

1. Executive summary for Environmental Wellbeing Committee: Catchment Management

1.1 Biosecurity

1.1.1 Department Activity

The Biosecurity Law Reform Bill 2012 (the Bill), promulgated in September, has brought a number of significant changes to the Biosecurity Act 1993. The Regional Pest Management Strategy 2002-2022 (RPMS) is made under the Biosecurity Act, and some of the amendments will influence the current RPMS and future Regional Pest Management Plans (as they will now be called). The RPMS is due for review in 2014 and amendments will be incorporated into the reviewed document. Of more immediate concern is that the Bill has made incorrect some of the references to compliance powers in the current RPMS. These powers are necessary for Biosecurity officers when serving notices of direction to occupiers who are not complying with the rules under the RPMS. The national Biosecurity Managers Group is working with MPI on this matter.

Pest Animals

The rook control programme has been completed for the season. There were no rookeries disclosed in the Western Zone. There were 44 nests baited at the eight known rookeries across the Wairarapa. This compared to last years total of 98 nests from nine rookeries.

Rabbits have had a good breeding season in the Western Zone of the region with a dry period in November and early December. Staff were busy night shooting at numerous locations in TA parks and amenity areas. Rabbit numbers have been generally low in the Wairarapa.

The magpie breeding season sparked lots of complaints from cyclists in the Wairarapa. Staff were kept busy undertaking control, often dealing with multiple locations on any given day.

The Wainuiomata-Orongorongo aerial operation has been running smoothly, with no flood events or incidents to follow up and little sign vandalism. Bait and carcass deterioration has been very slow with the cold dry weather, but should have improved in recent weeks.

The delivery of the KNE and TLA Reserve Programmes is on schedule. In all treated sites the numbers of targeted pests, such as possums and rats, are at low levels which would have helped the native bird breeding season. Staff are noticing that native birds previously absent from KNE areas are becoming more common throughout.

Pest Plants

In the second quarter staff have focused on implementing contracts in KNE and Reserves operations, and the monitoring and translocation of various biocontrol agents. Thirty contracts have been completed out of 56 planned for the year.

Boneseed control operations were completed in the second quarter. Our Upper Hutt team completed inspections of 741 properties in Raumati looking for Surveillance and Total Control species. The final outcome was 26 new Total Control sites.

During this period Biosecurity became the lead agency for a Japanese honeysuckle biocontrol application with the Environmental Protection Authority (EPA) and we commenced the MPI funded 'Clean, Check, Dry' aquatic pest education programme.

Biosecurity was part of a national consortium comprising regional councils, DOC, power companies, and MPI seeking label use change for a number of agrichemicals. This was to allow use over water for aquatic pest plants. The EPA approved the application to re-label Escort, Gallant, Grazon and Garlon herbicides for use over water, with conditions, in mid-December 2012. This outcome will enable more effective control of pest plant species emerging from or adjacent to water. Future control of *Spartina*, Manchurian wild rice and other programmes will benefit from this change. The next project is to progress re-assessment of Endothall, aiming at less onerous control limitations. The application was submitted to EPA in December 2012.

BioWorks

BioWorks had 37,006ha of the 2011/12 programme to complete this financial year, including 6,774ha of ground control and 30,232ha of aerial control. BioWorks has completed all aerial control and associated ground control works for the Rimutaka Range and Pukeatua projects. The aerial projects were completed to a very high standard and were fully compliant with all statutory and contractual obligations.

The Mangaroa Kaitoke HMR1, (1,644 hectares) 2011/12 project failed the performance monitor and will be re-treated early in 2013. The AHB have decided to postpone the Western Tararua aerial project (4,397ha) for 2013/14.

The BioWorks AHB programme for 2012/13 includes 64,726ha of possum control and survey work. More than 10,000ha of control and survey work has been completed by the end of the second quarter. Staff plan to complete ground operations mid way through the fourth quarter.

BioWorks continued monthly services within the Pukaha Mt Bruce buffer (2,200ha) to reduce and maintain all predator numbers to very low levels and to restrict any reinfestation.

1.1.2 Financial Reports

Biosecurity Funding Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Rates & Levies	1,512	1,509	3	3,023	3,023	-	1,325	2,649
Government Grants & Subsidies	-	-	-	-	-	-	-	-
External revenue	442	947	(505)	1,048	1,895	(847)	561	1,850
Investment Revenue	20	19	1	38	38	-	19	39
Internal Revenue	1,088	1,065	23	2,524	2,130	394	560	1,211
TOTAL INCOME	3,062	3,540	(478)	6,633	7,086	(453)	2,465	5,749
<i>less:</i>								
Personnel	1,411	1,424	13	2,882	2,847	(35)	1,409	2,639
Materials, Supplies & Services	195	398	203	803	897	94	221	725
Travel & Transport Costs	89	92	3	149	184	35	64	153
Contractor & Consultants	463	720	257	1,104	1,440	336	136	407
Grants and Subsidies Expenditure	248	240	(8)	495	480	(15)	230	460
Internal Charges	196	198	2	745	396	(349)	267	632
Total Direct Expenditure	2,602	3,072	470	6,178	6,244	66	2,327	5,016
Financial Costs	-	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-	-
Corporate & Department Overheads	330	330	-	660	660	-	254	509
Depreciation	102	101	(1)	202	202	-	84	187
Loss(Gain) on Sale of Assets / Investments	(24)	(39)	(15)	(24)	(39)	(15)	(19)	(79)
TOTAL EXPENDITURE	3,010	3,464	454	7,016	7,067	51	2,646	5,633
OPERATING SURPLUS/(DEFICIT)	52	76	(24)	(383)	19	(402)	(181)	116
Add Back Depreciation	102	101	1	202	202	-	84	187
Other Non Cash	(24)	(39)	15	(24)	(39)	15	(19)	(79)
Net Asset Acquisitions and Capital Expenditure	(68)	(182)	(114)	(81)	(182)	(101)	(39)	(184)
Net External Investment Movements	-	-	-	-	-	-	-	-
Repaid Debt	-	-	-	-	-	-	-	-
Net Reserves (Increase) / decrease	55	56	1	282	-	(282)	(19)	(32)
NET FUNDING BEFORE DEBT ADDITIONS	117	12	(105)	(4)	-	4	(174)	8
Internal Debt Additions	-	-	-	-	-	-	-	-
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	117	12	105	(4)	-	(4)	(174)	8

Biosecurity Capital Expenditure Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Total Asset Acquisitions	94	221	127	100	221	121	67	279
Capital Project Expenditure	-	-	-	-	-	-	-	-
Asset Disposal Cash Proceeds	(27)	(39)	(12)	(19)	(39)	(20)	(28)	(96)
Net Capital Expenditure	67	182	115	81	182	101	39	183

BioWorks Funding Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Rates & Levies	-	-	-	-	-	-	-	-
Government Grants & Subsidies	-	-	-	-	-	-	-	-
External revenue	419	947	(528)	997	1,895	(898)	472	1,691
Reserve Investment Revenue	14	13	1	26	26	-	12	26
Other Investment Revenue	-	-	-	-	-	-	-	-
Unrealised Revaluation Gains	-	-	-	-	-	-	-	-
Investment Revenue	14	13	1	26	26	-	12	26
Internal Revenue	37	31	6	447	62	385	21	155
TOTAL INCOME	470	991	(521)	1,470	1,983	(513)	505	1,872
less:								
Personnel	499	548	49	1,031	1,097	66	587	1,024
Materials, Supplies & Services	75	131	56	174	262	88	78	423
Travel & Transport Costs	31	40	9	54	80	26	29	63
Contractor & Consultants	163	49	(114)	182	98	(84)	-	3
Grants and Subsidies Expenditure	-	-	-	-	-	-	-	-
Internal Charges	39	57	18	71	114	43	79	136
Total Direct Expenditure	807	825	18	1,512	1,651	139	773	1,649
Financial Costs	-	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-	-
Corporate & Department Overheads	103	103	-	205	205	-	27	54
Depreciation	52	49	(3)	98	98	-	37	91
Loss(Gain) on Sale of Assets / Investments	(7)	(18)	(11)	(3)	(18)	(15)	(4)	(52)
TOTAL EXPENDITURE	955	959	4	1,812	1,936	124	833	1,742
OPERATING SURPLUS/(DEFICIT)	(485)	32	(517)	(342)	47	(389)	(328)	130
Add Back Depreciation	52	49	(3)	98	98	-	37	91
Other Non Cash	(7)	(18)	11	(3)	(18)	15	(4)	(52)
Net Asset Acquisitions and Capital Expenditure	(14)	(100)	(86)	-	(100)	(100)	(54)	(112)
Net External Investment Movements	-	-	-	-	-	-	-	-
Repaid Debt	-	-	-	-	-	-	-	-
Net Reserves (Increase) / decrease	(14)	(13)	(1)	247	(26)	(273)	(12)	(56)
NET FUNDING BEFORE DEBT ADDITIONS	(468)	(50)	(418)	-	1	1	(361)	1
Internal Debt Additions	-	-	-	-	-	-	-	-
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	(468)	(50)	(418)	-	1	(1)	(361)	1

BioWorks Capital Expenditure Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Total Asset Acquisitions	21	118	97	-	118	118	67	182
Capital Project Expenditure	-	-	-	-	-	-	-	-
Asset Disposal Cash Proceeds	(7)	(18)	(11)	-	(18)	(18)	(13)	(70)
Net Capital Expenditure	14	100	86	-	100	100	54	112

Biosecurity Reserve Balances	Actual Opening Balance \$000	Budget Transfer to \$000	Budget Interest \$000	Budget Transfers from \$000	Budget Closing Balance \$000
Bovine Tb Reserve	223	0	11	-10	224
Regional Possum/Predator Reserve	0	0	1	0	1
BioWorks Reserve	551	0	26	-247	330
	774	0	38	-257	555

1.1.3 Financial Variance Analysis

The department operating surplus was \$24K unfavourable because adverse weather caused a delay in delivery of the AHB programme earlier in the year. This is offset by significant underspend in contracts and materials, which is due to the timing of control activities later in the year to coincide with the biological cycle of pest plants and animals.

