreciation remains as per port valuation and useful life of asset estimates.
- Capex schedule will be met from loan funds and repaid over a 10 year period.
- This graph reflects costs after management, depreciation and interest servicing.

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## **APPENDIX A. THE LEGISLATIVE AND OTHER REQUIREMENTS AND RELATIONSHIPS WITH OTHER PLANNING DOCUMENTS AND ORGANISATIONS**

### **A.1 Introduction**

The purpose of this Activity Management Plan (AMP) is to outline the Council's strategic approach to the provision and maintenance of the related assets.

The AMP demonstrates responsible management of all commercial assets on behalf of customers and stakeholders. It assists with the achievement of strategic goals and statutory compliance and ensures that the levels of service required by customers is provided at the lowest long term cost to the community.

Council has no statutory obligation to provide these services. However given that the service provides public value and the community preference is for Council to retain management of these commercial activities, it is considered necessary and beneficial to the community that the Council undertakes the planning, implementation and maintenance of services throughout the Tasman region.

The target audience of these Appendices of this AMP document is Council staff. The appendices provide more in depth information (where applicable) for the management of the activity and are therefore targeted at the Activity Managers. The entire document is made available to the public on request.

In preparing this AMP the project team has taken account of:

- national drivers – for example the drivers for improving AMP's through the Local Government Act 2002;
- regional and local drivers – community desire for increased level of service balanced against the affordability;
- linkages – the need to ensure this AMP is consistent with all other relevant plans and policies;
- Constraints – the legal constraints and obligations Council has to comply with in undertaking these activities.

### **A.2 Legislative Changes**

Government's amendments to the Local Government Act 2002 (LGA) made in 2010 and 2014 have come into effect in recent years. During the preparation of this AMP and the LTP Council has considered and met the new legislative requirements. Examples of the changes include: changes to the LTP consultation process; the requirement prepare a 30-year Infrastructure Strategy; and a new purpose of local government. The new purpose is outlined below:

*(1) The purpose of Local Government is -*

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and*
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.*

*(2) In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—*

- (a) efficient; and*
- (b) effective; and*
- (c) appropriate to present and anticipated future circumstances.*

During the preparation of the LTP Council developed a new financial strategy which proposed reducing projected debt and rates levels to make them more affordable for our community over the longer term. In order to deliver on the new financial strategy Council considered what services were being delivered to the community within the activity, the levels of service and budgets for each activity, what services were needed to meet projected growth levels (through the Growth Model), what the needs of current and future

generations were for that activity and in some cases whether services could be delivered more efficiently and effectively.

We consider that Council has met the requirements of the LGA in developing the AMPs and LTP. We amended our consultation process to comply with the changes consultation provisions in the Act.

Council aims to meet all of the relevant legislative standards when managing the commercial assets. Increased expenditure may be required to ensure compliance with the health and safety legislation (amendments to the existing legislation are expected to come into force during 2016).

During the term of this AMP, the commercial assets work programme may need to be reviewed due to updated or new legislation.

### **A.3 Key Legislation and Statutory Planning Documents**

Key statutes relating to the management of all commercial activities include:

- The Local Government Act 2002 – Especially Schedule 10 and the requirement to consider all options and to assess the benefits and costs of each option, and the consultation requirements.
- The Local Government Act 1974 (Retained sections)
- The Civil Aviation Act 1990
- The Land Transport Management Act 2003
- The Land Transport Act 1998
- The Public Works Act 1981
- The Telecommunications Act 1987
- The Electricity Act 1992
- The Biosecurity Act 1993
- The Summary Offences Act 1981
- The Bylaws Act 1910
- The Civil Defence Emergency Management Act 2002 (Lifelines)
- The Resource Management Act 1991
- The Health and Safety in Employment Act 1992
- The Building Act 2004
- The Construction Contracts Act 2002
- The Climate Change Response Act 2002.
- The Reserves Act 1977.
- Camping Ground Regulations 1985.
- The Forest and Rural Fires Act 1977;
- The Forests Act 1949;
- The Hazardous Substances and New Organisms Act 1996;
- The Historic Places Act 1993;
- The Climate Change Response Act 2002;
- The draft Health and Safety Act (2014).
- Maritime Transport Act 1994 and amendments
- The Soil Conservation and River Control Act 1941
- The Climate Change Response Act
- The Ministry for Environment Act 2004 – Preparing for Climate Change
- NIWA – Climate Change and Variability for Tasman District 2008
- New Zealand Coastal Policy Statement 1994
- Government's Sustainable Development Action Plan

- Tasman Resource Management Plan (TRMP)
- Any other existing strategies or policies (or requirements) of the Council that might impinge on these commercial activities

Some of the legislative requirements that the Council must act within which are discussed in more detail as follows:

#### **A.4 NZ Coastal Policy Statement 1994**

The purpose of the New Zealand Coastal Policy Statement is to state national policies in order to achieve the purpose of the Resource Management Act (RMA) in relation to the coastal environment of New Zealand. The purpose of the RMA is to promote the sustainable management of natural and physical resources including, “avoiding, remedying, or mitigating any adverse effects of activities on the environment”. Also some matters are considered of national importance and include.

- The preservation of the natural character of the coastal environment (including the coastal marine area), wetlands, and lakes, and rivers and their margins, and the protection of them from inappropriate subdivision use and development.
- The maintenance and enhancement of public access to and along the coastal marine area, lakes and rivers.
- The relationship of Maori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga. In addition to provide for the special context of the coastal environment.
- Council is required to have regard to a number of general principles particular to this activity including.
- Some uses and developments which depend upon the use of natural and physical resources in the coastal environment are important to ‘the social, economic and cultural well-being’ of ‘people and communities’. Functionally, certain activities can only be located on the coast or in the coastal marine area.
- The protection of the values of the coastal environment need not preclude appropriate use and development in appropriate places.
- The coastal environment is particularly susceptible to the effects of natural hazards.
- Cultural, historical, spiritual, amenity and intrinsic values are the heritage of future generations and damage to these values is often irreversible.
- The tangata whenua are the kaitiaki of the coastal environment.
- It is important to maintain biological and physical processes in the coastal environment in as natural a condition as possible, and to recognise their dynamic, complex and interdependent nature.
- The ability to manage activities in the coastal environment sustainably is hindered by the lack of understanding about coastal processes and the effects of activities. Therefore, an approach which is precautionary but responsive to increased knowledge is required for coastal management.

#### **A.5 Resource Management Act**

Council has several statutory planning documents implementing its responsibilities under the RMA. Those which impact on the provision of Council Coastal Activities are.

- Tasman Regional Policy Statement (TRPS) – An overview of significant resource management issues with general policies and methods to address these. In particular under Section 9 Coastal Environment, Council has developed specific objectives and policy statements for a number of areas including:
  - Navigation and Safety
  - Effects of Activities in the Coast Marine Area
  - Private and Public Rights of Access to Coastal Space
  - Identifying and Maintaining the Natural Character of the Coastal Environment.
  - Public Interest in Access to and Along the Coast.

#### **A.6 Civil Aviation Act**

The requirements of the Civil Aviation Act 1990 and amendments that the Council must comply with are discussed in more detail as follows.

Under the Authority of the Civil Aviation Act 1990 the Director of the Civil Aviation Authority (CAA) has provided Advisory Circulars AC139-7 and AC91-15 as Acceptable Means of Compliance (AMC) for the associated Rules 139 and 91.

These circulars provide guidance on standards, practices and procedures for the operation of aerodromes serving aeroplanes at or below 51,700kg Maximum Certified Take off Weight (MCTOW) on non-air transport operations such as at Motueka and Takaka.

The Council must comply with the CAA Rules as appropriate to these non-certified aerodromes. Specifically CAA Rules 139.307 Use of Aerodromes – non air transport aircraft other than helicopters and Rule Part 91 (in particular rule 91.127 Use of Aerodromes).

#### **A.7 Other key sources**

- Tasman Resource Management Plan (TRMP) – A combined Regional and District Plan with statements of issues, objectives, policies, methods and rules addressing the use of land, water, coastal marine area and discharges into the environment.
- Tasman District Council Engineering Standards and Policies.
- Council Harbour Bylaws and Policy Resolutions relating to Coastal Structures (a file of District Council resolutions relating to the coastal structures are held by Council).

## A.8 Links with other Documents

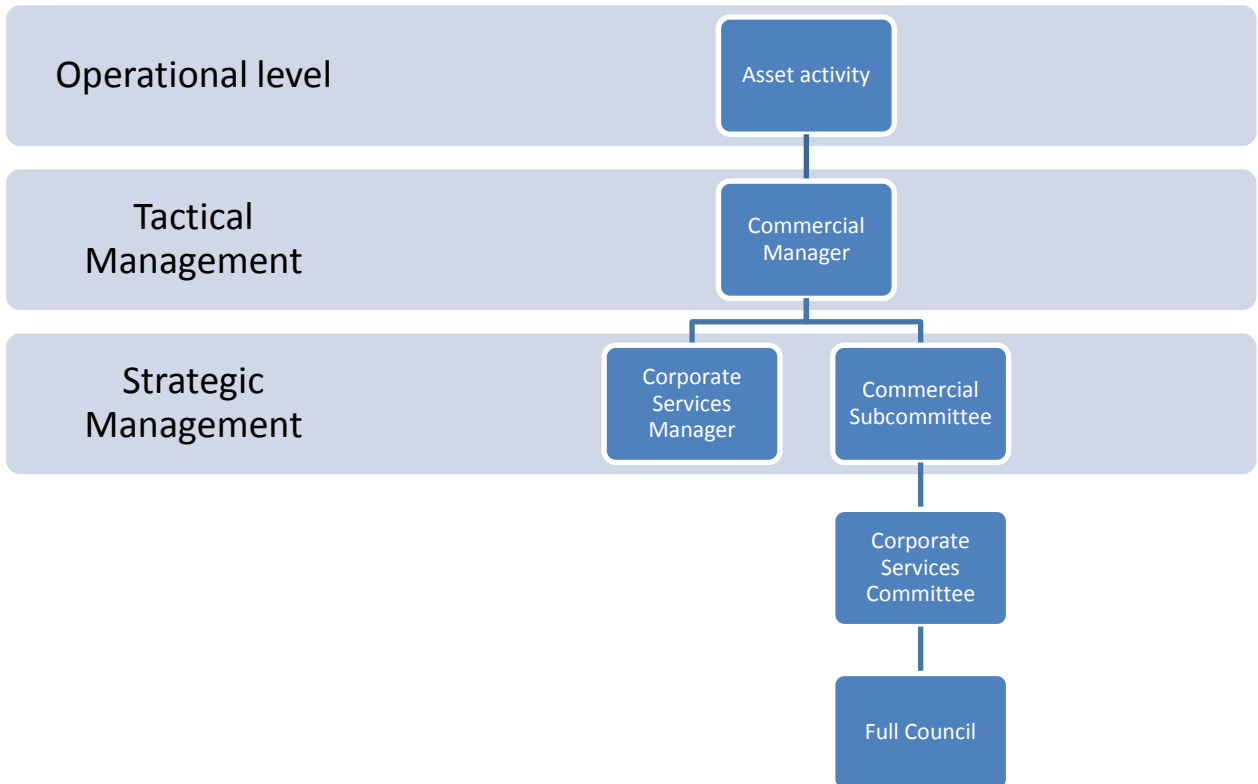
This AMP is a key component in the Council's strategic planning function. Among other things, this plan supports and justifies the financial forecasts and the objectives laid out in the Long Term Plan (LTP). It also provides a guide for the preparation of each Annual Plan and other forward work programmes.

**Table A-1: Council plans and policies affecting the Commercial AMP**

|  |   |
|--|---|
| Long Term Plan (LTP)                   | The LTP is Council's 10 year planning document. It sets out the broad strategic direction and priorities for the long term development of the District; identifies the desired community outcomes; describes the activities Council will undertake to support those outcomes; and outlines the means of measuring progress.             |
| Annual Plan                            | A detailed action plan on Council's projects and finances for each financial year. The works identified in the AMP form the basis on which annual plans are prepared. With the adoption of the LTP, the Annual Plan mainly updates the budget and sources of funding for the year.  |
| Annual Report                          | The Annual Report identifies the prior year's achievements against Annual Plan targets.   |
| Financial and Business Plans           | The financial and business plans requirement by the Local Government Amendment Act (3). The expenditure projections will be taken directly from the financial forecasts in the AMP.   |
| Contracts and agreements               | The service levels, strategies and information requirements contained in the AMP are the basis for performance standards in the current Maintenance and Professional Service Contracts for commercial arrangements and in less formal "agreements" for community or voluntary groups..  |
| Corporate information                  | Quality asset management is dependent on suitable information and data and the availability of sophisticated asset management systems which are fully integrated with the wider corporate information systems (eg. financial, property, GIS, customer service, etc.). Council's goal is to work towards such a fully integrated system. |
| Council bylaws, standards and policies | These tools for asset creation and subsequent management are needed to support activity management tactics and delivery of service.   |
| Tasman Regional Policy Statement       | A regulatory document produced under the Resource Management Act 1991 which sets the high level policy for environmental management of the region, with which Council activities have to comply.  |
| Tasman Resource Management Plan        | This plan sets objectives, policies and methods for addressing the District's resource management issues.   |
| Reserve Management Plans               | These plans are held for most Recreational reserves and provides a mechanism for reserve management. Forestry, the Port, Aerodromes and campground activities all sit on land with varying reserve status.  |
| Motueka Aerodrome Management Plan      | This plan covers the management of the aerodrome, development guidelines, best practice for aviators and emergency procedures.  |



**A.9 Tasman District Council Commercial Asset management and reporting lines:**



**A.10 Our Goal**

Commercial and semi-commercial activities are to support the visions of both Council and the aspirations of the community, with a clear emphasis by applying commercial disciplines to improve returns on legacy commercial assets.

The main drivers, linkages and constraints on Council goals are described in the following Sections.

**A.11 Strategic Direction**

Council's Strategic Direction is outlined in the Vision, Mission and Objectives of the Council. These are updated regularly by Council.

The documents used for all activities during the strategic and planning process are:

**Table A-1: Strategic Documents Utilised During the Planning Process**

|                                       |  |
|---------------------------------------|--|
| <b>Long Term Plan (LTP)</b>           | The primary instrument for the Council to report on its intentions on delivering its services to the community. This is the broad strategic direction of Council set in the context of current and future customer requirements. The AMP is the tactical plan with a view to achieving the strategic targets.                          |
| <b>Annual Plan</b>                    | The service level options and associated costs developed in the AMP will be fed into the Annual Plan consultation process. The content of the Annual Plan will feed directly from the short term forecasts in the LTP.   |
| <b>Activity Management Plan (AMP)</b> | The Activity Management Plans provide the framework to recognise and deliver future Levels of Service, Operation of Spend and Capital Programmes in a way which is consistent, transparent and integrated with Council's day to day business.  |
| <b>Financial and Business Plans</b>   | The financial and business plans requirement by the Local Government Amendment Act (3). The expenditure projections will be taken directly from the financial forecasts in the AMP.  |
| <b>Contracts</b>                      | The service levels, strategies and information requirements contained in the AMP are the basis for performance standards in the current Maintenance and Professional Service Contracts.  |
| <b>Operational Plans</b>              | Operating and maintenance guidelines to ensure that the asset operates reliably and is maintained in a condition that will maximise useful service life of assets within the network.  |
| <b>Corporate Information</b>          | Quality asset management is dependent on suitable information and data and the availability of sophisticated asset management systems which are fully integrated with the wider corporate information systems (eg. financial, property, GIS, customer service, etc). Council's goal is to work towards such a fully integrated system. |

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## **APPENDIX B. OVERVIEW OF THE COMMERCIAL ACTIVITIES IN THE DISTRICT:**

### **B.1 Aerodromes**

#### **B.1.1. General**

The aerodromes activity comprises the provision and maintenance of the following facilities at Motueka and Takaka:

- ownership or agreed use of land designated for aerodrome use
- pavement and surfaces for safe landing, takeoff and taxiing of aircraft
- ancillary buildings for administration and housing of associated activities
- navigational aids
- security fencing and other arrangements for protection of the assets and safety of the users and the public.

#### **B.1.2. Motueka Aerodrome**

The Motueka Aerodrome is the responsibility of the Council and occupies some 27.52 hectares. It is bounded on the south by College Street, on the east by Queen Victoria Street and to the north-west by Marchwood Park and Marchwood Park Road. Refer to the layout plan in Appendix Y for further details.

##### **B.1.2.1 Land Tenure**

The land in Pt Sections 189 and 190 was first leased for an aerodrome from Mrs B L Knyett in 1934 and the option to purchase from the executors of her will was taken up in 1940.

The aerodrome land is now in two freehold titles in the name of Tasman District Council. CFR NN12C/337, being Lot 1 DP 18903, of 5159m<sup>2</sup> and which contains the Nelson Aviation College and CFR NN12C/ 338 being Lot 2 DP 18903, of 27.00ha and being the balance of the aerodrome.

Under the Tasman Resource Management Plan (TRMP), the site is designated for aerodrome purposes with an underlying zone of Rural 1.

The designation provides for the Council either itself or through its agents to control, manage and approve planning, design, research, construction and maintenance relating to all land within the designation. Designation of the aerodrome is considered the most appropriate mechanism of protecting Council's interest with regard to the safe and efficient functioning of the aerodrome.

The aerodrome is recorded in the Civil Aviation – Aeronautical Information Publication (AIP) as a non-certified aerodrome that is unattended.

##### **B.1.2.2 Structures and Layout**

The site is near flat grassland and abuts horticultural uses on all frontages except College Street where there is residential development on the south side. The land is at the upper end of the Thorp catchment and thus receives very little if any stormwater runoff from land above the site. The site slopes gradually towards Queen Victoria Street (about 0.2%) and thus gives rise to very little stormwater runoff itself.

In 1991/92 Council formed and sealed a 724m by 8m runway. Subsequent extensions increased the length and the runway was widened and resealed to an average width of 11m in March 2004. The current runway is 729m long by 12m wide and asphalt concrete surfaced. In addition there is adjacent a grass runway 733m long by 30m wide. The upgrade of the runway reaseal is scheduled for 2024/2025 in the current LTP programme.

There is a 52m long concrete pad at the northern end which was established by the Nelson Drag Racing Association for their events and is not included in the runway threshold for aircraft operations.

A 40m by 12m concrete pad was constructed at the southern end of the runway in 2008 to facilitate safer entry and exiting of the runway.

Currently the runway length is adequate for a Piper Navajo aircraft.

The strength of the runway pavements and hence allowable aircraft landing is given in equivalent single wheel loading (ESWL) for the sealed runway. The sealed runway has an ESWL 1020kg, and the grass runway has yet to be determined.

There is an assortment of 14 buildings throughout the aerodrome. Skydive Abel Tasman and the Motueka Aero Club, along with other small hangars are along the College Street frontage. An unsealed carpark is between the Skydive Abel Tasman and Abel Tasman Aviation. Nelson Aviation College is on Queen Victoria Street. There is an aviation fuel dispenser pumping from a tank near to the Aero Club building, and an underground fuel tank outside the hangar. These provide both Avgas and jet A1 fuels.

The Motueka Aerodrome Development Plan sets out the areas available for development and the types of development that will be allowed.

There is a gate located at the north eastern corner of the aerodrome. A concrete strip, 3.5 metres wide and 25 metres long has been placed between the end of the concrete pad and gate to provide access for emergency vehicles at times of an emergency. The aviation operational area is secured by a post and wire perimeter fence.

The height of structures around the aerodrome is controlled by “transitional plane surfaces” which are to protect the flight paths of aircraft using the aerodrome. Those height restrictions apply irrespective of any greater permitted height stipulated in the TRMP.

### **B.1.3. Takaka Aerodrome**

The Takaka Aerodrome was established in 1940 and occupies 39.66 hectares. Bounded by farmland on the northern, eastern and part of the western side, State Highway 60 bounds the southern and south-western boundaries.

#### **B.1.3.1 Land Tenure**

The site is an Aerodrome Reserve being Section 20, Block V of the Waitapu Survey District. The land is vested in the Tasman District Council.

Under the TRMP the site is designated for aerodrome purposes with an underlying zone of Rural 1.

The designation provides for the Council either itself or through its agents to control, manage and approve planning, design, research, construction and maintenance relating to all land within the designation. Designation of the aerodrome is considered the most appropriate mechanism of protecting Council's interest with regard to the safe and efficient functioning of the aerodrome.

The aerodrome is recorded in the Civil Aviation – Aeronautical Information Publication as a non-certified aerodrome that is unattended.

#### **B.1.3.2 Structures and Layout**

There is an assortment of buildings on the site. These include:

- a house and garage (Council owned.)
- toilets and hand washing facilities available for public use
- clubrooms and private hangars.
- fuelling facility

An improvement plan (Appendix V) item is to clearly identify and document all Council owned assets.

The boundary of the aerodrome is secured by a post and wire fence.

The aerodrome has an extensive concrete tile drainage system, following from the southern end of the property to the northern end (average of 1:100 fall).

The aerodrome has been built on pakihi clays which makes the site hard to drain and grow good vegetation on. Grazing of the site is leased out periodically.

Takaka has two runways, one running more or less north to south, and the other running south-east to north-west, crossing the north to south runway. The north to south runway is sealed and is the primary runway at 11m wide by 825m long, and was resealed in 2007. The cross runway is 534m long by 12m wide. The

allowable ESWL is 3000kg for the sealed runway and 1000kg for the unsealed runway. The cross runway is currently closed due to outstanding maintenance requirements and there is no intention to reinstate this due to the cost benefit analysis and the users operations committee's reluctance to cover costs through increased landing charges. The cost to rip up and return to a grass runway has also been considered and discounted for the same reasons.

The reseal of the main runway is programmed for 2020/2021 in the current LTP year. It is expected a portion of these costs will be required to be met by facility users.

The height of structures around the aerodrome is controlled by "transitional plane surfaces" which are to protect the flight paths of aircraft using the aerodrome. Those height restrictions apply irrespective of any greater permitted height stipulated in the TRMP.

#### **B.1.4. Activities at Aerodromes**

The following uses are considered appropriate possible activities at the Motueka and Takaka aerodromes.

##### ***Ordinary Uses:***

- fixed wing aircraft operations
- helicopter landings and departures and helicopter pilot training
- microlight aircraft
- hangars for aircraft storage and maintenance
- passenger terminals
- airfreight depots, including cool storage facilities for perishable cargo.
- facilities for storage of fertilisers and sprays used by top dressing aircraft using the aerodrome.
- Aero Club clubrooms
- facilities for pilot training
- rental car depots and car-parks associate with aerodrome facilities
- emergency service facilities
- accommodation units accessory to aviation (Motueka only)
- arable farming and grass harvesting
- navigation and air traffic control facilities
- Recreation facilities (Motueka only)
- meteorological facilities
- Infrastructure services
- telephone facilities
- storage facilities for aviation fuels.
- Aviation museum
- Other commercial activities that compliment this operation (eg. Rural fire etc)

##### ***Discretionary Uses with Special Conditions:***

The following uses may be appropriate subject to special conditions, which may be reviewed annually.

- Parachuting
- drag racing (Motueka only)
- gliding
- model aircraft and drones
- microlight aircraft
- gyrocopters and similar aircraft
- hang-gliding activities
- Aerodrome based displays and events

- commercial and light industry associated with aviation or aerodromes
- other uses not already listed.

In determining any use, each application will be considered on its merits and appropriate conditions will apply including:

- hours/days of operation
- regulations of flight paths
- restrictions to the use of noisy aircraft.
- location of activity within the aerodrome
- consideration of environmental concerns
- health and safety
- effect of existing aerodrome operations

The Takaka aerodrome management committee will recommend any appropriate conditions to be included in any lease or agreement. The final decision however, rest with Council.

### **B.1.5. Strategic Management Approach at Aerodromes**

#### **B.1.5.1 Motueka Key Issues**

The key issues for the Motueka Aerodrome are:

- provision of a service that is affordable to the users
- the current use of the aerodrome for drag racing events (up to four per year) that have both a safety and environmental affect and can cause localised damage to the runway
- the need to continue to increase the income to reduce the dependence on funding from rates
- the need to provide funding for the high cost of periodic runway reseals and regrassing
- asset knowledge
- maintenance of aerodrome facilities to a standard which maximises the life and returns from the assets

#### **B.1.5.2 Motueka Strategic Approach**

The strategic approach to these issues is:

- regular engagement with users through the Management Committee (Takaka) and Aerodrome Advisory Group (Motueka)
- limited tenure for the drag racing under strict operating conditions
- encouragement of additional hangars, aviation businesses and other development associated with the aerodrome activities in order to widen the income base and improve financial returns
- current service contracts are held with key service suppliers
- condition assessments to be undertaken and reviewed at least every three years
- consideration of aerodrome user requirements with any renovations, renewals or new works
- carry out a financial review with an objective of medium to long term financial sustainability
- condition assessments to be undertaken and reviewed at least every three years

#### **B.1.5.3 Takaka Key Issues**

The key issues for the Takaka Aerodrome are:

- High fixed costs and limited demand for the facility

- reliance on rates to fund the shortfall in operating income and annual upgrades, particularly runway resurfacing and drainage
- cash funding of depreciation on aerodrome assets
- asset knowledge
- Management and governance structures for the aerodrome.

#### B.1.5.4 Takaka Strategic Approach

The strategic approach to these issues is.

- develop an aerodrome Management Plan
- encourage the development of hangars, aviation businesses and leasing of other assets to supplement income base and improve financial returns
- carry out a financial review with an objective of ensuring financial sustainability
- condition assessments to be undertaken and reviewed at least every three years
- carry out a governance and management review.

#### **B.1.6. Asset Condition**

Six-weekly walkover inspections are undertaken by Property Services staff (Motueka) and the management committee (Takaka). Property Services staff inspect Takaka Aerodrome at least twice each year.

##### B.1.6.1 Motueka Aerodrome

The sealed runway is in average condition and is programmed for resurfacing in 2024/2025.

Other assets and landscaping requires regular maintenance to maintain their level of service.

##### B.1.6.2 Takaka Aerodrome

The sealed runway was resealed in 2007 and is in good condition. It is scheduled to be resealed in 2020/2021. The cross runway is unsealed, is in very poor condition and has been closed. No funding has been set aside to bring it up to a usable standard. Taxiways require regular maintenance to maintain their level of service.

Drainage to the main runway is adequate but will require regular monitoring and maintenance to maintain an acceptable level of service.

#### **B.1.7. Future Demand and Development at Aerodromes**

##### B.1.7.1 Motueka Aerodrome

Future demand at Motueka aerodrome has been catered for with the adoption of a development plan for the aerodrome. This allocates development areas and specifies the types of buildings, construction requirements and activities which may be undertaken. Council does not expect to undertake any building development unless there is a sound business case. All proposed developments will be assessed on a fully commercial basis.

There is provision in years three and four to install data and power feeds around the perimeter of the aerodrome. This would be funded by council and costs recovered from current and future tenants if they elect to connect. This is subject to a full business case being prepared establishing financial viability.

There has been demand for improved aerodrome facilities to assist with take off, landing, taxiing, parking and refuelling.

##### B.1.7.2 Takaka Aerodrome

There have been issues identified for Takaka aerodrome which create minor additional demand or development requirements and supporting commercial operations.

## B.2 Campgrounds:

### B.2.1. General

The campgrounds activity comprises the provision, management and maintenance of four campgrounds at Motueka, Pohara, Murchison and Collingwood, which are summarised in the following table B1:

#### CAMPGROUND SUMMARY

| Campground                        | Area (ha) | Powered sites | Unpowered sites | Cabins | Motels | Kitchens | Laundry | Toilet/ Shower Blocks | Managers Accommodation | Other   |
|-----------------------------------|-----------|---------------|-----------------|--------|--------|----------|---------|-----------------------|------------------------|---|
| Collingwood Campground            | 1.29      | 41            | 17              | 13     | -      | 2        | 1       | 2                     | 3 bedroom house        | Holiday homes: 2 bedroom house plus 3 bedroom house |
| Pohara Top 10 Holiday Park        | 5.2       | 175           | 75              | 22     | 5      | 2        | 2       | 3                     | 3 bedroom house        | Entertainment facilities                            |
| Motueka Top 10 Holiday Park       | 3.2       | 154           | 31              | 21     | 14     | 4        | 3       | 5                     | 3 bedroom house        | Entertainment facilities and Conference centre      |
| Riverside Holiday Park, Murchison | 3.19      | 39            | 51              | 25     | 2      | 3        | 1       | 3                     | 3 bedroom house        | Recreation hall                                     |

- Collingwood is a Council owned and managed site.
- Pohara, Motueka and Murchison are Council owned sites and leased to commercial operators.
- Ownership of the land in all cases is held Reserve status (except Collingwood which is more complex) and held by Council.
- Ownership of improvements has mixed models. Pohara and Motueka lessee's own some improvements, Council some. All improvements at Murchison and Collingwood are owned by Council.
- The financial strategy adopted by Council in 2014 provides for all improvements moving to full Council ownership subject to a full business case.



## B.2.2. Motueka Campground – Fearons Bush, Motueka Top 10 Holiday Park

The Motueka campground is vested in Tasman District Council and occupies some 3.0351 hectares and was established in 1950s. It is situated at 10 Fearon Street, Motueka layout plan below for further details.

### B.2.2.1 Land Tenure/Legal status

Part Section 156, Block IV, Motueka – 3.0351 Ha, Freehold certificate of title NL 38/277 and Leasehold title 388487 (being the lessee’s registered lease interest).

The land is vested as Recreational Reserve under the 1977 Reserves Act.

The land is subject to a registered Lease is to SJE Holdings Ltd and recorded and registered on 1 July 2007 at LTO as L7592740.2 for a 33 year term.

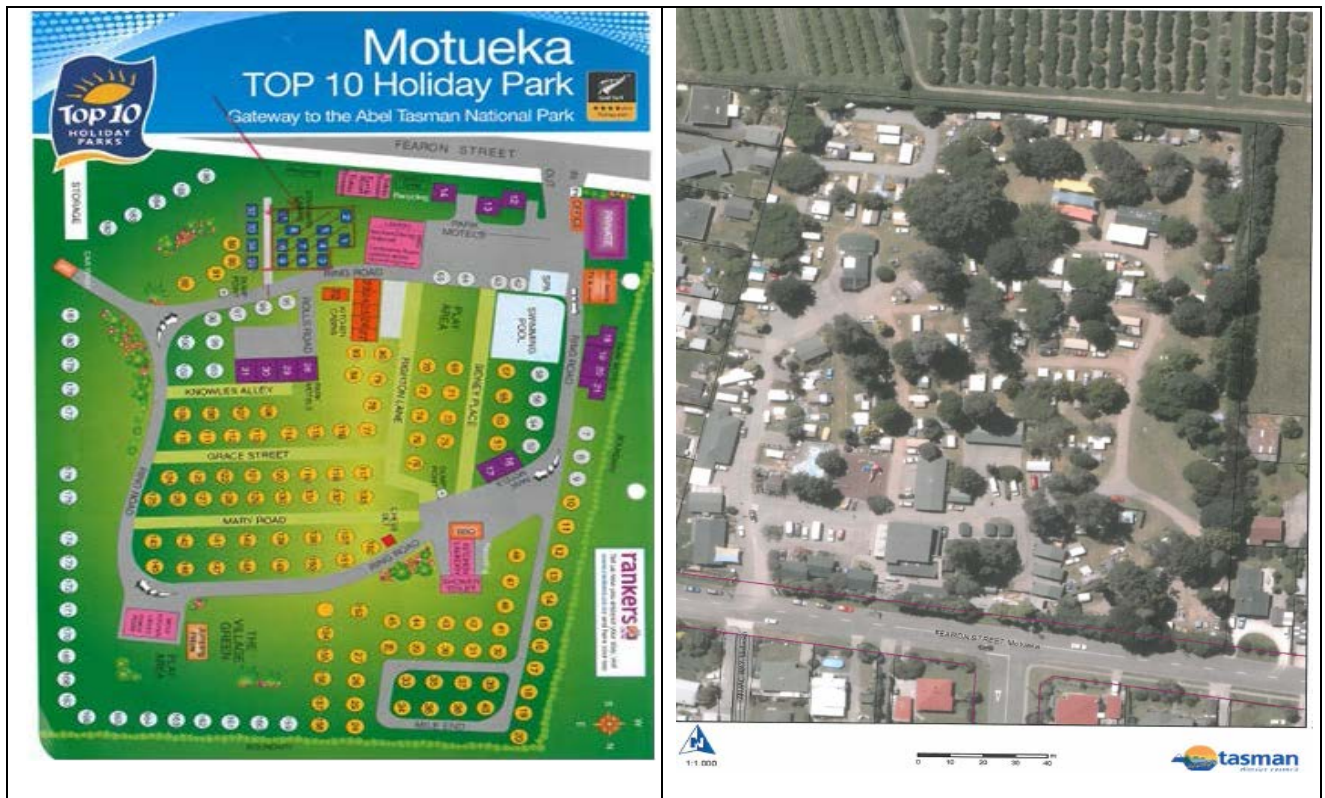
### B.2.2.2 Structures and Layout

The site is a flat grassed area with a sealed ring road around the park. The site houses a number of protected large trees. The chart below outlines the various improvements to the site.

The site also houses Engineering equipment for the Motueka water supply.

There is an assortment of 25 buildings throughout the campground. The lessee owns 11 buildings, a pool and spa complex and playground structure. Council own the remaining 14 buildings. All up these provide 21 Cabins, 14 Motels, 4 Kitchens, 3 Laundry and 5 shower blocks. There are a total of 185 camp sites.

There also a 3 Bedroom managers accommodation at the only entrance to the campground.



### B.2.3. Pohara Campground, Pohara Top 10 Holiday Park

The Pohara campground was originally established in the 1950s.

The site is a thin slice of coastal flat land with excellent safe beach access. A total of 5.2 hectares, bounded by Golden Bay to the north and Abel Tasman drive to the south.

The land was owned by Department of conservation until 1990 and managed by a Domain Board, when it was vested in Tasman District Council as Recreational Reserve under the 1977 Reserves Act.

#### B.2.3.1 Land Tenure/ Legal Status

There is no Freehold title for this site. The legal description is Lot 7 and 8 of DP 6385, Lots 16-19 of DP 5525, Lots 1-14 DP 1703, Block VII Waitapu SD.

The land is vested as Recreational Reserve under the 1977 Reserves Act.

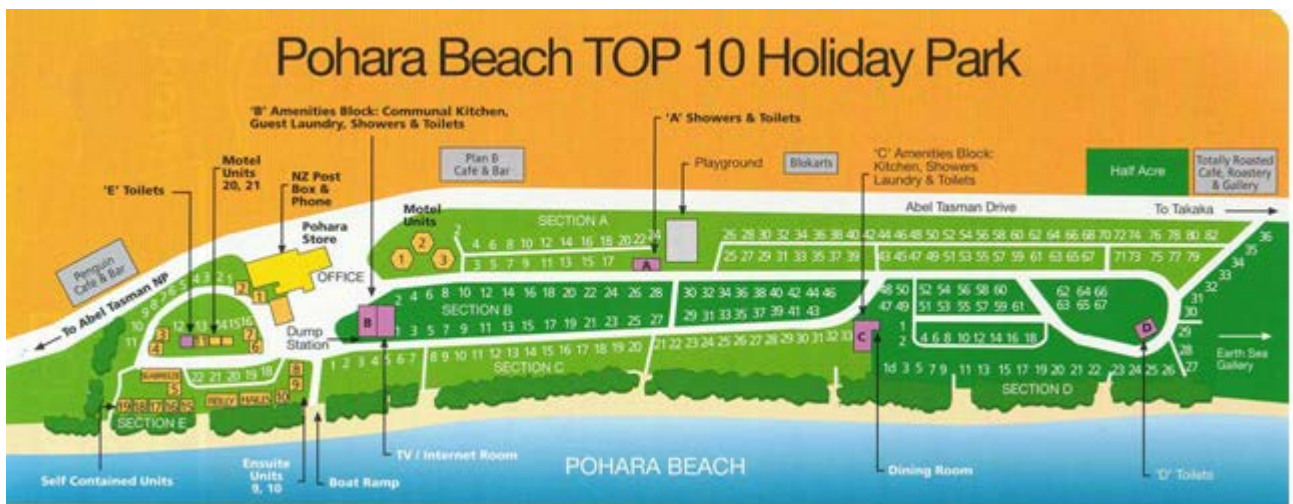
The land is subject to an unregistered Lease is to BL & DM Clarke Ltd for a 33 year term.

#### B.2.3.2 Structures and Layout

The site is flat grassed area with a sealed ring road around park. The site has a coastal rock wall protecting its north facing beach from erosion. The below chart outlines the various improvements to the site.

There is an assortment of 34 buildings mainly at the eastern end of the campground. The lessee owns 6 buildings and playground structure. Council own the remaining 28 buildings. All up these provide 22 Cabins, 5 Motels, 2 Kitchens, 2 Laundry and 3 shower blocks. There are a total of 185 camp sites.

There also a 3 Bedroom managers accommodation at the only entrance to the campground.



