

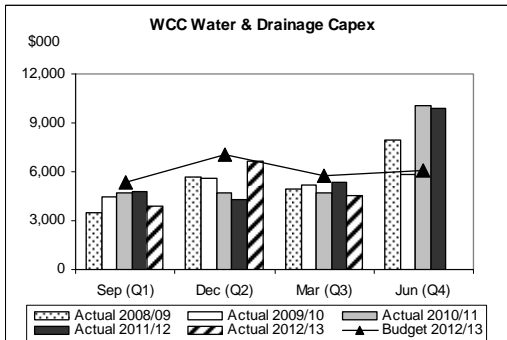
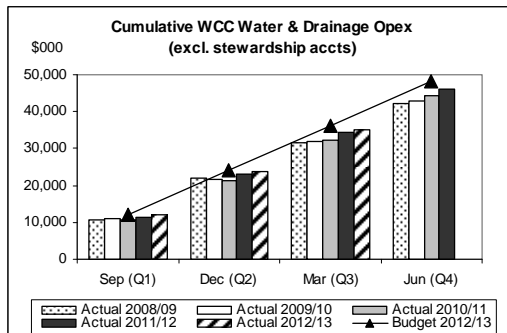
## Quarterly Review – Capacity Infrastructure Services Limited

Capacity has presented its report for the quarter ended 31 March 2013 for review. A summary of key findings is presented below and the full report is attached.

### Highlights / Summary

- As noted previously, the below target service responsiveness results for drainage this year have been due to issues with new staff and the City Care IT reporting system. Capacity has noted no significant issues with City Care's actual service response YTD and expects the indicators to be correct in time for Q4.
- PCC will consider the proposed consultation documentation on the Capacity proposal at its meeting on 29 May.
- At the end of March the Company was forecasting a capex carry forward of \$1.35m for WCC. Design and access issues have resulted in delays to the Tasman Street stormwater renewal project. This project will now be completed in 2013/14. Similarly, wastewater work deferred to accommodate the Buckle Street upgrade will be undertaken in 2013/14.

### Performance (WCC 3-waters expenditure)



### Key Performance Indicators

Measure	Annual Target	YTD WCC Actual	YTD HCC Actual	YTD UHCC Actual
Unplanned water supply cuts/1000 connections	4 per 1000	0.91	2.17	1.30
Wastewater incidents/km of reticulated pipeline	1.2 per km	0.33	0.57	0.35
Responsiveness to service request within 1 hour				
- water supply	97%	98%	98.5%	99%
- stormwater	97%	62%*	98%	100%
- wastewater	97%	59%*	97%	95.5%
<b>Capex - YTD actual \$m</b>				
- YTD budget \$m		15,063	6,458	1,432
- YTD variance \$m		18,070	7,226	2,966
<b>Opex - YTD actual \$m</b>				
- YTD budget \$m		3,007	768	1,533
- YTD variance \$m		28,608	14,625	4,133
- YTD variance \$m		29,082	13,704	4,235
- YTD variance \$m		474	-921	102

\* See Activities discussion

- Wellington city has an A1b drinking water standard rating.
- The Company is discussing with GWRC an environmental non-compliance with the stormwater discharge resource consent, relating to its reporting of prevention measures.

### Activities During the Quarter

- The seismic strengthening work on the Newlands No. 2 reservoir was completed, as was design and tendering work for the Johnsonville No. 1 reservoir seismic upgrade.
- Seven requests regarding flooding in the Tawa area (3 residential, 4 commercial) were reported on 4 February, a 1 in 30 year event. The flooding was primarily due to pipe capacity issues and stormwater debris blocking the intakes.
- KPIs on harbour/coastal sites and bathing beaches are tracking below target YTD; this is related to the timing of testing and rain events. In both cases testing a few days later was within the guideline levels.
- The Company is investigating potential sources of pollution in order to understand why testing for the freshwater site KPI is tracking below target YTD.

