

TAURANGA DISTRICT COUNCIL

TO: POLICY & RESOURCES COMMITTEE REPORT NO: DC 214  
FROM: § 7(2)(f)(ii) DATE: 3 MAY 1999  
SUBJECT: MOUNT MAUNGANUI DOMAIN MOTOR CAMP FILE: 5960-9

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**C O N F I D E N T I A L**

**REASON FOR CONFIDENTIALITY**

To allow Council to carry out commercial negotiations

**TRANSFER TO OPEN**

This Report/Recommendation is to remain in the confidential section to protect members, officers, employees and persons from improper pressure or harassment.

**PURPOSE**

To examine and recommend future Operational Options at the Mount Maunganui Domain Motor Camp.

**RECOMMENDATION**

**That it be Resolved**

- (a) ***That the Director of Finance' Report (DC 214) be received.***
- (b) ***That the Council investigate options for future Operational Management of the Motor Camp.***
- (c) ***That Resolution M\_\_\_\_\_ (and associated report) is to remain in the confidential section to protect members, officers, employees and persons from improper pressure or harassment.***

**1. BACKGROUND**

The campsite at Mount Maunganui Domain has been operated by the current contractors, being § 7(2)(a) - Privacy for the past 19 years. In the last year, the contract has been altered to include the contractors responsibility for all operational aspects of the camp, except for Operational Maintenance of the buildings and Capital Expenditure.

The camping ground that now exists comprises 223 sites as shown on the attached plan. The Surf Life Saving Club and the Hot Salt Water Pools complex are separate from the camping ground.

Buildings in and associated with the camping ground include three ablution blocks, public toilets, a caretaker's residence and a camp kiosk.

The recently adopted Mauao Management Plan is summarised in the following form:

### **Objective**

To retain the camp in general on its current site.

The existing camping ground now occupies almost all the recreation reserve across the base of Mauao. It physically and visually blocks access to the historic reserve of Mauao. It also acts as a psychological barrier to access.

However the camping ground provides low cost holiday accommodation and is an extremely popular facility that is reflective of the traditional New Zealand beachside holiday. It is acknowledged that there are a number of management issues that need to be addressed to improve the camp and its relationship with Mauao. These are represented at 3. following in "Other Factors".

As with many facilities of this nature, modern expectations of the users has outstripped the amenities on offer and an effort is currently being made to improve the standard of the camp to a Qualmark status of 3 stars from its current 2 stars assessment. This will entail additional facilities such as clothes drying, outdoor dining under cover and additional cooking equipment. All of these improvements will be funded from operational costs under the current contractual arrangements.

## **2. LEGISLATION**

The Mount Maunganui Domain Camping Ground is situated on land classified as Recreation Reserve. Pursuant to the Reserves Act 1977, Council is empowered to administer, manage and control the reserve.

In managing the Motor Camp, Council complies with New Zealand Standards contained in the Camp Ground Regulations 1985.

As a Management Plan is in place for Mauao, any proposal that effects the operation of the Camping Grounds must be in conformity with the provisions of the Management Plan. Any departure from the terms of the Management Plan will require public notice being given in accordance with Section 11(a) of the Reserve Act 1977 specifying the lease or licence proposed and giving full consideration to submissions and objections received.

Section 594 of the Local Government Act dictates that in divesting itself of a significant undertaking Council must utilise the special consultative procedure set out in Section 716A of the Act.

### 3. OTHER FACTORS

In assessing the future Operational Options of the Domain Motor Camping Grounds, the following matters require consideration:

#### a) **Site Reduction**

Should the development of the Hot Pools proceed in its current projected form, the camp will lose 101 sites, which comprise the Harbour Camp currently. These sites are not fully utilised and estimated revenue loss would be \$150,000 per annum. There would not be any other effect on the Camp, as invariably campers will always stay in the Ocean Camp as their first choice.

#### b) **Land Erosion**

A draft report solicited by the Department of City Services from Mr Laurie Richards of Lincoln University has indicated that there are areas of the camp under threat from land slip and rock fall from the mountain above. The report will indicate those sites which are recommended to be no longer utilised, but these recommendations have yet to be finalised.

#### c) **Energy**

There is a geothermal bore in the centre of the property which heats the water at the Hot Pools. This energy source could be expanded to provide a cheap energy source for any future development of the Motor Camp.

#### d) **Parking**

The Camp must provide its own parking facilities in whatever form it is allowed to develop, and at present has a policy of one vehicle per campsite. Therefore loss of campsites will equal loss of parking sites in direct ratio.

#### e) **Occupancy**

There is increasing pressure on the availability of campsites over the holiday periods with the camp being at 100% occupancy for the Christmas holiday period as a matter of course. For the remainder of the year the Harbour Camp is underutilised.

#### f) **Planning**

The Mauao Plan addresses the Camp Site management issues in the following Policy terms:

3.3.3a Improve access to Mauao along the back of the camping ground and along the beachfront; improve signage; improve visual amenity.

3.3.3b Implement a flexible plan in the camp to allow for camping on the grassed areas at peak times and other recreational uses at off-peak times.

3.3.3c Allow only "temporary living places: to be established in accordance with the Campgrounds Regulations 1985 – Appendix N.

