



*caring about you & your environment*

**Report 00.83**

16 February 2000

File: Y/21/1

Report to the Rural Services and Wairarapa Committee  
from Colin Wright, Divisional Manager, Wairarapa

## **Wairarapa Division: Operating Plans 2000-2010**

### **1. Purpose**

To provide a summary of the key highlights and issues in the proposed budgets for the Wairarapa Division.

### **2. Background**

For some months the Council has been reviewing its Long Term Financial Strategy (LTFS). For the benefit of appointed members of the Committee, I note that this strategy is in effect a 10 year budget for Council activities. It is prepared after considering each activity area in relation to its achievements to date, current issues, funding, future trends, etc.

A detailed review of the LTFS is undertaken every 3 years. This means that the first 3 years of the new LTFS are effectively “hard” numbers which principally form the basis of each year’s annual plan. The remaining 7 years are regarded as “soft” numbers as they are subject to further detailed review at the next LTFS review time. The first year of the LTFS, when completed, will become the Annual Plan for the forthcoming 2000/01 financial year.

The accompanying draft Operating Plans document has been prepared on the basis of Council’s preliminary decisions to date. They have also been subject to a detailed management review.

The proposed Wairarapa Operating Plans are largely “business as usual”. All exceptions are outlined **further** on in this report.

Committee members will recall discussing various proposals at a Committee workshop session last November. At this workshop the possible changes from the previous LTFS “soft” numbers were grouped into **five** themes, although only the first three themes, as below, were needed for proposals under the Rural Services and Wairarapa Committee’s jurisdiction.

**Theme 1:**

The basics, or doing existing activities to the appropriate standard.

**Theme 2:**

Follow-up, or doing more of the same.

**Theme 3:**

~~Advances, or new approaches.~~

**3. Biosecurity Department:**

The Biosecurity draft Operating Plan consists principally of a continuation of present activities. These are based around the Regional Pest Management Strategies for Plant and Animal Pests, and the National Pest Management Strategy for Bovine Tb. However, there are some changes in activity levels as follows:

*Theme 1:*

The present “soft” LTFS numbers from **2003/04** onwards would mean the termination of the Wellington City Old Man’s Beard eradication programme, the Old Man’s Beard river corridor control programme, and the biological control programme, plus a reduction in the Wild Ginger and Cathedral Bell inspection and control programme in Wellington City. These items have been continued with a provision of \$200,000 in the relevant “soft” years.

*Theme 2:*

The proposed programme for Bovine Tb includes beginning four new operational areas in south Wairarapa over the next four years. Bovine Tb numbers are increasing in these areas. Costs to the general rate vary from year to year, but average around \$135,000 per annum. This figure is based upon the assumption that the Council’s eradication zone proposal is approved as explained on the next page.

*Theme 3:*

Councillors have expressed a strong interest in **biodiversity/ecosystem** work. Accordingly, it is planned to take a more holistic approach to our key native ecosystems work by also addressing pest plants and other animal pests within this programme. An amount of \$195,000 has been provided in Year 1 for this additional work, \$240,000 in Year 2, and \$200,000 in subsequent years.

### **Other Issues:**

- The current Regional Pest Management Strategies for Plant and Animal Pests expire in June 2001. Any significant changes in these strategies may require budget adjustments in future years.
- Likewise the National Pest Management Strategy for Bovine Tb is currently being reviewed by the Animal Health Board. Any resulting changes to this strategy, such as to the movement control herd targets or to **funding** ratios, **may** have implications for this Council.
- Budgeting for the expanded Bovine Tb programme has been based upon the position discussed at the Committee's November workshop, i.e. that as well as providing its share of costs for the planned extension into south Wairarapa, the Animal Health Board will also approve the eradication zone proposal in north Wairarapa and fund it accordingly. Officers believe this eradication zone proposal meets the appropriate criteria and that it should therefore be funded 75% by the Animal Health Board instead of the current 50%. This would result in a saving to the general rate of around \$145,000 p.a. which is already incorporated in the draft budget.
- It should also be noted that **the** Animal Health Board is not expecting to make decisions on the extended programme or the eradication zone until late May or June. This means that any Council decisions with the Bovine Tb programme for next year and onwards can only be tentative at the present time. Any annual plan publicity will need to **recognise** this point.
- Despite the greater programme, the Bovine Tb rate has been held at the same dollar amount per hectare for both operational and non-operational areas as in the past few years. To achieve this, a total of \$230,000 is required to be withdrawn **from** the Bovine Tb rate reserve over the first three years and further amounts in future years. The reserve is currently \$740,000. While a greater withdrawal could be made from the reserve now to lower the bovine rate, it is suggested it would be more prudent to hold the current rating level because of the present uncertainties regarding future bovine programmes.

## **4. Operations Department:**

### **River Management:**

A continuation of existing activities is proposed with the following additions –

*Theme I:*

Additional funding has been provided to cover three aspects of river management work in the Wairarapa, as follows –

- \$60,000 in Year 1 rising to \$75,000 in Year 3 has been allocated as the general rate share towards increased maintenance programmes on several of the Wairarapa river schemes. These enhanced programmes are based on the extensive asset management planning work undertaken during the past two years.

~~A start has been made on reviewing the rating~~ classification for the Waiohine River Scheme to ensure that a fair and relevant base for rating is being used. It is intended to also review the classification of several other schemes where the existing rating classifications date back to the 1950's and 1960's. \$20,000 p.a. has been provided for this work in the first 3 years. In addition \$15,000 p.a. has been provided for the consultation associated with the floodplain management review process.

