

GROUPS OF ACTIVITIES

How to Read this Section

This section describes Council's activities as grouped in the 2006-2016 Community Plan. Each activity includes a description of the various actions that were carried out over the financial year and also reports on the overall progress of Council's contribution towards community outcomes.

It is structured as follows:

Why we do it

Provides a description of the activities, objectives or purpose.

What we did

Reports on the activities/actions carried out over the year that give effect to that activity. Emphasis is on highlights for the year rather than business-as-usual activities.

How are we going?

Reports on the progress towards achieving community outcomes. Also provides a description of how the particular activity contributes to one or more community outcomes, the measures used to determine whether that contribution is successful, targets that the activity seeks to achieve and its actual achievement.

Identified effects on wellbeing

Explains how the activity effects the social, economic, environmental or cultural wellbeing of the community.

What it cost

Reports on the cost of the service including any variances favourable or otherwise.

Note that brackets are used to denote an adverse variance for operating revenue and expense. Also bracketed amounts on the net cost of service line indicate a surplus i.e. revenue exceeds expenditure.

Business and Community Units

The Business Units are commercially focussed revenue-producing activities. Income generated from these activities is an important income stream for Council and is used to reduce the level of general rates. The Business Units lease their premises from the Council's Asset Management Unit. To further improve returns a Commercial Manager was appointed to oversee Council's Business Units. These units are:

- ▶ Commercial Forestry.
- ▶ Airport.
- ▶ Warrant of Fitness and Drivers Licence Centre.
- ▶ Waikanae Beach Holiday Park.

The Community Units are providers of specialist community services. These units are:

- ▶ HB Williams Memorial Library.
- ▶ Rockforte Finance Olympic Pool Complex.

COMMERCIAL FORESTRY

WHY WE DO IT

The Council owns a number of forestry blocks and is involved with Juken New Zealand (JNL) in a joint venture on the Council owned Pamoia Station. These are long-term investments. Revenue is only obtained when blocks are harvested as they reach maturity. The joint venture arrangement with JNL was initiated to increase land stability to protect Gisborne city's water supply catchment area.

WHAT WE DID

- ▶ An Assets Review Sub Committee was established in May 2008 with the objective of monitoring the financial performance of all our investments, including recommending disposing of the poorer performing ones.
- ▶ Forests are revalued regularly to adjust for growth and changes in future harvesting costs and expected log prices.

HOW ARE WE GOING?

Overall Progress towards Achievement of Community Outcomes to which the COMMERCIAL FORESTRY Activity Primarily Contributes

How the Commercial Forestry Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME				
Connected Communities				
▶ Access to all essential goods and services.				
Lessens erosion, providing protection for part of the city's water supply pipeline at a proven very vulnerable point (Pamoia Blocks).	An annual forest management programme developed by independent forest managers to be completed for all forest lots by 30 June each year.	YES	YES Target Achieved	YES Target Achieved
OUTCOME				
Prosperous Communities				
▶ A thriving economy that provides varied employment opportunities.				
Revenue generation from another source other than the ratepayer at the harvest of these blocks (Council Blocks and Pamoia Blocks).	Annual forest valuations to show increases in value of not less than a reasonable regional average (after discounting for site specific influences) as assessed by independent forestry consultants.	YES	YES Target Achieved	NO Target not Achieved

How the Commercial Forestry Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME				
Safe and Healthy Haven				
<ul style="list-style-type: none"> ▶ Freedom from health risks and harm. ▶ Guardianship of our environment for future generations. 				
Clean water supply assists in protecting the community from health risks (Pamoā Blocks).				
Protects erosion-prone land (Council Blocks and Pamoā Blocks).				
OUTCOME				
Positive Leadership				
<ul style="list-style-type: none"> ▶ Positive stewardship and improvements in infrastructure promoting environmental sustainability. 				
Lessens erosion, providing protection for some of the roading infrastructure (Council Blocks).				

