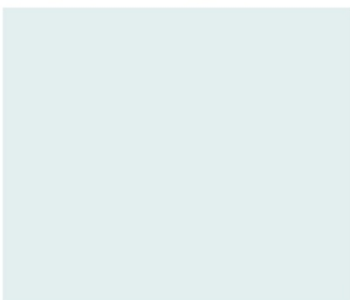




Capacity Infrastructure Services Ltd

**Statement of Intent
and Business Plan 2014–2015**

Draft at 28 February 2014



Contents

Capacity Infrastructure Services Ltd	1
Statement of Intent and Business Plan 2014–2015	1
Draft at 28 February 2014.....	1
Executive Summary to Draft Statement of Intent at 28 February 2014	5
1. Introduction	6
1.1 The purpose of this document.....	6
1.2 The structure of this document.....	7
1.3 Requirements of a statement of Intent	7
1.4 Requirements of a water services CCO's statement of intent.....	9
2. Strategic Directions	10
2.1 Our purpose and objectives	10
2.2 What we do.....	11
2.3 Our people.....	12
2.4 Our values	13
3. Operating environment update.....	14
3.1 Structural change.....	14
3.2 Porirua integration.....	14
3.3 Bulk water integration	15
3.4 The outcome-based business model.....	16
3.5 Local government reform	17
3.6 The environment.....	18
3.7 Emergency preparedness and resilience planning	21
3.8 Stakeholder engagement	22
4. Strategic Framework	25
5. Nature and Scope of Activities	26
5.1 Asset management planning	28
6. Performance targets, measures and indicators.....	29
6.1 Council strategic outcomes	29
6.2 Council service outcomes	31
6.3 Capacity's Key performance indicators	35
Capacity's Board	41
7. Corporate governance.....	42
8. Organisational risk management.....	45

8.1 Health and safety	45
8.2 Risk management	45
Appendix 1 Accounting Policies	47
Appendix 2. Forecast financial statements.....	56
Financial forecasts 2014–15, 2015–16, 2016–17..	Error! Bookmark not defined.
Appendix 3 – Cost allocations.....	59
Appendix 4 – Annual work programmes	61
Hutt City Council capital projects 2014–2015	61
Hutt City Council capital projects 2015–2016	62
Hutt City Council capital projects 2016–2017	63
Porirua City Council capital projects 2014–2015	64
Porirua City Council capital projects 2015–2016	65
Porirua City Council Capital Projects 2016-17.....	66
Upper Hutt City Council Capital Projects 2014-15.....	67
Upper Hutt City Council Capital Projects 2015-16	68
Upper Hutt City Council Capital Projects 2016-17	69
Wellington City Council Capital Projects 2014-15.....	70
Wellington City Council Capital Projects 2015-16.....	71
Wellington City Council Capital Projects 2016-17.....	72

DRAFT

Executive Summary to Draft Statement of Intent at 28 February 2014

Capacity Infrastructure Services provides asset management services for its client councils.

This draft statement of intent records the work Capacity plans to do for each client council in the coming year, to meet client expectations of their three waters assets.

It gives an overview of the activities Capacity undertakes, and the service outcomes our clients expect.

The statement of intent provides an opportunity for our shareholders to finalise their investment and performance priorities with respect to the three waters, as they complete their annual planning process.

The current environment is one of significant change affecting Capacity and our clients. The recent integration of Porirua as a shareholder/client; the possible integration of the bulk water operation, and a new financial operating model are three of several factors that will affect our activities and our organisation in the coming year.

The 2014–15 year will be the first in which Capacity will fully operate under the outcome-based model, which shareholders agreed to in conjunction with the change to our ownership structure.

The cost of developing the capability required to successfully implement the model, including strategic advice, asset management capability and a minimum sustainable corporate function, is estimated to be \$2.0 million, and has been included in the Capacity budget.

Another key consequence of the significant change likely in the coming year is that the schedule of key performance indicators that we are seeking to agree across all four councils is still in development.

Some key elements of the statement of intent, therefore, are likely to change between this draft and the final version

1. Introduction

Capacity Infrastructure Services is a council-controlled, shared service organisation whose purpose is to create excellence in water services management for a healthy region.

We are jointly owned by the Hutt, Porirua, Upper Hutt and Wellington city councils.

Our 78 staff manage expenditure on behalf of the four councils of approximately \$130 million a year on their three waters assets – water supply, wastewater and stormwater – worth \$2.5 billion.

We provide asset management planning, network improvement and operational services for networks that supply water to 400,000 people, transport wastewater from some 150,000 homes and businesses, and carry billions of litres of rainwater via built and natural stormwater systems to the sea every year.

In any financial year we have up to 400 asset renewal and upgrade projects programmed, planned, in design, in construction or sign-off for our clients.

1.1 The purpose of this document

This document is intended to provide our shareholders and the public with an understanding of our business, and to record agreement between shareholders and the organisation on the outcomes and activities for the coming year.

Under the three waters model, councils are responsible for setting community outcomes and annual budgets; and Capacity is responsible for developing long term asset management plans and implementing annual prioritised work programmes with budgets.

Accordingly, councils and Capacity need to work seamlessly together to ensure the three waters model works both effectively (we do the right thing) and efficiently (what we do, we do really well).

The process of this model is:

1. Council's articulate long term outcomes in long term plans
2. Capacity prepares long term asset management plans to outline how long term outcomes are achieved and provides councils with draft annual budgets – outlined in the draft statement of intent

3. Councils consider their annual budgets and make decisions, and informs Capacity of those decisions
4. Capacity updates its asset management plans based on the budget decisions of councils, optimises the annual programme as necessary, and records this in the published statement of intent.

1.2 The structure of this document

Our statement of intent follows a structure that explains what Capacity does, how we operate, the expectations on us and what we intend to do to meet those. It also includes capital expenditure projects programmed for each city for the coming three years. It covers:

- an overview of who we are and what we do
- a review of critical factors in our operating environment that may affect our organisation's activities and outcomes
- the strategic framework we are operating under to manage our business and convert investment into results
- major activities, projects, and plans for the coming year
- the outcomes and performance indicators we are aiming to achieve
- governance and risk management issues
- the annual budget and financial forecasts
- work programmes.

1.3 Requirements of a statement of Intent

Capacity is a council-controlled trading organisation, jointly owned by the Hutt, Porirua, Upper Hutt and Wellington city councils.

The company was established under the Local Government Act 2002, and incorporated under the Companies Act, to cooperatively manage the delivery of water services for its client councils.

Under the Local Government Act (Schedule 8) a council-controlled organisation is required to deliver to shareholders every year a statement of intent that:

- states publicly the organisation's activities and intentions for the coming year, and the objectives to which those activities will contribute
- provides an opportunity for shareholders to influence the organisation's direction
- provides a basis for the accountability of the organisation's directors to its shareholders for its performance.

The Local Government Act also requires that a statement of intent should reflect the objectives of the shareholders as set out in their long term plans and the intended levels of service to be provided (s59).

As appropriate, the statement of intent should also specify:

- (a) the objectives of the organisation
- (b) a statement of the board's approach to governance of the organisation
- (c) the nature and scope of the activities to be undertaken by the organisation
- (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms
- (e) the accounting policies of the organisation
- (f) the performance targets and other measures by which the performance of the organisation may be judged in relation to its objectives; and
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders
- (h) the kind of information to be provided to the shareholders by the organisation during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented)
- (i) the procedures to be followed before the organisation subscribes for, purchases, or otherwise acquires shares in any company or other organisation
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation)
- (k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed

- (l) any other matters that are agreed by the shareholders and the board.

1.4 Requirements of a water services CCO's statement of intent

In addition, the Act requires (Schedule 8) that where a council-controlled organisation provides services in relation to water supply, sewerage and stormwater, the organisation's statement of intent must include a statement of the intended levels of service provision in relation to each of these activities.

This statement of service provision must specify performance measures for each activity, and performance targets set by the local authority.

Accordingly, Capacity's Statement of Intent 2014–2015 consists of our purpose and objectives, intended outcomes and services, key performance indicators, the nature and scope of our activities, including topics raised in the letter of expectation from shareholders, in addition to statements of policy and procedure with regard to governance and accounting.

2. Strategic Directions

2.1 Our purpose and objectives

Our purpose is to create excellence in water services management for a healthy region.

Our objectives are

1. Achieve our shareholders' objectives through sustainable and integrated asset management and service delivery by:
 - understanding our shareholders' desired outcomes
 - completing optimised asset management plans to achieve stated outcomes
 - looking for efficiencies from whole-of-region opportunities
 - working with councils to agree on final outcome and work programmes based on fiscal priorities
 - delivery of services
2. Through our people, to build a reputation as a good employer and as an organisation that creates excellence.
3. To support the health of the region by providing safe, reliable drinking water, effective wastewater collection and treatment, clean harbours and streams, and protection from flooding.
4. To operate as a resilient and successful business, following sound business practices and returning benefits to our shareholders and communities

2.2 What we do

Capacity provides advice and management services on assets worth over \$2.5 billion. We manage more than 6,400km of pipes, 130 reservoirs, 230 pump stations and one wastewater treatment plant on behalf of four councils.

During 2014–2015 we will be responsible for managing \$77 million of operational expenditure and \$32 million of capital expenditure on our clients' behalf.

Capacity will achieve its objectives and create value for its shareholders and communities by:

1. Providing regional planning advice to shareholders to ensure water services are resilient, meet the outcomes set both now and into the future.
2. Preparing high quality asset management plans which preserve the value of the asset, meet long term growth forecasts and ensure we meet the levels of service agreed with communities.
3. Delivering on our annual programme of work agreed with shareholders, in an environment of continuous improvement and learning from what we have done.
4. Creating an organisation that has the people, systems and procedures necessary to run a high performance organisation, that is safe and committed to social and environmental responsibility.
5. Benchmarking our performance so that anybody can see how well we are doing.