BioWorks forecast operating revenue has been reduced by a further \$128K because the AHB has rescheduled some control operations to 2013/14.



Red Mistletoe flowering in Keith George KNE

1.1.4 Annual Plan Performance Measures

Performance Measure	Performance Target		Comment
	Baseline	2012/13	
Number of active pest plant "Total Control" sites	890 (2010/11)	Decrease on previous year	Surveys of Total Control species are timed to coincide with the plant growing season. Results of the surveys will be available later in the year.
Number of rabbits in the region	Low No areas persistently recording above 5 on the Modified McLean Scale (2010/11)	Low (<5 on the Modified McLean Scale)	There are no areas in the region exceeding the performance target. Recent rabbit RCV immunity testing indicates that it is very likely that the virus will help maintain rabbit populations at low levels. Staff undertake regular control in some of the more rabbit prone river beds and coastal esplanades when required.
Number of possums in the Regional Possum Predator Control Programme area	Low Less than 5% Residual Trap Catch (2010/11)	Low (<5% Residual Trap Catch)	The monitoring to assess possum numbers is planned for later in the year.

Specific areas of work 2012/13	Comment
Carry out the Regional Possum Predator Control Programme	The monitoring and control of 19,200ha currently under programme is planned for later in the year. Staff plan to implement possum control over an additional 37,000ha, including 22,000ha in Porirua and the Kapiti Coast where no GWRC led possum control has occurred to date.
Carry out the Regional Pest Management Strategy	Staff have prepared the RPMS Operational Plan for 2012/13 and the programme will be delivered as planned.

1.1.5 Risk Analysis

The Biosecurity department is planning the Akatarawa Forest Aerial Project using 1080. Although GWRC has an excellent track record of safe and successful aerial 1080 operations there are risks associated with public perception of this toxin. We will be delivering this project for the Biodiversity and Forestry departments with involvement from GW Parks.

1.2 Biodiversity

1.2.1 Overview

Jennie Marks has been appointed Team Leader, Strategy and Systems within the department. Jennie was previously Senior Biodiversity Advisor within the Strategy and Systems team.

The annual self-assessment for the Health and Safety management systems has been completed. The elements that required improvement are objectives to be addressed in the associated action plan.

Statutory planning and policy advice

The department provided policy advice on biodiversity for the ongoing development of the regional plan. Specific advice was provided for:

- The review of rules, policies, methods and general standards for the Coastal Marine Area;
- The application of Regional Policy Statement Policy 22 to wetland environments;
- The review of rules, policies and methods for the beds of lakes and rivers.

Advice was also provided to external agencies on biodiversity matters, including:

- The resolution of issues raised in a submission on two proposed plan changes by Hutt City Council (zoning change to allow subdivisions) through conferencing;
- A review of the draft Kapiti Coast District Council's district plan to identify potential issues for biodiversity. The department will contribute to the submission prepared by Greater Wellington Regional Council in the New Year.

Advice on resource consent applications and processes:

- Advice was provided to the Environmental Regulation department on five resource consent applications that had the potential for significant adverse effects on biodiversity;
- Extensive conferencing and subsequent evidence was provided to the Environmental Protection Agency on the proposed consent Peka Peka to Otaki expressway project. The majority of the concerns raised by the department have now been addressed and successfully resolved throughout this process.

Management of High Value Biodiversity Areas

Staff continued to co-ordinate biodiversity management at 140 biodiversity management areas, with the main activity being pest animal and plant control.

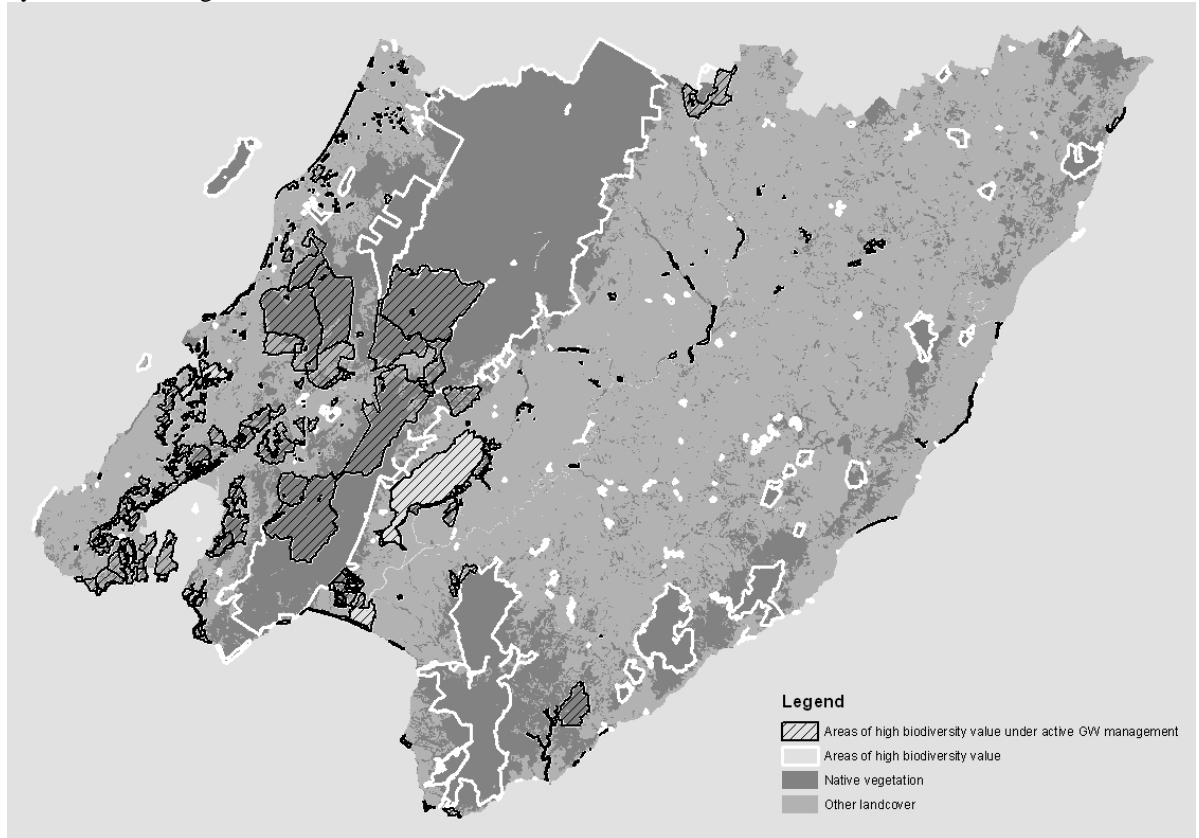
Progress continues on the preparation of Biodiversity area plans.

At the direction of Environmental Science department, staff have organised the delivery of pest plant control at Wairarapa Moana as part of the Fresh Start project.

Staff continue to provide input into the development of a management plan for the nationally significant freshwater Parangarahu Lakes adjacent to Pencarrow head.

This work is overseen by Roopu Tiaki, the co-governance group made up of representatives from the Port Nicholson Block Settlement Trust and Greater Wellington Regional Council.

Figure 1 Location of areas of high biodiversity value and sites under active biodiversity management by Greater Wellington.



Site Specific Biodiversity Advice

Staff have provided advice and assisted with processing of three applications from QEII National Trust for funding towards covenants on private land.

In this quarter site specific advice has been provided to 19 external and six internal stakeholders on forest, riparian, wetland and dune ecosystem types.

External stakeholders included primarily landowners and territorial authorities.

Priority Areas For Community Engagement

Wairarapa Moana

A meeting was held with DOC and Wairarapa Moana based restoration groups to formalise relationships and set up the Wairarapa Moana Restoration Network. GWRC staff agreed to support the group with publicity, public relations and communications, identification of research needs, and facilitating school engagement in restoration projects.

Staff are working collaboratively with “Trees for Survival” and Enviroschools to engage the South Wairarapa school community as part of the Wairarapa Moana project.

Progress has been made with the establishment of the Wairarapa Moana website.

Protocols for the use of the Wairarapa Moana logo by the project partners (GWRC, SWDC, DOC, Kahungunu ki Wairarapa and Rangitane o Wairarapa) await approval from the Wairarapa Moana Management Team which has representation from all the partners.

Porirua Harbour and Catchment

A draft Porirua Harbour Estuary Restoration Plan has been completed. This plan includes a project outline and associated scope and tasks, maps, planting schedules, assessments of ecological benefits, consideration of the ability for community groups to undertake the project, monitoring requirements, risks/threats to success of the project and preliminary costings.

The project brief for the whole of catchment revegetation plan has been completed and is now being developed externally.

Staff are facilitating the Porirua Harbour School Education Group which aims to coordinate conservation and restoration education in the catchment.

GWRC has led the development of a combined Communications Plan for the catchment which will be reviewed by Wellington City Council and Porirua City Council. The plan will provide processes and promote consistent key messages for all collaborating councils.

Region Wide Ecological Restoration Support

Planning is underway for the 2013 Restoration Day. This is an annual collaborative event involving DOC, territorial authorities and other agencies. Its aim is to provide training and inspiration for ecological restoration groups in the region.

The Encore Awards ceremony was held on Monday 3 December. Staff contributed to this event by assisting the judges on their field trips and helping at the ceremony.

