



Catchment Management 3rd Quarter Review

March 2006

Geoff Dick
Divisional Manager

FOR FURTHER INFORMATION

Greater Wellington
Regional Council
Wellington
P O Box 11646

T 04 384 5708
F 04 385 6960
W www.gw.govt.nz

April 2006

Contents

1.	Executive Summary/ Key Issues	1
1.1	Divisional Summary	1
1.2	Looking ahead	1
2.	Divisional Financial Summary	2
2.1	Financial Performance Statement	2
2.2	Funding Impact Statement	2
3.	Departmental Summaries	3
3.1	Biosecurity (Wayne O'Donnell)	3
3.1.1	Financial Performance Statement	6
3.1.2	Funding Impact Statement	7
3.1.3	Capital expenditure	7
3.2	River Management (Ian Gunn)	8
3.2.1	Financial Performance Statement	9
3.2.2	Funding Impact Statement	10
3.2.3	Capital expenditure	10
3.3	Land Management (Ian Gunn)	11
3.3.1	Financial Performance Statement	12
3.3.2	Funding Impact Statement	12
3.4	BioWorks (Scott Forbes)	13
3.4.1	Financial Performance Statement	13
3.4.2	Funding Impact Statement	14
3.4.3	Capital expenditure	15
3.5	Business Unit Summary	15
3.6	Support Services (Neville Shakespeare)	16
4.	Unbudgeted Expenditure	17
5.	Items to be rebudgeted to 2006 / 2007	17
6.	Progress toward Annual Plan Performance Indicators	18
7.	Business Continuity	19
8.	Additional Information for Management	19
8.1	Staff	19
8.2	Health and Safety	20

1. Executive Summary/ Key Issues

1.1 Divisional Summary

My first two and ½ months as Divisional Manager, Catchment Management have been very enjoyable and challenging. During this time I have worked closely with management and staff to understand the issues facing our new Division and I have been very impressed with the calibre of people within the Catchment Division.

We still have four classified river/catchment rating schemes to finalise for next years annual plan. I propose to delay the next Rural Services & Wairarapa Committee meeting until the 22 May to enable the Committee to consider the rating changes for these schemes.

Attached is a detail report of the Division's activities. Overall I am happy with progress and look forward to a good year end result.

Key issues or items of interest are as follows:

- At the close of March the Division had a favourable funding position of \$599,000. Total income was \$1,441,000 below budget and total expenditure was \$1,884,000 below budget. Net capital expenditure was \$431,000 above budget. The variations mostly related to timing of flood protection works and savings in the Bovine Tb vector control activity. The forecast funding position at June 2006 is \$20,000 favourable and incorporates \$298,500 of additional expenditure requested at the ½ year review.
- BioWorks are under considerable pressure to complete the 2005/06 Bovine Tb vector control programme by the end of June and achieve budget. At March the Unit's operating surplus was \$385,000 behind budget, and a full-year funding deficit of at least \$50,000 is expected.

1.2 Looking ahead

Implementing a new Divisional Structure and appointing key staff including a permanent Flood Protection Manager will be a top priority for the last quarter of the financial year.

The Wairarapa building review is progressing slowly. I still hope we can make recommendations to Council by the end of June.

2. Divisional Financial Summary

2.1 Financial Performance Statement

<i>notes</i>	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Catchment Management Division Financial Performance Statement 9 Months ended 31 March 2006	<i>notes</i>	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	11,137	11,017	11,018	Rates & Levies		14,690	14,690	14,849
	0	0	0	Government Grants & Subsidies		0	0	0
	5,046	4,488	6,136	External Revenue		9,094	7,529	6,886
	168	276	192	Investment Revenue		256	354	266
	3,979	4,558	4,434	Internal Revenue		5,948	6,449	5,822
	20,330	20,340	21,780	TOTAL INCOME		29,988	29,022	27,824
				<i>less:</i>				
	4,620	4,995	5,139	Personnel Costs		6,854	6,666	6,264
	1,784	2,163	1,599	Materials,Supplies & Services		2,298	2,721	2,382
	206	271	227	Travel & Transport Costs		304	343	326
	4,571	3,875	6,390	Contractor & Consultants		9,087	6,517	6,529
	20	27	63	Grants and Subsidies Expenditure		84	91	20
	4,256	4,837	4,648	Internal Charges		6,147	7,096	6,034
				Total Direct Expenditure		24,774	23,435	21,554
	15,456	16,168	18,066	Financial Costs		1,810	1,822	1,695
	1,262	1,299	1,358	Bad Debts		0	30	(2)
	0	27	0	Corporate & Department Overheads		1,284	1,284	1,233
	925	963	963	Depreciation		1,102	1,081	1,078
	807	799	826	Loss(Gain) on Sale of Assets		(119)	(69)	(3,065)
	(3,282)	(46)	(119)	TOTAL EXPENDITURE		28,850	27,583	22,494
	15,168	19,210	21,094	OPERATING SURPLUS/(DEFICIT)		1,138	1,440	5,330
	5,162	1,130	687					

Year to date variances

- Reduced Bovine Tb vector control income and expenditure due to programme decreases, contract savings and operational timing.
- Savings in personnel costs from delays in replacing staff for Biosecurity
- Additional expenditure on materials and supplies for river maintenance offset by savings in contract expenditure