### B.2.4. Murchison Campground – Riverside Holiday Park, Murchison

The Riverside Holiday Park, situated at 19 Riverview Road Murchison was established in the 1940s on land which is vested in Council as Recreation Reserve.

The campground is located on flat land bounded by the Buller River to the north (with access for swimming and boating) and private land to the south. Access to the camp from the Kawatiri-Murchison Highway (SH6) to the south is via Riverview Road.

The camp is situated on a total area of approximately 3.19 hectares of Council land plus a further approximately 0.79 hectares of legal road which is utilised for river access and turning. The image below shows the location of these areas.



#### B.2.4.1 Land Tenure/Legal Status

The site is comprised of 3 main areas:

- To the west of Riverview Road is an area of 1.74 ha vested in Council as Recreation Reserve under the Reserves Act 1977. There is no title for this land but the LINZ parcel ID is 3649282 and legal description is Lot 1 DP 10575.
- To the east of Riverview Road is an area of approximately 1.48 ha vested in Council as Recreation Reserve under the Reserves Act 1977. There is no title for this land but the LINZ parcel ID is 3615836 and legal description is Part Section 94A Square 170 Block II Tutaki Survey District.

This land is subject to an unregistered lease to Ardennes Holdings Ltd (Linda and Robin Sanford) for a 10 year term expiring in 2020 with a 10 year right of renewal.

The remainder of the site is an area of approximately 1.66 ha of legal road at the end of the formed part of Riverview Road and alongside the Buller River to the north of the main site. This land is not subject to any formal agreement.

#### B.2.4.2 Structures and Layout

The majority of the site is a flat grassed area, with mature trees and shrubs providing good shade and shelter over much of the site. There is a driveway around the western portion of the site leading past the cabins to the manager's accommodation and office.

There is an assortment of 36 buildings, most of which lie to the west of Riverview Road and all of which are owned by Council. In total these provide 25 cabins, 2 motel units, 3 kitchens, 1 laundry, 3 shower/toilet blocks and 1 recreation hall. There also a 3 bedroom manager's accommodation (with office) at the south western corner of the site.

In addition there are 90 camp sites (39 powered and 51 unpowered), which lie on the area to the east of Riverview Road.

The area of legal road is occupied by a small number of cabins and an old cafe building which is currently disused, as well as a sealed turnaround area. There is also riverside access from the legal road including a boat ramp currently in poor repair

### B.2.5. Collingwood Campground

Collingwood Campground (trades as Collingwood Motor Camp) is part Recreation and Memorial reserve which was vested in Council in 1990.

The Campground was operating by Golden Bay County Council until its amalgamation into Tasman District Council in 1989.

The campground occupies the northern tip of the peninsula between William Street and the sea with excellent access to the Aorere Estuary on the north and west side for fishing and boating and on the east side for safe swimming. It occupies a total area of approximately 1.29 hectares including a small plot on the south side of William Street.

The campground with marked camping sites is shown below:



### B.2.5.1 Land Tenure/Legal Status

The legal status of the land is complex.

- Part of the area is vested in Council as Recreation Reserve, comprising the following titles and legal descriptions: NL72/241 (Part Reserve A 15 Square); NL49/244 (Lot 3 DP 2011 and Lot 4-5 DP 1067); NL66/216 (Part Section 200 District of Takaka).
- Part of the area is vested in Council as Memorial Reserve, comprising title NL85/181 (Part Section 200 District of Takaka DP 2953).
- Part of the area is Council-owned but does not have reserve status. This includes the following titles: 545896 (Lot 2 DP 434854); 545897 (Lot 3 DP 434854); NL5B/443 (Lot 1 DP 9790); NL47/200 (Lot 1 and Lot 3 DP 1067).
- Part of the campground to the north and east occupies Maori land which is not listed in the Torrens Land Transfer System but has LINZ identifier number 3611851.
- The final part of the campground lies to the extreme east of the site on land which is presumed accreted to Maori land.

An area of land within the boundaries of the campground is leased by Collingwood Tennis Club. There is a 20 year access agreement starting in 2014 which allows Council to use the northern and southernmost portions of the Club's leased land for campground access (the gravelled campground access road crosses this land).

The campground is run under a Management Agreement. The current managers have signed a 3 year Agreement, running from 1 October 2014 to 30 September 2017.

### B.2.5.2 Structures and Layout

The site is a flat grassed area immediately adjacent to the sea and the Aorere estuary, with good shade and shelter provided by mature trees and shrubs in many places. The camp has a coastal rock wall protecting its north and west facing sides from erosion.

There is a gravelled access road through the site with a turnaround at the eastern side.

There is an assortment of 21 buildings across the site and including one on the south side of William Street on a separate site. All of the buildings are owned by Council. In total these provide 13 cabins, 2 kitchens, 1 Laundry, 2 toilet/shower blocks, 1 two-bedroomed holiday house (south side of William Street) and 1 three-bedroomed holiday house.

Cabins are all on temporary piles as they have never been permitted as permanent buildings.

In addition there are 58 camp sites (41 powered and 17 unpowered) across the site.

There is also a 3 bedroom manager's accommodation (with office) close to the entrance to the campground.

## B.2.6. Activities at all Campgrounds

The following uses are considered appropriate possible activities at the Council campgrounds:

### **Ordinary Uses:**

- Camping (non powered sites, powered sites)
- Accommodation (cabins or motel units)
- Tents, motorhome and caravan use
- Conference use
- Tourism related activity bookings for regional recreational activities for guests
- Swimming, Playground, Boat launching (where applicable) and other recreational activities

In determining any use, each application will be considered on its merits and appropriate conditions will apply including:

- hours/days of operation
- health and other regulations of campgrounds
- consideration of environmental concerns
- health and safety
- effect on existing campground operations

Individual lessees may recommend any appropriate conditions to be included in any lease or agreement. The final decision on lease conditions rests with the Council.

### **B.2.7. Strategic Management Approach for Campgrounds**

#### **B.2.7.1 Motueka Campground Issues**

The key issues for the Motueka Campground are:

- The implementation of the 2014 Campground Financial Strategy.
- Progressing the asset buyback of improvements to support the preferred single ownership model.
- Development and renewals of tired assets to retain/improve levels of service.
- Provision of a service that is affordable to the users, yet reflects latest industry trends to ensure ongoing demand for facilities.
- Simplification of lease terms and strengthening commercial imperatives (repairs and maintenance, advertising spend etc).
- Improving asset knowledge.
- Moving to planned maintenance of facilities to maintain a standard which maximises the life and returns of the assets.
- Moving to fully funding depreciation.

#### **B.2.7.2 Motueka Strategic Approach**

The strategic approach to Motueka Campground is:

- Regular engagement with users through lessees.
- Consideration of additional development/investment where a business case can substantiate further activities in order to supplement the income.
- Condition assessments to be undertaken and reviewed at least every three years.
- Consideration of user requirements with any renovations, renewals or new works.
- Moving to planned versus reactive maintenance programmes.

#### **B.2.7.3 Pohara Key Issues**

The key issues for the Pohara Campground are:

- The implementation of the 2014 Campground Financial Strategy
- Asset buyback of improvements to support the single ownership model.
- Development and renewals of tired assets to retain levels of service.
- Provision of a service that is affordable to the users, yet reflects latest industry trends to ensure ongoing demand for facilities.
- Renegotiation of leases with simplification of lease terms.
- Improving asset knowledge
- Planned maintenance of facilities to a standard which maximises the life of the assets

- coastal erosion management

#### B.2.7.4 Pohara Strategic Approach

The strategic approach Pohara Campground is:

- Regular engagement with users through lessees.
- Consideration of additional development/investment where a business case can substantiate further activities in order to supplement the income.
- Condition assessments to be undertaken and reviewed at least every three years.
- Consideration of user requirements with any renovations, renewals or new works.
- Moving to planned versus reactive maintenance programmes.

#### B.2.7.5 Murchison Key Issues

The key issues for the Murchison Campground are:

- Regular engagement with users through lessees.
- Consideration of additional development/investment where a business case can substantiate further activities in order to supplement the income.
- Condition assessments to be undertaken and reviewed at least every three years.
- Consideration of user requirements with any renovations, renewals or new works.
- Moving to planned versus reactive maintenance programmes.

#### B.2.7.6 Murchison Strategic Approach

The strategic approach to Murchison Campground is:

- regular engagement with users through lessee's.
- encouragement of additional development/ investment where a business case can substantiate further activities in order to supplement the income
- condition assessments to be undertaken and reviewed at least every three years
- consideration of user requirements with any renovations, renewals or new works.
- Planned versus reactive maintenance

#### B.2.7.7 Collingwood Campground Key Issues

The key issues for the Collingwood Campground are:

- The Campground 2014 Financial Strategy implementation
- Development and renewals of tired assets to retain and improve levels of service.
- Land agreements with Iwi for accreted Land clarification to define area of operation for campground
- Provision of a service that is affordable to the users, yet reflects latest industry trends to ensure product remains sought after.
- Move from management contract to lease terms over time.
- asset knowledge, condition assessment and upgrade of key infrastructure required immediate investment.
- maintenance of facilities to a standard which maximises the life of the assets

#### B.2.7.8 Collingwood Campground Strategic Approach

The strategic approach to Collingwood Campground is:

- regular engagement with users through manager.

- encouragement of additional development/ investment where a business case can substantiate further activities in order to supplement the income
- condition assessments to be undertaken and reviewed at least every three years
- consideration of user requirements with any renovations, renewals or new works.
- Review of long term financial viability of the campground as part of the financial sustainability review.

#### **B.2.8. Asset Condition**

Quarterly inspections are undertaken by the Commercial Manager on all leased sites (Motueka, Pohara and Murchison) and Monthly inspections/ reporting is completed on managed sites (Collingwood).

##### **B.2.8.1 Motueka Campground**

In very good order, this park has been proactively managed by lessee (Edwards) since 2004 when the lease was retendered. The asset condition is well understood and regularly promoted to Council.

Council has allowed current lessee to upgrade/complete a number of new infrastructure improvements since 2007. Council's current financial strategy document supports the buying back these assets in order for Council to own the complete infrastructure which gives Council better control and return.

##### **B.2.8.2 Takaka Campground**

In very good order, this park has been proactively managed by lessee (Clark) since 2004 when the lease was retendered. The asset condition is also well understood and regularly promoted to Council.

Council has allowed current lessee to upgrade/complete a number of new infrastructure improvements since 2004. Council's current financial strategy document supports the buying back these assets in order for Council to own the complete infrastructure which gives Council better control and return.

##### **B.2.8.3 Murchison Campground**

This asset is tired and has not had any substantive investment for some time. In addition, it has suffered from number of poor management decisions by previous lessee.

The current lessee as part of their negotiations have undertaken to upgrade the condition of some facilities – these are on track to be completed as per the 2014 agreement.

Council will need to reinvest in this asset for the long term health and continuation of this facility.

##### **B.2.8.4 Collingwood Campground**

This asset is tired and has not had any substantive investment for some time and majority of what has been completed is to a poor standard. Having a manager, versus a lessee has arguable seen a lower level of service delivered over time. Reluctance to invest by Council has resulted in lower levels of commitment from those involved in running the activity.

Current managers (appointed in 2014), are focused on improvement and Council will need to make significant reinvestments in this asset for the long term health and continuation of this facility.

#### **B.2.9. Future Demand and Development**

##### **B.2.9.1 Motueka Campground**

This asset is considered close to its 'maturity state in growth cycle' and substantial growth can only be achieved by widening its current shoulder season and it is close to being "fully booked" in key holiday periods.

Growth in roofed accommodation and accommodation mix could change lengthen the demand and current lessees are focused around a wider seasonal appeal and marketing opportunities to attract clientele outside main seasons.



#### B.2.9.2 Pohara Campground

This asset is considered close to its 'maturity state in growth cycle' and like Motueka, substantial growth can only be achieved by widening its current shoulder season and it is close to being "fully booked" in key holiday periods.

With its seaside location, growth in roofed accommodation and accommodation mixes, it could change to lengthen the demand and current lessees are focused around a wider seasonal appeal.

#### B.2.9.3 Murchison Campground

The demand of this product has been affected by previous lessees but all reports suggest the demand is starting to return. The Riverside location is popular during summer months. This site has good development potential but some work has to be done to ensure it has the critical mass to provide a suitable year-round return from any significant development.

#### B.2.9.4 Collingwood Campground

The lack of investment has seen a very tired looking facility which has suffered substantial failures of water and other services in recent months. As a result of the general condition, levels of service have dropped consistently. Future demand will be directly driven from levels of investment Council is willing to adopt and the long term financial sustainability of this campground.

### **B.3 Commercial Property:**

#### **B.3.1. General**

The commercial property activity comprises the provision and maintenance of leased commercial land and buildings and investment land for the purposes of strategic investment or inheritance from other Council activities. The latter are generally identified for sale. All investments exist within the Tasman region.

#### **B.3.2. Commercial property assets**

##### B.3.2.1 Land Tenure/Legal status

Various assets spread throughout the district. They are listed in the table B 2 below.

##### B.3.2.2 Structures and Layout

Various assets spread throughout the district. They are listed in the table B 2 below.

#### **B.3.3. Activities at all Commercial Property**

These vary but are generally retail, wholesale, commercial, storage or lease activities. They are listed in the table B 2 below.

#### **B.3.4. Strategic Management Approach for Commercial Property**

##### B.3.4.1 Key Issues

The key issues for all commercial property are:

- single ownership model and no transfer rights of any leases or licences
- development and renewals of tired assets to retain levels of service.
- provision of a service that is affordable to the users, yet reflects latest industry trends to ensure ongoing demand for facilities.
- simplification of lease terms.
- asset knowledge, condition assessment and upgrade of key infrastructure requires immediate investment.

- maintenance of facilities to a standard which maximises returns and the life of the assets.

### B.3.4.2 Strategic Approach

The strategic approach to all commercial property assets is:

- regular engagement with users through lessees and community.
- encouragement of additional development/investment where a business case can substantiate further activities in order to supplement the income
- condition assessments to be undertaken and reviewed at least every three years
- consideration of user requirements with any renovations, renewals or new works with a focus on improving commercial returns.

### B.3.5. Future Demand and Development

This will be considered on a case by case basis for each property. The proceeds from the sale of low performing investments may be reinvested to achieve a higher return.

### B.3.6. Asset Condition

These have generally been kept under regular surveillance and maintenance programmes have been actioned. Whilst some assets are aged, they have generally been well maintained and are in good condition.

| PROPERTY ADDRESS                                    | IMPROVEMENTS            | TITLE  | LAND AREA  | TENANCY #                                     | TENANCY   | ACTIVITY DESCRIPTION   | VALUE                           |              |
|---|-------------------------|--|--|---|---|--|---------------------------------|--------------|
| <b>Mapua Wharf Precinct</b>                         |                         |  |  |   |   |  |                                 |              |
| 6 Aranui Road, Mapua                                | Sheds 1-3               | 38/220<br>as above<br>as above<br>as above<br>as above<br>as above               | 0.4047 Ha<br>as above<br>as above<br>as above<br>as above<br>as above            | 1a<br>1a<br>1b<br>1c<br>2a<br>3a              | Jellyfish Restaurant<br>Jellyfish Restaurant<br>Sea Scouts (55)<br>Mapua Boat Club (MBC)<br>Smokehouse<br>Appleshed Restaurant  | Restaurant<br>Restaurant<br>NPO<br>NPO Boat club<br>Takeaway and Food manufacturer<br>Restaurant               |                                 |              |
| 6 Aranui Road, Mapua                                | Shed 5                  | as above<br>as above   | as above<br>as above   | 5a<br>5b                                      | Golden Bear Brewery<br>Hamish's   | Brewery and Bar<br>Cafe  |                                 |              |
| 8 Aranui Road, Mapua                                | Shed 4 Aquarium Rebuild | as above<br>as above<br>as above<br>as above<br>as above<br>as above<br>as above | as above<br>as above<br>as above<br>as above<br>as above<br>as above<br>as above | 4.a<br>4.b<br>4.c<br>4.d<br>4.e<br>4.f<br>4.g | Wheellie Fantastic<br>Lisa Polak<br>Simone Wenk<br>Note yet let<br>Suzanne Jones<br>Andrew Leonard<br>Hamish's Cafe             | Bike rentals<br>Physiotherapy<br>Architect<br>tba<br>Retail<br>Takeaway/ Restaurant<br>Cafe/ Ice cream parlour |                                 |              |
|   |                         |  | 0.4047 ha  |   |   |  | \$ 2,400,000                    |              |
| <b>Mapua Land (ex Fruitgrowers remediated land)</b> |                         |  |  |   |   |  |                                 |              |
| 15 Aranui Road, Mapua                               | Nil                     | 6c/851   | 0.0983 ha  | N/a   | N/a   | Commercial Block   | \$ 275,000                      |              |
| 17 Aranui Road, Mapua                               | Nil                     | 41/230   | 0.1626 ha  | N/a   | N/a   | Commercial Block   | \$ 275,000                      |              |
| 19 Aranui Road, Mapua                               | Nil                     | 104/227  | 0.08 ha  | N/a   | N/a   | Commercial Block   | \$ 275,000                      |              |
| 21,23 & 25 Aranui Road, Mapua                       | Nil                     | 91/225   | 0.2428 ha  | N/a   | N/a   | Commercial & residential block split   | \$ 550,000                      |              |
| 5 Tahī Street, Mapua                                | Nil                     | 6c/850   | 0.1626 ha  | N/a   | N/a   | Commercial Block   | \$ 275,000                      |              |
| 6-8 Tahī Street, Mapua                              | Nil                     | 91/175   | 0.4183 ha  | N/a   | N/a   | Residential Block  | \$ 250,000                      |              |
| 10 Tahī Street, Mapua                               | Nil                     | 109/57   | 0.2335 ha  | N/a   | N/a   | Residential Block  | \$ 250,000                      |              |
| 12 Tahī Street, Mapua                               | Nil                     | 109/121  | 0.2231 ha  | N/a   | N/a   | Residential Block  | \$ 250,000                      |              |
| 14 Tahī Street, Mapua                               | Nil                     | 98/112   | 0.2195 ha  | N/a   | N/a   | Residential Block  | \$ 250,000                      |              |
| 16 Tahī Street, Mapua                               | Nil                     | 100/159  | 0.2125 ha  | N/a   | N/a   | Residential Block  | \$ 250,000                      |              |
|   |                         |  |  |   |   |  | \$ 2,900,000                    |              |
| <b>Armadillos Restaurant &amp; Bar</b>              |                         |  |  |   |   |  |                                 |              |
| 183 Queen Street, Richmond                          |                         | 54/214   | 0.2767 ha  | 1   | Armadillo's   | Restaurant & Bar   | \$ 1,300,000                    |              |
|   |                         |  |  |   |   |  | \$ 1,300,000                    |              |
| <b>Fittal Street, Richmond</b>                      |                         |  |  |   |   |  |                                 |              |
| 11 Fittal Street, Richmond                          |                         | 138/949  | 0.1065 ha  |   | tba   |  | \$ 500,000                      |              |
| 13 Fittal Street, Richmond                          |                         |  |  |   |   |  | \$ 300,000                      |              |
|   |                         |  |  |   |   |  | \$ 800,000                      |              |
| <b>Port Motueka</b>                                 |                         |  |  |   |   |  |                                 |              |
| Port Motueka Wharf                                  |                         | 13A/917<br>13A/917<br>13A/917<br>13A/917<br>13A/917<br>13A/917                   | 4.7157<br>as above<br>as above<br>as above<br>as above<br>as above               | N/a   | Talley's<br>Talley's<br>Motueka Yacht Club<br>Motueka Yacht Club<br>Motueka Power Boat Club<br>Motueka Marina Peninsula Society | Car park lease<br>Mudhole lease<br>Building premises<br>Mooring etc<br>Boat ramp, moorings                     |                                 |              |
|   |                         |  |  |   |   |  | \$ -                            |              |
| East Quay Port Motueka                              |                         | 13A/917<br>13A/917<br>7C/775   | as above<br>as above<br>0.1828 ha  |   | Jackett Island garages<br>McDonald & Brown<br>McDonald & Brown  | Garage rental<br>Net mending business<br>Net mending business  |                                 |              |
|   |                         |  |  |   |   |  | \$ 1,810,000                    |              |
| 95 Wharf Road                                       |                         | 100/1136   | 0.0575 ha  |   | Tenant Tracy Andersen   | Residential tenancy (due to be sold to Wakatu Inc)   | \$ 275,000                      |              |
| 17 North Street                                     |                         | 9B/388   | 0.0904 ha  |   | Tenant Annabel Ayers  | Residential tenancy (due to be sold to Wakatu Inc)   | \$ 490,000                      |              |
|   |                         |  |  |   |   |  | \$ 765,000                      |              |
| <b>TOTAL COMMERCIAL PROPERTY VALUES</b>             |                         |  |  |   |   |  |                                 |              |
|   |                         |  |  |   |   |  | <b>Total Assets</b>             | \$ 9,975,000 |
|   |                         |  |  |   |   |  | <b>Income generating Assets</b> | \$ 6,615,000 |

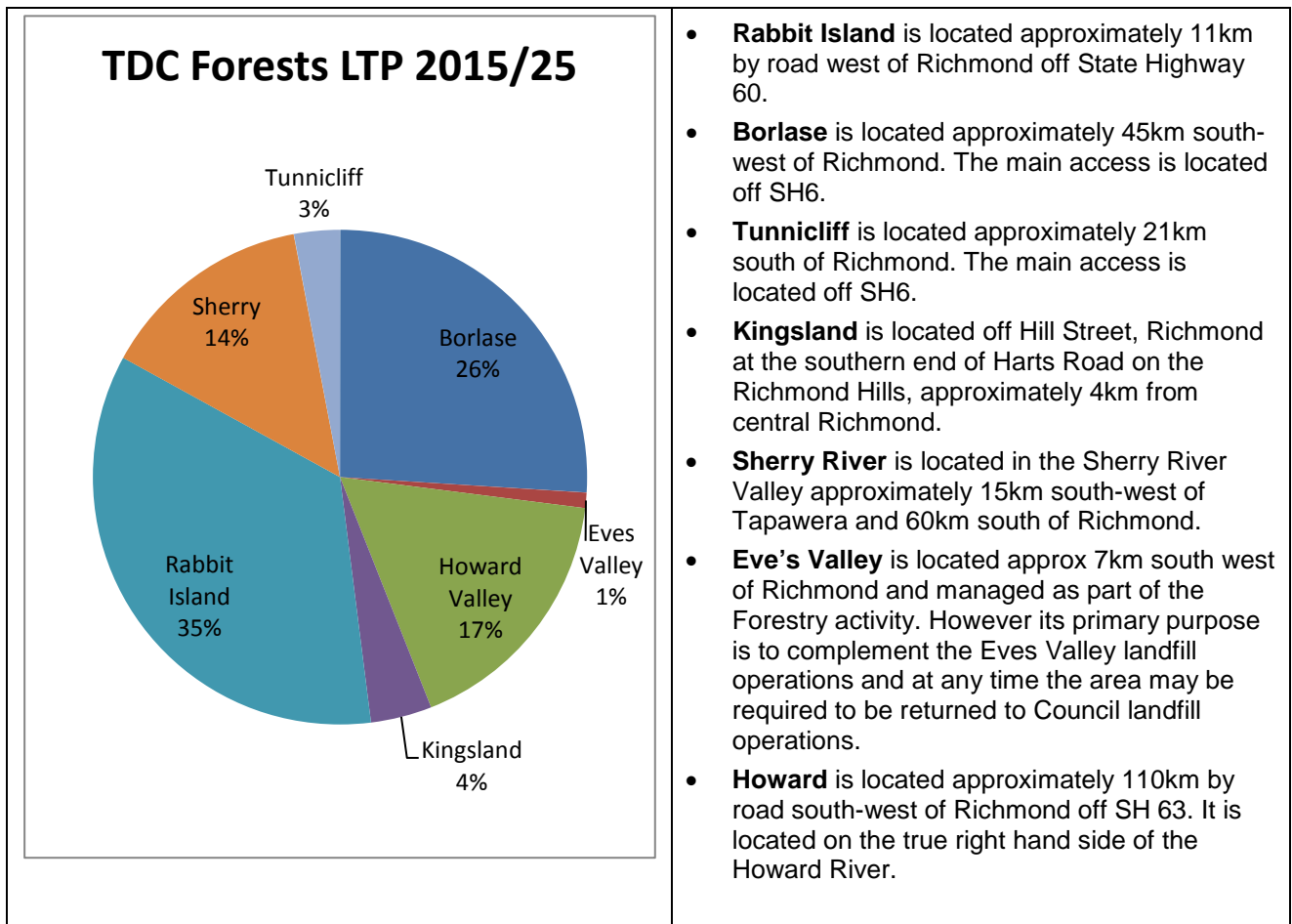
## B.4 Forestry:

### B.4.1. General

The Forestry activity is externally managed by contractors who have a full Forestry Management Plan (FMP) covering in detail the activities of Forestry. It is intended this description is a high level summary only and should be read in conjunction with the Commercial AMP Forestry summary and the full FMP prepared by Council's contractors.

Council has forests at six different locations in the district:

| TDC Forests   | Productive Area  | Percentage  |
|---------------|------------------|-------------|
| Borlase       | 700.2 Ha         | 26%         |
| Eves Valley   | 27.8 Ha          | 1%          |
| Howard Valley | 453.1 Ha         | 17%         |
| Kingsland     | 100.2 Ha         | 4%          |
| Rabbit Island | 957.1 Ha         | 35%         |
| Sherry        | 387.7 Ha         | 14%         |
| Tunnickliff   | 92.2 Ha          | 3%          |
| <b>Total</b>  | <b>2717.3 Ha</b> | <b>100%</b> |



### B.4.2. Rabbit Island

Rabbit Island is located approximately 11km by road west of Richmond off State Highway 60. It occupies a gross area of 1279 Ha which equates to a planted area of 957 Ha. All plantings are Radiata Pine. It was first planted in 1921 and some crops are on their third rotation.

#### B.4.2.1 Land Tenure

Legal tenure is outlined in the attached FMP plan completed by Olsens.

#### B.4.2.2 Structures and Layout

Rabbit Island is shared with Parks and Reserves and incorporates a number of recreational activities including cycle ways through the plantation area.

The Island also houses Council's bio-solid disposal services from the Nelson Regional Sewerage Business Unit (NRSBU) (a JV between Tasman District Council and Nelson City Council).

Land is flat and well suited to mechanical harvesting.

### **B.4.3. Borlase**

Borlase is located approximately 45km south-west of Richmond. The main access is located off SH6. It occupies a gross area of 971 Ha which equates to a planted area of 700 Ha. Tree crops are principally Radiata Pine but also include Douglas Fir and Cypress. It was first planted in 1972 and two further blocks added in 1992. Some crops are on their second rotation.

#### B.4.3.1 Land Tenure

Legal tenure is outlined in the attached FMP plan completed by Olsens.

#### B.4.3.2 Structures and Layout

There are no structures on the site and the layout is steep topography.

### **B.4.4. Eve's Valley**

Eve's Valley is located approximately 45km south-west of Richmond. The main access is located off SH6. It occupies a gross area of 971 Ha which equates to a planted area of 700 Ha. All Tree crops are Radiata Pine.

#### B.4.4.1 Land Tenure

Legal tenure is outlined in the attached FMP plan completed by Olsens.

#### B.4.4.2 Structures and Layout

There are no structures on the site and this site was secured as a buffer zone for the neighbouring landfill purposes. It is managed within these assets but is principally for support of refuge/ landfill operations. Layout is rolling to steep topography.

### **B.4.5. Howard Valley**

The Howard forest is located approximately 110km south-west of Richmond off SH63. It occupies a gross area of 995 Ha which equates to a planted area of 453 Ha. Tree crops are principally Radiata Pine but also include Douglas Fir and Cypress. It was first planted in 1993 and some crops are on their first rotation.

#### B.4.5.1 Land Tenure

Legal tenure is outlined in the attached FMP plan completed by Olsens.

#### B.4.5.2 Structures and Layout

Rolling to steep countryside. No structures on site as these were sold by vendors, simultaneously with Council purchasing the block. Property is subject to JV agreements which eventually hand back to Council and a lease for terraces exists.

#### **B.4.6. Kingsland**

The Kingsland forest is located off Queen Street, Richmond, approximately 4kms from Richmond. It consists of 4 blocks purchased as follows;

- Waterworks block purchased in 1923 – 72 Ha
- Heslop block purchased in 1988 – 54 Ha
- Brown block purchased in 1994– 18 ha

occupies a gross area of 144 Ha which equates to a planted area of 102 Ha. Tree crops are Radiata Pine, Cypress and Macrocarpa. It was first planted in 1978 and some crops are on their second rotation.

##### **B.4.6.1 Land Tenure**

Legal tenure is outlined in the attached FMP plan completed by Olsens.

##### **B.4.6.2 Structures and Layout**

Rolling to steep countryside. No structures on site as these were sold by vendors, simultaneously with Council purchasing the block. The close proximity to Richmond make it a popular walking and cycle area.

#### **B.4.7. Sherry River**

The Sherry River forest is located approximately 15km south-west of Tapawera and 60km south of Richmond. It occupies a gross area of 623 Ha which equates to a planted area of 387 Ha. Tree crops are principally Radiata Pine but also include Macrocarpa. It was first planted in 1982 and some crops are on their second rotation.

##### **B.4.7.1 Land Tenure**

Legal tenure is outlined in the attached FMP plan completed by Olsens.

##### **B.4.7.2 Structures and Layout**

Terraces, hill country, valleys and steep countryside are all features of this property. No structures on site as these were sold by vendors, simultaneously with Council purchasing the block. Property is subject to JV agreements which eventually hand back to Council and a lease for terraces exists.

#### **B.4.8. Tunnicliff**

The Tunnicliff forest is located approximately 21km south of Richmond. It occupies a gross area of 133 Ha which equates to a planted area of 92 Ha. When sold the site was a combination of Pine and native Bush which was planted in 1971-72 which has since been harvested. Tree crops now are principally Radiata Pine but also include some Douglas-fir. It was first planted in 1996 by Council and crops are on their first rotation under Council management.

##### **B.4.8.1 Land Tenure**

Legal tenure is outlined in the attached FMP plan completed by Olsen's.

##### **B.4.8.2 Structures and Layout**

Steep hill country and valleys are features of this property. No structures on site as these were sold by vendors, simultaneously with Council purchasing the block.

#### **B.4.9. Activities at Forests**

Council forests are held for environmental regeneration of trees on a commercially sustainable basis. Varieties are principally Radiata Pine with Douglas Fir and Cypress used in higher altitude forests.

Activities are designed to replenish forest area upon harvest on an average 28 to 30 year cycle (dependent on site and variety)

The Rabbit and Rough Island forests remain subject to an act of parliament which directs 10% of income from the commercial activities to fund recreational activities. A copy of the act is attached in Appendix BB. Council has subsequently passed a resolution to direct a total of \$140,000 to Parks and Reserves. Managing all financial aspects of the Forestry activity needs to reflect this underlying agreement and subsequent Council resolution.

#### **B.4.10. Strategic Management Approach**

##### **B.4.10.1 Key Issues**

The key issues for all forestry are:

- FSC accreditation
- Emissions trading scheme (ETS)
- Critical mass for sustained and regular harvesting programme.
- External Management by industry specialist
- Underlying land ownership covenants
- Supplementary leases.
- Asset knowledge, condition assessment and upgrade of key infrastructure requires immediate investment.
- Conflict between commercial production forestry use and recreational use.
- Waimea County Council Empowering Act 1979 – is an act that sets out the management of the Islands and directs a portion of commercial revenue for recreational use.

##### **B.4.10.2 Strategic Approach**

The strategic approach to all commercial property assets is:

- regular engagement with users through contractors, lessee's and community.
- encouragement of additional development/investment where a business case can substantiate further activities in order to supplement the income
- regular condition assessments to be undertaken and reviewed at least every three years

#### **B.4.11. All Forest Asset Condition**

Council receives quarterly reports from Olsen's updating the key issues and market trends allowing Council insights into market conditions and industry best practice/direction.

Site visits to every forest occurs at least annually by Commercial Manager.

#### **B.4.12. Future Demand and Development**

Considered on a case by case scenario based on commercial outcomes. There are no planned expansions but should efficiency or continuity gains be evident and a suitable business case can be developed, then it is likely Council would look to develop a business case for Council consideration of further investment in forestry that provides long term relatively stable returns for Council.

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## **B.5 Port Tarakohe**

### **B.5.1. Overview**

Port Tarakohe is the only deep sea port in Tasman District that can accept vessels of a reasonable size. It lies approximately 10km from Takaka along Abel Tasman Drive.

The Port was constructed by the Golden Bay Cement Company. The company ceased operating in the area in 1989 and Tasman District Council became involved when the Golden Bay community requested assistance to develop and maintain this asset. Council purchased the rights to operate the port in June 1994 and initiated a Local Members Bill which gave Tasman District Council port ownership.

#### **B.5.1.1 Land Tenure**

The land is held as a Local Purpose Reserve (harbour works) in certificate of title NL11C/1211. The Tasman District Council (Tarakohe Harbour Reclamation Validation and Vesting) Act 1995 vested the reclaimed land in the Council as a local purpose reserve.

#### **B.5.1.2 Structures and Layout**

Substantial development works including rock arms (outer moles), dredging and the 61 berth marina have been constructed in the period 2002/04 with an additional rock finger (inner mole) added to the western rock arm in 2007/08. The marina consists of two floating (one commercial, one recreational) and one piled walk on wooden marina.

A structural condition assessment of the key assets at Port Tarakohe was undertaken in August 2009 by Councils professional services consultant, MWH and has been included as Appendix L.

The following Port Key Assets are detailed below:

##### **B.5.1.2.1 Concrete Wharf**

The concrete wharf was constructed in 1977 as part of the Golden Bay Cement Works infrastructure. It is 120m long and 25m wide and is made up of concrete piles, concrete beams, concrete deck, timber kerbs and timber fenders. It has a 250 Tonne per square meter rating.

##### **B.5.1.2.2 Timber Wharf**

The timber wharf was constructed approximately 80 years ago. All aspects of its construction are now in poor condition and is deemed to be unsafe for use. It is now currently unused and was condemned in 2000 - it is fenced off from the public.

##### **B.5.1.2.3 Piled Walk on Wooden Marina**

20 berth walk-on wooden marina in a poorer state of repair given its age and given the large tide variation (4 to 5 metres) is partly exposed with a lack of handrails and safe boat access.

##### **B.5.1.2.4 Floating Marinas**

A recreational and a commercial floating marina constructed in 2003 containing 41 berths, both are in good condition.

##### **B.5.1.2.5 Swing Moorings**

Council has a Resource consent for 80 swing moorings inside the harbour. Only 20 swing moorings are installed with 10 inside the inner harbour on the western side and a further 10 in the north eastern corner of the outer harbour arm.

##### **B.5.1.2.6 Light Tower**

The steel lattice structure was initially part of the old conveyor system that Golden Bay Cement Company had installed. The tower is now used for flood lighting of the main wharf area. We also have CCTV camera coverage throughout the Port based on this and other high points.

#### B.5.1.2.7 Manager's Office

A 6m x 3m Portacom building made from Insulated building panel has been permanently located on piles at the Port entrance, beside the weighbridge. It has two rooms – one 3m x 1m containing toilet, shower and basin on the western end and second is an open office area including a kitchen vanity on the eastern end. All services are present with Gas hot water, two UV filters for water and Power. It also operates as a hub for the weighbridge activities including manual releases for all security gates.

#### B.5.1.2.8 Weighbridge and Security gates at Port entrance

A sensortronic SSLP 502 – 12m x 3m steel deck weighbridge with a calibrated 1 x 40 Tonne x 20kg load capacity was installed October-November 2014. It has 6 load cells with Eweigh software to shed housing touch screen computer and printers for all freight in and out of Port. Access reporting is available at all nominated TDC offices. The complete infrastructure includes concrete structures, drainage, washouts and aprons and an automated gate access system – refer security fencing below.

#### B.5.1.2.9 Rockwork Protection

The rock protection surrounds the inner and outer moles on all sides and varies in gradient. It is estimated that there is approximately 38,000m<sup>3</sup> of rock armour with a further 255,000m<sup>3</sup> of core material and rubble.

The resource consent for the development of the western inner mole in 2008 included a number of penguin nests to be constructed along its length, a condition volunteered by Council to reduce the number of penguin fatalities on local roads. These nests consist of a wooden box built into the rock protection, it is hoped that this will encourage the penguins to nest closer to the coast rather than heading inland. It is likely that any further development at the port will see similar conditions.

#### B.5.1.2.10 Water Supply

The water source serving the port is located on the land owned by Port Tarakohe Ltd. An agreement is in place that allows Council to take water from the source which is maintained by the Company. The source consists of a small capacity dam, when water is stored here it overflows the weir and into two silt traps before being piped to the storage tank. Water control and supply will remain an issue for Council until it sorts its own supply out. Events such as the 2011 floods which damaged the current water supply, proved control of water for its current and future activities is critical.

