



caring about you & your environment

Report 01.75

9 February 2001

File: Y/21/1

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

Wairarapa Division: Operating Plans 2001-2010

1. Purpose

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

2. Overview

The Wairarapa Division Operating Plans have been prepared on the basis of the Council's current Long Term Financial Strategy (Investing in the Future) as approved in June last year, but taking into account any changes that have occurred since that time.

Detailed consideration has indicated that each activity area can be managed within the current Long Term Financial Strategy "hard numbers" for 2001/02, although the situation will be tight in several areas. The only exception, and it is a big one, is the Bovine Tb vector control activity where the situation is far from clear as explained below.

3. Biosecurity Department

3.1 Bovine Tb Vector Control

Committee members will recall that the present National Pest Management Strategy for Bovine Tb expires in June 2001. In the last calendar year the Animal Health Board developed a draft new strategy and this was discussed with the Rural Services and Wairarapa Committee at its March 2000 meeting. There were also two public meetings held in the Wairarapa on the same day to explain the proposed approach to the farming community.

This draft national strategy proposes that New Zealand achieve official Tb free status within a ten year life for the new strategy. To achieve this a substantial increase in vector control programmes will be necessary over much of the country and also in this region.

The draft strategy also proposes a significant change in funding formula from the present and this change was based upon a detailed examination of beneficiaries and exacerbators. The proposed funding basis would mean a significant reduction in regional council funding, but a substantial increase in central government's contribution and some increase from industry.

At the time of our initial budget preparation in early December, the only indication we had of the likely vector control programme and funding for 2001/02 and subsequent years was the draft new national strategy. Using these figures resulted in an increased programme of 340,000 hectares for 2001/02 including a start in south-east Wairarapa.(The actual 2000/01 programme will cover x hectares). The general rate requirement under the new funding formula for the expanded programme would have meant a reduction in general rate requirement of about \$500,000 below that currently provided in the Long Term Financial Strategy for 2001/02.

However, central government has since indicated its initial position on the draft new national strategy. They accept the concept of working towards official Tb free status, but consider the aim should be to achieve this over a longer time period. Hence, the Animal Health Board is now working with central government to revise the draft national strategy. Copies of relevant advices are attached to this report for information.

Because of the considerable uncertainty, we have currently proposed a budget to undertake the full 340,000 hectares of control work in 2001/02 but with a general rate funding requirement at the level provided for in the Long Term Financial Strategy. This is the best assumption we can make at the present time. However, it is fully expected that this will not be the final position by the time the Council approves the 2001/02 budget in June.

The issue then for the Committee is what figures does the Council put in the proposed annual plan for public consultation?

Wayne O'Donnell, Biosecurity Manager, is at present spending two days at a meeting with the Animal Health Board and other Council Biosecurity Managers. He will give an update on the current situation in a separate report and will explain the position further at the Committee meeting.

3.2 Bovine Tb Rate

Another issue also affected by this uncertainty is the level of Bovine Tb rates for next year. The amount required from this rate will need to take into account the final programme for 2001/02, the funding formula used by the national strategy, and the amount to be transferred from the Bovine Tb rate reserve. This reserve currently sits at around \$800,000.

One option is to keep this rate at its current level in terms of the Council's proposed annual plan and then completely review the situation in June in conjunction with the Bovine Tb programme review. However, this item should also be discussed at this Committee meeting.

3.3 Regional Pest Management

The remainder of the Biosecurity Draft Operating Plan provides for a continuation of pest activities within the current Long Term Financial Strategy numbers. This includes the Key Native Ecosystem work which is the key element in the Council's biodiversity programme. \$500,000 has been budgeted for KNE work in 2001/02 covering both plant and animal pest work in the special places.

The proposed new Regional Pest Management Strategy for Plants and Animals is expected to be publicly notified in March. The budgets have been prepared on the basis that there will be no significant policy variations from the present position as a result of the new pest management strategy.

4. Operations Department

The Long Term Financial Strategy provided for an increase in scheme programmes last year and that level of activity is planned to continue in the coming year.

A potential issue was the situation with the Council's Flood Contingency Fund. This fund is expected to be close to zero once all flood damage repair work from the October 2000 floods are completed. However, the Council addressed this issue at its 1 February and decided to leave annual contributions to the fund at current levels while closely monitoring the situation.

A similar situation exists within several of the Wairarapa river schemes where contingency funds will be exhausted and/or the scheme is in deficit. Hence work is programmed to continue on scheme reviews, including the rating classifications according to the previously agreed priority order. The classification review should enable a greater confidence in the scheme from the scheme ratepayers leading to some rate increases to put all schemes on a more sustainable basis.

4.1 Soil Conservation

The Long Term Financial Strategy increased soil conservation programmes last year to a level that was believed to be a practical limit in terms of the corresponding amount to be contributed by landholders. However, the lift in the rural economy in the last twelve months has meant the interest level from farmers in more planting has increased. At this stage the budget levels for the various programmes have been left at the Long Term Financial Strategy "hard numbers". Emphasis is continuing to be placed on extracting maximum value and efficiencies from the Council's dollars allocated to soil conservation.

The new biodiversity programmes for bush retirements and riparian planting have begun well. The budgeted funds for these activities is scheduled to increase from \$29,000 in the current year to \$60,000 in 2001/02.

5. Planning & Resources

Again, last year's Long Term Financial Strategy allocated some increase in funding and this enabled a better level of service to be provided in the resource management area in the Wairarapa. We have also now employed a Maori Policy Advisor.

Next year's budget provides for activities to continue at similar levels, but the budget has been based on an increase in the hourly charge-out rate under the Resource Management Charging Policy to be considered later during the Committee meeting.

6. Business Units

There are no particular issues to highlight in relation to the three Business Units. At this stage all units are operating satisfactorily. Akura Conservation Centre and the Workshop are both generating the annual dividend without particular difficulty and Akura is also managing to pay off some debt. The Reserve Forestry Business Unit's financial position has improved significantly as a result of a recent increase in valuation of the forests.

It is intended that the annual dividends to Council will be reviewed as part of the next Long Term Financial Strategy review beginning in 2002.

7. Recommendation

- (1) *That the report be received and the 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 Council's proposed Long Term Financial Strategy 2000-2010: 2001 Update (incorporating Council's 2001/02 Annual Plan).*

Colin Wright
Divisional Manager, Wairarapa