2.2 Funding Impact Statement

<i>notes</i>	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Catchment Management Division Funding Statement 9 Months ended 31 March 2006	<i>notes</i>	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	5,162	1,130	687	Operating Surplus(Deficit)		1,138	1,440	5,330
	807	799	826	Add Back Depreciation		1,102	1,081	1,078
	(3,282)	(46)	(119)	Book (Gain)/Loss on Sale of Assets		(119)	(69)	(3,065)
	2,687	1,883	1,394	Funds from Operations		2,121	2,452	3,344
	3,633	66	119	Asset Disposals		119	79	3,642
	3,232	3,124	2,554	New Loans		4,716	5,425	4,394
	494	1,180	1,180	Transfer from Reserves		1,541	1,604	1,619
	10,046	6,253	5,248	TOTAL FUNDS RECEIVED		8,497	9,560	12,999
				<i>less:</i>				
	354	339	582	Asset Acquisitions		608	478	496
	3,318	3,125	2,504	Capital Projects		4,876	5,423	5,227
	209	232	229	Investment Additions		305	305	283
	4,813	1,204	1,245	Loan/Debenture Repayments		1,660	1,660	5,231
	108	193	113	Reserve Interest Received		151	250	181
	751	611	624	Transfer to Reserves		848	1,375	2,428
	9,553	5,704	5,297	TOTAL FUNDS APPLIED		8,447	9,490	13,846
	493	549	(50)	NET FUNDS SURPLUS (DEFICIT)		50	70	(847)

3. Departmental Summaries

3.1 Biosecurity (Wayne O'Donnell)

Key Issues

- **Bovine Tb** – In January staff were requested by the Animal Health Board to reduce the 2005/06 budget by \$1M as the Board was facing a severe overspend of \$9.3M, based on their 6 month review predictions. GW had already advised savings of approximately \$400,000 to the AHB. The only remaining contract outstanding was S E Wairarapa Stage 3, incorporating control in and around the Aorangi Range. We advised the AHB that this operation could be deferred as it was unlikely that we could complete it by the 30 June.

However, the AHB subsequently indicated that this operation could not be deferred as the Crown funds had already been carried forward one year and their funding agreement prevented this being extended a further year. We are now under considerable pressure to complete this operation by the due date.

The AHB have advised that the vector control programmes for the three years 2006/07 to 2008/09 will be significantly reduced in the Wellington region. This is due to an increase in contracting costs and the need to reprioritise vector control around NZ. Report 06.41 to the RSW Committee provided details on this matter. These reductions may have significant implications for GW in terms of future contractor capacity. It may also mean some 'slippage' with regards to regional Bovine Tb targets.

- **Vector Management Contract** - This contract is due to expire on the 30 June 2006. Despite receiving a letter from the AHB that indicated the Board would be willing to consider a 2 + 2 year contract, the writer was recently advised that this advice was incorrect. The Board will now only consider a single 2 year contract.
- **RPMS Review** – A review of the current Regional Pest Management Strategy is well underway with a number of internal Section meetings completed. A working group has been established with Fiona Bancroft given overall responsibility to drive the review. Fiona has been part of the national Biosecurity Generic Guidelines Group, which has been providing advice on reviews to all regional councils with the aim of achieving consistency in documentation. The Department aims to produce a discussion document for public review in July 2006. A draft Proposed RPMS is expected to be ready for Council review in mid-late February 2007.
- **National Biosecurity – Roles & Responsibilities** – The National Biosecurity Co-ordination Group (regional councils, MAF Biosecurity NZ, DoC, Ministry of Fisheries, Ministry of Health & others) has identified that clarification of roles and responsibilities for biosecurity functions is a key issue to be resolved for all agencies. MAF Biosecurity NZ have been given the task to lead this review. The outcome of the review will help clarify issues such as GW's marine biosecurity responsibilities.
- **National Pest Plant Accord (NPPA) Review** – The NPPA is a national list of declared Unwanted Organisms that are banned from propagation, sale and

distribution. The Accord is the responsibility of MAF Biosecurity NZ but is actioned in the field by regional councils who undertake nursery and retail inspections. Council staff are delegated as Authorised Persons by MAF. The writer is one of two regional council representatives on the Steering Group which is overseeing a review of the Accord list. It is likely that the final list, expected to be approved in June 2006, will create some negativity amongst retailers as some new species are added. The Steering Group will have a Communications Plan in place to minimise the level of concern.

Work programme progress

Pest Animals (Ray Clarey)

- **RPMS Review** All staff (plants staff included) are actively involved in the Regional Pest Management Strategy review process to ensure maximum understanding and ownership of the final product.
- **KNE Contracts** are progressing ahead of budget and an additional \$37,000 above the \$43,000 requested at the ½ year review will be required to complete the remaining programmed work by the end of the financial year. The additional expenditure relates to completing the internal BioWorks service agreements.
- **Pest Animal Programmes** An RCD immunity survey was recently completed across the region to determine the level of immunity to the virus amongst the feral rabbit population. In most cases immunity levels were not high, meaning that the virus could still have an impact in reducing feral populations. We have ordered a small number of RCD vials as part of the regional council consortium that imports the product from Australia. We will consider using the virus later this year as a biocide to reduce localised populations.