2.3 Our people

The Management team

Colin Crampton started work at Capacity in January 2014. Prior to that he was the Group Manager, Highways and Network Operations, at the New Zealand Transport Agency.

Jetesh Bhula, Jetesh manages the asset development team's delivery of forward works programmes, investigations, water quality monitoring, new water supply connections and subdivisions, project management of development projects and water supply modelling

Yon Cheong's team is responsible for the long term management of our clients' infrastructural assets. This includes preparing asset management plans and long term financial strategies, reviewing and updating processes, strategies and policies; and preparing applications for resource consents.

Janet Dobbie manages internal business and corporate services including human resources, finance and accounting, IT and information management, operational performance, quality assurance, Board services and administration activities. Janet's team also coordinates and advises on the company's communications and marketing activities.

Gary O'Meara manages operations and programme management, including physical construction projects, to support operating, maintaining and upgrading our clients' water service networks.

Gunther Wild is responsible for Capacity's enterprise strategy, performance, risk management and change management.

2.4 Our values

Our staff work by our values. Our values reflect the importance of our work and our focus on communities, our combined expertise and emphasis on improvement, and our resilience and flexibility.



Diving in *To serve our customers...*

People come first. What we do makes a big difference to other people's lives, and we strive for excellence in serving our communities and each other.

Fountain of knowledge *we keep learning...*

We're a diverse team of skilled professionals, absorbing new knowledge to share innovative solutions that meet our customers' and clients' needs.



Riding the waves *together.*

We know building relationships makes us stronger. We look out for each other, we trust and respect each other, and we're proud of our achievements.

3. Operating environment update

This section highlights critical factors we think are likely to specifically affect our business or the way we carry out our activities. It also addresses points raised in the letter of expectation from our Shareholders Advisory Group (Appendix 3) relating to our work and the areas of water conservation, stormwater management, inflow/infiltration and resilience planning.

Note to draft at 28 February 2014: This section is likely to be significantly altered should the bulk water integration proposal (s3.3) be approved.

3.1 Structural change

Capacity has in the past year undergone a change in its ownership, adding Upper Hutt and Porirua city councils as co-owners with Hutt and Wellington city councils.

This provided the opportunity to re-write our constitution and prepare new service agreement documents in collaboration with our shareholders, as well as change the composition of our Board.

These agreements and their documentation are still in the process of being standardised across our four clients. For that reason, and due to other factors outlined below, there may be significant change to this section and that covering our key performance indicators (Section 7) of this statement of intent.

We also note that John Strahl, was appointed chairman late in 2013, and Colin Crampton was appointed chief executive, commencing in late January 2014.

Colin is Capacity's second chief executive since the company was established in 2004. A strategic review of the company completed since Colin took up his role led to proposals to shareholders relating to ensuring Capacity was configured and resourced appropriately to provide maximum value for its clients.

3.2 Porirua integration

Porirua became a client of Capacity's at the same time as becoming a shareholder. Eleven staff joined Capacity from Porirua. Four physically relocated to our offices in Petone; another seven continue to be based at the Porirua wastewater treatment station.

Staff based at Petone have been integrated into Capacity's existing work teams, with next steps to increasingly get them working across all assets. At the same time, we are excited to be managing Porirua's wastewater treatment plant operation, and by the opportunities that offers.

We will work with new staff and council officers on conforming work practices, reporting outcomes and data management, as part of our programme to improve consistency across all four councils.

Developing and promoting regionally focused work programmes, including initiatives such as regional technical standards and policies, will provide ongoing opportunities to build trust in the value of the Capacity model.

3.3 Bulk water integration

Late in 2013, discussions began in earnest regarding integrating the bulk water management function, currently operated by Greater Wellington Regional Council, into Capacity. With the three water networks of all four major cities in the Wellington jointly managed by Capacity, incorporating the bulk water operation would realise the vision of end-to-end integrated network management that was intended by Capacity's establishment in 2004.

If approved by all four city councils, and Greater Wellington, the proposal to integrate the bulk water operation with Capacity is likely to proceed in the 2014–15 year.

Note: The outcome of the approval process should be known between this draft and the final statement of intent.

The integration would lead to further structural change, possibly including new governance mechanisms and compositions, organisational change, performance requirements and even a name change.

Given the largely complementary nature of the two operations, the integration of bulk water into Capacity is not seen as likely to result in major changes in overall staff numbers. The process will need careful management to ensure valuable skills are retained, productivity is not affected, and systems are developed to support value. Greater Wellington water staff number approximately 65. Capacity, including those who have joined from Porirua City Council, has about 85 full time equivalent employees.

Discussion and information exchange continues to take place between Capacity and Greater Wellington staff and management as appropriate, given the political approval processes that must be completed before significant resource is invested in managing the change.

3.4 The outcome-based business model

This model describes a change in funding methodology and practice relating to how Capacity carries out the work it does for its clients. It enables Capacity to lift its value-add to councils from an administrative, service-based delivery model to one that provides leading asset management capability and regional strategic advice to councils.

In essence, the model is that Capacity and our clients agree on the level of service that the funded work programme will provide. Capacity is then funded to deliver those results and evaluated on the achievement of the service level outcomes.

The model enables Capacity to apply the funding in the most efficient manner to achieve agreed results and report on those, rather than being evaluated and managed on individual projects.

It requires Capacity to act as a trusted provider and advisor to councils, as meaningful measures and outcomes are agreed, and a wider, strategic view is taken on the effective and efficient management of council assets to achieve long term goals.

Shareholders agreed to implement the model in conjunction with the change to our ownership structure. As such, it has yet to become fully operational, and this will be a key focus for the Board and management team in the coming year.

The 2014–15 year will be the first in which Capacity will fully operate under the outcomes based model. The cost of developing the capability required to successfully implement the model, including strategic advice, asset management capability and a minimum sustainable corporate function, is \$2.0 million. This is incorporated into the Capacity and consultancy charge in the forecasts statement of comprehensive income (Appendix 2).

We propose to establish a chief asset advisor and modeller role within the company which has previously been provided by consultants. We estimate the cost of this to be \$355,000, which we have deducted from the consultancy charge. We have added this amount back into the budget to accelerate investigation works in all council areas except Wellington City Council. This follows on from a very successful programme with Wellington City Council where we have increased the number of investigations so we can build up a reserve of construction projects ready for implementation. This ensures we spread our construction work out more uniformly across the year, thereby getting better prices for the work;

We also propose to establish a standby loan facility for \$2 million with our bankers to ensure prompt payment of creditors at all times.

3.5 Local government reform

The first stage of the Better Local Government reform programme was enacted in the Local Government Act 2002 Amendment Act 2012, which provided for a new purpose statement, new financial prudence requirements, changes to the way councils are governed, and changes to the process for reorganising local government

The second stage of reforms focuses on local government service provision efficiency, development contributions and performance monitoring. This included several components significant to Capacity:

- An expert advisory group on local government infrastructure efficiency published its report on 17 April 2013. We note in particular recommendations regarding improved clarity for national statutory and regulatory frameworks for the three waters.
- Non-financial performance measures are proposed which will require standard reporting measures (including for the three waters) for all councils starting with the 2015–2025 long term plan (December 2013).
- Cabinet papers on opportunities to improve efficiency (July 2013); improving development contributions (August 2013); and improving infrastructure delivery and asset management (August 2013).
- A Cabinet paper on Local Government financial prudence regulations.

These have culminated in the Local Government Act 2002 Amendment Bill (no. 3) introduced in November 2013. The Select Committee is due to report back to Parliament in May 2014 so the Bill can be passed in June 2014.

The parts of the Bill most relevant to Capacity's role are amendments that:

- encourage more collaboration and shared services between local authorities
- reinforce the importance of asset management planning as part of a council's prudent stewardship of resources
- require councils to prepare an infrastructure strategy for at least a 30-year period, and to incorporate this into their long-term plans from 2015
- require councils to disclose risk management arrangements, such as insurance, for physical assets in their annual reports

- enable more efficient and focused consultation on long-term plans and annual plans
- change development contributions provisions to make them fairer and more transparent, and to ensure they do not contribute unnecessarily to rising housing costs.

The purpose of the infrastructure strategy is to identify significant infrastructure issues for the local authority over the 30 year period, the principal options for managing those issues, and the implications of those options. This would address the lack of public information about investment needed beyond the current 10-year long term planning horizon. The infrastructure strategy would cover, as a minimum, those of the five core infrastructure categories (relating to water, wastewater, stormwater, flood protection, and roading) that the local authority provides. Certain information derived from asset management planning would be included in the strategy.

Capacity will have a significant role in contributing to this strategy for each shareholding council.

The new long-term plan consultation document, infrastructure strategy, and other changes affecting long-term plans will apply for the first time in 2015 (for the 2015–25 long-term plans); and changes affecting annual plans will apply for the first time in 2016.

Financial prudence regulations (pursuant to legislation that was passed in 2012) are expected to be published in the first half of 2014. Work is also under way on aspects of the reform programme that do not involve legislative change. This includes exploring options for a local government performance improvement and monitoring framework.

Capacity's purpose and approach fits closely with the overall intent of the Better Local Government programme. As a joint council owned shared service provider, we deliver efficiencies that have translated to savings and service improvements for councils.

3.6 The environment

Both built and natural environments feature among all our shareholder council community goals (section 5.1). Accordingly, they and we have high expectations of environmental outcomes of our work.

As well as ensuring regulatory compliance by our contractors when carrying out their work, we are also responsible for delivering several programme that directly relate to environmental outcomes.

3.6.1 Water conservation

Capacity has led a regional approach to water conservation activity over the past three years. In collaboration with the four city councils and Greater Wellington Regional Council, we developed common messaging and coordinated activity on behalf of councils to support water conservation.