IDENTIFIED EFFECTS ON WELLBEING

The Commercial Forestry activity has a direct effect on the environmental and economic wellbeing of our community through its practices (i.e. forestry management) and product (i.e. generation of wealth thus lessening the rates burden).

WHAT IT COST (FINANCIAL SUMMARY)

OPERATING EXPENDITURE (\$000)	NOTE	2009 ACTUAL	2009 BUDGET	2009 VARIANCE	2008 ACTUAL
Operating Revenue	1	259	83	176	(213)
Less Operating Expenses	2	60	91	31	48
Net Cost of Service/(Net Surplus)		\$(199)	\$8	\$207	\$261

CAPITAL EXPENDITURE (\$000)	ACTUAL	BUDGET	VARIANCE	ACTUAL
Actual Cost	\$0	\$7	\$7	\$3

1. The favourable variance in operating revenue resulted from the increase in fair value of forestry assets by \$259K. The negative revenue of \$213K in 2008 is attributed to a loss in fair value in that year.
2. The favourable variance in operating expenses reflects nil harvesting costs as no forestry was harvested this year. The timing of harvesting is managed to maximise returns.

AIRPORT

WHY WE DO IT

The Gisborne Airport is leased to Eastland Infrastructure Ltd which manages both the operations and the assets. The term of the lease is 30 years. The Gisborne District Council retains full ownership of the airport. The objective of this strategic asset is to ensure that services continue to be provided to the region and support the economic development of the area. The lease requires that the airport be maintained and returned to the Council in the same condition as at the start of the lease (March 2005). Therefore depreciation on the airport assets is unfunded.

WHAT WE DID

- ▶ During 2008, Eastland Community Trust (ECT) and the Chamber of Commerce made a joint proposal to Air NZ (Eagle Air) to subsidise landing charges on condition that Eagle Air introduced the 50 seater Bombardier Q300 plane onto the Auckland-Gisborne route. As a result of this deal service availability has increased and passenger numbers have also increased considerably.

HOW ARE WE GOING?

Overall Progress towards Achievement of Community Outcomes to which the AIRPORT Activity Primarily Contributes

How the Airport Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME				
Connected Communities				
▶ Affordable, safe and reliable transport networks.				
▶ People feel connected and part of communities locally, nationally and globally.				
By ensuring that the operation of the Airport is safely managed and at an affordable cost that allows aircraft operators to provide the desired level of services to this district. The Airport is an important gateway to the region, in that it provides quick easy access to the region for the business traveller and freight alike. People are able to connect with flights around New Zealand and globally from Gisborne.	The number of Airport closures or flight delays caused by the failure of the Airport to meet industry operational requirements.	Zero	Zero Target Achieved	Zero Target Achieved
	The percentage of operating costs to be covered by non-rate revenue.	92%	Not Applicable ¹	Not Applicable

IDENTIFIED EFFECTS ON WELLBEING

The Airport Activity has a direct effect on economic and social wellbeing of the community through the monitoring of service availability and affordability and therefore social connectivity to other regions.

WHAT IT COST (FINANCIAL SUMMARY)

The operating costs and income streams for the Airport are covered by Eastland Infrastructure Ltd (EIL) under a contract with GDC to manage the Airport and its operations. EIL pays GDC a rental for the assets. This rental is reviewed every five years, on the basis of passenger numbers. The next review is due in 2011.

¹ Not applicable because the management of the Airport has been contracted out to EIL so is no longer rate funded.

WARRANT OF FITNESS, REGISTRATION and DRIVERS LICENCING CENTRE (VTS)

WHY WE DO IT

The VTS is a completely discretionary activity, operated as a service to the community. It is a one-stop-shop which provides nearly all the services that motorists need, and in addition to Warrants of Fitness, drivers licences etc, people can also pay road user charges, purchase number plates, change ownership and apply for exemptions. It is a ratepayer owned business that operates on a fully commercial basis. Its profits are used to reduce rates.

