

## **1. Development**

### **1.1 Wairarapa Water Use Project**

With the appointment of Tonkin & Taylor as lead consultants, 'full-time' technical work on the Wairarapa water use project commenced. Their work began with a complete review of the work conducted during the previous decade with the conclusion that much of it was out of date especially with the significant shifts in farm economics.

The focus of the consultant's work during this quarter has been:

- A rational identification of potential storage water sites throughout the valley incorporating a process of prioritising potential sites
- Identification of project criteria and assumptions; these are potentially subject to change as the project proceeds
- Developing an agreed approach towards future water allocation scenarios to align with the broad direction of the new Regional Plan
- Identification of future water demands in the Wairarapa Valley - this has taken the form of discussions with the Wairarapa Councils and face-to-face interviews with farmers for pilot on-farm demand assessment to establish the degree of interest by farmers in irrigation water
- Theoretical demand within the valley is being determined; this will be compared with the on-farm demand assessment in early 2012.

A further development has also been the membership identification and first meeting of a Stakeholder Group representing community interests in the project.

## 1.2 Financial summary

### 1.2.1 Wairarapa Water Use Project

Last Year YTD Actual \$000	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Wairarapa Water Use Project Funding Impact Statement For the 6 months ended 31 December 2011	Last Year FY Actual \$000	Full Year Forecast \$000	Full Year Budget \$000	Full Year Variance \$000
636	38	38	-	Rates & Levies	1,271	75	75	-
14	-	-	-	Government Grants & Subsidies	12	-	-	-
10	-	-	-	External Revenue	19	-	-	-
-	-	-	-	Investment Revenue	-	-	-	-
2	-	-	-	Internal Revenue	5	-	-	-
<b>662</b>	<b>38</b>	<b>38</b>	<b>-</b>	<b>TOTAL INCOME</b>	<b>1,307</b>	<b>75</b>	<b>75</b>	<b>-</b>
422	(7)	-	7	less:				
74	-	-	-	Personnel Costs	660	-	-	-
17	-	-	-	Materials,Supplies & Services	165	-	-	-
52	-	-	-	Travel & Transport Costs	41	-	-	-
-	-	-	-	Contractor & Consultants	62	5	5	-
66	-	-	-	Grants and Subsidies Expenditure	-	-	-	-
-	-	-	-	Internal Charges	137	-	-	-
<b>631</b>	<b>(7)</b>	<b>-</b>	<b>7</b>	<b>Total Direct Expenditure</b>	<b>1,065</b>	<b>5</b>	<b>5</b>	<b>-</b>
-	2	13	11	Financial Costs	-	26	26	-
10	-	-	-	Bad Debts	(5)	-	-	-
107	-	-	-	Corporate & Department Overheads	215	-	-	-
17	-	-	-	Depreciation	33	-	-	-
-	-	-	-	Loss / (Gain) on Sale of Assets / Investments	-	-	-	-
<b>765</b>	<b>(5)</b>	<b>13</b>	<b>18</b>	<b>TOTAL EXPENDITURE</b>	<b>1,308</b>	<b>31</b>	<b>31</b>	<b>-</b>
<b>(103)</b>	<b>43</b>	<b>25</b>	<b>18</b>	<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>(1)</b>	<b>44</b>	<b>44</b>	<b>-</b>
17	-	-	-	Add Back Depreciation	33	-	-	-
-	(128)	(350)	222	Other Non Cash	-	(750)	(750)	-
-	-	-	-	Net Asset Acquisitions	-	-	-	-
-	-	-	-	Net External Investment Movements	-	-	-	-
-	-	-	-	Investment in Subsidiaries	-	-	-	-
<b>(86)</b>	<b>(85)</b>	<b>(325)</b>	<b>240</b>	<b>NET FUNDING BEFORE DEBT &amp; RESERVE MOVEMENTS</b>	<b>32</b>	<b>(706)</b>	<b>(706)</b>	<b>-</b>
-	128	350	(222)	Debt Additions / (decrease)	-	750	750	-
-	-	(22)	22	Debt Repaid	-	(44)	(44)	-
-	-	-	-	Net Reserves (Increase) / decrease	-	-	-	-
<b>(86)</b>	<b>43</b>	<b>3</b>	<b>40</b>	<b>NET FUNDING SURPLUS (DEFICIT)</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>

Project expenditure is \$222k under budget due to timing of expenditure particularly external consultants. Full year is expected at this stage to be on budget.

### 1.2.2 Risk Analysis

We have reviewed our risks and no changes are required to the risk register.