The integration of Greater Wellington water will make this activity more effective. Greater Wellington water manages a marketing budget funded by bulk water levies to promote water conservation. In the past, this resource has been focused on supply concerns; principally, to minimise the risk to supply commitments. The four cities, on the other hand, have a wider focus than supply risk. They are interested in raising public awareness across the spectrum of water conservation and efficiency. Bulk water Integration will improve alignment of water conservation marketing to council goals.

Capacity has formulated the wider scope of activity into water conservation and efficiency plans for both the Wellington and Hutt City Councils. Where appropriate, activities are duplicated across both councils and for Upper Hutt and Porirua as well. Activities address:

- community engagement, education and information
- engaging with retailers and service providers
- analysis and distribution of water consumption figures
- engaging with larger users
- leak detection and repair.

We report on these activities annually.

Assuming the integration with bulk water takes place, the more strategic application of resource to council and community goals in demand management should see greater impact in these areas.

3.6.2 Stormwater management

Stormwater quality can have a significant impact on the environment because it flows untreated (apart from some gross screening) into receiving environments, including the sea.

Capacity is developing integrated stormwater catchment management plans for the Wellington City council. These take a holistic approach to managing the inputs and outputs of a stormwater catchment.

Stage 1 of this work involves gathering data to make high level assessments of the activity in each catchment and their effects at discharge locations. Stage 2 involves developing detailed action plans for each catchment.

In the coming year, we will begin work on Stage 2. Actions, depending on the catchments, include engaging with communities and stakeholders concerned with the major issues of each catchment. For example, in developed urban areas this includes raising awareness of the issue of cross-connections among residents, plumbers and council staff; developing information material for distribution via print and web; and using social media channels. Measurement criteria include water quality indicators and cross-connections identified and repaired. Learning gained this year from a pilot programme focused on Te Aro will also be applied to other catchments.

Capacity intends to become part of a technical support committee to support the whitua committee for the Wellington and Porirua harbour catchments, when these are established. Our work on the ICMPs for Wellington city will help inform this contribution.

Key activities planned for the coming year include completing the Tawa stormwater model; pollution investigations in Upper Hutt and the Waiwhetu, Awamutu and William Street catchments of Hutt City; hydraulic model development as per the Regional Stormwater Hydraulic Modelling Strategy, and continuing Porirua City's 10-year stormwater renewal and upgrade programme to address flooding in low lying areas.

3.6.3 Inflow and infiltration

Inflow and infiltration affecting urban wastewater networks is a major contributor to pollution, including stormwater quality as noted above. Network modelling helps to prioritise work to minimise this.

In Wellington, inflow and infiltration investigation and repair will be carried out in the Walmer (Hataitai), Priscilla (Berhampore) and Linden (Tawa) catchments. Seawater infiltration reduction work, by way of night flow isolation studies, will be undertaken in the catchment of Pump Station 9 (Balance Street).

In Hutt City, Wainuiomata, Naenae and Stokes Valley have significant inflow and infiltration issues, and projects based on modelling work are being developed.

The Upper Hutt City wastewater network model will be completed this year, and feed into the asset management and renewal programme for 2015–16.

Porirua catchments prioritised for inflow and infiltration reduction in 2014–15 include Cannons Creek, Whitby and Plimmerton for source detection and Papakowhai, Paremata and Titahi Bay for pipe lining.

These and other three waters projects are listed in Appendix 4 Annual Work Programmes.

3.6.4 Water Management

Alongside annual renewals, upgrades, water quality and water conservation programmes, in the coming year we are working on a two-year project to develop a new hydraulic for Hutt City, and to recalibrate the existing Upper Hutt model.

For Wellington, design work programmed for a new reservoir at Bell Rd is planned for 2014–15. Preliminary designs have been completed for the upgrade of the 2,200,000L buried reservoir in Melrose, and a project is under way to investigate alternative supply options for water supply zones throughout the city.

New area zones are being implemented in Upper Hutt, and area meters are being upgraded in Hutt City. A water network schematic for Hutt City will be completed, to support operational and management activity.

A major focus for Porirua in 2014–15 is reservoir upgrades, as the city's 18 reservoirs are approaching their 50th year of operation in the next decade.

A regional as-built specification and backflow prevention policy will be promoted among our clients, to improve regional consistency. This type of regional approach benefits planners, engineers and contractors, who then only have one set of standards, with some allowance for local variations.

3.7 Emergency preparedness and resilience planning

Work in this area includes building resilient infrastructure, such as strengthening existing network components reservoirs, pipes, valves, pumps and information management, as well as specific projects to provide additional connections, emergency water supply points, water storage and improved emergency response capabilities.

Projects in progress and to be continued include:

- critical pipeline renewals (see Appendix 4)
- seismic assessments and upgrades of critical assets including pump stations and reservoirs (see Appendix 4)
- installing up to 12 emergency water storage facilities at key water distribution sites (in the 2014-15 year)
- identifying and procuring additional emergency water sources from ground water (bores and streams)
- preparing an emergency water supply plan that sets out for each council its potential alternative supply sources and the programme and funding requirements to develop these
- identifying options for safe liquid waste disposal.

We will continue participating in the Wellington Lifelines Group forums. Projects for the current year include:

- Thorndon and Seaview Critical Area Management Plans
- Key Utility Sites and Dependencies Update
- Planning future WeLG projects

3.7.1 Seismic strengthening

Seismic assessments of all critical reservoirs and pumping stations are being carried out to improve both the security of supply in a post-earthquake environment and reduce the length of time for network restoration.

Hutt City's Pharazyn St and Kelson water pump stations, the two largest in the network, have recently been assessed for seismic performance. Remedial works are programmed to be completed over three years. Work on other stations will be prioritised and funding secured as the assessments progress. Reservoir auto shut-off valves and seismic triggers are being installed over the next ten years.

All critical reservoirs in Upper Hutt have been assessed, with four requiring remedial work. These are programmed to be completed by 2019–20, with work starting on Pinehaven.

Remedial work on Wellington City's critical water supply has been prioritised, with one reservoir strengthening project per year planned, according to funding. Lyndhurst and Karori Park pump stations, and Linden, Maupuia and Maldive reservoir upgrades are under design.

As noted above, Porirua's water supply programme is focused on improving the seismic resilience of the reservoir network.

Note: Detailed work programmes are included in Appendix 4, Annual work programmes. Key work programme themes are noted in Section 5, Nature and Scope of Activities.

3.8 Stakeholder engagement

We are experiencing increasing opportunities to engage with the public as a whole, and with various specific communities, over the work we do. In some cases this engagement is a client requirement, as with stormwater and water conservation education. In others, our increasing profile and our desire to better promote the investment councils make in their communities is leading to a much wider communications function than Capacity has had in the past. And in others still, the public increasing expectations around transparency and information offer points of engagement.

The strategic review of the organisation's business model and value proposition highlighted the value of improving relationships with our suppliers, clients and end-user customers.

Consequently, a priority for the organisation in the coming year is to better define relationship management responsibilities for all our stakeholders. This will result in a series of programmed activities targeting better outcomes for our stakeholders.

Among initiatives that include internal and external activity aimed at developing collaboration, we will continue to promote social media as a channel for engaging with the public over issues such as our performance, network and service issues and emergencies.

The interactive water conservation and efficiency display 'Aquarius' has proven to be a valuable tool for supporting conversations about conservation, particularly in schools. New material in development to support this display should result in wider uptake of the teaching and demonstration opportunity Aquarius offers.

The integration of bulk water will offer greater opportunity to promote Aquarius with other water conservation activity as noted above.

As a matter of course, project managers require engineers to consult with affected parties prior to investigation work, and again prior to project commencement. Work carried out in carriageways generally requires traffic management plans approved by councils. Operations staff participate in periodic meetings with representatives of other infrastructure services, to coordinate planned work as effectively as possible.

In particular, we note the major Wellington events in the period of the Cricket World Cup and Fifa Under 20

2015 Cricket World Cup matches at Westpac Stadium

- Friday 20 February - England vs New Zealand
- Sunday 1 March - England vs Sri Lanka
- Thursday 12 March - South Africa vs Qualifier 4
- Quarterfinal: Saturday 21 March

2015 FIFA Men's Under 20 World Cup matches at Wellington Regional Stadium

Six pool matches:

- Saturday 30 May
- Tuesday 2 June
- Friday 5 June

Two round of 16 matches:

- Wednesday 10 June

Quarter Final:

- Sunday 14 June

DRAFT

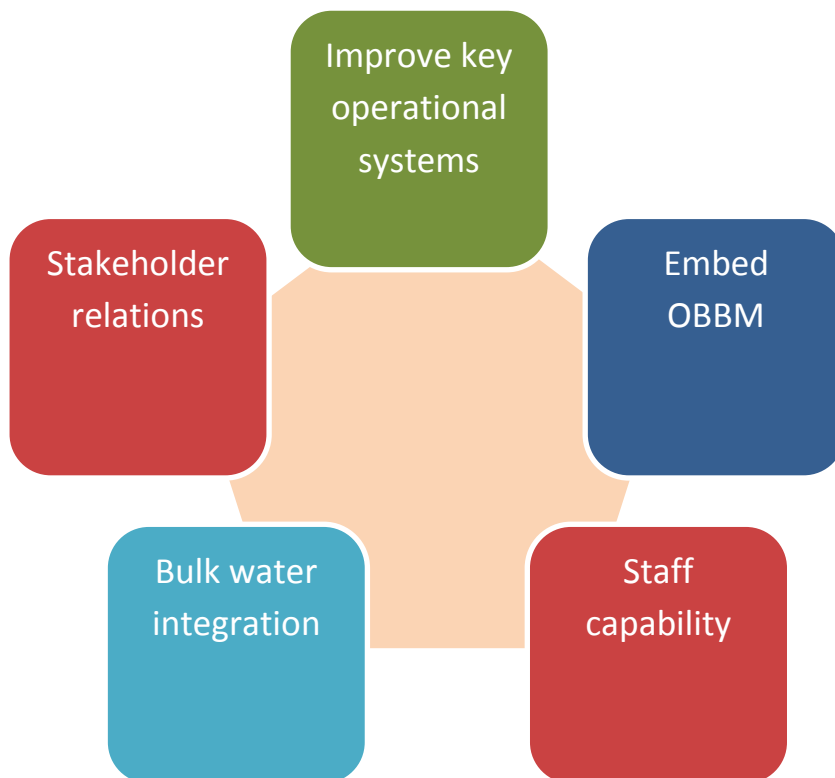
4. Strategic Framework

The integration of Porirua's network and potentially of bulk water management are two major strategic milestones in Capacity's evolution.