### Underlying Financial Commentary

- Capacity budgets for a breakeven result for the year. Revenue is below budget by 8.7% YTD and this has been offset by lower than budgeted personnel and operating expenditure.
- Capacity reports a YTD underspend of \$474k (or 1.6%) compared to budget and an expected overspend for the full year of \$1.4m (or 3.5% of budget). The change is due to the anticipated re-allocation of some costs during Q4. The forecast year end overspend is due to higher than budgeted levels of reactive maintenance and unbudgeted increases in treatment plant tariffs. This overspend is forecast to be offset by favourable variances in asset stewardship within WCC budgets.
- Capex for Q3 (\$4.6m) was under budget (\$5.7m) due to delays in stormwater and wastewater renewal projects such as Tasman St. YTD capex is under-budget by \$3.0m or 17%.

The performance charts list the aggregate project expenditure being managed on behalf of WCC. Financial performance figures below refer to the company's income/expenditure across all councils

### Statement of Financial Performance

For the quarter ended 31 March 2013

\$000	Q3 Actual	Q3 Budget	YTD Actual	YTD Budget	FY Budget
Income	1,763	2,066	5,722	6,199	8,298
Expenditure	1,755	2,066	5,699	6,200	8,298
Net surplus / (loss)	8	0	23	0	0

### Statement of Financial Position

As at 31 March 2013

\$000	YTD Actual	FY Budget	FY 2011/12 Actual
Current assets	1,781	1,294	1,699
Non-current assets	196	187	163
Current liabilities	1,591	1,204	1,499
Non-current liabilities	0	0	0
Equity	386	276	363
Current ratio	1.12	1.08	1.13
Equity ratio	19.5%	18.6%	19.5%

### Statement of Cash Flows

For the quarter ended 31 March 2013

\$000	YTD Actual	FY Budget	FY 2011/12 Actual
Operating	594	(74)	344
Investing	(88)	(121)	(115)
Financing	0	0	0
Net	506	(195)	230
Closing balance	885	388	379

Note: FY Budgets are as approved in the Statement of Intent

Contact officer:

Maree Henwood

## Profile - Capacity Infrastructure Services Limited

Capacity Infrastructure Services Limited is a council controlled trading organisation established in April 2004. Its primary role is to manage the water, wastewater and stormwater assets of its shareholding councils. Currently the shareholders are Hutt City Council and Wellington City Council (WCC). Capacity also manages the water, wastewater and stormwater assets of Upper Hutt City Council under a service agreement.



Wellington City Council's total 3-Waters budget for 2012/13 is \$114.8m. Capacity is responsible for the effective and efficient management or guardianship of:

- Opex projects with a total budget of \$48.2m
- Capex projects with a total budget of \$22.7m
- Capex carry forward projects with a total budget of \$1.4m

WCC is responsible for three opex stewardship projects with a total budget of \$42.5m. In addition, WCC manages a portion of the asset management function within three of the opex projects.

In addition to the long term management of the 3-Waters assets, Capacity was established with the objective and ability to pursue the development of related opportunities with other local authorities and organisations.

### Entity Data

Established	5 April 2004	
Board	Peter Allport (Chair) Peter Leslie Ian Hutchings John Strahl Cr Andy Foster (WCC) Cr David Bassett (HCC)	<i>Term expires:</i> 31 Dec 2013 31 Dec 2013 31 Dec 2015 31 Dec 2015 31 Oct 2013 31 Dec 2013
CEO	David Hill	
Balance date	30 June	
Number of FTE staff	65	
Website	<a href="http://www.capacity.net.nz">www.capacity.net.nz</a>	
Type of entity	Company	
LGA designation	CCTO	
By reason of	Board control: all trustees appointed by shareholding Councils	
Wellington City Council interest	\$226k (book value)	
Type of interest	50% Shareholding (class A shares); 63% Financial Interest (class B shares)	