

RECOVERED MATERIALS FOUNDATION

MEMORANDUM

DATE: 8 April 1998
FROM: Martin Homisan
 Finance and Administration Manager
TO: R M F Board

SUBJECT: *Financial situation report for March 1998 and 1997/98 Budget revision*

1. R M F - Cashflow situation

The RMF operates the Cheque Account in the TRUST BANK Canterbury Centre. Summary of transactions for the month of March 1998:

DATE	DETAILS	WITHDRAWAL	DEPOSIT	BALANCE
27 FEB 98	OPENING BALANCE			9 273.53
March 98	DEPOSITS TOTAL		103 145.91	
March 98	WITHDRAWALS TOTAL	92 923.94		
30 March 98	CLOSING BALANCE			19 495.50

Closing balance of other accounts:	Prime Rate Call	\$ 46 610.32
	Term Deposit	\$ 430 776.16
	Other Deposit	\$ 70 000.00

Summary of the Operational funds spending (March 1998) is attached.

2. RMF Buildings: – Parkhouse Road site establishment:	Original Budget	\$ 520 000
	Additional funds	\$ 35 000
	<u>Spending to date</u>	<u>\$ 562 307</u>
	Status:	over budget

3. RMF Plant:	Budget	\$ 250 000
	<u>Spending to date</u>	<u>\$ 117 153</u>
	Status:	under budget

4. RMF Chattels:	Budget	\$ 30 000
	<u>Spending to date</u>	<u>\$ 24 325</u>
	Status:	under budget

5. GPS Operational expenses	Budget	\$ 50 000
	<u>Spending to date</u>	<u>\$ 8 584</u>
	Status:	under budget

Summary of the RMF operating budget spending for March '98 as well as detailed analysis of incurred cost for the Buildings, Plant and Chattels is attached as well as 97/98 Budget revision.

RMF OPERATING BUDGET - SUMMARY OF SPENDING MARCH 1998

ITEM	ORIGINAL	REDUCED	REVISED	Mar-98	TO DATE	% SPENT
1.STAFF						
Chief Executive Officer	62500	62500	85300	11820	56460	66%
Business Development Manager	25000	25000	25000	3914	10067	40%
Projects & Technology Manager	25000	25000	25000	3140	6217	25%
Administration Manager	30000	30000	35600	3200	23476	66%
Research & Education Officer	nil	nil	35750	3170	23508	66%
Waste Exchange Officer	nil	nil	5000	nil	0	0%
Receptionist / Secretary	nil	nil	4800	nil	0	0%
GPS Personnel Salaries	155000	140000	34000		0	0%
Contingency Reserve Fund	nil	nil	22000	nil	0	0%
STAFF TOTAL	297500	282500	272450	25244	119728	44%
2.ADMINISTRATION						
Operating expenses	50000	50000	50000	5140	35210	70%
Travel, networking	25000	25000	20000	2693	11643	58%
ADMINISTRATION TOTAL	75000	75000	70000	7833	46853	67%
INDUSTRY LIAISON TOTAL	75000	75000	62000	1850	33307	54%
PROJECTS & TECH.TOTAL	112500	112500	94750	5620	37149	39%
5.POLICY, RES.&EDUCAT. TOTAL	18000	18000	11750	36	5533	47%
6.INTERIM SUBSIDIES						
Paper	203000	203000	191000	37023	193702	101%
Glass	60000	60000	60000	11136	46306	77%
Canty Plastic Recyclers	18000	18000	18000	0	5500	31%
Southern Cross Bottle Exchange	nil	nil	24000	79	17870	74%
Materials Equalisation Fund (Paper)	nil	nil	nil	0	80000	
INTERIM SUBSIDIES TOTAL	281000	281000	373000	48238	343378	92%
CWC FUNDING TOTAL	nil	nil	44000	0	24572	56%
ASSETS - RMF	nil	nil	nil		4444	
RMF OPERATIONAL TOTAL	859000	844000	927950	88821	614964	66%
GPS operation & professional services	150000	65000	50000	5889	8584	17%
T O T A L S	1009000	909000	977950	94710	623548	64%

Budget headings explanations:

ORIGINAL - 1997/98 Business plan as prepared by CP Beukman

REDUCED - 1997/98 Business plan as approved by the CCC

REVISED - Reduced 1997/98 Business plan plus additional functions and items

RMF and GPS OPERATING BUDGET 1997- 98 Revision					
ITEM	ORIGINAL	REDUCED	PROJECTION		NOTE
			REVISED	END YEAR	
1.STAFF					
Chief Executive Officer	62500	62500	85300	85300	
Business Development Manager	25000	25000	25000	22500	
Projects & Technology Manager	25000	25000	25000	17000	
Administration Manager (subsidy incl.)	30000	30000	35600	35600	
Research & Education Officer	nil	nil	35750	35000	not in original budget / WMU contribution
Waste Exchange Database Officer	nil	nil	5000	5000	not in original budget
Receptionist / Secretary	nil	nil	4800	4800	not in original budget (part time)
GPS Personnel Salaries	155000	140000	34000	34000	Glass Processing Site staff
Contingency Reserve Fund	nil	nil	22000	22000	
STAFF TOTAL	297500	282500	272450	261200	
2.ADMINISTRATION					
Operating expenses	50000	50000	50000	50000	
Travel, networking	25000	25000	20000	22000	
ADMINISTRATION TOTAL	75000	75000	70000	72000	
INDUSTRY LIAISON TOTAL	75000	75000	62000	62000	
PROJECTS & TECH.TOTAL	112500	112500	94750	94000	
5.POLICY, RES.&EDUCAT. TOTAL	18000	18000	11750	11750	
6.INTERIM SUBSIDIES					
Paper	203000	203000	191000	191000	
Glass	60000	60000	60000	60000	
Canty Plastic Recyclers	18000	18000	18000	5500	
Southern Cross Bottle Exchange	nil		24000	21000	
Materials Equalisation Fund (paper)	nil	nil	nil	80000	
INTERIM SUBSIDIES TOTAL	281000	281000	373000	357500	
CWC FUNDING TOTAL	nil	nil	44000	44000	not in original budget
ASSETS - RMF	nil	nil	nil	4444	not in original budget
RMF OPERATIONAL TOTAL	859000	844000	927950	906894	
GPS operation & professional services	150000	65000	50000	50000	
T O T A L S	1009000	909000	977950	956894	

**RECOVERED MATERIALS FOUNDATION
MEMORANDUM**

DATE: 8 APRIL 1998

FROM: CEO/FAM

SUBJECT: RMF BUDGET AND REVENUE PROJECTION 1998/99

Attached is an overview of the budget as presented at the last RMF Board meeting and the revenue projection based on available estimates.

- **Total projected revenue of \$ 1 166 000 consists of:**
 - \$ 856 000 being Materials sales projection
 - \$ 310 000 being WMU estimate of RRC (Resource Recovery Centres) revenue.

- **Total proposed budget spending for 98/99 is \$ 1 767 984**

- In terms of proposed Bonus and Incentive initiative, 10 % of revenue from sales of materials will be retained.

Any difference between the RMF funding total and itemised spending total will be used for further Market and Technology Development.

Recommendation:

That the Board approve the Budget and the Revenue projection for 1998/99 as proposed.

N.B. Budget headings explanations

ORIGINAL – original 1998/99 Business plan as prepared by CP Beukman

REDUCED - 1998/99 Business plan as approved by the CCC

REVISED – Reduced Business plan plus additional functions and items

RMF BUDGET CATEGORIES 1998/99				
	original	proposal	projection	
CATEGORY	B 98/99	B 98/99	98/98 Revenue	Notes
STAFF - OFFICE				
Chief Executive Officer - Piet	75 000	84 000		Partial Market alignment
Business Development Manager - Joan	50 000	53 000		Partial Market alignment
Projects & Technology Manager - Rayio	50 000	50 000		
Finance & Administration Manager - Martin	36 000	44 000		
Research & Education Officer - Sarah	nil	42 000		new function ex WMU
Office clerk/ secretary	nil	20 000		
Waste Exchange Database - Jim	nil	25 000		new function ex WMU
STAFF - GPS				
Supervisor	35 000	36 000		
Worker 1	30 000	25 000		
Worker 2	30 000	25 000		
Projects Engineer (part time)	30 000	36 000		
Staff reserve fund	nil	15 500		
STAFF TOTAL	336 000	455 500		
ADMINISTRATION				
Operating Expenses RMF	80 000	80 000		
Operating site & plant	282 500	270 000		
Travel & networking	25 000	25 000		
Motor Vehicles	nil	000		included in overheads
ADMINISTRATION TOTAL	387 500	375 000		
CONSULTANTS				
Rmf (admin) consultants	000	25 000		
Site consultants	50 000	25 000		
Policy, research & education	24 000	24 000		
CONSULTANTS TOTAL	74 000	74 000		
INDUSTRY LIAISON TOTAL				
	100 000	100 000		
MARKET DEVELOPMENT (Grant)				
	000	000		
PROJECTS & TECHNOLOGY				
	150 000	125 000		
INTERNATIONAL LINKAGE				
Clean Washington Centre	nil	20 000		
M F F				
INTERNATIONAL LINKAGE TOTAL	nil	20 000		
MATERIAL SUBSIDIES (REVENUE)				
METALS			260 000	
PAPER		101 500	180 000	
PLASTIC		13 000	56 000	
GLASS		30 000	315 000	
SCBE		nil	45 000	
MATERIAL SUBSIDIES (REVENUE) TOTAL	140 500	144 500	856 000	
SUBTOTAL	1 188 000	1 294 000		Original 98/99 budget plus \$ 106 000
RESOURCE RECOVERY CENTRES				
Parkhouse Road	nil	157 328	135 000	WMU estimate
Metro Place	nil	147 328	105 000	WMU estimate
Styx Mill	nil	169 328	70 000	WMU estimate
Resource Recovery Centres TOTAL	nil	473 984	310 000	
TOTALS	1 188 000	1 767 984	1 166 000	
Note:				
Projected Bonus / Incentive	nil	116 600		payable only if revenue > \$ 1 mil.

