

Draft

CAPITAL SPENDING

We're continuing to invest in the infrastructure of the city.

Capital spending pays for property, plant and equipment. This includes buying, building, developing and upgrading assets such as buildings, roads, bridges, water and stormwater pipes, and so on.

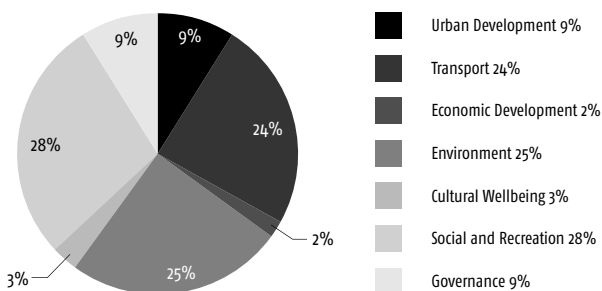
We fund capital expenditure from depreciation, borrowings, reserves and bequests, Land Transport NZ and other subsidies, and development contributions. For asset renewals, the main funding source is depreciation. For new assets, the main funding source is borrowings.

We aim to manage our borrowing within the following targets:

- total Council borrowing is less than 10% of equity and less than 150% of income
- net interest is less than 15% of income and less than 20% of rates income
- liquidity is greater than 110%.

We're forecasting capital spending (excluding carried forward expenditure and loans to other organisations) of \$120 million for 2008/09. That's an increase of \$21 million from 2007/08, but compares favourably with our previous forecast for 2008/09 of \$145 million. This change reflects the reprioritisation of some capital works we'd budgeted for in our long-term plan – further information is provided in the "Our Activities in Detail" chapter.

CAPITAL SPENDING



VARIANCES FROM LONG-TERM PLAN

Each year we review the underlying assumptions and costs that make up each activity. For each activity we consider the impact of a number of factors, including:

- changes in direct costs
- updated forecasting assumptions (including changes to the forecast timing of projects)
- the allocation of indirect and organisational costs/efficiencies
- the appropriateness of inflation and CPI adjustments
- changes affecting our opening position (e.g. updated borrowings forecasts)

This means that the proposed costs for each activity may differ from those we had originally forecast for 2007/08 in the long term plan.

Further information is provided in the "Our Activities in Detail" chapter.

CONSULTATION

What do you think of our proposals?

You can make comments online or write to us.

Comments can be made online at www.Wellington.govt.nz. Or you can write a submission, send a letter or email, or use the comments form in this annual plan or our *Absolutely Positively Wellington* newspaper.

Send comments to:

- Annual Plan, Wellington City Council, PO Box 2199, Wellington
- Annual.Plan@wcc.govt.nz

You also have the opportunity to present your submission in person to a subcommittee of councillors.

We need to hear your views before 5pm on 19 May.

Come to a meeting.

You can find out more about our proposals and the thinking behind them by coming to a meeting. We have the following public meeting scheduled:

- 2008/09 draft annual plan meeting – on Tuesday 6 May at 7pm.

The meeting will be held in Committee Room One in the Council buildings at 101 Wakefield Street.

If you are a member of a resident association, sports club or any other organisation or group and would like to talk about the draft plan at one of your meetings during the consultation period please contact 499 4444.

Your views do matter.

Every year, we change or confirm our plans in response to public input. We appreciate the submissions we get, and we do take them seriously.

The Mayor and councillors will get copies of every submission. A subcommittee will listen to oral submissions in late May and they'll report to our Strategy and Policy Committee in June. The committee will discuss your views and start finalising the work programme for the year. Then, on 27 June, the full Council will meet to finalise the programme.

If you've made a submission, we'll write to you and let you know what was decided. Our annual plan will be published in July.

COPIES OF THIS PLAN

You can get extra copies of this annual plan from libraries, service centres, or Council offices. If you phone 499 4444 we'll send you a copy. You can also download copies from www.Wellington.govt.nz.