Accordingly, a new framework has been developed that takes account of these factors and others noted earlier.

The new framework has five priorities. Three continue as before: building strong relationships with our stakeholders; developing our staff to their potential; and integrating bulk water management, though with a focus on operationalising this, should the integration go ahead.

The two new priorities are to improve key operational system and to embed the outcome-based business model.



Improving key operational systems addresses our focus on providing excellence in asset management capabilities, along with our risk and health and safety management practices.

Embedding the outcome-based business model encompasses both internal and external adaptation to mechanisms that will deliver greater effectiveness and efficiencies for staff, clients and communities.

These five strategic priorities guide our investment in the critical areas of people, performance, relationships and strategy to deliver value to our shareholders and the region through the activities we carry out.

5. Nature and Scope of Activities

We undertake asset management planning, consultancy, work programming, project design and management, contract management, advisory and educational activities designed to improve the performance of the three waters networks of our clients.

The overall scope of our activity is covered in the following table:

Activity	Nature	Scope
Consultation	<p>Capacity specialises in infrastructure-based management services including resource consent procurement.</p> <p>Consultation with our communities ranges from discussions on water conservation to formal submissions on major capital projects.</p>	<ul style="list-style-type: none"> • Resource consent applications • Strategic planning and direction • Policy advice and development • Improvement opportunities • Water conservation planning
Planning	<p>Planning covers everything from asset management to catchment management plans and flood hazard maps.</p>	<ul style="list-style-type: none"> • Asset management planning • Resource consent applications • Risk management plans • Level-of-service development • Strategic planning • Policy advice • Improvement opportunities

Managing	Managing reviews, investigations and assessments of our clients' water supply, wastewater and stormwater services and assets to ensure the best outcomes for both our clients and their residents and ratepayers. We procure and manage contracts for the operation, maintenance, upgrade and replacement of the assets.	<ul style="list-style-type: none"> • Programme management • Project management • Demand management • Maintenance and operations • Improvement opportunities • Customer service
Delivery	To ensure timely and efficient delivery of services to our clients we prepare draft capital works programmes consistent with asset management plans. We manage contracts across multiple clients which enable us to achieve efficiencies in service activities and costs that benefit our clients.	<ul style="list-style-type: none"> • Project management • Service delivery • Improvement opportunities
Monitoring	Monitoring our clients' assets to continuously improve the networks.	<ul style="list-style-type: none"> • Water quality • Environmental effects • Service delivery • Contract performance • Improvement opportunities
Coordination	Support the achievement of an integrated water services network across the Wellington region to improve the region's competitive advantage through the quality of its water services.	<ul style="list-style-type: none"> • Emergency management and preparedness • Codes of practice • Design standards • Regionalisation of water services delivery

Detailed programmes of work, listing projects planned for each water, for each city, for the coming three years, and the budgets required to deliver those, are derived from our asset management plans. These reference council long term plan measures and agreed performance indicators.

The programmes and budgets are prepared in or around October of each year and finalised through the council's annual plan and consultation processes by the following June.

Several major work themes and activity areas were covered in section 3 Operating Environment Update. Other activities include:

5.1 Asset management planning

Two years ago, we assessed our asset management practices against current industry standards. We will now work towards meeting the requirements of the newly launched ISO 55000 standard.

In the coming year, we will implement what we have learned from asset management improvements projects we have undertaken in the last two years. These include:

- moving towards using a single template for preparing asset management plans
- moving towards using a consistent methodology for analysing demand projections
- continuing improvements to key data collection methods
- launching and fine-tuning our new asset criticality framework used for prioritising capital investments

This work will support our role in developing 30-year infrastructure plans required by proposed amendments to the Local Government Act, as well as new requirements on financial prudence. The new Local Government (Financial Reporting) Amendment Regulations 2013 address the essential services sustainability benchmark, with the intention that capital expenditure on the five network infrastructure services equals or exceeds depreciation on those five services. Capacity will be assisting councils by providing necessary information about three-waters infrastructure.

Asset renewal and upgrade projects planned for the next three years are set out in Appendix 4.

6. Performance targets, measures and indicators

The outcomes our clients seek from their assets support their long term strategies and goals to promote community wellbeing.

Councils identify key community outcomes through their long term and annual planning processes. They also set specific measures and targets for the services they provide – including the core services of water supply, stormwater and wastewater.

As a shared service, Capacity is presented with a range of outcomes and indicators expressed variously by different councils. In the coming year, as part of our outcome based business model, we will work with councils to synthesise the many outcomes and measures presented here into a set of consistent measures that will provided the basis for meaningful performance measures and benchmarking than currently exists.

6.1 Council strategic outcomes

Our clients ask that our work support their strategic outcomes, as well deliver network outcomes. Strategic outcomes currently expressed in council long term plans are:

Hutt City: *Our community goals*

1. A safe community
2. A strong and diverse economy
3. An accessible and connected city
4. Healthy people
5. A healthy natural environment
6. Actively engaged in community activities
7. Strong and inclusive communities
8. A healthy built environment
9. A well-governed city

Porirua: *Porirua is ...*

1. Well connected & on the move
2. Multicultural & creative
3. Strong families & people, young & old
4. Active & healthy
5. Learning for life
6. Prosperous
7. A safe city
8. Sustainably designed & built
9. A valued natural environment

DRAFT

Upper Hutt City: City vision priority areas

- | | |
|--|-------------------------------------|
| 1. We're a scenic playground | 5. We're an easy access destination |
| 2. We're family | |
| 3. We're a gateway to the great outdoors | |
| 4. We're ready to grow | |

Wellington City: Four outcomes

- | | | | |
|-------------------|----|----------------------|---|
| 1. connected city | 3A | people-centred city | A |
| 2. n eco-city | 4A | dynamic central city | A |

Three priorities

- | | | | |
|---|----|-------------------|---|
| 1. n inclusive place where talent wants to live | 3A | well managed city | A |
| 2. esilient city | R | | |

Capacity contributes to its client councils' long term visions and community outcomes through high quality, value-for-money management of water supply, stormwater and wastewater infrastructure, as well as through planning and delivering specific activities. Each of these services is essential to building communities that are resilient, dynamic and sustainable.

6.2 Council service outcomes

6.2.1: Water supply

The principal water supply outcomes communities expect are safe, reliable drinking water, delivered at sufficient pressure to their homes.

For the water supply network, councils have set the following measures and targets:

Long term plan measures	HCC targets	PCC targets	UHCC targets	WCC targets
	Long term plan 2012-2022. Targets are for the period 2012-13 – 2021-2022.	Long term plan 2012-2022. Targets are for Years 1-3	Long term plan 2012-2022. Targets are for Year 2-3	Draft Annual Plan 2014-15.
Compliance with drinking water standards	Full compliance	100% of random tests throughout the city show the water supply is safe to drink		All water delivered to Wellington properties complies with Drinking Water Standards for New Zealand (2005)
Resident's satisfaction	95% or more of those expressing an opinion are satisfied with the city water supply	Eight or fewer maintenance requests per 1000 households relating to the water supply network	95% of respondents are satisfied or very satisfied with water supply	At least 90% of residents agree that water services provide good value for money; 95% of customers are satisfied with water quality and network service
Taste and odour complaints				Less than 200 per year
Pressure				97% of properties receive appropriate water pressure (a minimum of 250kPa)
Fire hydrant testing		92% or better compliance with minimum pressures for hydrants tested		95% of fire hydrants tested meet the New Zealand Fire Service Code of Practice for fire fighting water supply requirements
Network quality	Achieve a 'b' grading from the Ministry of Health for the Hutt City water supply		Maintain A1a grading	'a' to 'b' grading from the Ministry of Health
Response time	97% of requests responded to within one hour of notification		97% of individual consumers who experience unplanned water disruptions have the service restored within two hour	97% of service requests relating to the water network are responded to within one hour of notification
Unaccounted for water		18%		No more than 14%
Consumption	Less than 350 litres per head per day (average unmetered consumption)			287 litres per person per day (total supplied less commercial metered); total water consumption during the year will be less than 30 billion litres.
Network Reliability	Fewer than four unplanned supply cuts per 1000 connections	80 or fewer major water reticulation breakage incidents per 100 kilometres per year.		

6.2.2: Wastewater

Wastewater network outcomes include the safe and effective collection, transport, treatment and discharge of wastewater to meet or exceed environmental standards.

Councils have set the following wastewater measures and targets:

Long term plan measures	HCC targets	PCC targets	UHCC targets	WCC targets
	Long term plan 2012-2022. Targets are for the period 2012-13 – 2021-2022.	Long term plan 2012-2022. Targets are for Years 1-3	Long term plan 2012-2022. Targets are for Year 2-3	Draft Annual Plan 2014-15.
Network reliability	Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline	Five or fewer maintenance requests per 1000 households relating to the wastewater network	Less than two blockages reported per kilometre of pipeline	
Response time	97% of service requests responded to within one hour of notification		95% of properties connected to the wastewater system who are unable to dispose of wastewater due to unplanned interruption will have their service restored within six hours	95% of service requests responded to within one hour of notification
Resident's satisfaction	95% or more of those expressing an opinion are satisfied with the city wastewater service			at least 90% of customers are satisfied with the wastewater network service; 75% of residents agree that wastewater services provide good value for money
Consent compliance	No resource consent-related infringement notices received from GW			our sewage network complies with resource consents
Water quality				95% of freshwater sites are within acceptable bacteria counts (E. coli)
Network integrity		Reduce the amount of estimated unaccountable wastewater lost throughout the public network; Ratio of peak wet weather flow to average dry weather flow (indicating amount of stormwater entering the wastewater network). Baseline to be set.		