RECOVERED MATERIALS FOUNDATION REPORT TO BOARD: 8 APRIL 1998

SCOPE:

This report covers activities of the RMF regarding:

- * RMF and GPS establishment strategies;
- * Key actions regarding the role of the RMF.

1. RMF ADMINISTRATION

The following aspects were actioned:

- * Budget for 97/98 revised, depicting \$100,000 reduction
- * Estimate of budget until end of FY 97/98 completed
- * Budget and revenue estimates for 98/99 completed

2. RMF ESTABLISHMENT

- * All establishment actions are on target.
- * Office move to CDC complete.

3. GPS ESTABLISHMENT

First trials were completed, 1 month in advance of plan. Supply of glass samples started.

SCBE and Hurunui Plastics were offered letters of intent to establish their operations on site. Contracts are put before the Board (see papers for April meeting).

Waitaha Glass offered opportunity to become a *centre of excellence* for product development with (hot process) recycled glass.

4. RMF CORE TASK EXECUTION

Publicity/liaison: focus is on the video and promotion of the RMF's general role. Strategy draft completed on schedule.

Technology development and research:

- * Paper: evaluation of submitted options in process - option selection will take place before end June.
- * Glass: all aspects of the pilot project being implemented (RMF crusher, SCBE and ACI fallback).
A centre for excellence to develop hot glass items being negotiated with Waitaha Glass - will lead to tile production.
SCBE breaking even on charging for collected glass; no further need for \$40/tonne subsidy.
- * Plastic: strategy being implemented: Hurunui Plastics granulate HDPE on RMF site, PET baled and sold to CocaCola - offer made to CPR to contract bale; a backup option is being arranged.
- * Cans/metal: tender awarded to Resource Recycling Technologies Ltd.
- * Database: implementation will start 14 April when Jim Forsman transfers from CCC.
- * Commercial waste survey: Complete - report received, being evaluated together with a strategic survey of which manufactures to target as well as Agfirst work Apr/May.
- * Tyres: in process with RMF & WMU cooperating. Roundtable to be held - then an appropriate strategy will be formulated by RMF and WMU.
- * Waste to smokeless fuel: report received, being evaluated.

Business development:

- * Strategy review entering last phase. Review will take place toward end of FY.
- * Comprehensive marketing plan progressing, but kerbside activities still enjoy priority.
- * Resource Recovery Centres: takeover by RMF on 1 July on target.
- * Four postgraduate students were recruited to assist with various investigations and implementation actions during 1998 to March 1999.

Funding:

- * Expenditure against revised operational budget is on target; the RMF will meet the targets - an amount resulting from reduced site expenses will be retained as a materials equalisation fund, as well as toward staff contingencies (Fisher dispute, temporary staff and redundancy, sick leave provisions).
- * Revolving loan fund: Richard Austin approached to consult on the groundrules.
- * RMF budget for 1998/99 was formulated. The core budget remains the same as proposed in the original business plan. Allowance was made to add additional functions taken over from the WMU as well as the Resource Recovery Centres.
- * Conservative 98/99 revenue estimates exceed original business plan expectations.

Policy development:

- * Limited progress made with Customs and MoC regarding tyre imports.
- * Opportunity to trial the RMF's support policy (loans/grants) on three local operations by knowledgeable entrepreneurs - glass washing, hot glass tile development and plastic, is progressing with SCBE, Waitaha Glass and Hurunui Plastics.

5. CEO CONTRACT STATUS SUMMARY

AGREEMENT 1997/98	1,042 hours	\$ 62,520
Invoiced last month	197	11,820
Invoiced to-date	941	\$ 56,460
Remaining	101	\$ 6,060

Note: loading on hours due to taking on duties of absent staff in 1997 and startup & kerbside runup 1998.
THIS MAY NECESSITATE AN EXTENSION TO CEO CONTRACT 1997/98

6. NEXT STEPS

Key steps until the next RMF Board meeting in May 1998:

- * Finalise all related contracts.
- * Appoint site staff and work up.
- * Site opening
- * Bring businesses into incubation space (SCBE & HP)
- * Progress general strategies - plastic, paper, glass, tires and metal.
- * WED operator transfer from CCC.
- * David Dougherty/CWC training and Board visit
- * **KERBSIDE COLLECTION STARTS 4 MAY**

Prepared by: CP Beukman MIPENZ REng

Chief Executive
Recovered Materials Foundation

Date: 8 April 1998