Pest Plants (Dave Bayly)

- Initial phase for eradication and containment species control contracts have been completed. Maintenance phase on some contracts has been completed and others are due to commence. Where new infestations of other species have been located the work has been undertaken by staff or added onto contracts.

After a survey of South Wairarapa, Darwins barberry infestations are far more widespread than initially thought. Our aim is to remove the plant from the containment zone list during the RPMS review. For this reason we have not undertaken further work. Considerable infestations have been located on DoC reserves near Featherston

A number of suppression species have only been controlled where queries and complaints have been received, due to our focus being on eradication and containment species. This has been more pronounced in the Wairarapa.

All nurseries have had initial inspections undertaken with some receiving additional random visits.

All contracts in the KNE's are on schedule with initial work having been completed.

- **Horizons RPMS Review** Various meetings have been held with Horizons Regional Council staff in an attempt to ensure consistency in policies and objectives around the regional boundary.
- **Endothall Registration** We are confident that the resource consent application to GW will not need to proceed to a formal hearing. Considerable progress was achieved on issues at the pre-hearing meeting and subsequent discussions. Once approved, we will have a tool to control the aquatic pest plant Hornwort, found in many areas of the eastern Lake Wairarapa wetlands and Otaki Forest Lakes.
- **Pest Fish** Staff have been working closely with DoC staff on the removal of various aquatic pest plants and pest fish in private ponds in the Kapiti area. The next Rural Services Newsletter will contain an article on pest fish and the risks they pose to our environment

Monitoring & Investigations (James Lambie)

- **Bovine Tb Monitoring** A lot of Bovine TB work was processed in the Jan-March quarter. The team has successfully coped with a large load of tendering and work programming such that all Bovine TB monitoring has been performed within 20 days of control contractor requests. All data has been passed to the VM within 10-15 days of receipt from the monitoring contractors and all final reports have been passed to the VM within 20 days of receiving data from monitoring contractors. Some April pressure is showing due to staff leave and biodiversity monitoring commitments.
- **Biodiversity monitoring** Was successfully instigated for the Porirua Scenic Reserve KNE, Keith George Scenic Reserve KNE, Sulphur Wells KNE and Te Waihora KNE. Pounui KNE is still being done. This delay has been due to the annual leave and sickness of a critical member of biosecurity staff over the monitoring (bird monitoring) season.

Bovine Tb Vector Management (Graeme Butcher & Grant Crawford)

- **SE Wairarapa Stage 3** Considerable progress has been made on the Stage 3 S E Wairarapa (Haurangi) operation. An input contract is being developed with EPRO to provide and distribute 1080 carrot bait with deer repellent added. EPRO currently have a monopoly on this product. Several visits have been made to landowners to get approval for methods and timing. As there are severe time constraints on this operation, we have decided to undertake all approval processes internally (i.e. resource consents, DoC approval, MoH approval). This should enable the operation to be completed by the 30 June 2006.

- **2005/06 Programme** All 2005/06 contracts for vector control have been tendered. We have some concerns that the entire programme will not be completed by the stated completion dates. BioWorks have recently requested time extensions for a number of contracts due the recent loss of key staff. Other contractors appear to be on target to achieve contracts within specified dates. Any delays to completion dates has major implications for scheduling our monitoring contractors.
- **2006/07 – 2008/09 Planning** Staff are currently working on reviewing and rewriting the various Plans required by the AHB (under our Vector Management contract). These include the Local Control Programme Plan, Contract Management Plan, Capacity Management Plan and Communications Plan. These Plans are all due for completion prior to Easter.

3.1.1 Financial Performance Statement

<i>notes</i>	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Biosecurity Financial Performance Statement 9 Months ended 31 March 2006	<i>notes</i>	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	2,046	2,088	2,087	Rates & Levies		2,782	2,782	2,728
	0	0	0	Government Grants & Subsidies		0	0	0
	2,765	2,778	4,497	External Revenue		6,733	5,243	4,012
	32	39	26	Investment Revenue		35	51	44
	685	773	771	Internal Revenue		1,091	1,103	1,078
	5,528	5,677	7,381	TOTAL INCOME		10,641	9,179	7,862
				<i>less:</i>				
	1,022	1,072	1,161	Personnel Costs		1,549	1,471	1,361
	193	184	175	Materials,Supplies & Services		224	302	299
	65	71	53	Travel & Transport Costs		70	93	96
	1,417	1,309	3,184	Contractor & Consultants		4,695	2,394	1,926
	0	0	49	Grants and Subsidies Expenditure		65	65	0
	2,532	2,790	2,984	Internal Charges		3,988	4,482	3,732
				Total Direct Expenditure		10,592	8,807	7,414
	5,229	5,427	7,606	Financial Costs		0	0	(0)
	(0)	(0)	0	Bad Debts		0	0	0
	0	0	0	Corporate & Department Overheads		265	265	253
	190	198	198	Depreciation		71	65	59
	42	50	54	Loss(Gain) on Sale of Assets		(21)	(8)	(32)
	(23)	(7)	(21)	TOTAL EXPENDITURE		10,907	9,128	7,694
	5,438	5,668	7,837					
	90	9	(456)	OPERATING SURPLUS/(DEFICIT)		(266)	51	168

Year to date variances

- Reduced Bovine Tb vector control income and expenditure due to programme decreases, contract savings and operational timing.

