

Catchment Management Full Year Review, June 2008

Executive Summary / Key Issues

1.1 Divisional Summary

The Catchment Division has had a very busy and productive fourth quarter of the financial year, and I am pleased to report that most outputs and financial results were within budget and in accordance with the Division's business plans. Catchment staff did outstanding work during 2007/08 and again delivered many quality outputs and services across the region.

Financial

- At the close of June the Division had a funding position of \$13,000 better than budget mainly due to savings in Biosecurity programmes. Total revenue was \$1,908,000 below budget (Bovine Tb, BioWorks, KNE, and LM consultations), and total expenditure was \$2,430,000 below budget. BioWorks expenditure was \$1,238,000 below budget due to reduced personnel costs and pest supplies. Biosecurity revenue and expenditure for Bovine Tb operations and Pest Plants was \$1 million below budget due to the timing of AHB contracts and savings.
- Net capital expenditure at June was \$1.1 million below budget due to project savings and some land delays (South Waitohu stopbank) as shown on page 7.

Some highlights for the year, key issues or items of interest are as set out below:

Flood Protection

- Most flood protection programmes progressed well throughout the year. River maintenance works were completed on schedule and under budget and fortunately there were no significant flood events. \$5.7 million of new flood defences and \$4.6 million of river maintenance work was completed.
- The Waiwhetu cleanup trial for the removal of contaminated sediments from the Waiwhetu Stream was completed.
- Ava Rail bank edge works were completed within time and budget.
- The Chrystalls Stopbank was completed several months ahead of schedule and well under budget.
- The Lower Wairarapa Valley Development scheme capital upgrade works were completed to budget.
- The Lower Wairarapa Valley Development Scheme rating review was completed with the adoption of the of the new classification scheme by Council in June 2008.
- Alignment selection for the Boulcott stopbank. Alternative alignment for the stopbank is expected to be endorsed by Council at its meeting on 11 August.

Biosecurity

- Satisfactory progress was achieved for the 2007/08 Bovine Tb vector control programme taking into account that two major contract parcels were awarded in February. Possum and ferret vector control operations were completed on 168,700 hectares and 177,600 hectares of feral animal surveys were also completed. Contractor performance improved significantly compared to the previous year as shown in the 60% reduction in the number of failed performance monitors.
- Discussions are continuing with the Animal Health Board regarding the Bovine Tb vector management extension for the 2008/09 year. A draft contract has been received from the AHB.
- Landowner consultation for the “Maintain the Gains” programme was completed in June and the survey response and possible funding options will be reported to the Catchment Management Committee in July.
- Pest control was completed in 74 key native ecosystem sites.
- Very good progress was achieved for the review of the Regional Pest Management Strategy. Changes to the strategy are expected to be finalised by the hearings sub-committee during August.
- The operational and financial performance of BioWorks steadily improved during the year and represented a solid effort from everyone in the business unit. Nearly all of the 2007/08 programmed strata completed passed performance monitor on the first attempt. The South East Wairarapa Stage 3 control operation was the only strata that did not pass performance monitor first time. Approximately, 50% (or \$550,000) of the 60,000 hectare parcel awarded in February will carry forward to the 2008/09 year and will provide the unit with sufficient work during the first quarter. The overall funding deficit of \$62,000 for 2007/08 was considerably better than the results for the previous four financial years.

Land Management

- Land Management work programmes were completed close to budget. The drought impacted on planting establishment rates, but most of the soil conservation plantings survived. The Akura Conservation Centre achieved a reduced surplus, but the result was propped up by harvesting \$36,000 of pine logs from the Mangapakeha nursery.
- The Wairarapa Hill Country Advisory Committee was successfully implemented during the year.
- 412 hectares of erosion prone land planted using sustainable land management practices.
- Riparian planting and fencing programmes completed along three kilometres of stream bank.

- Successful Hill Country Erosion Fund application.

Productivity Gains

- Improved operating and financial performance of BioWorks. The Unit was downsized but still completed a significant part of the Bovine Tb programme in the region.
- Significant reductions in ACC premiums for Biosecurity staff following review.
- Workplace Safety Management Practices programme qualification which will lead to future ACC premium savings across Council.
- Delivering annual work programmes materially within budget.

