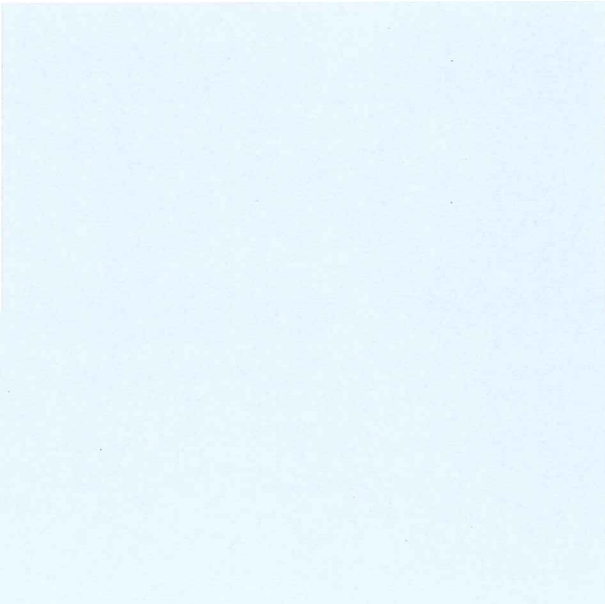
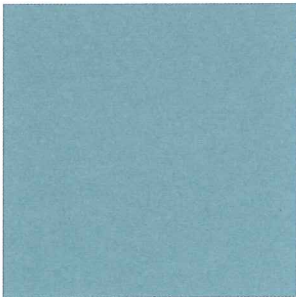
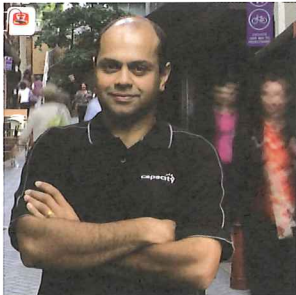
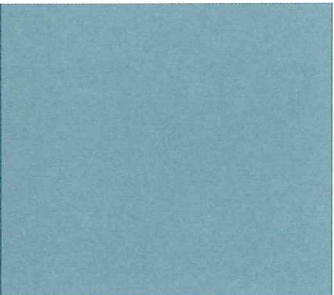


**Statement of Intent 2012/13  
and Business Plan 2012/13  
Capacity Infrastructure Services**

DRAFT 17 February 2012





## 1. Purpose

The purpose of this statement of intent is to:

- state publicly the activities and intentions of Capacity Infrastructure Services (Capacity) for the year, and the objectives to which those activities will contribute
- provide an opportunity for Capacity's shareholders to influence the direction of the organisation
- provide a basis for the accountability of Capacity's directors to their shareholders for the performance of the organisation.

This statement of intent covers the year 1 July 2012 to 30 June 2013, and the following two financial years.

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## 2. Introduction

Capacity is a council-controlled trading organisation operating under the Local Government Act 2002 to manage the delivery of water supply, wastewater and stormwater infrastructure services.

Our shareholders at the time of preparing this report are Hutt City Council and Wellington City Council, and we are engaged in a process to add two new shareholders, Upper Hutt City Council and Porirua City Council.

We are also preparing a report to add Porirua City Council as a customer and provide the basis of a new business model for the company's operations.

This is in accordance with one of intentions of establishing Capacity: to sustainably reduce overall costs to client councils through the efficiency gains of regional network integration.

If these proposals are supported by our current shareholders, Upper Hutt and Porirua city councils, they will involve material changes to our method of operation, our governance, and the draft financial forecasts which are included in this statement of intent.

We therefore expect to issue a revised draft of this document before 1 July 2012.

We are mindful of the financial implications for councils and communities when undertaking the management of infrastructure for the three waters. Our staff are committed to finding better and more efficient ways of providing water, stormwater and wastewater management services. We actively work with our client councils to identify and develop regionally based water services activities.

Water services constitute a vital activity in normal times; they are even more critical in times of emergency. We emphasise resilience in infrastructure management, and work closely with other regional and national organisations on emergency preparedness.

Capacity ensures all activities under its control are undertaken in an environmentally sensitive and safe manner.

We look forward to delivering and continually improving water services for our clients and applying our expertise across the wider Wellington region.

### 3. Capacity's contribution to council and community outcomes

Councils identify and monitor community outcomes through long term plans, strategic plans and reports. These outcomes relate to all aspects of community living, including the environment, the economy, infrastructure, and social and cultural wellbeing.

Capacity contributes to its shareholding councils' visions and community outcomes through high quality, value-for-money management of water supply, stormwater and wastewater infrastructure. Each of these services is essential to communities seeking sustainable growth within a healthy and safe environment, and to that extent all of Capacity's activities contribute to community outcomes.

Outcomes currently expressed by councils are:

#### Hutt City

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

#### Porirua

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

#### Upper Hutt City

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

#### Wellington City

- |                        |                         |
|------------------------|-------------------------|
| 1. People-centred city | 3. Connected city       |
| 2. Eco-city            | 4. Dynamic central city |

It is our intent to support each of our client councils in working towards their outcomes.

Although there are differences in the focus and articulation of each city's vision, the outcomes of well managed water supply, wastewater and stormwater networks – clean water, streams and seas; roads and property that are safe from flooding in the event of heavy rains and rising sea levels; the efficient and effective transportation, treatment and disposal of wastewater – are essential to all of them.

We will support our client councils in delivering the outcomes valued by their communities through delivering value for money, high quality water infrastructure management, as described in our business strategies, objectives and activities.

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## 4. Capacity's strategic directions

Capacity's Strategic Plan for the period 2010–2014 has four principal strategies:

### *1 Stakeholder intimacy*

Capacity will ascertain stakeholder needs and be fanatical about delivering reliable and quality services. We will be more proactive and relationship-based as we manage the assets of more clients and deal directly with thousands of customers. We will also improve customer feedback mechanisms.

Capacity is emphasising customer service standards in the 2012-13 period, with the development of internal standards and improved reporting on customer feedback.