6.2.3: Stormwater

Stormwater outcomes address protecting property from flooding and water quality in receiving environments. Councils measures and targets are:

Long term plan measures	HCC targets	PCC targets	UHCC targets	WCC targets
	Long term plan 2012-2022. Targets are for the period 2012-13 – 2021-2022.	Long term plan 2012-2022. Targets are for Years 1-3	Long term plan 2012-2022. Targets are for Year 2-3	Draft Annual Plan 2014-15.
Residents' satisfaction	80% or more of those expressing an opinion are satisfied with the city stormwater service			75% of residents agree that stormwater services provide good value for money; 85% of customers are satisfied with the stormwater network service
Network reliability	Fewer than 0.5 stormwater incidents reported per kilometre of stormwater pipeline	27 or fewer maintenance requests per 1000 households relating to the stormwater network (excludes roading culverts, sumps and sump leads)		
Response time	97% of requests responded to within one hour of notification			95% of all service requests relating to the stormwater network are responded to within one hour of notification
Flooding incidents		No residential, commercial or public buildings affected by the entry of floodwater during storm events	Zero reports of inhabited buildings being flooded	no properties (buildings) are flooded as a result of a less than 1-in-50-year rain event
Beach water quality	90% of sampling days when water quality at main recreational beaches meets Ministry for the Environment guidelines			95% of bathing beaches comply with the Ministry for the Environment guidelines (green status)
Consent compliance				stormwater networks comply with resource consents (includes the monitoring of overflows, stormwater outfall discharge monitoring and coastal water quality monitoring).

6.3 Capacity's Key performance indicators

Note to Draft at 28 February 2014: These indicators are in development model and are likely to change between this draft and the final version

Our key performance indicators state our intended levels of service performance. They include indicators based on each council's long term and annual plan targets (see previous section), asset management planning, and organisational performance measures.

They are arrayed in six categories.

Category 1: Service Quality

Outcome: Residents in our cities enjoy a consistent and high-quality water, stormwater and wastewater service.

No.	Mandatory / Non-mandatory	Indicator	Definition
1	Mandatory	Maintain grading from Ministry of Health for local water supply distribution	
2	Mandatory	Compliance with New Zealand Drinking Water Standards	
3		Unplanned supply cuts (pipe bursts) per 1000 connections	An unplanned supply cut is an event where the water supply is disrupted unexpectedly (e.g. due to pipe burst)
4		Wastewater incidents reported per kilometre of wastewater reticulation pipeline	A wastewater incident is a dry weather disruption to wastewater disposal, wastewater overflow or damage resulting from the public wastewater reticulation.
5		Percentage of critical assets with a condition assessment completed in the last three years	<i>Definition to be developed</i>
6		Percentage of non-critical assets with a condition assessment completed in the last three years	<i>Definition to be developed</i>
7		Fire hydrants tested that meet NZFS Code of Practice	Testing of key hydrants as identified by NZ Fire Service Code of Practice
8		Maintain network 'serviceability' indicators within agreed tolerances (Water and Wastewater)	<i>Definition to be developed</i>

Capacity's Key Performance Indicators

Category 2: Customer Focus

Outcome: Residents in our cities agree they enjoy a consistent and high-quality water, stormwater and wastewater service.

No.	Mandatory / Non-mandatory	Indicator	Definition
9		Achieve justified customer complaint targets relating to network performance and activity within Capacity's control	<i>Formal expressions of dissatisfaction by an external party about the way a request for service has been managed are reviewed by Capacity personnel to decide whether the complaint is justified. Note that a request for service or an expression of disagreement with a decision does not meet the definition of a complaint. Only justified complaints will be recorded for the purposes of this KPI (as agreed with each Council).</i>
10		Achieve customer service satisfaction survey targets relating to network performance and activity within Capacity's control	<i>Relates to the result received for each Council's annual satisfaction survey. Note: Capacity has requested Councils to consider moving to common survey questions.</i>
11		Meet A and B response time targets for Priority One activities ("on-site within one hour")	<i>On site means the contractor is on site to make an assessment of the problem and the remedial action required or to commence physical works if an assessment is not required. Actual response times as recorded by CEM or Hansen.</i>

Capacity's Key Performance Indicators

Category 3: Work planning and cost-effectiveness

Outcome: Capacity meets councils' work programme planning and delivery needs and provides a cost-effective water management service.

No.	Mandatory / Non-mandatory	Indicator	Definition
12		Completion of agreed Annual Work Programme within the financial year (% number of capex projects +0% / -10% tolerance and % number of opex projects +0% / -10% tolerance)	
13		Capex projects completed within the relevant combined budget within the financial year (\$ value of projects +0% / -10% tolerance)	
14		Operating Cost per property	<i>Definition to be developed</i>
15		Manage Capacity business within budget	

Capacity's Key Performance Indicators

Category 4: Environmental Performance

Outcome: Our water management services are environmentally sustainable and linked to the consideration and care of our natural environment.

No.	Mandatory / Non-mandatory	Indicator	Definition
16		Achieve key milestones in water conservation	<i>Milestones relate to achievement of agreed actions in Council Water Conservation and Efficiency Plan (WCEP) as included in Annual Work Programme. If Council does not have a WCEP, then milestones relates to those milestones set out in the AWP.</i>
17		Achieve key milestones in stormwater management	<i>Milestones relate to achievement of agreed actions in Council Stormwater Plan (SWP) as included in Annual Work Programme. If Council does not have a SWP, then milestones relates to those milestones set out in the AWP.</i>
18	Mandatory	Compliance with resource consents	<i>Does not include "please explain" letters, abatement notices, advisory notices, advice letters or technical non-compliance</i>

Capacity's Key Performance Indicators

Category 5: Legislative Compliance

Outcome: Capacity complies with all relevant legislation and employees and contractors get home safely

No.	Mandatory / Non-mandatory	Indicator	Definition
19	Mandatory	Compliance with the Health and Safety in Employment Act 1992	To be further defined in targets
20		Lost Time Injury Frequency Rate (including contractors)	<i>Definition to be developed</i>
21		Total Recordable Injury Frequency Rate (including contractors)	<i>Definition to be developed</i>
22		ACC workplace management practices accreditation	<i>Target to be developed</i>
23		Compliance with all other relevant legislation	

Capacity's Key Performance Indicators

Category 6: Organisation / Process

Outcome: Capacity is a centre of excellence for managing water services, with a robust policy and procedure framework and a reputation for continuous improvement.

No.	Mandatory / Non-mandatory	Indicator	Definition
24		Achieve key milestones in emergency management planning	<i>Milestones relate to achievement of agreed actions in Capacity 3-water Emergency Management Plans (EMP) as included in Annual Work Programme. If Council does not have a EMP, then milestones relates to those milestones set out in the AWP.</i>
25	Mandatory	Meet agreed deadlines and requirements for asset management plans	<i>As provided for in the AWP or, for AMPs for which a due date or timeframe is not specified, the date agreed with Capacity as the date by which a AMP is required to be provided.</i>
26		Maintain ISO 9001 2008 accreditation	<i>As per KPI</i>
27		Meet shareholder reporting requirements	<i>As provided for in the contract document or AWP or, for reports for which a due date or timeframe is not specified in the contract document, the date agreed with Capacity as the date by which a report is required to be provided.</i>

Capacity's Board

Chairman **John Strahl** joined Capacity's board in 2009. He is a consultant at the corporate team of lawyers DLA Phillips fox, where he was previously a partner for 30 years.

David Bassett is the Deputy Mayor of Hutt City Council. David has a background in organisational development and capability improvement. He is a former CE of commercial lawyers Rudd Watts and Stone, and the NZ branch of consulting firm Cull Egan Dell.

Sarah Free Sarah has an electrical engineering degree and postgraduate qualifications in teaching and public health. She has worked for several years as a residential energy consultant, providing advice on both energy and water usage. Sarah is a Wellington City Councillor and a member of the Electricity Authority's Retail Advisory Group.

Wayne Guppy was first elected to Upper Hutt City Council in 1998. He was elected mayor in 2001 and has retained that position since then.

Ian Hutchings is a senior analyst in the Ministry of Business, Innovation and Investment's Radio spectrum group. He is chairman of Hutt Mana Charitable Trust Holdings and a member of both the Johnsonville Licensing and Hutt Mana Community trusts.

Raveen Jaduram, ME, BE (Hons) FIPENZ is GM of maintenance services for Watercare Services, Auckland. He was chief executive of the private firm Murrumbidgee Irrigation between 2012 and 2013, and prior to that CE of Manukau Water. He has 25 years' experience in the New Zealand water industry.

Nick Leggett is the mayor of Porirua City. He has a BA in Politics from Victoria University and worked in commercial property prior to his election as mayor.

7. Corporate governance

Capacity is a council-controlled trading organisation as defined by Section 6 of the Local Government Act 2002. Capacity is also covered by the Companies Act 1993 and governed by law and best practice. The Shareholders' Agreement relating to Capacity Infrastructure Services Limited outlines the way they manage their shareholdings in Capacity and their respective relationships with each other.

7.1 The Board of Directors

The Board of Directors consists of eight members, with each shareholder separately appointing up to one director and jointly appointing up to four independent directors. To ensure we have continuity of relevant knowledge, skills and experience, the expiry dates of terms of office are different for each director. Each director can serve a maximum of two terms, or six years.

