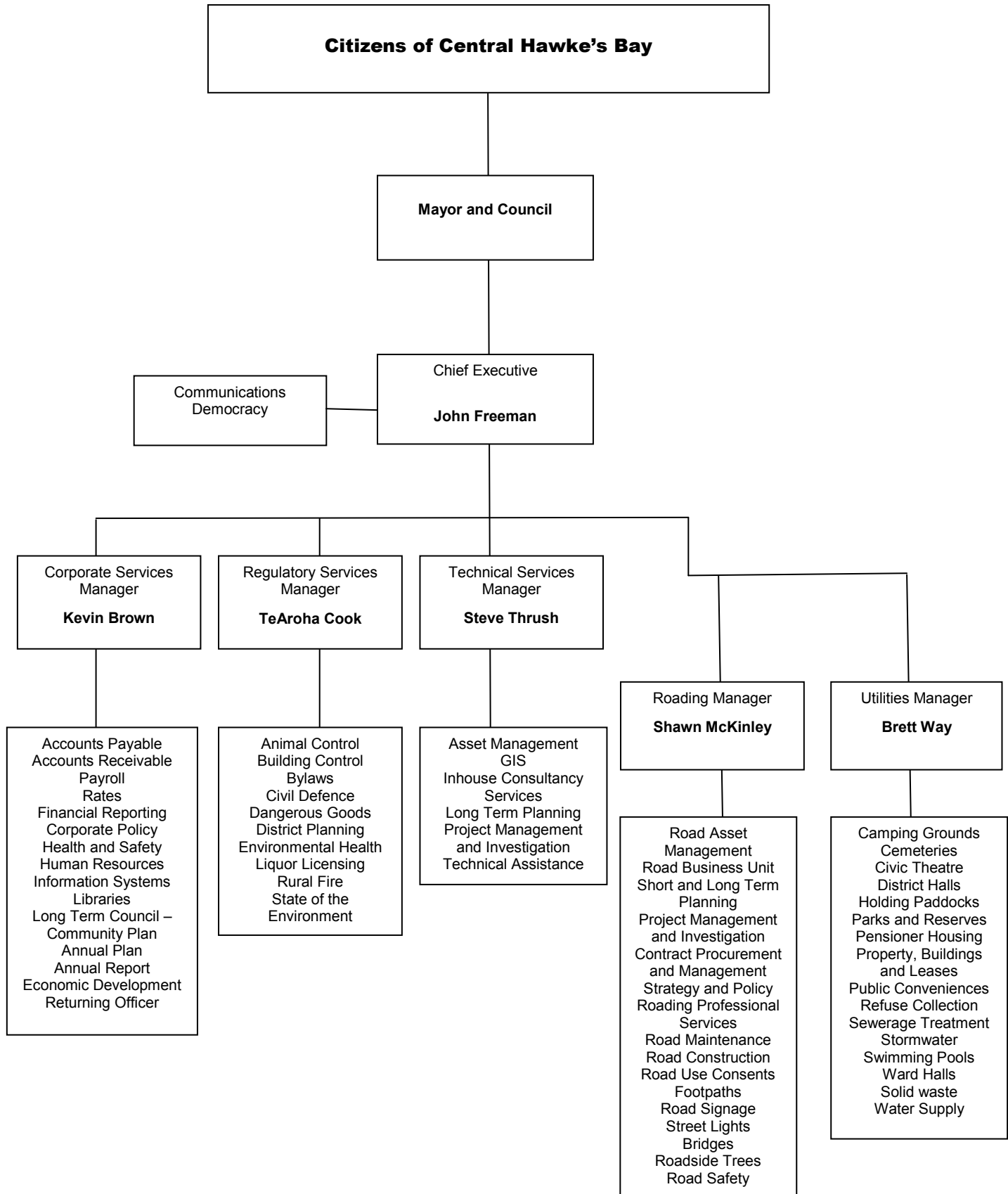


# 18. Council Information

## Management Structure



## 19. Glossary

**Activity** – Services, projects or goods provided by, or on behalf of, Council (eg libraries). These activities are then combined into groups of activities.

**Annual Plan** – The Annual Plan is produced in the intervening years between Long Term Council Community Plans. It includes the work programme for the year and financial statements.

