

22. QUARTERLY MONITORING REPORT AS AT 30 SEPTEMBER 2006

General Manager responsible:	General Manager Corporate Services, DDI 941-8540
Officer responsible:	General Manager Corporate Services
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PURPOSE OF REPORT

1. The purpose of this report is to update the Council on the first quarterly performance of the 2006/07 financial year.

EXECUTIVE SUMMARY

2. Attached are appendices showing:
 - Operating Performance as at 30 September 2006 (Appendix 1)
 - Significant Capital Projects as at 30 September 2006 (Appendix 2)
3. This is the first quarterly monitoring report for the 2006/07 financial year. At this stage of the fiscal year, it appears that overall we are generally on track to deliver at both an operating and capital level.
4. There are some individual areas that need to be examined and they are as follows.

Operating Costs

5. Within the Streets and Transport activities, there are signs that contract costs for street sweeping and litter collection will exceed budget by \$1.9m by year end (currently they are \$570k over budget). We need to investigate these contracts further to better understand whether the cost drivers (volume and price) are permanent or temporary. If they are permanent, and they are greater than that forecast in the LTCCP for 2007/08 and onwards, then to maintain the current LOS they will result in a greater rate impact than forecast.
6. The storm and flood damage work undertaken in July/August was clearly not sufficiently budgeted for, so at this point in time this item has contributed a \$415k over spend.
7. Savings in other areas of City Environment contracts have helped offset the above.

Revenue

8. Parking fee income is currently behind budget by \$600k. We will need to monitor use (now that all the new meters and parking bylaws are operational) and see if the revenue continues to fall behind budget. At this stage we are not forecasting it to be the case.
9. Vesting of assets are behind budget by \$500k. This is a difficult area to forecast and it is too early to say if it will be a timing issue only. There is no rate impact as development contributions are reflected in the "surplus".
10. LTNZ subsidies are also behind budget by \$1.5m.

Capex

11. There are a number of areas that need comment.
12. Ocean Outfall: With the contract now finalised and work commenced, we have a more definite cash flow picture. We are forecasting to spend \$7.3m more than the 2006/07 budget – but we will be within the overall project budget.
13. Fifth and Sixth Digester: The project is due to be completed in September/October 2007. We are forecasting to spend \$5.6m more than the 2006/07 budget, but again will still be within the overall project budget.

14. Western Interceptor Stage I: This project, which has seen the work scope extended, is not expected to start construction until March 2007. This will see us only spending 770k of the \$4.9m 2006/07 budget.
15. Strategic Land Purchases: These represent \$13.8m of our budget. While we are forecasting to spend the total amount, this remains a difficult area to predict and one of risk to us, regarding delivery of the capital programme.

LTCCP KPIs

17. We are currently reviewing the first output from our Horizon system that is designed to report our performance against delivery of the KPIs from the LTCCP.
18. As we go to print, we do not have detail to attach to this report. Indications are that we are in relatively good shape, although we already know one or two KPIs will not be met, e.g. four or fewer wet weather sewer overflows.

STAFF RECOMMENDATION

It is recommended that the Council receive the report.