1.2.2 Financial Reports

Biodiversity Funding Statement For the six months ended 31 December 2012	31 December 2012			Full Year			Last Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000	YTD Actual \$000	FY Actual \$000
Rates & Levies	2,160	2,160	-	4,321	4,321	-	2,183	4,365
Government Grants & Subsidies	-	-	-	-	-	-	24	18
External revenue	73	151	(78)	220	301	(81)	227	225
Investment Revenue	-	-	-	-	-	-	-	-
Internal Revenue	54	40	14	94	81	13	1	160
TOTAL INCOME	2,287	2,351	(64)	4,635	4,703	(68)	2,435	4,768
<i>less:</i>								
Personnel	701	705	4	1,420	1,398	(22)	811	1,690
Materials, Supplies & Services	105	147	42	244	286	42	95	410
Travel & Transport Costs	40	36	(4)	74	73	(1)	36	90
Contractor & Consultants	126	260	134	396	513	117	257	771
Grants and Subsidies Expenditure	-	-	-	-	-	-	-	-
Internal Charges	1,163	1,164	1	2,271	2,310	39	600	1,265
Total Direct Expenditure	2,135	2,312	177	4,405	4,580	175	1,799	4,226
Financial Costs	-	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-	-
Corporate & Department Overheads	202	202	-	404	404	-	180	360
Depreciation	16	15	(1)	30	30	-	10	22
Loss(Gain) on Sale of Assets / Investments	(19)	(11)	8	(19)	(11)	8	-	-
TOTAL EXPENDITURE	2,334	2,518	184	4,820	5,003	183	1,989	4,608
OPERATING SURPLUS/(DEFICIT)	(47)	(167)	120	(185)	(300)	115	446	160
Add Back Depreciation	16	15	(1)	30	30	-	10	22
Other Non Cash	(19)	(11)	(8)	(19)	(11)	(8)	-	-
Net Asset Acquisitions and Capital Expenditure	(41)	(45)	(4)	(45)	(45)	-	-	(33)
Net External Investment Movements	-	-	-	-	-	-	-	-
Repaid Debt	-	-	-	-	-	-	-	-
Net Reserves (Increase) / decrease	316	326	(10)	251	326	75	148	(168)
NET FUNDING BEFORE DEBT ADDITIONS	225	118	107	32	-	(32)	604	(19)
Internal Debt Additions	-	-	-	-	-	-	-	-
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	225	118	107	32	-	32	604	(19)

Biodiversity Capital Expenditure Statement For the six months ended 31 December 2012	31 December 2012			Full Year			Last Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000	YTD Actual \$000	FY Actual \$000
Total Asset Acquisitions	67	70	3	70	70	-	-	33
Capital Project Expenditure	-	-	-	-	-	-	-	-
Asset Disposal Cash Proceeds	(26)	(25)	1	(25)	(25)	-	-	-
Net Capital Expenditure	41	45	4	45	45	-	-	33

1.2.3 Financial Variance Analysis

Contractors were \$134K favourable due to timing of implementation programmes

1.2.4 Annual Plan Performance Measures

Performance Measure	Performance Target		Comment
	Baseline	2012/13	
Total number of identified high value biodiversity areas (excluding streams and marine sites) under active management	106 (2011/12)	120	140 sites under active management in 2012/13. This is 20 more sites than anticipated.

Specific areas of work 2012/13	Comment
Implement the Key Native Ecosystems and habitats of threatened species programmes	The biodiversity management area programme actively manages 140 areas to protect ecosystem values of Key Native Ecosystems and habitats of threatened species. The focus of the programme for the second quarter has been to continue to undertake sustained possum-predator control, and/or continue to reduce pest plant abundance. Long-term planning for areas in the biodiversity

	management programme has commenced with a focus on regional parks, and areas of highest ecological value.
Monitor high value biodiversity areas	<p>All areas managed for their biodiversity value receive monitoring for the results of pest plant and animal control.</p> <p>Fourteen reference sites have ongoing, more extensive pest predator presence monitoring programmes in place. Six of these sites have been monitored in this quarter.</p>
Provide advice to planning and regulatory processes to protect indigenous biodiversity	<p>Biodiversity staff have worked with the Environmental Policy department on the drafting of the Regional Plan.</p> <p>Advice was provided on five resource consent applications to the Environmental Regulation department, and for two other council's plan changes. The department has had an ongoing involvement with the application process for the Peka Peka to Otaki expressway proposal before the EPA.</p>
Implement relevant aspects of the Porirua Harbour and Catchments Strategy and Action Plan	<p>Completed draft estuarine restoration plan for Porirua Harbour.</p> <p>Completed brief to guide the development of a whole-of-catchment-revegetation plan.</p> <p>Approval of one new project to protect erosion-prone land and to enhance biodiversity on private property.</p>

1.2.5 Risk Analysis

Following the incident involving the destruction of native trees at Breaker Bay on the Wellington south coast the memorandum of understanding between Greater Wellington and Wellington City Council regarding delivery of biodiversity work has been reviewed. A procedure identifying the relative responsibilities of both organisations, particularly around the involvement of community and other stakeholders, has been introduced to ensure there are no similar problems in the future.

1.3 Land Management

1.3.1 Overview

The second quarter of 2012/13 has been highlighted by the successful establishment of an additional six hectares of poplar and willow nursery at Akura. The extension of Akura onto adjacent lease land owned by Papawai Kaikokirikiri Trust (PK Trust) is part of a three year project to establish thirteen hectares of new nursery which will provide additional poplar and willow poles for the hill country erosion control programme. It is envisaged that annual pole production will increase from 25,000 to 36,000.

The Land Environment Plan (LEP's) programme in the Mangatarere catchment has been boosted by the appointment of Richard Parkes as the programme manager. Support for the programme continues to be very strong. In addition to this work in the Mangatarere catchment, LEP's are also being developed for two landowners in the Mangaone catchment (Te Horo) and lakeside farmers as part of the Wairarapa Moana project.

Akura Conservation Centre has returned a very strong result for the first six months of the year. An operating surplus of \$167K has been returned which is \$63K ahead of budget. The spring season has been relatively dry since the beginning of October necessitating a start for the irrigator in late October on the main Akura block and the middle of November for the new area of cuttings on the PK Trust block. Rainfall at Akura for November and December has totalled 92mm, approximately 58% of historical averages.

1.3.2 Department Activity

Planting programmes

The three months October-December produced significantly lower than normal rainfall with the eight Wairarapa hill country sites recording an average of 155mm compared with the long term average of 230mm for the three month period. This represents falls that are 67% of average. While conditions were difficult with regard to access there has been good establishment of seedlings to date. In late December some isolated areas generally near the coast received good rains which have had a very positive effect on plant growth.

Akura Conservation Centre

The Centre has returned a very good performance over the last six months. Much of the focus in recent weeks has been on managing the pruning contracts within the main nursery and ensuring that irrigation allocations are fully utilised.

Growth rates in the new nursery are excellent. A small amount of blanking was completed in November to fill gaps. Overall the strike rate of new cuttings has been excellent. Moderate daily evapo-transpiration rates have been experienced since the beginning of November, generally in the range of 1-2mm per day. For December 2012 the monthly evapo-transpiration loss was 27mm. Rates have certainly increased in the first two weeks of January 2013.

Land Environment Plans

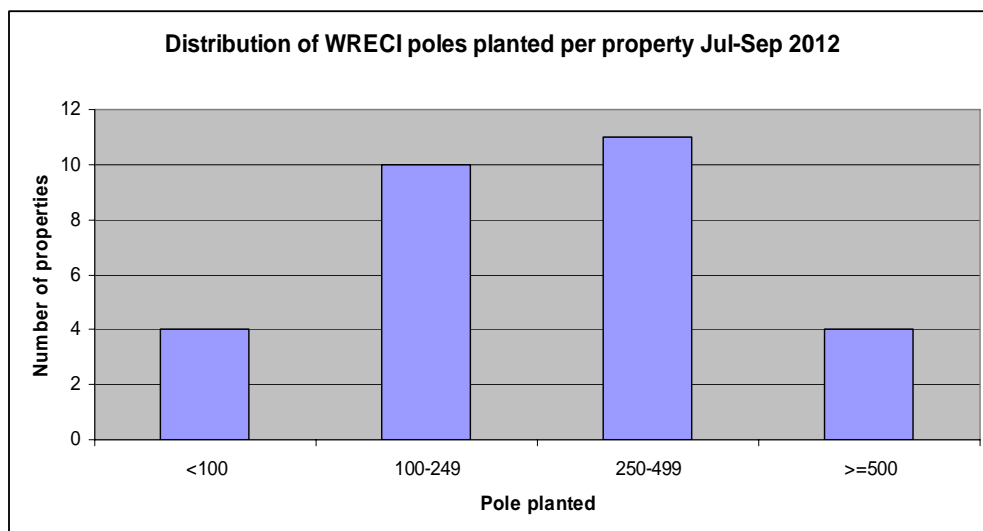
Land Environment Plans (LEP's) continue to take hold in the Mangatarere Catchment west of Carterton. Of the eight plans flagged for 2012/13 two have been completed, four have confirmed their participation and a remaining two are looking like committing shortly. So far we have experienced strong engagement levels from farmers with works programmes targeting permanent exclusion of livestock from waterways through fencing, the reticulation of stock drinking water via pipe into troughs and the realigning or re-routing of farm lane ways (a source of runoff) away from waterways.

Land Management Officers (LMO) working in the Wairarapa Valley have been attending Dairy NZ discussion groups where strong interest has been expressed in Land Environment Plans and the need to reevaluate and align their farming systems to drive better business and environmental outcomes. Anecdotally, farmers are expressing a strong awareness of the need to change but are requiring support to do so. From the three discussion group events attended to date twelve farmers have come forward expressing a direct interest.

LEP's are already starting to drive greater fertiliser use efficiency through the provision of fertiliser company field staff with farm maps showing soil and land use capability information. Outputs included more accurate farm nutrient budgets, soil test sampling and a consistent message.

Wellington Regional Erosion Control Initiative (WRECI)

The fourth year of the WRECI programme has had a successful start with the third year of plantings starting in July. During the winter period of this financial year 8,195 poles were planted on 29 properties. The average number of poles planted per property was 283. There is a target of 10,000 poles to be planted for this year of the WRECI programme. Plantings in early winter 2013 should easily achieve that target.