The 570m<sup>3</sup> water tank is also sited on Port Tarakohe Ltd land and is capable of storing one week supply. During times of heavy rainfall, the harbour manager pulls the plug on the dam, allowing it to drain thereby preventing silty water from being stored. During that time, the Port is dependent on the storage tank for its supply. The two silt traps require digging out on a regular basis.

In addition, there are a number of silos and water tanks located at the old cement works which would be capable of providing water storage if expansion was required.

Treatment of the potable water at the marina is by three self-flushing sand filters followed by UV. The treatment facility is located in a shed to the rear of the toilet block. An untreated supply is available for fire fighting purposes and also for Talley's. The water in the storage tank owned by Talley's is available for use at the marina in the event of an emergency.

The boat club receives water from the same source as the marina and has its own treatment facility in place. In addition, the boat club has a rainwater tank.

#### B.5.1.2.11 Wastewater

Wastewater from the marina is connected to the Council's reticulated system. A toilet block is available for public use. A shower block exists at the boat club and is available for use by marina users.

#### B.5.1.2.12 Security Fencing

Security fencing was first installed in early 2000's along the eastern side of the port to protect the operational wharf areas and encourage cruise ships to visit. Council has upgraded the fencing when introducing the weighbridge on November 2014, which included the full road access to the Commercial Port entrance. It now includes pedestrian, weighbridge and other port access gates (3) which are all controlled by electronic secured access by PIN pads and provide a substantially improved Port security access.



#### B.5.1.2.13 Boat Ramp

The boat ramp is located on the western arm of the port. It is owned by Tasman District Council. Fees charged for boat storage are detailed in Appendix M.

#### B.5.1.2.14 Boat Storage Compound

A storage compound for approximately 37 boats was constructed by Council in 2009. Fees charged for boat storage are detailed in Appendix M.

#### B.5.1.2.15 Navigational Aids

The Navigational Aids were replaced in 2009 and comprise of galvanised towers and solar panels.

#### B.5.1.2.16 Roading

Access to the port is off the Tarakohe road. Access to the western arm and boat club is prior to the former cement works (heading towards Tarakohe) and access to the eastern arm and marinas is on the other side of the "hole in rock" tunnel.

There is unsealed access along the length of both outer and inner moles, although public access is restricted out to the head of the west outer mole.

### **B.5.2. Key Issues and Strategic Management**

Council wishes to enhance its involvement with the management and operation of the Port with a view to improving the facilities available to promote both commercial and recreational opportunities of Golden Bay. All remain subject to a commercially viable business case. To ensure Council obtain community input, the Port Tarakohe Advisory Group (PTAG) has been introduced in 2014.

### **B.5.3. Key issues facing Port Tarakohe include:**

- Increase in demand for port facilities from the proposed development of aquaculture in Tasman Bay, driven by the marine farming industry
- addressing the health and safety problems associated with the aged infrastructure
- increase in demand for both commercial and recreational facilities
- development of a reserves management plan for the site to assist in managing conflicts between commercial and recreational use and the wider port area
- returning the port to a financially sustainable position.
- The impact of climate change
- The impact of Outstanding Natural Features and Landscape issues on both existing and future operations and expanding needs of the Port to meet approved consents and permits within the region.

## **APPENDIX C. PRIVATE STRUCTURES**

### **C.1 Aerodromes:**

Not relevant to this activity.

### **C.2 Campgrounds:**

In the past 6 – 7 years, key infrastructure assets at Pohara and Motueka have been built and funded by the lessees. They are located throughout the sites and generally comprise of buildings, improvements and campground activities. Valuations of these assets are underway and the campground Financial Strategy adopted in November 2014 will see a move towards the repurchase of these improvements to return Council to 100% ownership of all improvements on its campground sites. We have not covered these aspects in detail because individual business cases are being prepared for the proposed repurchase (subject to final Council approval).

### **C.3 Commercial Property:**

Normal tenant lease improvements sit within Council's commercial buildings under tenancy arrangements. In some tenancy situations, we have lease improvements made to our buildings which fall to Council on the maturity of the lease, or leases terms reflect the tenants investment allowed by Council. In those cases, tenants will be required to return sites to original condition at expiry of the lease.

Historically Council has allowed lessee improvements, however its current strategy is to complete the work itself, retain a full market value and arms length assessment, and charge full market rates to ensure improved commercial returns.

### **C.4 Forestry:**

No private assets relate to this activity.

### **C.5 Port Tarakohe Private Assets:**

In addition to the key assets detailed in Appendix B, a number of other assets are located at Port Tarakohe which are not covered in any detail in this AMP. These include Boat Club assets (which comprise washdown area and boat club building), NPD fuel structures, fuel pumps and the buildings belonging to Talley's Fisheries.

## APPENDIX D. ASSET VALUATIONS

### D.1.1. D.1 Declaration of Valuation

The Local Government Act 1974 and subsequent amendments contain a general requirement for local authorities to comply with Generally Accepted Accounting Practice ("GAAP").

The Financial Reporting Act 1993 sets out a process by which GAAP is established for all reporting entities and groups, the Crown and all departments, Offices of Parliament and Crown entities and all local authorities. Compliance with the New Zealand Equivalent to International Accounting Standard 17; Property, Plant and Equipment (PBE IAS 17) and IPSAS 17) and PBE IPSAS 21 (impairment of Non Cash Generating Assets) is the one of the current requirements of meeting GAAP.

The purpose of the valuations is for reporting asset values in the financial statements of Tasman District Council.

Council requires its infrastructure asset register and valuation to be updated in accordance with Financial Reporting Standards and the AMP improvement plan.

The valuations summarised below have been completed in accordance with the following standards and are suitable for inclusion in the financial statements for the year ending June 2014.

- NAMS Group Infrastructure Asset Valuation Guidelines – Edition 2.0.
- New Zealand International Public Sector Accounting Standard 17; Property, Plant and Equipment (PBE ISAS 17) and PBE ISAS 21 (Impairment of Non Cash Generating Assets).

### D.1.2. Depreciation

Depreciation of assets must be charged over their useful life.

- *Depreciated Replacement Cost* is the current replacement cost less allowance for physical deterioration and optimisation for obsolescence and relevant surplus capacity. The *Depreciated Replacement Cost* has been calculated as:

$$\frac{\text{Remaining useful life}}{\text{Total useful life}} \times \text{replacement cost}$$

- *Depreciation* is a measure of the consumption of the economic benefits embodied in an asset. It distributes the cost or value of an asset over its estimated useful life. Straight-line depreciation is used in this valuation.
- *Total Depreciation to Date* is the total amount of the asset's economic benefits consumed since the asset was constructed or installed.
- The *Annual Depreciation* is the amount the asset depreciates in a year. It is defined as the replacement cost minus the residual value divided by the estimated total useful life for the asset.
- The *Minimum Remaining Useful Life* is applied to assets which are older than their useful life. It recognises that although an asset is older than its useful life it may still be in service and therefore have some value. Where an asset is older than its standard useful life, the minimum remaining useful life is added to the standard useful life and used in the calculation of the depreciated replacement value.

### D.1.3. Revaluation

The revaluations are based on accurate and substantially complete asset registers and appropriate replacement costs and effective lives.

- (a) The lives are generally based upon NZ Infrastructure Asset Valuation and Depreciation Guidelines – Edition 2. In specific cases these have been modified where in Council’s opinion a different life is appropriate. The changes are justified in the valuation report.
- (b) The component level of the data used for the valuation is sufficient to calculate depreciation separately for those assets that have different useful lives.

**D.1.4. Overview of Asset Valuations**

Key assets were previously revalued every three years. Council continues to adopt a three year revaluation cycle. Historic asset valuations reports are held with Council and last valued their assets as at the end of June 2013 for key assets.

Some commercial assets have not been regularly valued and valuations are underway as at June 2015 and will be updated as per the improvement plan in Appendix V. As we move to a greater commercial focus, all commercial assets will be revalued on a minimum of a 3 yearly basis or as required based on specific project work.

We stress that due to the origin of a number of these legacy assets, which were vested or transferred to Council, their valuations do not reflect an impairment as a result of restrictions and covenants affecting these assets and restrictions on any possible disposal. These assets are managed using commercial disciplines to maximise returns.

**D.1.4.1 Asset Data**

The information for valuing the assets was obtained from Council’s commercial asset registers<sup>1</sup>, based on excel spreadsheet outlining the latest information held.

**D.1.4.2 Asset Lives**

Economic lives and residual lives have been defined for all properties. As structures near the end of their theoretical lives, minimum residual lives have been adopted to reflect the remaining base value still existing prior to any renovation or upgrading. Lives used in the valuation are presented in Table D-2 below.

**Table D-2: Asset Lives:**

| <b>Aerodrome Assets:</b>           | <b>Life (years)</b> | <b>Minimum Remaining Life (years)</b> |
|------------------------------------|---------------------|---------------------------------------|
| Structure                          | 50 - 100            | 5                                     |
| Beacon                             | 50                  | 5                                     |
| Sign                               | 7                   | 2                                     |
| Mechanical and electrical          | 10                  | 2                                     |
| <b>Campground Assets:</b>          | <b>Life (years)</b> | <b>Minimum Remaining Life (years)</b> |
| Buildings                          | 50                  | Various                               |
| Roading                            | 50                  | Various                               |
| Other Plant and Equipment          | 5-10                | Various                               |
| <b>Commercial Property Assets:</b> | <b>Life (years)</b> | <b>Minimum Remaining Life (years)</b> |
| Buildings                          | 50                  | Various                               |
| <b>Port Assets</b>                 | <b>Life (years)</b> | <b>Minimum Remaining Life (years)</b> |
| Structure                          | 50 - 100            | ??                                    |
| Beacon                             | 50                  | ??                                    |
| Sign                               | 7                   | ??                                    |
| Mechanical and electrical          | 10                  | ??                                    |

<sup>1</sup> Asset data is held within the ‘Building Improvements’ asset register, a copy of which is available here: [P:\LTCCP\LTP 2015\Building Assets 2013-14 as at 31 May 2014 \(with filters\).xlsx](P:\LTCCP\LTP 2015\Building Assets 2013-14 as at 31 May 2014 (with filters).xlsx)

#### D.1.4.3 Asset Valuation

The current valuation information is based on either individual property valuation, valuations on specific assets or a generic valuation undertaken during 2013. Asset value dates vary as do the types of valuation used based on the complexity of each asset.

The asset depreciated value (as at 30 June 2014) and annual depreciation applying to each group of building assets is summarised below.

**Table D-3: Asset Lives:**

| <b>Asset type:</b>                      | <b>Current Valuation method</b> | <b>Current Market Value as at 30 June 2014</b> |
|---|---------------------------------|--|
| Aerodromes                              | GV and QV                       | \$3,207,362                                    |
| Campgrounds                             | GV, QV and RV                   | \$8,202,266                                    |
| Commercial Property                     | GV, QV, MV and RV               | \$9,975,000                                    |
| Forestry                                | GV (land)                       | \$10,120,000                                   |
|   | RV (crop)                       | \$20,038,000                                   |
| Port Tarakohe                           | RV (land)                       | \$6,679,000                                    |
|   | RV (Infrastructure)             | \$7,201,323                                    |
| <b>TOTAL COMMERCIAL ASSET VALUATION</b> | <b>Various</b>                  | <b>\$65,422,951</b>                            |

The values above are from a combination of;

- Registered valuation (RV) firstly (where available)
- Quotable valuation (QV) where bulk assessments are made through QV assessments
- Market valuation (MV) where independent information (real estates input) can be furnished/ verified
- Lastly from government valuation (GV) where market information cannot be sourced.

All commercial assets will have a higher degree of review and valuation updating during the next 3 years, where individual assets will be valued, which has not always historically been the case. This is a reflection on the changing approach of how the commercial assets are to be managed.

#### D.1.4.4 Valuation method

The various methods used are being reviewed and is in our improvement programme listed in Appendix V. For example the Port depreciation methodology promoted by Council's advisors, has subsequently been challenged in Court and conditions imposed around its use. We are undertaking a new Port review around the strategy looking at all aspects of Port valuation and depreciation methodology.

## **APPENDIX E. OPERATION AND MAINTENANCE**

### **E.1 Aerodromes:**

#### **E.1.1. Overview**

The aerodromes are managed by Tasman District Council through Council staff and Council agents as required, (with input from user groups).

The reports and recommendations to Council are made through the Commercial Sub Committee which reports to the Corporate Services Committee. These include but are not restricted to:

- operations and maintenance works
- hours of operation
- types of uses
- occupancy
- landing fees and other charges.

The Commercial Manager is the officer responsible for the Motueka aerodrome and has been delegated the responsibility for its administration. As a handover process the property manager will manage the asset over the first 12 months of the LTP period. For Takaka, the administration is managed through the secretary for the local management committee.

The Council may, at its discretion, delegate some of their authority to a management committee.

At Takaka, the local management committee consists of the local Councillor, one member of the Golden Bay Community Board, and three to four members elected at the public annual meeting.

The Motueka Aerodrome Management Plan was adopted in November 2012. This document covers the day to day management of the aerodrome, the activities carried out thereon and the relationship between users and aerodrome management. The Motueka Aerodrome Operations and Safety Committee oversee operational and safety requirements as well as best practice on the aerodrome and this committee is represented by aerodrome users and Council. The Motueka Aerodrome Advisory Group has input to the maintenance contract and is a conduit between aerodrome users and council.

#### **E.1.2. Maintenance Strategy**

Council's strategy is to maintain the aerodromes with associated runways and aids to navigation, as well as any Council owned buildings suitable for lease income; so that the aerodromes provide an aviation facility suitable for the recreational and commercial users at the least long term cost to Council. Council expects Motueka Aerodrome to work towards being able to operate without a rates contribution.

At Motueka, all buildings are privately owned. An improvement for this plan is to bring the council owned assets at Takaka into the Aerodromes AMP. Hangars are privately owned on leased sites. The local management committees manage the day to day issues and the leases. At Takaka, this includes the maintenance and income for the council owned house. Landing fees are administered by council staff for Motueka and the committee secretary at Takaka.

#### **E.1.3. Control and Management of Operations and Maintenance**

Fence, drainage and repairs and inspections are managed through the Commercial Manager for Motueka and by the management committee at Takaka; this includes the large grass areas for Takaka only. Significant repairs or upgrades to the sealed/unsealed runways are managed through the Commercial Manager.

For Motueka, the grass runways, taxiways, and vegetation control of the sealed runways and grass environments are managed through a competitively tendered maintenance contract. This contract is currently held by Nelmac. All other reported minor maintenance is undertaken as required by selected Council approved contractors.

Mowing is a lump sum per annum contract to maintain specified standards while other repairs and maintenance are on an as required basis.

For Takaka, the local committee instruct selected contractors to undertake the work on an as required basis within the limits of their delegated authority.

The minimum level of service requires a high standard of maintenance for the runways and taxiways. Charges and other income (such as leases) may not always be sufficient to cover the required expenditure.

#### **E.1.4. Maintenance Standards**

The sealed surfaces, grass runways and taxiways, painted markings and navigational aids are maintained in accordance with best practice. At Takaka this is the responsibility of the Management Committee with input from staff and at Motueka the day to day overview is undertaken by the Operations and Safety Committee plus staff and consultant involvement as required.

#### **E.1.5. Deferred Maintenance**

Deferred maintenance is:

- the shortfall in rehabilitation or refurbishment work required to maintain the service potential of the asset, or
- maintenance and renewal work that was not performed when it should have been, or when it was scheduled to be and which has therefore been put off or delayed for a future period.

Heavy maintenance of the crosswind runway at Takaka is not planned. Operators are unwilling to fund upgrades and therefore the reinstatement of this runway is deferred indefinitely. The Council has decided to reduce rate funding of the aerodromes with a view to making the aerodromes self-funding over time.

With exception of the above, the current budget levels are believed to be sufficient to provide the proposed levels of service and therefore no other maintenance work has been deferred. This however is subject to the changes in levels of service and expectations of customers.

#### **E.1.6. Increase in Network Size through Development**

Extension of the aerodromes boundaries are unlikely, however some development is likely to occur within the aerodromes such as new car parks and facilities to support additional users and the construction of new hangars. Additional maintenance and operation costs for these assets may need to be included in future budgets.

#### **E.1.7. Projected Operations and Maintenance costs**

Detail the projected operations and maintenance expenditure for the next 10 years are listed in the summarised financials within the summary front end of this AMP.

### **E.2 Campgrounds:**

#### **E.2.1. Overview**

The campgrounds are managed by Tasman District Council through Council staff and Council agents as required, (with input from user groups).

The reports and recommendations to Council are made through the Commercial Sub Committee which reports to the Corporate Services Committee. These include but are not restricted to:

- Individual features of each site and campground
- Operational mix
- types of uses
- occupancy rates/ use
- Revenue.
- Management model adopted

The Commercial Manager has delegated responsibility for its administration.

### **E.2.2. Maintenance Strategy**

Council's strategy is to maintain the campgrounds with associated infrastructure, as well as any Council owned buildings suitable for lease income; so that the campgrounds provide a facility suitable for the recreational and commercial users at the least long term cost to Council.

### **E.2.3. Control and Management of Operations and Maintenance**

Condition assessment inspections are managed through the Commercial Manager for all sites.

### **E.2.4. Maintenance Standards**

The minimum level of service requires a high standard of maintenance for all assets.

### **E.2.5. Deferred Maintenance**

Deferred maintenance is:

- the shortfall in rehabilitation or refurbishment work required to maintain the service potential of the asset,  
or
- maintenance and renewal work that was not performed when it should have been, or when it was scheduled to be and which has therefore been put off or delayed for a future period.

Some maintenance of campgrounds been deferred in recent years. This work has been deferred due to funding restrictions. The Council has decided to reduce all rate funding of the all commercial assets with a view to making these self-funding over time.

With exception of the above, the current budget levels are believed to be sufficient to provide the proposed levels of service and therefore no other maintenance work has been deferred. This however is subject to the changes in levels of service and expectations of customers.

### **E.2.6. Increase in Network Size through Development**

Extension of the campground boundaries are unlikely at a wholesale level, however some development is likely to occur at Collingwood. Development within boundaries for changes in use is expected eg. construction of more roofed accommodation. Additional maintenance and operation costs for these assets may need to be included in future budgets.

### **E.2.7. Projected Operations and Maintenance costs**

Detail the projected operations and maintenance expenditure for the next 10 years are listed in the summarised financials within the summary front end of the AMP.



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### **E.3 Commercial Property:**

#### **E.3.1. Overview**

All commercial property is managed by Tasman District Council through Council staff and Council agents as required, (with input from user groups).

The reports and recommendations to Council are made through the Commercial Sub Committee which reports to the Corporate Services Committee. These include but are not restricted to:

- Individual features of each site
- Operational and tenancy mix
- types of uses
- occupancy rates

The Commercial Manager, is the manager for all commercial property and has the delegated responsibility for its administration.

#### **E.3.2. Maintenance Strategy**

Council's strategy is to maintain commercial property to a sound standard suitable for market lease income rates; so that these provide a facility suitable for the commercial users at the least long term cost to Council.

#### **E.3.3. Control and Management of Operations and Maintenance**

Condition assessment inspections are managed through the Commercial Manager for all sites.

#### **E.3.4. Maintenance Standards**

The minimum level of service requires a high standard of maintenance for all assets.

#### **E.3.5. Deferred Maintenance**

Deferred maintenance is:

- the shortfall in rehabilitation or refurbishment work required to maintain the service potential of the asset,  
or
- maintenance and renewal work that was not performed when it should have been, or when it was scheduled to be and which has therefore been put off or delayed for a future period.

Maintenance of commercial property has been mainly completed in recent years. Some work has been deferred due to funding restrictions. The Council has reduced any rate funding of the legacy commercial assets with a view to making these self-funding.

With exception of the above, the current budget levels are believed to be sufficient to provide the proposed levels of service and therefore no other maintenance work has been deferred. This however is subject to the changes in levels of service and expectations of customers.

#### **E.3.6. Increase in Network Size through Development**

Extensions of the commercial property boundaries are unlikely at a wholesale level. Additional maintenance and operation costs for these assets may need to be included.

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### **E.3.7. Projected Operations and Maintenance costs**

Detail the projected operations and maintenance expenditure for the next 10 years are listed in the summarised financials within the summary front end of the AMP.

## **E.4 Forestry:**

### **E.4.1. Overview**

All commercial property is managed by Contractors (currently PF Olsen's) on behalf of Tasman District Council through Council staff.

The reports and recommendations to Council are made through the Commercial Manager to Commercial Sub Committee which reports to the Corporate Services Committee.

The Commercial Manager, is the manager for all Forestry assets and has delegated the responsibility for its administration. The Council may, at its discretion, delegate some of their authority to a management committee.

### **E.4.2. Maintenance Strategy**

Council's strategy is to maintain its Forestry assets as a renewable/sustainable resource; so that these provide a sustainable income stream to Council.

### **E.4.3. Control and Management of Operations and Maintenance**

Condition assessment inspections are managed through the Commercial Manager for all sites.

### **E.4.4. Maintenance Standards**

The minimum level of service requires a high standard of maintenance for all assets.

### **E.4.5. Deferred Maintenance**

Deferred is not applicable to this asset as all areas are replanted following harvest and covered from gross operating costs before Council's returns.

The current budget levels are believed to be sufficient to provide the proposed levels of service and therefore no other maintenance work has been deferred.

### **E.4.6. Increase in Network Size through Development**

Extensions of the Forestry activity are not specifically a focus, but could become an option should it locate a site and scale that fits its current operation for commercial gain and to support a consistent harvesting plan.

### **E.4.7. Projected Operations and Maintenance costs**

Detail the projected operations and maintenance expenditure for the next 10 years are listed in the summarised financials within the summary front end of the AMP.

## **E.5 Port Tarakohe:**

### **E.5.1. Overview**

The Council has management and operational roles as a Harbour Authority, Regional Authority and Local Territorial Authority.

The reports and recommendations to Council are made through the Commercial Sub Committee which reports to the Corporate Services Committee.

The Commercial Manager, is the executive officer for the Port and has delegated the responsibility for its administration. The Council may, at its discretion, delegate some of their authority to a management committee. The Port Tarakohe advisory group was established in 2014 to encourage feedback to Council. Its decisions are not binding on Council.

The day to day management is undertaken by the Harbour Manager. This is a contracted position. The Harbour Manager reports to the Commercial Manager.

The Council carries out the following roles in management of Port Tarakohe assets:

#### *Environment and Planning:*

- Implementing aspects of the Harbour bylaw relating to navigational safety, designated marine activities and commercial operators.
- Implementing the Resource Management Act (TRMP and RPS) including setting coastal planning policy and processing resource consents

#### *Corporate Services*

- Implementing aspects of the Harbour bylaw relating to collection of wharfage/berthage fees.

#### *Operation and Maintenance Contract*

- The Harbour Manager is employed by Council to carry out the operation and maintenance of Port Tarakohe. The duties are as laid out in the First Schedules of the Contract and are detailed below:

### **E.5.2. Port Services**

The Manager shall perform the following services at the Port:

#### **Port Management**

- (a) To allocate all vessel mooring berths to both permanent and casual users.
- (b) To inspect moorings on a regular basis to ensure they are maintained to acceptable standards.
- (c) To allocate working space at the Ports wharves as requested, and in consideration of the needs of other Port users.
- (d) To allocate land areas for commodity storage as requested and in consideration of other Port users.
- (e) To ensure that the Port and facilities are maintained in a tidy manner at all times.
- (f) To ensure navigational aids are functioning correctly at all times.
- (g) To liaise with the appropriate Council staff, who have the responsibility for invoicing for Port charges incurred and the collection of money owing to the Council.
- (h) To ensure that all Port usage charges are correctly levied.
- (i) Prepare for consideration by the Council, detailed policy on the allocation and use of all assets within the confines of Port Tarakohe.
- (j) To administer the requirements of Council's Harbour Bylaws as they specifically apply to Port Tarakohe.
- (k) To establish and maintain a database of available berths and moorings at Port Tarakohe. The database to include information detailing vessel name, owner, dimensions and a copy of agreed conditions of use.
- (l) To prepare and present written monthly reports to Council's Representative, detailing activities at the Port and financial performance.
- (m) To review annually all Port usage charges and to recommend any variation where that is

- considered appropriate.
- (n) Maintain direct communication links with all identified Port users.
  - (o) To allocate space within the boat storage compound.
  - (p) To manage the operation of the boat launching ramp following the installation of a barrier arm.

### **Cleaning and Maintenance**

- (q) Keep the wharf facilities including toilets in a clean and sanitary condition and ensure that toilet facilities are supplied with essential items such as toilet paper for their use.
- (r) Remove litter from the wharf areas and take such litter to an approved refuse disposal facility.
- (s) Maintain all Port grounds by regular mowing and elimination of weeds to provide a tidy and kempt appearance to the Port grounds at all times.

### **Repair Work**

- (t) Undertake minor repairs as part of the normal maintenance of the Port to keep it in a tidy condition.
- (u) Undertake to organise other repair works as agreed to between the Manager and the Council's Representative.
- (v) Maintain the water supply to the Port.

### **Other**

- (w) To advise the Council as to any commercial opportunities which come to the Manager's attention that may enhance the financial viability of the Port.
- (x) To respond to reasonable requests to contract separately for any other duties that may be required from time to time, by the Council.
- (y) Respond to reasonable requests from the Council's Harbour Master, Council appointed Harbour Wardens and Enforcement Officers.

### **Maintenance**

There are no formal maintenance procedures in place at the port, other than those detailed above, and the majority of the maintenance is reactive. The Harbour Manager frequently visits all parts the port, as a result, he is able to identify and undertake maintenance as and when required.

A structural condition assessment of the key assets at Port Tarakohe was undertaken in August 2009 by Councils professional services consultant, MWH. The report is included as Appendix L. It is recommended that a detailed inspection of the Port Tarakohe infrastructure be carried out by a structural engineer in 2015 and at three yearly intervals. During this inspection the condition of defects already identified can be monitored and any further issues investigated.

A geological assessment of the port area (Appendix Y) has highlighted that a number of assets are located close to the fall zone of the cliffs. Potential risk from seismic activity is very real in the area, the rock road tunnel being created during the 1929 Murchison earthquake. The relocation of the fuel tanks should be considered. If this is not possible, mitigation measures need to be implemented to reduce the impact of potential damage from rock fall. This would include the removal of loose material from the rockface and construction of a bund around the fuel tanks to retain and fuel leaks.

#### **E.5.3. Maintenance Strategy**

Council's strategy is to maintain commercial property to a sound standard suitable for market lease income rates; so that these provide a facility suitable for the commercial users at the least long term cost to Council.

#### **E.5.4. Control and Management of Operations and Maintenance**

Condition assessment inspections are managed through the Commercial Manager for all sites.

## **E.5.5. Maintenance Standards**

The minimum level of service requires a high standard of maintenance for all assets.

### **E.5.5.1 Rock Protection**

Formal inspections of the condition of the rock protection should be made on an annual basis and also following major storm or tidal events. Some areas of the rock protection are of a particularly steep gradient (inside of the eastern outer mole) and are therefore more prone to damage. Any reparations required are to be noted and addressed as required. Material required for maintenance of the rock protection is obtained from the quarry.

### **E.5.5.2 Concrete Wharf**

The following should be carried out as part of the structural maintenance of the concrete wharf.

- Replace damaged sections of the timber kerb.
- Investigate the need for the unused steel piping and brackets that are fixed to the piles under the concrete wharf. If these are no longer required then have them removed.
- The surface abrasion to the wharf deck should be repaired.
- A suitable methodology needs to be developed and implemented with the users of the wharf to try and mitigate the damage that is occurring when dragging heavy loads over the wharf during the loading and unloading of vessels.
- Concrete repairs should be carried out to the heavy duty wharf.
- Once the repairs are completed, the wharf needs to be monitored on a regular basis due to the corrosive environment. Often areas of concrete adjacent to the repaired areas will continue to corrode and deteriorate.
- Monitor the timber members in the fendering system. As the condition deteriorates further replacement members will need to be installed, or a whole replacement fender system constructed.

### **E.5.5.3 Timber Wharf**

The old timber wharf is due for replacement with a new structure in 2019/20. It is currently unsafe for use and is fenced off from public access. The fencing around the old wharf and the signage needs to be maintained to ensure public safety.

### **E.5.5.4 Piled Walk-on Wooden Marina**

The timber marina currently appears to be in good condition. Routine checking of the condition of the handrails is recommended.

### **E.5.5.5 Floating Marinas**

The services at both marinas run through the plastic sections of the walkways. By drilling the holes in the plastic units through which to run the services, the integrity of the unit has been lost. Water accumulates inside some of the units and has to be pumped out. This will continue to occur and will require monitoring.

Shellfish adhere to the plastic sections of the floating marinas on a regular basis. The routine removal of the shellfish should be continued. There is also an on-going issue with didymo attaching to the piles. Previous attempts have been made to prevent this from happening, such as wrapping the piles, but these have proved unsuccessful.

### **E.5.5.6 Roads**

Regular inspections should be made to the condition of the road. Material for repair of areas can be obtained from the quarry.

### **E.5.5.7 Water Supply**

There is no regular maintenance schedule in place for the water supply to the port. When rain is forecast for the area, the Harbour Manager visits the dam and opens it to allow the water to run through and prevent silt build up in the water system.

#### E.5.5.8 Navigation Aids

The navigational aids were new in 2009 and so require little to no maintenance. They are checked monthly by the Harbour Manager and maintenance is undertaken as necessary.

#### E.5.5.9 Moorings

There is no operation or maintenance associated with the moorings.

#### E.5.5.10 Future Developments

Whilst work progresses on the development, operation and maintenance of the existing port will need to adapt to fit around any disturbances caused as a result of the construction. This may result in a greater frequency of inspections to key assets.

### **E.5.6. Business Continuity / Emergency Management**

The Council has a commitment to ensure the provision of goods and services during hazard events. Council will maintain the required safety procedures required under the Maritime Transport and the Local Government Act and its own Civil Defence emergency plans. Port Tarakohe has been identified as a key asset to utilise in the event of the closure of Takaka Hill for the loading and offloading of passengers and goods.

Recreational use may be restricted or curtailed during hazard events.

There is no Business Continuity Plan in place for the event of the wharf collapsing and Council plan to address this whilst completing its strategic review during 2015. If such an event occurred, it is likely that the larger vessels would be unable to enter the port, but the smaller vessels would still be able to.

### **E.5.7. Deferred Maintenance**

Deferred maintenance is:

- the shortfall in rehabilitation or refurbishment work required to maintain the service potential of the asset,
- maintenance and renewal work that was not performed when it should have been, or when it was scheduled to be and which has therefore been put off or delayed for a future period.

Maintenance of Port Tarakohe has been intermittent in recent years. Some work has been deferred due to funding restrictions. The Council has reduced any rate funding of the all commercial assets with a view to making these self-funding.

With exception of the above, the current budget levels are believed to be sufficient to provide the proposed levels of service and therefore no other maintenance work has been deferred. This however is subject to the changes in levels of service and expectations of customers and aspects identified in any structural reviews.

### **E.5.8. Increase in Network Size through Development**

Extensions of the Port boundaries are unlikely at a wholesale level due to geological and landscape issues. It is recognised however, the capacity of the Port will be challenged by its physical scale should the mussel farming activity grow as anticipated. Council has to navigate the competing natural landscape issues and seek community input of how the two can co-exist. Additional maintenance and operation costs for these assets may need to be included in future budgets.

### **E.5.9. Projected Operations and Maintenance costs**

Detail the projected operations and maintenance expenditure for the next 10 years are listed in the summarised financials within the summary front end of the AMP.

## **APPENDIX F. DEVELOPMENT AND FUTURE NEW CAPITAL REQUIREMENTS**

### **Growth Demand and Supply Model (GDSM)**

#### **F.1.1. Model Summary**

A comprehensive District Growth Demand and Supply Model (GDSM or growth model) has been developed to provide predictive information for population growth and business growth, and from that, information about dwelling and building development across the district and demand for infrastructure services. The GDSM underpins the Council's long term planning through the Activity Management Plans, Long Term Plans and supporting policies (eg Development Contributions Policy).

This 2011 GDSM is a third generation growth model with previous versions being completed in 2005 and 2008.

Detailed growth and demand models have not been developed for commercial activities. Individual business cases will include the impacts of changes in demand.

#### **F.1.2. Implications of Legislative Change**

A number of the commercial activities are highly legislated, eg aerodromes may be driven from a number of directions. They could be internally driven – greater emphasis on the objective of self-supporting or externally (eg changes driven by national organisations such as the Civil Aviation Authority).

Council will continue to monitor these factors when reviewing and developing forecasts and strategies.

Council has to date facilitated and assisted the improvements at the aerodromes, with the upgrade of runways and extension of taxiways. Each proposal has been considered on its merits. Council will continue to meet the reasonable customer needs subject to its management objectives and fiscal constraints.

#### **F.1.3. Aerodromes projected demand for Services**

##### **F.1.3.1 Development of New Capital Requirement Forecasts**

The capital programme that has been forecast for aerodromes are summarised in the front end of this AMP.

An individual business case is required to establish the commercial viability of any proposal, or where this cannot be established because of legacy and social issues related to activities these are clearly set out.

#### **F.1.4. Campgrounds projected demand for Services**

##### **F.1.4.1 Development of New Capital Requirement Forecasts**

The capital programme that has been forecast for campgrounds are summarised in the front end of this AMP.

An individual business case is required to establish the commercial viability of any proposal, or where this cannot be established because of legacy and social issues related to activities these are clearly set out. The financial strategy document which has been adopted by Council in 2014 has a direct impact on the capital spend in this area as the condition and ownership of these activities requires investment to return levels of service to appropriate level.

#### **F.1.5. Commercial properties projected demand for Services**

##### **F.1.5.1 Development of New Capital Requirement Forecasts**

The capital programme that has been forecast for this activity is summarised in the front end of this AMP.

An individual business case is required to establish the commercial viability of any proposal, or where this cannot be established because of legacy and social issues related to activities these are clearly set out. The Mapua commercial building construction is the single development planned for this activity.

#### **F.1.6. Forestry projected demand for Services**

##### **F.1.6.1 Development of New Capital Requirement Forecasts**

The capital programme that has been forecast for this activity is summarised in the front end of this AMP.

An individual business case is required to establish the commercial viability of any proposal to add or subtract from the current forestry holding. There are no projects planned but they may subsequently be identified should the economic benefits or smoothing income streams or adding to its Portfolio be identified by Council for this activity.

#### **F.1.7. Port Tarakohe projected demand for Services**

##### **F.1.7.1 Development of New Capital Requirement Forecasts**

The capital programme that has been forecast for this activity is summarised in the front end of this AMP. They will also be reviewed during the Port Tarakohe Strategic Report being completed by Council in late 2015.

This includes potential wharf configuration changes, second wharf extension (to replace condemned wharf), Marina movement and a number of health and safety development items identified in a recent external Health and Safety report.

An individual business case is required to establish the commercial viability of any proposal to add or subtract services from the Port. The Port is expected to see significant change over this LTP period all of which will be driven by immediate demand, not requested services without committed volumes of trade.

There is not expected to be any direct correlation between the projected population growth in the area and the demand on Port Tarakohe. However there are changes in public and industry expectations which will have an impact of the future demands of the port.

There is expected to be an increase in the demand on Port Tarakohe for:

- the proposed development of aquaculture in Tasman Bay – being driven by the marine farming industry
- the recognition a commercial boat is the optimum boat for Tarakohe as it delivers both berthage and wharfage income and gives its current size constraints Tarakohe will need to be very focused on consolidating activities and maximise location for best operational and financial outcomes.
- the resultant changing boat makeup as the number of larger mussel industry vessels will continue to grow
- the changing trend in demographics indicates that a greater proportion of the population will be seeking improvement in the availability of recreational facilities. Recent waiting lists for marina berths and moorings have declined but are expected to return in the long term.
- promotion of Golden Bay as a destination will increase the need for the port to expand to accept and service larger tourist and cruise boats
- there is an increasing trend to expand the coastal shipping industry to reduce the pressure on land transport.

#### **F.1.8. Implications of Changes in Community Expectations**

Community expectations vary geographically and over time key trends in community expectations that the Council recognises include:

- environmental awareness is leading to demand for more sustainable development and use of the district coastlines and environments
- the effects of climate change could be very significant
- increasing demand for higher levels of coastal protection as property values increase
- increasing expectation that Council should take a greater role in control of coastal development, but this needs to be balanced against Council's current policy of a managed retreat where applicable.

A coastal process study continues to help better understand some of these issues. No new assets are identified at this stage to address the above.



Council has to date facilitated and assisted the improvements at the port, with the provision of boat ramps and coastal protection. Each proposal has been considered on its merits. Council will continue to meet the reasonable customer needs subject to its management objectives and fiscal constraints.

Ownership of wharf structures and associated facilities will continue to be reviewed as changes in the required Level of Service occur.

#### **F.1.9. Implications of Technological Change**

Technology change has the ability to impact on the demand for a service. There is no predicted technological changes that will have a significant effect on the assets in the medium term. A possible lesser example is changes in navigational aids to better, more reliable systems, it is likely this change would be addressed through the renewals process.

