

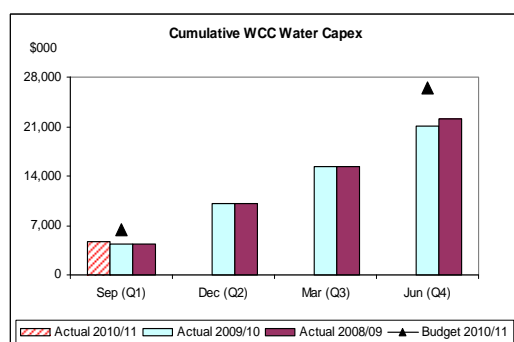
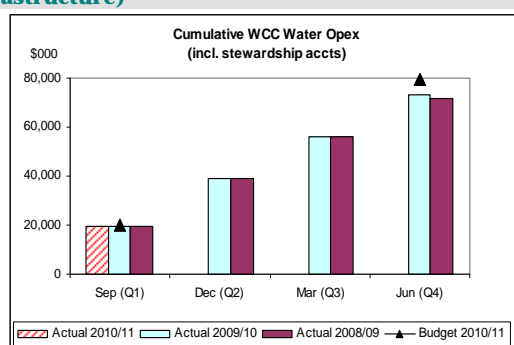
Quarterly Review – Capacity Infrastructure Services Limited

Capacity has presented its report for the quarter ended 30 September 2010 for review. A summary of key findings is presented below and the full report is attached.

Highlights

- For the quarter, Capacity's income was \$16k below budget and costs were \$34k below budget. The quarter's surplus was \$27k, compared to a budgeted surplus of \$9k.
- WCC capex is under budget for Q1 due to delays in the start of the four water pipeline renewal contracts, a request by the WCC roading division to delay the Willis St wastewater renewal project, and delays in the Messiness Road reservoir, Tacy St Pump Station and the upgrading of the inlet pumping station at Moa Point.

Performance (expenditure relating to WCC infrastructure)



Key Performance Indicators

Measure	Annual Target	Q1 WCC Actual	Q1 HCC Actual	Q1 UHCC Actual
Unplanned water supply cuts/1000 connections	4 per 1000	0.20	0.57	0.27
Wastewater incidents/km of reticulated pipeline	1.2 per km	0.19	0.28	0.04
Responsiveness to service request within 1 hour				
- water supply	97%	98%	99%	100%
- stormwater	97%	90%*	99%	100%
- wastewater	97%	84%*	100%	100%
Capex - YTD actual \$m		4.696	0.637	0.606
- YTD budget \$m		6.414	0.802	0.599
- YTD variance \$m		1.718	0.165	(0.007)
Opex - YTD actual \$m		8.796	3.611	1.848
- YTD budget \$m		8.857	4.086	1.950
- YTD variance \$m		0.061**	0.475	0.102

* See Activities discussion

** Capacity figures also exclude other non-controllable costs from project C087

Contact officer:

Maree Henwood

Activities during the quarter

- All Asset Management Plans (AMPs) were completed within agreed timeframes. Capacity is on target for meeting both delivery and programmed improvements in the AMPs for the three client councils.
- The response to service request metrics for WCC are not currently being met for stormwater and wastewater. This is as a result of CitiOperations being unable to report some response times; these were impacted slightly by the secondment of staff to help with the Christchurch earthquake.

Underlying Financial Commentary

- The Council's internal reports show \$1.7m (or 27%) underspent on capex for Q1. This reflects weather related delays in water network renewals and sewerage network renewals. It also reflects spend to date on most projects being slightly behind budget.
- The Company expects that the capex work will be completed and the budget will be fully spent by the end of the year.
- At first glance the Council's reports show \$249k underspent on opex for Q1. Excluding stewardship accounts, which the Company does not control, Capacity has underspent the Council's opex budget by \$63k. However, these figures were due to be adjusted at quarter end; post-adjustment the Council's opex budget is overspent by \$57k for Q1.
- At the end of September, the opex budget (excluding stewardship accounts) for the full year was expected to be overspent by \$287k including the adjustment mentioned above, largely reflecting reactive works.

Note that individual project expenditure is reported within the shareholding councils. 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.

Statement of Financial Performance

For the quarter ended 30 September 2010

\$000	Q1 Actual	YTD Actual	YTD Budget	2010/11 FY Budget
Income	1,886	1,886	1,902	7,607
Expenditure	1,859	1,859	1,893	7,607
Net surplus / (loss)	27	27	9	-

Statement of Financial Position

As at 30 September 2010

\$000	YTD Actual	2009/10 FY Actual	2010/11 FY Budget
Current assets	1,716	1,266	1,144
Non-current assets	87	93	18
Current liabilities	1,462	1,046	887
Non-current liabilities	-	-	-
Equity	341	313	275
Current ratio	1.2	1.2	1.3
Equity ratio	19%	23%	23%

Statement of Cash Flows

For the quarter ended 30 September 2010

\$000	YTD Actual	2009/10 FY Actual	2010/11 FY Budget
Operating	(186)	197	(149)
Investing	(5)	(83)	(40)
Financing	-	-	-
Net	(191)	114	(189)
Closing balance	306	497	384

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

Appendix 1

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. Capacity also manages the water, wastewater and stormwater assets of Upper Hutt City Council under a service agreement.



In addition to the long term management of these 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) Ian Hutchings Peter Leslie Cr Andy Foster (WCC) John Strahl TBC (HCC)	<i>Term expires:</i> 31 Dec 2010 30 Jun 2012 31 Dec 2010 Oct 2013 31 Dec 2012
CEO	David Hill	
Balance date	30 June	
Number of FTE staff	65	
Website	www.capacity.net.nz	
Type of entity	Company	
LGA designation	CCTO	
By reason of	Board control: all trustees appointed by shareholding Councils	
Wellington City Council interest	\$210,000 (book value)	
Type of interest	50% Shareholding (class A shares); 63% Financial Interest (class B shares)	