A small amount of forestry planting was undertaken. A total of 4,000 seedlings were planted on a combined area of three hectares. The target for afforestation this financial year is 75 hectares. Again there is a reluctance to undertake forestry projects with a limitation of five hectares per property. Further work will be undertaken over the summer to identify potential areas where native revegetation can be encouraged to try and meet this target.

Work has also progressed on the next round of WRECI plans to be completed. There is a target of 15 new plans for this year. There was a good response from landowners wanting to join the programme. A number of properties who had wanted to join last year but were unable to because of number restrictions have joined the programme this year. There has also been a good response to advertising. Pleasingly there were three properties that had been inactive for a number of years asking to join.

Fifteen properties have been selected to join the programme and plan preparation has been allocated between the various Land Management Officers and external consultants. Work has started on five of the property plans including completing Land Use Capability mapping for three of the five properties that need mapping done.

Riversdale Dune Management

A variety of work has been completed at Riversdale in partnership with Masterton District Council, the local ratepayers association and Council staff. Included in this work was weed control work, both spraying and hand pulling of marram grass, lupin, exotic grasses and garden escapees. Wire and mesh cages were placed over the 2012 planting area to protect it from rabbits. At the southern end of the beach a small dune has been reinstated where a track had been formed and planted out in spinifex and pingao.

As part of the community programme to protect two rare nesting New Zealand dotterills a small area was fenced (beside the Motuwaikeka lagoon) and signs erected around the township and the near the fenced areas.



NZ dotterel at Riversdale

1.3.3 Financial Reports

Land Management Funding Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Rates & Levies	822	822	-	1,644	1,644	-	792	1,583
Government Grants & Subsidies	76	150	(74)	140	208	(68)	62	145
External revenue	513	567	(54)	655	862	(207)	670	838
Investment Revenue	5	5	-	11	11	-	5	9
Internal Revenue	36	29	7	62	57	5	32	137
TOTAL INCOME	1,452	1,573	(121)	2,512	2,782	(270)	1,561	2,712
<i>less:</i>								
Personnel	443	460	17	929	920	(9)	411	847
Materials, Supplies & Services	54	40	(14)	85	76	(9)	12	51
Travel & Transport Costs	34	24	(10)	47	48	1	27	51
Contractor & Consultants	316	487	171	530	744	214	474	693
Grants and Subsidies Expenditure	-	11	11	-	22	22	25	25
Internal Charges	456	411	(45)	536	623	87	479	672
Total Direct Expenditure	1,303	1,433	130	2,127	2,433	306	1,428	2,339
Financial Costs	-	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-	-
Corporate & Department Overheads	135	135	-	270	270	-	169	338
Depreciation	33	35	2	70	70	-	30	59
Loss(Gain) on Sale of Assets / Investments	-	(20)	(20)	(20)	(20)	-	-	(23)
TOTAL EXPENDITURE	1,471	1,583	112	2,447	2,753	306	1,627	2,713
OPERATING SURPLUS/(DEFICIT)	(19)	(10)	(9)	65	29	36	(66)	(1)
Add Back Depreciation	33	35	2	70	70	-	30	59
Other Non Cash	-	(20)	20	(20)	(20)	-	-	(23)
Net Asset Acquisitions and Capital Expenditure	-	(44)	(44)	(44)	(44)	-	-	(51)
Net External Investment Movements	-	-	-	-	-	-	-	-
Repaid Debt	-	-	-	-	-	-	-	-
Net Reserves (Increase) / decrease	(5)	(5)	-	(35)	(35)	-	(5)	(21)
NET FUNDING BEFORE DEBT ADDITIONS	9	(44)	53	36	-	(36)	(41)	(37)
Internal Debt Additions	-	-	-	-	-	-	-	-
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	9	(44)	53	36	-	36	(41)	(37)

Land Management Capital Expenditure Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Total Asset Acquisitions	-	64	64	64	64	-	-	74
Capital Project Expenditure	-	-	-	-	-	-	-	-
Asset Disposal Cash Proceeds	-	(20)	(20)	(20)	(20)	-	-	(23)
Net Capital Expenditure	-	44	44	44	44	-	-	51

Akura Conservation Centre Funding Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Rates & Levies	-	-	-	-	-	-	-	-
Government Grants & Subsidies	-	-	-	-	-	-	-	-
External revenue	315	208	107	404	264	140	175	199
Investment Revenue	1	-	1	1	1	-	-	-
Internal Revenue	439	405	34	515	563	(48)	444	572
TOTAL INCOME	755	613	142	920	828	92	619	771
<i>less:</i>								
Personnel	42	45	3	88	90	2	29	52
Materials, Supplies & Services	412	323	(89)	610	532	(78)	366	459
Travel & Transport Costs	9	8	(1)	14	13	(1)	3	8
Contractor & Consultants	83	102	19	119	137	18	48	107
Grants and Subsidies Expenditure	-	-	-	-	-	-	-	-
Internal Charges	20	-	(20)	20	-	(20)	2	5
Total Direct Expenditure	566	478	(88)	851	772	(79)	448	631
Financial Costs	-	7	7	14	14	-	2	4
Bad Debts	-	-	-	-	-	-	-	-
Corporate & Department Overheads	15	15	-	30	30	-	15	30
Depreciation	7	9	2	19	19	-	6	13
Loss(Gain) on Sale of Assets / Investments	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	588	509	(79)	914	835	(79)	471	678
OPERATING SURPLUS/(DEFICIT)	167	104	63	6	(7)	13	148	93
Add Back Depreciation	7	9	2	19	19	-	6	13
Other Non Cash	-	-	-	-	-	-	-	-
Net Asset Acquisitions and Capital Expenditure	(52)	-	52	(172)	(110)	62	-	(5)
Net External Investment Movements	-	-	-	-	-	-	-	-
Repaid Debt	-	(9)	9	(17)	(17)	-	(3)	(56)
Net Reserves (Increase) / decrease	(1)	-	(1)	(10)	(10)	-	-	(45)
NET FUNDING BEFORE DEBT ADDITIONS	121	104	(1)	(174)	(125)	49	151	-
Internal Debt Additions	-	-	-	176	126	50	-	-
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	121	104	17	2	1	1	151	-

Akura Conservation Centre Capital Expenditure Statement For the six months ended 31 December 2012	31 December 2012			Forecast \$000	Full Year Budget \$000	Variance \$000	Last Year	
	Actual \$000	Budget \$000	Variance \$000				YTD Actual \$000	FY Actual \$000
Total Asset Acquisitions	52	-	(52)	172	20	(152)	-	5
Capital Project Expenditure	-	-	-	-	90	90	-	-
Asset Disposal Cash Proceeds	-	-	-	-	-	-	-	-
Net Capital Expenditure	52	-	(52)	172	110	(62)	-	5

1.3.4 Financial Variance Analysis

The Land Management operating deficit of \$19K at December compares very favourably with the budgeted deficit of \$10K. Both operating revenue and operating expenditure are down against budget.

The Akura Conservation Centre operating surplus was \$167K. The budgeted operating surplus was \$104K.

1.3.5 Annual Plan Performance Measures

Performance Measure	Performance Target		Comment
	Baseline	2012/13	
Percentage of erosion-prone land covered by a Farm Plan	72% (2010/11)	74%	The 74% target was achieved in 2011/12. Two new farm Plans are presently being prepared
Hectares of erosion-prone land planted	432 hectares per annum (2010/11)	400 hectares per annum	To date 246 hectares have been planted

Specific areas of work 2012/13	Comment
Implement the Wellington Regional Erosion Control Initiative	The Wellington Regional Erosion Control Initiative is entering its fourth year. In total 33 properties have completed works programmes to date. Fifteen new Plans are to be prepared, six Plans are presently in the planning stages
Implement annual works programme on erosion-prone land within Property and Sustainability Plans	Annual works programmes have been implemented on 133 Property and Sustainability Plans
Implement Land and Environment Plans	Eight landowners have confirmed the preparation of new Land and Environment Plans for their properties. Two Plans have already been completed
Complete annual works programmes for each of the Catchment Control Schemes	Planting programmes have been completed for each Catchment Control Scheme and planning is underway for the balance of the Scheme programmes

1.3.6 Risk Analysis

The national forestry schemes have recently been reviewed by government including the Hill Country Erosion Programme that funds WRECI. The risk around ongoing funding of this programme will not be known until March 2013.

1.4 Flood Protection

1.4.1 Overview

Overall works programmes are continuing to progress well.

Capital expenditure is forecast to be overspent by \$1.9m overall, in part due to the advancing of the works programme.

Maintenance works are progressing to budget and programme. Activities associated with the renewal of river management resource consents are now significant, and this will continue during the next quarter when some of the applications are due to be lodged.

An asset management system maturity analysis has been completed, and an improvement plan developed for ongoing improvements.

The investigations works are progressing well. Some programme changes are proposed to enable additional resources to be allocated for the Wairarapa FMP investigations. Further details are provided in section 2.4.2 Upper Wairarapa Valley FMP, below.

1.4.2 Department Activity

Investigations

Waiwhetu Stream

The design work and related hydraulic modelling scenarios on four options combinations have been completed. A report summarising the findings of these investigations was received at the beginning of December 2012. A review is underway to confirm the next steps, and community engagement is planned to commence in January 2013 to identify a preferred option combination.

The options combinations will be presented to the next Hutt Valley Flood Management Subcommittee (HVFMS) meeting in March 2013.

Pinehaven Stream

In conjunction with Upper Hutt City Council, a community consultation strategy is being developed with a particular emphasis on one-on-one consultation with affected landowners. The first round of consultation commenced at the beginning of December 2012.

The preferred option combination will also be presented to the next HVFMS. To date it has not been possible to formally present the information to the Subcommittee because the September 2012 meeting did not have a quorum, and the December meeting was cancelled.

Waikanae River

A report on the Waikanae FMP Review was approved at the Environmental Wellbeing Committee on 27 November 2012. The FMP will now be reprinted with an addendum reflecting the outcomes of the review.