#### **F.1.10. Implications of Legislative Change**

Changes to coastal activity policies may be driven from a number of directions. They could be internally driven with greater emphasis on the objective of self supporting, or externally (eg changes driven by national organisations such as the MaritimeNZ and Government Policy Statements).

Council will continue to monitor these factors when reviewing and developing forecasts and strategies. Currently no financial allowance has been made for any legislative changes.

## **APPENDIX G. DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTIONS**

### **G.1 All commercial Activities:**

Information on Development Contributions Policy can be found in Part 5 of the Council's Long Term Plan (LTP). The Policy is adopted in conjunction with the LTP and will come into effect on 1 July 2012.

The Policy sets out the development contributions payable by developers, how and when they are to be calculated and paid, and a summary of the methodology and rationale used in calculating the level of contributions.

The key purpose of the Development Contribution Policy is to ensure that growth, and the cost of infrastructure to meet that growth, is funded by those who cause the need for and benefit from the new or additional infrastructure, or infrastructure of increased capacity.

There are no specific development contributions applicable to any commercial activities. However, developments within the activities may require connections and upgrades of the other infrastructure such as services, transportation, water and wastewater and could then be subject to development contributions.

All commercial activities are considered on a case by case basis with appropriate consents and consultation which will include the basis of funding requirements.

## APPENDIX H. RESOURCE CONSENTS AND PROPERTY DESIGNATIONS

### H.1 Aerodromes

#### H.1.1.1 Introduction

The statutory framework defining what activities require resource consent is the Resource Management Act (RMA) 1991. The RMA deals with:

- the control of the use of land.

The RMA is administered locally by Tasman District Council, a Unitary Authority, through the Tasman Resource Management Plan (TRMP) which sets out Policies, Objectives and Rules controlling activities to ensure they meet the Purpose and Principles of the RMA.

#### H.1.1.2 Resource Consents

The following resource consents have been issued against all aerodrome activities. Some are for private activities and do not relate to the operation or maintenance of the aerodromes which are covered by the designation referred to in **H.1** below.

### H.1.2. Motueka Aerodrome

**Table H-1: Property consents Motueka Aerodrome**

| CONSENT No | APPLICANT                                | LOCATION          | TYPE        | USE  | Effective Date | Expiry Date |
|------------|--|-------------------|-------------|--|----------------|-------------|
| 960432     | Nelson Aviation College                  | Motueka aerodrome | Land use    | Accommodation and office facilities for trainee pilots   | 6/05/1997      | -           |
| 970235     | Tasman District council                  | Motueka Aerodrome | Subdivision | Two lot subdivision  | 10/12/1997     | -           |
| 020202     | W & M Hane                               | Motueka Aerodrome | Land use    | Erect hanger for private storage of aircraft and related items                                   | 23/05/2002     | -           |
| 020399     | R & Y Troughton                          | Motueka Aerodrome | Land use    | Erect helicopter hanger and use of helicopter  | 8/08/2002      | -           |
| 040167     | C Shipley                                | Motueka Aerodrome | Land use    | Erect storage shed for aircraft  | 30/09/2004     | -           |
| 040679     | K Broady                                 | Motueka Aerodrome | Land use    | Erect hanger   | 6/07/2004      | -           |
| 050339     | L.S. Hart                                | Motueka Aerodrome | Land use    | Upgrade and extend an existing aircraft hanger   | 31/05/2005     | -           |
| 050910     | Shell NZ Ltd                             | Motueka Aerodrome | Land use    | Remove an existing storage tank, install 2X35000L storage tanks, associated facilities, security | 19/12/2005     | -           |
| 050734     | Motueka Recreational Flight Training Ltd | Motueka Aerodrome | Land use    | Establish and operate flight training for microlight aircraft                                    | 13/10/05       | -           |
| 060552     | Blue Sky Microlight 2006 Ltd             | Motueka Aerodrome | Land use    | Establish a commercial venture to take tourists for adventure rides in                           | 30/08/2006     | -           |

|        |                                |                   |          | microlights  |            |   |
|--------|--------------------------------|-------------------|----------|--|------------|---|
| 060864 | Abel Tasman Helicopters        | Motueka Aerodrome | Land use | Build a helicopter hanger  | 22/11/2006 | - |
| 081091 | Abel Tasman Aviation           | Motueka Aerodrome | Land use | New building for aircraft hanger flight operations administration and retail                                       | 27/01/2009 | - |
| 080583 | Nelson Drag Racing Association | Motueka Aerodrome | Land use | Operate 4 race days per year on sealed runway  | 2/06/2009  | - |
| 090703 | Nelson Aviation College        | Motueka Aerodrome | Land use | Relocate classroom for student training  | 11/11/2009 | - |
| 100951 | Coast to Coast Helicopters     | Motueka Aerodrome | Land use | Construct an aircraft hanger and office  | 28/02/2011 | - |
| 110310 | Frank Frost                    | Motueka Aerodrome | Land use | Construct an aircraft hanger that does not meet building coverage or car parking                                   | 17/05/2011 |   |
| 110671 | J H & M L Richards             | Motueka Aerodrome | Land use | Construct a hanger for private use   | 7/10/2011  | - |
| 110667 | Motueka Aero Club              | Motueka Aerodrome | Land use | Replace an existing hanger with a larger hanger and to use the aircraft hanger for a recreational activity         | 17/04/2012 | - |
| 140298 | Tasman Aerospace Limited       | Motueka Aerodrome | Land use | Establish and operate an aircraft maintenance hangar and a dangerous goods storage shed and to site water tanks in | 17/04/2014 | - |

### H.1.3. Takaka Aerodrome

We are advised there are no consents for Takaka. We will continue to develop this area of the AMP.

### H.1.4. Property Designations

Council has various designations for 'Aerodrome' which ensures that:

*"The existing aerodromes, Motueka and Puramahoi are the responsibility of the Tasman District Council. The designation provides for the Tasman District Council either itself or through its agents to control, manage and approve planning, design, research, construction and maintenance relating to all land within the designation. Designation of the aerodromes is considered the most appropriate mechanism of protecting Tasman District Council's interest with regard to the safe and efficient functioning of the aerodromes"<sup>2</sup>.*

All Council designations associated with the Aerodromes activity are summarised in Table H-2 below.

<sup>2</sup> Tasman Resource Management Plan Appendix 1 to Part II Land section A1.10

**Table H-2: Property Designations Relating to Aerodromes**

| ID   | Location of Site | Area Map No | Site Name/ Function | Purpose of Designation | Legal Description   | Area (ha) | Duration of Designation |
|------|------------------|-------------|---------------------|------------------------|---|-----------|-------------------------|
| D209 | Motueka          | AM 52, 118  | Motueka Aerodrome   | Aerodrome              | Lot 1-4 DP5499, Lot 1 DP7107, See 190 Pt Section 189 District of Motueka. | 30.3875   | *                       |
| D210 | Puramahoi        | AM 75       | Takaka Aerodrome    | Aerodrome              | Section 20, Block V Waitapu Survey District.                              | 39.6592   | *                       |

### H.1.5. Campgrounds:

#### H.1.5.1 Introduction

The statutory framework defining what activities require resource consent is the Resource Management Act (RMA) 1991. The RMA deals with:

- the control of the use of land.

The RMA is administered locally by Tasman District Council, a Unitary Authority, through the Tasman Resource Management Plan (TRMP) which sets out Policies, Objectives and Rules controlling activities to ensure they meet the Purpose and Principles of the RMA.

#### H.1.5.2 Resource Consents

The following resource consents have been issued against campground activities in **H.3** below.

**Table H-3: Property consents Campgrounds**

| Consent no         | Applicant                  | Location  | Type     | Use  | Effective Date | Expiry Date |
|--------------------|----------------------------|---|----------|--|----------------|-------------|
| <b>COLLINGWOOD</b> |                            |   |          |  |                |             |
| 071089             | Tasman District Council    | Collingwood Campground, 6 William Street, Collingwood | Land use | To extend the Office area in the Manager's dwelling.   | 25/01/2008     | N/A         |
| 070761             | Tasman District Council    | Collingwood Campground, 6 William Street, Collingwood | Land use | To remove makeshift buildings and replace with new storage shed.   | 12/10/2007     | N/A         |
| 950363             | Tasman District Council    | Collingwood Campground, 6 William Street, Collingwood | Land use | Construct new ablution block in camping ground   | 17/11/1995     | N/A         |
| <b>POHARA</b>      |                            |   |          |  |                |             |
| 120466             | Pohara Top 10 Holiday Park | Pohara Campground, 809 Able Tasman Drive, Pohara      | Land use | To establish 5 accommodation units in the Coastal Environment Area and Cultural Heritage Precinct on land zoned Recreation                 | 19/07/2012     | N/A         |
| 110339             | Pohara Top 10 Holiday Park | Pohara Campground, 809 Able Tasman Drive, Pohara      | Land use | To construct an accommodation unit in the Pohara Top 10 Holiday Park on land zoned Recreation in the Coastal Environment Area.             | 24/05/2011     | N/A         |
| 040698             | Pohara Top 10 Holiday Park | Pohara Campground, 809 Able Tasman Drive, Pohara      | Land use | To erect six new accommodation units as part of the motorcamp complex and to add a television room to the existing kitchen/ablution block. | 1/10/2004      | N/A         |
| 950392             | Tasman District Council    | Pohara Campground, 809 Able Tasman Drive, Pohara      | Land use | Construct 6 new motel units  | 13/11/1995     | N/A         |

| Consent no       | Applicant   | Location  | Type              | Use   | Effective Date | Expiry Date |
|------------------|---|---|-------------------|---|----------------|-------------|
| NN950188         | Pohara Top 10 Holiday Park                            | Pohara Campground, 809 Able Tasman Drive, Pohara  | Coastal Discharge | Discharge stormwater to coastal area.   | 16/09/1998     | N/A         |
| <b>MOTUEKA</b>   |   |   |                   |   |                |             |
| 120647           | Motueka Top 10 Holiday Park                           | Motueka Campground, 10 Fearon Street, Motueka     | Land use          | To construct a three-bedroom accommodation unit within the internal building setback, and to use the unit for visitor accommodation as part of the existing camping ground. | 20/09/2012     | N/A         |
| 030781           | Motueka Top 10 Holiday Park                           | Motueka Campground, 10 Fearon Street, Motueka     | Land use          | To erect four self-contained holiday units within the permitted 3 metre setback.  | 18/08/2003     | N/A         |
| 950254           | Tasman District Council (Motueka Top 10 Holiday Park) | Motueka Campground, 10 Fearon Street, Motueka     | Land use          | To erect 3 self-contained type motel units  | 7/07/1995      | N/A         |
| <b>MURCHISON</b> |   |   |                   |   |                |             |
| 960530           | Tasman District Council                               | Riverside Holiday Park, Riverview Road, Murchison | Land use          | To erect new ablution block and convert existing ablution block into sleeping accommodation.  | 9/11/1999      | N/A         |

#### H.1.5.3 Property Designations

This area is still being developed and will feature in future AMPs.

#### H.1.6. Commercial Property:

##### H.1.6.1 Introduction

The statutory framework defining what activities require resource consent is the Resource Management Act (RMA) 1991. The RMA deals with:

- the control of the use of land.

The RMA is administered locally by Tasman District Council, a Unitary Authority, through the Tasman Resource Management Plan (TRMP) which sets out Policies, Objectives and Rules controlling activities to ensure they meet the Purpose and Principles of the RMA.

##### H.1.6.2 Resource Consents

The following resource consents have been issued against all commercial property activities in **H.4** below.

**Table H-4: Property consents Commercial Property**

| CONSENT No                  | APPLICANT                     | LOCATION                        | TYPE                | USE   | Effective Date | Expiry Date |
|-----------------------------|-------------------------------|---------------------------------|---------------------|---|----------------|-------------|
| <b>MAPUA WHARF PRECINCT</b> |                               |                                 |                     |   |                |             |
| 130710                      | N McBride (Whealie Fantastic) | 8 Aranui Road Mapua             | Land use            | Construct a building within the Coastal Environmental Area in the Commercial Zone at Mapua Wharf              | 11/10/13       | N/A         |
| 110062                      | Tasman District Council       | Floating pontoon at Mapua Wharf | Coastal disturbance | Installation, operation and maintenance of wharf pontoon structures over waterway within Coastal Marine Area. | 06/12/11       | 14/11/46    |
| 11063                       | Tasman District Council       | Floating pontoon at Mapua wharf | Coastal disturbance | Disturbance for structures and pile in the Coastal Marine Area  | 06/12/11       | 14/11/46    |

| CONSENT No                          | APPLICANT                          | LOCATION                      | TYPE                          | USE   | Effective Date | Expiry Date |
|-------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|----------------|-------------|
| 060576                              | Department of Conservation         | 6 Aranui Road Mapua           | Land use                      | Erect a sign at Mapua boat ramp   | 17/10/06       | N/A         |
| 980262                              | TM & VM Fox (Smokehouse Cafe)      | 6 Aranui Road Mapua           | Land use                      | Establish a fish retail business and licensed cafe  | 02/11/98       | N/A         |
| NN980317                            | TM & VM Fox (Smokehouse Cafe)      | Shed 3 , 6 Aranui Road, Mapua | Coastal occupation/ structure | Occupy seabed by placement of 10 marine treated piles for extension of cafe   | 30/04/99       | 31/12/30    |
| 000738                              | TM & VM Fox (Smokehouse Cafe)      | 6 Aranui Road Mapua           | Land use                      | Erect a sign on a category 2 historic building  | 12/02/01       | N/A         |
| 100703                              | TM & VM Fox (Smokehouse Cafe)      | 6 Aranui Road Mapua           | Land use                      | Construct 14m2 extension to The Apple Shed (category 2 historic building) on public reserve and build on road reserve | 20/10/10       | N/A         |
| 071195                              | D & C Yelverton Mapua Holdings Ltd | 8 Aranui Road Mapua           | Land use                      | Parking backing out onto a road   | 07/02/08       | N/A         |
| 020762                              | CJ & VF Truman                     | 8 Aranui Road Mapua           | Land use                      | Provide car parking and walkway   | 23/01/03       | N/A         |
| 020444                              | Bentwood Barn Ltd                  | 8 Aranui Road Mapua           | Land use                      | Use part of existing building for jam production and use road reserve for 6 parking places                            | 03/02/05       | N/A         |
| 060110                              | James Matranga                     | 8 Aranui Road Mapua           | Land use                      | Establish and operate a brewery and associated cafe/bar   | 16/06/06       | N/A         |
| 060110                              | Tourism Promotions Ltd & Mapua Jet | 8 Aranui Road Mapua           | Land use                      | Construct decking that will extend a maximum of 1.5m across the existing boundary of the leased site                  | 12/12/01       | N/A         |
| <b>MAPUA LAND (EX FRUITGROWERS)</b> |                                    |                               |                               |   |                |             |
| 030421                              | Theiss Services Pty Ltd            | 19 Aranui Road Mapua          | Land use                      | Prepare site to enable delivery and commissioning of treatment plant  | 11/06/03       | N/A         |
| 090503                              | Tasman District Council            | 16 Tahī Street Mapua          | Land use - bore               | Construct monitoring bores at former Mapua FCC site   | 17/09/09       | N/A         |
| 000217                              | Environmental Remediation Ltd      | 16 Tahī Street Mapua          | Land use                      | Undertake field trial of a bio-remediation (biopile) process  | 29/05/00       | N/A         |
| <b>FITTAL STREET</b>                |                                    |                               |                               |   |                |             |
| 010555                              | PW Smith                           | 11 Fittal Street              | Land use                      | Extend building for campervan fit-outs in the Coastal Marine Area   | 11/10/01       | N/A         |
| 020532                              | PW & BH Smith                      | 11 Fittal Street              | Land use                      | Erect a workshop with a spray booth and dangerous goods store   | 17/10/02       | N/A         |

### H.1.6.3 Property Designations

This area is still being developed and will feature in future AMPs.

## H.1.7. Forestry

### H.1.7.1 Introduction

The statutory framework defining what activities require resource consent is the Resource Management Act (RMA) 1991. The RMA deals with:

- the control of the use of land.

The RMA is administered locally by Tasman District Council, a Unitary Authority, through the Tasman Resource Management Plan (TRMP) which sets out Policies, Objectives and Rules controlling activities to ensure they meet the Purpose and Principles of the RMA.

### H.1.7.2 Resource Consents

The following resource consents have been issued against all forestry activities in **H.5** below.

**Table H-5: Property consents Forestry activities**

| CONSENT No           | APPLICANT               | LOCATION                                | TYPE   | USE   | Effective Date                       | Expiry Date |
|----------------------|-------------------------|---|--|---|--------------------------------------|-------------|
| <b>BORLASE</b>       |                         |   |  |   |                                      |             |
| 120789               | Telecom Mobile Ltd      | Borlase Forest, Old School Road, Kohatu | Certificate of compliance                                | Establish a new mobile phone site in the Rural 2 Zone (25m high tubular steel mast)   | 06/11/12                             | N/A         |
| <b>EVE'S VALLEY</b>  |                         |   |  |   |                                      |             |
| NN970123             | Tasman District Council | 214 Eve's Valley Road                   | Discharge – air<br>Discharge – water<br>Discharge - land | Discharge landfill gases, odours and flare landfill gases if required   | 24/02/98                             | 01/10/15    |
| 970214               | Tasman District Council | 214 Eve's Valley Road                   | Land use   | Alteration to existing Eve's Valley landfill designation  | 24/02/98                             | N/A         |
| 100413 (plus V1)     | Tasman District Council | 214 Eve's Valley Road                   | Land use – bore  | Construct up to seven bores for geotechnical investigations and monitoring  | 17/08/10                             | 01/10/15    |
| NN970272 (plus V1)   | Tasman District Council | 214 Eve's Valley Road                   | Discharge – air  | Discharge contaminants to air including dust, odour, landfill and if required flared landfill gas (variation replaces original consent issued 1998) | 25/02/98 (varied 22/08/14)           | 01/10/15    |
| NN970271 (plus V2)   | Tasman District Council | 214 Eve's Valley Road                   | Discharge – water  | Discharge treated stormwater from stages 1 & 2 of landfill via setline ponds to watercourse (variation replaces original consent issued 2006)       | 20/06/06 (varied 22/08/14)           | 01/10/15    |
| NN970122 (plus V2)   | Tasman District Council | 214 Eve's Valley Road                   | Discharge – water  | Discharge contaminants from refuse onto and into land (variation replaces original consent issued 2006)   | 20/06/06 (varied 22/08/14)           | 01/10/15    |
| 930370               | Tasman District Council | 683 Howard Valley Road                  | Subdivision - controlled                                 | Subdivision to create a 43ha farm lot and a 99ha forestry block   | 15/12/93                             | N/A         |
| 130822               | Tasman District Council | 683 Howard Valley Road                  | Land use – disturbance                                   | To upgrade the approach and exits of two fords on the Howard River during the nesting season of black-fronted terns                                 | 13/12/13                             | 13/12/15    |
| 980340               | Telecom NZ Ltd          | Queen Street, Richmond                  | Land use   | Construct, operate and maintain a mobile phone site   | 07/06/99                             | N/A         |
| 070849               | Tasman District Council | Queen Street, Richmond                  | Land use   | Construction of new forest roads and landings in forestry blocks  | 08/11/07                             | N/A         |
| 060693 (plus V1)     | Telecom Mobile Ltd      | Queen Street, Richmond                  | Land use   | Addition of antennae to existing Telecom mobile phone site  | 30/10/06 (varied 16/05/08)           | N/A         |
| 120157               | Two Degrees Mobile Ltd  | Queen Street, Richmond                  | Certificate of Compliance                                | Establish, maintain and operate a telecommunications facility at Gum Creek Road, Richmond Hills   | 05/03/12                             | N/A         |
| 100466 (plus V1)     | Tasman District Council | Queen Street, Richmond                  | Land use – disturbance                                   | Alter and maintain a dam in an earthquake zone and land disturbance and slope instability risk area   | 17/03/11 (varied 22/07/13)           | 01/09/45    |
| 100465 (plus V1)     | Tasman District Council | Queen Street, Richmond                  | Bed – dam & weir structures                              | Alter a dam and use of a river bed  | 17/03/11 (varied 22/07/13)           | 01/09/45    |
| 100464 (plus V1)     | Tasman District Council | Queen Street, Richmond                  | Water – dam  | Dam and detain floodwater at Reservoir Creek  | 17/03/11 (varied 22/07/13)           | 31/05/30    |
| 010096               | Vodafone NZ Ltd         | Hart Road, Richmond                     | Land use   | Establish a telecommunications facility   | 17/04/01                             | N/A         |
| 080575 (plus V1 & 2) | Vodafone NZ Ltd         | Hart Road, Richmond                     | Land use   | Upgrade an existing telecommunications site, plus two variations  | 21/08/08 (varied 06/03/09, 27/01/11) | N/A         |



| CONSENT No           | APPLICANT                           | LOCATION                 | TYPE                     | USE   | Effective Date             | Expiry Date |
|----------------------|-------------------------------------|--------------------------|--------------------------|---|----------------------------|-------------|
| <b>RABBIT ISLAND</b> |                                     |                          |                          |   |                            |             |
| 950036               | Bell South New Zealand Ltd          | 6 Ken Beck Drive Appleby | Land use                 | Establish a cellular telephone site   | 28/03/95                   | N/A         |
| 940534               | Tasman District Council             | 6 Ken Beck Drive Appleby | Land use – non-complying | Use Rabbit island for biosolids disposal  | 23/08/96                   | N/A         |
| NN970265             | Tasman District Council             | 6 Ken Beck Drive Appleby | Land use – disturbance   | Install two fibreglass long drops and the equestrian centre   | 17/11/97                   | 18/11/33    |
| 010297               | Vodafone New Zealand Ltd            | 6 Ken Beck Drive Appleby | Land use                 | Erect and operate one additional antenna on an existing telecommunications facility                   | 10/07/01                   | N/A         |
| 010503               | Tasman & Districts Equestrian Trust | 6 Ken Beck Drive Appleby | Land use                 | Erect a clubroom and storage facility at Rough Island   | 12/09/01                   | N/A         |
| NN940379 (plus V3)   | Tasman District Council             | 6 Ken Beck Drive Appleby | Discharge - land         | Discharge biosolids to forestry after treatment and pumping from Bells Island sewerage ponds          | 05/05/03 (varied 03/09/07) | 08/11/20    |
| 090013               | Vodafone New Zealand Ltd            | 6 Ken Beck Drive Appleby | Land use                 | Upgrade and existing telecommunications facility  | 16/02/09                   | N/A         |
| 110346               | Two Degrees Mobile Ltd              | 6 Ken Beck Drive Appleby | Land use                 | Establish, maintain and operate two panel antennae and two microwave dishes on existing Vodafone mast | 26/05/11                   | N/A         |
| 120543               | Tasman District Council             | 6 Ken Beck Drive Appleby | Coastal disturbance      | Removal of 400m <sup>3</sup> sand from forestry block to facilitate shoreline remediation works       | 19/07/12                   | 19/07/17    |
| <b>SHERRY RIVER</b>  |                                     |                          |                          |   |                            |             |
| 080877               | Tasman District Council             | Slippery Road, Tadmor    | Subdivision - controlled | Subdivide three existing titles into two new allotments   | 31/05/95                   | N/A         |
| 950054               | Tasman District Council             | Slippery Road, Tadmor    | Land use – disturbance   | Create roads and tracks for forestry harvesting   | 13/02/09                   | 20/01/32    |

### H.1.7.3 Property Designations

This area is still being developed and will feature in future AMPs.

### H.1.8. Port Tarakohe

#### H.1.8.1 Introduction

The statutory framework defining what activities require resource consents is the Resource Management Act (RMA) 1991. The RMA deals with:

- the control of the use of land
- structures and activities in river beds and in the coastal marine area
- the control of the taking, use, damming and diversion of water and the control of the quantity, level and flow of water in any water body, including:
  - the setting of any maximum or minimum levels or flows of water
  - the control of the range, or rate of change, of levels or flows of water.

The RMA is administered locally by Tasman District Council, a Unitary Authority, through the Tasman Resource Management Plan (TRMP) which sets out Policies, Objectives and Rules controlling activities to ensure they meet the Purpose and Principles of the RMA.

An important aspect of the coastal structures activity is to ensure that all activities in the coastal area are managed responsibly.

#### H.1.8.2 Resource Consents

The following resource consents have been issued against all Port Tarohe activities. Coastal structures for the protection of other infrastructure adjacent to the coastline (such as roads) are managed under the Transportation Activity, including any required consents. Resource consents for structures, occupation or activities in the coastal marine area are known as coastal permits, which are covered by the designation referred to in H.6 below.

Where permits for discharges, water or coastal activities are required the RMA restricts those consents to a maximum of 35 years only. Hence there needs to be an on-going programme of 'consent renewals' for those components of Council's coastal structures, as well as a monitoring programme for compliance with the conditions of permitted activities or resource consents.

**Table H-6: Property consents Port Tarohe**

| CONSENT No       | APPLICANT                            | LOCATION              | TYPE                          | USE  | Effective Date             | Expiry Date |
|------------------|--------------------------------------|-----------------------|-------------------------------|--|----------------------------|-------------|
| <b>MOTUEKA</b>   |                                      |                       |                               |  |                            |             |
| 980251           | Motueka Yacht Club                   | 2 Ward Street Motueka | Land use                      | Erect shed for storage of yacht club gear and use as maintenance area                      | 24/08/98                   | N/A         |
| NN990189         | Tasman District Council              | 2 Ward Street Motueka | Coastal occupation/ structure | Erect a fishing platform for public use  | 30/09/99                   | 01/10/34    |
| NN010312         | Motueka Peninsula Marine Society Inc | 2 Ward Street Motueka | Coastal disturbance           | Repair and upgrade Motueka peninsula (the Mud Hole)  | 31/10/01                   | 30/12/19    |
| 020147           | Talley's Group Ltd                   | 2 Ward Street Motueka | Land use                      | Construct commercial building for ice making   | 24/04/02                   | N/A         |
| 060549           | Department of Conservation           | 2 Ward Street Motueka | Land use                      | Erect a sign at the Motueka Boat Ramp  | 15/08/06                   | N/A         |
| 120458 (plus V1) | Tasman District Council              | 2 Ward Street Motueka | Land use                      | Erect a structure in the marine environment (board walk)                                   | 07/08/12 (varied 10/09/12) | N/A         |
| 120303 (plus V1) | Tasman District Council              | 2 Ward Street Motueka | Coastal disturbance           | Disturb the coastal marine area in association with construction of two wooden board walks | 07/08/12 (varied 10/09/12) | N/A         |
| 120210 (plus V1) | Tasman District Council              | 2 Ward Street Motueka | Coastal occupation/ structure | Occupy the coastal marine area with a boardwalk for pedestrian access across the estuary   | 07/08/12 (varied 10/09/12) | 17/07/47    |
| 130363           | Tasman District Council              | 2 Ward Street Motueka | Land use                      | Construct public toilet facility within coastal environment area and recreation zone       | 31/05/13                   | N/A         |

Short-term consents are required from time to time for construction activities.

Generally there is no monitoring of resource consent conditions undertaken at present with the Council intending to initiate a programme of monitoring.

#### H.1.8.3 Property Designations

This area is still being developed and will feature in future AMPs.

## **APPENDIX I. CAPITAL REQUIREMENTS FOR FUTURE RENEWALS**

### **All Commercial Activity:**

#### **I.1.1. Introduction**

Renewal expenditure is major work that does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original capacity. Work over and above restoring an asset to original capacity is new works expenditure.

#### **I.1.2. Renewal Strategy**

Assets are considered for renewal as they near the end of their effective working life or where the cost of maintenance becomes uneconomical and when the risk of failure of critical assets is sufficiently high.

The renewal programme has been developed by.

- Taking the asset age and remaining life predictions from the valuation database, calculating when the remaining life expires, field validation of the current condition, and converting that into a programme of replacements based on current unit rates.
- Reviewing and justifying the renewals forecasts using the accumulated knowledge and experience of asset operations and asset management staff.

The renewal programme is reviewed in detail during each AMP update (ie three yearly), and every year the annual renewal programme is reviewed.

The Council proposes to maintain the existing level of service provided to the users and the lessees to meet at least the existing needs.

#### **I.1.3. Delivery of Renewals**

Minor renewal projects are typically carried out by the maintenance contractor. Contracts for larger value renewal projects are tendered in accordance with the Procurement Strategy. Prior to the asset being renewed, these assets will be inspected to confirm whether renewal is actually necessary. In the event it does not need to be renewed, a recommended date of renewal is then entered back into the Confirm database. This new date will then be included in the next AMP update.

#### **I.1.4. Renewal Standards**

##### **I.1.4.1 General**

The work to be performed and materials to be used shall comply with the current Council's Engineering Standards and Policies.

Resurfacing of carparks and runways will typically be undertaken by Council's resurfacing contractor who is engaged to undertake sealed road resurfacing throughout the district. Packaging the work in this way is an efficient way of engaging an experienced contractor at competitive rates. The resurfacing contractor is required to comply with the various NZ Transport Agency standards for chip sealing, asphaltic concrete and markings. The layout of markings will be in accordance with the CAA requirements.

##### **I.1.4.2 Carparks**

Carpark chip seal surfaces are assumed to have an average life of 10 years before requiring a reseal. This life span can be significantly affected by the level and type of use the carpark receives. Therefore it is essential that the renewal date is validated by the condition of the surface. If the surface is assessed to be in good condition the renewal is likely to be deferred, however if the surface is deteriorating faster than expected the renewal will be advanced.

#### I.1.4.3 Sealed Runways and Roads

Similar to carparks above, sealed runways are assumed to have an average life. This is 20 years for asphaltic concrete surfaces, and 15 years for chip seal surfaces. The programming of renewals will be in a similar nature to carparks and is expected to vary based on use and condition.

#### I.1.4.4 Harbour Protection arms/barrier structures

Wharf structures are considered to have an average life of 70 years. Given the progressive development of the various harbour structures, they are now aged between 10- 20 years. These assets are inspected by infrastructure specialists at regular intervals to assess condition.

#### I.1.4.5 Wharf Structures

Wharf structures are considered to have a 30-70 year lifespan depending on construction material and use. We have wooden structures and concrete structures within the commercial activities.

These assets are inspected by infrastructure specialists at regular intervals to assess condition.

#### I.1.4.6 Other Marine Structures

Council has Boat ramps, Marina's, Moorings and fixed berth structures. All have varying lives, however harsh coastal conditions have an impact on many of these structures and regular inspections identify their condition and replacement programme. Often these vary to plans and can fail with short notice.

The harbour Master is responsible for inspection and early identification of these.

#### I.1.4.7 Building Structures

Council has numerous building structures on their respective commercial activity sites (Campgrounds, Commercial property, Ports and Aerodromes). The lifespan of these assets are driven by building regulations of the time, but generally 50 years under current legislation, subject to regular maintenance and care.

Condition assessment is to crucial aspect of asset management driven by this plan and is incorporated into management activities.

#### I.1.4.8 Pavement Markings

Pavement markings are assumed to have a life of six years before requiring a remark. The factors considered in making this assumption are that the rubber build up from aircraft wheels and the drag racing at Motueka is removed routinely, and markings do not require a high level of reflectivity as the aerodromes do not operate during hours of darkness.

Resurfacing of the runways will affect the timing of remarking. The initial markings will be undertaken immediately following the resurfacing, following that the first remark will be two years later and then returns to the six year cycle beyond the first remark. The reason being a remark is required earlier for new markings to build up the marking thickness, which effectively increase the resilience of the markings.

### **I.1.5. Deferred Renewals**

Deferred renewals is the shortfall in renewals required to maintain the service potential of the assets. This can include:

- renewal work that is scheduled but not performed when it should have been and which is has been put off for a later date (this can often be due to cost and affordability reasons)
- an overall lack of investment in renewals that allows the asset to be consumed or run-down, causing increasing maintenance and replacement expenditure for future communities.
- Levels of service are a likely casualty by allowing condition of key infrastructure improvements or maintenance to be delayed.

#### I.1.5.1 Assessment of Deferred Renewals

The extent of deferred renewals can be identified by comparing the accumulated investment in renewals with accumulated annual depreciation. This information then forms the basis of a renewals strategy. Council is regularly reviewing this process across all commercial activities and hence it has been included in the improvement plan.

Reconstruction of the cross-wind runway at Takaka and rebuilding of the second wharf at Port Taranaki are examples of deferred renewal. This work has been deferred due to funding restrictions. The Council has decided to operate closed account structures and not rate fund any shortfall on its commercial activities – all are to be self-funding.

#### I.1.5.2 Management and Mitigation of Deferred Renewals

Whilst the full extent of deferred renewals is not identified, Council can manage potential effects on levels of service by routinely undertaking condition rating and reviewing the renewals programme.

Renewal amounts for all activities are highlighted in the front section of this report.

## **APPENDIX J. DEPRECIATION AND DECLINE IN SERVICE POTENTIAL**

### **J.1.1. Depreciation of All Commercial Assets**

Depreciation is provided on a straight line basis on all infrastructural assets at rates which will write off the cost (or valuation) of the assets to their estimated residual values, over their useful lives.

The total useful lives for all activities are summarised in Appendix D – Asset Valuations.

### **J.1.2. Decline in Service Potential**

The decline in service potential is a decline in the future economic benefits (service potential) embodied in an asset.

It is Council policy to operate all commercial activities to meet a desired level of service. Council will monitor and assess the state of the infrastructure and upgrade or replace components over time to counter the decline in service potential at the optimum times.

Council's policy is that it will now fund capital and renewal expenditure through depreciation, reserves and borrowing, normally for 20 years, but shorter or longer terms are used for some assets depending on how long they are expected to last before they need to be replaced. Council has adopted funding depreciation on all assets to ensure that the costs associated with the leasing out of assets are met by current users.

## **APPENDIX K. PUBLIC DEBT AND ANNUAL LOAN SERVICING COSTS**

### **K.1.1. General Policy**

The Council borrows as it considers prudent and appropriate and exercises its flexible and diversified funding powers pursuant to the Local Government Act 2002. The Council approves, by resolution, the borrowing requirement for each financial year during the annual planning process. The arrangement of precise terms and conditions of borrowing is delegated to the Corporate Services Manager.

*The Council has significant infrastructural assets with long economic lives yielding long term benefits. The Council also has a significant strategic investment holding. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to the Council's assets and investments. Debt in the context of this policy refers to the Council's net external public debt, which is derived from the Council's gross external public debt adjusted for cash reserves.*

Generally, the Council's Commercial Asset capital expenditure projects with their long term benefits are debt funded. The Council's other district responsibilities have policy and social objectives and are generally revenue funded.

The Council raises debt for the following primary purposes.

- Capital to fund development of infrastructural assets.
- Short term debt to manage timing differences between cash inflows and outflows and to maintain the Council's liquidity.
- Debt associated with specific projects as approved in the Annual Plan or LTP. The specific debt can also result from finance which has been packaged into a particular project.

In approving new debt, the Council considers the impact on its borrowing limits (refer Section 3.2) as well as the size and the economic life of the asset that is being funded and its consistency with Council's long term financial strategy.

The Liability Management Policy is found in Volume 2 of Council's LTP.

### **K.1.2. Loans**

Existing loans and loans to fund capital works over the next 10 years are still being developed to commercial asset level, from existing consolidated Council spreadsheets with these activities previously being grouped differently. They will be added to a future version of this AMP.

## **APPENDIX L. SUMMARY OF FUTURE OVERALL FINANCIAL REQUIREMENTS**

All commercial activities are expected to be self funding over the long term.

The Commercial activities are grouped as individual closed accounts and reliance against any rate funding has now ceased (from 2013 onwards).

Individual funding of activities are highlighted with the financials of each activity section and the summarised in the consolidated view of the Commercial activities in the front section of this AMP.

The Financial strategy for commercial activities is to manage activities as a group to make an improving contribution to Council and remove reliance on rate funding.

Recognising Council are using a greater focus on commercial disciplines, it is also conscious some legacy assets are not capable of delivering a full commercial return, as they were not acquired for that purpose in the first instance. Some assets lack the scale, others lack the capability to provide high returns for Council because of associated recreational interests.

In all cases, Council is seeking to install greater commercial discipline focus and in doing so will improve financial returns to Council from Commercial asset investments.



## **APPENDIX M. FUNDING POLICY PLUS FEES AND CHARGES**

### **M.1.1. Funding Strategy**

The focus of the AMPs has been on identifying the optimum (lowest life cycle) cost for operating, maintaining, renewing, developing and disposing of the assets necessary to produce the desired level of service directly from the activities involved in the Commercial AMP.

Funding sources available for commercial activities are set out below;

#### **M.1.1.1 Aerodromes:**

- leases and rents
- landing fees
- parking fees
- fee recovery
- sundry income

#### **M.1.1.2 Campgrounds**

- lease incomes
- campground receipts from site, cabin, motel rentals
- sundry income.

#### **M.1.1.3 Commercial Property**

- lease income
- licence income
- asset sales
- sundry income.

#### **M.1.1.4 Forestry**

- lease/ licence income
- crop sales – export and local market
- grazing income
- sundry income.

#### **M.1.1.5 Ports**

- lease income
- licence income
- wharfage income
- berthage income
- mooring income
- weighbridge income
- storage/ demurrage
- specific rate recovery/ margin from set services
- sundry income.

