We’re managing our capital spending and borrowing programme with a long-term view, to ensure current spending doesn’t reduce the options available to future councils.

Effective management of our capital spending programme has allowed us to borrow less than we’d planned.

We’re forecasting total capital spending of $99.3 million for 2007/08 (excluding carried forward capital expenditure). That compares with $106 million we’d forecast for the year in our long-term plan. These savings reflect our rescheduling of some capital works we’d budgeted for in our long-term plan. For example, we’re deferring: construction of the Messines Road water reservoir; some wastewater renewal projects; some roading projects; some urban park upgrades including Hannah’s Courtyard and Cobblestone Park; replacement of nursery buildings at the Wellington Botanic Garden; extension of Te Ara o Nga Tupuna – Maori heritage trails; hydroslide construction at Karori Pool; and upgrade the road at Makara Cemetery. (An explanation of each change can be found in the variances sections in the next part of this plan.)

Our total capital spending and loans programme for 2007/08 including carried forward capital expenditure is $129.5 million. To fund this we’re increasing our borrowings by $61.7 million in 2007/08. This compares with the $66 million we’d forecast in our long-term plan. This ensures that we can meet current needs without compromising the ability of future councils to meet the city’s future needs.

We take great care to ensure that our budgets are robust. Each year we review the underlying assumptions and costs that make up each activity. For each activity we consider the impact of the:
- allocation of organisational cost efficiencies
- appropriateness of inflation and CPI adjustments
- direct costs associated with staff and recruitment
- changes affecting our opening balance sheet (for example the Wellington International Airport Limited early repayment of subordinated debt in 2006/07).

This means that the forecast costs for each activity may differ from those we had originally forecast for 2007/08 in the long term plan. It is important to note that these allocations do not affect the intended level of service. Any changes from current levels are explained in the Our Activities in Detail section of this document (see the sections on our new initiatives and variances).