River Management Resource Consents

The review of the river management component of the Otaki and Hutt FMPs, in support of the River Management Resource Consent Project, is ongoing and to programme. The review of structural and non-structural methods for the Otaki River is also underway.

Waiohine River

Phase 3 investigations are proceeding. The results of modelling will be presented to members of the community at the end of January 2013. The information will then be refined and presented to the Advisory Committee for recommendation in early April.

Upper Wairarapa Valley FMP

The Upper Wairarapa Valley FMP Project (UWVFMP) scoping report is nearing completion and sign-off. A project plan for Phase 1 is being developed, and completion of the project plan and programme is expected in January 2013. Some elements of the Phase 1 investigations are already underway. The Waingawa River FMP has also been incorporated into this project. Project planning for Phase 2 will commence in February 2013.

While the Project Plan is not fully complete the estimates to complete the work are forecast to be considerably more than is currently budgeted. At this stage it is anticipated that an additional \$250,000 of capital funding will be required to undertake this year's Phase 1 works over the \$100,000 currently budgeted. The higher costs are primarily associated with the hydraulic modelling, river geomorphology and environmental investigations which form the building blocks needed to guide any future decisions about managing the river channel and the flood risk. The requirement to do this work prior to lodging new consent applications to undertake the river works means there are limited options to reduce or delay the works. Given that we need to continue with this work we are seeking approval for the additional \$250,000 of capital expenditure this financial year. At the same time we are working to reduce the other areas of capital expenditure to compensate where possible. The advanced Boulcott works programme and City Centre property purchase are requiring us to spend more capital this financial year but all other projects are being managed to or under budget. We are also looking to delay other Opex funded investigations (the Otaki and Hutt FMP reviews) to try and reduce the need for capital funding for the Upper Wairarapa investigations.

A draft Phase 1 community engagement strategy has also been prepared and will be finalised in January. Attendance at the Masterton A&P show on 16/17 February has been identified as a key activity in this strategy. Work is continuing to establish the governance sub-committee to oversee this project, as agreed at the last Environment Wellbeing Committee meeting.

Otaki River – Hydraulic Model Upgrade

The draft Hydraulic Model Upgrade technical report is being reviewed, and is expected to be approved by February 2013.

Waikanae River – Staged Flood Maps for Flooding Preparedness

The modelling and survey work for this Civil Defence Emergency Management (CDEM) funded project is continuing, and is on schedule to be completed by February 2013. The final adopted maps are to be completed by the end of June 2013.

Waikanae River Sedimentation Transport Study

The final reports on the Waikanae River Sedimentation Transport Study have been received. A preferred combination of options was discussed with stakeholders at a meeting held on 28 November 2012.

A guideline bed level envelope is being developed in conjunction with the outcomes from the above study. The outcomes of the Sediment Transport Study and the guideline bed level envelope will support the River Management Resource Consent Project.

Porirua Flood Hazard Maps

The final hydraulic design report, including the updated Flood Hazard Maps, was completed in November 2012. The maps are currently going through an internal quality assurance process for final sign-off.

A communication strategy is being developed on the consultation and publication of the Flood Hazard Maps, and is anticipated to be completed by the end of February 2013. This will be presented to the Environmental Wellbeing Committee for endorsement.

Whakawhiriwhiri Stream

The Whakawhiriwhiri Stream resource consent application was lodged on 26 October 2012, and publically advertised on 27 and 31 October 2012. The closing date for submissions was 23 November 2012.

Seven submissions were received, including two late submissions. There was one submission in support, one neutral and five opposed to the application. Six submitters asked to be heard at a hearing. A hearing date has not yet been set, but is expected to be confirmed by the end of January 2013.

On the request of the GWRC Resource Environmental Regulation Department, it was agreed to have a second independent review commissioned of the hydraulic modelling and channel design. It is anticipated that this will be completed by the end of January 2013.

Initial consultation with affected landowners on entry agreements, mitigation, compensation and future maintenance requirements has been completed, and follow-up letters have been sent to all concerned parties.

Flood Hazard Advisory Services

Staff have continued to provide input to the McKay's to Peka Peka (M2PP) RONS project, including attendance as an expert witness at the hearing which has now finished. Input on the Peka Peka to Otaki project (Kapiti Express Way Project) is ongoing.

Queries on flood hazard advice have considerably slowed down in comparison to the same period last year. Based on the current trend the total number at the end of the fiscal year is still projected to be around 400.

Floodplain Management Guidelines

Work on the Floodplain Management Plan guidelines has continued, and the draft document is now 90% complete. Comments will be sought from other Council staff before the guidelines are finalised, and submitted for approval early in 2013.

Regional Flood Warning and Flood Forecasting

A review of our Flood Warning Procedures, across the region, has yet to commence. A project plan and brief has been completed. The work is anticipated to commence in March 2013.

Operations, Delivery and Planning

Western Operations

All western works programmes are running to schedule and within budget. Planting and willow layering programmes and track maintenance has been completed, and staff have been fully occupied with mowing and vegetative spraying operations along the river berms and channels.

Planned bed recontouring work has also been carried out in both the Hutt and Otaki Rivers. In the Waikanae River a rock groyne below the Otaihangā Boat Club has been rebuilt, and a small area of stopbank opposite Jim Cook Park has been repaired. A contract for the supply of maintenance rock for the Hutt River has been awarded and delivery will begin in the New Year.

Waimeha River mouth was cut to stop further coastal erosion and stream runs have been carried out in the Mangaroa River, Collins Creek, Waitohu, Mangapouri and Waimeha Streams. Willow mulching and bed alignment has also been carried out in the Waitohu below the Ringawhātī Road Bridge, to help reduce constrictions to the channel and increase flood flows.

Staff have continued to work closely with various community and friends groups on tree planting and environmental enhancement activities. Usage of the river berms has been busy over the last period. The warm weather has seen an increase in visitor numbers. There have been a number of community events along the Hutt River including the 'Start Me Up' fun run, Pelorus Trust fun run and walk, and the Hutt Valley Emergency Services Challenge for charity.

Hutt River trail maintenance and track upgrades have been carried out at Strand Park, Totara Park and Belmont. Graffiti and vandalism continues to be a problem on the

trail structures and staff and contractors are kept busy removing it and repairing damage.

Wairarapa Operations

The 2012/13 work programmes are progressing to plan and there have been no significant floods during the first six months. The main work carried out has included the vegetative planting programme (both willows and natives), willow layering, beach vegetation clearing, bed recontouring, gravel and rock groyne construction and boulder winning for bank edge protection in the lower valley later in the season.

The scientific study to measure the impact of machine work in the water is continuing with Massey University researchers measuring pre- and post-river work invertebrate life at study sites in the northern valley rivers. These investigations will provide useful supporting information for the river management resource consent applications.

A resurvey of the native birds in the rivers was carried out and a report on the survey is being prepared. This information will also be used in measuring the effects of river management work and will contribute to the assessment of effects when the river management resource consents are renewed.

During the next quarter vegetation control spraying, river alignment and rock groyne construction work will be completed. Asset condition inspections will also be carried out and work programmes for 2013/14 will be developed ready for presentation to the river schemes committees in May.

Drainage Schemes

There have been no significant operational issues for drainage schemes during the quarter and no significant unforeseen maintenance items have been identified for this year's programme.

Scheme meetings for the five pumped drainage schemes have been completed. Works programmes, insurance provisions, scheme reserves and rating proposals were agreed with Committee members. Members of the Papatahi drainage scheme have decided to take over management of the scheme themselves from 1 July 2013. This scheme comprises three land owners and they have decided it will be more cost effective for them to manage the scheme themselves. A process for the transfer will be worked through with committee members.

In the New Year there will be an opportunity for further development of OSH systems and awareness through training of OSH representatives appointed for each scheme. A workshop will be held to provide hazard management and facilitate developing Standard Operating Procedures for high risk activities.

Expansion of the Upper Whakawhiriwhiri Drainage Scheme is being investigated in conjunction with the stream improvement project.

Information on pump rates and volumes for Te Hopai has been provided to the Wairarapa Moana Clean-Up Project to assist with the assessment of nutrient loading to Matthews Lagoon. Further sampling is planned and will be extended to the other pump drainage schemes over the next three months.

Gravel Extraction

Details of gravel extraction volumes are provided in the following table:

River	Extraction Volumes (m ³)	
	YTD 12/13	FY 11/12
Hutt Mouth	14,504	29,057
Hutt	47,462	49,873
Otaki	27,660	50,265
Wairarapa	47,504	209,359
Totals	137,130	338,554

In the Hutt River wet gravel extraction has continued upstream of the Kennedy Good Bridge where an excess of accumulated gravel is being used for the Boulcott stop bank works. Gravel extraction from the Otaki River has been undertaken from the upper Chrystall's beach and is in progress from the Winstones beach below the SH1 Bridge. Volumes of gravel being taken from Wairarapa rivers is down on previous years as a result of reduced demand.

Asset Management

The independent review of the Flood Protection Asset Management System, as part of the organisational wide initiative led by the Asset Management Development Group, has been completed. This confirmed there is a need for further development of our asset management systems and processes and gave further support for the improvement projects that are currently underway. Significant progress has been made during the last year updating the asset database, reporting on asset condition and completing an asset revaluation.

The next phase involves developing the SAP Plant Maintenance business processes for work management, recording, reporting and refining our asset condition rating system to ensure a consistent approach across the operational teams. A workshop with other Regional Councils to discuss asset condition assessments is planned in February.

The Flood Protection Asset Management Plan will be reviewed and updated during the next 18 months. Scoping for this work will be completed during the next period.

Additional funds are required to enable asset management improvements to be progressed. It is anticipated that expenditure this year will exceed budget by \$100,000. Expenditure on other operational activities will be reduced to offset the over-expenditure.

River Management Resource Consents Project

Since the last report, good progress has been made across the works streams that make up the River Management Resource Consent Project.