The objective is for all commercial facilities to be operated without support from rates and provide a sustainable financial return for Council.

Major capital projects may be loan funded. When loans are made, the loan is taken for a fixed period, usually 20 years, with a fixed annual principal repayment as a capital expense on the account, and interest payments as an operating expense. For the purpose of the financial forecasts, all new works and renewal work has been assumed to be loan funded.

Commercial activities may dispose of low performing assets and purchase additional assets that produce a better return or improve consolidated financial performance to Council.

## **M.1.2. Schedule of Fees and Charges**

The fees and charges for all commercial activities are available in Council's fees and charges schedules.

Fees and charges are normally set annually but may be reviewed at any time in response to market trends and commercial imperatives, following engagement with affected parties.

### **M.1.2.1 Aerodrome charges**

Aerodrome charges for landing and use fees are set annually reflecting market rates within the industry. These are updated annually in Council's fees and charges schedule.

Property leases and other facility uses (eg drag racing) are negotiated with tenants/users on a case by case scenario, according to normal commercial market pressures. In most cases, Council will rely on Registered Valuer input to both set lease rates and complete rent reviews every 2/3 years. The individual features of each site will vary market value.

Accordingly, there is no specific rates for property charges and all leases reflect market trends and terms are commercially sensitive between parties.

### **M.1.2.2 Campground charges**

Charges for campground activities under control of Council at Collingwood and lessees at Pohara, Motueka and Murchison are subject to commercial review from time to time. Price is determined by commercial supply and demand pressures and with lessees where leased. All rates charged by leased sites are set by lessees following normal commercial practices.

In the case of Collingwood site, which is managed, prices reflect market rates. Council are responsible to set fees and charges which require engagement with affected parties. Any fees and charges applicable (including changes) are updated in Council's fees and charges schedule.

### **M.1.2.3 Commercial Property charges**

Charges for all commercial property activities are individually negotiated with tenants and vary from site to site, according to normal commercial market pressures. In most cases, Council will rely on Registered Valuer input to both set lease rates and complete rent reviews (every 2/3 years). The individual features of each site will vary the market value.

Accordingly, there are no specific rates for property charges and all leases reflect market trends and are commercially sensitive between parties.

### **M.1.2.4 Forestry charges**

There are no specific rate charges for Forestry property. Some leases are in place for residual land and these are commercially sensitive and negotiated individually according to individual circumstances.

### **M.1.2.5 Port charges – Tarakohe**

Charges for leases, specific rate recovery from services and sundry commercial activities are on a case by case scenario. Special charges will be levied on activities such as Port leases, Commercial operations within the Port boundaries and other activities not related to Port movements. These will be at the discretion of the Chief Executive Officer and will be evaluated on their merit taking into account a number of factors including use of Port infrastructure and commercial market rates for similar activities elsewhere.

All fees and charges for Port activities are available in Council's fees and charges schedules.

## **M.1.3. Special Charges**

Special charges will be levied on activities as listed above or on any reasonable commercial basis for use or gain of a benefit from activities within the jurisdiction of Councils commercial activities.

These will be at the discretion of the Chief Executive Officer and will be evaluated on their own merit.

Notes:

- 1 Interest charge of 12% per annum will be applied on a daily basis on any charges which remain unpaid at the end of the month of invoicing.

- 2 Any costs associated in debt recovery will be passed on to outstanding debtors.
- 3 These charges are reviewed on an annual basis.
- 4 Council is currently reviewing the charging required for all commercial activities and will undertake local consultation should this review recommend any changes.

#### **M.1.4. Leases**

Leases are widespread throughout many of Councils commercial activities. Their terms and conditions and associated rentals, are reviewed in accordance with the specific lease agreements and remain commercially sensitive.

## **APPENDIX N. DEMAND MANAGEMENT**

### **N.1 Introduction**

The objective of demand management (sometimes called non-asset solutions) is to actively seek to modify customer demands for services in order to:

- optimise utilisation/performance of existing assets
- meet the organisation's strategic objectives
- delivery of a more sustainable service
- respond to customer needs.

Commercial activities are undertaken for the opposite impact to demand management. Many commercial activities are engaged in increasing demand (contra to decreasing demand under demand management) in order to support further investment and improve financial returns.

### **N.2 Council's Approach to Demand Management**

The Council has no statutory obligation to maintain commercial activities.

The Council will continue to meet the reasonable expectations of customers in a manner that is moving towards being self-supporting and that does not conflict with the amenities of the local community.

Individual activities are variable and impacted by a number of supply and demand factors.

Due to the proximity of larger infrastructure in Nelson (Nelson Airport, Port Nelson, Campgrounds etc) it is unlikely there will be a need for a substantial scaled increase in most assets, the only likely exception being growth in Mussel Farming activities and the resultant impact on Port Tarakohe.

Air services from Motueka and Takaka are unlikely to change. Campground use is unlikely to change with exception of customer expectations are increasing gradually.

Training, recreation and tourism needs combined with the associated commercial needs of most activities are envisaged to dominate the demand for commercial services.

The Council wishes to encourage more use of the existing facilities to move the activity towards a self-supporting activity (ie. without general rates input). Council has therefore been proactive in the encouragement of additional use (eg. Better scale, facilities, leases etc).

Various commercial activities reviews are planned over the next few years to review and identify changes required to bring activities into line with normal commercial practice and market rates.

Through annual and periodic reviews Council can manage the level of fees and leases to meet the actual demand of the users.

### **N.3 Sustainable Development Issues and Demand Management Strategy**

The coastal activities have significant impact on the District, local communities and the coastal environment. The key issues and strategies management for various commercial activities are detailed in Appendix B. As demand for use of the activities increases, Council will use its objectives and policies (refer Appendix A) to provide guidance to manage the conflicts of the need to protect and enhance the coastal environment with allowing and protecting existing (eg campground, wharf and harbour activities) and possibly some future built development adjacent to the coast.

Council recognises that the natural coastal processes are complex and not well understood and Council will continue to research and monitor the dynamics of its coast line so as to make appropriate decisions whether to protect or leave areas to the natural processes.

Council will also continue to manage activities by others through its Bylaws and the Tasman Resource Management Plan to ensure activities are undertaken in a sustainable manner affordable to the community as set out in other Council AMPs.

## Demand Management Measures

Council will use a number of measures to assist in the management of demand for commercial activities:

- supporting commercial business growth
- efficiency gains through different management techniques/ practices
- fees and charges.
- education of users of the coastal areas for recreational and commercial activities
- management of coastal development through Bylaws and TRMP
- management of moorings and possible restrictions of use
- land use planning to reduce conflicts with protection of the natural coastline
- new technology to improve effectiveness and efficiency.
- Industry best practice for various commercial activities.

### **N.4 Demand Management Projects**

There are no specific demand management projects related to the commercial activities and the generic demand management projects and their impacts from climate changes are well covered in other Council AMPs.

Only known impacts to climate change will be around coastal locations of some campgrounds and other commercial activities.

## **APPENDIX O. STRUCTURAL CONDITION ASSESSMENT**

### **O.1.1. Aerodromes:**

This section remains a work in progress to complete over next five years. The structural condition assessment of aerodromes has limited requirements and they are not under heavy commercial use.

### **O.1.2. Campgrounds:**

These condition assessments are scheduled for completion over next two years as Council implements its revised financial strategy for campground assets.

### **O.1.3. Commercial property:**

Seismic assessment of key properties was made during 2012 all of which were above minimum requirements. Condition assessments are scheduled regularly for these assets when valuations are completed and where key issues are found, structural assessments are arranged. This section remains a work in progress for completion over the next two years.

### **O.1.4. Forestry:**

No structural or condition assessments are required for this asset as it remains land and product based – no structures.

### **O.1.5. Port Tarakohe:**

#### **O.1.5.1 Background**

A condition assessment was carried out on the structural assets of Port Tarakohe by MWH New Zealand Ltd in 2009 at low tide to enable a proper visual inspection of the wharf structures. The main heavy duty concrete wharf was inspected at low tide by a combination of walking along the rock revetment under part of the wharf, and the remainder of the wharf inspected using a row boat. The old timber wharf dating from approximately 1920 had only a very brief visual inspection, as this structure is no longer used and is programmed to be replaced.

There has not been any formal update on this inspection since, and the Port is scheduled to be reinspected in 2015. However, a number of corrective actions have progressively occurred to the asset and those comments are added under each section in O.1.5.3.1 below.

#### **O.1.5.2 Heavy Duty Concrete Wharf**

The 120m long and 18m wide concrete wharf was constructed in 1977 as part of the Golden Bay Cement Works infrastructure. Based on the visual inspection of the wharf it appears the wharf is constructed as follows.

There are transverse beams located at 6m centres along the wharf, with each beam measuring 1000mm wide and 800mm deep. There are four 500mm square piles under each beam plus every alternate beam has two additional inclined piles attached.

The deck of the wharf was measured to be approximately 450 – 500 mm thick, with the harbour manager indicating that he thought that this thickness was made up of a precast concrete panel with a polystyrene layer placed above, and then a concrete running surface laid on top of that. This however cannot be verified until the as-built drawings of the wharf are found.

There is an 800mm deep edge beam on the landward side of the wharf which supports the fill material that has been placed behind that edge of the wharf.

The wharf is in a high corrosive environment and there is likely to be a build up of chloride ions on the underside of the wharf. This is due to the underside of the wharf being constantly exposed to the salty environment, but never getting any exposure to the rain to wash it off.

Around the outside perimeter of the wharf there is a timber fender system which is independent of the wharf, and is supported by large diameter timber piles driven into the sea bed.

### O.1.5.3 Condition Assessment Findings

#### O.1.5.3.1 Concrete Wharf

**Concrete Piles** – The piles are in reasonable condition, however there is spalling or cracking of the concrete at the top of a number of these piles (refer photographs 6 and 7). There is a possibility that the tops were damaged at the time of installation, as this defect is seen on many of the piles. A few piles have had repairs done in the past, however, some of these repairs have continued to crack (refer photograph 8). There are disused steel pipes fixed to some of the piles with steel brackets that are badly corroded (refer photograph 10). These brackets are causing a lot of rust staining on the concrete, and if they are not likely to be used in the future, they should be removed.

Photographs of each area of spalling have been taken, and the location for each photograph has been marked on a plan for future reference. During future routine inspections of the wharf, the extent of spalling can be compared to these photographs.

**Concrete Beams** – the concrete beams are generally in good condition. There is one common area on a number of the beams, where some cracking and rust staining was observed. This is on the underside of the edge beam where it intersects with the transverse beams (refer photograph 9). As this damage was at the same location in many of the bays of the wharf, it could be summarised that a poor design or construction detail was used.

**Concrete Deck** – the underside of the concrete deck is in good condition except for a few of the deeper precast panels that have been used at each edge of the wharf. The ends of these deeper units are showing some signs of spalling and corrosion of the reinforcing. There is some abrasion occurring to the top surface of the wharf particularly in one bay (measuring 18m x 6m area) (refer photograph 2). The abrasion to this bay appears to have been caused by the loading and unloading of large rock onto barges, and also the loading of concrete blocks used on mussel farms. It is recommended that a methodology be implemented to protect the concrete surface during times of heavy use.

**Timber Kerbs on Wharf** – around the perimeter of the wharf there are 300 x 150 timber kerbs bolted to the slab to prevent vehicles driving off the wharf. In some areas these timber kerbs are badly damaged, and again this may have been caused during the loading of large concrete blocks onto the mussel barges, or by the loading of large rock.

These have been replaced during 2014 along with all timber walkways at the main commercial wharf.

**Timber Fenders** – The timber fendering system is assessed to be in an average condition. There has been some damage caused by the mooring of ships and also during the loading and unloading of heavy materials. Many of the horizontal timber members in the tidal zone have bad decay (refer photograph 11) with two of the timber piles in particular showing signs of major decay in the area between the high and low tide levels (refer photograph 12). Due to the large size of these highly treated timber sections at this wharf, the level of treatment that would have been applied, would not have as much penetration into the core compared to the that on the outside of the timber member. Hence if the timber splits or gets damaged then the less treated internal core of the timber section is exposed, and the inside of the timber begins to decay as what has been observed with these members. The rubber and steel components of the fender system are in reasonable condition.

There is some surface rust to the steel components.

A large section was replaced which covered the two timber piles mentioned above in the structural review, during 2014. The resultant condition was a substantial improvement on the previously decaying identified. Ongoing reviews and maintenance will be required as with any highly used structure.

#### O.1.5.3.2 Old Timber Wharf

A brief inspection was carried out on the old timber wharf. It is believed that this wharf is 80 years old. This wharf is currently unused and is fenced off from the public (refer photograph 14).

It was condemned in 2009.

**Piles** – the piles are in poor condition, many of them have completely decayed and no longer reach the sea bed (refer photograph 15). Some of these piles have been replaced in the past with new piles installed adjacent to the old.

**Diagonal bracing** – this is in very poor condition and has totally disappeared on a number of the braces. As the wharf was originally a finger wharf, but now has backfill against one side, the lateral restraint provided by the timber bracing is no longer required.

**Timber pile caps and beams** – the timber pile caps and the deck beams are 350mm deep x 170mm wide hardwood members. These are in reasonable condition and when the wharf is dismantled there may be a market for Tasman District Council to sell this timber.

**Timber Deck** – the timber deck is in poor condition with many members broken and missing. The deck is unsafe even for pedestrian access and should be kept fenced off.

The conclusion is that the old timber wharf was unsafe for use, and should continue to be kept well fenced off, with the signage warning people against accessing the area to be maintained. As mentioned it was condemned after this report was published in 2009.

#### O.1.5.3.3 Piled Walk-on Wooden Marina

The 18 berth raised timber marina is reasonably new and looks to be in good condition. It is important to regularly check the condition of the handrails, since the marina walkways are very narrow and sit high above the water and moored boats. (Refer photograph 16).

Since that report, Council has had regular feedback about the unsafe nature at low tide. Council are constantly reviewing the condition of the asset.

#### O.1.5.3.4 Floating Recreational Marina

This marina was constructed in 2003 and is in good condition. It was noticed that one of the plastic sections of the walkway had water inside it and was sitting lower in the water. The Harbour Manager indicated that this occurs from time to time and he has to pump the water out of the affected sections of walkway.

The services at the marina run through the plastic sections of the walkways. By drilling holes in the plastic units the integrity of the unit has been lost and water will continue to accumulate inside the units over time.

From time to time, the jointers have broken following damage from large moving boats and are immediately replaced. This is a design feature and the pressure point which takes the impact. They are easily replaceable and cost effective measure.

#### O.1.5.3.5 Floating Commercial Marina

This marina was constructed in 2003 and is in good condition. As this marina is used by commercial vessels, there are some signs of minor damage to the plastic sections of the walkways (refer photograph 18). When the damage is severe, the individual sections of the walkway should be replaced. This marina also has the issue of water leaking into sections of the walkway, necessitating pumping to remove the water. Again the integrity of the plastic units has been lost by penetrating the units during the installation of the services.

All minor damage continues to be repaired to maintain the asset in a good condition.

#### O.1.5.3.6 Steel Lattice Light Tower

This structure was part of the old conveyor system that Golden Bay Cement had installed onto the wharf. The tower is now used for flood lighting of the main wharf area (refer to photograph 19). There is some surface rust to the steel members.

#### O.1.5.4 General Maintenance Recommendation

As the Harbour Manager is at the port on a regular basis, it is recommended that while carrying out his usual business around the port, he continues to keep an eye out for any issues that may affect the structural aspects of the port infrastructure such as:

- one off damage caused by mooring ships
- damage caused by the loading and unloading of vessels
- water leaking into the floating marinas.

Regular maintenance is programmed at the site to:



- continue to remove shellfish off the plastic sections of the floating marinas
- ensure the fencing around the old wharf is maintained to prevent pedestrians gaining access to this area and also ensure signage is maintained. It is understood that this wharf is programmed to be dismantled and replaced at a future date.

The Harbour Manager also has use of security cameras to review damage events which will minimise cost to Council, as we seek to pass on damage costs to parties responsible.

#### O.1.5.5 Structural Maintenance Recommendation

The following should be carried out as part of the structural maintenance of the concrete wharf

- The damaged sections of the timber kerb on the main wharf should be replaced, which currently is assessed as a total of 36m of damaged 300 wide x 150mm deep timber kerb. There is also a 6m length that has come loose, and should be refixed to the concrete wharf. It is anticipated that damage to these kerbs will be an on-going issue.
- Investigate the need for the unused steel piping and brackets that are fixed to the piles under the concrete wharf. If these are no longer required then have them removed.
- The surface abrasion to the wharf deck should be repaired, particularly the worst bay which covers an area of 6m x 18m that has been badly damaged by heavy cargo on the wharf. A suitable concrete repair product by Sika (or similar) should be used to repair this surface. A suitable methodology should be implemented going forward with the users of the wharf, to try and mitigate the damage that is occurring when dragging heavy loads over the wharf.
- Concrete repairs should be carried out to the heavy duty wharf. The tops of a number of piles are spalling, along with the underside of the edge beam on the landward side of the wharf. There are also other locations where the concrete has spalled and rust staining is evident. These areas need to have the reinforcing steel exposed, the surface then properly cleaned to remove all rust, coated with zinc rich primer, and then the concrete repaired with an approved repair mortar. When the steel is exposed a check should be carried out to confirm that enough steel remains in each bar to be effective to carry loads.

If the corrosion is too severe then additional bars will need to be welded-in prior to the concrete repair being carried out.

The repair needs to be carried out 50mm past the end of the corrosion in each bar and the extent of repair required is typically far more than what is evident at the time of the inspections. This type of repair is expensive, but if left untreated the corrosion of the reinforcing will continue

Once this repair is completed the wharf needs to be monitored on a regular basis due to the very corrosive environment, and often the areas of concrete adjacent to the repaired areas will continue to corrode and deteriorate.

Although the wharf should have been designed for a 50 or 100 year life, it has only taken 30 years for this corrosion to occur. The chlorides in the surrounding environment work their way into the concrete, and if the concrete cover to the reinforcing is insufficient in other areas that have not been repaired, then corrosion of the reinforcing could be an on-going issue at this wharf. A plan is attached with each area of spalling marked and referenced to the relevant photograph showing each defect. These photographs are attached and can be used to monitor the extent of corrosion during future inspections. It was recommended to carry out these concrete repairs in the next two years.

Some of the timber members in the fendering system on the side of the wharf have been damaged or are in a decayed state. It is recommended in the interim to monitor these members, but as the condition deteriorates further replacement members will need to be installed, or a whole replacement fender system constructed.

#### O.1.5.6 Future Routine Structural Inspections

It is recommended that a detailed inspection of the Tarakohe Port infrastructure be carried out by a Structural Engineer at two yearly intervals. During this inspection the condition of defects already identified can be monitored and any further issues investigated.

Tasman District Council should source the original construction drawings for the concrete wharf. A check of the capacity of the wharf and the effect of the defects on this capacity could then be carried out.

These inspections have been rescheduled for 2015.



**Photograph 1:** View of existing wharf and marina area



**Photograph 2:** Abrasion to wharf surface caused by placing/ moving rock or mussel anchor blocks on wharf.



**Photograph 3:** Loose timber kerb at edge of wharf.



**Photograph 4:** Damaged timber kerbs.



**Photograph 5:** Showing rubber components of fendered system.



**Photograph 6:** Typical spalling of concrete at top of piles.



**Photograph 8:** Previous repair to top of concrete pile which has continued to crack and rust staining is visible.



**Photograph 9:** Typical cracking and rust staining to underside of beam joint on landward side of wharf.



**Photograph 10:** Disused pipework and steel supports causing rust staining to concrete piles.



**Photograph 11:** Showing large section loss in horizontal timber member of fender system.

Note: large rock sitting on timber – probably has fallen during loading of barge.



**Photograph 12:** Badly decayed horizontal timber post in fender system. Bad decay in left hand fender system timber pile.



**Photograph 13:** View of old timber wharf.



**Photograph14:** View of deck of timber wharf (condemned and retained for future development).



**Photograph 15:** Showing badly deteriorated pile that no longer reaches the water.



**Photograph16:** View of commercial marina.



**Photograph 17:** Plastic floating marina – last section has partially sunk due to water leaking into it. Needed to be pumped out.





**Photograph 18:** Surface damage to surface of floating marina.



**Photograph 19:** Old conveyor support tower now used as a light tower

## **APPENDIX P.        SIGNIFICANT EFFECTS**

These are addressed in the summary section of each activity for the Commercial AMP.

## **APPENDIX Q.            SIGNIFICANT ASSUMPTIONS, UNCERTAINTIES AND RISK MANAGEMENT**

### **Assumptions and Uncertainties**

This AMP and the financial forecasts within it have been developed from information that has varying degrees of completeness and accuracy. In order to make decisions in the face of these uncertainties, assumptions have to be made. This section documents the uncertainties and assumptions that Council consider could have a significant affect on the financial forecasts, and discusses the potential risks that this creates.

#### **Q.1.1.            Financial Assumptions**

The following assumptions have been made:

- all expenditure is stated in dollar values as at 1 July 2015, with no allowance made for inflation over the planning period, and
- all costs and financial projections are GST exclusive.

#### **Q.1.2.            Asset Data Knowledge**

While the Council has asset registers and many digital systems, processes and records, Council does not have complete knowledge of the assets it owns. To varying degrees the Council has incomplete knowledge of asset location, asset condition, remaining useful life and asset capacities. This requires assumptions to be made on the total value of the assets owned, the time at which assets will need to be replaced and when new assets will need to be constructed to provide better service.

Council considers these assumptions and uncertainties constitute only a small risk to the financial forecasts because:

- significant amounts of asset data is known
- asset performance for the significant structures is well known
- there are plans to upgrade significant extents of poorly performing assets

The assumption that has been made that is considered significant include:

- the existing asset condition is such that further deterioration will not require renewal or maintenance beyond that currently allowed for.

#### **Q.1.3.            Growth Forecasts**

Growth forecasts are inherently uncertain and involve many assumptions. The growth forecasts also have a very strong influence on the financial forecasts, especially in the Tasman district where population growth is higher than the national average. The growth forecasts underpin and drive:

- the asset creation programme
- Council income forecasts including rates and development contributions
- funding strategies.

For all commercial activities the growth forecasts in tourism, recreation and commercial industry needs - all affect the demands on assets. Thus the financial forecasts are sensitive to the assumptions made in the growth forecasts.

The significant assumptions in the growth forecasts are covered in the explanation on method and assumptions in Appendix F.

#### **Q.1.4. Capacity**

Most commercial activities currently have adequate capacity for the foreseeable future;

Aerodromes:

Both aerodromes were built to originally accommodate larger aircraft than currently permitted. The demand on ancillary facilities and hangar space may (beyond 10 years) affect level of service in this area.

Camping Ground:

All four sites have adequate scale and are not fully utilised outside of peak seasons. Tasman Bay has a raft of private and public camping amenities and gradual growth is easily achieved.

Commercial Properties:

Current sites have sufficient scale. Mapua is under some pressure as the popularity of the wharf complex and public amenities, cycle trail and coastal experience is highly sort after. Council is planning further development in 2015 and will continue to monitor growth impacts.

Forestry:

Council has grown its existing Portfolio into one with appropriate scale to achieve efficiencies. No further growth is planned. Many of the site held have specific regulations and limitations around land ownership and use and this limits disposal options.

Ports:

Port Tarakohe will come under pressure should the Marine Farming industry achieve expected growth that is forecast. Demand for Port capacity may increase 10 fold which will then create a number of opportunities around supporting commercial infrastructure and industries. Pressure on facilities, services and land are expected over the LTP 2015/2025 period. The timing may vary considerable as we remain reliant on industry to fund growth and expansion. Growth has been foreshadowed for some time but this has not yet eventuated.

#### **Q.1.5. Timing of Capital Projects**

The timing of many capital projects can be well defined and accurately forecast because there are few limitations on the implementation other than the community approval through the LTP/Annual Plan processes. However, the timing of some projects is highly dependent on some factors which are beyond the Council's ability to fully control. These include factors like:

- obtaining resource consent, especially where community input is necessary
- obtaining the community consent
- securing land purchase and/or entry agreements
- developing a compelling business case.

Where these issues may become a factor, allowances have been made to complete in a reasonable timeframe, however these plans are not always achieved. The effect of this will be to defer expenditure. The impact of this on the forward projections is not considered significant.

#### **Q.1.6. Funding of Capital Projects**

Funding of capital projects is crucial to a successful project. When forecasting projects that will not occur for a number of years, a number of assumptions have to be made about how the project will be funded.

Funding assumptions are made about:

- whether projects will qualify for subsidies
- whether major beneficiaries of work will contribute to the project
- whether Council will subsidise the development of the projects.

The correctness of these assumptions has major consequences on the affordability especially of new assets or substantial increases in the level of service. The funding strategy will form one part of the consultation process as the projects are advanced toward construction.

Some decisions have been made to remove some projects from the 20 year forecast. These decisions will mean that some problems may continue to exist. No remedial works or other financial provisions have been made to address these consequences.

**Q.1.7. Accuracy of Capital Project Cost Estimates**

The financial forecasts contain projects, each of which has been estimated from the best available knowledge gained from the appropriate professional input where required. The level of uncertainty inherent in each project is different depending on how much work has been done in defining the problem and determining a solution. In many cases, only a rough order cost estimate is possible because little or no preliminary investigation has been carried out. It is not feasible to have all projects in the next 20 years advanced to a high level of estimate accuracy. However, it is preferable to have projects in the next three years advanced to a level that provides reasonable confidence about the accuracy of the estimate.

Full business cases are developed for each capital project as many of the assets are having strategic/operational reviews as time permits given the new commercial reporting structure in place and the greater commercial emphasis.

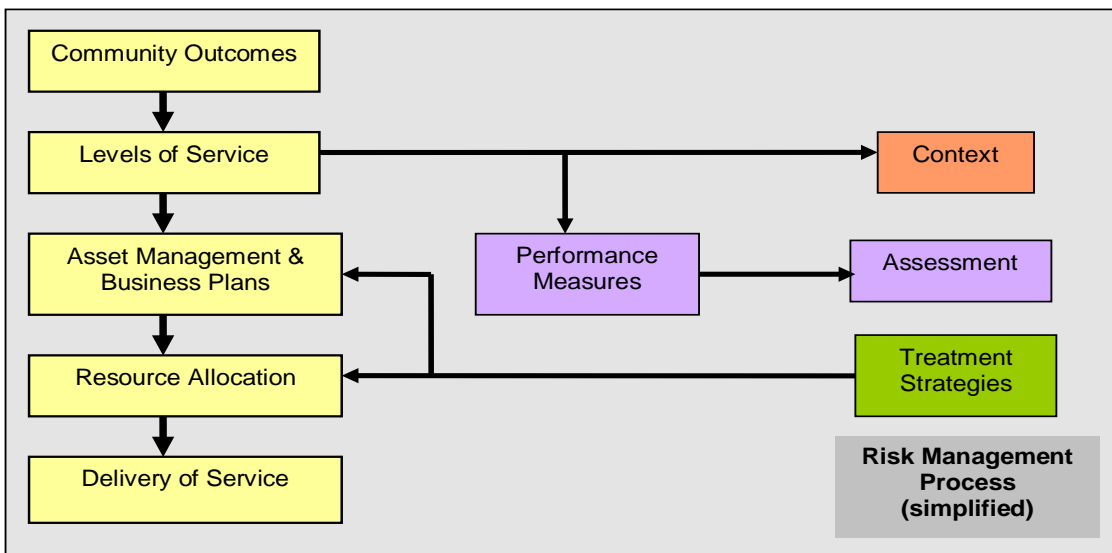
**Q.1.8. Changes in Legislation and Policy**

The legal and planning framework under which local government operates is ever changing. This can significantly affect the feasibility of projects, how they are designed and constructed and how they are funded.

**Risk Management**

Council has adopted an Integrated Risk Management (IRM) framework and process as the means for managing risk within the organisation. The process integrates with the LTP process as illustrated in Figure Q-1.

The strategic goal of integrated risk management is *“To integrate risk management into Council’s organisational decision making so that it can achieve its strategic goals cost effectively while optimising opportunities and reducing threats.”*



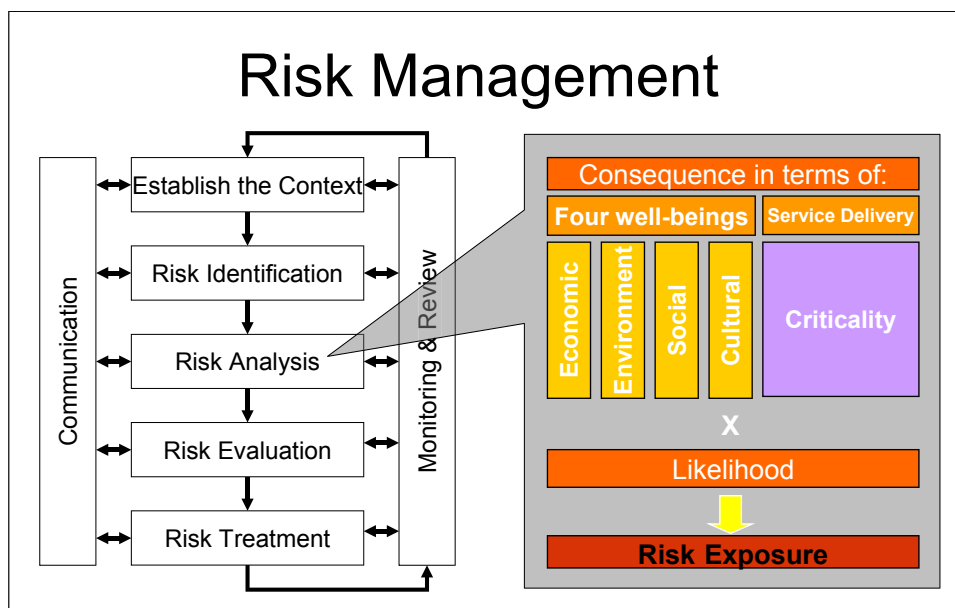
**Figure Q-1: Integration of Risk Management Process into LTP Process**

The IRM process and framework is intended to:

- to demonstrate responsible stewardship by Council on behalf of its customers and stakeholders
- to act as a vehicle for communication with all parties with an interest in Council's organisational and asset management practices
- provide a focus within Council for on-going development of good management practices
- demonstrate good governance
- meet public expectations and compliance obligations
- manage risk from an organisational perspective
- facilitate the effective and transparent allocation of resources to where they will have most effect on the success of the organisation in delivering its services.

The risk management framework adopted by Council is consistent with AS/NZS 4360:2004 Risk Management and assesses risk exposure by considering the consequence and likelihood of each risk which is identified as having an impact on the achievement of organisational objectives (Figure Q-2).

Whilst the IRM framework has been adopted within Council, it is primarily used as a process within the individual activities. Council is working towards developing it into a more formally integrated process throughout the whole organisation.



**Figure Q-2: Integrated Risk Management Process**

Consequence categories have been developed to reflect the impact of risk events on the four well-beings and each consequence category is scored as either “extreme”, “major”, “medium”, “minor”, or “negligible”. These categories address common consequences across any asset or project, however, they do not specifically account for the differences in assets. Therefore an additional category “Service Delivery” is used to reflect the essential reason for the ownership or management of any asset within the local authority – the delivery of a service. This means that the consequence of failure to deliver the service in question (the criticality of the service) can be used to weight the consequences to reflect the relative importance of the asset to the community and in turn to Council. Descriptions of the consequence categories are detailed in Table Q-1.

**Table Q-1: Consequence Categories**

| Category            |                                     | Description  |
|---------------------|-------------------------------------|--|
| Service Delivery    |                                     | Assessment based on the asset's compliance with Performance Measures and value in relation to outcomes and resource usage.                                 |
| Social/<br>Cultural | Health and Safety                   | Assessment of impact as it relates to death, injury, illness, life expectancy and health.  |
|                     | Community Safety and Security       | Assessment of impact based on perceptions of safety and reported levels of crime.  |
|                     | Community / Social / Cultural       | Assessment of impact based on damage and disruption to community services and structures, and effect on social quality of life and cultural relationships. |
|                     | Compliance / Governance             | Assessment of effect on governance and statutory compliance of Council.  |
|                     | Reputation / Perceptions of Council | Assessment of public perception of Council and media coverage in relation to Council.  |
| Environment         | Natural Environment                 | Effect on the physical and ecological environment, open space and productive land.   |
| Economic            | Direct Cost / Benefit               | Direct cost (or benefit) to Council.   |
|                     | Indirect Cost / Benefit             | Direct cost (or benefit) to wider community.   |

Similarly, the likelihood of the risk occurring is scored on a scale from “almost certain” to “unlikely” with associated probabilities and frequencies provided for guidance.

The risk exposure is then determined for each identified risk by multiplying the consequence and likelihood, and is presented using semantic descriptions ranging from “extreme” to “negligible”

Treatment strategies, or strategic plans, that mitigate each risk can then be identified, and prioritised based on the risk exposure.

The consequence, likelihood scoring and risk matrix tables are all located in a separate report. This document also contains the outputs from the Level 1 and Level 2 Risk Assessments.

There are essentially three levels of risk assessment that should be considered for each activity within Council:

- Level 1 - Organisational Risk Assessment
- Level 2 - Activity Management Risk Assessment
- Level 3 - Critical Asset Risk Assessment.

#### **Q.1.9. Level 1 - Organisational Risk Assessment**

The Organisational Risk Assessment focuses on identification and management of significant operational risks that will have an impact beyond the activity itself and will affect the organisation as a whole. This approach allows the Integrated Risk Management framework to address risks at the organisational level, as well as at both the management and operational levels within the particular Council activities.

During the process of developing the integrated risk management process, Council identified a number of risk events and issues at organisational level. These are relatively generic across all activities, but have been reviewed against each particular activity to ensure relevance and adjusted to suit. The decision to implement the treatment measures identified will be at an organisational level, not activity level.

#### **Q.1.10. Level 2 - Asset Group Risk Assessment**

Level 2 risk assessment was carried out at the same time as the Level 1 assessment due to the small number of assets managed within the activity.

In addition to this, the major asset groups within the activity have been identified. An analysis of risk events was then undertaken to determine the issues arising that may prevent the assets delivering the required service. At this level of risk assessment, the risk events considered are physical events only as management and organisational risk events formed part of the earlier organisational risk assessment. Treatment strategies that mitigate each risk for asset groups have been identified.

#### **Q.1.11. Level 3 - Critical Assets Risk Assessment**

Critical assets and those assets considered to be significant have been identified. Individual risk assessments have not been carried out for each of the assets, however, they have been assessed against the set if mitigation measures.

#### **Q.1.12. Projects to Address Risk Shortfalls**

Specific risk management related projects have been included in the 10 year programme include;

- Port Tarakohe Strategy Report
- Health and Safety external reports of all commercial activities
- Emergency Management Plans for Takaka aerodrome in 2015/16.

To address risk shortfalls in these keys assets. Otherwise each asset will continue to have specific reviews covering operation, tactical and strategic issues.

#### **Q.1.13. Asset Insurance**

Council has various mechanisms to insure assets against damage. These include:

1. Council insures it's above ground assets, like buildings, through private insurance which is arranged as a shared service with Nelson City and Marlborough District Councils, through JLT Insurance brokers.
2. Council is a member of the Local Authority Protection Programme (LAPP) which is a mutual pool created by local authorities to cater for the replacement of some types of infrastructure assets following catastrophic damage by natural disasters like earthquake, storms, floods, cyclones, tornados, volcanic eruption, tsunami. These infrastructure assets are largely stopbanks along rivers and underground assets like water and wastewater pipes and stormwater drainage.
3. Council has a Classified Rivers Protection Fund, which is a form of self-insurance. The fund is used to pay the excess on the LAPP insurance, when an event occurs that affects rivers and stopbank assets.
4. Council has a General Disaster Fund, which is also a form of self-insurance. Some assets, like roads and bridges, are very difficult to obtain insurance for or it is prohibitively expensive if it can be obtained. For these reasons Council has a fund that it can tap into when events occur which damage Council assets that are not covered by other forms of insurance. Some of the cost of damage to these assets is covered by central government, for example the New Zealand Transport Agency covers around half the cost of damage to local roads and bridges.
5. Council accrues business interruption Insurance to ensure risk mitigation in event of asset damage that prevents continued operation.



#### Q.1.14. Civil Defence Emergency Management

The Civil Defence Emergency Management Act 2002 was developed to ensure that the community is in the best possible position to prepare for, deal with, and recover from local, regional and national emergencies. The Act requires that a risk management approach be taken when dealing with hazards including natural hazards. In identifying and analysing these risks the Act dictates that consideration is given to both the likelihood of the event occurring and its consequences. The Act sets out the responsibilities for Local Authorities. These are:

- ensure you are able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency
- plan and provide for civil defence emergency management within your own district.

Tasman District Council and Nelson City Council deliver civil defence on a joint basis as the Nelson Tasman Civil Defence Emergency Management (CDEM) Group. The vision of the CDEM Group is to build “A resilient Nelson Tasman community”.

