



# Catchment Management 30 September 2006 Quarterly Review

September 2006

Geoff Dick  
Divisional Manager

**FOR FURTHER INFORMATION**

Greater Wellington  
Regional Council  
P O Box 41  
Masterton

T 06 378 2484  
F 06 378 2146  
W [www.gw.govt.nz](http://www.gw.govt.nz)

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# 1. Executive Summary / Key Issues

## 1.1 Divisional Summary

The Division has had a very busy and productive first quarter of the financial year. Key issues or items of interest are as follows:

- I am very pleased to report that all departmental management positions within the Catchment Management Division have now been filled, following the recent appointment of Graeme Campbell to Manager, Flood Protection. The contributions of Ian Gunn, Acting Manager River Management, and Sharyn Westlake, Acting Manager Flood Protection since the Divisional restructure was implemented have been invaluable. There has been significant progress in determining the new structures/reporting lines for Flood Protection and Land Management, and we will endeavour to have the new team leaders in place by the end of December.
- At the close of September the Division had an unfavourable funding position of \$350,000. Total income was \$969,000 above budget and total expenditure was \$1,223,000 above budget. Net capital expenditure was \$412,000 above budget. The variations mostly related to flood damage on eastern river schemes, and the timing of shingle royalty revenue, and Bovine Tb control operations. Capital expenditure on the Alicetown stopbank and Jim Cooke Park realignment works have progressed ahead of plan. A breakdown of operating and capital expenditure by river is shown on page 12.
- All but three of the Bovine Tb control contracts carried forward from 05/06 were completed during the first quarter. The remaining 05/06 contracts that were delayed by lambing commenced in October. Approximately, 166,000 hectares of the 2006/07 Tb vector control programme has been tendered to date, and we are aiming to have the remaining 100,000 hectares tendered by the end of December.
- The extended vector management contract expires on the 30<sup>th</sup> November. The proposed new 2-year contract contains some sections requiring clarification with the Animal Health Board, but the Vector Manager is confident a new contract will in place for the beginning of December.
- The July floods caused \$1.2m of flood damage to the eastern river schemes. This also impacted on the pump drainage schemes, and the overall drainage scheme reserve balance is likely to be nil at the end of the financial year.
- Most western flood protection projects are proceeding to plan, but the forecast expenditure for the Crystals extended stopbank has been reduced by \$772,000 and the South Waitohu works by \$204,000 because of land negotiation or acquisition delays. The Whirinaki Crescent project is also progressing more slowly than planned because of land issues.
- The Akura Conservation Centre has completed another successful trading season, with total tree sales up by 90,000 on the previous year.

This was Peter Cameron's last season in charge of the Nursery after 40+ years of service. Succession planning for Akura is underway.

- The BioWorks unit had a very busy first quarter completing 05/06 carry forward control contracts and have \$1.7 million of work scheduled until May 2007. To achieve budget at least another \$700,000 of contracts must be won and completed by the end of June 2007.
- Masterton based staff are very grateful for the air-conditioning units currently being installed in the Masterton and Biosecurity Offices.

## **1.2 Looking ahead**

- As noted from the previous quarterly review, the 5-yearly revaluation cycle of flood protection assets is due for an update by June 2007.
- Greater Wellington's 2006/07 annual plan has many short-term performance targets that state "a progress report will be approved by Council". Keeping in mind this Council wide reporting requirement is important.
- The update of the LTCCP will be a priority for many staff during the 2<sup>nd</sup> quarter.

## 2. Divisional Financial Summary

### 2.1 Financial Performance and Funding

Last Year Actual \$000	YTD Actual \$000	YTD Budget \$000	Catchment Management Financial Performance Statement 3 Months ended 30 September 2006	Last Year FY Actual \$000	FY Forecast \$000	FY Budget \$000	FY Variance \$000
3,672	3,734	3,734	Rates & Levies	14,690	14,937	14,937	-
-	-	-	Government Grants & Subsidies	-	-	-	-
1,365	1,950	1,346	External Revenue	6,434	6,668	7,159	(491)
90	117	107	Investment Revenue	312	428	428	-
1,352	1,204	849	Internal Revenue	6,459	5,149	5,149	-
<b>6,479</b>	<b>7,005</b>	<b>6,036</b>	<b>TOTAL INCOME</b>	<b>27,895</b>	<b>27,182</b>	<b>27,673</b>	<b>(491)</b>
			<i>less:</i>				
1,684	1,655	1,716	Personnel Costs	6,722	6,883	6,863	20
717	855	629	Materials,Supplies & Services	2,300	2,393	2,408	(15)
76	108	88	Travel & Transport Costs	356	355	355	-
1,067	1,527	884	Contractor & Consultants	5,154	5,670	5,358	312
26	-	26	Grants and Subsidies Expenditure	27	103	103	-
1,372	1,329	907	Internal Charges	6,803	5,183	5,383	(200)
<b>4,942</b>	<b>5,474</b>	<b>4,250</b>	<b>Total Direct Expenditure</b>	<b>21,362</b>	<b>20,587</b>	<b>20,470</b>	<b>117</b>
418	479	522	Financial Costs	1,772	2,088	2,088	-
-	-	-	Bad Debts	27	-	-	-
321	286	286	Corporate & Department Overheads	1,284	1,144	1,144	-
266	273	229	Depreciation	1,066	917	917	-
(18)	(2)	-	Loss(Gain) on Sale of Assets	(71)	(94)	(94)	-
<b>5,929</b>	<b>6,510</b>	<b>5,287</b>	<b>TOTAL EXPENDITURE</b>	<b>25,440</b>	<b>24,642</b>	<b>24,525</b>	<b>117</b>
<b>550</b>	<b>495</b>	<b>749</b>	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>2,455</b>	<b>2,540</b>	<b>3,148</b>	<b>(608)</b>
			<b>Funding Statement</b>				
			<b>3 Months ended 30 September 2006</b>				
550	495	749	Operating Surplus(Deficit)	2,455	2,540	3,148	(608)
266	273	229	Add Back Depreciation	1,066	917	917	-
(18)	(2)	-	Other Non Cash	(71)	(94)	(94)	-
798	766	978	<b>Funds from Operations</b>	3,450	3,363	3,971	(608)
			<i>less:</i>				
415	776	364	Total Asset and Investment Acquisitions	6,701	5,750	6,848	(1,098)
(34)	(2)	-	Asset Disposal Proceeds	(90)	(84)	(94)	10
381	774	364	Net Asset & Investment expenditure	6,611	5,666	6,754	(1,088)
<b>417</b>	<b>(8)</b>	<b>614</b>	<b>NET OPERATING CASHFLOW</b>	<b>(3,161)</b>	<b>(2,303)</b>	<b>(2,783)</b>	<b>480</b>
(71)	127	(183)	Net Debt Increase (decrease)	3,248	2,180	3,741	(1,561)
357	(23)	15	Net Reserves Increase (decrease)	964	966	(110)	1,076
<b>703</b>	<b>96</b>	<b>446</b>	<b>NET FUNDS SURPLUS (DEFICIT)</b>	<b>1,051</b>	<b>843</b>	<b>848</b>	<b>(5)</b>

