

6. REVISED 2005/06 CAPITAL PROGRAMME

General Managers responsible:	General Manager Corporate Services; General Manager City Environment
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PURPOSE OF REPORT

1. The purpose of this report is to advise the Council of the level of capital expenditure which staff believe is deliverable for the 2005/06 year.

EXECUTIVE SUMMARY

2. The Annual Plan for 2005/06 adopted by Council had a capital expenditure programme of \$165m.
3. As the Council is aware, following extensive discussions over various seminars in recent months, we have traditionally struggled to deliver the level of capital expenditure year upon year. The result has been significant carry-overs (some \$30-\$40m pa). One of the major reasons for this trend has been a capacity constraint within the Council, principally through City Solutions, and complex planning and consultation processes in relation to Transport and City Streets' activities.
4. The Council was advised at its meeting on 27 October 2005 that we were looking to increase our delivery capacity through City Solutions (including use of external consultants) to \$80m pa. We also informed the Council that we would be reviewing the current capital programme and would advise what we would actually be able to deliver and, therefore, what would need to be reprogrammed into 2006/07 – and the consequential realignment of the 2006/16 capital programme.
5. A Capital Control Group has been established (comprising the CEO, General Manager City Environment and General Manager Corporate Services) to monitor our progress on a monthly basis. Appendix 1 (attached) shows part of the report which the control group considers. This report targets the top 85 odd projects and represents 70 percent of the spend.
6. We have assessed the status of the capital programme and determined the following:

	Green	Orange	Red	Yellow	Total
Transport and City Streets	28,914	15,000	3,700		47,614
Greenspace	11,507	5,432	1,600		18,539
City Water and Waste	39,264	3,000	4,200		46,464
Community Services	13,909		8,855		22,764
Corporate Services	16,189	3,000	3,000	10,500	32,689
Planning and Strategy	1,202				1,202
Total	110,985	26,432	21,355	10,500	169,272

Key:	Green:	Confident of delivery.
	Orange:	Degree of risk that this can be delivered
	Red:	Reprogrammed to 2006/07
	Yellow:	Not required

7. This sees us highly confident that we will deliver approximately \$111m, which is a considerable improvement on previous years.
8. Of the "at risk" \$26m, \$15m relates to Transport and City Streets' work that is due to be out to the market for tender by the end of February. We are uncertain about the ability of the market to absorb this amount of work: \$5.5m relates to land purchases for which timing of actual acquisition is difficult to predict. Please note that \$3.5m of the \$5.5m relates to Aidenfield/Waterways and Wetlands protection. It is unclear whether the gas pipeline project (\$3m) will commence this year. Within Corporate Services there is \$2.5m related to IT projects which are being developed.

9. We have also identified \$10.5m of projects which we believe can be removed from the list - \$2m for light vehicle purchases and \$8.5m for the Civic Building (on the assumption that the Civic Building will ultimately end up as a CCHL project, and we would only need to budget for fit-out costs).
10. Moving forward, by the end of January we will have more certainty of the orange (at risk) projects. That will be the point whereby we determine whether we will be able to deliver on these projects or if they will be reprogrammed. A decision will need to be made at this time to enable us to finalise the LTCCP capex programme for the Council's consideration in the week of 13-17 February 2006.
11. Attached also (Appendix 2) for Council's information are graphs showing the capex progress for the major infrastructure units.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (i) Receive the report.
- (ii) Note that staff are confident of delivering \$111m of the budgeted \$165m capital programme.
- (iii) Note that the capital programme is a "fluid beast" and an amount in the order of \$21-\$48m will be reprogrammed into the 2006/16 LTCCP.