

Quarterly Review – Capacity (Wellington Water Management Limited)

Capacity has presented its report for the quarter ended 30 September 2007 for review. A summary of key findings is presented below and the full report is attached.

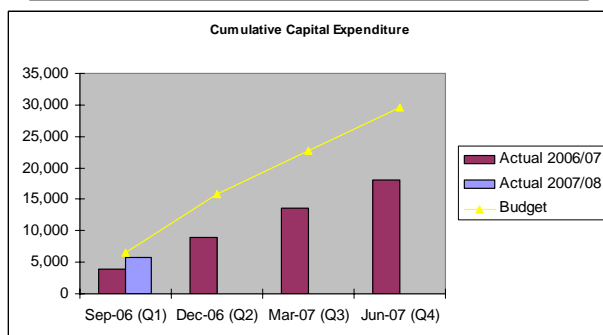
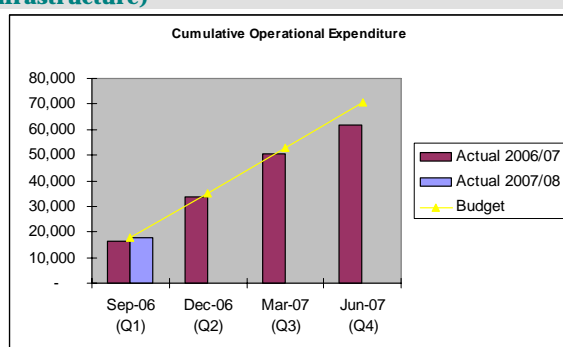
Highlights: achievements

- Capacity was a runner-up in the 2006 Greater Wellington Nikau Compliance award for its work on the Takapu Stream rectification

Activities during the quarter

- Capacity is managing a number of resource consents on behalf of Council, including an appeal of the Western Wastewater Treatment Plant consent conditions, to enable continued lawful operation of the plant
- Preparation of Asset Management Plans for water, wastewater and stormwater continues, with submission to Council officers planned for December 2007

Performance (expenditure relating to WCC infrastructure)



Macro Key Performance Indicators

The following KPI's have been reported by the company

Measure	Annual Target	Quarter Target	Quarter Actual
Requests for service resolved within 15 days	90%	90%	96%
Customers satisfied with work done	90%	90%	92%
\$4.175m savings by 30/06/2009		n/a	n/a

- The SLA savings model has been reviewed by both Councils. Hutt City has formally approved the model. Inputs to the savings model have been entered by WCC and a process of reconciling the first 3 years of the company's performance against the agreed objectives has commenced. A final assessment of the status of this evaluation will be completed at the end of the current financial year.

Financial Commentary

- Capacity's performance for the quarter was a \$42k deficit (-3%) compared to a budgeted breakeven position – staff charge out rates are insufficient to cover the cost of staff leave
- Council YTD opex is \$60k (3%) over budget, largely due to high fixed monthly bulk water payments based on 06/07 consumption; year-end forecast is \$0.28m over budget due to unbudgeted flood protection work in Miramar
- Council capex is \$654k under budget; there are significant under and over spends against budget, notably an overspend of \$812k on Mercer Street sewer link but no budget variances are forecast for year-end

Note that individual project expenditure is reported within the shareholding councils. The performance charts list the aggregate project expenditure being managed on behalf of the Council. Financial performance figures below refer to the company's income/expenditure.

Statement of Financial Performance

For the quarter ended 30 September 2007

\$'000	Q1 Actual	Q1 Budget	YTD Actual	YTD Budget	FY Budget
Income	1,303	1,266	1,303	1,266	5,132
Expenditure	1,346	1,266	1,346	1,266	5,132
Operating surplus	(42)	-	(42)	-	-

Statement of Financial Position

As at 30 September 2007

\$'000	YTD Actual	2006/07 Actual	FY Budget
Current assets	829	925	1,176
Non-current assets	73	72	52
Current liabilities	568	621	851
Non-current liabilities	-	-	-
Equity	334	376	376
Current ratio	1.5	1.5	1.4
Equity ratio	37.0%	37.7%	30.7%

Statement of Cash Flows

As at 30 September 2007

\$'000	YTD Actual	2006/07 YTD Actual	FY Budget
Operating	(147)	(18)	(15)
Investing	(6)	-	-
Financing	(153)	(9)	-
Net	-	(27)	(15)
Closing balance	223	376	611

Note: FY Budgets are as approved in the Business Plan.

Contact officer:

Warren Ulusele

Profile - Capacity (Wellington Water Management Limited)

Capacity (Wellington Water Management Ltd) 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.



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 th April 2004	
Board	Bryan Jackson (Chair) Richard Westlake Cr Alick Shaw (WCC) Cr Andy Foster (WCC) Cr Roger Styles Cr Ray Wallace	<i>Term expires:</i> 30 Nov 09 30 June 09 31 Dec 07 31 Oct 10 (HCC) (HCC)
CEO	David Hill	
Balance date	30 June	
Number of FTE staff	47	
Website	www.capacity.net.nz	
Type of entity	Company	
LGA designation	CCTO	
By reason of Council interest	Board control: all trustees appointed by shareholding Councils	
Type of interest	\$375,000 (book value) 62.5% Shareholding	