Civil Defence services are provided by the Nelson Tasman Emergency Management Office. Other council staff are also heavily involved in preparing for and responding to civil defence events. For example, Council monitors river flows and rainfall, and has a major role in alleviating the effects of flooding.

At the time of writing the Nelson Tasman Civil Defence Emergency Management Group released its Draft Regional Plan for community consultation. The Plan sets out how Civil Defence is organised in the region and describes how the region prepares for, responds to and recovers from emergency events.

#### Q.1.15. Engineering Lifelines

Nelson Tasman Engineering Lifelines (NTEL) project commenced in 2002 and concluded in 2009 with a report and risk assessments titled *Limiting the Impact*. The purpose of the report was:

- to help the Nelson Tasman region reduce its infrastructure vulnerability and improve resilience through working collaboratively
- to assist Lifeline Utilities with their risk reduction programmes and in their preparedness for response and recovery
- to provide a mechanism for information flow during and after an emergency event.

The project was supported and funded by the two controlling authorities, Nelson City Council and Tasman District Council. Following the initial start-up forum in 2002, a Project Steering Group was formed and initial project work was completed. In 2008, the NTEL Group was formed. The initial work to investigate risks and assess vulnerabilities from natural hazard disaster events was divided amongst five task groups:

- Hazards Task Group
- Civil Task Group
- Communications Task Group
- Energy Task Group
- Transportation Task Group.

These groups were then tasked with assessing the risk and vulnerability of segments of their own networks against the impacts of major natural hazard disaster events. These natural hazards included:

- earthquake
- landslide
- coastal/flooding.

The Nelson Tasman region is geo-technically complex with high probabilities of earthquake, river flooding and landslides.

By identifying impacts that these hazards may have on the local communities, NTEL aim to have processes in place to allow the community to return to normal functionality as quickly as possible after a major natural disaster event.

To date the project has identified the impacts of natural hazards and the critical lifelines of the regions service networks including communication, transportation, power and fuel supply, water, sewerage, and stormwater networks.

The initial NTEL assessment work is the first stage of an on-going process to gain a more comprehensive understanding of the impacts of natural hazards in the Nelson Tasman region.

The review date of the NTEL assessments is not rigidly set in place, but it is envisaged that a five-yearly on-going review period is appropriate with more frequent reviews and updates necessary and beneficial as new or updated relevant information becomes available.

#### **Q.1.16. Recovery Plans**

These plans are designed to come into effect in the aftermath of an event causing widespread damage and guide the restoration of full service.

The Recovery Plan for the Nelson Tasman Civil Defence and Emergency Management Group (June 2008) identifies recovery principles and key tasks, defines recovery organisation, specifies the role of the Recovery Manager, and outlines specific resources and how funds are to be managed.

Information about welfare provision in the Nelson-Tasman region is contained in a Welfare Plan (December 2005), which gives an overview of how welfare will be delivered during the response and recovery phases of an emergency.

Assessments on key infrastructure being the Port and Aerodromes have disaster recovery planning in place and their availability will be subject to the level of damage caused at various locations.

#### **Q.1.17. Business Continuance**

Council has a number of processes and procedures in place to ensure minimum impact to aerodromes and Port services in the event of a major emergency or natural hazard event.

- Council have limited business continuity plans that were developed around influenza pandemic planning in 2006.
- Council's contractors have up to date Health and Safety Plans in place and we are completing fresh audits in 2015 to comply with expected legislation changes during 2015.
- Council's professional services consultant (MWH New Zealand Ltd) have an Emergency Response and Business Continuity Plan as part of their Branch Guide August 2011.

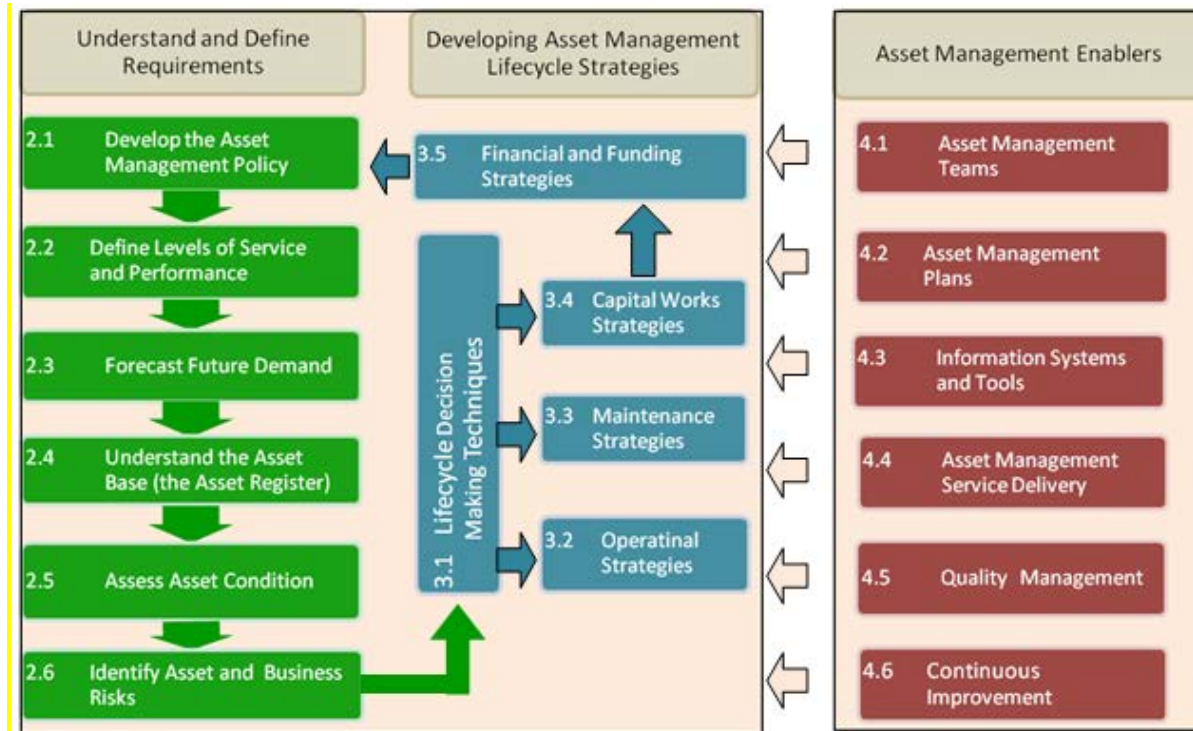
**APPENDIX R. LEVELS OF SERVICE, PERFORMANCE MEASURES, AND  
RELATIONSHIP TO COMMUNITY OUTCOMES**

These are addressed in the summary section of each activity for the Commercial AMP.

## APPENDIX S. COUNCIL'S DATA MANAGEMENT, ASSET MANAGEMENT PROCESSES AND SYSTEMS

### Introduction

This Activity Management Plan has been developed as a tool for Council to describe how they intend to manage their assets, meet the levels of service agreed with the community and to explain the expenditure and funding requirement. It forms part of Council's Asset Management Process which is in general alignment with the International Infrastructure Management Manual (IIMM) as shown below in Figure S-1.



**Figure S-1: The Asset Management Process**

### Understanding and Defining Requirements

#### S.1.1. Develop the Asset Management Policy

##### S.1.1.1 Selecting the Appropriate Level of Asset Management

The Asset Management Policy provides the direction as to the level of Asset Management expected and can differ between activities. Council underwent a process in 2010 with asset management consultants Waugh Infrastructure Management Ltd in which they identified the appropriate level of asset management to target for their engineering activities. During this process, Council and consultant staff assessed a range of parameters to establish the base level of asset management to provide the community for each activity including:

- district and community populations
- issues affecting the district and each activity
- the costs and benefits to the community
- legislative requirements
- the size, condition and complexity of the assets
- the risk associated with failures
- the skills and resources available to the organization
- customer expectation.

IIMM (2006) identified two levels of asset management; Core and Advanced. Waugh Infrastructure Management Ltd classed the transition between the two as being Core Plus, renamed as Intermediate in the

2011 IMM. Core Plus is above Core asset management but below being fully compliant with Advanced asset management and can vary between Core with one or two Advanced categories, through to being substantially or fully compliant with most of the Advanced categories.

Upon completion of the process, Council have set **Core** as the target level at which they want to be managing all commercial activities. The detail of required category compliance is under separate cover (Selecting the Appropriate Asset Management Level, Waugh August 2010).

#### S.1.1.2 Performance Review of Commercial Activity Management Practices

Council underwent a process at the end of the 2009 AMP to undertake a high level review of the AMPs and associated activity management processes against good practice asset management as described in the IIMM and in accordance with the Office of Auditor General. During this process, the AMP and associated practices were scored to give a snap shot of the current status and then set targets as to where Council wished to head. The 2009 AMP Improvement Plan was assessed in its effectiveness to close the gap between actual and target compliance levels and new items added to the Improvement Plan where gaps were identified.

The results of the review are detailed under separate cover for Aerodromes and Port Tarakohe Activities Management Processes, MWH New Zealand Ltd, February 2010). Other activities have not been subject to a review as this is their first AMP.

The two reviews described above were carried out independently of each other however the outputs from both were compared to ensure consistency of recommendations. Whilst both reviews focused on slightly different aspects of asset management practices, there was no conflict between the recommendations made. Table S-1 below shows analysis undertaken to link the two reviews to identify the compliance gaps and actions that should be undertaken to address them.

**Table S-1: Analysis of Asset Management Reviews**

|   | Aerodromes and Port Tarakohe                                      |                         |  |
|---|---|-------------------------|--|
|   | CORE  | Compliance Status       | Compliance Gaps to Address to Meet CORE  |
| <b>Description of Assets</b>                      | Advanced (minus the systematic monitoring of performance)         | Partially Compliant     | <b>Action:</b> More detail on the assets need to be incorporated into AMP document.                  |
| <b>Levels of Service</b>                          | Core  | Substantially Compliant | <b>Action:</b> Include Activity in Communitrak™ surveys.   |
| <b>Managing Growth</b>                            | Core  | Partially Compliant     | <b>Action:</b> Translate demand analysis into asset and non-asset solutions.                         |
| <b>Risk Management</b>                            | Core  | Partially Compliant     | Compliance will improve with implementation of IRM.  |
| <b>Lifecycle Decision Making</b>                  | Core (plus identification of options for asset maintenance)       | Does not Comply         | <b>Action:</b> Develop a renewals and capital programme based on a risk based decision support tool. |
| <b>Financial Forecasts</b>                        | Advanced (with the exception of sensitivity testing of forecasts) | Substantially Compliant | <b>Action:</b> Improve rationale and robustness of categorisation of expenditure in AMP.             |
| <b>Planning Assumptions and Confidence Levels</b> | Core (plus assumptions listed)                                    | Partially Compliant     | <b>Action:</b> Address the data gaps.  |
| <b>Outline Improvement Programmes</b>             | Advanced  | Partially Compliant     | <b>Action:</b> Identify timeframes, priorities and resources for Improvement Plan actions.           |
| <b>Planning by Qualified Persons</b>              | Core  | Substantially Compliant | <b>Action:</b> Issues around management and operation of activity to be resolved.                    |
| <b>Commitment</b>                                 | Advanced  | Substantially Compliant | <b>Action:</b> More emphasis and commitment needed to Improvement Plan.                              |

**S.1.2. Defined Level of Service and Performance**

Levels of Service have been reviewed since the 2009 AMP, taking account of Community Outcomes, Legislative Requirements, financial constraints and knowledge of asset performance. Community Outcomes, Levels of Service, Performance Measures and current performance are detailed in Appendix R of this AMP.

**S.1.3. Forecast Future Demand**

Population and demand forecasting has been updated since the 2009 AMP and is described in Appendix F. Demand Management has been undertaken as described in Appendix N.

**S.1.4. Understand the Asset Base**

Council has a wealth of information on their assets which is collected, recorded and stored through a number of different systems. Data is graded for accuracy and completeness as shown in Table S-2.

**Table S-2: Asset Data Accuracy and Completeness Grades**

| Grade | Description                | Accuracy |  | Grade | Description            | Completeness |
|-------|----------------------------|----------|--|-------|------------------------|--------------|
| 1     | Accurate                   | 100%     |  | 1     | Complete               | 100%         |
| 2     | Minor inaccuracies         | ± 5%     |  | 2     | Minor Gaps             | 90 – 99%     |
| 3     | 50% estimated              | ± 20%    |  | 3     | Major Gaps             | 60 – 90%     |
| 4     | Significant Data estimated | ± 30%    |  | 4     | Significant Gaps       | 20 – 60%     |
| 5     | All data estimated         | ± 40%    |  | 5     | Limited Data Available | 20% or less  |

Table S-3 summarises the various data types, data source and how they are managed within Council. It also provides a grading on data accuracy and completeness where appropriate. Council is constantly improving the accuracy and completeness of their data.

Council's corporate Asset Management System (AMS) is Confirm Enterprise. The Engineering Department uses Confirm to record and track customer enquiries, maintain its asset register and for tracking non-routine maintenance of assets. Valuation of assets is also run from Confirm.

The Asset Information team, Asset Managers, Council's consultants and contractors all have access to the system with levels of access appropriate to their needs.

Council's Confirm system is the primary asset management system and data management tool for the engineering activities. Confirm is a modular system and is a powerful tool used for the storage, interrogation and reporting of asset data.

**Table S-3: Data Types and Source**

| Information System | Data Type                   | Management Strategy  | Data Confidence |              |
|--------------------|-----------------------------|--|-----------------|--------------|
|                    |                             |  | Accuracy        | Completeness |
| Confirm            | Asset Location (point data) | Point data is provided in Confirm. All spatial data will be migrating to GIS in 2011/12 so will no longer be held in Confirm.  | 2               | 2            |
|                    | Asset Description           | Council's Asset Register is held in Confirm. It contains information on asset extent, age, remaining life, condition etc. Asset hierarchy capability is available in Confirm but Council do not see the need to implement this function at this stage.   | 2               | 2            |
|                    | Customer Service            | All customer enquiries and service requests are logged and can be assigned, tracked and analysed. The Customer Service Requests help drive the day to day reactive maintenance programme.  | 2               | 2            |
|                    | Asset Condition data        | Condition data is held in Confirm and is collected when first installing assets and then during routine inspections or fault repairs.  | 2               | 2            |
|                    | Historical data             | Confirm holds data on jobs and maintenance for approximately five years. This allows the interrogation of the system for historical data on specific assets.   | 2               | 2            |
|                    | Critical Assets             | The critical assets have been identified as part of the AMP process and are shown in Appendix Q. These assets have not yet been separately identified within Councils Confirm system. There is an item in the Improvement Plan to ensure that the critical assets are separately identified with Confirm to allow easier assessment and reporting.   | n/a             | 0            |
|                    | Valuation                   | Council now undertakes it Asset Valuations through the Confirm system.   | 2               | 2            |
|                    | Maintenance Information     | All newly collected maintenance information is recorded in Confirm. The contractor is now able to collect and record all maintenance information in the field through the use of mobile devices which link to Confirm. Historical information sits with CMS and also with the Contractor's SETI system. Council intend to migrate this historical data into a SQL database accessible from Confirm. Tracking repairs and response times is carried out and reported to ensure key performance measures are being achieved. | 3               | 3            |
| NM2                | Resource Consents           | NM2 is owned and managed by Council's consultants, MWH NZ Ltd. It holds all resource consents for water, wastewater, stormwater, solid waste and roading. NM2 is used to manage the accurate programming of actions required by the consents. There are currently no aerodrome consents in the NM2 database.   | 2               | 2            |

| Information System    | Data Type                             | Management Strategy   | Data Confidence |              |
|-----------------------|---------------------------------------|---|-----------------|--------------|
|                       |                                       |   | Accuracy        | Completeness |
| NCS                   | Financial Information                 | Council Accounting and Financial systems are based on Napier Computer Systems (NCS) software and GAAP Guidelines. Long term financial decisions are based on the development of 20-year financial plans.  | 2               | 2            |
| CMS                   | Operational Performance               | A database containing data information about pump types and operational performance (totalised flow etc) is maintained. It is intended that this will be transferred eventually into Confirm. CMS is being phased out and the process will be replaced by Confirm (anticipated for 2011/12).  | 2               | 2            |
| GIS                   | Asset location                        | GIS is compiled from as-built information and should be the first port of call for asset location. However, there is a short time delay with importing the data into GIS so it is sometimes necessary to refer to the as-builts.  | 2               | 2            |
| SilentOne             | As BUILTS                             | As-builts are the primary source of asset location data. As-built plans of all new assets are scanned and incorporated into SILENTONE. This allows digital retrieval of as-builts from the GIS system. Early as-builts are to a lesser quality, however in recent years as-builts quality has been significantly improved and are now prepared to specific standards and reviewed/audited on receipt. | 2               | 2            |
| Growth Model Database | Growth and Demand Supply Model (GDSM) | The GDSM underpins Council's long term planning. It is not an isolated tool that calculates a development forecast, it is a number of linked processes that involve assessment of base data, expert interpretation and assessment, calculation and forecasting.   | 2               | 2            |
| Tenderlink            | Tenders                               | Council uploads all Request for Tender documents onto the Tenderlink system which allows contractors to download for tender. The system also holds key information for tenderers. Tenderlink is a national database.  | 1               | 1            |
| Various               | Other Data Types                      | A large amount of information is not yet stored centrally within Council and is held and updated by Council's consultants or contractors. Council are moving towards Confirm being the primary source for all asset information, so these data sources will eventually migrate to Confirm.  | 3               | 3            |
| Various               | Asset Photos                          | Council's intention is that a library of asset photos will be stored within Confirm. At present however, electronic asset photographs are held by MWH New Zealand Ltd (with the exception of Streetlight which are stored in SilentOne).  | 2               | 2            |



### S.1.5. Assess Asset Condition

Condition assessment of all commercial assets is detailed in Appendix B. For the commercial activities these are assessed via;

- Operational and strategic reviews on all activities planned over next 5 years.
- Regular inspection, at least quarterly
- Feedback from operators, lessees etc.
- Maintenance requests and failures.
- Monthly report from operational interests.

Condition assessment in an ongoing process of refinement and has been identified as a section in the improvement plan. Largely the condition of the assets has not been well understood and starved of reinvestment in many area's. The greater commercial focus has commenced a review of asset process which looks at all asset conditioning. The improvement plan will provide regular updates.

### S.1.6. Identify Asset and Business Risks

Council have adopted an Integrated Risk Management framework to manage risks, both at corporate and activity level. This is detailed further in Appendix Q.

### Developing Asset Management Strategies

There are many different types of decision making techniques that have been applied by Council during the development of the management plans. These are better described in relevant appendices, but are summarised here in Table S-4.

Procurement of capital, maintenance or renewal work is undertaken in accordance with Council's procurement strategy.

**Table S-4: Asset Management Strategies Summary**

| Strategy                                  | Processes and Systems  |
|---|--|
| Renewals Management<br>(Appendix I)       | <ul style="list-style-type: none"> <li>• Renewals first identified from the Confirm database – when remaining life expires.</li> <li>• Forecast renewals then field justified by reviewing with operations staff and asset management staff to confirm renewal requirements from valuation information and add to where there is specific knowledge of additional renewal requirements.</li> <li>• On an annual basis renewal work is programmed for implementation and managed as a programme through specific tendered contracts.</li> </ul>   |
| Asset Creation Management<br>(Appendix F) | <ul style="list-style-type: none"> <li>• Asset creation forecasts are developed every three years when updating this AMP.</li> <li>• The 10 year forecast from the last update of the AMP is taken as a starting point, and then the outcomes of growth and demand forecasts, level of service and performance review, the risk management and a workshop with asset managers are used to identify upgrade projects needed.</li> <li>• All capital projects identified are listed and a cost estimate developed. For consistency, a cost estimating spreadsheet has been developed and a series of base rates developed after consultation with suppliers and recent contract prices for the more common work elements. The cost estimating spreadsheets require:               <ul style="list-style-type: none"> <li>○ assessment of construction and non-construction costs (ie. engineering, consenting costs, land costs)</li> <li>○ an assessment of contingency needed – on a consistent basis</li> </ul> </li> </ul> |

|  |   |
|--|---|
|  | <p>between estimates</p> <ul style="list-style-type: none"> <li>○ an evaluation of the project drivers – increased level of service, growth or renewal.</li> <li>○ an evaluation of a programme of implementation – spanning years to ensure appropriate time allowed for developing the project</li> <li>○ a statement of the scope of the upgrade and a statement of risks and assumptions made in preparing the estimate.</li> </ul> <ul style="list-style-type: none"> <li>● Once estimated the forecasts are combined in a capital expenditure forecast database that records the outcomes of the estimate in a manner that allows summation of the work value against various criteria – scheme, project driver (growth, increased LOS or renewal), year or project. It is also used as an input into Council’s financial system.</li> <li>● The funding of the capital forecast is modelled in Council’s financial system NCS, and the implications for the forecast review at Council officer level and Councillor level. Any changes made to the projection in terms of deferring, adding or deleting projects is recorded and the implications on risk, growth or level of service stated.</li> <li>● The records of the individual project estimate sheets and the overall capital forecast spreadsheet are filed and retained.</li> </ul> |
| Operational and Maintenance (Appendix E) | <ul style="list-style-type: none"> <li>● Operations and maintenance procedures and specifications are detailed in the current maintenance contract documents.</li> <li>● Includes Strategic Studies such as coastal process studies.</li> </ul>   |

**Asset Management Enablers**

The Asset Management Enablers are the aspects that underpin the whole asset management decision making at each stage of the Asset Management Process. These are summarised here.

- Asset Management Teams – consists of Asset Managers and their consultants.
- Asset Management Plans – this AMP is a key part of the asset management process and is updated on a regular basis.
- Information Systems and Tools – these are detailed in Table S-3.
- Asset Management Service Delivery – include the procurement strategies that ensure Council delivers the asset management activities in the most cost-effective way.
- Quality Management – there are a variety of rigorous quality assurance processes involved in management of the commercial activities. External professional expertise is engaged where it is considered appropriate (eg. Health and Safety).
- Continuous Improvement – Covered by Appendix V. The Improvement Programme shown in this document is a snapshot of the programme in its current state. The Improvement Programme is reviewed and updated on a regular basis.

## APPENDIX T. BYLAWS

Council has enacted bylaws to mitigate the impact of activities on the community.

Below is a list of current bylaws that Council have adopted. The bylaws bolded are one that have an impact on Council's commercial activities:

- **Introductory Bylaw**
- Control of Liquor in Public Places 2012
- Dog Control Bylaw 2009
- **Freedom Camping Bylaw 2011 (Amended December 2013)**
- Freedom Camping (Motueka Beach Reserve) Bylaw 2013
- **Navigation Safety Bylaw 2006**
- Speed Limits Bylaw 2013 - Amended 2014
- Stock Control and Droving Bylaw 2005
- **Tasman's Great Taste Trail Bylaw**
- Trade Waste Bylaw 2005
- Trading in Public Places Bylaw 2010
- **Traffic Control Bylaw 2013**
- Water Supply Bylaw 2009

In accordance with the Local Government Act 2002, these bylaws will be reviewed no later than 10 years after they was last reviewed.

The following bylaws have an impact on commercial activities as summarised below;

- Introductory bylaw introduces all other bylaws. The matter is outlined on the Council's website : <http://www.tasman.govt.nz/policy/policies/bylaws/introductory-bylaw/>
- Freedom Camping bylaw 2011 has a flow over affect on Council commercial activities as parties often use recreational space, particularly at Port Tarakohe and Port Motueka. It also competes for campervan business with its commercial interest in campground facilities resulting in lost income and often unauthorised use of facilities at campground. It is a source of regular complaints and requires strong management. The matter is outlined on the Council's website: <http://www.tasman.govt.nz/policy/policies/bylaws/freedom-camping-bylaw-2011/>
- Navigational Safety Bylaw 2006 addresses operational issues in and around Port Tarakohe and Port Motueka. It deals with Boating and Commercial vessel operation throughout the Tasman region. The matter is outlined on the Council's website: <http://www.tasman.govt.nz/policy/policies/bylaws/navigation-safety-bylaw-2006/>
- only bylaw that directly affects Councils commercial activities if the Traffic Control Bylaw 2013, which allows for the closure of traffic from the Mapua Wharf precinct area from mid December to end of February annually – recognising the congestion and Health and Safety issues when mixing traffic with high pedestrian volumes through the precinct area. The matter is outlined on the Council's website : <http://www.tasman.govt.nz/policy/policies/bylaws/traffic-control-bylaw-2013/> and covered in Part D of the schedules attached to the bylaw.

## APPENDIX U. STAKEHOLDERS AND CONSULTATION

### Stakeholders

There are many individuals and organisations that have an interest in the management and / or operation of Council's commercial assets. Council underwent a process whereby they identified an extensive list of these stakeholders and what aspects they value in the activity. The outcomes of that process are summarised below in Table U-1.

**Table U-1: Stakeholders**

| Stakeholder Group  | Core Values  |
|--|--|
| Customers / users <ul style="list-style-type: none"> <li>• The elected representatives (Councillors and Community Boards)</li> <li>• The Tasman District Council Community of owners, residents and ratepayers</li> <li>• Recreational and industry users</li> <li>• Tangata Whenua</li> <li>• Environmental and Recreational Interest Groups - Fish and Game New Zealand, Royal Forest and Bird Protection Society and Tasman Environmental Society</li> <li>• Port Tarakohe recreational and commercial users (Marina berth holders, Marine farmers, Commercial fishermen, Commercial users)</li> <li>• Aerodrome recreational and commercial users.</li> <li>• Campground operators and industry representatives</li> <li>• Forestry managers and operators.</li> <li>• Recreational industry interests.</li> </ul> | Accessibility<br>Affordability<br>Environmental sustainability<br>Health and safety<br>Quality<br>Reliability / responsiveness<br>Customer service |
| Regulatory <ul style="list-style-type: none"> <li>• Maritime Safety Authority</li> <li>• Civil Aviation Authority</li> <li>• National Institute of Water and Atmosphere (NIWA)</li> <li>• Ministry for the Environment</li> <li>• The Department of Conservation</li> <li>• Hydrographic Office of the Royal New Zealand Navy</li> <li>• Local Government New Zealand</li> <li>• NZ Transport Agency.</li> </ul>   | Compliance<br>Customer service   |
| Service providers / suppliers  | Affordability<br>Compliance<br>Reliability / responsiveness  |
| Elected members  | Affordability<br>Customer service  |
| Media  | Customer service   |
| Approval authority (funding) / funder  | Affordability<br>Compliance<br>Customer service  |
| Others (industry bodies, lobby groups, government departments, other affected parties.   | Customer service   |

## **Engagement**

### **U.1.1. Purpose and types of Engagement**

Council engages with the public in accordance with its Significance and engagement policy to gain an understanding of customer expectations and preferences. This enables Council to provide a level of service that better meets the community's needs.

The Council's knowledge of customer expectations and preferences is based on:

- feedback from surveys
- public meetings
- feedback from elected members, advisory groups and working parties
- analysis of customer service requests and complaints
- Consultation via the Annual Plan and LTP process.

Council commissions customer surveys from time to time, from the National Research Bureau Ltd<sup>3</sup> and other informal methods, but more recently on an annual basis. These Communitrak™ surveys assess the levels of satisfaction with key services in commercial assets, and the willingness across the community to pay to improve services.

Council at times will undertake focussed surveys to get information on specific subjects or projects.

### **U.1.2. Consultation Outcomes**

The most recent NRB Communitrak™ survey was undertaken in May/June 2011. There is no specific reference to commercial assets in the May/June 2011 survey.

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<sup>3</sup> Communitrak™: Public Perceptions and Interpretations of Council Services / Facilities and Representation, NRB Ltd May/June 2011.

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## **APPENDIX V. IMPLEMENTATION AND IMPROVEMENT PROGRAMME**

### **V.1 Council Process Overview**

The Activity Management Plans have been developed as a tool to help Council manage their assets, deliver the levels of service and identify the expenditure and funding requirements of the activity. Continuous improvements are necessary to ensure Council achieves the appropriate (and desired) level of activity management practice; delivering services in the most sustainable way while meeting the community's needs.

Establishment of a robust, continuous improvement process ensures Council is making the most effective use of resources to achieve an appropriate level of asset management practice.

The continuous improvement process includes:

- identification and prioritisation of improvements
- establishment of an improvement programme
- delivery of improvements and on-going review and monitoring of the programme.

All improvements identified are included in a single improvement programme. In this way, opportunities to identify and deliver cross-activity improvements can be managed more efficiently, and overall delivery of improvement can be monitored across this part of Council's business.

Past AMP's were only developed for Aerodromes and Port Tarakohe. This AMP is the first to cover all commercial activities and remains a work in progress with ongoing improvements to be made over the next 3 years.

### **V.2 Strategic Improvements**

Council identified the key cross activity improvement actions within select activities for implementation prior to development of the AMPs for the 2015 to 2025 long term plan period. These were:

- update the growth strategy for the changed economic climate
- review levels of service to ensure they adequately cover core customer values
- implement Council's integrated risk management approach to activity level.

These actions were all completed and have fed into the development of the current Activity Management Plan.

### **V.3 Training**

Council do not have a formal schedule of required training, however both Council's staff and its consultants participate in training on a regular basis to ensure that best practice is maintained. This also helps to maintain a good asset management culture.

Council and its consultants are structured in a way that encompasses succession planning to prevent the loss of knowledge in the event of staff turnover. This AMP document also prevents loss of knowledge by documenting practices and process associated with this activity.

### **V.4 Asset Management Practice Reviews**

Since the last AMP review, Council has undertaken a performance review of all activity management practices to compare how they align with the requirements of the Local Government Act 2002, Office of Auditor General (OAG) and industry best practices. This review process has been applied to identify improvement actions, and to monitor achievement of improvements against industry practice areas and Council priorities.

Council are currently undertaking a review of activities and their respective performances across the complete commercial portfolio. The results will be incorporated into future AMP's.

### **V.5 Peer Review**

In late 2014 Council engaged Waugh Infrastructure Management Ltd to undertake a peer review of the draft 2015 version of the AMP. The findings from the review dated 20 March 2015 will be incorporated into the final version of this document. The commercial AMP has been specifically designed in a different approach to standard Council presentation but still addressing with the requirements of the LGA 2002.

**Table V-1: Planned Activity Management Improvement Programme**

| Item                                       | Improvement  | Benefits  | Estimated Cost in 10 year Financial Forecast  | Financial Provision in AMP | Priority |
|--|--|---|---|----------------------------|----------|
| AMP Update                                 | Review and update the AMP on a three year cycle. Next revision due in 2017.  | Needed to comply with the LGA:2002 requirements.  | \$25,000 every three years.   | Yes                        | High     |
| Asset Valuations                           | Review and update commercial asset Valuations on a three to five yearly cycle. Next review due in 2015.  | Needed to comply with the LGA:2002 requirements.  | \$55,000 every three years.   | Yes                        | High     |
| Asset condition assessment                 | Review of condition of all assets at commercial sites and measure against best practice/ expected use.   | To maintain a current sand safe environment to conduct commercial activities within.  | Various professional fees are adopted in allowances for business case reviews.  | Yes                        | High     |
| Business Continuity Plan / Risk Management | Council intends to complete business continuity plans for all operating activities applying a consistent approach to risk management across all asset groups.<br><br>Three levels of risk assessment will be carried out; Organisation, Asset Group and Critical Assets. | Provide appropriate risk management to Council of commercial activities.<br><br>Will identify actions/improvements required to be made to various assets to ensure Council has the ability to increase/ maintain levels of service as required. | In house by 2018 on all assets but some external advice where specific industry knowledge required eg. Health and Safety. | Yes                        | High     |
| Asset Management Operational Plan          | Develop operation and maintenance plan for all commercial assets   | More efficient use of resources.  | \$10,000 over 2 years.  | Yes                        | High     |
| Asset Management System Development        | Continue to develop Council's Asset Management System and integration with its related asset information systems, GIS, SilentOne etc. Some commercial assets also have specific external needs (eg. booking systems)   | Confirm enables a 'one stop shop' for Asset Management. It increases the knowledge and understanding of the Council's assets and performance. It assists with efficient and effective operation of the assets.                                  | On-going, no separate budget provided.  | No                         | High     |
| Strategic Plan                             | Develop a strategic plan during 2015 for the Port covering 10-20 years. The develop a strategic plan for all remaining asset classes at one per year.  | Establish direction for development and future management of the assets.  | \$15,000 (separate budget).   | No                         | High     |

## **APPENDIX W. ASSET DISPOSAL**

Asset disposal generally is a by-product of renewal or upgrade decisions that involve the replacement of assets.

The Council does not have formal strategy documents relating to asset disposals; however they generally follow the following practices.

- Strategy for sale and disposal of Infrastructural Assets:
  - Council's policy is to obtain best available return from the disposal or sale of assets within an infrastructural activity and any net income is credited to that activity.
- Sale and Disposal Process:
  - Council follows sale and disposal practices that comply with the relevant legislative requirements for local government with respect to the sale and disposal of infrastructural assets.

Depending on the nature and value of the commercial assets they are either:

- made safe and left in place
- removed and disposed to landfill
- removed and sold
- transferred by agreement to other stakeholders.

Council review regularly assets that are low performing, accepting some assets have limitations due to legacy issues and complex recreational and commercial intertwined use, which results in some assets be recognised as never being able to become fully commercial and performing at market levels.

During these reviews, assets that are low performing and are not held for a combination of recreational and commercial needs, may be considered for asset disposal after considering wider implications including critical mass and portfolio mix.

With respect to the all commercial activities, there are also legal requirements under the existing agreements of original transfer to Council, which limits alternative uses of the land should the activity cease. In many cases any disposal of assets is limited or contracted as to process and who must receive the assets.

There are no current, or planned areas of operation that Council wishes to divest itself of.