Changes to year ending 30 June 2006 forecast

- Increased surplus for Bovine Tb (up from \$250,000 at December forecast to \$412,000)

3.1.2 Funding Impact Statement

notes	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Biosecurity Funding Statement 9 Months ended 31 March 2006	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	90	9	(456)	Operating Surplus(Deficit)		(266)	51	168
	42	50	54	Add Back Depreciation		71	65	59
	(23)	(7)	(21)	Book (Gain)/Loss on Sale of Assets		(21)	(8)	(32)
	109	51	(423)	Funds from Operations		(215)	108	195
	31	7	21	Asset Disposals		21	7	40
	0	0	0	New Loans		0	0	0
	207	283	283	Transfer from Reserves		345	345	260
	348	342	(119)	TOTAL FUNDS RECEIVED		151	460	496
				<i>less:</i>				
	94	66	111	Asset Acquisitions		116	105	105
	0	0	0	Capital Projects		0	0	0
	0	0	0	Investment Additions		0	0	0
	0	0	0	Loan/Debenture Repayments		0	0	0
	32	39	26	Reserve Interest Received		35	51	44
	0	0	0	Transfer to Reserves		0	165	253
	126	104	137	TOTAL FUNDS APPLIED		151	321	402
	222	237	(256)	NET FUNDS SURPLUS (DEFICIT)		(0)	139	93

Year to date variances

- Bovine Tb funding surplus was \$470,000 ahead of budget at the end of March

Changes to year ending 30 June 2006 forecast

- Forecast department surplus increased by \$98,000. Forecast funding surplus includes transfer of \$165,000 to the Bovine Tb reserve

3.1.3 Capital expenditure

notes	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Biosecurity Capital Expenditure Statement 9 Months ended 31 March 2006	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	-	-	-	Land Acquisitions		-	-	-
	-	-	-	Building Acquisitions		-	-	-
	88	66	101	Vehicle Acquisitions		106	95	99
	-	-	-	Furniture & Fittings Acquisitions		-	-	-
	-	-	10	Plant Acquisitions		10	10	-
	6	-	-	Computer Equipment Acquisitions		-	-	6
	94	66	111	Total Asset Acquisitions		116	105	105
	-	-	-	Capital Project Expenditure		-	-	-
	(31)	(7)	(21)	Asset Disposal Cash Proceeds		(21)	(7)	(40)
	63	58	90	Net Capital Expenditure		95	98	64

Year to date variances

- Timing of vehicle replacements

Changes to year ending 30 June 2006 forecast

- \$24,000 vehicle rebudget and reserve transfer removed from forecast as full year budget will be spent by June 2006

3.2 River Management (Ian Gunn)

Work Programme Progress

- All scheme maintenance works will be completed in accordance with agreed works programmes, with the exception of four projects with a total cost of \$185,000 for the Lower Wairarapa Valley Development scheme. These projects have been delayed by unfavourable weather, an appeal of resource consent to the Environment Court, and design complexity.
- After the 2004/2005 floods, issues of capacity, location and security were identified for stopbanks at Biss's on the Huangarua River and at Vollebregts on the Ruamahanga River. In both cases, sections of these stopbanks have been moved to a more suitable location.
- The Mahaki culvert works, consisting of extending a large culvert and upgrading the stopbank after leakage had previously been noticed, have been completed and re-sown with grass seed.
- Staff have worked with both Wellington office flood protection staff and staff from Horizons MW to assess, review and where appropriate, recommend areas where our existing asset management plans can be enhanced and refined to reflect current standards.
- The Lower Wairarapa Valley Development Scheme rating review continues. Following a series of public meetings earlier in the year David Bulman (the Scheme classifier) and Ranjan Cyril (the Scheme manager) have completed a series of farm meetings with landowners concerned about the proposed rating classification. In some instances they have had to re-explain the rationale for the changes, others have focused on how the new rating classification has been determined. The landowners situated in the floodways are concerned about the impact of floodwaters on their farming practices. The meetings have been very valuable in refining the proposed rating classification. Amendments are currently being worked up.
- Good progress is occurring on the Kopuaranga River environmental enhancement project. The area of flood prone land has been mapped. Nine houses have been identified which have been previously flooded. The isolated works programme has commenced and there has been considerable favourable comment from local residents on the work completed to date.
- Waipoua River Scheme upgrades required following the March floods in 2005 have been completed. Additional funding was required from the Local Authority and adjacent landowners to complete the works. Two stopbanks have been moved and rebuilt and one bend has been significantly strengthened to withstand large flood events. These were completed within budget.

Issues for the next quarter

- Eleven river management and sixteen drainage scheme meetings are to be held to approve the annual works programme. The work programmes are reviewed by each Advisory Committee.
- Completing the Lower Wairarapa Valley Development Scheme Review. The proposed rating classification needs to be adopted by the committee following further public meetings planned for late April – early May.