#### Actual year to date variances to budget

- Increased Bovine Tb vector control revenue and expenditure due to the completion of a large aerial operation by Epro in South East Wairarapa, and the work completed during the 1<sup>st</sup> quarter on the outstanding 2005/06 vector control contracts. This has increased the internal charges and revenue between Biosecurity and BioWorks to budget.
- Drainage Schemes were \$105,000 over budget due to increased power use relating to the July and August floods, and pump equipment repairs caused by fire damage (\$20,000 refund in insurance to come). The overall scheme reserves at June 2007 could be in deficit and sizeable scheme rate increases may be required for some schemes.
- Eastern Flood Protection was \$129,000 over budget due to flood damage repair costs and the timing of shingle royalty revenue.

#### Changes from budget to forecast

- Increased Eastern river scheme expenditure of \$1.2m due to flood damage.
- Reduced river maintenance expenditure of \$473,000 and increased capital expenditure due the construction of new flood protection assets from operating budgets.
- Reduced Bovine Tb vector control expenditure of \$600,000 due to savings on contracts and from removing control areas with low pest densities. Approximately \$400,000 of new work has been re-scheduled into 2006/07, which is subject to approval by the Animal Health Board.

## 2.2 Capital Expenditure

Last Year Actual \$000	YTD Actual \$000	YTD Budget \$000	Capital Expenditure Statement 3 Months ended 30 September 2006	Last Year FY Actual \$000	FY Forecast \$000	FY Budget \$000	FY Variance \$000
-	-	-	Land Acquisitions	5	20	20	-
-	32	-	Building Acquisitions	6	-	-	-
47	80	-	Vehicle Acquisitions	378	347	357	(10)
-	-	-	Furniture & Fittings Acquisitions	41	-	-	-
-	-	2	Plant Acquisitions	23	109	109	-
-	-	-	Computer Equipment Acquisitions	-	-	-	-
-	-	-	Structures Acquisitions	-	-	-	-
-	-	-	Flood Protection Infrastructure Acquisitions	-	-	-	-
-	-	-	Parks & Forests Infrastructure Acquisitions	-	-	-	-
-	-	-	Water Infrastructure Acquisitions	-	-	-	-
-	-	-	Floodplain Mgmt Plan Acquisitions	-	-	-	-
47	112	2	<b>Total Asset Acquisitions</b>	<b>453</b>	<b>476</b>	<b>486</b>	<b>(10)</b>
<b>318</b>	<b>615</b>	<b>311</b>	<b>Capital Project Expenditure</b>	<b>6,047</b>	<b>5,074</b>	<b>6,162</b>	<b>(1,088)</b>
(34)	(2)	-	Asset Disposal Cash Proceeds	(90)	(84)	(94)	10
<b>331</b>	<b>725</b>	<b>313</b>	<b>Net Capital Expenditure</b>	<b>6,410</b>	<b>5,466</b>	<b>6,554</b>	<b>(1,088)</b>
50	50	50	Other Investments Additions.	200	200	200	-
<b>381</b>	<b>775</b>	<b>363</b>	<b>Net Capital and Investment Expenditure</b>	<b>6,610</b>	<b>5,666</b>	<b>6,754</b>	<b>(1,088)</b>

### Actual year to date variances to budget

- The building acquisition variance relates to the loan funded Otaki implement shed carried forward from 2005/06.
- The vehicles variance relates to the timing of acquisitions for BioWorks (motorcycles) and for Land Management (Department Manager's vehicle).

Flood Protection capital expenditure for the Alicetown stopbank design and the Jim Cooke Park realignment works have progressed ahead of plan.

### Changes from budget to forecast

- Chrystalls extended stopbank expenditure reduced by \$772,000 which represents a likely delay in the commencement of construction. The stopbank extension expenditure is to be rebudgeted to 2007/08.
- The South Waitohu expenditure has been reduced by \$204,000 due to delays in gaining land access for construction. The expenditure is to be rebudgeted to 2007/08.
- The \$585,000 Lower Wairarapa Valley Development Scheme capital expenditure upgrade planned for 2006/07 has been deferred until 2007/08 because the flood damage has impacted on resources and materials.
- As commented previously, \$473,000 of river scheme capex, funded from operating budgets has been incorporated in the June 2007 forecast.