Staff

- **Flood Protection** – Melanie McElwee, Environmental Planner has replaced John Bissell and James Flanagan has been re-employed in the position of Senior Engineer. Rory Howell, Engineering Trainee has completed his fixed term contract and Kevin Fewtrell, Riverhand/Tractor Driver Mabey Road resigned. Graham Reidy has been promoted to Area Engineer Central, Rob Graham has been promoted to Field Supervisor Central, and his previous position of Senior Riverhand is still to be filled.
- **Land Management** – Jacki Byrd commenced as Land Management Officer Biodiversity. Raewyn Hullena, Nursery Assistant Akura has returned on a fixed term contract.
- **BioWorks** – No change
- **Biosecurity** – Murray Hudson, Senior Biosecurity Officer Investigations resigned.
- **Support Services** – No change. Jim Flack, Senior Communications Advisor commenced in June and reports directly to the Communications Department.

Health & Safety

There was one major incident during the quarter. A BioWorks employee suffered a broken shoulder blade from a motorcycle accident which required an extended amount of time off work.

Work Programme

Most of the Division's annual work programmes were completed. Work not completed at the 30th of June includes;

- the Bovine Tb vector control programme (agreed extensions)
- the South Waitohu stopbank project (land acquisition delays)
- the Waingawa river scheme review (reprioritisation)

1.2 Looking ahead

- Progressing the “maintaining the gains” predator control programme and confirming Council’s future involvement in BioWorks and the Animal Health Board’s bovine Tb vector control programme
- Progressing total catchment management within Greater Wellington
- Gaining Council funding approval for the Hill Country Erosion Project
- Progressing the Waiwhetu clean up, the Boulcott/Hutt stopbank alignment, the South Waitohu stopbank design, and the Waingawa River scheme review
- Progressing the Masterton Office redevelopment project and gaining approval from Council on the preferred option during August

2. Divisional Financial Summary

2.1 Financial Performance and Funding

Last Year YTD Actual \$000	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Catchment Management Financial Performance Statement Year ended 30 June 2008	Last Year FY Actual \$000	Full Year Forecast \$000	Full Year Budget \$000	Full Year Variance \$000
14,937	15,803	15,803	-	Regional Rates	14,937	15,803	15,803	-
-	-	-	-	Regional Water Supply Levies	-	-	-	-
14,937	15,803	15,803	-	Rates & Levies	14,937	15,803	15,803	-
-	-	-	-	Government Grants & Subsidies	-	-	-	-
7,562	6,729	7,648	(919)	External Revenue	7,562	6,125	7,648	(1,523)
429	494	553	(59)	Investment Revenue	429	553	553	-
5,386	3,960	4,890	(930)	Internal Revenue	5,386	4,177	4,890	(713)
28,314	26,986	28,894	(1,908)	TOTAL INCOME	28,314	26,658	28,894	(2,236)
				<i>less:</i>				
6,944	6,104	7,248	1,144	Personnel Costs	6,944	6,263	7,248	985
2,867	2,072	2,556	484	Materials,Supplies & Services	2,867	2,239	2,556	317
460	392	383	(9)	Travel & Transport Costs	460	376	383	7
6,405	5,597	5,665	68	Contractor & Consultants	6,405	5,636	5,665	29
62	76	103	27	Grants and Subsidies Expenditure	62	76	103	27
5,654	4,319	5,096	777	Internal Charges	5,654	4,384	5,096	712
22,392	18,560	21,051	2,491	Total Direct Expenditure	22,392	18,974	21,051	2,077
1,948	2,358	2,398	40	Financial Costs	1,948	2,340	2,398	58
-	-	-	-	Bad Debts	-	-	-	-
1,144	1,315	1,315	-	Corporate & Department Overheads	1,144	1,315	1,315	-
1,106	1,203	1,184	(19)	Depreciation	1,106	1,161	1,184	23
140	(34)	(116)	(82)	Loss(Gain) on Sale of Assets / Investments	140	(76)	(116)	(40)
26,730	23,402	25,832	2,430	TOTAL EXPENDITURE	26,730	23,714	25,832	2,118
1,584	3,584	3,062	522	OPERATING SURPLUS/(DEFICIT)	1,584	2,944	3,062	(118)