Board Chair John Strahl's second three-year term expires on 31 December 2015 and independent director Ian Hutchings completes his second term on 30 June 2015. Shareholders jointly appointed Raveen Jaduram as an independent director to 31 December 2017. Hutt City Council has re-appointed Councillor David Bassett, who completes his second term in December 2016. Wellington City Council appointed Councillor Sarah Free to 31 December 2016. Upper Hutt City Council appointed Mayor Wayne Guppy and Porirua City Council appointed Mayor Nick Leggett to complete their first terms at 31 December 2016.

Board performance reviews are undertaken annually that will be provided to shareholders on completion.

The Board is responsible for the proper direction and control of Capacity.

The unanimous agreement of the shareholders is required for:

- any changes to the constitution
- any increases in capital and the issue of further securities, share buybacks and financial assistance
- any alteration of rights, privileges or conditions attaching to the shares
- any arrangement, dissolution, reorganisation, liquidation, merger or amalgamation of the company
- "major transactions" as that term is defined in the Companies Act 1993.

7.2 Ratio of consolidated shareholders' funds to total assets

Ownership of infrastructural assets is retained by the shareholders (or other clients). As a business that returns all benefits to shareholders, a statement of the ratio of shareholders' funds to assets is not considered appropriate.

7.3 Accumulated profits and capital reserves

The outcome based model where the retention of accumulated profits arising from efficiencies within the agreed fees are set out in the Contract for Provision of Management Services relating to Water Services signed with each client council. Councils will pay Capacity an Annual Performance Payment, subject to Capacity fulfilling the requirements set out in schedules of these Contracts.

7.4 Information to be provided to shareholders

In each year Capacity shall comply with the reporting requirements under the Local Government Act 2002 and the Companies Act 1993 and regulations.

In particular Capacity will provide:

1. A statement of intent detailing all matters required under the Local Government Act 2002, including financial information for the next three years.
2. Within two months after the end of the first half of each financial year, the Company shall provide a report on the operations of Capacity to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the LGA 2002).
3. Within three months after the end of each financial year, Capacity will provide an annual report which provides a comparison of its performance with the statement of intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditor's report (in accordance with sections 67, 68 and 69 of the LGA 2002).

Due to the extensive reporting requirements undertaken in accordance with the service level agreements with client councils, the reliance on six monthly reports fully meets the LGA's requirements and is appropriate in the circumstances.

7.5 Share acquisition

There is no intention to subscribe for shares in any other company or invest in any other organisation.

7.6 Compensation from local authority

It is not anticipated that the company will seek compensation from any local authority other than in the context of normal commercial contractual relationships.

7.7 Equity value of the shareholders' investment

The net value of the shareholders' investment in the company is estimated to be valued at \$416,000 as at 31 December 2013. This value will be assessed by the directors on completion of the annual accounts or at any other time determined by the directors. The method of assessment will use the value of shareholders' funds as determined in the annual accounts as a guide.

DRAFT

8. Organisational risk management

8.1 Health and safety

In mid-2013, the Government announced major reform of workplace health and safety, including the establishment of a new entity, Work Safe NZ and an overhaul of the law. A new Health and Safety at Work Bill, based on the Australian Model Workplace Health and Safety Act, is proposed to replace the current HSE Act. It is expected that the Bill will be passed into law by the end of the 2014 calendar year.

In response to the likely legislative change, the Ministry of Business Innovation and Employment and the Institute of Directors in New Zealand have issued guidelines for managing health and safety risks

We have analysed these and presented to the October 2013 Board meeting a number of actions to ensure Capacity is at the forefront of best practice health and safety policy and systems under the new legislative regime.

Our health and safety policy is currently being refreshed in a process involving staff and our Board.

We also intend to employ a full time health and safety specialist, reporting directly to the Chief Executive. This new staff member will be charged with implementing the majority of actions agreed with the Board, as well as maintain our health and safety system.

In the interim Capacity is continuing with other priority areas

- developing a new health and safety policy
- reviewing the Health and Safety Committee (including the Chief Executive becoming the new chairman of the committee)
- identifying and communicating key organisational hazards
- developing a more extensive set of health and safety performance indicators.

8.2 Risk management

In 2013 we developed a new risk management framework and processes to ensure our governance and management teams have a better understanding of what work is being done to manage risk. The framework complies with AS/NZS ISO 31000:2009 and has been peer-reviewed by an external risk expert.

The purpose of the framework is to support integrating risk management within the organisation. The following diagram shows the framework and the linkages in terms of Capacity's stated objectives:



Capacity's Risk Management Framework.

In the 2014–15 year we will be reviewing our risk register based on the above framework. We will updated our procedures to require all teams to actively maintain risk profiles and discuss risks, their treatment programmes and to report on them on at least a monthly basis.

This will ensure our Board and management team have a better understanding of what work is being done across the organisation to manage the inherent uncertainties surrounding the achievement of Capacity's objectives, and the delivery of value to our shareholders.

Appendix 1 Accounting Policies

Statement of accounting policies

Capacity will apply the following accounting policies consistently during the year and apply these policies to the Statement of Intent. In accordance with the New Zealand Institute of Chartered Accountants Financial Reporting Standard 42 (FRS 42), the following information is provided in respect of the statement of intent.

Cautionary note

The statement of intent's forecast financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

Nature of prospective information

The financial information presented consists of forecasts that have been prepared on the basis of best estimates and assumptions on future events that Capacity expects to take place.

Statement of compliance with International Financial Reporting Standard

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for public benefit entities.

Reporting entity

Capacity Infrastructure Services Limited, trading as Capacity, is a company registered under the Companies Act 1993 and a council-controlled trading organisation as defined by Section 6 of the Local Government Act 2002. Capacity was incorporated in New Zealand in 2003 as Wellington Water Management Services Limited and changed its name in July 2009. Current shareholders are Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

For purposes of financial reporting, Capacity is a public benefit entity.

Reporting period

The reporting period covers the 12 months from 1 July 2014 to 30 June 2015. Comparative projected figures for the year ended 30 June 2016 and 30 June 2017 are provided.

Specific accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The measurement basis applied is historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

Standards, amendments and interpretations issued but not effective have not been early adopted

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced in three phases: Phase 1, Classification and Measurement; Phase 2, Impairment Methodology; and Phase 3, Hedge Accounting. Phase 1 has been completed and published in the new financial instrument standard NZ IFRS 9. The new standard is required to be adopted for the year ended 30 June 2016. However as a new accounting standards framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

Judgements and estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note to the financial statements.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes

a) Revenue

Capacity derives revenue from its customers for both management and consultancy charges. Total standard charges are calculated at the beginning of the period based on the agreed annual work programmes as well as Capacity's resource and operating budget. The customers are shareholder councils, Hutt City Council, Porirua City Council, Upper Hutt City Council and Wellington City Council.

A performance bonus also forms part of the revenue stream of Capacity.

Revenue is recognised when earned and is reported in the financial period to which it relates.

b) Expenses

Expenses are recognised on an accrual basis when the goods or services have been received.

c) Taxation

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint

ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

d) Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

e) Financial instruments

Capacity classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non-derivative financial instruments

Financial assets

Capacity classifies its investments into the following categories: financial assets at fair value through profit and loss, and loans and receivables.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Financial liabilities

Capacity classifies its financial liabilities into the following categories: financial liabilities at fair value through profit and loss. or other financial liabilities.

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with a duration of more than 12 months are recognised initially at fair value less transaction costs and subsequently

measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Statement of Comprehensive Income as is any gain or loss when the liability is derecognised. Financial liabilities entered into with a duration of less than 12 months are recognised at their nominal value.

f) Property, plant and equipment

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The depreciation rates of the major classes of property, plant and equipment are as follows:

Telephone system	9 years (10.75%)
------------------	------------------

Furniture & Office Equipment	2-14 years (7.00-48.00%)
Plant Equipment	3-10 years (10.00-36.00%)

The residual values and useful lives of assets are reviewed and adjusted if appropriate at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

g) Intangible assets

Acquired intangible assets are initially recorded at cost.

Intangible assets with finite lives are subsequently recorded at cost, less any amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer software	2½ – 5 years (18.60 – 40.00%)
-------------------	-------------------------------

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

h) Employee benefits

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid.

Long-service leave and retirement gratuities have been calculated on an actuarial basis based on the likely future entitlements accruing to staff, after taking into account years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and other contractual entitlements information. This entitlement is not offered to new Capacity employees. The present value of the estimated future cash flows has been calculated using an inflation factor and a discount rate. The inflation rate used is the annual Consumer Price Index to 31 March prior to year end. The discount rate used represents the company's average cost of borrowing.

Holiday leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

i) Other liabilities and provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

j) Equity

Equity is the shareholders' interest in the entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the entity. The components of equity are accumulated funds and retained earnings.

k) Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are charged as expenses in the Statement of Comprehensive Income in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment. Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases.

l) Superannuation scheme

Defined contribution schemes

Obligations for contributions to KiwiSaver and other cash accumulation schemes are recognised as an expense in the surplus or deficit as incurred.

m) Related parties

A party is related to Capacity if:

- directly or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, Capacity
 - has an interest Capacity that gives it significant influence over the control of the company
 - has joint control over Capacity
- the party is an associate of Capacity
- the party is a member of key management personnel of Capacity
- the party is a close member of the family of any individual referred to above

- the party is an entity controlled jointly or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to above

Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as cell phones and laptops.

n) Other Disclosures

- For 2014-2015, it is estimated that \$355,000 will be utilised to bring in house specialist asset management skills and modelling work. This has been included in the proposed Capacity charge but with an equivalent reduction in the proposed standard consultancy charge.
- It is expected that integration with bulk water will occur during 2014–15 which will have a significant change impacting on both Capacity and the Regional Water Services Group within the Greater Wellington Regional Council. The change will be managed by an independent change team made up of staff from Capacity, Greater Wellington and shareholding councils. A tentative budget of \$1m has been included in the estimation for the change cost.
- Options are also being explored in respect of office accommodation for the merged organisation and a decision is expected to be made in 2014–15 with budget implications from 2015–16.