Western Resource Consents

Tonkin and Taylor Ltd are progressing a draft resource consent application for the Hutt River. Work is progressing on the draft applications for both Waikanae and Otaki Rivers and these should be available in February 2013. Staff have met with Environmental Regulation to discuss a strategy for lodging and assessing the applications. Environmental Regulation has advised that the four applications will be processed and notified as they are lodged rather than together. Discussions will continue in the New Year once we receive feedback on the draft Hutt application.

Engagement with key groups and organisations is well underway. Staff have had initial meetings with Iwi representatives from the Port Nicholson Block Settlement Trust, Te Runanga o Raukawa and Nga Hapu o Otaki. Staff have also met with the Hutt, Waikanae and Otaki friends groups, Hutt Rotary and staff of Hutt, Upper Hutt and Kapiti Coast Councils during November and December 2012.

Environmental Monitoring and Code of Practice

Work is progressing on the various technical reports that are required to support the applications including ecology and river morphology. The Recreation Assessment is completed. Work on both the Environmental Monitoring Strategy and Code of Practice has advanced. For the Environmental Monitoring Strategy monitoring work has involved river habitat, turbidity and suspended solids monitoring with a particular emphasis through November/December 2012 on the Hutt River. This work will continue through January and February 2012.

Adaptive Management

A draft set of conditions has been developed for the Hutt River application including the adaptive management approach that is going to be necessary to help achieve a 35 year consent term. Adaptive management in this context means that river management practices will adapt as and when required. The best way to achieve this is using the new Code of Practice. There is some risk around how quickly the new Code of Practice can be developed to the level of detail that may be required for parties to be fully comfortable with this approach by April 2013 when the Hutt application is lodged. Staff are addressing this by advancing the Code of Practice as quickly as possible and involving the Biodiversity Department, Environmental Regulation and affected parties in developing the code.

Waingawa River – short term consent

The Waingawa River short term resource consent was lodged in early January 2013.



Tree Felling Training – Awaroa, November 2012

FMP Implementation

Overall good progress is being made implementing the capital works associated with the FMP implementation.

The key items planned for the next quarter include:

- Progressing with the Boulcott/Hutt stopbank works to completion
- Engaging a consultant and progressing with the scoping of the City Centre Project

- Progressing with Lower Waitohu land negotiations
- Confirming a preferred river management strategy for the Otaki River

Boulcott/Hutt Project

The Boulcott/Hutt stopbank project is progressing well and is on target for completion by June 2013. The stopbank works in the former Hutt course commenced in the second quarter and the stopbank is now substantially complete to the Illott Pond. The remaining works include the Military Road stormwater pipe and the stopbank from the Illot pond to the northern end. The contractor is planning to complete most of the earthworks in the third quarter with the target of completing all works by June 2013. The project involves extracting large quantities of (78,000m³ to date) gravel from the Hutt River to be used in stopbank construction. This extraction is carried out in a manner to maintain optimum bed levels and to provide a stable meander pattern. These works are part of the channel improvement works programmed under the City Centre Project. The additional marginal costs of channel works chargeable to the City Centre Project is \$200,000.

Security fencing and access issues for Safeway Storage remain to be resolved. Safeway is claiming compensation for the loss of 'street frontage' because of the new flood walls and raised road embankment. We are currently seeking legal advice from Oakley Moran on these issues.

On the 26 September 2012 Council approved (Report PE 12.441) an increase of \$1.2 million in the total construction budget. Officers also proposed to bring forward \$1.4 million capital expenditure from 2013/14 to complete the project by the end of 2012/13. The total forecast for 2012/13 is \$7.1 million.

Hutt City Centre Project

The project scoping for the City Centre stopbank upgrade project has commenced. Staff had initial meetings with officers from Hutt City Council and NZTA and two consultancies to discuss options related to the scoping of the project. The current programme is to engage a consultant and complete the project scoping by June 2013. Planning, investigations and the consultation process will follow this.

GWRC has given an undertaking to the Mills Street land owners whose land is required for the stopbank realignment that Council will consider purchasing their land whenever they are prepared to sell. Following a request from four land owners (four flats at 39B Mills Street) negotiations have continued and purchase of the flats is progressing. It is proposed to bring forward budget to complete this purchase in 2012/13. This property is subject to an existing residential tenancy and it is anticipated that GWRC will continue to tenant this property until it is required for construction.

The budget for 2012/13 is \$150,000 and the forecast is \$735,000. The total additional budget requirement could increase to \$1.6 million if purchase agreements are finalised with all four land owners this financial year, and additional river channel works are carried out.

Lower Waitohu

Land entry negotiations with the smaller land owners along the Waitohu Stream from the Convent Road Bridge to the Otaki and Porirua Trusts Board (OPTB) land are progressing well. Of the eight land owners along the access road, four have now signed agreements.

Following an application lodged with the Maori Land Court (MLC), a meeting was held with some of the 36 Maori Land owners of 74 Convent Road to discuss a land entry agreement for the construction of the deflector stopbank. In the meeting, MLC officers appointed a representative group (Trust) to continue discussions with council staff. This process will continue for some time and it will be April/May 2013 before we will get some indication of the owner's decision.

A part of the proposed stream works and the South Waitohu stopbank are located on the OPTB land. The OPTB has asked for a partnership approach in management of the streams.

It will not be possible to complete all these negotiations and obtain consents in time to commence works in 2012/13. It is proposed to revise the 2012/13 works programme, limiting the works to completing the land entry agreements with the smaller land owners and progressing negotiations with the OPTB and Maori land owners of 74 Convent Road. The total budget for 2012/13 is \$850,000 and the forecast is \$100,000.

Chrystalls Extended Stopbank Land

This land purchase was completed last financial year, meaning there will be no expenditure under capital works. The budget for 2012/13 is \$400,000 and the expenditure forecast is nil.

Otaki River Works and Environmental Strategy Implementation

Staff are currently preparing a river channel management strategy for the Otaki River from the mouth to the gorge. This strategy will recommend channel alignments, meander patterns and environmental enhancement works for this reach and will form the basis for future capital works and associated environmental enhancement works. No capital works are proposed in 2012/13.

Lower Wairarapa Development Scheme

Boulder protection work on the Ruamahanga River at Tuckers has been completed. The main development work programme for 2012/13 will commence in the summer months. Negotiations on land ownership under the new Tobin's stopbank are continuing. The balance of the property not required for river protection purposes will be put back on the market once negotiations are finished and essential repairs to the house are complete.

The development works programme has been reviewed with some additions and deletions. The revised programme at a total 10 year cost of \$8.78 million was presented to the LWVD Scheme Advisory Committee at its December meeting and was approved.

The budget for 2012/13 is \$441,000 and the forecast is \$441,000.

1.4.3 Financial Reports

Flood Protection Funding Statement For the six months ended 31 December 2012	31 December 2012			Full Year			Last Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000	YTD Actual \$000	FY Actual \$000
Rates & Levies	7,199	7,189	10	14,397	14,397	-	3,329	13,317
Government Grants & Subsidies	1	-	1	1	-	1	-	-
External revenue	574	627	(53)	964	1,178	(214)	291	1,112
Investment Revenue	243	226	17	519	452	67	108	438
Internal Revenue	30	33	(3)	58	66	(8)	13	65
TOTAL INCOME	8,047	8,075	(28)	15,939	16,093	(154)	3,741	14,932
<i>less:</i>								
Base Personnel Costs	1,742	1,605	(137)	3,390	3,209	(181)	805	3,197
Capex Project Resource Cost Credit	(241)	(266)	(25)	(587)	(532)	55	(95)	(546)
Materials, Supplies & Services	513	566	53	1,106	1,135	29	193	1,073
Travel & Transport Costs	106	74	(32)	152	149	(3)	23	171
Contractor & Consultants	1,429	1,403	(26)	2,616	2,828	212	299	2,178
Grants and Subsidies Expenditure	-	-	-	-	-	-	-	-
Internal Charges	289	275	(14)	515	510	(5)	172	702
Total Direct Expenditure	3,838	3,657	(181)	7,192	7,299	107	1,397	6,775
Financial Costs	1,660	1,633	(27)	3,266	3,266	-	724	2,998
Bad Debts	-	-	-	-	-	-	-	-
Corporate & Department Overheads	696	696	-	1,393	1,393	-	224	895
Depreciation	495	452	(43)	904	904	-	183	836
Loss(Gain) on Sale of Assets / Investments	-	(94)	(94)	(94)	(94)	-	(7)	(92)
TOTAL EXPENDITURE	6,689	6,344	(345)	12,661	12,768	107	2,521	11,412
OPERATING SURPLUS/(DEFICIT)	1,358	1,731	(373)	3,278	3,325	(47)	1,220	3,520
Add Back Depreciation	495	452	(43)	904	904	-	183	836
Other Non Cash	-	(94)	94	(94)	(94)	-	(7)	(92)
Net Asset Acquisitions and Capital Expenditure	(6,606)	(3,524)	3,082	(9,274)	(7,351)	1,923	(693)	(6,806)
Net External Investment Movements	(178)	(161)	17	(353)	(322)	31	(83)	(341)
Repaid Debt	(1,423)	(1,487)	(64)	(2,975)	(2,975)	-	(731)	(3,050)
Net Reserves (Increase) / decrease	(163)	(163)	-	(631)	(595)	(36)	87	(683)
NET FUNDING BEFORE DEBT ADDITIONS	(6,517)	(3,246)	3,271	(9,145)	(7,108)	1,965	(24)	(6,616)
Internal Debt Additions	6,565	3,279	3,286	9,029	7,106	1,923	684	6,625
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	48	33	15	(116)	(2)	(114)	660	9

Flood Protection Capital Expenditure Statement For the six months ended 31 December 2012	31 December 2012			Full Year			Last Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000	YTD Actual \$000	FY Actual \$000
Total Asset Acquisitions	48	339	291	339	339	-	350	259
Capital Project Expenditure	6,557	3,280	(3,277)	9,029	7,106	(1,923)	344	6,636
Asset Disposal Cash Proceeds	-	(94)	(94)	(94)	(94)	-	(7)	(92)
Net Capital Expenditure	6,605	3,525	(3,080)	9,274	7,351	(1,923)	687	6,803
Investments Additions	178	161	17	353	322	(31)	83	341
Net Capital and Investment Expenditure	6,783	3,686	(3,063)	9,627	7,673	(1,954)	770	7,144

Flood Protection Reserve Balances	Actual Opening Balance \$000	Budget Transfer to \$000	Budget Interest \$000	Budget Transfers from \$000	Budget Closing Balance \$000
Flood Contingency Reserve - GW	1,271	0	58	0	1,329
River Scheme Reserves - Wairarapa	2,789	260	145	-199	2,995
River Rate Reserves - Western	2,158	150	114	-7	2,415
Drainage Scheme Reserves	211	61	8	0	280
Shingle Reserve - Wairarapa	98	0	5	0	103
	6,527	471	330	-206	7,122

1.4.4 Financial Variance Analysis

The total Capital Expenditure Programme for this year is now forecast to be \$1,923K over budget. The out years will also be adjusted to keep within the overall capital expenditure budget. Operational expenditure is forecast to be close to budget. Personnel costs and investigations expenditure was tracking ahead of budget at December.