### *2 Empowering our people*

Capacity's people will be empowered to meet all stakeholder needs. The company will have the right people with the right skills, knowledge and attitude. This includes staff and our business partners (contractors, consultants and other suppliers).

A strategic HR plan is being developed to better support the capability development priorities of our business and our customers.

### *3 Integrating information management*

In order to achieve the full benefits available from the regional integration of water services, Capacity is working with client councils and external parties to identify the most effective merger of information systems.

This process will be adapted for the inclusion of Porirua City as a client of Capacity.

### *4 Wellington regional water services network enhanced integration*

This strategy supports our shareholders in attaining an integrated water services network across the greater Wellington region to improve the region's competitive advantage through the efficiency and quality of its water services.

Providing we receive the information required from councils on time, we expect to have our new model in place by 1 July 2012. We will then work with Wellington City, Hutt City, Upper Hutt City and Porirua City councils on implementing the new structure for Capacity that incorporates Upper Hutt and Porirua city as shareholders and clients.

The business case for this model estimates on a medium basis combined direct savings for shareholders totalling \$586,000 annually.

## 5. Our Business Objectives

Capacity's principal objectives are:

1. the long term planning, management and delivery of water, stormwater and wastewater assets and services for its clients and across the wider Wellington region.
2. to support developing and implementing an integrated system for managing the information Capacity needs to effectively carry out its objectives.
3. to support an integrated water services network across the Wellington region and improve the region's competitive advantage through the quality of its water services.
4. to operate as a successful business, returning benefits to shareholders.
5. to exhibit a sense of social and environmental responsibility by having regard to the interests of the community and to conduct its affairs in accordance with sound business practice.

Section 59 of the Local Government Act 2002 also provides that the principal objectives of council-controlled trading organisations include the objectives of its shareholders, be a good employer, exhibit a sense of social and environmental responsibility by having regard to the interests of the community and to conduct its affairs in accordance with sound business practice.

Our staff are highly skilled and experienced in water and drainage activities. They have extensive institutional knowledge of clients' infrastructure and a thorough understanding of working in the local government environment. We are proud of our strengths and recognise that the recruitment and retention of skilled personnel with water industry knowledge is essential to the on-going success of our business.

In order to meet our objectives we focus our work activity on asset planning and development, capital project management, operations management, risk management, staff development and corporate governance.



## 6. Our Activities

This table summarises the nature and scope of our activities.

Activity	Nature	Scope
Consultation	<p>Capacity specialises in infrastructure-based management services including resource consent consultations.</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"> <li>• Resource consent applications</li> <li>• Strategic planning and direction</li> <li>• Policy advice and development</li> <li>• Improvement opportunities</li> <li>• Water conservation planning</li> </ul>
Planning	<p>Our planning covers everything from asset management to catchment management plans and flood hazard maps.</p>	<ul style="list-style-type: none"> <li>• Asset management planning</li> <li>• Resource consent applications</li> <li>• Risk management plans</li> <li>• Level-of-service development</li> <li>• Strategic planning</li> <li>• Policy advice</li> <li>• Improvement opportunities</li> </ul>
Managing	<p>Managing water, wastewater and stormwater services for our clients requires reviews, investigations and assessments of the assets to ensure the best outcomes for both our clients and their residents and ratepayers are achieved.</p> <p>We manage maintenance and operations contracts; prepare new contracts and manage the tendering processes for our clients.</p>	<ul style="list-style-type: none"> <li>• Programme management</li> <li>• Project management</li> <li>• Demand management</li> <li>• Maintenance and operations</li> <li>• Improvement opportunities</li> <li>• Customer Service</li> </ul>
Delivery	<p>To ensure timely and efficient delivery of services to our clients we prepare draft capital works programmes consistent with asset management plans. We have collaborative management agreements with these contractors which enable us to achieve efficiencies in service activities and costs that benefit our clients.</p>	<ul style="list-style-type: none"> <li>• Project management</li> <li>• Service delivery</li> <li>• Improvement opportunities</li> </ul>
Monitoring	<p>Monitoring our clients' assets for managing water, stormwater and wastewater services to continuously improve the networks.</p>	<ul style="list-style-type: none"> <li>• Water quality</li> <li>• Environmental effects</li> <li>• Service delivery</li> <li>• Contract performance</li> <li>• Improvement opportunities</li> </ul>
Coordination	<p>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.</p>	<ul style="list-style-type: none"> <li>• emergency management and preparedness</li> <li>• codes of practice</li> <li>• design standards</li> <li>• regionalization of water services delivery</li> </ul>

The following section highlights specific projects within our activity areas.

### **Water conservation plan**

Water supply demand management in Wellington, Hutt, Upper Hutt and Porirua remains critical to meeting community outcomes and strategic goals of the individual councils. Population growth, the changing built environment and climate change have the potential to affect the region's ability to meet the needs of residents and businesses.

Water conservation and efficiency measures will continue across the region. Communicating conservation messages will be coordinated among councils and with Greater Wellington Regional Council, particularly over the summer months when the impacts of dry spells are more immediate.

The Water Conservation and Efficiency Plan adopted by Wellington City Council will move into a second phase with commercial water users approached directly with options to better manage water and energy costs.

This will see commercial water consumption being analysed to provide information on seasonal difference and to allow informed conversations to be had with those customers about how changes could contribute to water savings.

The use of 'water audits' for Council and commercial users will also be expanded with an intention to provide an information pack to the city's businesses for 2013.

Hutt City Council will also move towards a formalised approach to water conservation and efficiency with a plan specific to Hutt Valley requirements. Upper Hutt City Council will continue with its established approach of water patrols and community water surveys.

### **Wellington City stormwater discharge consents**

Resource consents granted for discharging stormwater into the coastal marine and harbour areas are leading towards an integrated approach to stormwater management and its associated objectives.

