

Wairarapa Division Quarterly Review

December 2005

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1 Executive Summary/ Key Issues

The Division has had a productive 2nd quarter of the financial year. Key issues or items of interest are as follows:

- At the close of December the Division had a favourable funding position of \$163,000. Total income was \$584,000 below budget and total expenditure was \$866,000 below budget. Net capital expenditure was \$171,000 below budget. Almost all variations were related to timing differences, largely in the Bovine Tb activity. The forecast funding position at June 2006 is \$63,000 unfavourable after incorporating \$298,000 of additional expenditure requests and unbudgeted expenditure items which are shown on page 10.

Biosecurity

- The Animal Health Board has advised that no changes to the number of Vector Managers in NZ are likely following expiry of the current contracts in June 2006. Contract negotiations are likely to commence in February / March 2006.
- Savings of approximately \$400,000 are likely in the 2005/06 vector control programme following the receipt of monitoring information. The results indicate very low possum densities exist in a number of contract areas, resulting in these areas being withdrawn from the contract schedule. Approximately 90% of the vector control programme had been allocated to contractors prior to the end of December 2005.
- Delays continue in the Crown (Aorangi Range) component of the South East Wairarapa Stage 3 vector control operation. The main impediment is the unavailability of technology to accurately apply deer repellent additive to 1080 cereal pellet baits. Staff are now considering the use of carrot bait but issues still remain concerning the colour of the final product.
- Pest Plant surveys in urban areas have resulted in a 42% increase in the number of Eradication and Containment species sites in the region. This has placed extreme pressure on the current years budget, as GW are directly responsible for controlling these sites.
- A resource consent application was made to permit the use of the herbicide Endothall in regional waterways to control the aquatic pest plant Hornwort. A number of submissions were received. A pre-hearing meeting will be held to further explain the Council's intentions. This is the first resource consent application in NZ for the use of Endothall since ERMA approval was given to import the product was provided in 2005.
- Aerial rook nest baiting was completed with early results indicating a continuation of the downward trend of rook numbers in the Region.
- The restructuring of BioWorks is progressing well following consultation with the Union and staff. The four field supervisor positions were disestablished on the 27th of December. New contract coordinator roles have been established. John Hopkirk has been appointed to the contract coordinator biodiversity role. John Rodgers and Trent Oakly have been appointed to the contract coordinator Bovine Tb roles. Geoff Lewis, Rod MacDonald, Rob Glanville and Andrew Schlup have been appointed as leading hands.

Land & River Operations

- The Lower Wairarapa Valley Development Scheme Advisory Committee is likely to recommend to Council through the LTCCP process for an enlarged annual maintenance programme to achieve asset management plan and service level requirements. The general rate requirement for 2006/07 and beyond would be approximately \$48,000 per year.
- Very good progress is being made on river and catchment scheme reviews. A draft rating classification has been prepared for the Lower Wairarapa Valley Development Scheme and a series of meetings with landowners were held during January. Considerable GIS work has been used to set up the new classification. Work programmes for the Kopuranga River Enhancement project have been prepared and a rating classification will be developed shortly. The Opuawe/Awhea catchment scheme committee have agreed to a modified rating classification. Two ratepayers have challenged the classification basis. A report will be prepared to the next Rural Services and Wairarapa Committee. Two options for the Mataikona/Whakataki catchment scheme have been prepared for consultation.
- Flood damage repair work will be completed upstream of Masterton on the Waipoua River Scheme during the next quarter, including repair of stopbank damage at Akura.
- Additional expenditure of \$75,000 is required for the LWVD Scheme to upgrade the Mahaki culvert and the Vollebreght stopbank because of leakage and berm erosion.
- A solid first 6 months of Tauanui logging has produced 17,600 tonnes of logs for a net return of \$522,000. This equates to a net \$29.59 per tonne and more significantly \$30.36 per tonne since the commencement of the new log sale on 1st August. The gross and net targets for the full year have been achieved within the costs budgeted.