Summary of capital expenditure to 31 December 2012

Category	Actual \$000	YTD Budget \$000	FY Budget \$000	Forecast \$000	Comment
Investigations					
Pinehaven Flood Hazard Study	36	25	50	50	Combination of options presented to be presented to the Hutt Valley Floodplain Management Subcommittee. Individual affected landowners consultation ongoing.
Waiwhetu FMP	81	50	100	100	Option detailing and cost estimations have been completed.
Resource Consent Project	6	50	100	100	Most of the expenditure will be in 3 rd and 4 th quarters. Additional \$250,000 sought to fund investigations needed to complete Phase 1 work
Upper Ruamahanga FMP (currently labelled Environmental Code of Practice in the LTP Capex Table)	1	50	100	350	
Investigations Sub Total	124	175	350	600	
Hutt Flood Protection					
City Centre Upgrade	34	75	150	735	Additional \$385,000 requested to complete Mills Street land purchase.
Boulcott/Hutt Stopbank Construction	6,071	2,050	4,500	7,100	Total construction budget increased by \$1.2 million and it is also proposed to bring forward \$1.4 million from 2013/14 to complete the project this financial year.
Hutt Environmental Strategy Imp.	9	57	113	50	
Waiwhetu Flood Improvements	90	50	100	100	
Hutt Valley sub total	6,204	2,232	4,863	7,985	
Otaki river					
Lower Waitohu Improvements	57	350	850	100	Land entry and stream management negotiations stalling work programme.
Chrystalls Extended Stopbank	(762)	200	400	0	Land purchase accrued to last year. No expenditure anticipated this year.
Otaki environmental strategy implementation	0	28	55	0	Enhancement works postponed to be carried out with capital work next year.
River Works Mouth to SH1	6	0	0	6	A management strategy is under preparation.
Otaki river sub total	(699)	578	1305	106	
Lower Wairarapa Valley Development Scheme Upgrade and other scheme works	136	220	441	441	Bulk of programme to be carried out in the second and third quarter.
Waiohine Stopbank Design	39	75	147	147	Phase 2 complete. Phase 3 to be completed by October 2013.
Wairarapa sub total	175	295	588	588	
TOTAL	5,804	3,280	7,106	9,279	

1.4.5 Annual Plan Performance Measures

Performance Measure	Performance Target		Comment
	Baseline	2012/13	
Number of new flood hazard assessment completed	2 new assessments completed (2011/12 forecast) In total 14 out of 24 rivers and streams have been assessed	0 (The focus is on floodplain management planning)	Although the focus is on Floodplain Management Plans (FMP) – flood hazard maps are being updated for the Wainuiomata (completed) and Porirua Stream (nearing completion).
Number of new floodplain management plans developed	1 new plan completed (2011/12 forecast) 5 out of 24 rivers have plans	2	Waiohine and Pinehaven Stream FMPs are currently in Phase 3; detailed options investigations. Both are envisaged to have a preferred river/stream management option completed and reported to Council. Waiwhetu FMP is currently at the end of Phase 2; a detailed preferred option(s) to be completed by the end of the fiscal year.
Number of requests for flood hazard advice	500 (2010/11)	Increase on previous year	Number of enquiries has reduced over the last quarter. Current trend would indicate that the total numbers could reach 400.
Percentage of flood warning alarms responded to appropriately	100% (2010/11)	100%	Flood warning alarms received to date have been 100% responded to in an appropriate manner.
Percentage of floodplain management plan capital works 40-year programme implemented	30% completed (2011/12 forecast)	30 % completed	On target
No failures of flood protection schemes below specified design levels	100% (2010/11)	100%	On target, no failures have occurred
All flood protection works are undertaken in accordance with resource consent conditions or relevant plan provision	No significant non-compliance (2010/11)	No significant non-compliance	On target, no non-compliance reports for the first and second quarters
Number of new public access points to rivers and streams	1 (2011/12 forecast)	1 new public access point	Completed. One new access point on the south bank of the Otaki River developed as part of the Chrystalls land purchase.

Specific areas of work 2012/13	Comment
Develop Waiwhetu Floodplain Management Plan	Waiwhetu FMP is currently at the end of Phase 2; a detailed preferred option(s) to be completed by the end of the fiscal year.
Prepare Pinehaven Floodplain Management Plan (in conjunction with the Upper Hutt City Council)	On programme and budget
Prepare Waiohine Floodplain Management Plan	On budget, but the programme for final completion is extended to October 2013
Prepare Ruamahanga, Waipoua and Waingawa Floodplain Management Plan	Additional resources have been recruited and secondments established. Project Team and Plan are being finalised. Scoping reports have been completed and detailed investigations have commenced.
Complete a scoping study on the impacts of climate change	Completed – to be presented to Council.
Commence obtaining statutory approvals for maintenance of infrastructure assets	Good progress made with projects to support resource consent applications due to be lodged in 2013
Construct Boulcott-Hutt Stopbank (Hutt River Floodplain Management Plan)	Ahead of programme and progressing to a shortened timeframe to complete by June 2013. Council has approved a revised total project budget of \$12.6 million, an increase of \$1.2 million.
Carry out Waiwhetu Stream environmental enhancement (as required by resource consent)	On target and budget
Plan for Lower Hutt City Centre stopbank upgrade (Hutt River Floodplain Management Plan)	On target. Project scoping commenced.
Plan for channel widening on the Hutt River from Melling Bridge to Kennedy Good Bridge (Hutt River Floodplain Management Plan)	On target. Project scoping commenced
Continue implementing the environmental strategy on the Hutt, Waikanae and Otaki Rivers	On target
Carry out Lower Waitohu improvement works (Waitohu Stream Management Plan)	2012/13 targets, as originally planned, cannot be achieved because of land acquisition issues. Staff will now seek Committee approval of a revised works programme

1.4.6 Risk Analysis

The major upgrade works on the Hutt River present three major risks to Council:

- Completing the Boulcott stopbank construction within budget, noting the works are progressing well and forecast to be completed one year ahead of schedule.
- Managing expectations on progress of the City Centre Upgrade Project. This project is only just commencing this year with a scoping study, but already there would appear to be higher expectations about when construction will start.

- A claim by Safeway Storage Limited that they have been negatively affected by the work, and they are seeking compensation. The matter is currently with our lawyers.
- A major flood event is also a significant risk to both programme and budget. To undertake the investigations work this financial year, within the current budget constraints, we are not proposing to put any money into flood reserves meaning if a flood does occur we may have to draw on other rate funding to implement repairs.
- Waiohine FMP – We have committed to completing the next phase of the investigations by March 2013. This will require significant work to be undertaken by consultants on time, and for there to be an agreement on the preferred combination of options.

1.5 Forests

1.5.1 Department Activity

Metro Forests

Graham Tuckey has taken over both Log 7 and its crew due to a change in personal circumstances with the previous contractor. He has supplemented both the machinery and the manpower and increased production to about 1000 tonnes per month.

Graham Tuckey's crews were based for the main part in the Airstrip site having significant skids on both sides of the block. The combination of the two crews has worked well with over 8000 tonnes each full month. The December and January figures will be lower.

Rayonier still wish to take all the timber set out in their contract but to date have not produced an additional crew to progress the works.

Reserve Forests

The hauler crew had been working steadily harvesting a very difficult west facing slope in Tauanui until a major breakdown occurred towards the end of November. Production ceased at a very modest 760 tonnes for the month.

A bearing for the main winch drum has failed and there has been difficulty in obtaining a suitable replacement. As a result there was no December production.

Health and Safety

A contractor failed to report an accident that occurred in September. Initially the accident (causing ankle bruising) was not considered serious. The person hurt continued working that day and, at his choice, was delivered home at the end of the day rather than to medical treatment.

Medical treatment the following day led to him being put off work for one week. He ceased his employment, but continued on ACC for a further five weeks. This triggered a Labour Department investigation which has not yet been completed.

Capital Investment

A short road extension is being completed to allow ground based harvesting of a small block of 1965 Reserve planting on our southern boundary. This will also provide potential access for the harvesting of the Pirinoa 8b Block.

Manuka Honey

Manuka around our forests and particularly in Stoney Creek has started flowering prolifically.

The beekeepers have now set out their hives. After a very successful harvest last year we now await the production results from this season.

Wairarapa Fire Danger

The fire danger throughout the Wairarapa Fire District has escalated rapidly. Vegetation is drying out and browning off due to higher temperatures, little significant rain and strong north-westerly winds. Our forest and grass indices are high while scrub is extreme. At this stage we are restricting access to the various blocks and warning hunters. There are two current valid permits.

Asian Demand

Demand by the major players in Asia, namely China, Japan, India and Phillipines, has held and had no effect on our operations. Although there was a threatened reduction it never came to pass and there always seemed to be ample demand for our produce. Minor price changes appear to be recovering elsewhere in the process with diesel charges reducing.

