

Report 10.464  
Date 17 August 2010  
File WO/03/40/10

Committee Catchment Management  
Author Stan Braaksma, Land Management Officer

## **Akura Conservation Centre Review for the Year to 30 June 2010**

### **1. Purpose**

To inform the Committee of the performance of the Akura Conservation Centre for the 2009/10 year.

### **2. Significance of the decision**

The matters in this report do not trigger the significant policy of the Council or otherwise trigger 76(3)(b) of the Local Government Act 2002.

### **3. Background**

The Akura Conservation Centre grows and sells trees suitable for erosion control, shelter and river management primarily for the Land Management and Flood Protection Departments and external customers. The business has two groups of activities. The Nursery unit grows poplar and willow poles for soil conservation and river control purposes. The Trading unit supplies various tree species (Natives, *Pinus radiata*, Acacias, Eucalyptus, Cypresses etc) and sundry stock items (posts, protectors, chemicals, and animal repellents etc).

### **4. Operating Performance**

Akura sold 330,982 trees for the financial year to 30 June 2010. This was 14% up on the previous year, but still some way from the 500,000 trees sold in 2002. Sales were buoyed by the increasing activity in new Carbon forestry (AGS Scheme), but there was a noticeable drop in demand from large scale corporate, lifestyle and Dairy farm plantings. The 2009/10 season presented very dry soil conditions but tree survivals in the main have been good.

The sales of native tree species have been maintained with higher percentages now Eco-sourced as a result of new initiatives around seed collection and improvements to the production cycle. There is also demand for an increased variety of native species and this year a local nursery has been added to the supply chain.

Pole numbers have increased 14%, with last year's production supplemented with the purchase of ~ 5,000 3m poles from Palmerston North. Pole survival through the 2008/09 season were hampered by the dry soil conditions with survivals ranging from 50 – 80% the better recordings were along the East Coast where there has been a greater incidence of southerly and easterly rains. In 2009/10, survival rates have generally exceeded 90%. This is the result of a moist spring and early summer rains.

Poles	2009	2008	Seedlings	2009	2008
3.0 metre	21,923	19,273	P Radiata	235,000	185,400
2.5 metre	1,595	2,285	Open grown	10,335	4,400
2.0 metre	4,945	6,215	Natives	47,370	64,443
Stakes	4,038	2,735	Container grown	38,277	35,883
<b>Total</b>	<b>32,501</b>	<b>30,508</b>	<b>Total</b>	<b>330,982</b>	<b>290,126</b>

## 5. Financial Performance

The operating surplus for the year was \$20,000, which is a marked improvement on the operating deficit of \$2,000 for the previous year.

In the Nursery there has been a strong move to contain the operational costs knowing that our revenues were 14% down. The 3m pole price increased 6.5% to \$6.62 for 2009. The purchase and processing of imported poles this year covered costs but left no profit margin. In previous years small losses were carried in an effort to meet demand.

Similarly a pricing formula was applied to all tree stocks and sundry items to ensure profitability of sales through the Conservation Centre.

No dividend was paid to Council (\$16,000 for 2007/08). The business unit remains in very good financial health with net assets of \$795,000 and total loans of \$124,000.

The 2009/10 financial statements for the Business Unit are attached.

## 6. Future pole supply

The five year supply of supplementary poles from RST Aokautere has concluded. The 2010 3m pole production is estimated at 28,000 on the back of a predicted demand of 25,000. Both Akura and Mangapakeha are 95% stocked, there being little fallow ground available for new production. The opportunity has been taken to supply 2,000 3m poles to Horizons Regional Council this winter.

Next year's production is similar to 2010, but there will be a shortage of willow for 2012 and 2013. The new irrigator at Akura is set to commence the new season fully operational and should improve nursery growth rates and reduce rotation periods. This will also guarantee growth in periods of drought. It has cost \$125,000 to establish this unit, which is capable of fully irrigating 85% of the Akura land area. The old irrigator can be connected into the new system to cover the remaining 15%.

Extra Nursery land is being investigated at present at both the Homebush waste water treatment site and the neighbouring Papawai Kaikokirikiri Trust land at Akura, and a range of options are being considered.

## 7. Communications

The performance of the Akura Conservation Centre will be promoted in the next edition of Rural Focus. The opportunity will also be taken to maintain the profile of the Centre with internal customers.

## 8. Recommendation

*That the Committee:*

(1) **Receives** the report.

(2) **Notes** the content of the report.

Report prepared by:

Report approved by:

Report approved by:

**Stan Braaksma**  
Land Management Officer

**Dave Cameron**  
Manager, Land Management

**Wayne O'Donnell**  
General Manager, Catchment Management  
Group

**Attachment 1: Akura Conservation Centre Financial Statement**