Planning & Resources

- Rainfall in the Wairarapa was variable over the period with a trend to very dry conditions. River flows were well below average.
- Consent applications were around the same level as for the previous year to date.
- Masterton District Council have been granted a stay in proceeding in their Environment Court appeal against the decision to decline consent for the proposed Stage two of the Castlepoint seawall. This is to allow them to prepare an integrated foreshore management plan.
- The prosecution against Lansdowne Developments Ltd and Bruce Buchanan Ltd over the discharge of silt laden stormwater from a subdivision development in Masterton is likely to go ahead in March, subject to a decision on 1 February to set a date. Delays in setting the date, including the non-appearance of the defendants at the first hearing, has led to the process becoming longwinded and costly.

- As part of the process of setting the annual charges for consent holders it was found that a update of the consent data was required. This is in progress and while it is delaying the sending out of invoices for 2005/06 it will make the charging process more efficient in the future.
- An application has been received from Reid Piggeries for renewal of their resource consents. This is a large scale piggery with discharges equivalent to the population of a large town. The application is due to be notified in January with a number of submissions expected.
- The application for resource consents for the upgrade to the Masterton District Council's waste water treatment plant is expected in the middle of 2006.
- A decision is still awaited on the Benton application to take groundwater from a moratorium area. The hearing was adjourned with the applicant required to supply further information. This has been received and circulated to all parties for comment.
- The combined district plan is expected to be notified in early March. With staff movement in the Policy and Planning section we will need to employ outside assistance to properly submit on this plan.
- The number of notified district council applications that require submitting on is four times greater than last year. Until a new resource advisor is appointed and inducted, outside assistance may be required to prepare submissions.
- An application relating to a coastal subdivision at Tora has been heard by Hearing Commissioners and consents granted apart from not allowing five lots immediately adjacent to the coast. The decision has been appealed by the applicant which could result in significant costs including staff time.

General

- Due to a number of incidents over recent months the security system for the Masterton office has been reviewed and upgraded. Additional surveillance cameras have been installed within the main office as well as the vehicle parking yard. An internal alarm system has also been installed into the main office building. This has given added protection to vehicle and property assets as well as providing additional safety for frontline office staff.
- We are discussing video conferencing capability with Steve Moate. A video link between the Masterton Office and the Regional Council Centre would significantly reduce the amount of travel required by staff to attend meetings.
- The main office has had several roof leaks resulting in water damage to papers and desk areas on the upper floor. Jozsef Bognar has since had the roof repaired.
- Seven portable air conditioning units have been installed on the upper floor of the main office building because of high temperatures.

2 Funding Summary

2.1 Financial Performance Statement

notes	Last Year	YTD	YTD	Wairarapa Division Financial Performance Statement 6 Months ended 31 December 2005	notes	FY	FY	Last Year
	Actual YTD \$000	Actual \$000	Budget \$000			Budget \$000	Forecast \$000	Actual FY \$000
	4,542	4,624	4,625	Rates & Levies		9,249	9,249	9,083
	0	0	0	Government Grants & Subsidies		0	0	7
1	4,121	3,765	4,082	External Revenue	5	10,255	8,605	7,938
	46	89	53	Investment Revenue		106	106	134
2	2,431	2,477	2,778	Internal Revenue		5,456	5,953	5,387
	11,140	10,954	11,537	TOTAL INCOME		25,066	23,914	22,550
				<i>less:</i>				
	2,976	3,235	3,279	Personnel Costs		6,559	6,603	6,078
	1,131	1,141	975	Materials,Supplies & Services		1,886	2,082	1,841
	128	190	135	Travel & Transport Costs		271	326	305
3	2,785	2,910	3,628	Contractor & Consultants	6	8,517	6,909	6,106
	20	20	42	Grants and Subsidies Expenditure		84	85	20
4	2,668	2,686	3,031	Internal Charges		5,890	6,092	5,796
	9,707	10,181	11,090	Total Direct Expenditure		23,206	22,098	20,145
	360	365	375	Financial Costs		750	750	736
	(3)	1	0	Bad Debts		0	0	(4)
	531	553	553	Corporate & Department Overheads		1,107	1,107	1,062
	221	227	246	Depreciation		491	476	462
	(17)	(11)	(81)	Loss(Gain) on Sale of Assets		(81)	(48)	173
	10,799	11,317	12,183	TOTAL EXPENDITURE		25,473	24,383	22,574
	340	(363)	(646)	OPERATING SURPLUS/(DEFICIT)		(406)	(469)	(24)

Variiances and Movements:

- 1 and 3 reduced Bovine Tb vector control income and expenditure
- 2 and 4 reduced BioWorks internal revenue and costs
- Forestry revenue was \$606,000 better than budget and corresponding logging costs were \$437,000 ahead of budget.

Risks to forecast going forward:

- 5 and 6 additional savings for Bovine Tb vector control
- BioWorks – completing all 05/06 vector control contracts on time and within budget

2.2 Funding Impact Statement

notes	Last Year	YTD	YTD	Wairarapa Division Funding Statement 6 Months ended 31 December 2005	notes	FY	FY	Last Year
	Actual YTD \$000	Actual \$000	Budget \$000			Budget \$000	Forecast \$000	Actual FY \$000
1	340	(363)	(646)	Operating Surplus(Deficit)		(406)	(469)	(24)
	221	227	246	Add Back Depreciation		491	476	462
	(17)	(11)	(81)	Book (Gain)/Loss on Sale of Assets		(81)	(48)	173
	<u>545</u>	<u>(147)</u>	<u>(481)</u>	Funds from Operations		<u>4</u>	<u>(40)</u>	<u>611</u>
	25	11	81	Asset Disposals		81	35	62
2	659	304	621	New Loans		1,392	1,360	1,199
3	269	348	440	Transfer from Reserves	5	816	890	1,438
	<u>1,498</u>	<u>516</u>	<u>662</u>	TOTAL FUNDS RECEIVED		<u>2,293</u>	<u>2,245</u>	<u>3,310</u>
	106	159	400	<i>less:</i> Asset Acquisitions	6	415	322	510
	290	0	0	Capital Projects	7	300	300	922
	139	117	116	Investment Additions		232	232	269
	270	311	329	Loan/Debenture Repayments		659	659	570
	27	62	27	Reserve Interest Received		54	54	92
4	141	210	296	Transfer to Reserves	8	508	612	1,765
	<u>972</u>	<u>859</u>	<u>1,168</u>	TOTAL FUNDS APPLIED		<u>2,168</u>	<u>2,179</u>	<u>4,127</u>
	<u>525</u>	<u>(343)</u>	<u>(506)</u>	NET FUNDS SURPLUS (DEFICIT)		<u>125</u>	<u>66</u>	<u>(817)</u>

Variations and Movements:

- 1 Bovine Tb and forestry surplus as mentioned
- 2 Timing of forestry revenue delaying internal loan requirement
- 3 and 4 offsetting reserve movement for the Akura business unit

Risks to forecast going forward:

- 5 Additional maintenance expenditure for Drainage & Catchment Schemes funded from reserves
- 6 Savings in vehicle acquisitions due to internal vehicle purchases
- 7 Timing of GW contribution for Waiohine bridge upgrade as construction not expected to be completed until December 2006
- 8 Share of Bovine Tb surplus to the Bovine Tb reserve

2.3 Capital Expenditure

<i>notes</i>	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Wairarapa Division Capital Expenditure Statement 6 Months ended 31 December 2005	<i>notes</i>	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	-	-	-	Land Acquisitions		-	-	-
	-	-	-	Building Acquisitions		-	-	21
1	31	137	360	Vehicle Acquisitions	2	365	272	287
	-	10	-	Furniture & Fittings Acquisitions		-	-	-
	76	12	40	Plant Acquisitions		50	50	141
	-	-	-	Computer Equipment Acquisitions		-	-	6
	-	-	-	Structures Acquisitions		-	-	-
	-	-	-	Flood Protection Infrastructure Acquisitions		-	-	-
	-	-	-	Parks & Forests Infrastructure Acquisitions		-	-	56
	-	-	-	Water Infrastructure Acquisitions		-	-	-
	-	-	-	Floodplain Mgmt Plan Acquisitions		-	-	-
	<u>106</u>	<u>159</u>	<u>400</u>	<u>Total Asset Acquisitions</u>		<u>415</u>	<u>322</u>	<u>510</u>
	-	-	-	Budget Settle Resource Costing Labour		-	-	-
	4	-	-	Settlement-Resource Costing Labour		-	-	4
	-	-	-	Budget Settle Materials		-	-	-
	38	-	-	Settlement-Materials & Supplies		-	-	273
	-	-	-	Budget Settle Transport		-	-	-
	-	-	-	Settlement-Transport Costs		-	-	-
	-	-	-	Budget Settle Contractors & Consultants	3	300	300	-
	-	-	-	Settlement-Contractors & Consultants		-	-	645
	-	-	-	Budget Settlement Internal Charges		-	-	-
	0	-	-	Settlement-Internal Charges		-	-	0
	<u>42</u>	<u>-</u>	<u>-</u>	<u>Capital Project Expenditure</u>		<u>300</u>	<u>300</u>	<u>922</u>
	(25)	(11)	(81)	Asset Disposal Cash Proceeds		(81)	(35)	(62)
	<u>372</u>	<u>148</u>	<u>319</u>	<u>Net Capital Expenditure</u>		<u>634</u>	<u>587</u>	<u>1,370</u>