3.2.1 Financial Performance Statement

notes	Last Year	YTD	YTD	River Management Financial Performance Statement 9 Months ended 31 March 2006	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
	1,922	1,999	2,000	Rates & Levies		2,666	2,666	2,563
	0	0	0	Government Grants & Subsidies		0	0	0
	901	372	291	External Revenue		571	543	1,018
	21	78	39	Investment Revenue		52	97	68
	0	0	2	Internal Revenue		2	2	23
	2,844	2,450	2,332	TOTAL INCOME		3,292	3,309	3,672
				<i>less:</i>				
	394	394	419	Personnel Costs		559	529	515
	378	255	142	Materials,Supplies & Services		189	272	238
	65	63	55	Travel & Transport Costs		73	79	86
	1,487	912	1,083	Contractor & Consultants		1,440	1,337	1,798
	0	0	0	Grants and Subsidies Expenditure		0	0	0
	176	195	149	Internal Charges		198	226	262
	2,500	1,820	1,848	Total Direct Expenditure		2,460	2,444	2,899
	37	36	34	Financial Costs		45	45	51
	0	0	0	Bad Debts		0	0	0
	275	286	286	Corporate & Department Overheads		381	381	367
	101	101	105	Depreciation		140	140	135
	0	0	0	Loss(Gain) on Sale of Assets		0	0	226
	2,914	2,243	2,272	TOTAL EXPENDITURE		3,026	3,009	3,678
	(70)	206	59	OPERATING SURPLUS/(DEFICIT)		266	300	(7)

Year to date variances

- Savings in river scheme maintenance due to delays in sourcing material, bad weather, consent appeals and design.

Changes to year ending 30 June 2006 forecast

- Lower Wairarapa Valley Scheme maintenance expenditure reduced by \$134,000 as above.

3.2.2 Funding Impact Statement

notes	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	River Management Funding Statement 9 Months ended 31 March 2006	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	(70)	206	59	Operating Surplus(Deficit)		266	300	(7)
	101	101	105	Add Back Depreciation		140	140	135
	0	0	0	Book (Gain)/Loss on Sale of Assets		0	0	226
	31	307	164	Funds from Operations		406	439	355
	0	0	0	Asset Disposals		0	0	0
	204	0	0	New Loans		150	0	204
	269	329	329	Transfer from Reserves		465	429	1,040
	504	636	493	TOTAL FUNDS RECEIVED		1,021	868	1,598
				less:				
	0	0	0	Asset Acquisitions		0	0	0
	290	0	0	Capital Projects		300	0	922
	105	116	114	Investment Additions		152	152	142
	54	58	60	Loan/Debenture Repayments		80	80	71
	(9)	37	(0)	Reserve Interest Received		(0)	45	26
	460	315	314	Transfer to Reserves		489	627	1,387
	900	525	489	TOTAL FUNDS APPLIED		1,021	905	2,547
	(396)	112	5	NET FUNDS SURPLUS (DEFICIT)		(0)	(37)	(949)

Year to date variances

- Savings in scheme maintenance expenditure

Changes to year ending 30 June 2006 forecast

- Forecast funding deficit reduced by \$60,000 reflecting the general rate saving on the LWVD Scheme programme reduction.

3.2.3 Capital expenditure

notes	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	River Management Capital Expenditure Statement 9 Months ended 31 March 2006	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	-	-	-	Total Asset Acquisitions		-	-	-
	42	-	-	Capital Project Expenditure		300	-	922
	-	-	-	Asset Disposal Cash Proceeds		-	-	-
	290	-	-	Net Capital Expenditure		300	-	922

Year to date variances

- n/a

Changes to year ending 30 June 2006 forecast

- The Waiohine Bridge upgrade is not due to be completed until November 2006. The \$300,000 capital cost and \$150,000 loan and revenue components are to be re-budgeted to 2006/07.

3.3 Land Management (Ian Gunn)

Issues

- Completion of Catchment Scheme Advisory committee meetings, and agreement on rating classification reviews for Awhea and Mataikona/Whakataki Catchment Schemes.
- Stephen Franks (the owner of Wairangi Station) has raised the issue of refencing the Wairangi Station / Rough Hill boundary. This derelict boundary has been discussed periodically over a period of 10 or more years, initially with a previous owner and more recently with Stephen Franks. This boundary has been the reason for seeking some budgetary provision in order to meet our legal obligations. The proposed 1080 operations in the area have provided increased urgency from Wairangi's point of view with their favoured option being within Rough Hill and deer fenced. This option is not supported and would be more expensive than our legal requirements. On going discussions are expected.

Work programme progress

- Property and Sustainability Plans annual programmes are currently being prepared. Demand for pole planting services continues to be high following the storms of the last two years. The number of clients interested in establishing conservation woodlots has also increased after a number of years where activity levels were low. It is anticipated that planting will begin in early June should soil moisture levels be adequate. Pole survival counts from a range of properties indicates that last years planting has again be very successful.
- Catchment Schemes expenditure is forecast to be higher as a result of damage to assets that occurred in the March 2005 event. An extra \$32,000 will be spent in the Awhea and Kaiwhata schemes. Storm damage reserves have proven to be a very valuable tool to assist with damage repair, and those schemes that have dipped into reserves this year are very focussed on rebuilding reserves to previous levels.
- The Streams Alive riparian planting programmes have also met with good success. However, work is progressing only within eight of the twelve selected catchments at present because of a limitation on resources. Planting programmes are due to begin in June and will continue through to September. The late plantings are mostly due to frost threats in the Whitemans Valley/Mangaroa areas.
- Forestry consultation expenditure is predicted to drop to \$304,000 from its original budget of \$416,000. Silviculture programmes are the main area of expenditure in this budget and there has been a noticeable decline in this activity. An operating deficit of \$24,000 has been incorporated in the year-end forecast.