Activities for 2012/13 include investigating a cultural health monitoring approach to augment existing monitoring programmes, and increased community involvement through a stormwater consultative committee.

The information gathered from both monitoring and community engagement will contribute to network modelling and the development of an integrated catchment management plan as Capacity works towards the milestones within the consents.

## **Flow Monitoring**

Long term wastewater flow monitoring and rainfall gauging will continue in Hutt, Upper Hutt and Wellington cities. This data is used to document trends in wastewater networks, helping to identify network problems and calibrate hydraulic models. Area-specific flow monitoring will continue in Wellington and Hutt City to help narrow down areas with high levels of inflow and infiltration. This work is part of our strategy to reduce overflows from the system.

Stormwater flow monitoring will also continue in Upper Hutt. This year will be the third in a four-year project to provide flow information to calibrate the stormwater model and to revise flood hazard mapping.

## **Inflow and Infiltration Reduction**

In 2011/12 an investigation began in Miramar to identify areas of inflow and infiltration which contribute to network overflows. This sub-catchment is being used as a test to gauge the effectiveness of our overflow reduction activity. Investigations help identify capital works required to reduce the extent and effect of inflow and infiltration, and a similar investigation will start in Island Bay.

Inflow and infiltration identification work done in Wainuiomata over the past two years resulted in a capital works programme which is continuing.

## **Regionalisation**

An integrated water services network will improve the region's competitive advantage through the efficiency and quality of water services. The amalgamation of Porirua City Council's three water activities into the Capacity framework will see programmes designed to ensure regional consistency in policy advice, asset planning, service delivery, maintenance and operations.

## **Flood Hazard Mapping**

Flood hazard mapping is an on-going task for Capacity and the councils. Information from the Ministry for the Environment on climate change and sea-level rise has been included in updated flood hazard maps.

In 2012/2013 Upper Hutt will continue to collect data to update flood hazard maps for the area.

Stormwater model development in Wellington will re-start this year, part of a long-term project to produce stormwater models including flood hazard mapping for key areas of

the city. Information from this exercise will be used in integrated catchment management plans required to be developed as part of the global stormwater consents.

### **Emergency Preparedness**

In 2011 Capacity convened a committee to oversee emergency management activities, with the aim of improving service response to client councils in the event of an emergency. Over the 2012/13 year we will continue to develop alternative water supply sources to be used in an emergency event until reticulated water supply networks are reinstated. Activities include:

- emergency storage facilities for both public and medical /welfare sites
- access to existing and new artesian bores
- tanker filling points supplied from the Hutt Valley artesian well field
- installing emergency water distribution points within client council and Greater Wellington Regional Council networks.

Investigations will continue to identify critical pipelines to be prioritised for upgrade to meet seismic capability and a study will be carried out to identify options for wastewater disposal.

### **Capital Project Management**

We prepare draft capital works programmes consistent with asset management plans for our client councils. We manage the capital works programmes through to completion including the design, obtaining necessary consents, tendering, contract administration, construction administration and financial management using approved consultants and our in-house engineering design and project management resource. A list of planned Capital works is included in Schedule 2.

In the 2012/13 year we will manage the pipeline and utility renewal programmes for the client councils and major asset upgrade/improvement works including:

- Messines Road reservoir renewal
- Hospital Prince of Wales reservoir and pipelines design
- Davis Street culvert upgrade
- Seismic strengthening of reservoirs
- Awamutu stream flood protection works

### **Asset Management Planning**

Cost profiles for the renewal of underground pipelines are forecast to increase over the next two to three decades. Analysis to validate the renewal cost profiles will continue, including the use of condition modelling, hydraulic modelling and pipe sampling.

Analysing risks associated with the timing of renewal works will also be carried out to ensure informed decisions are made for investing in the networks in future Long Term Plan planning cycles.

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## 7. Key performance indicators

Levels of service provision relating to our activities are captured in key performance indicators agreed with each council.

Service category	Service aspect	Service objective	Performance target
Service quality	Service reliability	To provide a reliable water supply, stormwater and wastewater service	Fewer than four unplanned supply cuts (pipe burst) per 1000 connections
			Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline
			Number of dwelling flood notifications received as a result of a 1:50 year flooding event (or less)
			Compliance with NZ drinking water quality standards
Customer focus	Responsiveness to service requests	To respond promptly to service requests	Respond to at least 97 per cent of all requests for service within one hour of notification
	Timeliness and quality of asset management plan for Councils	Timeliness and quality of asset management plan	Completion of approved asset management plan within agreed timeframes.
Cost effectiveness	Operating efficiency	To provide a cost-effective service	Trend of the operating cost of delivering water supply, wastewater and stormwater services relative to a national average
Financial, project and network management	Project and network management performance	To manage operating and capital projects within budgets and timeframes	Deliver operating projects within budget and timeframes
			Deliver capital projects within budget and timeframes
		To manage Capacity within budget	Manage Capacity within budget

Legislative, financial, technical, compliance	Compliance	To comply with relevant standards, legislation and resource consents.	Full compliance with relevant standards and legislation. No infringements of resource consents.
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## 8. Risk Management