- For many years river schemes in the Wairarapa have been charged approximately \$30,000 p.a. towards the cost of floodwarning. This charge dates back to the Wairarapa Catchment Board but it has always been inconsistent with the western side of the region where floodwarning is funded **from** general rates.

The present situation is also unsatisfactory in that the charge is apportioned across all ratepayers in a scheme whether they receive a floodwarning or not, and on a basis that is not related to floodwarning.

I consider that this is an opportune time to address this inconsistency. I advised the Committee at the November workshop that it is now my view that this item should be met from general rates. I will explain this view further at the Committee meeting, but in the meantime I note that the present floodwarning systems now give far more attention to advising and warning the general public than was previously the case. A good example of this is the river level information phone lines that are accessible by anyone.

**Other Issues:**

Three of the river schemes, i.e. Taueru, Lower Whangaehu and Waiohine, are significantly in deficit. **The** first two situations are part of a planned process where extensive willow clearing work was undertaken over a short time period, but it was agreed that the local community share could be paid over a number of years with appropriate interest added. The Waiohine Scheme, as reported to the Committee last year, is in deficit by \$242,000 as a result of flood damage in recent years. Scheme rates were increased 60% this financial year to help address this situation. However, the overall position with each of these three schemes will need to be closely monitored over the next few years to ensure that the scheme rates are set at an adequate level.

## **Soil Conservation:**

A continuation of existing levels of soil conservation activity is proposed, along with the following additional items –

### *Theme 1:*

An additional \$85,000 has been provided to soil conservation activities to offset an increase in overheads that were allocated to this area a year ago. At ~~that~~ that time a review of the overheads allocated to business units showed that two of the units were carrying costs that should have been more correctly allocated to soil conservation. The effect of this change was to very significantly effect the level of sustainability work that could be undertaken. The outcome of this “correction” will be to allow additional soil conservation works of over \$200,000, thus bringing the overall programme back to about its previous level.

### *Theme 2:*

Councillors expressed a desire for more sustainable land use work to be undertaken and a further \$20,000 of general rates has been allocated to this. The increased programme that can now be undertaken, as a result of this provision and the “correction” in the previous item, is considered to be near the practical limit at which farmers will be able to contribute their share under the present funding policies.

### *Theme 3:*

Councillors expressed strong interest in a number of suggested environmental enhancement projects and provision for the following has been included in the draft budget –

- \$15,000 in the first year rising to \$35,000 by Year 3 for encouraging and assisting with the retirement of indigenous bush areas on private land. The Council previously supported this work until three years ago on a shared basis with the landholder and the Queen Elizabeth II Trust.
- \$14,000 rising to \$70,000 by Year 3 for a trial programme of planting riparian strips alongside priority waterways.
- \$35,000 in Year 3 for protection and enhancement of desirable wetland areas.

## 5. **Planning & Resources Department:**

A continuation of existing activities is proposed but with a lift in activity level, as follows –

### *Theme 1:*

The department is addressing the various matters that are required of it, but it is struggling to deliver at the same standards as occurs in the western part of the region. For example last year the processing time for non-notified consents was twice that of the Wellington office.

The Council **recognised** this situation with its preliminary decisions on the basis of preparing these draft budgets and a provision of \$150,000 was made accordingly. This provision will be largely used in relation to consents, but it will also assist with compliance, resource investigation, policy formulation, and hazards identification work.

### *Theme 3:*

For some months councillors have been discussing ways of achieving a more mutually beneficial relationship with Iwi in the region. One particular aspect that has been considered is that of an Iwi liaison person based in the Wairarapa office. A provision of \$60,000 for such a position has been made to cover the direct and indirect costs of such a position.

### **Other Issues:**

From time to time legal advice is required to assist the department's work. The present budgetary allowance of \$10,000 is often exceeded in the course of a year. However, a Council environmental legal reserve fund of approximately \$45,000 does exist. This was originally set up by the Environmental Division for possible issues relating to the Regional Policy Statement and regional plans development. It is intended to formulate appropriate guidelines for this reserve fund so that any surplus funds not required by the Environment Division can be used to meet other appropriate legal expenses in the Wairarapa.

## 6. **Business Units**

There are no particular issues to report at the present time, but some comment on the Units follows –

### Workshop:

This Unit has shown that it is able to provide appropriate services at a lower cost than external providers and also pay a reasonable dividend to Council.

**Akura:**

This Unit has had a successful trading season and is looking to reduce some of its debt this year. The proposed increase in soil conservation programmes will assist the Unit to a more healthy position in the longer term. Investigations are being carried out into the factors that limit pole growth and whether irrigation is justified to assist production in dry seasons.

**Forestry:**

Logging at the Hiwinui Reserve is providing significantly more timber than was originally anticipated and the logging **contract** for this year has recently been doubled to 20,000 tonnes. As a result, the future debt for this Unit will be less than earlier predicted, by nearly a million dollars **after** 15 years. The small improvements in log prices of late should lead to some improvement in the debt equity ratio for this Business Unit in the future. However, the **debt-**only funding policy for the Unit continues to impose substantial pressures because of the age class distribution of the various plantings.

**7. Recommendation**

- (1) *That the report be received and its contents noted.*
- (2) *That the following proposed Operating Plans be approved in principle:*
  - *Biosecurity*
  - *River Management*
  - *Soil Conservation*
  - *Planning & Resources*
  - *Business Units*
- (3) *That the proposed Operating Plans for the above activities be recommended to the Policy & Finance Committee for inclusion in the Councils proposed Long Term Financial Strategy 2000-2010 (incorporating Council's 2000/01 Annual Plan).*



**Colin Wright**  
Divisional Manager, Wairarapa