3.3.1 Financial Performance Statement

notes	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Land Management Financial Performance Statement 9 Months ended 31 March 2006	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	985	1,054	1,054	Rates & Levies		1,405	1,405	1,313
	0	0	0	Government Grants & Subsidies		0	0	0
	584	636	781	External Revenue		930	766	720
	4	4	4	Investment Revenue		5	5	5
	3	1	17	Internal Revenue		22	22	16
	1,576	1,694	1,855	TOTAL INCOME		2,363	2,199	2,053
				<i>less:</i>				
	403	409	416	Personnel Costs		555	530	540
	30	46	58	Materials, Supplies & Services		78	89	50
	47	55	43	Travel & Transport Costs		57	67	64
	500	567	754	Contractor & Consultants		915	738	675
	0	0	0	Grants and Subsidies Expenditure		0	0	0
	283	363	279	Internal Charges		316	376	350
	1,263	1,439	1,550	Total Direct Expenditure		1,920	1,799	1,679
	0	0	0	Financial Costs		0	0	0
	0	0	0	Bad Debts		0	0	0
	310	323	323	Corporate & Department Overheads		431	431	413
	0	0	0	Depreciation		0	0	0
	0	0	0	Loss(Gain) on Sale of Assets		0	0	0
	1,573	1,762	1,874	TOTAL EXPENDITURE		2,351	2,231	2,093
	3	(68)	(18)	OPERATING SURPLUS/(DEFICIT)		12	(32)	(39)

Year to date variances

- Reduced forestry consultation income and expenditure of \$120,000 and \$100,000, respectively
- Storm damage repairs for Catchment Schemes (\$32,000)

Changes to year ending 30 June 2006 forecast

- Deficit from forestry consultations increased by \$11,000

3.3.2 Funding Impact Statement

notes	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	Land Management Funding Statement 9 Months ended 31 March 2006	notes	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	3	(68)	(18)	Operating Surplus/(Deficit)		12	(32)	(39)
	0	0	0	Add Back Depreciation		0	0	0
	0	0	0	Book (Gain)/Loss on Sale of Assets		0	0	0
	3	(68)	(18)	Funds from Operations		12	(32)	(39)
	0	0	0	Asset Disposals		0	0	0
	0	0	0	New Loans		0	0	0
	0	0	0	Transfer from Reserves		0	16	5
	3	(68)	(18)	TOTAL FUNDS RECEIVED		12	(16)	(34)
				<i>less:</i>				
	0	0	0	Asset Acquisitions		0	0	0
	0	0	0	Capital Projects		0	0	0
	0	0	0	Investment Additions		0	0	0
	0	0	0	Loan/Debenture Repayments		0	0	0
	4	4	4	Reserve Interest Received		5	5	5
	0	0	0	Transfer to Reserves		7	7	6
	4	4	4	TOTAL FUNDS APPLIED		12	12	11
	(0)	(72)	(22)	NET FUNDS SURPLUS (DEFICIT)		(0)	(28)	(45)

Year to date variances

- As mentioned above

Changes to year ending 30 June 2006 forecast

- As mentioned above

3.4 BioWorks (Scott Forbes)

Issues

- I expect the Unit's restructure to be completed by the end of the financial year. All of the leadership roles have been filled and only the five permanent field operator positions remain to be filled.
- The 2005-06 years Bovine work programme is expected to be completed despite the fact that it has been hindered by the restructure, a cluster of non work injuries along and two resignations. We lost 28.5% of our field staff over a five week period. We envisage that all aerials will be completed by the middle of May and that this will bring the programme back on line.

The individual operations are progressing as expected although we have had difficulty with the 1% targets and have failed a number of these on line failures. In most cases this has been 1 possum over for the entire contract. One operation that has not gone to expectations is south east Wairarapa stage 3. This initial operation has been adversely effected by a number of issues and we have had to put additional resources in to ensure that we achieve the target. We are confident that we can pull these additional costs back from the second year of the contract.

- Growth of the alternative revenue streams (set up in the new structure) is paramount to establish continuity of workflow. This will enable the core number of staff required to complete GW's Vector control operations to be gainfully employed throughout the entire year.

3.4.1 Financial Performance Statement

<i>notes</i>	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	BioWorks Financial Performance Statement 9 Months ended 31 March 2006	<i>notes</i>	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	0	0	0	Rates & Levies		0	0	0
	0	0	0	Government Grants & Subsidies		0	0	0
	5	40	0	External Revenue		0	60	6
	0	4	0	Investment Revenue		0	5	3
	1,555	1,834	1,937	Internal Revenue		2,582	2,768	2,356
	1,560	1,878	1,937	TOTAL INCOME		2,582	2,833	2,365
				<i>less:</i>				
	933	1,204	1,088	Personnel Costs		1,450	1,600	1,341
	150	454	329	Materials,Supplies & Services		476	573	311
	54	76	82	Travel & Transport Costs		109	100	90
	47	120	94	Contractor & Consultants		140	230	82
	0	0	0	Grants and Subsidies Expenditure		0	0	0
	199	191	141	Internal Charges		188	220	261
	1,384	2,044	1,734	Total Direct Expenditure		2,363	2,723	2,084
	0	0	0	Financial Costs		0	0	0
	0	0	0	Bad Debts		0	0	0
	83	87	87	Corporate & Department Overheads		117	117	110
	63	50	60	Depreciation		80	66	86
	0	0	(20)	Loss(Gain) on Sale of Assets		(20)	0	0
	1,530	2,181	1,861	TOTAL EXPENDITURE		2,540	2,906	2,281
	30	(302)	75	OPERATING SURPLUS/(DEFICIT)		43	(73)	84