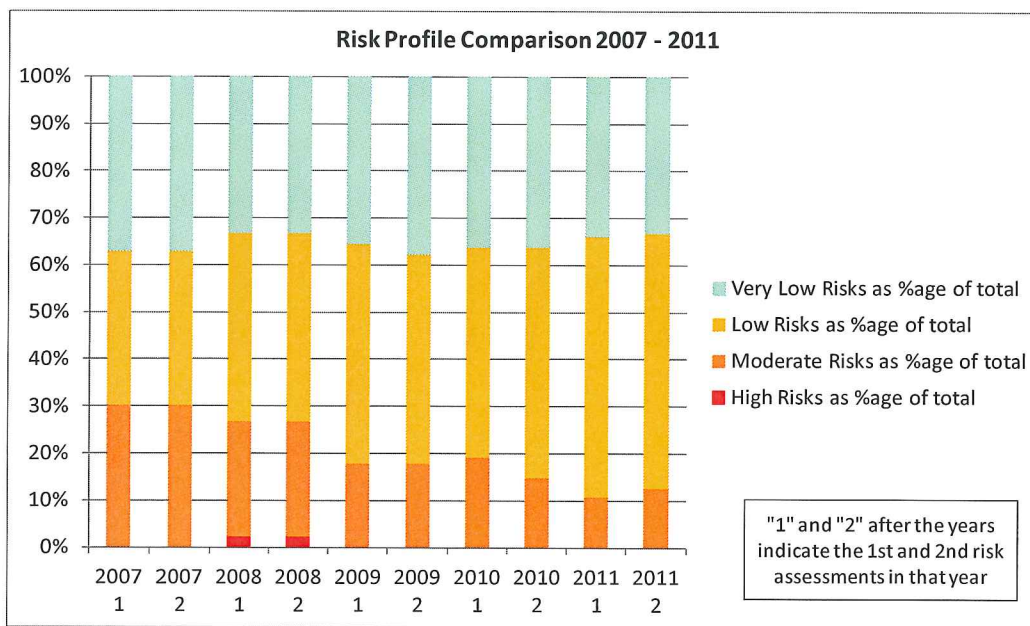
**Including health and safety management, insurance, business continuity planning and emergency preparedness**

Capacity manages risk at the corporate (or organisational) risk and operational activity risk levels.

Capacity's corporate risk management framework complies with AS/NZS ISO 31000:2009.

Corporate risks are identified in terms of Capacity's key business objectives. The risk management framework identifies risk management strategies for all risks and these are reassessed every six months by Capacity's Audit and Risk Committee.

The change in Capacity's risk profile over time is shown in the following graph.



(No risks have been ranked high since 2008)

Some of the principal risks facing Capacity and mitigation measures adopted are as follows:

Risk	Consequence	Likelihood	Mitigation Measures
Significant earthquake or other natural disaster	Catastrophic	Rare	<ul style="list-style-type: none"> <li>Capacity emergency management plan</li> <li>Activity (water supply, wastewater and stormwater) risk management plans</li> </ul>



Risk	Consequence	Likelihood	Mitigation Measures
			<ul style="list-style-type: none"> <li>Capacity business continuity plan</li> <li>Contingency plans</li> <li>Increased emphasis on earthquake resilience in design of infrastructure</li> </ul>
Inadequate management of risks associated with key activities (water supply, wastewater, stormwater)	Very high	Unlikely	<ul style="list-style-type: none"> <li>Activity risk management plans</li> <li>Use of approved contractors</li> <li>Specifications for physical works</li> <li>Emergency management planning</li> <li>Health and safety management plans</li> <li>Contract audits</li> </ul>
Contamination gets into water mains (water supply)	Catastrophic	Moderate	<ul style="list-style-type: none"> <li>Approved public health risk management plan for water supply</li> <li>Free available chlorine residual in reticulation</li> <li>Testing of water supply in reticulation</li> <li>Backflow prevention programme</li> <li>Use of approved contractors</li> <li>Specifications for construction and repairs includes requirements for flushing and disinfection</li> </ul>
Excessive entry of stormwater to the wastewater system (Wastewater)	Major	Likely	<ul style="list-style-type: none"> <li>Infiltration/inflow programme</li> <li>Asset renewal programme</li> <li>Asset development programme</li> </ul>
Blockage of intakes (Stormwater)	Catastrophic	Possible	<ul style="list-style-type: none"> <li>Preventive maintenance programmes</li> <li>Target standards for response</li> <li>Inspection programme for critical assets</li> </ul>
Inability to manage efficiently due to use of different asset management software systems (Corporate)	High/Very High	Moderate	<ul style="list-style-type: none"> <li>Definition of business needs/current problem</li> <li>Consultation with client councils</li> <li>Issues identification (technical and non-</li> </ul>

Risk	Consequence	Likelihood	Mitigation Measures
			technical) <ul style="list-style-type: none"> <li>Business process analysis to preferred solution</li> </ul>
Inability to attract and retain quality staff (Corporate)	High/Very High	Minimal	<ul style="list-style-type: none"> <li>Have a clear vision for Capacity</li> <li>Define values and behaviours</li> <li>Provide training and development opportunities</li> <li>Provide competitive remuneration</li> </ul>

A comprehensive internal programme of planned audits in addition to random spot audits is carried out in conjunction with Capacity's ISO 9001:2008 certification requirements. External audits are carried out six-monthly as part of Capacity's quality certification

Activity Risk is risk associated with the delivery of water supply, wastewater and stormwater services and is addressed in our asset management plans.

We have prepared activity risk management plans for Hutt and Wellington cities, complementing their asset management plans, to cover risk at a greater level of detail. Preparing activity risk management plans is a risk mitigation strategy identified in the Capacity corporate risk management framework.

## Health and Safety

Capacity is committed to ensuring all work managed on behalf of our clients' accords with the highest standards of health and safety for those involved in the work and for the general public.

Health and safety management is one of fifteen key business processes that form the basis of the Capacity Quality System. Health and safety management is subject to internal and external audit as required by the ISO 9001:2008 standard.

The principal Health and safety documents in the Capacity Quality System are:

- The Capacity Health and Safety Policy. This is signed off by the CEO, all senior managers and the chairman.
- The Capacity Health and Safety Manual. This sets out Capacity's health and safety system including
  - health and safety objectives and strategies

- responsibilities for health and safety
- hazard identification and management
- staff health and safety training and supervision
- incident and injury investigation and management
- staff participation in health and safety management including the Capacity Health and Safety Committee
- health and safety in design
- health and safety management for physical works contracts
- site-specific health and safety management
- Capacity offices
- Capacity vehicles
- External worksites
  - emergency planning and readiness
  - health and safety audits
  - health and safety performance monitoring
  - managing health and safety records and documentation
- Specific procedures and forms covering
  - confined space entry (including management of potentially hazardous atmospheres)
  - hazard management
  - incident investigation and management
  - contracts management (health and safety)
  - health and safety induction (staff)
  - health and safety induction (contracts)

Health and safety management at Capacity is overseen by the Capacity Health and Safety Committee. Individual managers are responsible for managing health and safety within their area of responsibility.