WHAT WE DID

- ▶ 3,000 to 4,000 warrant of fitness checks were undertaken per month, of which about one third resulted in a recheck. Our warrant of fitness fees continue to be some of the lowest in the country.
- ▶ 80% of the district's drivers licence testing were conducted on behalf of the New Zealand Transport Agency.
- ▶ The VTS contributed \$476,461 towards Council's overall rates and approximately a further \$100,000 indirectly into other Council costs.

HOW ARE WE GOING?

Overall Progress towards Achievement of Community Outcomes to which the WARRANT OF FITNESS and DRIVERS LICENCE CENTRE (VTS) Activity Primarily Contributes

How the Warrant of Fitness and Drivers Licence Centre Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME				
Positive Leadership				
▶ Businesses are leaders in their fields.				
In operating the VTS with state of the art machinery and properly skilled staff, Council is signalling business excellence to the community.	The percentage of customer complaints re unit throughput (calculated from the total number of customers who have used the VTS) received annually.	<2%	<2% Target Achieved	Not Surveyed
	The percentage of profit made on revenue collected.	20% - 30%	29.18% Target Achieved	32.88% Target Achieved
	The amount contributed to the rate pool measured as a percentage of the total rates.	1% - 1.5%	1.15% Target Achieved	1.18% Target Achieved

The 2009 year saw increased competition from local garages, but due mainly to illness and absenteeism, waiting queues were frequently quite long. Volumes were therefore down about 8% and revenue was down very slightly (from \$1.310M to \$1.301M) on the previous year.

The VTS is gearing up to face very stiff competition in 2010. Improved hours of service and facilities would provide a more comfortable environment for our customers. There will also be a wider range of services, making the VTS facility more convenient.

WHAT IT COST (FINANCIAL SUMMARY)

OPERATING EXPENDITURE (\$000)	NOTE	2009 ACTUAL	2009 BUDGET	2009 VARIANCE	2008 ACTUAL
Operating Revenue	1	1,301	1,414	(113)	1,310
Less Operating Expenses	2	922	938	16	879
Net Cost of Service/(Net Surplus)		\$(379)	\$(476)	\$(97)	\$(431)

CAPITAL EXPENDITURE (\$000)	NOTE	ACTUAL	BUDGET	VARIANCE	ACTUAL
Actual Cost	3	\$5	\$89	\$84	\$0

1. The lower than budget operating revenue resulted from lower than budgeted revenue for vehicle inspections and discount card sales.
2. Operating expenses were affected by an increase in merchant fees and costs for EFTPOS and credit card sales.
3. The favourable variance in the capital budget resulted from replacement of testing equipment proposed for this year did not proceed. This capital has been deferred to 2010.

WAIKANAE BEACH HOLIDAY PARK

WHY WE DO IT

The Holiday Park at Waikanae Beach in Gisborne City is a fully commercial activity. It provides a range of quality affordable accommodation in an ideal location. The park normally operates profitably (although it made a small loss in 2009) and is looking to expand its offerings in the off-season to increase financial returns. The Holiday Park is a ratepayer owned business which is operated to provide holidays for visitors to the district thereby boosting tourism and to provide a financial return to the ratepayers.

WHAT WE DID

- ▶ A 4 star Qualmark classification was achieved for the first time.
- ▶ A prompt on-line booking service was implemented.
- ▶ Internet booths for holiday-makers were installed in the office.
- ▶ As a result of friendly and helpful service and more emphasis on repeat customers, our customers gave us a very high satisfaction rating. We exceeded all occupancy targets and made a record income for the year. This did not result in a profit because we reinvested a considerable amount back into refurbishing our facilities. Management have recognised the need to improve financial performance.
- ▶ A Business Plan was developed to enable a planned programme of capital developments, marketing and maintenance over the next five years.

HOW ARE WE GOING?