Last Year YTD Actual \$000	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Catchment Management Funding Statement Year ended 30 June 2008	Last Year FY Actual \$000	Full Year Forecast \$000	Full Year Budget \$000	Full Year Variance \$000
1,584	3,584	3,062	522	Operating Surplus(Deficit)	1,584	2,944	3,062	(118)
1,106	1,203	1,184	19	Add Back Depreciation	1,106	1,161	1,184	(23)
140	(34)	(116)	82	Other Non Cash	140	(76)	(116)	40
2,830	4,753	4,130	623	Cash Operating Surplus from Operations	2,830	4,029	4,130	(101)
				<i>less:</i>				
4,226	6,573	7,689	1,116	Net Asset Acquisitions	4,226	6,480	7,689	1,209
344	395	378	(17)	Net External Investment Movements	344	378	378	-
4,570	6,968	8,067	1,099	Net Asset & Investment expenditure	4,570	6,858	8,067	1,209
(1,740)	(2,215)	(3,937)	1,722	NET OPERATING CASHFLOW	(1,740)	(2,829)	(3,937)	1,108
1,880	2,031	2,002	29	REPAID DEBT	1,880	1,982	2,002	(20)
284	(994)	(786)	(208)	NET RESERVES (INCREASE) / DECREASE	284	(807)	(786)	(21)
(3,336)	(5,240)	(6,725)	1,485	NET FUNDING BEFORE DEBT ADDITIONS	(3,336)	(5,618)	(6,725)	1,107
2,915	5,303	6,777	(1,474)	Internal Debt Additions	2,915	5,590	6,777	(1,187)
-	-	-	-	External Debt Additions	-	-	-	-
2,915	5,303	6,777	(1,474)	NET DEBT INCREASE / (DECREASE)	2,915	5,590	6,777	(1,187)
(421)	63	52	11	NET FUNDING SURPLUS (DEFICIT)	(421)	(28)	52	(80)

Actual year to date variances to budget:

- Reduced personnel costs, materials and external revenue for BioWorks due to downsizing
- Reduced bovine Tb control revenue and expenditure (some BioWorks operations carried forward to 2008/09)
- Reduced consultation revenue and expenditure for Land Management

Last Year Actual YTD \$000	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Catchment Management Funding Surplus/(Deficit) Quarter ended 30 June 2008	FY Actual \$000	FY Forecast \$000	FY Budget \$000	FY Variance \$000
(32)	176	-	176	Biosecurity	(32)	89	-	89
(320)	(62)	15	(77)	BioWorks/Workshop	(320)	(82)	15	(97)
5	(11)	-	(11)	Flood Protection	5	133	-	133
(131)	4	-	4	LM Consolidated	(131)	23	-	23
35	16	35	(19)	Akura Conservation Centre	35	35	35	-
-	(37)	-	(37)	Integrated Catchment Management	-	(39)	-	(39)
24	(23)	-	(23)	Catchment Support	24	(54)	-	(54)
(419)	63	50	13	Catchment Division	(419)	105	50	55

Actual variances to forecast:

- Reduced funding surplus for Flood Protection (increased shingle reserve transfer)
- Increased surplus for Biosecurity due to sizeable ACC refund
- Reduced funding deficit for BioWorks
- Reduced funding deficit for Support Services (DM vehicle not accrued)

2.2 Capital Expenditure

Last Year YTD Actual \$000	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Catchment Management Capital Expenditure Statement Year ended 30 June 2008	Last Year FY Actual \$000	Full Year Forecast \$000	Full Year Budget \$000	Full Year Variance \$000
461	915	502	(413)	Total Asset Acquisitions	461	519	502	(17)
3,834	5,709	7,309	1,600	Capital Project Expenditure	3,834	6,059	7,309	1,250
(70)	(52)	(122)	(70)	Asset Disposal Cash Proceeds	(70)	(98)	(122)	(24)
4,225	6,572	7,689	1,117	Net Capital Expenditure	4,225	6,480	7,689	1,209
344	395	378	(17)	Investments Additions	344	378	378	-
4,569	6,967	8,067	1,100	Net Capital and Investment Expenditure	4,569	6,858	8,067	1,209

Actual year to date variances to budget:

- Connolly Street land costs of \$490,000 showing as land acquisition. Total project cost was \$240,000 over budget, surplus land component to be sold on completion of stopbank project in 2-3 years time.
- Various timing savings on projects as shown on page 6, particularly for Whirinaki Crescent, and the South Waitohu project.