**Annual Report** – Reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Council Community Plan.

**Asset** – Something of value that Council owns on behalf of the people of Central Hawke's Bay such as roads, drains, parks and buildings.

**Asset Management Plan** – A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

**Borrowing** – Refers to the raising of loans for capital items, such as the sewerage scheme.

**Capital Expenditure** – Expenditure that will increase the value of Council's assets.

**Capital Value** – Value of land including any improvements.

**Community Boards** – Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council. Central Hawke's Bay District has no community boards.

**Community Outcomes** – Goals that the community believe are important for its present and future economic, social, cultural and environmental well-being.

**Council Controlled Organisations** – Council controlled organisations are organisations in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

**Financial Year** – Council's financial year runs from 1 July to 30 June of the following year.

**Prospective Cash Flow Statement** – This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.

**Prospective Statement of Comprehensive Income** – This can also be referred to as the Profit and Loss Statement, the Income Statement, or the Operating Statement. It shows the financial results of various Central Hawke's Bay District Council activities at the end of each period as either a surplus or deficit. It does not include asset purchases or disposals.

**Prospective Balance Sheet** – This shows the financial state of affairs at a particular time.

**Prospective Statement in Changes in Equity** – Shows how Council's resources are increasing in value over time.

**General Rate** – A rate levied across all properties for activities that benefit the whole District.

**Group of Activities** – Several activities combined together (eg cultural and community facilities).

**Land Value** – Value of land, excluding any improvements.

**Local Government Act 2002** – The key legislation that defines the powers and responsibilities of local authorities like Central Hawke's Bay District Council.

**Long Term Council Community Plan (LTCCP)** – A ten year plan that sets out Council's response to community outcomes and how Council will manage its finances and the community's resources. The requirement for the LTCCP was introduced by the Local Government Act 2002.

**Operating Expenditure** – Money Council spends on such items as salaries, materials, electricity and plant hire.

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**Operating Revenue** – Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency subsidies, rental income, permits and fees.

**Operating Surplus (Deficit)** – The expressions ‘operating surplus’ and ‘operating deficit’ are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude ‘capital’ items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.

**Performance Measure** – A measure that shows how well Council is doing in achieving the objectives it has set for itself.

**Rates** – Funds collected by Council from levies on property. These are based on the Capital and Land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.

**Revenue and Financing Policy** – This describes how the Council’s work will be paid for and the mechanisms for gathering the funds (such as general rate, targeted rates, user charges, grants).

**Significance** – Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural wellbeing of the community.

**Subsidies** – Amounts received from other agencies for the provision of services (eg NZ Transport Agency roading subsidies).

**Targeted Rates** – Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.

**Transfer to/from Reserves** – Transfer of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.

**User Charges** – The charges levied for use of Central Hawke’s Bay District Council services (eg building consent fees, health inspections).

**Working Capital** – These are Council’s net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of Council’s ability to meet its obligations as they become due.

## **Appendix One: Summary of Water and Sanitary Services Assessments**

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## 1. Introduction

### 1.1 Preparation of Assessments of Water and Sanitary Services

Under Part 7 of the Local Government Act 2002, all District Council's in New Zealand are required to produce Assessments of Water and Sanitary Services (AWSS) within their territorial boundaries. This is an assessment for the Central Hawke's Bay District, including all communities both public and private meeting the criteria for assessment. Below is a list of the services this assessment refers to for this district:

- Water supply
- Sewerage and sewage disposal
- Stormwater disposal
- Public Toilets
- Cemeteries
- Refuse disposal and landfill

This is Council's first attempt at assessing public and private services on such a large scale and has done its best to meet the requirements of the AWSS. A large amount of information, particularly for private services has been somewhat difficult to obtain, but Council has researched and used best practice to 'fill in the gaps'.

A considerable amount of the Central Hawke's Bay District's population is rural and it is therefore necessary for Council to note the large number of private water and wastewater systems in these areas. Council is also aware that many of these private systems will not be of an acceptable standard and therefore it is difficult for Council to quantify levels of public and environmental health in the rural sector.

Under section 285 of the Local Government Act, Council had to adopt the Water and Sanitary Services Assessment after involving our community through a special consultative procedure. Council identified its current services and tried to identify any issues with its services in order to maintain an acceptable level of health in the district. Council was also aware that there may be other issues with its provision of services both present and future and so Council invited the public to put forward its views to include in the final assessment.

