

STREETWORKS MANAGEMENT (CHRISTCHURCH) LIMITED

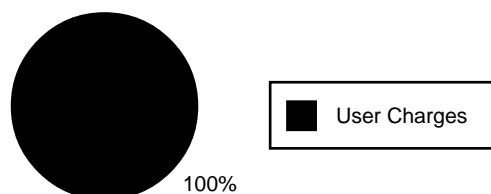
Cost of Service

1995/96 BUDGET		1996/97 BUDGET
\$		\$
(222,500)	Net Revenue	(226,625)
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126,500	Administration Costs	123,500
43,044	Depreciation	43,044
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169,544	Total Administration Costs and Depreciation	166,544
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(52,956)	Net Profit Before Taxation	(60,081)
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\$165,000	Capital Expenditure	\$28,333

Performance Indicators

- 2.1 Return on net assets 15%
- 2.2 Return on shareholders funds 15%
- 2.3 Income from Isopipe Franchise \$150,000

Sources of Funding



Planned Service

This enterprise is a company engaged in tendering for and carrying out maintenance and construction work in roading. The company employs no staff directly but subcontracts its total workload out, employing management, secretarial, financial and operational services as required.

The company's revenue is a fee taken from the value of the roading contracts being carried out. The company's expenditure is largely administrative plus directors fees. It follows that the company's financial position is a function of the value of work won in the company's name by the principal subcontractor, the Works Operations Unit, also owned by the shareholder.

The company has purchased a franchise from Trenchless Technology Ltd for the replacement of underground pipes using trenchless methods.

Relationship to the Council

Streetworks Management (Christchurch) Limited is a Local Authority Trading Enterprise, 100% owned by the Christchurch City Council. The company was incorporated on 9 September 1991. The Council retains control over the activities of the company through approval of the company's annual Statement of Corporate Intent.

The Council's interest in the company is in accordance with its Strategic Objectives: C11 and D8 (see pp 19-23).

Due to changes to the Transit NZ legislation this company's turnover is likely to decline during 1996/97.

It is also possible that the company will cease to trade altogether during the later part of the year.

Overall Service Objective

1. To operate a successful business providing and carrying out maintenance and construction work in roading and other related activities in an efficient and economical manner for the maximum benefit of shareholders.

Objectives for 1996/97

2. Yield projected return on investment.