Changes from actual to forecast:

- Connolly land purchase costs showing as land acquisition, was forecasted as capital project expenditure
- Savings on the Whirinaki Crescent stopbank project due to timing of contract works
- Capitalisation of river scheme works from operating budgets was \$346,000 above forecast

Summary of savings and capital expenditure

Category	Actual \$	Budget \$	Forecast \$	Variance	(explanation)
Hutt Flood Protection					
Ava Rail stopbank	2,054,561	2,180,000	2,100,000	94%	AvaRail stopbank contract is complete. The favourable variance is due to timing for retention release and contract finalisation by Opus. A budget of \$110,000 is available in 2008/09.
Ava to Ewen Land Settlement	733	0	0	100%	
Alicetown Stopbank Design	26,556	0	0	100%	Remedial works completed and costs recovered from the contractor. The total project budget not exceeded
Whirinaki Crescent	467,437	651,300	581,300	72%	Stage 2 stopbank works completed. The favourable variance is due to postponement of Stage 1 filling to 2008/09 timing for retention release. A budget of \$70,000 is available in 2008/09.
Boulcott/Hutt stopbank	283,212	300,000	260,000	94%	Feasibility study was completed on programme. However, Council has to postpone the decision on the preferred alignment to provide more time to consider funding options.
Connolly/Boulcott/Hutt Land Compensation	519	250,000	490,000		The unfavourable variance is due to the higher than expected property price. Council approval was obtained for the purchase.
Maoribank river bed stabilisation	81,377	150,000	100,000	54%	The favourable variance is due to the delay in completing the cost estimates for the proposed remedial measures options. This work will now be completed by August 2008.
Strand Park upgrade	29,200	50,000	50,000	58%	Five Construction contractors were pre-qualified and tender documents will be issued in late July 08. Construction budget available in 2008/09.
Hutt Environmental Strategy Implementation	26,630	64,000	34,000	41%	The favourable variance is due to staging of planting works. Stage 1 was completed in June 2008. Stage 2 is scheduled for October 2008.
Mangaroa Flood Hazard Assessment	424	0	0	100%	
Other works	83,697	0	0	100%	Transferred from maintenance.
Hutt river sub total	3,054,346	3,645,300	3,615,300		
Otaki river					
South Waitohu stopbank	52,014	496,000	50,000	10%	The favourable variance is because of more time required to resolve land and flood mitigation issues and to investigate options for reducing costs. A budget of \$446,000 is available in 2008/09.
Chrystalls extended stopbank	1,268,242	1,850,000	1,300,000	69%	The favourable variance is due to cost savings. Land acquisition and retention release are programmed for 2008/09. A budget of \$606,000 is available in 2008/09.
Otaki environmental strategy implementation	17,669	35,000	35,000	50%	The favourable variance is due to delay in getting invoices for the foot bridge contract works.
Waitohu Flood Hazard Investigation	769	0	0	100%	
Otaki river sub total	1,338,694	2,381,000	1,385,000		
Waikanae river					
Land purchase	16,233	105,000	50,000	15%	Land purchase programmed for the year was completed.
Waikanae environmental strategy implementation	2,512	40,000	2,500	6%	This is linked to KCDC funding of the foot bridge now programmed for 2008/09. A budget of \$40,000 is available in 2008/09.

Jim Cook Park River Realignment	19,216	0	0	100%	
Other works	17,283	0	0	100%	Transferred from maintenance.
Waikanae sub total	55,244	145,000	52,500		
Waiwhetu FMP	44,549	68,000	40,750	66%	The WSAS resolved to delay completion of the FMP in favour of advancing the physical clean up works. Savings rebudgeted into 2009/10 when work on the FMP will be resumed.
Waiwhetu Flood Improvements	0	200,000	0		This amount rebudgeted into 2008/09 in line with revised Waiwhetu clean up project programme.
Lower Wairarapa Valley Development scheme upgrade	875,477	870,000	870,000	< 1%	First year of a 10 year programme.
Other Wairarapa scheme works	342,164		96,000	100%	Transferred from maintenance programmes for schemes. This includes The Cliffs rock protection works of \$157,000 (\$78,500 recovered from Carterton District Council).
Total capital expenditure	5,710,474	7,309,300	6,059,550		