

CHAIRS REPORT

TO: Council Enterprise Sub Committee
FROM: Cr Michael Higgins
DATE: 26 January 2009
SUBJECT: Chair's report

The TDC Enterprise Committee has entered 2009 in a better trading environment than could have been expected, given economic uncertainties in the world today. All of our activities are continuing to trade pretty much as normal. However, at the time of writing this report, the expectation is that a further significant drop in Reserve Bank interest rates is likely, driven by a severe trend line in the NZ export product demand. The interest rate reductions are not flowing through to the private sector trading enterprises, with Bank OD rates of 11.4%, down from 12.65% on January 6th. Clearly the trading banks have a poor stomach for doing business.

With regard to TDC forests, we are fortunate to have cleaned out the wind-thrown trees. Our prime log markets still exist although saw-millers are monitoring stocks carefully and the export industrial log market remains through January. The export market has fluctuated over the years, with some months slowing up and TDC forests need to expect some of that going forward.

The Ministry of Agriculture and Forestry has given notice of registration for the Carbon Emissions Trading scheme. This scheme has been established, and although a review of carbon trading is underway, my understanding is that the forestry provisions will remain. The TDC forest is of a significant size and we will need to proceed with registration and carbon emission rights trading. I ask that the committee seek advice from Peter Wilks on this matter.

I have received an invitation to the Auckland International Boat Show, with two tickets to the Preview day on March 4th, 4.00pm to 7.00pm. If Councillors or staff are in Auckland that day, they may like to go. The invitation has arisen out of the TDC involvement in the Golden Bay Marina project, and the Boat show is targeting the Super Yacht industry, that uses marina berths. There are 500 member companies nationwide in the Marine Industry Association, with 600 current apprentices and 800 graduates in recent years. The industry turnover in exports to 31st March 2008 was \$717 million per year, and the NZ Marine Industry turnover was \$2.2 Billion during the 2007/2008 year. I mention this to show that the industry is large and is the market the TDC is tapping into with the marina project. The 'Top of the South' is a good location for boating, and the provision of a marina is an 'enterprise' that we could focus on more.

Our January meeting will continue to refine our goals.

Michael Higgins
Chair, Enterprise Committee