•

Appendix 2. Forecast financial statements

Forecast Statement of Comprehensive Income

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2015, 30 JUNE 2016, 30 JUNE 2017

	Forecast	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Budget	Budget	Budget
	2013/14	1-Jul - 30 Sep	1 Oct - 31 Dec	1 Jan - 31 Mar	1 Apr - 30 Jun	2014/2015	2015/2016	2016/2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE								
Capacity and Consultancy Charge	16,488	5,126	5,126	5,126	5,126	20,502	21,101	21,465
Change Management/Premises Change Charge		501	499	0	0	1,000	1,000	0
Interest	82	30	30	30	30	120	122	124
TOTAL REVENUE	16,570	5,657	5,655	5,156	5,156	21,622	22,223	21,589
EXPENDITURE								
General Expenditure	2,508	551	551	551	591	2,244	2,492	2,535
Personnel Expenditure	7,312	2,203	2,203	2,203	2,203	8,811	8,980	9,135
Project Consultancy	6,511	2,216	2,216	2,216	2,216	8,862	9,032	9,188
Depreciation	124	87	87	87	87	347	354	360
Interest on Finance Leases	2	0	1	0	1	2	2	2
Change Mgmt Cost/Premises Change		501	499	0	0	1,000	1,000	0
TOTAL EXPENDITURE	16,456	5,557	5,556	5,056	5,097	21,266	21,860	21,220
NET SURPLUS/(DEFICIT) BEFORE TAXATION	114	100	99	99	59	356	363	369
Tax expense/(benefit)		0	0	0	0	0	0	0
NET SURPLUS/(DEFICIT) AFTER TAXATION	114	100	99	99	59	356	363	369

Forecast Statement of Financial Position

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2015, 30 JUNE 2016, 30 JUNE 2017

	Forecast	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Budget	Budget	Budget
	2013/14	1-Jul - 30 Sep	1 Oct - 31 Dec	1 Jan - 31 Mar	1 Apr - 30 Jun	2014/2015	2015/2016	2016/2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS								
Cash	2,255	1,395	1,744	1,422	2,070	2,070	2,464	2,796
Prepayments	151	82	43	104	140	140	143	146
Trade and other receivables	309	327	322	284	254	254	258	263
Current Assets	2,715	1,804	2,109	1,810	2,464	2,464	2,865	3,205
NON CURRENT ASSETS								
Property, plant and equipment	246	460	573	646	559	559	284	24
Non current assets	246	460	573	646	559	559	284	24
TOTAL ASSETS	2,961	2,264	2,682	2,456	3,024	3,024	3,150	3,229
CURRENT LIABILITIES								
Trade and other payables	1,494	904	964	871	1,242	1,176	924	621
GST payable	445	228	456	284	450	450	459	467
Annual leave	291	302	333	274	311	311	317	323
TOTAL LIABILITIES	2,231	1,434	1,753	1,429	2,003	1,937	1,700	1,411
NET WORKING CAPITAL	730	829	928	1,027	1,020	1,086	1,449	1,818
EQUITY								
Share Capital	800	800	800	800	800	800	800	800
Retained Earnings	(70)	29	128	227	286	286	649	1,018
TOTAL EQUITY	730	829	928	1,027	1,086	1,086	1,449	1,818

Forecast Statement of Cash Flows

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2015, 30 JUNE 2016, 30 JUNE 2017

	Forecast	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Budget	Budget	Budget
	2013/14	1-Jul - 30 Sep	1 Oct - 31 Dec	1 Jan - 31 Mar	1 Apr - 30 Jun	2014/2015	2015/2016	2016/2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CASH FLOW FROM OPERATING ACTIVITIES:								
Cash was provided from:								
Operating receipts	16,244	6,452	6,473	5,933	5,924	24,783	25,418	25,634
GST receivable	0	0	0	0	0	0	0	0
Cash was disbursed to:								
Payment to suppliers	(14,565)	(7,012)	(5,924)	(6,094)	(5,276)	(24,307)	(24,775)	(25,202)
Payment of Tax	(335)							
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	1,344	(560)	549	(162)	648	475	644	432
CASH FLOW FROM INVESTING ACTIVITIES:								
Cash was disbursed to:								
Purchase of fixed assets	(103)	(300)	(200)	(160)	0	(660)	(250)	(100)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	(103)	(300)	(200)	(160)	0	(660)	(250)	(100)
CASH FLOW FROM FINANCING ACTIVITIES:								
Cash was provided from:								
Shares Issued	200	0	0	0	0	0	0	0
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	200	0	0	0	0	0	0	0
NET CASH INFLOW / (OUTFLOW)	1,441	(860)	349	(322)	648	(185)	394	332
OPENING CASH BALANCE	814	2,255	1,395	1,744	1,422	2,255	2,070	2,464
CLOSING CASH BALANCE	2,255	1,395	1,744	1,422	2,070	2,070	2,464	2,796

Appendix 3 – Cost allocations

This schedule outlines how Capacity's costs are allocated across client councils based on planned work activities for 2014–15

Schedule One Capacity's Cost Allocation Summary 2014-15		CAPACITY DIRECT COSTS	Consultants/Contractor Costs managed by Capacity on behalf of Ratepayers (includes Capacity costs)					Total Cost to Ratepayers
		Capacity Charges \$000	Professional Services		Total Billable \$000	Contractor Costs		Total Opex & Capex \$000
			Capex (\$000)	Opex (\$000)		Capex (\$000)	Opex (\$000)	
Water	WCC	\$2,469	\$1,892	\$303	\$4,664	\$9,475	\$18,494	\$32,634
	HCC	962	587	182	1,731	1,383	10,068	13,181
	PCC	549	0	64	613	1,371	4,213	6,197
	UHC	564	199	30	793	1,427	3,498	5,718
	Total	\$4,544	\$2,678	\$579	\$7,801	\$13,657	\$36,272	\$57,729
Wastewater	WCC	\$2,443	\$1,990	\$284	\$4,716	\$5,213	\$19,056	\$28,985
	HCC	811	481	272	1,564	4,400	5,316	11,280
	PCC	1,078	0	116	1,194	1,634	8,347	11,175
	UHC	286	205	0	490	2,335	3,159	5,985
	Total	\$4,617	\$2,675	\$672	\$7,964	\$13,582	\$35,803	\$57,425
Stormwater	WCC	\$1,178	\$1,511	\$263	\$2,952	\$2,650	\$2,118	\$7,720
	HCC	688	232	175	1,095	1,313	2,799	5,207
	PCC	280	0	62	342	647	667	1,656
	UHC	333	2	13	348	296	347	991
	Total	\$2,479	\$1,745	\$512	\$4,737	\$4,905	\$5,931	\$15,574
Total Network	WCC	\$6,090	\$5,393	\$849	\$12,332	\$17,338	\$39,668	\$69,338
	HCC	2,460	1,300	629	4,389	7,096	18,183	29,669
	PCC	1,907	0	242	2,149	3,652	13,226	19,027
	UHC	1,183	406	43	1,631	4,058	7,004	12,694
	Total	\$11,640	\$7,099	\$1,763	\$20,502	\$32,144	\$78,082	\$130,728
				15.68%	24.59%	59.73%	100%	
		\$7,099	\$1,763	\$20,502	\$32,144	\$147,797	\$200,443	
				10.23%	16.04%	73.74%	100%	

* All Council figures are draft , Annual Plan process not complete

**excludes revenue, depreciation, interest & other council controlled costs

***includes revenue, depreciation, interest & other council controlled costs as available to date

DRAFT

Appendix 4 – Annual work programmes

The following capital projects are programmed over the next three years. Programmes are agreed with councils and relate to our key performance indicators of project delivery. Future programmes and budgets are indicative only and are subject to change. The project lists do not include Capacity's management costs.

Hutt City Council capital projects 2014–2015

Water Supply

Collett Street
Glen Road
Moohan Street
Owen Street
Oxford Tce emergency main
Peel Place

Wastewater

Wainuiomata Sewer Renewal
Naenae Sewer Renewal
Oxford Terrace Sewer Renewal
Manuka Terrace Sewer Renewal
Mabey Road Sewer Renewal
Milne Crescent Sewer Renewal
Tennyson Avenue Sewer Renewal

Local Pumping Stations Upgrade
Scada Upgrade Whites Line East and Malone Road

Trunk DBO Asset Replacement Fund
Trunk DBO Network Cyclic Replacement
Trunk Type A Asset Development
Trunk Type B Network Development

Stormwater

Awamutu Stream
John Street (Stokes Valley) Stormwater Renewal
Ariki Street Stormwater Renewal
Pine Tree Lane Stormwater Improvement
Hutt River Floodplain

Pumping Stations & Scada Upgrades

Hutt City Council capital projects 2015–2016

Water Supply

Cleary Street
Connolly Street
Cornwall Street emergency main
Gadsby Street
Kopara Grove

Wastewater

Wainuiomata Sewer Renewals
Naenae Sewer Renewal
Strand Crescent Sewer Renewal
Queen St Sewer Renewal (in conjunction with Roothing Programme)
Adelaide St (Jessie St to Cuba St) Petone

Local Pumping Stations Seismic Assessment & Upgrade
Victoria Street pumping station structural/seismic and scada upgrade

Trunk DBO Asset Replacement Fund
Trunk DBO Network Cyclic Replacement
Trunk Type A Asset Development
Trunk Type B Network Development

Stormwater

Awamutu Stream
John Street (Stokes Valley) Stormwater Renewal
Adelaide Street Stormwater Renewal
Walter Road Stormwater Renewal
Queen St Stormwater Renewal (in conjunction with Roothing Programme)
Cheviot Road Stormwater Improvement
East Street Stormwater Improvement
Hutt River Floodplain
Hutt River Backflow Electrical

Pumping Stations & Scada Upgrades

Hutt City Council capital projects 2016–2017

Water Supply

Bird Grove
Devon Street
Dover Road
Eldon Grove
Lowry Crescent
Pilmuir Street emergency main
Stokes Valley Road