Council carried out this public consultation as part of the 2006/16 Long Term Council Community Plan consultation in 2006 and adopted this Sanitary Assessment at the same time as the LTCCP 2006/16 in June 2006.

## 2. Water Supply

### 2.1 Council Owned Water Supplies

The Council owns six water supplies. These services supply water to individual properties and commercial businesses. The criterion for metering, brought in as a bylaw in 1989 and continued in the 2008 bylaw, installs water meters on properties based on land size (properties over 0.2 hectare) and properties that are expected to use more than 300 cubic meters of water per year. For all other properties (i.e. those with usage under 300 cubic meters) users are charged an annual fee as part of the property rates.

Most of Council water supplies have been assessed as providing sufficient potable water for current and future demands.

#### Gradings

Each year, the Ministry of Health issues a Register of Community Drinking Water Supplies. At present no Council-owned water supplies are graded, but grading is expected to be applied in the next few years.

There are some key issues that have been identified. These are listed below and are not exhaustive:

### **1. Waipukurau**

This is the District's only fluoridated public water supply. The main issue is upgrading the level of water treatment to meet Drinking Water Standards. A water treatment plant is planned to be installed in 2010/11 at a cost of \$850,000 including new pumps and electrical equipment. Lime is added to the water and liming of hot water cylinders and occasional taste and odour problems at dead-end mains within the reticulation do occur. Distribution systems are nearing capacity.

### **2. Waipawa/Otane**

The main issue is upgrading the level of water treatment to meet Drinking Water Standards. A water treatment plant is planned to be installed in 2009/10 at a cost of \$700,000. Distribution systems are nearing capacity.

### **3. Takapau**

Manganese and Iron are in the groundwater and have caused problems in the system. Manganese in particular has been found to oxidise in the chlorination process. The Takapau water supply treatment has been upgraded to meet Drinking Water standards which has eliminated the manganese issue.

### **4. Porangahau/Te Paerahi**

The Porangahau water supply treatment has been upgraded to meet Drinking Water standards. Elevated levels of iron have caused staining problems in the system but treatment improvements have gone some way to minimise this problem. Most of the water mains have been renewed. The main remaining issue is the management of leakage control.

### **5. Kairakau**

The main issue is upgrading the level of water treatment to meet Drinking Water Standards. A new supply and treatment plant is to be installed in 20011/12 at a cost of \$30,000. The distribution system is nearing capacity.

### **6. Pouterere**

The main issue is upgrading the level of water treatment to meet Drinking Water Standards. The treatment plant is to be upgraded in 2012/13 at a cost of \$16,000.

Generally, key issues also include:

- There is excessive water use during peak demand periods
- Some areas do not have a full fire-fighting capacity
- Upgrading water treatment on older schemes
- Correctly identifying existing capacity and establishing network restrictions

The Council's Water Supply Activity Management Plan contains a number of upgrade considerations. Further options to improve Council water supplies could include:

- Meeting the New Zealand Drinking Water Standards (NZDWS) 2005
- Funding of upgrades to meet current and future demand

## **2.2 Non-Council owned unserviced water supplies**

There are currently seven communities in the Central Hawke's Bay District that do not have a Council owned water supply. The water for most is rainwater collected in tanks used for individual properties and two communities have a combination of rainwater and pumped bore water sometimes feeding multiple households.

The key issues with these communities are being able to secure sufficient qualities and quantities of safe drinking water. Prioritising for the assessments and possibility of an improved water supply of these seven communities is principally done through water test results and local community knowledge. For this reason, Onga Onga is considered the highest priority, along with the beach communities due to the population fluctuations, numbers of people visiting and likelihood of future development.

Recommendations for the higher priority communities are to establish whether a water source and supply network is feasible. It is necessary however to consider population size and the costs involved in setting up and maintaining such a supply to meet the New Zealand Drinking Water Standards (NZDWS).

