

STAFF REPORT

TO: Council Enterprises Subcommittee

FROM: Port Tarakohe Administration Manager

REFERENCE:

DATE: 3 December 2006

SUBJECT: Port Tarakohe Report December 2006

Due to there being some fairly weighty reports on Port Management etc in the confidential business I have kept this report as brief as possible.

Note that the Harbour Manager will be in attendance to provide any verbal updates on matters raised in my reports.

WATER AND STORMWATER ISSUES

Since the last meeting there has been some significant headway on these issues.

The outcome of the action against Port Tarakohe Ltd has also now been resolved with the bonus for the port in a "Heads of Agreement" which secures the rights of the Port Management and their contractors to access the water supply and effect any maintenance/repairs required to keep the water supply operational.

We still have the aggravation of silt getting into the supply following rain but at least now we can do a lot to prevent silting and cleaning up after any rain event.

I would like to thank, in particular, the Mayor for his efforts in achieving a good result for the port.

The Harbour Manager has also been investigating alternate water sources above the forestry operation and he has observed a number of much cleaner sources that could readily be captured and used for the port supply. Given that the water supply is now more robust we will be checking on the quantities of supply from these sources over summer to determine whether the dry weather flows are adequate.

In lieu of the proposal to install a tank at the port there has been a suggestion and offer to utilise one of the large tanks on Port Tarakohe land as an emergency stand-by. This option is attractive as the quantities of water able to be stored would be sufficient for several weeks as opposed to a few weeks for the proposed port tanks.

WHARF STRUCTURES

Work has been started on the remediation to the small areas of spalding underneath the main port. The harbour manager has advised that the worst affected pile has been repaired and I will be undertaking an inspection with him of the remaining areas to programme the works for the total repair work.

TOILETS

The use of the portaloos has now been discontinued. The use of these facilities although helpful was not the best solution as we had some problems with emptying due to the difficulties of predicting usage demand.

Whilst the port toilets are now back in action we have been looking at alternate options and I have included a brief report in confidential reports as the matter has some business sensitivities.

FINANCIALS

Attached are the latest financials for the port

Port Taranaki
As at 31 October 2006

	YTD Actual 06/07 \$	Budget 06/07 \$
Income		
Lease Fees	-2,000	-11,000
General Commercial Fees	-	-8,000
Casual Fees	-12,921	-35,000
Berthage	-	-12,000
Mussel Line Income	-118,413	-120,000
	-	-46,000
Total Income	-133,334	-232,000
Expenditure		
Salaries & Wages	9,166	4,000
Professional Fees	-	2,500
Wharf Maintenance	1,136	13,000
Electricity	27	2,500
Pan Charges	1,333	4,000
Council Taranaki Harbour Expense	322	3,000
Taranaki Harbour Master	10,745	38,000

Loan Interest & Principal	72,598	160,000
Total Expenditure	95,327	227,000
Net Deficit/(Surplus)	-38,007	-5,000

Notes:

Annual Mussel Levy invoices are scheduled to be issued in December 2006. Note that Line levies should be on their way by the time this meeting is held.

Agreement is nearing completion for payment of ring road levies including back payment (further details on this may be available at the meeting)

Whilst incomes are on track we are still looking for additional sources of income to secure a better performance for the port.

Regarding the excess in expenditure on wages this is made up of costs for the Corporate Services Manager of \$4763.33 and my own costs of \$4403.35. These amounts predominantly relate to the work required to respond to issues raised concerning the Port Tarakohe Accounts.

The following is a copy of the ports 5 year projected budget which has already been adopted by Council

Port Tarakohe

Adopted Operating Budget for a five year period

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
	\$	\$	\$	\$	\$
Income					
Lease Fees	11,000	11,000	11,000	14,000	16,000
General	8,000	9,000	12,000	14,000	16,000
Commercial Fees	35,000	38,000	40,000	45,000	50,000
Casual Fees	12,000	13,000	14,000	16,000	18,000
Berthage	120,000	128,000	135,000	140,000	145,000
Mussel Line Income	46,000	48,000	52,000	56,000	60,000
Total Income	232,000	247,000	264,000	285,000	305,000
Expenditure					
Council	4,000	4,500	5,000	5,500	6,000
Administration	2,500	2,500	3,500	3,500	3,500
Professional Fees	13,000	15,000	17,000	19,000	21,000
Wharf Maintenance	2,500	2,500	2,500	2,500	2,600
Electricity	4,000	4,200	4,400	4,600	4,800

Pan Charges	3,000	3,500	4,000	4,500	5,000
Governance	38,000	38,000	39,000	40,000	41,000
Harbour Manager	160,000	160,000	160,000	160,000	160,000
Debt Cost					
Total Expenditure	459,000	230,200	235,400	239,600	243,900
Net Surplus	5,000	61,800	28,600	45,400	61,100

This five year operating budget was adopted by Council's Enterprise Subcommittee on 9 August 2006.

- 1 Council administration – this is the anticipated cost of administering the Port Users Committee plus providing assistance to the Harbour Manager.
- 2 Professional Fees – this is an arbitrary amount to allow for any asset enhancement work that may be undertaken from time to time.
- 3 Wharf maintenance – it is assumed that any damage will be directly recoverable from the guilty party. This annual sum is simply for wear and tear and includes cleaning and mowing costs.
- 4 Governance – this amount recognises governance support for Port Users Group and Council's Subcommittee.
- 5 Debt Cost – this assumes an interest cost of 7.1% (Council's current average borrowing rate) on debt of \$2 million repaid over a 20 year period.
- 6 Mussel line income – the income projections anticipate a small level of investment in the industry over the next five years. The revenue streams are based on an assumption that the existing mussel line levy regime will remain in place during the next five year period.
- 7 Berthage – the projected level of income does not anticipate any increase in annual fees payable, but rather anticipates increased casual berthage fees received from the shellfish industry during what we anticipate will be busier seasons in the future.

B Askew

Port Tarakohe Administration Manager

<http://tdctoday:82/Shared Documents/Meetings/Council/Committees and Subcommittees/Council Enterprises Subcommittee/Reports/2006/RFN061213ces Report Port Tarakohe.doc>