The Health and Safety Committee, which meets monthly, comprises staff representatives and at least one senior manager. Meetings are “open door” with staff encouraged to attend.

Additional training in health and safety management is provided for members of the health and safety committee.

## Insurance

Capacity's insurance programme has the full range of liability insurances, including general liability, professional indemnity, directors' and officers' liability, fidelity guarantee, employer's liability and statutory liability, motor vehicle insurance for Capacity-leased vehicles, and material damage and business interruption insurances.

As the water network assets managed by Capacity are owned by the respective councils, councils insure them separately.

AON New Zealand has been our insurance broker since 2010 and current premiums are less than the previous year.

The liability package and material damage and business interruption insurances are renewed with Vero. NZI insures the motor vehicles. The policy limit for general liability is \$20 million for any one loss. Other policy limits vary from \$500,000 for any one claim for fidelity guarantee, to statutory liability at \$2 million for any one claim.

The deductible amounts range from \$500 for motor vehicles to \$50,000 for each and every professional indemnity claim.

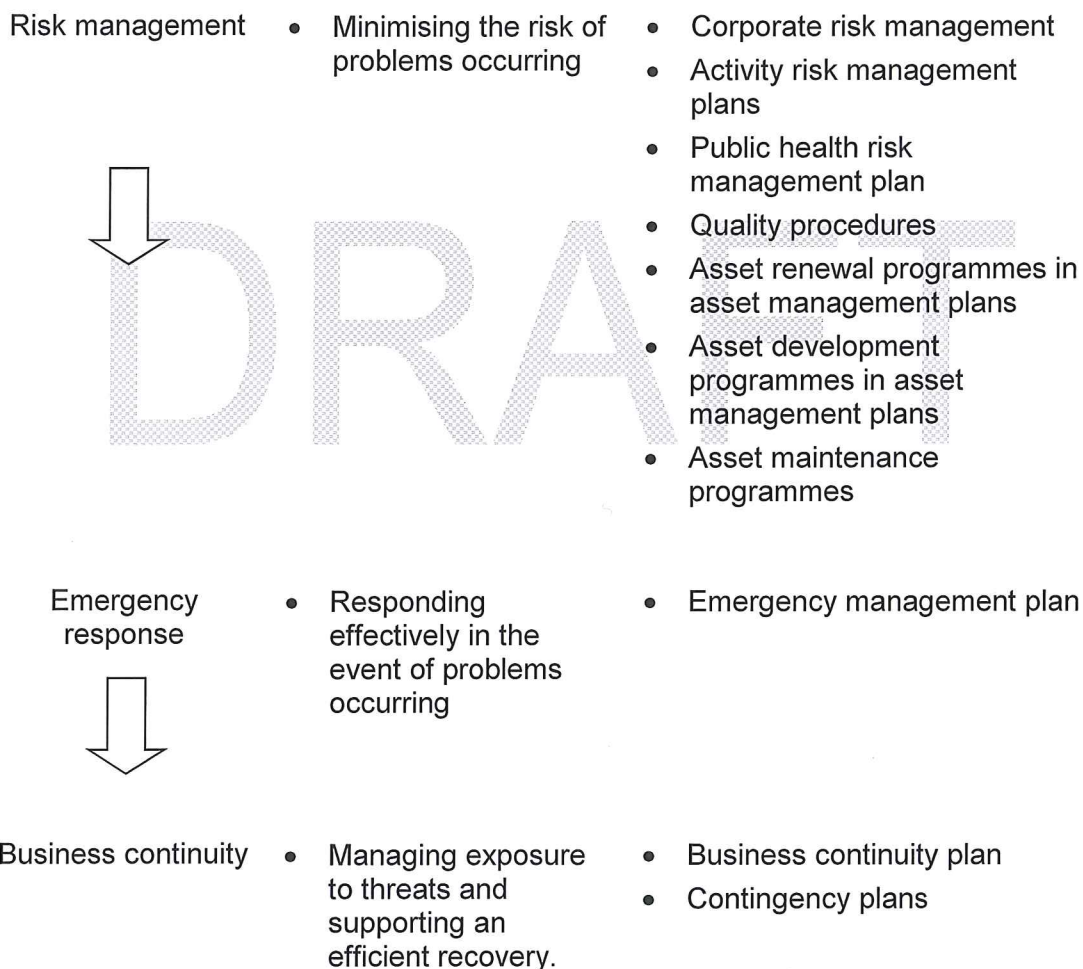
In light of the recent Steigrad judgment (15 September 2011, Lang J) Capacity will be investigating separating directors and officers liability insurance policies (currently with Vero) to include separate set limits for liabilities and defence costs at the time of renewal. Pre-renewal meetings commence in February, since the renewal date is 2 April.

## Business Continuity

The Capacity Business Continuity Plan was reviewed and updated in late 2011.

The purpose of this plan is to support the prompt and efficient restoration of Capacity's key business processes and supporting procedures that may be interrupted following a significant disaster or emergency. This will provide for the on-going delivery or efficient restoration of essential water supply, wastewater and stormwater services in Wellington, Hutt, Upper Hutt and Porirua cities in the event of an emergency.

The business continuity plan is closely related to the Capacity Emergency Management Plan and forms part of Capacity's risk management capability. The relationship between risk management, emergency response and business continuity is as follows:



## **Emergency Preparedness**

Capacity responds to civil emergencies in conjunction with our clients' emergency requirements.

Our emergency management plan covers actions relating to emergency management (reduction, readiness, response and recovery) and the three water activities' assets for all client councils. The plan covers retro-fitting facilities, network reinforcement, redundancy improvements, emergency exercises and training, and providing direction for long-term recovery.