- 3.3.3d That the Management Agreement or any other agreement for camp management be in accordance with the Camping Ground Regulations 1985 –
- 3.3.3e Remove all “permanent” and “semi-permanent” structures that are not in accordance with the Campgrounds Regulations 1985 – Appendix N.
- 3.3.3f No new permanent awning structures should be permitted to be built and all old awning structures are to be removed over a period of 12 months after the adoption of policy.
- 3.3.3g Redefine the management agreement for the camp ground to reflect the above.
- 3.3.3h Undertake a concept plan which addresses amenity issues and access along the front of the camp and behind the camp. Refer Appendix P – Draft Concept Plan.

g) **Sand Ingress**

The Ocean Camp is subject to sand intrusion from the beach, and it has become necessary to scrape the foredune sites recently in order to maintain a level surface. This is not considered a major problem.

#### 4. STRATEGIC AND RESOURCE CONSIDERATIONS

- **Strategic Directions**

The continued use of the area as a motor camp is expected to continue to provide a positive contribution towards the communities leisure facilities expectations.

- **Policy**

POLICY M31.32(A) DATED 20 MARCH 1990 - MOUNT MAUNGANUI DOMAIN CAMPING GROUND

“That as a matter of policy, the Tauranga District Council agrees that Mount Maunganui Domain Motor Camping Ground continue to operate and be promoted as a family camping ground, but that this policy be further reviewed when an operational review of the camp is undertaken.”

- **Long Term Financial Strategy**

No provision has been made for any alteration to the Operational Management Options for the Domain Motor Camp.

- **Funding Policy**

The 1998/99 Funding Policy requires that the Motor Camp be funded from user charges, and be totally self-sufficient.

The Camp is currently budgeted to generate a net income of \$230,000 per annum and is totally self sufficient.

- **Annual Plan/Budget**

It is anticipated that the level of income will not alter significantly during current deflationary times, and revenue will always depend upon climatic conditions over the normal holiday periods such as January/February and March.

- **Future Annual Plan/Budget Implications**

An annual contracted income level of \$250,000 is deemed achievable and maintainable with the current facilities being kept to a Qualmark 3 star level, once achieved, and annual spending of \$30,000 on capital items and asset maintenance.

## 5. OPTIONS

The options available to Council include:

a) **Council own, develop policy, develop and maintain asset. Contract out management and operation.**

This is the current operational system. The camp is well utilised, especially in the summer months, with acceptable pricing, and enthusiastic re-booking. The Operational Contract provides for set payments of monthly income to Council from the Management Contractors. The day-to-day maintenance is attended to within the contract with improvements and capital spending coordinated by the City Enterprises Departmental Assets Officer.

This is returning the optimum return in monetary terms to Council, but will require adjustment in terms of the cleaning arrangements which have been criticised over the last six months by regular patrons. It is expected that the new contract which is due to begin in July will be adjusted to correct the cleaning issues.

b) **Council directly own, manage and operate, including employment of manager and staff.**

This was the modus operandi until the current contractors took over, and was adequate in coping with the Camp's requirements. This approach would mean the employment of permanent staff and the location of a manager in-residence on site. The appointment would not be difficult as operational managers regularly advertise their availability in hospitality publications. It is not envisaged that this method of management would provide financial advantages to Council over the current arrangement.

It would provide the opportunity for Council to direct the operations of the camp on a daily basis. This is not considered advantageous, however in dealing impartially with site allocations or business decisions.

c) **Council own, develop and maintain asset.**

Business sold on a leasehold basis and operated independently by lessee who would develop policy, manage and operate.

This methodology would formalise the current arrangement, which although technically is based on option a) above, does not involve Council in the overall business risks as Council's income is set out on a cashflow basis in the contract.

The advantage with this option is the commercial gain which is potentially greater than the other two options, but involves Council in a complaints system in respect to actions which it has not initiated or controlled.

d) **Council owns land only.**

Assets and business sold and land only leased. Lessee would own assets and business, develop, manage and maintain asset, develop policy, manage and operate the business. This is the only option under which Council would relinquish its operational control of the business. Being a reserve, however, it is envisaged that council would be held responsible for the asset performance by the ratepayers.

It is also recognised that whilst Council owns the land, Council remains accountable under operational legislation such as the Building Act 1991, and OSH. These aspects of the facilities usage would need to be monitored by Council departments such as Environmental Services.

It is considered that the operational financial returns to Council under options a), b) and c) would be similar. Option d), however, would return less income based on the ground rent.

Capital gain would still be applicable to Option d), however.

Option d) would be the preferred option if accepted for adoption also for the Hot Pools. The management of the Motor Camp will directly depend on the resolution of the Hot Pools' future. It is opportune to provide a link between the two facilities' operational management, which is at times in opposition to one another, mainly due to one being a daytime activity, and the other predominantly a night time activity.

If capital investment in the Hot Pools development is to be from private enterprise, then it would logically follow that Option (d) above would be applicable, with the total facility being under one ownership and operation.

## 6. CONSIDERATIONS

Under the Mauao Management Plan changes to the existing facilities must be approved by Council following public consultation, if deemed appropriate by Council. The plan dictates that the Mauao reserve area is to be managed with due recognition of the historical and recreational significance. This would enable Council to retain control of development even under option d) above.

The asset will be affected by the geotechnical report currently being finalised, especially if some operating aspects are curtailed due to perceived risks from land slip or rock fall.

The site is recognised as being at risk from storm surge, which will increase with global warming, and its subsequent climatic changes.

## CONCLUSION/SUMMARY

The preferred option is for the Hot Pools and Motor Camp to be amalgamated under one Management, which should remain in private commercial hands under an operational contract. The total development of the facilities in concert can then be considered either with or without private funding.

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