Overall Progress towards Achievement of Community Outcomes to which the WAIKANAE BEACH HOLIDAY PARK Activity Primarily Contributes

How the Waikanae Beach Holiday Park Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME Vibrant Communities				
By bringing many visitors into the region due to the prime beachfront location and providing the holidaying public camping facilities and low cost accommodation.	Percentage of guests who rate the accommodation and facilities good or very good.	70%	95% Target Achieved	92% Target Achieved
OUTCOME Prosperous Communities				
Economic contribution to tourism, businesses and ratepayers.	Repeat business as a percentage of total guest numbers.	>50%	29% Target not Achieved	36% Target not Achieved
By managing the Holiday Park as a business venture which returns good revenue and profits to the ratepayers of Gisborne.	Return on revenue.	9.2%	3.9% Target not Achieved	10.8% Target Achieved
	Budgeted accommodation numbers met: - Tourist unit's occupancy rate.	70%	75% Target Achieved	70% Target Achieved
	- Ranch-house cabin's occupancy rate.	35%	44% Target Achieved	44.7% Target Achieved
	- Tent site's occupancy rate.	10%	21% Target Achieved	16.2% Target Achieved

IDENTIFIED EFFECTS ON WELLBEING

The Waikanae Beach Holiday Park has an impact on the economic wellbeing of the community through providing accommodation for tourists or visitors into the region who in turn spend money in the region. It also contributes to the income Council receives which ultimately flows through to our ratepayers.

WHAT IT COST (FINANCIAL SUMMARY)

OPERATING EXPENDITURE (\$000)	NOTE	2009 ACTUAL	2009 BUDGET	2009 VARIANCE	2008 ACTUAL
Operating Revenue	1	934	790	144	848
Less Operating Expenses	2	986	740	(246)	792
Net Loss/(Net Surplus)		\$52	\$(50)	\$(102)	\$(56)

CAPITAL EXPENDITURE (\$000)	NOTE	ACTUAL	BUDGET	VARIANCE	ACTUAL
Actual Cost	3	\$45	\$30	\$(15)	\$7

1. The favourable variance in operating revenue (up by \$144K) was due to an increase in demand for higher yielding accommodation such as the tourist units and ranch houses.
2. The adverse variance in operating expenses reflects higher costs than budgeted for employee costs \$119K, refurbishment costs of \$80K, cleaning costs of \$23K, electricity \$5K and advertising and publicity \$18K. A comprehensive review of costs is being undertaken with a view to improving profitability.
3. The unfavourable variance in capital costs resulted from installation of air conditioning in 17 units \$36K. This was budgeted in the 2010 financial year and brought forward to 2009. Refurbishment of the ablution block cost \$9K.

HB WILLIAMS MEMORIAL LIBRARY

WHY WE DO IT

To ensure that our community is connected to library services, facilities and resources to meet lifelong learning, literacy development, educational, intellectual, recreational, economic and cultural needs.

WHAT WE DID

- ▶ The Aotearoa People's Network (free broadband internet and free wifi) was installed in 2008 to meet customer expectations and the government strategy of information supply for all New Zealanders on an equal basis.
- ▶ In 2004, Council was gifted \$1.2M by the trustees of the Stanley Green estate for capital expenditure on an extension of the HB Williams Library. In 2008 these funds were transferred into Council's accounts are being held on deposit awaiting the outcome of proposals to extend the Library. Planning and consultation on a library extension to utilise this bequest has been initiated.

HOW ARE WE GOING?

Overall Progress towards Achievement of Community Outcomes to which the HB WILLIAMS MEMORIAL LIBRARY Activity Primarily Contributes

How the HB Williams Memorial Library Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME Vibrant Communities				
Providing a professional standard of library service that meets the needs of and is accessible to all residents of the Gisborne district.	Percentage of residents fairly/very satisfied with the library services in the annual residents survey.	85%	70% ¹	84% Target Achieved
Social inclusion and participation through healthy informed citizens.	Percentage of households who have used the library in the last 12 months in the annual residents survey.	Increasing Trend	61% ²	74%
	Number of registered members as a percentage of total population.	35% - 40%	61% Target Achieved	56% Target Achieved
Provide materials of benefit to communities that would not ordinarily be access by individuals.	Number of new items added to the collection per 1000 population per annum.	350 new items	253 ³ Target not Achieved	212 Target not Achieved
	Total number of items in the collection per capita.	3 items per capita	2.31 ⁴ Target not Achieved	2 Target not Achieved