## APPENDIX X. GLOSSARY OF ASSET MANAGEMENT TERMS

### Acronyms and Abbreviations

|      |                                      |
|------|--------------------------------------|
| AMP  | Activity Management Plan             |
| LGA  | Local Government Act                 |
| LTP  | Long Term Plan                       |
| LTSA | Land Transport Safety Association    |
| TRMP | Tasman Regional Management Plan      |
| CAA  | Civil Aviation Authority             |
| RMA  | Resource Management Act              |
| AIP  | Aeronautical Information Publication |

### Management terms:

|                                       |  |
|---------------------------------------|--|
| <b>Activity</b>                       | An activity is the work undertaken on an asset or group of assets to achieve a desired outcome.  |
| <b>Activity Management Plan (AMP)</b> | Activity Management Plans are key strategic documents that describe all aspects of the management of assets and services for an activity. The documents feed information directly in the Council's LTP, and place an emphasis on long term financial planning, community consultation, and a clear definition of service levels and performance standards.                 |
| <b>Advanced Asset Management</b>      | Asset management which employs predictive modelling, risk management and optimised renewal decision making techniques to establish asset lifecycle treatment options and related long term cash flow predictions. (See Basic Asset Management).  |
| <b>Annual Plan</b>                    | The Annual Plan provides a statement of the direction of Council and ensures consistency and co-ordination in both making policies and decisions concerning the use of Council resources. It is a reference document for monitoring and measuring performance for the community as well as the Council itself.   |
| <b>Asset</b>                          | A physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months.  |
| <b>Asset Management (AM)</b>          | The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.  |
| <b>Asset Management System (AMS)</b>  | A system (usually computerised) for collecting analysing and reporting data on the utilisation, performance, lifecycle management and funding of existing assets.  |
| <b>Asset Management Plan</b>          | A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost effective manner to provide a specified level of service. A significant component of the plan is a long term cash flow projection for the activities. |

|   |   |
|---|---|
| <b>Asset Management Strategy</b>          | A strategy for asset management covering, the development and implementation of plans and programmes for asset creation, operation, maintenance, renewal, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum cost.   |
| <b>Asset Register</b>                     | A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical and financial information about each.   |
| <b>Basic Asset Management</b>             | Asset management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, inventory control, condition assessment and defined levels of service, in order to establish alternative treatment options and long term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than risk analysis and optimised renewal decision making). |
| <b>Benefit Cost Ratio (B/C)</b>           | The sum of the present values of all benefits (including residual value, if any) over a specified period, or the life cycle of the asset or facility, divided by the sum of the present value of all costs.   |
| <b>Business Plan</b>                      | A plan produced by an organisation (or business units within it) which translate the objectives contained in an Annual Plan into detailed work plans for a particular, or range of, business activities. Activities may include marketing, development, operations, management, personnel, technology and financial planning.   |
| <b>Capital Expenditure (CAPEX)</b>        | Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential. CAPEX increases the value of an asset.   |
| <b>Condition Monitoring</b>               | Continuous or periodic inspection, assessment, measurement and interpretation of resulting data, to indicate the condition of a specific component so as to determine the need for some preventive or remedial action.  |
| <b>Critical Assets</b>                    | Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.   |
| <b>Current Replacement Cost</b>           | The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern equivalent asset.  |
| <b>Deferred Maintenance</b>               | The shortfall in rehabilitation work required to maintain the service potential of an asset.  |
| <b>Demand Management</b>                  | The active intervention in the market to influence demand for services and assets with forecast consequences, usually to avoid or defer CAPEX expenditure. Demand management is based on the notion that as needs are satisfied expectations rise automatically and almost every action taken to satisfy demand will stimulate further demand.  |
| <b>Depreciated Replacement Cost (DRC)</b> | The replacement cost of an existing asset after deducting an allowance for wear or consumption to reflect the remaining economic life of the existing asset.  |

|  |   |
|--|---|
| <b>Depreciation</b>                        | The wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes. It is accounted for by the allocation of the historical cost (or revalued amount) of the asset less its residual value over its useful life.  |
| <b>Disposal</b>                            | Activities necessary to dispose of decommissioned assets.   |
| <b>Economic Life</b>                       | The period from the acquisition of the asset to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular level of service. The economic life is at the maximum when equal to the physical life however obsolescence will often ensure that the economic life is less than the physical life.   |
| <b>Facility</b>                            | A complex comprising many assets (eg. swimming pool complex, etc.) which represents a single management unit for financial, operational, maintenance or other purposes.   |
| <b>Geographic Information System (GIS)</b> | Software which provides a means of spatially viewing, searching, manipulating, and analysing an electronic database.  |
| <b>Infrastructure Assets</b>               | Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised 'ordinary' assets as components.  |
| <b>I.M.S.</b>                              | Infrastructure Management System - Computer Database.   |
| <b>Level of Service</b>                    | The defined service quality for a particular activity (ie. water) or service area (ie. water quality) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.   |
| <b>Life</b>                                | A measure of the anticipated life of an asset or component; such as time, number of cycles, distance intervals etc.   |
| <b>Life Cycle</b>                          | Life cycle has two meanings: <ul style="list-style-type: none"> <li>• The cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset ie. from planning and design to decommissioning or disposal.</li> <li>• The period of time between a selected date and the last year over which the criteria (eg. costs) relating to a decision or alternative under study will be assessed.</li> </ul> |
| <b>Life Cycle Cost</b>                     | The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.  |
| <b>Life Cycle Maintenance</b>              | All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal.   |
| <b>Long Term Plan (LTP)</b>                | The Long Term Plan (LTP) is the primary strategic document through which Council communicates its intentions over the next 10 years for meeting community service expectations and how it intends to fund this work. The LTP is a key output required of Local Authorities under the Local Government Act 2002.<br><br>The LTP replaces the Long Term Council Community Plan (LTCCP).   |

|   |  |
|---|--|
| <b>Maintenance Plan</b>                         | Collated information, policies and procedures for the optimum maintenance of an asset, or group of assets.   |
| <b>Net Present Value (NPV)</b>                  | Net Present Value – Standard method for evaluating long-term projects in capital budgeting.  |
| <b>Objective</b>                                | An objective is a general statement of intention relating to a specific output or activity. They are generally longer-term aims and are not necessarily outcomes that managers can control.  |
| <b>Operation</b>                                | The active process of utilising an asset which will consume resources such as manpower, energy, chemicals and materials. Operation costs are part of the life cycle costs of an asset.   |
| <b>Optimised Renewal Decision Making (ORDM)</b> | An optimisation process for considering and prioritising all options to rectify performance failures of assets. The process encompasses NPV analysis and risk assessment.  |
| <b>Performance Measure (PM)</b>                 | A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance measures commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.   |
| <b>Performance Monitoring</b>                   | Continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets or standards.   |
| <b>Planned Maintenance</b>                      | Planned maintenance activities fall into 3 categories : <ul style="list-style-type: none"> <li>• Periodic – necessary to ensure the reliability or sustain the design life of an asset.</li> <li>• Predictive – condition monitoring activities used to predict failure.</li> <li>• Preventive – maintenance that can be initiated without routine or continuous checking (eg. using information contained in maintenance manuals or manufacturers’ recommendations) and is not condition-based.</li> </ul>          |
| <b>Recreation</b>                               | Means voluntary non-work activities for the attainment of personal and social benefits, including restoration (recreation) and social cohesion.  |
| <b>Rehabilitation</b>                           | Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally involves repairing the asset using available techniques and standards to deliver its original level of service without resorting to significant upgrading or replacement.  |
| <b>Renewal</b>                                  | Works to upgrade, refurbish, rehabilitate or replace existing facilities with facilities of equivalent capacity or performance capability.   |
| <b>Renewal Accounting</b>                       | A method of infrastructure asset accounting which recognises that infrastructure assets are maintained at an agreed service level through regular planned maintenance, rehabilitation and renewal programmes contained in an AMP. The system as a whole is maintained in perpetuity and therefore does not need to be depreciated. The relevant rehabilitation and renewal costs are treated as operational rather than capital expenditure and any loss in service potential is recognised as deferred maintenance. |

|                                |   |
|--------------------------------|---|
| <b>Repair</b>                  | Action to restore an item to its previous condition after failure or damage.  |
| <b>Replacement</b>             | The complete replacement of an asset that has reached the end of its life, so as to provide a similar, or agreed alternative, level of service.   |
| <b>Remaining Economic Life</b> | The time remaining until an asset ceases to provide service level or economic usefulness.   |
| <b>Risk Cost</b>               | The assessed annual cost or benefit relating to the consequence of an event. Risk cost equals the costs relating to the event multiplied by the probability of the event occurring.   |
| <b>Risk Management</b>         | The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.  |
| <b>Routine Maintenance</b>     | Day to day operational activities to keep the asset operating (replacement of light bulbs, cleaning of drains, repairing leaks, etc.) and which form part of the annual operating budget, including preventative maintenance.   |
| <b>Service Potential</b>       | The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset.  |
| <b>Strategic Plan</b>          | Strategic planning involves making decisions about the long term goals and strategies of an organisation. Strategic plans have a strong external focus, cover major portions of the organisation and identify major targets, actions and resource allocations relating to the long term survival, value and growth of the organisation. |
| <b>Unplanned Maintenance</b>   | Corrective work required in the short term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.  |
| <b>Upgrading</b>               | The replacement of an asset or addition/ replacement of an asset component which materially improves the original service potential of the asset.   |
| <b>Valuation</b>               | Estimated asset value that may depend on the purpose for which the valuation is required, ie. replacement value for determining maintenance levels or market value for life cycle costing.  |

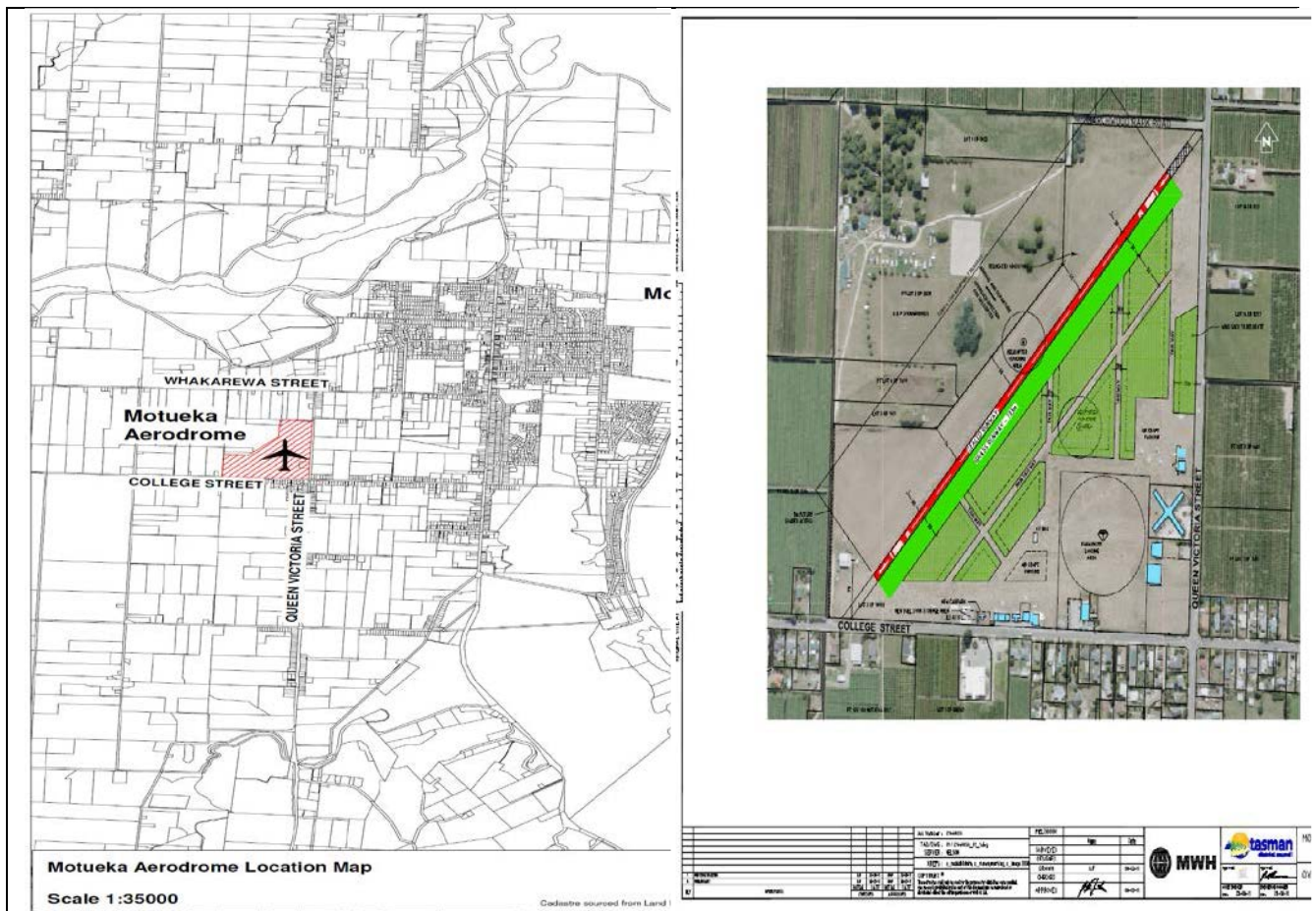
## APPENDIX Y. COMMERCIAL ASSET PLANS

### Y.1 AERODROMES:

This appendix includes the following plans.

| Motueka Aerodrome   | Takaka Aerodrome  |
|---|---|
| <ul style="list-style-type: none"> <li>• Location Map</li> <li>• Site Layout Aerial Drawings</li> <li>• CAA AIP Document</li> </ul> | <ul style="list-style-type: none"> <li>• Location Map</li> <li>• Site Layout Aerial Drawings</li> <li>• CAA AIP Document</li> </ul> |

### Motueka Aerodrome



ELEV 38

**MOTUEKA**

NZMK

**ARRIVAL/DEPARTURE**

UNATTENDED: 127.3

NELSON TOWER: 127.4 123.3

NELSON ATIS: 129.1

**Arrival procedures**

VFR only.

**Departure procedures**

Pre-flight clearance required from Nelson Tower. Outside Nelson hours contact Christchurch Control 123.7 MHz for clearance and traffic information prior to entering IMC or controlled airspace.

Minimum net climb gradient 3.3% (200ft/NM) all departures.

**Take-off RWY 02**

Maintain own terrain clearance by visual reference until clear of the coast.

**02 MIKE DEPARTURE**

*Caution:* Climb gradient higher than 3.3% required to reach published set heading altitude over NS VOR, adjust as required.

Maintain runway centreline to MNM 500ft then turn RIGHT and intercept R293 to NS VOR. Set heading overhead NS VOR at appropriate MNM ALT:

- To SELTA, MEVAX, DUMOT, FOXTN, TR, SIMZI 5600ft
- To HK, WS, KAKET 5800ft
- To ALADA 6100ft
- To WB 6500ft
- To SANDY 6600ft

**02 NOVEMBER DEPARTURE**

Track 020°M to intercept R330 from NS VOR. Continue climb on R330 to MNM 5000ft and then turn to intercept required track.

**Take-off RWY 20**

Maintain own terrain clearance by visual reference until clear of the coast.

**Caution: Terrain rises rapidly on extended centreline.**

**20 MIKE DEPARTURE**

*Caution:* Climb gradient higher than 3.3% required to reach published set heading altitude over NS VOR, adjust as required.

As soon as practicable after take-off turn LEFT to intercept R293 to NS VOR. Set heading overhead NS VOR at appropriate MNM ALT:

- To SELTA, MEVAX, DUMOT, FOXTN, TR, SIMZI 5600ft
- To HK, WS, KAKET 5800ft
- To ALADA 6100ft
- To WB 6500ft
- To SANDY 6600ft

**20 NOVEMBER DEPARTURE**

As soon as practicable after take-off turn LEFT to track 020°M overhead Moutere River mouth (Port Motueka) at MNM 600ft. Maintain track 020°M to intercept R330 from NS VOR. Continue climb on R330 to MNM 5000ft and then turn to intercept required track.

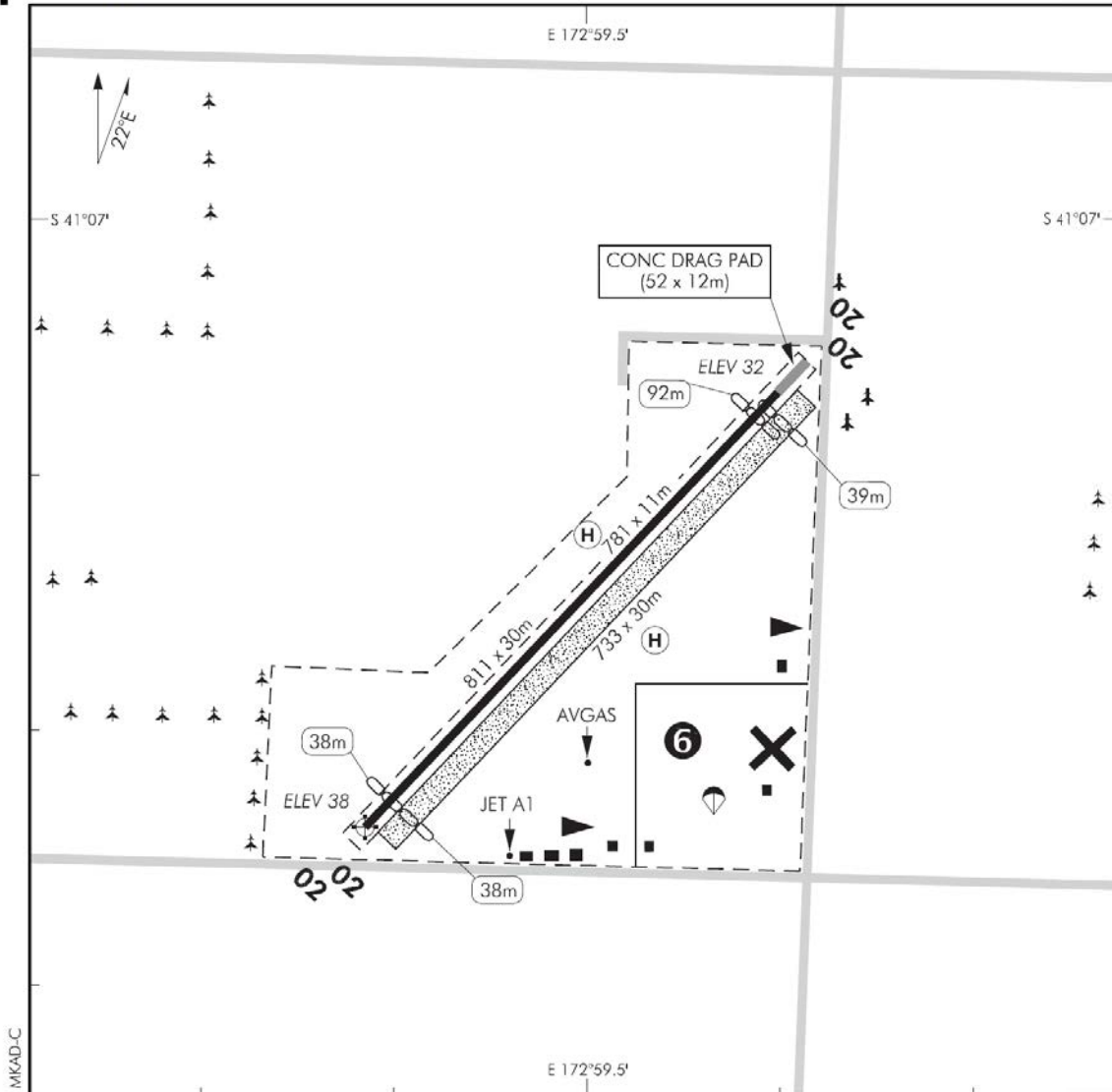
**Effective: 19 NOV 09**

ELEV 38

NZMK

UNATTENDED: 127.3

# MOTUEKA AERODROME



1. Extensive aircraft training occurs in surrounding airspace.
2. Extensive helicopter training may take place from any point on the aerodrome, particularly from the helipads marked by painted tyres.
3. Simultaneous operations on parallel paved and grass runways prohibited.
4. **CAUTION:** High trees on northern end of RWY on approach to RWY 20.
5. Aerodrome closed periodically to all aircraft, other than approved operators, for drag racing — Refer NOTAM.
6. Parachute landing area. Parachute operations daily.
7. **CAUTION:** Significant undulations in grass RWY 02/20.

S 41 07 24 E 172 59 19

**Effective: 19 NOV 09**

© Civil Aviation Authority

# MOTUEKA AERODROME



**MOTUEKA  
OPERATIONAL DATA**

NZMK

**RWY**

| RWY      | SFC | Strength     | Gp | Slope          | ASDA | Take-off distance |      |      | LDG DIST   |
|----------|-----|--------------|----|----------------|------|-------------------|------|------|------------|
|          |     |              |    |                |      | 1:20              | 1:30 | 1:40 |            |
| 02<br>20 | B   | ESWL<br>1020 | 5  | 0.22D<br>0.22U | 781  | 689<br>743        |      |      | 743<br>689 |
| 02<br>20 | Gr  | TBA          | 5  | 0.22D<br>0.22U | 733  | 694<br>695        |      |      | 695<br>694 |

**MINIMA**

| IFR Take-off |            |       |
|--------------|------------|-------|
| RWY          | Day        | Night |
| 02/20        | 600 – 3000 | NA    |

**LIGHTING**

Nil

**FACILITIES**

Fuel: Avgas, Jet A1, Swipecard — opposite Aero Club — Shell only

Permanent tie-downs available.

**SUPPLEMENTARY**

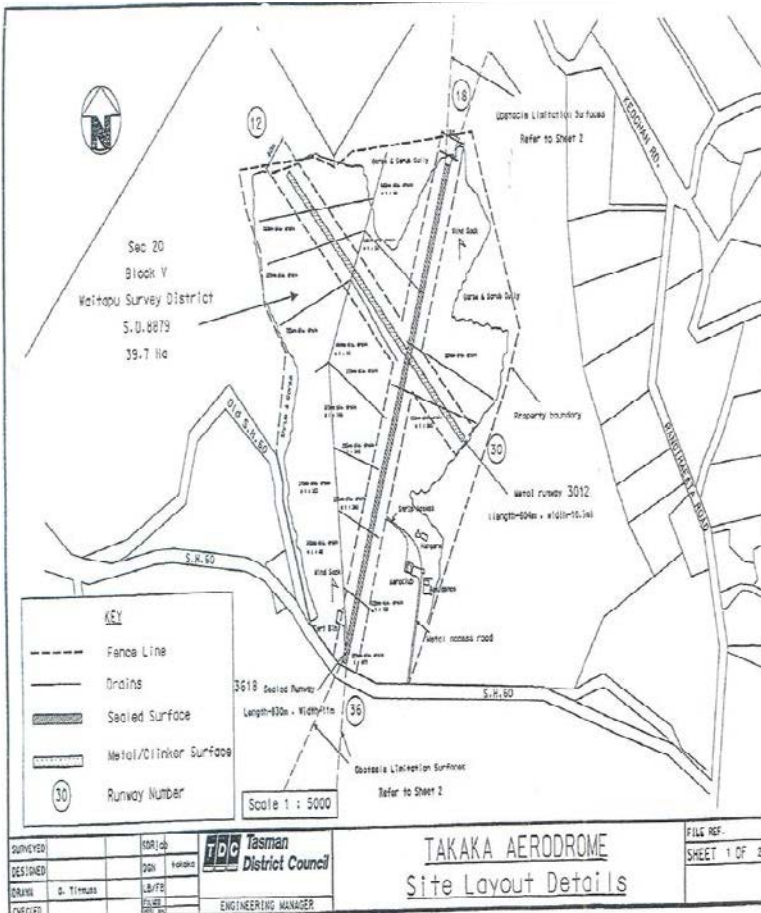
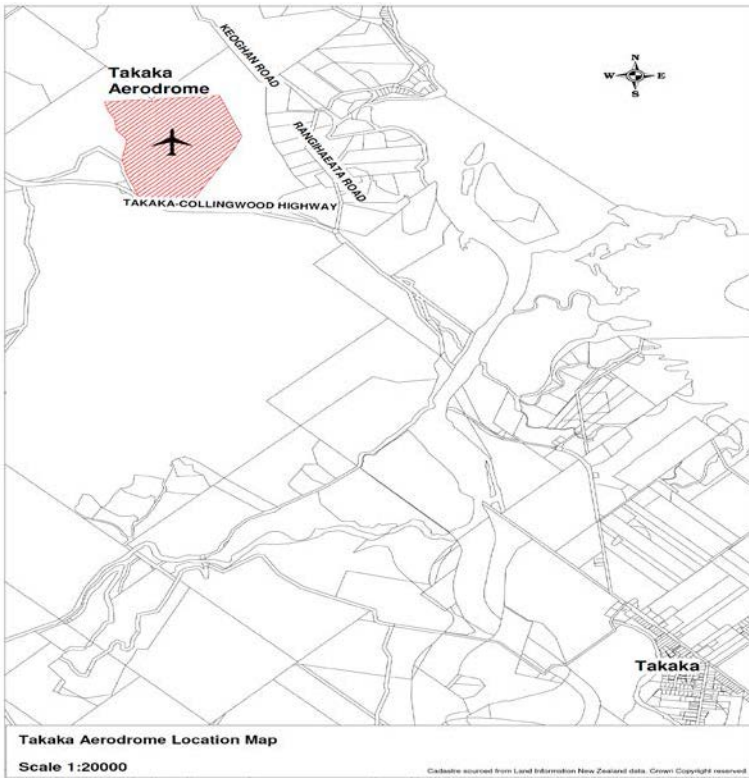
Operator: Tasman District Council, PO Box 123, Motueka  
Tel (03) 528 2022 or (03) 543 8400 Fax (03) 528 9751

Available for general use.

Landing fees payable in honesty box located on hangar next to Motueka aero club.

**Effective: 6 JUL 06**

## Takaka Aerodrome





ELEV 100

CAT A,B

**TAKAKA**

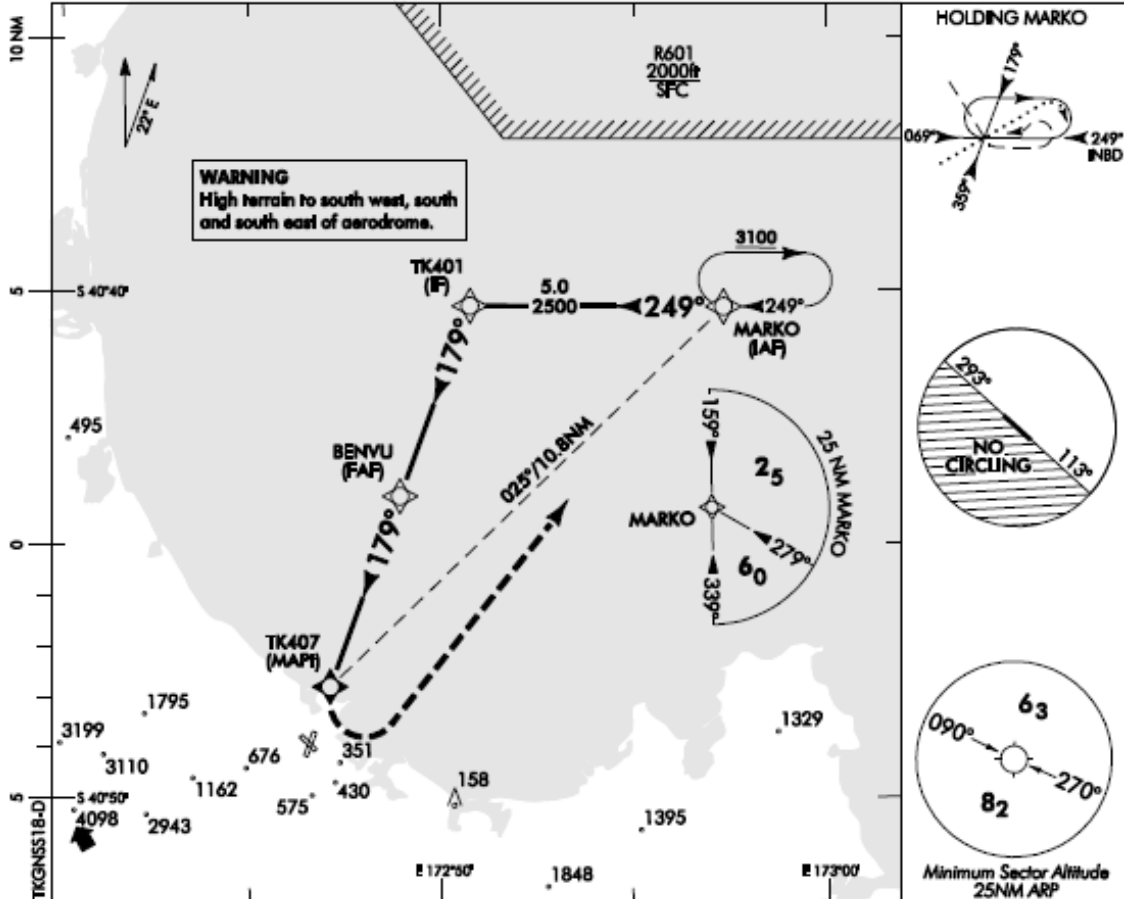
RWY 18 THR ELEV 75

**RNAV (GNSS) RWY 18**

NELSON TOWER: 127.4 123.3

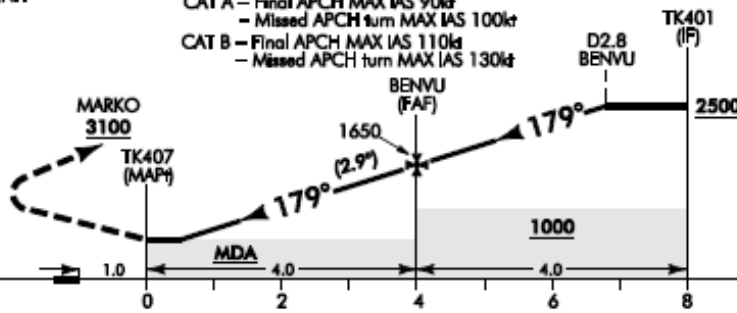
NELSON ATIS: 129.1

UNATTENDED: 119.1



Use Takaka QNH

- CAT A - Final APCH MAX IAS 90kt
- Missed APCH turn MAX IAS 100kt
- CAT B - Final APCH MAX IAS 110kt
- Missed APCH turn MAX IAS 130kt



**MISSED APCH:** Turn LEFT direct to MARKO 3100

|                      |                  |     |                  |      |      |       |      |      |      |       |
|----------------------|------------------|-----|------------------|------|------|-------|------|------|------|-------|
| DISTANCE to WPT      | TK407            | 0.5 | 1                | 2    | 3    | BENYU | 1    | 2    | 3    | TK401 |
| Advisory Altitude 5% | MDA              | MDA | 750              | 1050 | 1350 | 1650  | 1950 | 2250 | 2550 | 2850  |
| Category             | A                |     | B                |      |      | C     |      | D    |      |       |
| LNAV                 | D580(505) - 2000 |     | D800(725) - 2500 |      |      | NA    |      |      |      |       |
| Circling *           | D770(670) - 2000 |     | D900(800) - 2800 |      |      |       |      |      |      |       |

\* Circling NA south west of RWY 11/29

Changes from 2 JUN 11: IF18, FF18 and MA18 renamed.

**Effective: 28 JUL 11**

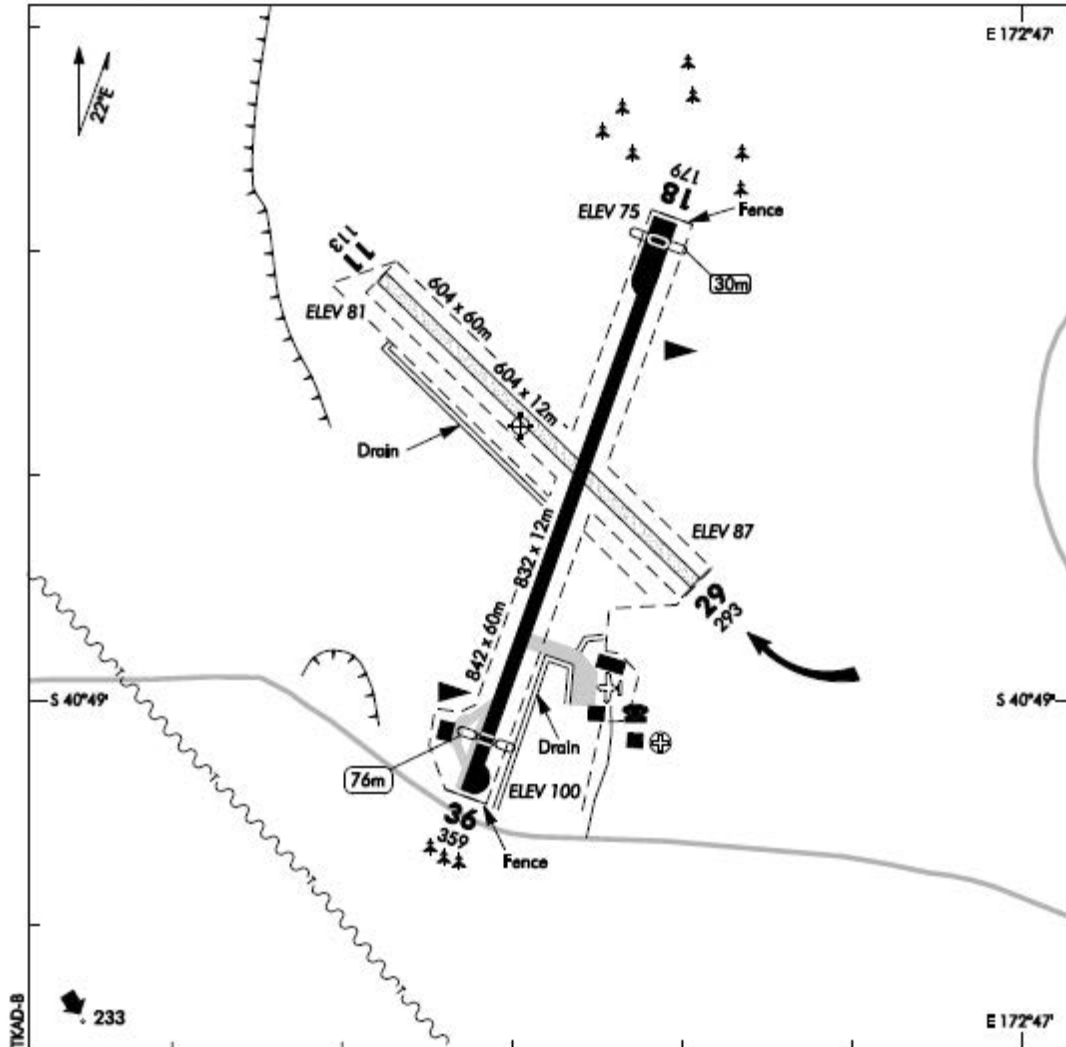
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**TAKAKA**  
**RNAV (GNSS) RWY 18**

ELEV 100  
NZTK  
UNATTENDED: 119.1

NON-CERTIFICATED

**TAKAKA  
AERODROME**



1. Grass areas unusable, movements restricted to paved or gravel runway and taxiway only.
2. **CAUTION:** Runways slippery in frosty conditions. Outer edges of strips unusable. Severe turbulence can be experienced on take-off RWY 18 in S and SW wind conditions.
3. **CAUTION:** Trees just south of road on short final to RWY 36.

S 40 48 48 E 172 46 31\*

**Effective: 23 SEP 10**

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**TAKAKA  
AERODROME**

**RWY**

| RWY      | SFC  | Strength     | Gp     | Slope          | ASDA | Take-off distance |      |      | LDG DIST |
|----------|------|--------------|--------|----------------|------|-------------------|------|------|----------|
|          |      |              |        |                |      | 1:20              | 1:30 | 1:40 |          |
| 11<br>29 | GRVL | ESWL<br>1000 | 4      | 0.33U<br>0.33D | 604  | 604               |      |      | 604      |
| 18<br>18 | B    | ESWL<br>3000 | 5<br>7 | 0.94U          | 832  | 756               |      |      | 802      |
| 36<br>36 | B    | ESWL<br>3000 | 7<br>5 | 0.94D          | 832  | 802               |      |      | 756      |

**LIGHTING**

Nil

**FACILITIES**

Nil

**SUPPLEMENTARY**

Operator: Takaka Aerodrome Management Committee, PO Box 151, Takaka.  
Tel (03) 525 9187

Available for general use without the permission of the operator.

Fees payable.


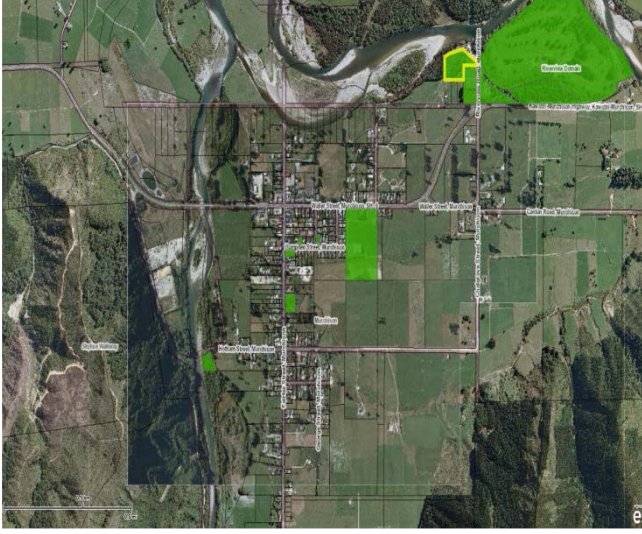
**Effective: 23 SEP 10**

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**TAKAKA**  
**OPERATIONAL DATA**

**Y.2 CAMPGROUNDS:**

We have attached Aerial plans showing locations of campgrounds to nearest township. The parks are highlighted in green with a yellow edge signifying Reserve status and specific sites. Camp site plans are listed within Appendix B of this AMP.

|   |  |
|---|--|
| Collingwood Motor Camp  | Motueka Top 10 Holiday Park  |
|   |   |
| Murchison Campground  | Pohara Top 10 Holiday Park   |
|  |  |

**Y.3 COMMERCIAL PROPERTY:**

We have attached Aerial plans showing locations of the property. The parks are highlighted in green with a yellow edge signifying Reserve status and specific sites. Camp site plans are listed within Appendix B of this AMP.

**11 & 13 Fittal Street, Richmond**

11 highlighted in green has buildings (leased). 13 highlighted in pink (bare land not leased).



**Aranui Road and Tahī Street**

Mapua bare land ex remediation of site highlighted in pink.



**6-8 Aranui Road, Mapua Wharf Precinct**

Mapua precinct site highlighted in light green.



**Port Motueka Land**

Port Motueka Land sites highlighted in pink.

Green area's are Reserves vested in Council.