Domestic Demand

Only Davis Sawmill and Kiwi Lumber were served in the domestic market. Davis Sawmilling contacted Rayonier in early December claiming that they were unable to pay their November account. However, Rayonier continued to supply them and all was resolved by year end. The contracts allow the council to “guarantee” any new debt to continue supplying the mills.

Loadouts Quarter 2

Metro Forests

	Mill/Port Revenue \$	Net return after Harvest costs	M3	Average/tonne
October	644,781	253,273	8,123	31.18
November	673,158	279,274	8,206	34.03
December		176,317	4,611	38.24
Quarter 2				

Reserve Forests

	Mill/Port Revenue \$	Net return after Harvest costs	M3	Average/tonne
October	49,795	10,700	645	16.59
November	60,269	15,516	781	20.38
December	Nil	Nil	Nil	Nil
Quarter 1				

1.5.2 Financial Reports

Plantation Forestry Income Statement For the 6 months ended 31 December 2012	YTD as at 31 December			Full Year			Last Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000	YTD Actual \$000	FY Actual \$000
Logging Gross Revenue	3,393	3,962	(569)	6,436	7,923	(1,487)	3,066	5,838
Less :-								
Sales Commissions Payable	164	173	9	306	346	40	152	296
Royalties Payable	-	-	-	-	-	-	-	53
Forestry Logging Costs	1,303	1,980	677	2,559	3,959	1,400	1,276	2,402
Forestry Cartage Cost	573	-	(573)	1,125	-	(1,125)	552	1,051
Forestry Silviculture	2	156	154	212	312	100	114	189
Roading and other direct costs	224	158	(66)	423	318	(105)	222	498
Total logging costs	2,266	2,467	201	4,625	4,935	310	2,316	4,489
Logging net cash revenue	1,127	1,495	(368)	1,811	2,988	(1,177)	750	1,349
Less:-								
Personnel Costs	135	140	5	228	276	48	128	242
Chemicals	-	7	7	-	15	15	-	-
Office Expenses	-	5	5	-	11	11	8	8
Property Expenses	10	8	(2)	16	17	1	8	(1)
Repairs & Maintenance	-	-	-	-	2	2	-	-
Fees & Commissions	-	-	-	-	-	-	-	-
Materials & Supplies	16	21	5	31	46	15	21	30
Travel Expenses	-	-	-	1	1	-	-	-
Transport costs	10	14	4	21	30	9	11	25
Total Contractors & Consultants	61	14	(47)	141	230	89	58	74
Grants & Subsidies	-	-	-	-	-	-	-	-
Total Direct Expenditure	232	209	(23)	438	628	190	234	378
Net cash surplus/deficit	895	1,286	(391)	1,373	2,360	(987)	516	971
Less:-								
Total Financial Costs	558	471	(87)	1,043	943	(100)	544	1,099
Corporate Overhead	60	60	-	120	120	-	46	92
Department Overhead	-	-	-	-	-	-	-	-
Internal Charges	32	52	20	66	101	35	57	109
Depreciation	43	46	3	91	91	-	42	84
Forestry Cost of Goods Sold	246	237	(9)	460	474	14	331	438
Plus								
Gifted Assets	-	-	-	-	-	-	-	(1,391)
Unrealised Revaluation gains	-	-	-	(1,457)	(1,457)	-	-	(1,003)
Internal Income	-	(5)	(5)	-	(10)	(10)	-	-
Loss/(Gain) on sale of assets	-	(9)	(9)	-	(9)	-	-	(170)
Total indirect Expenditure	939	852	(87)	323	253	(71)	1,020	(742)
Surplus/(Deficit) from forestry	(44)	434	(478)	1,050	2,107	(1,058)	(504)	1,713
less:								
Net Asset Acquisitions and Capital Expenditure	(83)	(219)	136	(293)	(415)	(122)	(69)	(220)
Net External Investment Movements	-	-	-	-	-	-	-	-
Repaid Debt	(694)	(807)	(113)	(1,614)	(1,614)	-	(684)	(1,432)
Net Reserves (Increase) / decrease	(1)	(1)	-	(3)	(3)	-	(1)	(3)
NET FUNDING BEFORE DEBT ADDITIONS	(533)	(319)	(214)	(1,766)	(826)	(1,185)	(885)	(593)
Internal Debt Additions	531	412	119	1,763	823	940	883	1,986
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	(2)	93	(95)	(3)	(3)	-	(2)	1,393

Reserve Forestry Income Statement For the 6 months ended 31 December 2012	YTD as at 31 December			Full Year			Last Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000	YTD Actual \$000	FY Actual \$000
Logging Gross Revenue	569	529	40	1,205	1,057	148	605	979
Less: -								
Sales Commissions Payable	25	25	-	59	50	(9)	37	57
Royalties Payable	-	-	-	-	-	-	-	-
Forestry Logging Costs	223	127	(96)	482	254	(228)	261	424
Forestry Cartage Cost	154	197	43	348	393	45	173	286
Forestry Silviculture	4	13	9	33	25	(8)	14	42
Roading and other direct costs	18	60	42	59	119	60	32	53
Total logging costs	424	422	(2)	981	841	(140)	517	862
Logging net cash revenue	145	107	38	224	216	8	88	117
Less: -								
Personnel Costs	37	43	6	81	88	7	36	79
Chemicals	-	-	-	-	-	-	-	-
Office Expenses	-	-	-	1	-	(1)	-	-
Property Expenses	5	4	(1)	14	8	(6)	13	16
Repairs & Maintenance	-	1	1	1	2	1	-	-
Fees & Commissions	-	-	-	-	-	-	-	-
Materials & Supplies	5	6	1	7	13	6	12	13
Travel Expenses	-	-	-	1	1	-	-	-
Transport costs	2	3	1	4	5	1	2	3
Total Contractors & Consultants	12	2	(10)	25	6	(19)	3	4
Grants & Subsidies	-	-	-	-	-	-	-	-
Total Direct Expenditure	61	59	(2)	134	123	(11)	66	115
Net cash surplus/deficit	84	48	36	90	93	(3)	22	2
Less:-								
Total Financial Costs	577	504	(73)	1,008	1,008	-	535	1,091
Corporate Overhead	32	32	-	63	63	-	22	44
Department Overhead	-	-	-	-	-	-	-	-
Internal Charges	34	41	7	70	82	12	40	81
Depreciation	17	15	(2)	30	30	-	17	34
Forestry Cost of Goods Sold	48	43	(5)	103	87	(16)	150	83
Plus								
Gifted Assets	-	-	-	-	-	-	-	(568)
Unrealised Revaluation gains	-	-	-	(1,172)	(1,172)	-	-	(1,679)
Internal Income	-	(9)	(9)	(17)	(17)	-	(6)	(8)
Loss/(Gain) on sale of assets	-	-	-	-	-	-	-	-
Total indirect expenditure	708	632	(76)	85	75	2	758	(923)
Surplus/(Deficit) from forestry	(624)	(584)	(40)	5	18	(1)	(736)	925
less:								
Net Asset Acquisitions and Capital Expenditure	-	(41)	41	(32)	(57)	(25)	-	-
Net External Investment Movements	-	-	-	-	-	-	-	-
Repaid Debt	(638)	(674)	36	(1,347)	(1,347)	-	(2,889)	(3,548)
Net Reserves (Increase) / decrease	-	-	-	-	-	-	-	-
NET FUNDING BEFORE DEBT ADDITIONS	(1,197)	(1,247)	50	(2,413)	(2,447)	(4)	(3,458)	(4,185)
Internal Debt Additions	1,197	1,222	(25)	2,412	2,444	(32)	3,460	4,756
External Debt Additions	-	-	-	-	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	-	(25)	25	(1)	(3)	2	2	571

1.5.3 Financial Variance Analysis

Total income is under budget due to Plantation Forestry harvested tonnages being below expectations and the actual price per tonne received being well below budget.

Costs for both Plantation and Reserve are all on a per tonne harvested. These have all been increased from January 2013 in line with the contract price review periods.

Balance Sheets

Plantation Forestry Statement of financial position	31 December	30 June	Movement \$000
	2012	2012	
Total Retained Earnings	5,539	5,436	103
Asset Revaluation Reserves	5,117	5,117	-
Movement in Equity	264	158	106
Total Ratepayer Funds	10,920	10,711	209
Receivables	566	454	112
Accrued Revenue and Prepayments	228	175	53
Stocks	-	-	-
Total Current Assets	794	628	166
Total Investments	13,343	13,540	(197)
Net Fixed Assets	12,511	12,554	(43)
Capital Works In Progress	(94)	(176)	82
Total Non Current Assets	25,760	25,918	(158)
Total Assets	26,554	26,546	8
Payables and Accrued Expenses	119	178	(59)
Employee Provisions and Accruals	67	47	20
Current Liabilities	186	225	(39)
Internal Debt	15,448	15,611	163
Total Liabilities	15,634	15,835	201
Net Assets	10,920	10,711	209

Reserve Forestry Statement of financial position	31 December	30 June	Movement \$000
	2012	2012	
Total Retained Earnings	(3,835)	(3,246)	(589)
Asset Revaluation Reserves	2,822	2,822	-
Departmental Reserves	-	-	-
Movement in Equity	11	57	(46)
Total Ratepayer Funds	(1,002)	(367)	(635)
Receivables	77	35	42
Accrued Revenue and Prepayments	11	20	(9)
Stocks	-	-	-
Total Current Assets	88	55	33
Total Investments	10,665	10,759	(94)
Net Fixed Assets	4,461	4,478	(17)
Capital Works In Progress	166	166	-
Total Non Current Assets	15,292	15,403	(111)
Total Assets	15,380	15,459	(79)
Payables and Accrued Expenses	1	6	(5)
Employee Provisions and Accruals	8	7	1
Current Liabilities	9	12	(3)
Internal Debt	16,373	15,814	(559)
Total Liabilities	16,382	15,826	(556)
Net Assets	(1,002)	(367)	(635)