IDENTIFIED EFFECTS ON WELLBEING

The HB Williams Memorial Library impacted positively on the social and cultural wellbeing of the region through the services provided to the community. This is evidenced through positive results from customer satisfaction surveys and an increase in membership to the library (reaching more of the community). Activities carried out in the library such as story-time for young children and holiday programme type activities also supported the social and cultural development and wellbeing of the community.

¹ The survey questionnaire was changed in 2009 so is not comparable with the previous year's results and to a certain extent the performance target.

² Although performance on this measure shows as a decrease on last year the methodology used was different then in previous years so this has likely impacted on the result. Moreover the door count for 2009 shows an increase in people using the library.

³ The target of 350 new items is a national standard (LIANZA). This standard has not been achieved due to insufficient budget. Performance is up on the previous year largely because of retrospective cataloguing.

⁴ The target of 3 items per capita is a national standard (LIANZA). This standard has not been achieved due to insufficient budget.

WHAT IT COST (FINANCIAL SUMMARY)

OPERATING EXPENDITURE (\$'000)	NOTES	2009 ACTUAL	2009 BUDGET	2009 VARIANCE	2008 ACTUAL
Operating Revenue	1	105	138	(33)	68
Less Operating Expenses	2	1,416	1,442	26	1,333
Net Cost of Service		\$1,311	\$1,304	\$(7)	\$1,265

CAPITAL EXPENDITURE (\$'000)	NOTE	ACTUAL	BUDGET	VARIANCE	ACTUAL
Actual Cost	3	\$333	\$40	\$(293)	\$211

1. The lower than budgeted operating income reflects lower than budgeted donations and fines revenue.
2. An unfavourable variance in operating expenses resulted from higher depreciation than budgeted (up by \$184K) due to the new treatment of library books as capital purchases. There was a corresponding reduction in operating expenses as cost of purchasing books was now a capital expense.
3. The increased capital expenditure costs arise from the purchase of library materials \$180K, fire alarm replacement \$20K, security RFID book tag and self issue system \$133K.

ROCKFORTE FINANCE OLYMPIC POOL COMPLEX OPERATIONS

WHY WE DO IT

To provide opportunity for aquatic recreation, fitness, sport, play, fun, education, health and social interaction in a safe and inclusive way and to provide access to event space and affordable holiday accommodation for groups.

WHAT WE DID

- ▶ There was a record 158,034 visitors to the pool resulting in significantly more revenue than the previous year.
- ▶ ACC Pool Safe accreditation was achieved for the first time. Pool Safe is an industry standard that defines best practice in pool supervision, water quality, health and safety and emergency planning.
- ▶ During the summer season more emphasis was placed on pool security resulting in a more positive experience for customers.
- ▶ Planning for the redevelopment of the pool complex was progressed including concept designs by Nicholl Blackburne Architects being presented to Council and other interested parties.

HOW ARE WE GOING?

Overall Progress towards Achievement of Community Outcomes to which the ROCKFORTE FINANCE OLYMPIC POOL COMPLEX OPERATIONS Activity Primarily Contributes