The physical works will take many years to implement, but long term planning will provide guidance to ensure works are undertaken in a strategic manner.

The Canterbury earthquakes provided a new emphasis to this activity. They highlighted the vulnerability of the region's bulk water supply and the need to procure alternatives until such time as the bulk water supply can be resumed (up to 55 days in Wellington post-event).

Emergency management preparedness planning and activity takes place with representatives of our client councils, Porirua City and Greater Wellington Regional Council.

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## 9. 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.

This statement provides an overview of our main corporate governance policies, practices and processes adopted by the Board.

When shareholders have approved the paper on new options and recommendations for the share structure, share capital and board of directors for a regional water business, this section will be updated.

### The Board of Directors

The board of directors consists of six members, with each shareholder separately appointing up to two directors and jointly appointing up to two independent directors. Directors serve three-year terms. 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 Peter Allport's second three-year term expires on 31 December 2013. Peter Leslie and Wellington City Council councillor Andy Foster complete their second terms on 31 October 2013. The first three year terms of John Strahl and Ian Hutchings expire on 30 June 2012. Hutt City Council is represented by councillor David Bassett, who completes his first term in December 2013.

Board performance reviews have been undertaken in the 2011/12 year and will be undertaken annually, using the Institute of Directors' Board evaluation service.

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

Unanimous approval of the Board is required for:

- 1.1 significant changes to the company's structure
- 1.2 extraordinary transactions (entering into any contract or transaction except in the ordinary course of business)
- 1.3 delegation of Directors' powers to any person
- 1.4 any decision to diversify business into a business not forming part of or being naturally ancillary to the core business of managing water services
- 1.5 major transactions including establishing and renewing contracts for service delivery
- 1.6 disputes (commencing or settling any litigation, arbitration or other proceedings that are significant or material to the company's business)
- 1.7 borrowings in a manner that materially alters the company's banking arrangements, advancing credit (other than normal trade credit) exceeding \$5,000 to any person except for making deposits with bankers, or giving guarantees or indemnities to secure any person's liabilities or obligations
- 1.8 sale of assets (selling or disposing of fixed assets for a total price per transaction exceeding \$100,000 or a series of aggregated transactions)

exceeding \$200,000)

- 1.9 capital expenditure (other than in the ordinary course of doing business) at a total cost to the company, per transaction, exceeding \$100,000 or a series of aggregated transactions exceeding \$200,000.

The agreement of the shareholders is required for:

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

#### **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.

#### **Accumulated profits and capital reserves**

The current structure of the company does not enable Capacity to pay a dividend in the 2012/13 financial year or succeeding years.

#### **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).



Note: Depending on the new shareholding arrangements the reporting requirements may change.

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.

### **Share acquisition**

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

### **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.

### **Commercial value of the shareholders' investment**

The net value of the shareholders' investment in the company is estimated to be valued at \$309,000 as at 31 December 2011. 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.

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## 10. Financial Forecasts

### Forecast Statement of Comprehensive Income

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2013, 30 JUNE 2014, 30 JUNE 2015

	1st Qtr 1-Jul - 30 Sep 000's	2nd Qtr 1 Oct - 31 Dec 000's	3rd Qtr 1 Jan - 31 Mar 000's	4th Qtr 1 Apr - 30 Jun 000's	Budget 2012/2013 000's	Budget 2013/2014 000's	Budget 2014/2015 000's
<b>REVENUE</b>							
Operations	2,066	2,067	2,066	2,099	8,298	8,475	8,647
<b>TOTAL REVENUE</b>	<b>2,066</b>	<b>2,067</b>	<b>2,066</b>	<b>2,099</b>	<b>8,298</b>	<b>8,475</b>	<b>8,647</b>
<b>EXPENDITURE</b>							
General Expenditure	455	455	455	487	1,851	1,891	1,940
Personnel Expenditure	1,595	1,596	1,595	1,595	6,381	6,518	6,687
Depreciation	16	16	16	16	64	64	18
Interest on Finance Leases	1	1	0	0	2	2	2
<b>TOTAL EXPENDITURE</b>	<b>2,066</b>	<b>2,067</b>	<b>2,066</b>	<b>2,098</b>	<b>8,298</b>	<b>8,475</b>	<b>8,647</b>
<b>NET SURPLUS/(DEFICIT) BEFORE TAXATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax expense/(benefit)	0	0	0	0	0	0	0
<b>NET SURPLUS/(DEFICIT) AFTER TAXATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Note: The financial forecasts are based on Capacity's current shareholder and client structure. If Porirua City joins Capacity's list of clients in the period 2012/13 as planned, this will affect Capacity's financial forecasts, and revised forecasts will be prepared and notified as set out under Schedule 8, clause 5, of the Act.*

## Forecast Statement of Financial Position

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2013, 30 JUNE 2014, 30 JUNE 2015

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Budget	Budget	Budget
	1-Jul - 30 Sep	1 Oct - 31 Dec	1 Jan - 31 Mar	1 Apr - 30 Jun	2012/2013	2013/2014	2014/2015
	000's	000's	000's	000's	000's	000's	000's
<b>CURRENT ASSETS</b>							
Cash	569	553	376	484	484	568	664
Prepayments	62	23	134	95	95	97	99
Trade and other receivables	792	793	792	811	811	828	850
<b>Current Assets</b>	<b>1,423</b>	<b>1,369</b>	<b>1,302</b>	<b>1,390</b>	<b>1,390</b>	<b>1,493</b>	<b>1,613</b>
<b>NON CURRENT ASSETS</b>							
Property, plant and equipment	114	123	107	91	91	27	9
<b>Non current assets</b>	<b>114</b>	<b>123</b>	<b>107</b>	<b>91</b>	<b>91</b>	<b>27</b>	<b>9</b>
<b>TOTAL ASSETS</b>	<b>1,536</b>	<b>1,492</b>	<b>1,409</b>	<b>1,480</b>	<b>1,480</b>	<b>1,519</b>	<b>1,621</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	852	723	739	772	772	802	892
GST payable	73	143	129	142	142	145	149
Annual leave	335	350	265	290	290	296	304
<b>TOTAL LIABILITIES</b>	<b>1,260</b>	<b>1,216</b>	<b>1,133</b>	<b>1,204</b>	<b>1,204</b>	<b>1,243</b>	<b>1,345</b>
<b>NET WORKING CAPITAL</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>
<b>EQUITY</b>							
Share Capital	600	600	600	600	600	600	600
Retained Earnings	(324)	(324)	(324)	(324)	(324)	(324)	(324)
<b>TOTAL EQUITY</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>