Wastewater

Wainuiomata Sewer Renewals
Naenae Sewer Renewal
Aurora Street Sewer Renewal
Karaka Street / Matipo Street Sewer Renewal

Local Pumping Stations and Scada Upgrade

Trunk DBO Asset Replacement Fund
Trunk DBO Network Cyclic Replacement
Trunk Type A Asset Development
Trunk Type B Network Development

Stormwater

Awamutu Stream
The Esplanade Stormwater Renewal
Dowse Drive Stormwater Improvement
Hutt River Floodplain
Pumping Stations & Scada Upgrades

Porirua City Council capital projects 2014–2015

Water Supply

Gloaming Hill Reservoir Upgrade
Tuna Terrace Reservoir Upgrade
Zonal Pressure Reduction Project
Dimock Street
Kapiti Crescent
Niblack Lane
Commercial Water meter Programme City Wide

Wastewater

Paremata Bridge Storage Tank
Ocean Parade Pump station Electrical Renewals
Brendan Beach Pump station Electrical Renewals
Mana Esplanade Pump station Upgrade
Rawhiti Pump station Upgrade
Paremata Wastewater Renewal as per Renewals Programme
Plimmerton Wastewater Renewal as per Renewals Programme

Joint-Venture (with Wellington City Council)

Cross Harbour Pipeline Rehabilitation
WWTP Equipment Renewals
WWTP Improvements

Stormwater

Marearora School & Driver Crescent
Mana Esplanade
Vella Street Culvert outlet
Lambley Street
Lambley/John Street
City Wide debris separation system

Porirua City Council capital projects 2015–2016

Water Supply

Pikareri Reservoir Upgrade
Tune Terrace Reservoir Shut-off Valve
Main Road
Te Pene
Waiuta Street
Area wide general Upgrades
Commercial Water meter Programme City Wide

Wastewater

Paremata Bridge Storage Tank
Electrical renewals Aotea Pumpstation
Vella Pumpstation Upgrade
Ngatitua Pumpstation Upgrade
Onepoto Pumpstation Upgrade
Titahi Bay Wastewater Renewal
Whitby Wastewater Renewal

Joint-Venture

Storage Tanks Porirua Wide
WWTP Equipment Renewals
WWTP Improvements

Stormwater

Natone Street Stage 1 and 2
Warspite/Driver Crescent
Minor Stormwater Upgrades City Wide

Porirua City Council Capital Projects 2016-17

Water Supply

Omapere Street
Titahi Bay through to Paramoana
Area wide general Upgrades
Pipe Upgrade Porirua Low Reservoir to Methan place (Special)

Wastewater

Ivey Bay Pumpstation
Sea View Pumpstation
Browns Bay Pumpstation
Titahi Bay wastewater Renewal
Whitby Waste water Renewal

Joint-Venture

Storage Tanks Porirua Wide
WWTP Equipment Renewals and New Centrifuge
WWTP Improvements

Stormwater

Main Road/ Dimock Street
Paremata Road
Waihara Crescent
Area Wide Upgrade Upstream Inlets
Mungavin Ave
Minor Stormwater upgrades City Wide

Upper Hutt City Council Capital Projects 2014-15

Water supply

Harewood Grove rider main renewal
Matuku Street rider main renewal
Bonnie Glen Crescent rider main renewal
Gibbons Street – Rider main
Moonshine Road – Water main renewal
Pinehaven Road -Water main renewal
Plateau Road Water Main
Installation of Emergency water supply points
Cole Gr -Watermain renewal
Moonshine Rd water pump station condition assessment & contingencies
Forward Design & Unscheduled Replacement
Seismic Strengthening of Pinehaven 2 reservoir
Replacing Plateau Reservoir outlet meter
Replacing Plateau Reservoir earthquake valve
Installation of 4 reservoir trigger switches
Telemetry Upgrades
District Meter Area (DMA) Project

Wastewater

Whakatiki Street
Brentwood Street
Forward design
245 Plateau Road pump station upgrades
20 Maymorm Road pump station upgrades

Stormwater

Field Street pump station upgrade
Telemetry Upgrade

Upper Hutt City Council Capital Projects 2015-16

Water supply

Main Road North water main renewal
Aniseed Grove/Blueberry Grove rider main renewal
Fortune Lane
Gemstone Drive
Wakefield Street/ Main Street water main renewal
Fergusson Drive rider main renewal
Forward Design & Unscheduled Replacement
Upgrading Chatsworth pump station
Replacing Emerald Hill inlet meter
Replacing Trentham Reservoir earthquake valve
Replacing Trentham Reservoir ASV meter
Installation of reservoir trigger switches
Telemetry upgrades
Wastewater

Wastewater

Cont Bretwood St
Martin St
Marion St
Field St/ Dunns St
Terminus St
Gower St
Logan St
Winchester Av
Forward design
49 Bridge Road Pump Station
39 Riverstone Drive Pump Station
Telemetry Upgrade

Stormwater

Sunbrae Drive upgrade
Omaha Grove renewal
Jocelyn Crescent renewal
Birch Grove renewal
Pinehaven Road renewal
Golders Road/Clyma Street upgrade stage 1
Forward design & contingencies
Perry Street pump station upgrades
Telemetry upgrade

Upper Hutt City Council Capital Projects 2016-17

Water supply

Argyle Grove rider main renewal
Beryl Grove rider main renewal
Camden Road rider main renewal
Edelweiss Grove rider main renewal
Hazel Street water main renewal
Henry Street rider main renewal
Holdsworth Ave water main renewal
Ngata Grove rider main renewal
Ross Grove rider main renewal
New cross-feed at Gobbon Main intersection
Flexible coupling for Akatarawa bridge water main
Forward design & unscheduled replacement
Replacing Pinehaven 2 Reservoir earthquake valve
Replacing Pinehaven 1 & 2 reservoirs ASV meter
Installation of 3 reservoir trigger switches
Telemetry upgrades

Wastewater

Maclea Street
Blue Mountains Road 1
Blue Mountains Road 2
Akatarawa Rd/Gillespies Road
Dowling Grove phase 1
Forward design
621 Main Road North pump station
191 Plateau Road pump station
63 Plateau Road pump station
Telemetry upgrade

Stormwater

Totara Street / Cecil Street upgrade stage1
Brentwood Street stage 1
Forward design and contingencies
Perry street pump station upgrades
Argyle Grove pump station upgrade
Hildreth Street pump station upgrade
Telemetry upgrade

Wellington City Council Capital Projects 2014-15

Water supply

Adelaide Road
Bombay Street
Campbell Street
Cecil Road
Churchill Drive
Churton Drive
Clutha Avenue
Cockayne Road
Colchester Crescent
Collins Avenue
Drummond Street
Hawker Street
Hobart Street
Huia Street
Knoll Street
Linden Avenue

Mairangi Road
Maurice Terrace
McIntyre Avenue
Mysore Street
Ngatoto Street
Orangi Kaupapa Road
Pimlico Place
Radnall Way
Ranelagh Street
Rangitane Street
Rimu Street
Roseneath Reservoir rising
main
Swinford Crescent
Victoria Street service lane

Wastewater

Hanson Street
The Terrace
South Karori Road
Clutha Avenue
Awa Road
Homewood Avenue
Upper Watt Street
Severn Street
Liardet Street
Herald Terrace
Ross Street
Messines Road
Pump Station 64

The Parade
Helen Street
Crofton Road
Cecil Road
Cambridge Terrace
Mana Street
Pump Station 6
Pump Station 25
Pump Station 31
Pump Station 62
Pump Station 63

Stormwater

Tasman Street
Hanson Street
Linden Avenue
Messines Road
Upper Watt Street

Tasman Street
Awa Road
Helen Street
The Terrace
Ranelagh Tce Bridges

Wellington City Council Capital Projects 2015-16

Water supply

Abel Smith Street
Allen Street
Darlington Road
Derwent Street
Dundas Street
Ellice Street
Elphinstone Avenue
Flers Street
Greenview Way
Hampton Hill Road
John Witton Drive

Kelburn Parade
Larsen Crescent
Liardet Street
MacDonald Crescent
Olivia Crescent
Owen Street
Owen Street to Daniell Street
Rosehaugh Avenue
The Terrace
Tyers Road

Wastewater

Breton Grove
Wadestown Road
Miramar North Road
Fernlea Ave
Margaret Street
The Terrace
Molesworth Street
Wilton Road
Ohiro Road
Ngaio Gorge Road
Apu Road

Warwick Street
Lennel Road
Balfour Street
Old Karori Road
Garden Road
Ngaio Gorge Rd
Mysore Street
Pump Station 4
Pump Station 36
Pump Station 27
Pump Station 26

Stormwater

Breton Grove
South Karori Road
Molesworth Street

Cuba Street
The Terrace

Wellington City Council Capital Projects 2016-17

Water supply

Antico Street
Aotea Quay
Armour Ave
Awa Road
Batchelor Street to Newlands Road
Blair Street
Box Hill
Burma Road
David Crescent
Findlay Street
Hanson Street

Huntingdon Street
Imlay Cr
Kaikoura Street
Massey Street
Nicholson Road
Pembroke Road
Puketiro Ave
Rintoul Street
Roberts Street
The Terrace
Wadestown Road

Wastewater

Sefton Street
Derwent Street
Courtenay Place
Adelaide Road
Ngatoto Street
Glenmore Street
Asquith Terrace
Wilton Road
Bruce Avenue

Manchester Street
Coromandel Street
Camperdown Road
Mortimer Terrace
Northland Rd
Whitmore St Rising Main
Pump Station 16
Pump Station 17
Pump Station 13

Stormwater

Sefton Street
Hunter Street
Adelaide Road
Wakefield Street

Courtenay Place
Glenmore Street
Salamanca Road
Agra Crescent

[<return to Top of Document>](#)