How the Rockforte Finance Olympic Pool Operations Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME				
Vibrant Communities				
<ul style="list-style-type: none"> ▶ A variety of events and activities to inspire community participation and draw people to the area. ▶ A range of sport, recreation and leisure activities. 				
Providing numerous events and programmes, either organised by management or hosted at the complex for other organisations.	The percentage of customers very/fairly satisfied with the Olympic Pool Complex in the annual residents survey.	70%	51% ¹	69% Target not Achieved
Providing a high quality tourist attraction.	The percentage of total operational expenditure generated through external revenue.	40%+	38% Target not Achieved	40% Target Achieved
Providing a common meeting place for all parts of the community.				
OUTCOME				
Connected Communities				
<ul style="list-style-type: none"> ▶ People feel connected and part of communities, locally, nationally and globally. ▶ Access to all essential goods and services. 				
Being part of a nationwide network of aquatic recreational facilities.	No measuring determined.			
Proactive engagement with pool operators outside Gisborne providing opportunities to learn and grow.				
Providing a venue for people from all parts of NZ and the world to meet each other.				
OUTCOME				
Prosperous Communities				
<ul style="list-style-type: none"> ▶ A high standard of living. ▶ A thriving economy that provides varied employment opportunities. 				
Providing opportunities to maintain or improve personal health and wellbeing. Personal health and wellbeing inevitably reflects on the economic situation of individuals (e.g. their ability to do certain jobs) and their social wellbeing.	The number of visits to the Olympic Pool Complex (OPC) annually, regardless of weather.	135,000	158,034 Target Achieved	153,084 Target Achieved
Providing various employment opportunities for permanent and casual/seasonal staff.	Annual number of visits to be above the respective average for the previous three years.	YES	YES + 2.6% above previous 3 yearly average. Target Achieved	YES +1.1% above previous 3 yearly average. Target Achieved

How the Rockforte Finance Olympic Pool Operations Activity Contributes	Measure	Targets	Actual 2009	Actual 2008
OUTCOME				
Safe and Healthy Haven				
▶ Freedom from health risks and harm.				
▶ People are well and active.				
Providing a safe and supervised place for aquatic and recreational activities in a controlled, healthy environment.	The number of serious accidents and injuries.	Zero	Zero Target Achieved	Zero Target Achieved
Improving the quality of life in Gisborne.				

IDENTIFIED EFFECTS ON WELLBEING

The Rockforte Finance Olympic Pool Operations has a direct effect on the social wellbeing of the community through provision of aquatic and recreational facilities and activities for the community. The provision of aqua aerobics and swimming classes has a direct link to improving wellbeing. The reach to the community has increased with the number of visitors exceeding both the target and the 2007/08 actual rates. It is important to note that a smaller sample size was used to gauge resident's satisfaction for the Olympic Pool Complex and may have influenced the achievement of the target relating to the range and variety of recreation and leisure activities.

WHAT IT COST (FINANCIAL SUMMARY)

OPERATING EXPENDITURE (\$000)	NOTE	2009 ACTUAL	2009 BUDGET	2009 VARIANCE	2008 ACTUAL
Operating Revenue	1	529	604	(75)	454
Less Operating Expenses	2	1,334	1,276	(58)	1,242
Net Cost of Service	3	\$805	\$672	\$(133)	\$788

CAPITAL EXPENDITURE (\$000)	NOTE	ACTUAL	BUDGET	VARIANCE	ACTUAL
Actual Cost	4	\$63	\$560	\$497	\$16

1. The adverse variance in operating revenue was the result of planned business project funding of \$75K not occurring.
2. The unfavourable variance in operating costs reflects the cost of implementation for the ACC Pool Safe Management System. This required the employment of permanent lifeguards increasing staff costs. Repairs and maintenance costs were \$24K more than budgeted and heating costs \$36K more than budget. This reflects the increasing age of the equipment and the costs of heating water that is being lost due to leaks in the pool system. These leaks occurred as a result of earthquake damage and are not considered economical to repair at this time.
3. The pool is operated as a semi-commercial activity. The contribution from ratepayers to the pool's operating costs was \$672K for the year.
4. The favourable variance in capital costs reflects the replacement of the water heating system (\$450K) being deferred to the 2010 year. Other capital expenditure of \$47K has also been deferred to future years of the Ten Year Plan.

¹ The survey questionnaire was changed in 2009 so is not comparable with the previous year's results and to a certain extent the performance target.