## Forecast Statement of Cash Flows

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2012, 30 JUNE 2013, 30 JUNE 2014

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Budget	Budget	Budget
	1-Jul - 30 Sep	1 Oct - 31 Dec	1 Jan - 31 Mar	1 Apr - 30 Jun	2012/2013	2013/2014	2014/2015
	000's	000's	000's	000's	000's	000's	000's
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>							
Cash was provided from:							
Operating receipts	2,272	2,376	2,377	2,395	9,420	9,781	9,812
GST receivable	(251)	(144)	(413)	(267)	(1,076)	(1,099)	(1,127)
Cash was disbursed to:							
Payment to suppliers	(2,035)	(2,222)	(2,141)	(2,020)	(8,418)	(8,599)	(8,589)
<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(14)</b>	<b>10</b>	<b>(177)</b>	<b>108</b>	<b>(74)</b>	<b>84</b>	<b>96</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>							
Cash was disbursed to:							
Purchase of fixed assets	0	(25)	0	0	(25)	0	0
<b>NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET CASH INFLOW / (OUTFLOW)</b>	<b>(14)</b>	<b>(15)</b>	<b>(177)</b>	<b>108</b>	<b>(99)</b>	<b>84</b>	<b>96</b>
<b>OPENING CASH BALANCE</b>	<b>583</b>	<b>569</b>	<b>553</b>	<b>376</b>	<b>583</b>	<b>484</b>	<b>568</b>
<b>CLOSING CASH BALANCE</b>	<b>569</b>	<b>553</b>	<b>376</b>	<b>484</b>	<b>484</b>	<b>568</b>	<b>664</b>

## 11. 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. Current shareholders are Wellington City Council and Hutt City Council. Capacity was incorporated in New Zealand in 2003 as Wellington Water Management Services Limited and changed its name in July 2009.

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 2012 to 30 June 2013. Comparative projected figures for the year ended 30 June 2014 and 30 June 2015 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.

### **Early adopted amendments and revisions to standards**

The following amendments and revision to standards have been early adopted:

NZ IFRS 7 Financial Instruments: Disclosures – The effect of early adopting these amendments in the following information is no longer disclosed:

- the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
- the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.

NZ IAS 24 Related Party Disclosures (Revised 2009) – The early adoption of NZ IAS 24 has had no effect on related party disclosures.

NZ IFRS 9 on financial instruments has not been adopted. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit.

### **Judgements and estimations**

Preparing financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, 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. In 2010/2011 the customers were shareholder councils Wellington City Council and Hutt City Council, as well as contracted services for Upper Hutt City Council.

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

Revenues relating to the outcome of talks on the inclusion of Porirua City Council as a Contractual client and/or Equity partner has not yet been incorporated into this report.

### **b) Expenses**

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

Expenses relating to the outcome of talks on the inclusion of Porirua City Council as a contractual client and/or equity partner have not yet been incorporated into this report.

### **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 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 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	10.75 per cent
Furniture	7.80-18.60 per cent
Plant and Equipment	7.80-48.00 per cent

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	five years
-------------------	------------

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) Statement of cash flows**

The statement of cash flows has been prepared using the direct approach.

Operating activities include cash received from all income sources of the company and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

The GST component of operating activities reflects the net GST paid and received with the IRD. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

#### **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.

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## 12. Schedule 1. Cost allocation summary

Capacity actively seeks opportunities to improve services in asset planning and contract management. We manage more than 5,000km of pipes, over 120 reservoirs and more than 175 pump stations for three councils. During 2012/2013 we will be responsible for managing \$61 million of operational expenditure and \$45 million of capital expenditure for our clients.

Schedule 1 below outlines how Capacity's costs are allocated across client councils based on planned work activities for 2012/2013.

Schedule 2 below lists the capital projects that will be managed by Capacity on behalf of its clients during the 2012/2013 year.

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**Schedule 1.**

**Capacity's cost allocation summary 2012-13**

		CAPACITY DIRECT COSTS						Consultants/contractor costs managed by Capacity on behalf of ratepayers (includes Capacity costs)		Total cost to ratepayers
		Strategic and asset planning	Investigation, monitoring and development	Capital project management	Operations management	Total	Operational programmes	Capital programmes		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Water</b>	WCC	171	731	876	760	2,538	21,157	17,205	38,361	
	HCC	140	44	65	333	583	9,568	3,215	12,783	
	UHCC	45	70	26	258	399	3,329	963	4,292	
	<b>Total</b>	<b>356</b>	<b>845</b>	<b>968</b>	<b>1,351</b>	<b>3,520</b>	<b>34,054</b>	<b>21,383</b>	<b>55,437</b>	
<b>Wastewater</b>	WCC	126	385	654	713	1,878	16,344	8,680	25,025	
	HCC	112	145	70	290	616	1,753	5,379	7,132	
	UHCC	75	28	31	53	187	3,113	1,809	4,922	
	<b>Total</b>	<b>314</b>	<b>558</b>	<b>754</b>	<b>1,055</b>	<b>2,681</b>	<b>21,210</b>	<b>15,868</b>	<b>37,078</b>	
<b>Stormwater</b>	WCC	230	447	471	257	1,404	4,336	4,630	8,966	
	HCC	90	80	51	228	448	1,745	2,340	4,085	
	UHCC	46	29	20	130	224	461	783	1,244	
	<b>Total</b>	<b>365</b>	<b>555</b>	<b>542</b>	<b>614</b>	<b>2,076</b>	<b>6,543</b>	<b>7,753</b>	<b>14,295</b>	
<b>Total network</b>	WCC	527	1,563	2,001	1,729	5,820	41,837	30,515	72,352	
	HCC	342	269	186	851	1,668	13,067	10,934	24,001	