### 2.3 Private Supplies

There are currently 63 known private supplies and Council owned supplies (not on reticulation) in the Central Hawke's Bay District. This can be broken down into eight different categories, namely:

- Schools (11)
- Golf Clubs and sporting facilities (7)
- Public Houses (4)
- Halls (6)
- Camps (7)
- DoC Huts (18)
- Marae's (5)
- Other supplies (5)

These supplies are mainly in rural areas where public supply is not feasible. Again, many of these supplies are obtained from bore and rainwater collection with four of the supplies serving multiple households.

Key issues for these supplies that have been identified are listed below and are not exhaustive:

- Meeting NZDWS 2005
- Securing enough water to meet demand
- Education on importance of maintaining a secure water supply

Recommendations for private supplies are to identify systems where upgrades need to be made to meet NZDWS. Council also needs to put in place a requirement to be informed of sampling programmes and system upgrades by private supply owners and to conduct annual audits on these supplies.

## 3. Wastewater Disposal

### 3.1 Council Owned Systems

The Council owns seven wastewater systems (outside of reticulated areas) and six wastewater treatment plants (TP) in the Central Hawke's Bay District. The systems are currently run, maintained and managed under a Facilities Management (FM) Contract held between Council and Infracon Central HB.

After reviewing the systems in the assessment, it is found that there are few foreseeable issues with the wastewater systems. There is however some key issues with Council owned sewage disposal networks and Treatment Plant's (TP) which include:

- High Peak Wet Weather Flows (PWWF's)
- Pumping system deficiencies
- Wastewater treatment and disposal performance at some TP's
- Large Trade Waste inputs to TP's
- Increasing level of treatment plant effluent quality to meet resource consents standards issued by the Hawke's Bay regional Council
- Effects of development and capacity issues and holiday peaks

The key issues for the wastewater TP's are not easily remedied and require long term processes to maintain an adequate standard in order to comply with HBRC consent guidelines and maintain secure public health. Council are currently undertaking projects to improve reticulated wastewater systems and disposal, such as the issue of

stormwater infiltration. Other specific recommendations for Council wastewater treatment and disposal are contained in the Council's Wastewater Activity Management Plan (AMP).

### **3.2 Private-owned systems and non-reticulated areas**

There are currently 63 known privately owned wastewater treatment systems (including 18 Department of Conservation Huts, 11 schools and five marae), eight un-serviced communities and one industrial business in the Central Hawke's Bay District. Of the 63 private systems, three have extensive wastewater treatment systems, one of which serves residential dwellings. The eight un-serviced communities have individual on-site wastewater disposal systems which in some cases are not performing properly and are thus unacceptable.

All systems, both in private and un-serviced communities are maintained by individual property owners. The adequate functioning of the systems is therefore largely unknown. For this reason, prioritising of the assessments and considerations of possible network installation were focused on the un-serviced communities (due to the close proximity of each system). The following communities have been listed as priorities (in no particular order):

- Onga Onga
- Tikokino
- Elsthorpe
- Kairakau Beach
- Blackhead Beach
- Whangaehu Beach
- Mangakuri Beach
- Purerere Beach

Council has identified the following as key issues for privately owned and non-reticulated areas:

- Population increases in these areas, particularly beach communities mean it may not be appropriate to continue having on-site wastewater treatment
- There is little monitoring or maintenance of on-site systems
- There are many old systems which will not comply with today's standards
- Setting up a sewerage network is perhaps necessary, but will be very costly for such small communities
- Beach community populations fluctuate greatly and so appropriate treatment could be jeopardised due to inconsistent loads

As previously mentioned, a large portion of the district is in rural areas where systems are likely to suffer from poor performance. For this, Council aspires to inform property owners on the importance of system maintenance to ensure the health of residents and the environment.

## **4. Stormwater Disposal**

The assessment of the adequacy of stormwater disposal systems has been done by:

- Considering the impact on public health
- Considering the impact on the environment

The Council owns seven public networks and seven (community) open drain networks along with an extensive roadside drainage network in the district (including rural areas).

### **4.1 Public Health**

The assessment of the impact on public health has been done by considering the following questions:

- Are communities at risk from a major flooding event?

- If the community floods, will this compromise community drinking water?
- If the community floods, will this compromise community wastewater systems?
- Will the damage to property/buildings become a public health risk?