Year to date variances

- Personnel costs \$116,000 unfavourable due to additional staff and overtime needed to achieve the interim completion dates
- Materials and supplies expenditure \$131,000 ahead of budget due to timing and additional costs on the South East Wairarapa contract
- The unfavourable variance for internal charges includes the cost of two vehicles with corresponding savings in vehicle acquisitions

Changes to year ending 30 June 2006 forecast

- Operating surplus reduced by \$98,000 to reflect additional staff costs and the loss on the South East Wairarapa Stage 3 contract

3.4.2 Funding Impact Statement

<i>notes</i>	Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	BioWorks Funding Statement 9 Months ended 31 March 2006	<i>notes</i>	FY Budget \$000	FY Forecast \$000	Last Year Actual FY \$000
	30	(302)	75	Operating Surplus(Deficit)		43	(73)	84
	63	50	60	Add Back Depreciation		80	66	86
	0	0	(20)	Book (Gain)/Loss on Sale of Assets		(20)	0	0
	94	(253)	116	Funds from Operations		103	(7)	170
	0	0	20	Asset Disposals		20	0	0
	0	0	0	New Loans		0	0	0
	0	0	0	Transfer from Reserves		0	0	0
	94	(253)	136	TOTAL FUNDS RECEIVED		123	(7)	170
				<i>less:</i>				
	4	38	123	Asset Acquisitions		123	38	57
	0	0	0	Capital Projects		0	0	0
	0	0	0	Investment Additions		0	0	0
	0	0	0	Loan/Debenture Repayments		0	0	0
	0	4	0	Reserve Interest Received		0	5	3
	0	0	0	Transfer to Reserves		0	0	111
	4	43	123	TOTAL FUNDS APPLIED		123	43	170
	90	(295)	13	NET FUNDS SURPLUS (DEFICIT)		(0)	(50)	(0)

Year to date variances

- Due to timing of vector control contracts and the operating losses previously mentioned

Changes to year ending 30 June 2006 forecast

- Funding surplus reduced by \$78,000 for anticipated operating loss

3.4.3 Capital expenditure

notes	Last Year	YTD	YTD	BioWorks Group Capital Expenditure Statement 9 Months ended 31 March 2006	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
	4	38	123	Total Asset Acquisitions		123	38	57
	-	-	-	Capital Project Expenditure		-	-	-
	-	-	(20)	Asset Disposal Cash Proceeds		(20)	-	-
	4	38	103	Net Capital Expenditure		103	38	57

Year to date variances

- Savings on vehicle acquisitions

Changes to year ending 30 June 2006 forecast

- Vehicle expenditure reduced by \$32,000 due to funding shortfall

3.5 Business Unit Summary

notes	Last Year	YTD	YTD	Business Units Operating Surplus/(Deficit) 9 Months ended 31 March 2006	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
	30	(302)	75	BioWorks		43	(73)	84
	(447)	(260)	(391)	Reserve Forests		(522)	(531)	(335)
	59	54	69	Akura Conservation Centre		31	31	45
	(358)	(508)	(247)	Business Units		(448)	(572)	(206)

notes	Last Year	YTD	YTD	Business Units Funding Surplus/(Deficit) 9 Months ended 31 March 2006	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
	90	(295)	13	BioWorks		-	(50)	-
	-	-	56	Reserve Forests		75	75	-
	-	26	26	Akura Conservation Centre		35	35	35
	90	(269)	95	Business Units		110	60	35

notes	Last Year	YTD	YTD	Business Units Net Capital Expenditure 9 Months ended 31 March 2006	notes	FY	FY	Last Year
	Actual YTD	Actual	Budget			Budget	Forecast	Actual FY
	\$000	\$000	\$000			\$000	\$000	\$000
	4	38	103	BioWorks		103	38	57
	-	-	-	Reserve Forests		-	-	56
	7	-	-	Akura Conservation Centre		-	-	26
	11	38	103	Business Units		103	38	139

3.6 Support Services (Neville Shakespeare)

- Organisational Change – the new divisional structure came into effect as of 1 February 2006. Meetings have been held with managers and staff members to allow the new divisional manager to get to know people and the roles they fill within the organisation. The internal structure within each division is now being reviewed. This process and uncertainty has put some staff under pressure while trying to establish workloads and responsibilities under the new structure. People are looking forward to positive outcomes as a result of this process.
- Security System – An internal alarm system was installed within the main office building. This appears to have been well received by staff and the system is working well.
- Air Conditioning – The seven portable air conditioning units were removed from the office building at the end of March. Temperatures have been variable since then.
- Office Building – Progress on this project has slowed, awaiting the outcome of a commercial decision regarding an external site. We have still been experiencing some roof leakage problems with the office building.
- Purchasing – All purchasing, internal charging and journals for Catchment Management division are now being processed through the Masterton office. This has created some additional workload. Environment divisions' purchasing is now co-ordinated through the Wellington office.
- Communications – Major achievements for the quarter include: re-strengthening the relationships with Wairarapa media people; increasing public awareness of the Tauherenikau racecourse KNE site; publishing another edition of the Rural Services newsletter with an emphasis on the Balance Farm Environment Awards; contributions to Elements with a Wairarapa page; various Biosecurity promotional pamphlets and material.