\*

	UHCC	166	127	77	441	810	6,904	3,555	10,459
<b>Total</b>	<b>1,035</b>	<b>1,958</b>	<b>2,264</b>	<b>3,020</b>	<b>8,298</b>		<b>61,807</b>	<b>45,004</b>	<b>106,811</b>
							57.87%	42.13%	100.00%
							74.26%	25.74%	100.00%

% of controllable costs 7.77%  
 % of grand total costs 4.75%

**\*\***  
**\*\*\***

Total network asset values	WCC	HCC	UHCC	Total
<b>(Optimised replacement cost) (\$000's)</b>	<b>2,430,701</b>	<b>1,021,413</b>	<b>356,949</b>	<b>3,809,063</b>

\* WCC figures are draft , long term plan process not complete

\*\*excludes revenue,depreciation,interest and other council-controlled costs

\*\*\*includes revenue,depreciation,interest and other council-controlled costs

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## Schedule 2. Capacity's capital project delivery 2011/2012

These capital projects will be managed by Capacity on behalf of its clients during the 2011/2012 year. The project lists do not include Capacity management costs.

### Wellington City Council

#### WCC water supply projects

Bell Road Reservoir  
 Brooklyn renewals  
 Crofton Downs renewals  
 Emergency water tanks  
 Fire fighting mains extension  
 Hospital / Prince of Wales Reservoir  
 Karori renewals  
 Ladder and hatch programme  
 Lyall Bay renewals  
 Makara renewals  
 Melrose renewals  
 Messines reservoir  
 Miramar renewals  
 Ngaio renewals  
 Owhiro Bay renewals  
 Pump station renewals  
 Rongotai renewals  
 Seismic works  
 Tasman Street upgrade  
 Tawa renewals  
 Area meter upgrades  
 Water modelling  
 Zone valving

**Total** **\$17,203,888**

#### WCC wastewater projects

Berhampore renewals  
 Eastern Interceptor renewal - Strathmore  
 Island Bay pump station upgrade  
 Miramar renewals  
 Mount Cook renewals  
 Overflow reduction project  
 Pressure testing  
 Pump station renewals  
 Tawa renewals  
 Te Aro renewals  
 Thorndon renewals  
 Urgent works



UV (or alternative) construction (investigation)  
Wellington Central renewals

**Total** **\$8,680,427**

**WCC stormwater projects**

Davis St culvert strengthening  
Johnsonville renewals  
Karori renewals  
Kelburn renewals  
Lyal Bay renewals  
Ngaio renewals  
Te Aro renewals  
Urgent works  
Wadestown renewals  
Wellington central renewals

**Total** **\$4,629,575**

**Total WCC** **\$30,513,890**

**Hutt City Council**

**HCC water supply projects**

Emergency supply point (valving)  
Horoeoka Street – rain/rider/services renewal  
Kelson pump station renewal  
Kelson/Fairway Drive link main  
Knights Road emergency main - rider/services renewals  
Konini Road Reservoir outlet main - main /services renewals  
Network minor works  
Pump station minor works  
Reservoir minor works  
Reservoir seismic upgrade - Konini reservoir  
SCADA renewals  
Stokes Valley Road - main/rider/services renewals  
Tawhai Street-main/rider/services renewals

**Total** **\$3,215,000**

**HCC wastewater projects**

Howard road sewer renewal  
Local pumping stations  
Minor asset renewals  
Naenae sewer renewals  
SCADA  
Trunk DBO asset replacement fund  
Trunk DBO network cyclic replacement

Trunk Non DBO minor works  
Trunk Type A asset development  
Trunk Type B network development  
Wainuiomata catchment sewer renewals

**Total**

**\$5,379,000**

**HCC stormwater projects**

Awamutu Stream  
Boulcott Stopbank Project - HCC contribution  
Godley Street - Bauchop Street stormwater renewals  
Jessie Street (Jackson to the Esplanade)  
Manuka Street  
Minor Works  
SCADA

**Total**

**\$2,340,000**

**Total HCC**

**\$10,934,000**

**Upper Hutt City Council**

**UHCC water supply projects**

Huia Grove renewal  
Fergusson Drive renewal  
Weka Grove renewal  
Victoria Street renewal  
Wilson Street renewal  
Golders Road renewal  
Prouse Grove renewal  
Harewood Grove renewal  
Pine Avenue renewal  
Telemetry upgrade  
Bulk meter installation  
Reservoir upgrade  
Pump station renewal

**Total**

**\$963,000**

**UHCC wastewater projects**

Holdsworth Avenue renewal  
Perry Street renewal  
Blenheim Street renewal  
Fraser Crescent renewal  
Elmslie Road renewal  
Sheridan Crescent renewal  
Bush Grove renewal  
Jocelyn Crescent renewal  
Whakatiki Street renewal  
Pump station renewal  
Trunk DBO capital project

**Total**

**\$1,808,730**

**UHCC stormwater projects**

Sunbrae Drive renewal  
Elmslie Road renewal  
Birch Grove renewal  
Pinehaven Road renewal  
Fergusson Drive renewal  
Turon Crescent renewal  
Cruickshank Road renewal  
Field Street renewal  
Rongonui Street renewal  
Jocelyn Crescent renewal  
Hudson/Ventura/Oxford streets renewal  
Telemetry upgrade

**Total** **\$783,000**

**Total UHCC** **\$3,554,730**

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