The district recently experienced a one in fifty year flood event which had a big impact on some of the districts townships. The rainfall proved some communities are indeed at risk of flooding and the associated effects, but also that Council processes to deal with the situation were efficient. Based on this and population figures, the priority of assessments and possible installation of services for public networks are as follows:

- Porangahau Township
- Takapau
- Waipukurau
- Waipawa
- Otane
- Te Paerahi
- Kairakau

This flooding event in particular brought about some notable key issues, particularly with water supply in regards to public health in Porangahau Township. Some of these include:

- Surface flooding and inadequate disposal of water
- Severe flooding causing damage to Council water supplies
- Infiltration causing overflows and blockages in the sewerage systems

There are many possible preventative checks Council can under take to mitigate the issues outlined above. Some of these could include:

- Ensure protection water supply and network
- Improving flood protection
- Reviewing emergency response procedures

## 4.2 The Environment

Of the 14 urban townships that Council is responsible for, seven have some form of stormwater reticulation and the other seven are entirely open drain networks. The concern with the environment is whether there are any affects on it caused by stormwater disposal. The main key issue for the environment, particularly in townships where there is sewerage treatment, is stormwater infiltration into the sewer network. This causes an increased discharge flow which could potentially harm receiving waterways.

In rural areas, heavy rainfall can cause agricultural runoff which contains harmful levels of chemical elements which can damage waterways. In extreme cases, rainfall causing slips into waterways can harm aquatic life.

It is important to note that waterways and environmental considerations are controlled by the Hawke's Bay Regional Council.

## 5. Public Toilets

Council is responsible for providing public toilet facilities in appropriate designated places for local, traveller and tourist needs. Council is currently responsible for the running and maintenance of 19 public toilets. There are however five other toilet facilities run by the Department of Conservation (DoC).

### 5.1 Council-owned Public Toilets

Of the 19 public toilets Council maintains, five are not connected to a reticulated sewer network. For these, Council has Resource Consents from the Regional Council to discharge the waste from onsite wastewater

treatment systems. The public toilets are under a regular cleaning and maintenance programme under the Facilities Management (FM) Contract.

The key issues for public toilets are essentially the cleanliness and maintenance to ensure public health (Council deems the number of facilities to be adequate to meet current demand). To reduce these issues, it is recommended that Council:

- Ensure toilets are in an acceptable state of cleanliness by under taking regular and random checks of facilities
- Ensure maintenance of toilets is acceptable by visiting each facility noting possible improvements and areas of repair that may need to be addressed

## **5.2 Privately-owned Public Toilets**

The Department of Conservation regularly undertake maintenance of toilets they manage and also the huts and bivouacs where there are more facilities.

## **6. Cemeteries**

The Central Hawke's Bay District currently has ten Council owned cemeteries in use, three closed cemeteries, seven private/Maori cemeteries. There are no crematoria in the district.

### **6.1 Council-owned Cemeteries**

The cemeteries are managed under the Facilities Management (FM) Contract where grounds are kept to an aesthetically pleasing standard for all.

Capacity in some of Council's cemeteries has nearly been reached and Council has purchased land adjacent to the Waipawa Cemetery to be used as the District Cemetery in the future.

Future demand for the cemeteries is likely; however, current trends show that many people are now wishing to be cremated which may reduce the need for more cemeteries. The population of the Central Hawkes Bay District over 65 is 12.1 percent of the population.

### **6.2 Privately owned and Maori Cemeteries**

Cemeteries not owned by Council are generally well looked after by owners/trustees. There are no foreseeable capacity and maintenance problems with these cemeteries.

## **7. Refuse Disposal and Landfill**

The Central Hawkes Bay District currently has 22 sites of solid waste disposal (both closed and operational). Broken down, this is:

- 1 x Operational landfill
- 4 x Refuse transfer stations
- 7 x Refuse recycling centres
- 4 x 'Jack Trash' bins
- 8 x Closed landfills

The areas above are managed under a Solid Waste Management Contract which includes disposal, maintenance and cleanliness of waste disposal areas. Nine townships in the district have their general household rubbish collected (included in annual rates charges) and the remaining area pays to dispose of their

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rubbish at the district's transfer stations. Recycling is free and in larger townships there is kerbside recycling collection.

### **7.1 Adequacy**

Council have been very successful in implementing recycling and education programmes to future reduce volumes, and as a district the community has managed to reduce their waste going to landfill by more than 50 percent.