4. Unbudgeted Expenditure

Additional expenditure items approved by Council at the half-year review (report 06.58). Net Divisional funding impact \$186,500

- LWVD Scheme Maintenance (opex/50% reserves) \$75,000
- LWVD Scheme review (opex) \$40,000
- Key Native Ecosystems (opex) \$43,000
- Pest Plants (opex) \$50,000
- Catchment scheme maintenance (opex/50% reserves) \$32,000
- Drainage scheme maintenance (opex/100% reserves) \$58,000

5. Items to be rebudgeted to 2006 / 2007

- Waiohine bridge upgrade (capital/loans) \$300,000
- LWVD river scheme maintenance (opex/reserves) \$185,000

6. Progress toward Annual Plan Performance Indicators

Performance Indicators – Biosecurity

Performance Indicator	YTD Actual	FY Budget	Progress
Bovine Tb vector control	\$2,940,000	\$7,327,000	Forecast \$2m under budget due to AHB funding decreases, area reductions because of low possum numbers and contract savings
Regional Pest Management Strategy	\$1,452,000	\$1,817,000	Additional \$93,000 approved at ½ year review (\$50,000 plants and \$43,000 animals)

Performance Indicators – Land Management

Performance Indicator	YTD Actual	FY Budget	Progress
Land Management property works	\$499,000	\$550,000	On target
Catchment scheme maintenance	\$106,000	\$88,000	Forecast \$32,000 overspend due to storm damage repair

Performance Indicators – River Management

Performance Indicator	YTD Actual	FY Budget	Progress
Wairarapa river investigations	\$334,000	\$369,000	On track, \$40,000 additional expenditure approved at ½ year review
River scheme Maintenance	\$1,294,000	\$1,770,000	Forecast \$122,000 maintenance saving

7. Business Continuity

Planning has continued for pandemic preparations. A Council response plan is being developed with the completion date set for 30 June 2006. The planning emphasis is currently on personal hygiene and making staff more aware of the dangers of a possible pandemic attack. A DVD screening on this topic was well attended by Masterton office staff.

8. Additional Information for Management

8.1 Staff

Biosecurity

A few staffing changes have occurred in the Upper Hutt office. Glen Falconer has been promoted to Team Leader of the Pest Animals Group, replacing Ken Wright who retired at the end of 2005. Two replacements have recently been approved – Laurent van Ham (currently a zoo keeper at Wellington zoo) and Gary Sue (currently an assistant Park Ranger with Parks & Forests). Laurent and Gary start in late April.

James Lambie (Section Leader Monitoring & Investigations) has resigned to undertake more studies or seek employment in the research field.

River Management

Dion Rewiti has been promoted to Field Supervisor for the Southern river gang, taking over from Dave Sim who retires at the end of April after 45 years service with the Council and its predecessors.

There are two riverhand vacancies for the Southern river Gang.

Graeme Reidy and Ian Gunn have returned to work following an extended period of sick leave.

BioWorks

Robert Hudson has been appointed to the Field Operator role based in Upper Hutt.

Tim Ordish, field operator has resigned.

Morrie Murphy, Workshop supervisor has retired after 40 years service, and this position has been filled internally by Jim Spencer.

There are five vacancies for permanent field operator positions.

8.2 Health and Safety

Influenza vaccinations have been completed for 36 staff.

Biosecurity

Four incidents involving minor cuts, burns and insect stings were reported during the March quarter. None of these incidents resulted in serious injury or lost time.

Training courses completed by staff include; first aid refresher (7), approved handler and toxic agents (11), and wader and water safety (5).

Land & River Management

Three incidents were reported for the quarter, none were serious, but river contractor Brian Leete required 12 hours off work (dazed after branch hit the top of his safety helmet).

Training has been completed for all relevant staff under the new HSNO guidelines, with staff now having both certification to handle and apply all relevant chemicals. Those staff that spray roadside drains forming parts of drainage schemes administered by the river management team have also completed a basic traffic safety course and supplied traffic management plans to the district councils

BioWorks

Fifteen incidents were reported during the quarter. None were serious, but five incidents resulted in lost time. Of these lost time incidents, three related to falls and bruising and one was from a bee sting. The remaining lost time incident involved a vehicle going over a bank. Powhare Naera suffered whiplash and soreness and has been off work since the 10th of January.

Compliance with the new HASNO licensing requires all field staff to hold the approved handler and controlled pesticide rather than the daily supervision that was acceptable under the VTA licences. This makes the use of fixed term employees on contracts where Vertebrate Toxic Agents highly impractical. We will be looking to establish how we will deal with this situation before the next round of tenders (July onward).

High visibility clothing has been introduced.

Urine tests for 1080 for staff working on the Featherston Wairongomai aerial operation were clear and indicate the Unit's operating procedures are effective.

Due to a high number of motorcycle incidents a higher specification training course has been introduced to try and limit loss of control accidents.