**183 Queen Street, Richmond**

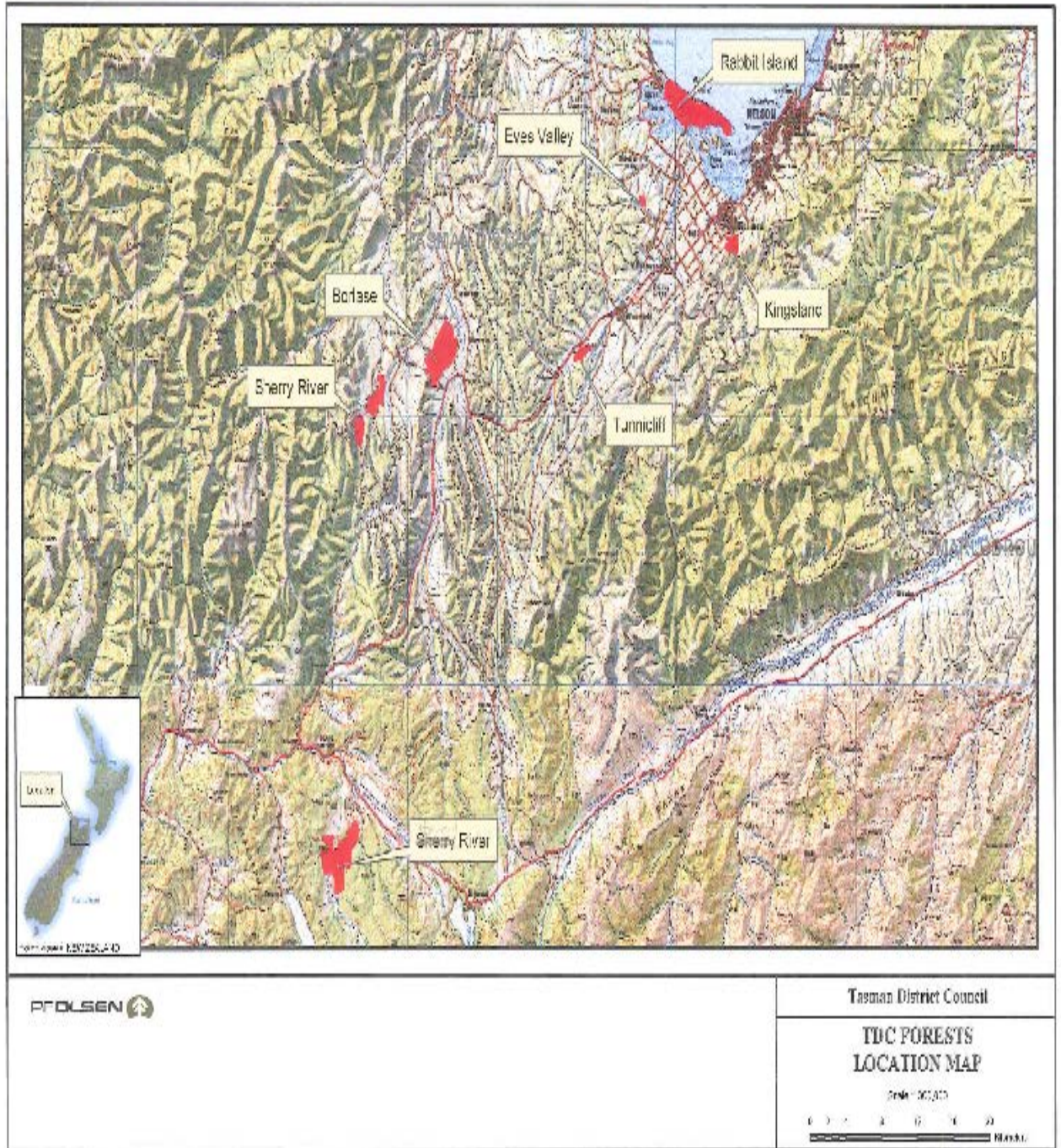
Site currently leased as Armadillos Restaurant and Bar highlighted in Pink. Strategically important to Council given it is neighbouring site of Richmond Council offices and available should any expansion needs arise.



As this is a new AMP, we are continuing to develop this AMP to include all latest as built commercial plans.

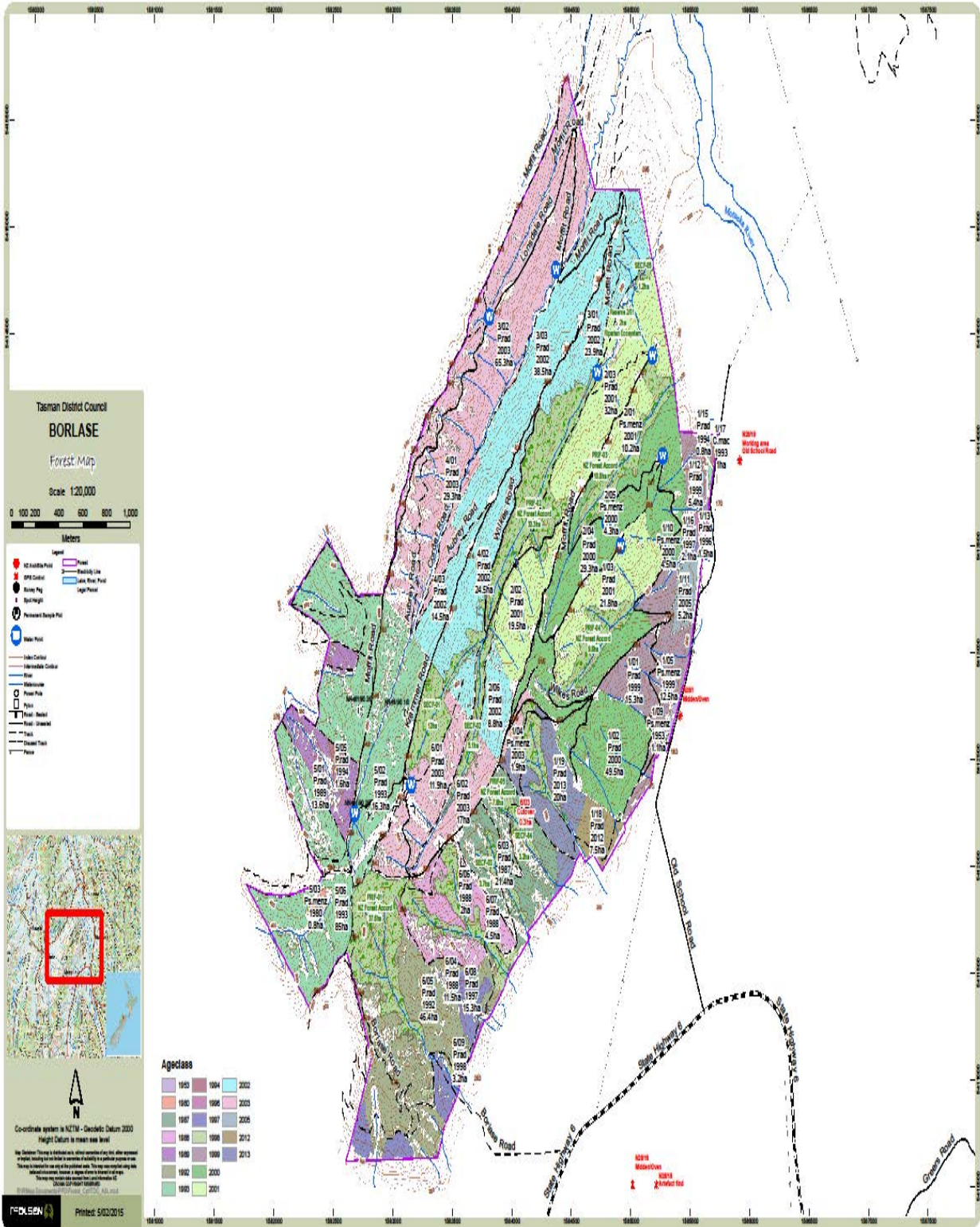
**Y.4 FORESTRY:**

We list below a high level location of all the Forestry sites for TDC region – noted in red.



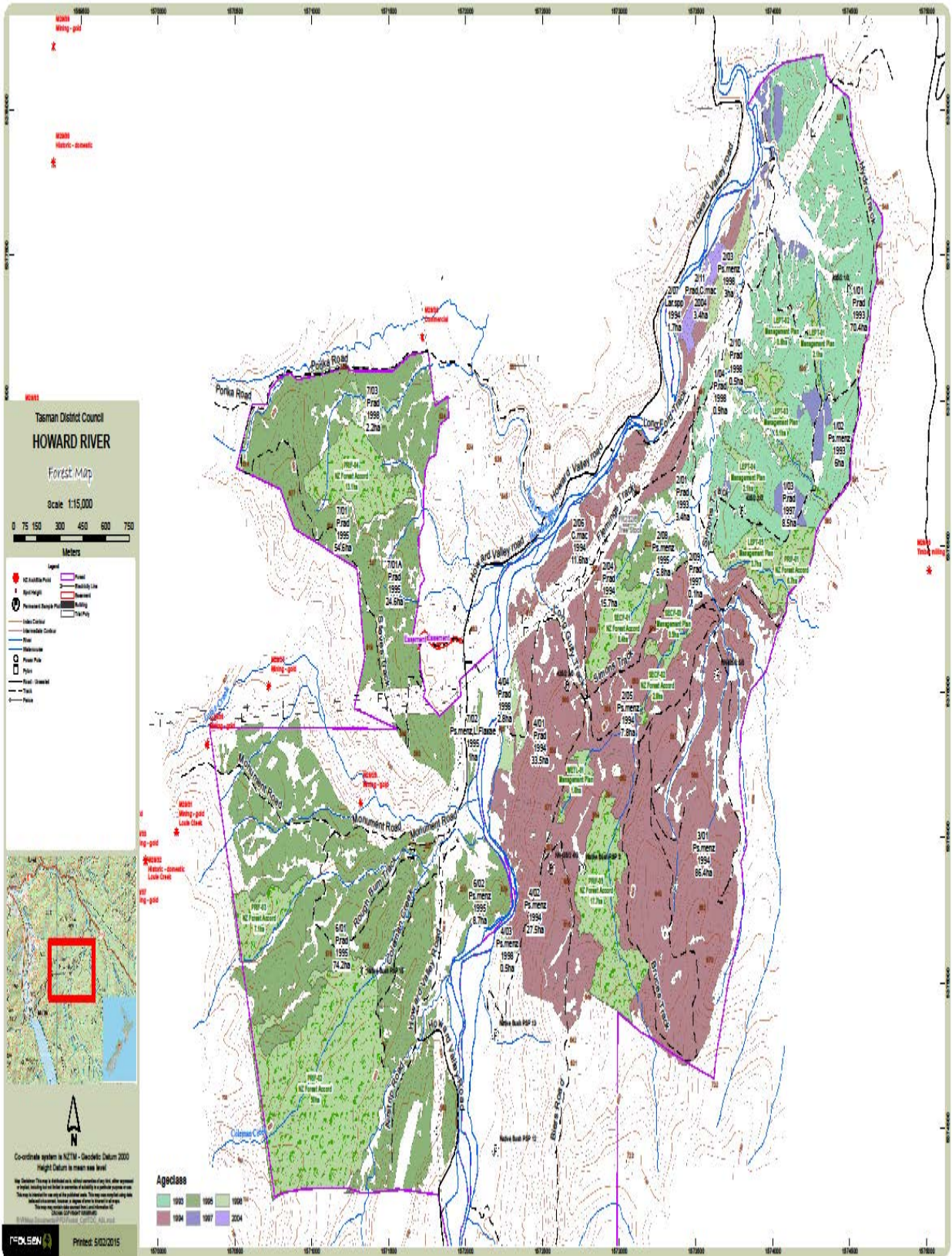
Individual Forest site maps are listed below for each forest They contain aged plantings and varietal types. There are no improvements on the sites and therefore no commercial plans.

Y.4.1. Borlase:

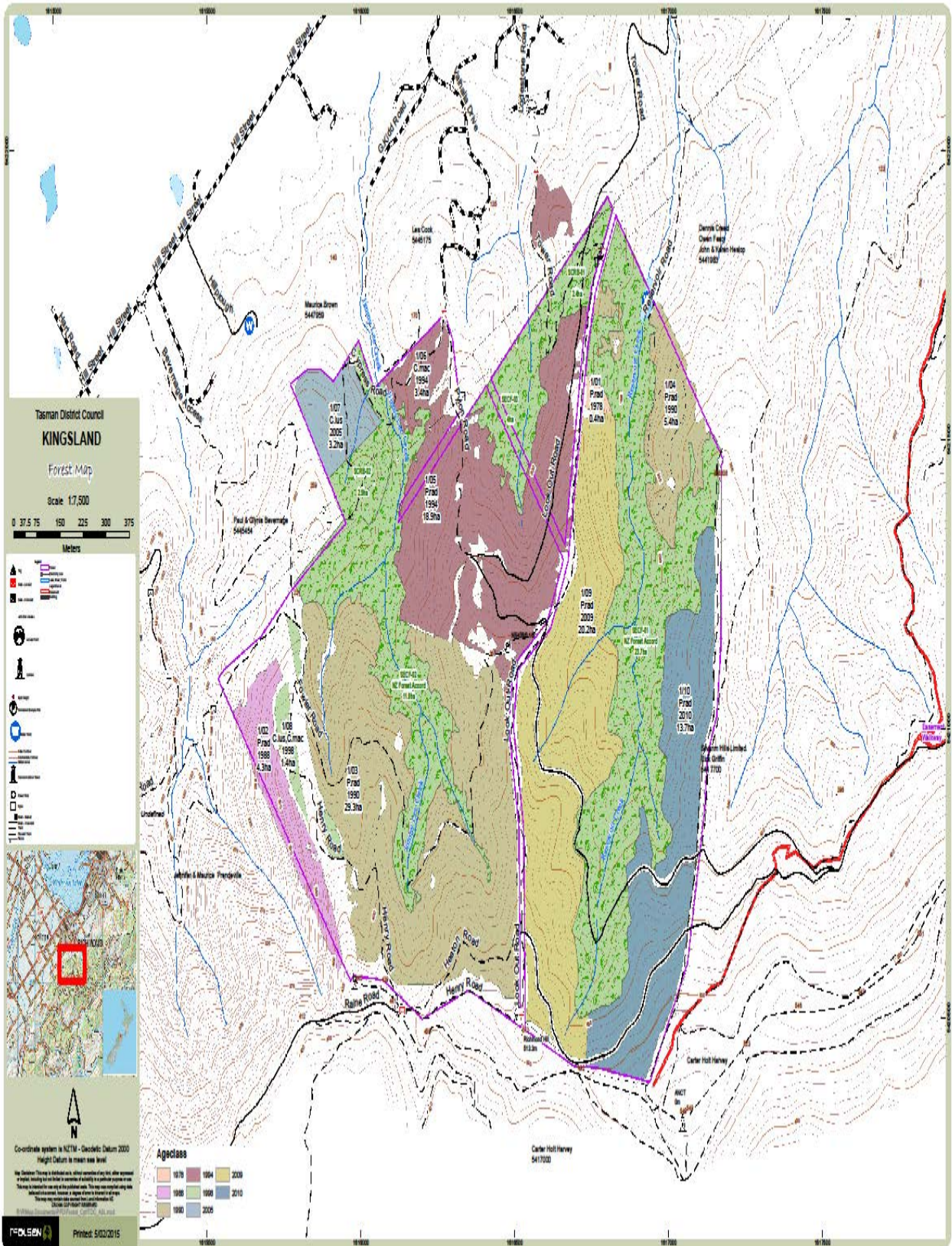




Y.4.3. Howard:



Y.4.4. Kingsland:





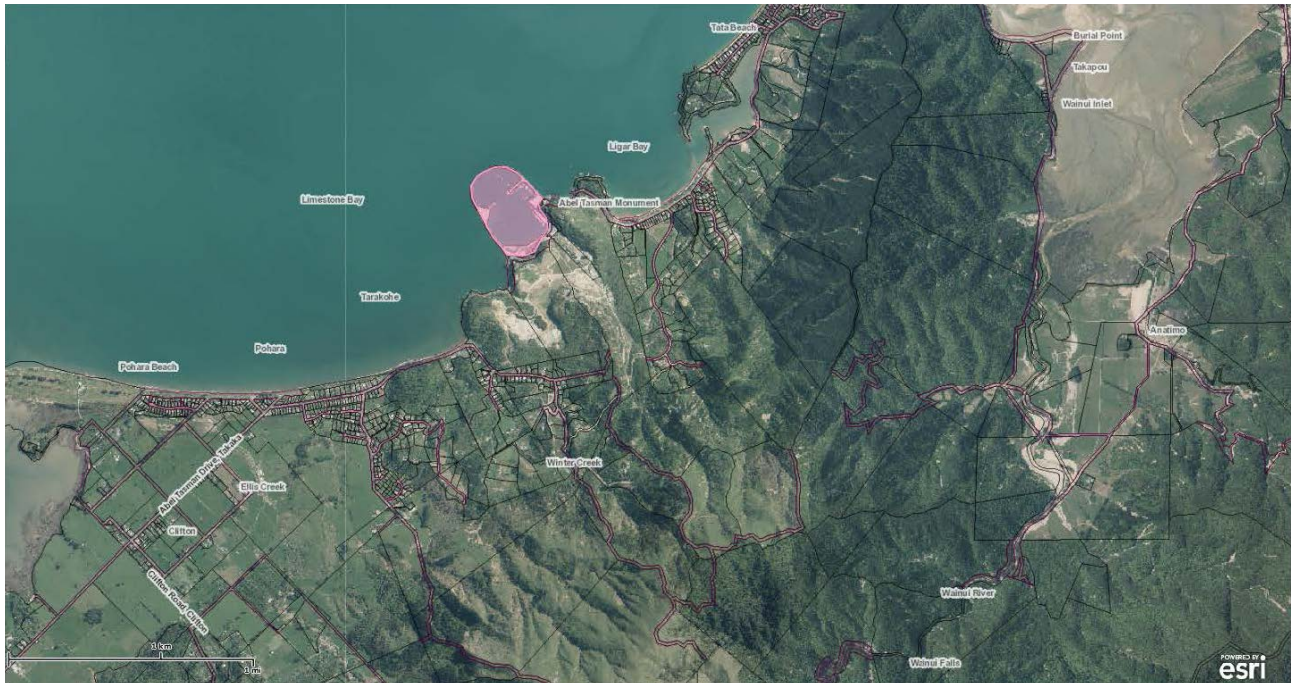






## Y.5 PORT TARAKOHE:

Port Tarakohe is highlighted in Pink below, situated at the Southern end of Golden Bay, between Ligar Bay and Pohara. A numerous Port graphics are included in this document, including front end summary, Appendices B and AA. Refer to these for further graphics.



## **APPENDIX Z. GEOLOGICAL ASSESSMENT OF PORT TARA KOHE**

### **Z.1 Onshore Geology**

The onshore geology in the vicinity of Port Tarakohe has been mapped by Geological and Nuclear Sciences (GNS) and is illustrated in geology maps published in 1971 and 1998 (Refs 1 and 2). A plan showing the exposed geology in the vicinity of the Port is attached.

The sea cliffs east of the Port are comprised of sandy limestone of the Takaka Limestone Formation. The limestone formation is generally a well bedded (flaggy), strong rock, forming vertical cliff faces up to 30 metres in height. Large limestone blocks that have fallen from the cliffs are scattered along the coast.

Silica sands of the Motupipi Coal Measures Formation are exposed alongside Abel Tasman Drive at the base of the seacliffs at Stairs Bay, immediately to the south of the Port. In the Port area, carbonaceous mudstone and impure coal of the Motupipi Coal Measures Formation is exposed at low tide below the historic limestone block wall located at the southeast end of the existing concrete wharf.

Calcareous siltstone and mudstone of the Tarakohe Mudstone Formation is exposed in the quarry southeast of the Port, and overlies the Takaka Limestone Formation.

Fill has been placed to the east of the wharf area and at the southern Port area in the vicinity of the Boat Club. The fill is predominantly limestone rubble material sourced from the quarry area. The fill is non-engineered and variable in nature.

No faults have been recognised or mapped in the area of the Port. The Pikikiruna Fault is mapped (by GNS) as being located approximately 1 km southeast of the Port. This fault is not recognised as an active fault in the GNS Active Faults Database.

### **Z.2 Geology of the Harbour Bed**

Boreholes were drilled in the Port area in 1976 and 1997 and reveal information about the geology beneath the seabed in the harbour.

Shallow jet probe holes were bored to a depth of approximately 3 m below the seabed during investigations carried out for dredging the harbour in 1976, and for planning the existing marina development in 1997. These jet probe holes revealed that the marine sediments on the harbour bottom comprise marine muds, silts, sands and scattered shell material. The investigations indicated these materials would be dredgable to the proposed dredging depth of 4.75 m below chart datum (approximate level of lowest astronomical tide).

Rotary core drilling was carried out in the Port in 1976. Fourteen boreholes were drilled to a maximum depth of 33 m with some boreholes having been drilled from a barge. These boreholes proved the existence of dense to very dense clayey silica sands, carbonaceous mudstone and fireclay of the Motupipi Coal Measures Formation (MCMF) underlying the younger marine sediments beneath the harbour. The contact between the base of the marine sediments and the MCMF is gently inclined towards the west. At the southeast end of the existing wharf the depth to the dense MCMF is 2.5 m below chart datum, whilst at the south-western inner mole the MCMF is 17.3 m below chart datum.

### **Z.3 Ground Conditions for Dredging and Piling**

Dredging was carried out to deepen the harbour in 1979 using a cutter suction dredge, a trailer suction dredge and a grab dredge. The entrance channel was dredged to 4 m below chart datum and the area in front of the concrete wharf was dredged to a maximum depth of 7 m below chart datum. The majority of the dredging was able to be carried out by the cutter suction dredge in soft sediments, however dense sediments of MCMF, which were encountered beside the wharf, had to be blasted before dredging.

Piling for the concrete wharf (1977) and the existing marina (2003) was successfully carried out using driven piles (both steel and concrete piles). The piles for the wharf have penetrated the marine sediments to seat within MCMF and these favourable foundation conditions meant that piles for the wharf did not have to be as long as originally intended.

At the marina, 14m steel piles penetrated approximately 6m into the seabed. Only one pile encountered difficulties with a limestone block ("floater") and the solution to the problem was to shift the pile position to avoid the rock.

#### **Z.4 Seismic Risks**

The 1929 Murchison Earthquake resulted in significant damage in the Tarakohe area including rockfall which killed a worker at the Cement Works power station (Ref. 3). Toppling failures from the limestone cliffs resulted in large limestone blocks falling into the sea and also blocking Abel Tasman Drive to the north and south of the Port. The earthquake also resulted in the tilting of large limestone blocks to form the road tunnel at Tarakohe.

The 1968 Inangahua Earthquake resulted in only minor rockfall at Tarakohe.

Potential seismic risks include rockfall, liquefaction, settlement, lateral spreading and tsunamis. These impacts are only likely in a large earthquake ie. an average recurrence interval of approximately 100 years.

#### **Z.5 Geotechnical Risks**

Geotechnical risks relevant to the existing assets at Port Tarakohe include:

- Rockfall from cliffs damaging buildings or structures.
- Settlement, liquefaction or lateral spreading affecting fill areas or the soft sediments beneath the breakwaters.
- Non-engineered fill in the Port area results in variable founding conditions for buildings or structures.
- Limestone rubble material with appreciable fines content used in bund material in the breakwaters may be susceptible to washing out of fines that could lead to localised settlement.
- Limestone used as breakwater armour rock may be susceptible to long term dissolution and weakening.

#### **Z.6 Recommendations**

- Facilities, buildings or structures should not be sited with the fall zone of the cliffs eg. existing fuel tanks
- The geotechnical risks listed should be considered in the Asset Management Plan for the Port.

#### **Z.7 References**

- Grindley, G.W., S8 Takaka (1st Edition) "Geological Map of New Zealand" 1: 63,360, D.S.I.R., Wellington, New Zealand, 1971.
- Geology of the Nelson area, Institute of Geological and Nuclear Sciences 1: 250,000 Geological Map 9, 1998. Smith, J.H., 1988: "Tarakohe, Golden Bay Cement Works 1908 – 1988, A Century of Facts & Figures, Reports & Reminiscences".
- Evans, G.L., 1976: "Golden Bay Cement Group Sub Surface Investigations – Tarakohe".
- Morris and Wilson, 1977: Sub Soil Investigation, Appendix C.3, report prepared for the Golden Bay Cement Company Limited.

#### **Z.8 Attachments:**

Port Golden Bay geology plan.

**Port Golden Bay  
Geology  
August 2009**

Z0888110



**Legend**

-  Fill
-  Armoured Rock
-  Valley Alluvium
-  Tarakohe Mudstone
-  Takaka Limestone
-  Motupipi Coal Measures



Ellen Sand (Motupipi Coal Measures)

## APPENDIX AA. AMP STATUS AND DEVELOPMENT PROCESS - COMMERCIAL ASSETS

### AA.1 AMP Status

| Version | Status   | Document Approval   | Signature  | Date     |
|---------|--|---|--|----------|
| 1       | Draft for Council Review                                   | Name: Gene Cooper<br>Authority: Commercial and Asset Manager        |  | Feb 2015 |
| 2       | Draft available for Public access through the LTP process. | Name: Mike Drummond<br>Authority: Corporate Services Manager        |  | Feb 2015 |
| 3       | Final Plan Adopted by Council<br>Council Resolution        | Name: Richard Kempthorne<br>Authority: Mayor<br>Reference:<br>_____ |  |          |

### AA.2 AMP Development Process:

Project Sponsor: Mike Drummond  
 Asset Manager: Gene Cooper  
 AMP Author: Gene Cooper

### AA.3 Quality Requirements and Issues:

|   | Issues and Requirements           | Description   |
|---|-----------------------------------|---|
| 1 | Fitness for Purpose               | The AMP has to be "fit for purpose". It has to comply with Audit NZ expectations of what an AMP should be to provide them the confidence that the Council is adequately managing the Council activities.  |
| 2 | AMP Document Consistency          | Council want a high level of consistency between AMPs so that a reader can comfortably switch between plans.  |
| 3 | AMP Document Format               | The documents need to be prepared to a consistent and robust format so that the electronic documents are not corrupted (as happens to large documents that have been put together with a lot of cutting and pasting) and can be made available digitally over the internet. |
| 4 | AMP Text Accuracy and Currentness | The AMPs are large and include a lot of detail. Errors or outdated statements reduce confidence in the document. The AMPs need to be updated to current information and statistics.   |

|    | Issues and Requirements                                | Description   |
|----|--|---|
| 5  | AMP Readability  | The AMPs in their current form have duplication – where text is repeated in the “front” section and the Appendices. This needs to be rationalised so that the front section is slim and readable and the Appendix contains the detail without unnecessary duplication.                            |
| 6  | Completeness of Required Upgrades/Expenditure Elements | The capital expenditure forecasts and the operations and maintenance forecasts need to be complete. All projects and cost elements need to be included.   |
| 7  | Accuracy of Cost Estimates                             | Cost estimates need to be as accurate as the data and present knowledge allows, consistently prepared and decisions made about timing of implementation, drivers for the project and level of accuracy the estimate is prepared to.   |
| 8  | Correctness of Spreadsheet Templates                   | The templates prepared for use need to be correct and fit for purpose.  |
| 9  | Assumptions and Uncertainties                          | Assumptions and uncertainties need to be explicitly stated on the estimates.  |
| 10 | Changes Made After Submission to Financial Model       | If Council makes decisions on expenditure after they have been submitted into the financial model, the implications of the decisions must be reflected in the financial information and other relevant places in the AMP – eg. levels of service and performance measures, improvement plans etc. |
| 11 | Improvement Plan Adequate                              | Improvements identified, costed, planned and financially provided for in financial forecasts.   |











**Quality Assurance:**

|    | Issues and Requirements                                | Quality Assurance Approach  | Responsible Person   |
|----|--|---|----------------------|
| 1  | Fitness for Purpose                                    | Conduct various reviews of critical elements up front and plan to upgrade the plans to specific requirements: <ol style="list-style-type: none"> <li>1. Scoping of AMP Upgrade Project</li> <li>2. Review of Levels of Service</li> <li>3. Review of Document Upgrade Needs.</li> </ol> | Mike Drummond        |
|    |  | Conduct a Peer Review.  | Waugh Infrastructure |
| 2  | AMP Document Consistency                               | Review documents in advance and prepare instructions to authors on how to upgrade.  | Gene Cooper          |
| 3  | AMP Document Format                                    | Central review of AMP document deliverables.  | Gene Cooper          |
| 4  | AMP Readability  |   |                      |
| 5  | AMP Text Accuracy and Currentness                      | Authors to review each AMP in detail.   | Gene Cooper          |
| 6  | Completeness of Required Upgrades/Expenditure Elements | AMP authors to workshop with relevant project team members to ensure all projects/cost elements covered.  | Gene Cooper          |
| 7  | Accuracy of Cost Estimates                             | Review of all cost estimates.   | Gene Cooper          |
| 8  | Assumptions and Uncertainties and Risk Assessments     | Review assumption and variables.  | Gene Cooper          |
| 9  | Changes after submission of financial model.           | Ensure there is a place in the AMP documents to record any changes made and the implications of changes.  | Gene Cooper          |
|    |  | AMP authors to manage a change log for changes after submission.  | Gene Cooper          |
| 10 | Improvement Plan Adequate                              | Review improvement plan ensuring consistent approach.   | Gene Cooper          |



**Quality Control:**

Quality control checks and reviews are scheduled as required.

| Check or Review   | Person Responsible | Authority                  | Signature   | Date       |
|---|--------------------|----------------------------|---|------------|
| Levels of Service Asset Manager acceptance  | Gene Cooper        | Asset Manager              |    | Jan 2015   |
| AMP document prepared   | Gene Cooper        | Asset Manager              |    | Jan 2015   |
| Capital and Renewal upgrade List complete - Asset Manager acceptance  | Gene Cooper        | Asset Manager              |    | Jan 2015   |
| All Capex estimates reviewed and including assessment of Programme, Project Drivers, Levels of Accuracy and assumptions/uncertainty | Gene Cooper        | Asset Manager              |    | Jan 2015   |
| Opex cost forecast review   | Mike Drummond      | Corporate Services Manager |    | Jan 2015   |
| Improvement Plan Asset Manager acceptance   | Gene Cooper        | Asset Manager              |  | Jan 2015   |
| Capital Forecast accepted for input to NCS  | Gene Cooper        | Asset Manager              |  | Jan 2015   |
| Change log complete and changes appropriately dealt with – after Council review   | Gene Cooper        | Asset Manager              |  | Feb 2015   |
| Change log complete and changes appropriately dealt with – after Public consultation  | Gene Cooper        | Asset Manager              |  | April 2015 |
| Peer Review completed   | Mike Drummond      | Corporate Services Manager |  | July 2015  |

APPENDIX BB. RABBIT ISLAND - WAIMEA COUNTY COUNCIL EMPOWERING ACT  
1979

31760

WAIMEA COUNTY COUNCIL EMPOWERING  
ACT 1979

1979 No 6 (Local)

An Act to authorise the Waimea County Council to expend the proceeds of afforestation activities on certain reserve land and to validate certain earlier expenditure

[7 September 1979]

**CONTENTS**  
**(List of Sections)**

1. Short Title
2. Validation
3. Application of part of profit for recreational purposes
4. Application of balance of profit-

SCHEDULE  
NELSON LAND DISTRICT—WAIMEA COUNTY

WHEREAS the Waimea County Council (hereinafter called the Council) is the administering body within the meaning of that expression as used in the Reserves Act 1977 of the reserves described in the Schedule to this Act: And whereas parts of the said reserves are, by virtue of sections 114 and 115 of the Reserves and Other Lands Disposal and Public Bodies Empowering Act 1920 and Orders in Council published in the *Gazette* on the 25th day of August 1921, vested in the Council in trust for plantation purposes subject to certain conditions contained in the said Orders in Council: And whereas pursuant to such conditions and with the approval of the Commissioner of Crown Lands and the New Zealand Forest Service the Council has planted trees and carried out a programme of afforestation of the said land and has derived revenue therefrom: And whereas with the approval of the Minister of Lands the net profit from such activities has been used as to 10 percent thereof for the purposes of maintenance and improvement of the said reserves for recreational purposes: And

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Current Query: [Headings Legislation Title,waimea county council empowering act 1979]  
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whereas the balance of the net profit has been paid into the general funds of the Council and used for the general purposes of the Council: And whereas doubts have arisen as to the continued legality of such use of revenue under the terms of the Reserves Act 1977: And whereas it is desired to validate any expenditures previously made and to authorise future disposal of the revenue of the said land:

BE IT THEREFORE ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. Short Title-

This Act may be cited as the Waimea County Council Empowering Act 1979.

2. Validation-

The actions of the Council in applying 10 percent of the net profit of the forestry and associated activities of the Council conducted on the land described in the Schedule to this Act for the purposes of maintenance and improvement of the reserves on that land for recreational purposes, and the payment of the balance of the net profit into the general funds of the Council and the use thereof for the general purposes of the Council are hereby validated and declared to have been lawful.

3. Application of part of profit for recreational purposes-

The Council shall apply 10 percent of the net profit from the sales of forest products and associated activities conducted on the land described in the Schedule to this Act in each financial year, or such greater proportion of it as it considers necessary, for the purposes of the adequate maintenance and improvement of the reserves on that land for recreational purposes, or for the purposes set out in section 80 of the Reserves Act 1977.

4. Application of balance of profit--

Notwithstanding the provisions of the Reserves Act 1977, in each financial year the Council is hereby authorised to transfer the balance of the net profit left after the expenditure referred to in section 3 of this Act to the general funds of the Council, and to apply that balance for the general purposes of the Council.

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## SCHEDULE

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Current Query: [Headings Legislation Title, waimea county council empowering act 1979]

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NELSON LAND DISTRICT-WAIMEA COUNTY

Islands Nos 3 (Rough), 4 (Birds) and 5 (Rabbit) Waimea Islands District, situated in Blocks II, III, and IV, Moutere Survey District and Blocks I, II, and III, Waimea Survey District, containing 1195.8812 hectares.

**114. Changing purpose of reservation over Rough Island, Nelson Land District—**

Whereas by notice in the *Nelson Provincial Gazette* of the twenty-ninth day of May, eighteen hundred and sixty-nine, the eastern portion of the land known as Rough Island, in the Land District of Nelson, containing two hundred and thirty acres, more or less, was permanently reserved for gravel purposes: And whereas by a notice published in the *Gazette* of the thirtieth day of June, eighteen hundred and seventy-six, the western portion of the said island was permanently reserved for the purposes of public utility: And whereas it is deemed expedient to change the said purposes of reservation so that the said island may be used for plantation purposes: Be it therefore enacted as follows:—

- (1) The reservation for the purposes aforesaid over the land hereinafter described is hereby cancelled, and the said land is hereby declared to be permanently reserved for plantation purposes.
- (2) The Governor-General is hereby empowered to vest the land hereinafter described in the Corporation of the County of Waimea in trust for plantation purposes, subject to such terms and conditions as he thinks fit.

- (3) The land to which this section relates is particularly described as follows:—

All that area in the Nelson Land District, containing three hundred and fifty acres, more or less, being island numbered 3, Waimea East District, and known as Rough Island.

**115. Changing purpose of reservation over part of Rabbit Island, Nelson Land District—**

Whereas by Warrant published in the *Gazette* of the twenty-second day of September, nineteen hundred and nine, the land known as Rabbit Island in the Land District of Nelson, containing two thousand six hundred acres, more or less, situated in Tasman Bay, between the eastern and western outlets of the Waimea River, was appropriated for a public recreation-ground: And whereas by Order in Council published in the *Gazette* of the third day of March, nineteen hundred and ten, the said land was declared to be subject to the provisions of Part II of the Public Reserves and Domains Act 1908, as the Rabbit Island Domain: And whereas it is deemed expedient to change the purpose of the reservation over that portion of the said land hereinafter described so that it may be used for plantation purposes: Be it therefore enacted as follows:—

- (1) The reservation for recreation purposes over the land hereinafter described is

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[Headings Legislation Title, reserves and other lands disposal and public bodies empowering act 1920]114

Annotated to 2001 No 16 and SR 2001/80 (5/2001)

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hereby cancelled, and the said land is hereby declared to be permanently reserved for plantation purposes.

(2) The Governor-General is hereby empowered to vest the land hereinafter described in the Corporation of the County of Waimea in trust for plantation purposes, subject to such terms and conditions as he thinks fit.

(3) The land to which this section relates is particularly described as follows:—

All that area in the Nelson Land District being island No 5, Waimea East District, known as Rabbit Island, excepting therefrom the portions containing by estimation three hundred and fifty-five acres, more or less, described hereunder.

All that area bounded towards the south-west by a line fifteen chains long, and fifteen chains distant from and parallel to high-water mark, the centre of the said line being the centre of the track which crosses the island in a north-easterly direction from a point opposite to the north-east corner of Rough Island; towards the north-west by a line at right angles to the south-west boundary and 750 links from the centre thereof; towards the north-east by high-water mark; and towards the south-east by a line fifteen chains distant from and parallel to the north-west boundary: also all that area being a strip of land lying 250 links on each side of the centre of the before-mentioned track—bounded towards the southern end by high-water mark, and towards the northern end by the portion of the island firstly described above: also all that area being a strip of land five chains wide, starting from a point on the southern shore of the island, the said point being about twenty-five chains in a south-easterly direction from the south-west corner thereof, and thence following along high-water mark in a generally north-western, northerly, and south-easterly direction till it reaches the area firstly described above: also all that area being a strip of land five chains wide, starting from a point on the southern shore of the island, the said point being about fourteen chains in a north-westerly direction from the south-east corner thereof, and thence following along high-water mark in a generally south-easterly, north-easterly, and north-westerly direction till it reaches the area firstly described above: be all the aforesaid dimensions more or less: as the said excepted portions are delineated on the plan marked L and S 1/371, deposited in the Head Office, Department of Lands and Survey, at Wellington, and thereon bordered red.

#### **Editorial Note**

The Public Reserves and Domains Act 1908 (1908 No 156) was repealed, as from 1 April 1929, by s 103 Public Reserves, Domains, and National Parks Act 1928 (1928 No 36). That Act was in turn repealed, as from 1 April 1954, by s 107(1) Reserves and Domains Act 1953 (1953 No 69). That Act was in turn repealed, as from 1 April

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[Headings Legislation Title, reserves and other lands disposal and public bodies empowering act 1920]114

Annotated to 2001 No 16 and SR 2001/80 (5/2001)

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