This means greater long term capacity in our landfill and a reduced public health risk.

### **7.2 Key Issues**

Some of the key issues involved with refuse disposal include:

- Costs of keeping transfer stations open
- Limited open hours
- Illegal dumping

In order to resolve these issues, extensive consultation with the public has been made and considerations of costs and best practice have been included in decision making. Council believes that the system for the most part is working adequately and the public health risk minimal.

### **7.3 Recommendations**

The possible recommendations in relation to the key issues mentioned above are as follows:

- Consider closing one of the transfer stations to ensure longevity of the landfill (i.e. less upfront costs on land for transfer stations)
- Invest in a toll bar type system with video surveillance
- Impose higher fines on illegal dumping

The greatest health risk involved with refuse and the public is the possibility of someone being injured by broken glass or being exposed to harmful wastes for example. Other health risks could be involved with rubbish collection where collection vehicles are moving slowly on the road and with staff walking across the roads collecting. All reasonable measures have been put in place to reduce the risk.

This section is only to briefly note some of the issues raised in the Solid Waste Activity Management Plan. Most considerations that would have normally been included in this assessment, has already been addressed and Council did not see it necessary to repeat the information for this document.

Consultation on the Solid Waste Activity Management Plan will be included in the next Assessment of Water and Sanitary Services.

# Audit Report



Chartered Accountants

## REPORT TO THE READERS OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S LONG-TERM COUNCIL COMMUNITY PLAN FOR THE TEN YEARS COMMENCING 1 JULY 2009

The Auditor-General is the auditor of Central Hawke's Bay District Council (the District Council). The Auditor-General has appointed me, Marcus Henry, using the staff and resources of Ernst & Young, to report on the Long-Term Council Community Plan (LTCCP), on his behalf.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- ▶ the extent to which the LTCCP complies with the requirements of the Act;
- ▶ the quality of information and assumptions underlying the forecast information provided in the LTCCP; and
- ▶ the extent to which the forecast information and performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

It is not our responsibility to express an opinion on the merits of any policy content within the LTCCP.

### Opinion

#### *Overall Opinion*

**In our opinion the LTCCP of District Council dated 25 June 2009 provides a reasonable basis for long-term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.**

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

#### *Opinion on Specific Matters Required by the Act*

In our view:

- ▶ **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;**
- ▶ **the underlying information and assumptions used to prepare the LTCCP provide a reasonable and supportable basis for the preparation of the forecast information; and**
- ▶ **the extent to which the forecast information and performance measures within the LTCCP provide an appropriate framework for the meaningful assessment of the actual levels of service provision, reflects good practice for a council of its size and scale within the context of its environment.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 25 June 2009, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the District Council and the Auditor, and explain our independence.

### **Basis of Opinion**

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTCCP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Our audit procedures included assessing whether:

- ▶ the LTCCP provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision-making processes;
- ▶ the District Council's financial strategy, supported by financial policies as included in the LTCCP is financially prudent, and has been clearly communicated to the community in the LTCCP;
- ▶ the presentation of the LTCCP complies with the legislative requirements of the Act;
- ▶ the decision-making and consultation processes underlying the development of the LTCCP are compliant with the decision-making and consultation requirements of the Act;
- ▶ the information in the LTCCP is based on materially complete and reliable asset or activity management information;
- ▶ the agreed levels of service are fairly reflected throughout the LTCCP;
- ▶ the key plans and policies adopted by the District Council have been consistently applied in the development of the forecast information;
- ▶ the assumptions set out within the LTCCP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- ▶ the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- ▶ the rationale for the activities is clearly presented;
- ▶ the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- ▶ the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTCCP.

We do not guarantee complete accuracy of the information in the LTCCP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTCCP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Council and the Auditor**

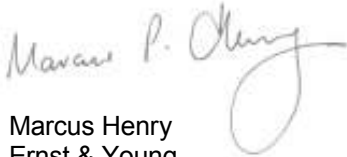
The District Council is responsible for preparing an LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from Section 93 of the Act.

We are responsible for expressing an independent opinion on the LTCCP and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

**Independence**

When reporting on the LTCCP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report and in conducting the audit of the Statement of Proposal for adoption of the LTCCP and the annual audit, we have no relationship with or interests in the District Council.



Marcus Henry  
Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand