



Report 04.499  
Date 19 August 2004  
File WO/03/80/03

Committee Rural Services and Wairarapa  
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## Akura Conservation Centre Review for the Year to 30 June 2004

### 1. Purpose

To inform the Committee of the performance of the Akura business unit for the 2003/04 year.

### 2. Background

The Akura Conservation Centre grows and sells trees suitable for erosion control and shelter for the Land & River Operations Department and external customers. The business has two groups of activities. The Nursery unit grows poplar and willow poles for soil conservation purposes and river control. The Trading unit supplies various tree species (natives, radiata, acacias, eucalyptus, macrocarpa) and sundry stock items (posts, protectors, chemicals, and animal repellents).

### 3. Operating Performance

Akura sold 464,202 trees for the year. This was 10% below the previous year due to reduced demand for open grown seedlings (e.g. shelter belt trees). Consequently, the proportion of external sales to total sales decreased from 46% to 36%. However, there was an increase in Native sales for riparian work. Post planting surveys showed that very good survival rates were achieved. A summary of tree sales is shown below:

<b>Poles</b>	<b>2004</b>	<b>2003</b>	<b>Seedlings</b>	<b>2004</b>	<b>2003</b>
3.0 metre	17,495	18,524	P Radiata	311,800	315,900
Stakes	19,520	30,970	Open grown	16,621	59,380
2.5 metre	2,485	2,580	Natives	37,930	26,300
2.0 metre	8,004	12,512	Container grown	50,347	50,939
<b>Total</b>	<b>47,504</b>	<b>64,586</b>	<b>Total</b>	<b>416,698</b>	<b>452,519</b>

#### **4. Financial Performance**

The operating surplus for the year excluding profit on the sale of a tractor was \$44,900, a 15% decrease on the previous year's surplus of \$53,000. A dividend of \$35,000 was paid to Council (same as 2002/03). The business unit is in very good financial health with net assets of \$791,000. The remaining long-term debt of \$8,000 will be paid off during 2004/05.

The 2003/04 financial statements for the Business Unit are attached.

#### **5. Capital Expenditure**

A nine year old tractor was replaced during the year, at a net cost of \$23,500. The office building is to be extended in 2004/05 to improve the customer service area and working space. The remaining buildings require maintenance and they will be repainted at the completion of the office extension. The total budgeted cost for these items is \$30,000.

#### **6. Recommendation**

*That the report be received and the information noted.*

Report prepared by:

Approved for submission by:

**Peter Cameron**  
Nursery Manager

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Land and River Operations Manager