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**Report 02.49**

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Report to the Rural Services and Wairarapa Committee  
from Colin Wright, Divisional Manager, Wairarapa

**Wairarapa Division: Operating Plans 2002-2010**

**1. Purpose**

To provide a summary of the key highlights and issues in the Proposed Business Plan for the Wairarapa Division.

**2. Overview**

The Operating Plans for the various functions have been prepared on the basis of the Council's current Long Term Financial Strategy (LTFS), as approved in June 2000, and after taking into account changes that have occurred since that time.

Detailed consideration has indicated that each activity area can be managed within the current LTFS "hard numbers" for 2002/03, but there are significant pressures in some activity areas.

As indicated in the earlier reports for this meeting, 2002/03 is the last year of "hard numbers" and the Council's LTFS will be completely reviewed before next year's Annual Plan.

**3. Biosecurity Department**

This department is now operating under the requirements of the Council's new Regional Pest Management Strategy for Plant and Animal Pests and also the new National Pest Management Strategy for Bovine Tb.

Council made substantial changes to the funding for biosecurity activities last June in preparation for operating under these new strategies. New funding policies introduced at that time by the Animal Health Board resulted in significant savings to the general rate of around \$600,000 per annum from the Bovine Tb activity. There were also substantial savings of approximately \$400,000 per annum to the Bovine Tb special rate.

At the same time, Council decided to allocate an additional \$210,000 per annum to provide for an increase in the Key Native Ecosystems (KNE) work and the additional requirements of the new Regional Pest Management Strategy.

The proposed Bovine Tb budget for 2002/03 is based upon completing 322,000 hectares of vector control work. This is a substantial area and it represents 39% of the total land area of the Region.

The Bovine Tb Rate Reserve is expected to be approximately \$900,000 at 30 June 2002. This interest earning reserve has been steadily building up over the years from efficiency gains in our activities.

The current Operating Plan numbers allow for regular withdrawals from this reserve over the next 8 years. However, there will still be about \$800,000 in the reserve fund in 2010 assuming that the anticipated works programme, the current funding policies, and the present rate of 54 cents per hectare in operational areas remain largely unchanged over that time.

In my view, the Reserve does not need to be that large and should be reduced. Options include a rate holiday or a significant reduction in the Bovine Tb rate. Currently, the Bovine Tb rate of 54 cents per hectare brings in about \$200,000 per year. While a rate holiday of 2 or 3 years for Bovine Tb ratepayers is possible, it is not a preferred option. The reasons include the difficulties of restarting a rate after a lapse of several years, plus the benefits would all fall to one particular set of ratepayers. A significant reduction in the rate seems quite practical and some possible options will be presented at the Committee meeting.

## **4. Operations Department**

### **4.1 River Management**

The programme for Scheme reviews is planned to continue over the next few years. The Waiohine and Waipoua Scheme reviews have been completed and the Upper Ruamahanga is scheduled to be finished by June 2002. A start will then be made on reviewing the Lower Wairarapa Valley Development Scheme.

The Proposed 2002/03 Budget allows for an increase in the Upper Ruamahanga Scheme maintenance budget, as has been discussed with the various ratepayer groups in the past few months. This increase in

programme is aimed at making the Scheme more robust. Changes to the gravel royalty charge and its allocation to river works, as considered by the Committee in December 2001, have enabled this increase in activity to be included without an additional general rate requirement.

The Lower Wairarapa Valley Development Scheme Advisory Committee has requested that repayment be made of their remaining debt. This Scheme currently has reserves of about \$1 million. The remaining loan relates to the Pukio stopbank reconstruction and therefore approximately \$200,000 is intended to be repaid in July.

The Proposed 2002/03 Budget includes \$100,000 capital expenditure for new stopbanks at Te Whiti in the Upper Ruamahanga Scheme. This work is currently scheduled in the Long Term Financial Strategy for 2004/05, but ratepayers in the area are keen to see this work brought forward. This work would be loan funded, and therefore there will be a small increase in the general rate requirement for debt servicing of about \$5,000 per annum for 2003/04 and 2004/05, if the work is brought forward to late in the 2002/03 year.

#### **4.2 Soil Conservation**

A new activity in this area is the Farm Environment Awards, which was approved by Council in September 2001. The Awards, which promote sustainable development in farming, have got off to a very good start with support coming from a number of other organisations as well as the rural community. Budget provision of \$20,000 per annum has been made across the 8 years of the present LTFS.

The LTFS provides an additional \$50,000 in 2002/03 for further riparian planting and a start on protecting wetlands. The total soil conservation works programme for sustainability plans and property plans is similar to last year, although with the present rural economy a number of farmers would be prepared to do more.

### **5. Planning & Resources Department**

A new item of \$35,000 has been allowed in 2002/03 for work on developing the Wairarapa Coastal Strategy in conjunction with the three Wairarapa district councils. The additional work required for this strategy could not be accommodated within the present tight budget for this department.

One aspect under pressure in this department's budget is the revenue line where most of the income received is fixed by the Council's Resource Management Charging Policy. The department deals with a large number of relatively small consents and there is little opportunity for generating additional revenue. At the same time there is steady pressure for a prompt and high quality service in relation to all our resource management activities.

The new position of Policy Advisor (Maori) has made a substantial difference to our relationships with the Iwi in the Wairarapa. The working arrangements with their organisations are much improved on the situation of a year ago.

## 6. Business Units

There are no particular issues to highlight in relation to the Akura Conservation Centre and Workshop Business Units. Both of these units are expected to generate their annual dividend payment to Council.

Revenue in the current financial year for the Reserves Forest Business Unit is down significantly on budget because of the quality of timber being logged from the last of the Hiwinui "old crop". At this stage we have allowed for only \$100,000 net revenue in 2002/03, as access to the Tauanui Reserve is still being negotiated. This access is needed if any logging is to take place next financial year. Negotiations for this access, which involve both private and Maori land, have been very protracted and difficult. As a result, we are now looking at a completely different option for access which, although much longer, may be the better long-term solution.

It is intended that the annual dividends to Council for all three business units will be reviewed as part of the next LTFS review beginning later this year.

## 7. Recommendation

- (1) *That the report be received and the contents noted.*
- (2) *That the following proposed Operating Plans be approved in principle:*
  - *Biosecurity*
  - *River Management*
  - *Soil Conservation*
  - *Planning & Resources*
  - *Business Units*
- (3) *That the proposed Operating Plans for the above activities be recommended to the Policy and Finance Committee for inclusion in the Council's proposed Long Term Financial Strategy 2000-2010: 2002 Update (incorporating Council's 2002/03 Annual Plan).*



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