Variiances and Movements:

- 1 Timing of vehicle purchases for Biosecurity, BioWorks and Land & River Management.

Risks to forecast going forward:

- 2 BioWorks savings as some vehicles will be internally purchased, and rebudgets for Biosecurity and Planning & Resources
- 3 The Waiohine Bridge upgrade will not be completed until the 2006/07 financial year

3 Unbudgeted Expenditure

Project Description and reasoning	Funding Source	2005/06 \$	Annual Ongoing Costs
Catchment Scheme maintenance Repair of storm damage to the Awhea and Kaiwhata Catchment schemes.	General rates and reserves	32,000	n/a
Drainage Scheme maintenance To complete channel improvements and pump repairs.	Reserves	58,000	
4.2 Additional Expenditure Requests			
LWVD Scheme Maintenance To upgrade and widen the Mahaki culvert because of stopbank leakage, and move back a section of the Vollebreght stopbank because of berm erosion.	General rates and reserves	75,000	
River Investigations To complete the Lower Wairarapa Valley Development River Scheme Rating Classification Review.	General rates	40,000	n/a
Key Native Ecosystems To complete RPMS objectives and KNE work programme requirements.	General rates	43,000	n/a
Pest Plants To complete RPMS requirements, surveys show a 42% increase in eradication and containment sites.	General Rates	50,000	n/a

4 Activity Reports

4.1 Operating Surplus/Deficit

notes	Last Year	YTD	YTD	Wairarapa Division Operating Surplus/(Deficit) 6 Months ended 31 December 2005	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
1	142	77	(113)	Land & River Operations	4	(203)	(389)	(422)
2	46	(32)	(575)	Wairarapa Biosecurity	5	(266)	(128)	168
	154	(50)	(66)	Wairarapa Planning & Resources		18	29	141
	3	(2)	7	Workshop/Garage		14	14	17
3	7	(334)	108	BioWorks		43	26	84
	(12)	(21)	(6)	Wairarapa Support		(13)	(21)	(13)
	340	(363)	(646)	Wairarapa Division		(406)	(469)	(24)

1 Logging revenue ahead of budget due to timing

2 & 3 timing of Bovine Tb vector control contracts impacting on Biosecurity and BioWorks

4 Additional expenditure for the LWVD scheme review and maintenance. Additional maintenance expenditure for Catchment Scheme and Drainage Schemes

5 Additional expenditure for Pest Plants & Animals offset by Bovine Tb savings

4.2 Funding Impact

notes	Last Year	YTD	YTD	Wairarapa Division Funding Surplus/(Deficit) 6 Months ended 31 December 2005	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
	192	(73)	18	Land & River Operations	see above	110	(16)	(956)
	213	129	(447)	Wairarapa Biosecurity		-	36	93
	78	(58)	(109)	Wairarapa Planning & Resources		-	11	31
	4	(2)	8	Workshop/Garage		15	15	15
	44	(314)	25	BioWorks		-	28	-
	(6)	(25)	-	Wairarapa Support		-	(8)	-
	525	(343)	(506)	Wairarapa Division		125	66	(817)

4.3 Capital Expenditure

notes	Last Year	YTD	YTD	Wairarapa Division Net Capital Expenditure 6 Months ended 31 December 2005	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
	284	26	60	Land & River Operations		360	380	1,097
	(10)	66	90	Wairarapa Biosecurity	2	95	79	64
	94	36	66	Wairarapa Planning & Resources	3	76	58	152
	-	-	-	Workshop/Garage		-	-	-
1	4	10	103	BioWorks	4	103	70	57
	-	10	-	Wairarapa Support		-	-	-
	372	148	319	Wairarapa Division		634	587	1,370

1 & 4 Savings in vehicle acquisitions due to timing and internal purchases

2 & 3 one vehicle for each Department to be rebudgeted to 2006/07

5 Progress toward Business Plan Performance Indicators

Performance indicator	YTD Actual \$000	FY Budget \$000	On Target to be achieved
Bovine Tb control	1,400	7,327	Yes
Regional Pest Management	1,025	1,817	Yes
River Scheme maintenance	825	1,770	Yes
River Scheme investigations	236	369	Yes
Land Management property works	471	550	Yes
Catchment Scheme maintenance	87	88	Yes
Consent processing	111	292	Yes
Consent monitoring	32	68	Yes
Pollution incidents / enforcement	37	78	Yes
State of the Environment Monitoring	291	730	Yes

6 Staffing Report

Recent staff changes include the resignations of Ken Wright, Biosecurity Team Leader and Jason Jamieson, Biosecurity Officer of the Pest Animals Section, and Rachel Hornsby, Acting Section Leader of the Policy & Planning Section.

Ben Winder has been appointed as Biosecurity Officer for Pest Plants.

Paula Pickford commenced a year's parental leave and Stephen Thawley has been appointed as Acting Section Leader, Consents & Compliance during Paula's absence.

Susannah Guscott and Dierdre Ross were appointed to part time Resource Advisor positions in the Consents & Compliance Section. Both were fixed term employees.

Brett Cockeram transferred from Land & River Operations to the Resource Investigations as an Environmental Monitoring Officer.

Adrian Luttrell, River Hand for Land & Rivers Operations transferred back to BioWorks as a Field Operator. Two new members will be appointed to the Southern river gang next quarter. Dave Sim will retire at the end of April after working nearly 45 years with the Council and its forbears.

Faith Barber's secondment as Land Management Officer from Policy & Planning has been extended.

Nick Pratt's fixed term contract as Field Supervisor for Land Management has been renewed.

Sam McColl joined the Resource Investigation Section as Technical Assistant for the summer.

7 Health and Safety Update

There were 17 reported incidents during the December quarter. None of these incidents resulted in serious injury or lost time. Achievements for the quarter were:

- Continuation of staff training courses covering poison handling, first aid, and driver safety.
- Seven new radiotelephones were fitted to vehicles based at Upper Hutt to improve coverage.
- A sun smart presentation was well attended by staff.
- BioWorks protective clothing requirements have been reviewed, and all staff are to be provided with high visibility garments. In addition, twenty poor-condition motorcycle helmets have been replaced.

8 Business Continuity

Business continuity planning has focused on a pandemic response to an outbreak of avian influenza as a result of both global and national warnings. The response planning group has held several meetings and various actions have been agreed to and put in place. These include the updating of staff contact information, gathering information on staff availability during a pandemic attack, reviewing various communication methods, purchasing personal protective equipment and hygiene aids, identifying critical services and prioritising services, identifying key staff and their backups. From historical data, it is evident that the attack will come in phases and this has to be considered as part of the overall plan. Planning is ongoing.

9 Business Units

9.1 Operating Surplus/Deficit

Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Wairarapa Business Units Operating Surplus/(Deficit) 6 Months Ended 31 December 2005	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
10	(336)	115	BioWorks		57	40	101
(161)	2	(261)	Reserve Forests		(522)	(490)	(335)
96	100	95	Akura Conservation Centre		31	31	45
(55)	(234)	(51)	Wairarapa Business Units		(434)	(419)	(189)

9.2 Funding Impact

Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Wairarapa Business Units Funding Surplus/(Deficit) 6 Months Ended 31 December 2005	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
48	(316)	33	BioWorks		15	43	15
-	-	37	Reserve Forests		75	75	-
18	18	18	Akura Conservation Centre		35	35	35
66	(298)	88	Wairarapa Business Units		125	153	50

9.3 Capital Expenditure

Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Wairarapa Business Units Net Capital Expenditure 6 Months Ended 31 December 2005	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
4	10	103	BioWorks		103	70	57
-	-	-	Reserve Forests		-	-	56
6	-	-	Akura Conservation Centre		-	-	26
10	10	103	Wairarapa Business Units		103	70	139