

2. WASTE MANAGEMENT UNIT FINANCIAL UPDATE

RR 8657

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Corporate Plan Output: Waste Management Unit	

The purpose of this report is to inform the Council of the three month financial result for the unit, predict a 12 month result (as best can be at this point in the year) and seek approval for extra expenditure at the Recovered Materials Foundation Site, Parkhouse Road.

THREE MONTH FINANCIAL RESULTS

The summarised net (cost minus revenue) three month results are as follows all in \$1,000:

Item	Budget Year	Actual Year to Date	Budget Year to Date	Variance Year to Date	Projected Year End
Operations:					
Liquid Waste	16,829	4,006	4,238	-232 underrun	Some overrun
Solid Waste	5,224	1,607	1,835	-228 "	Some overrun
Total Operations	22,053	5,613	6,073	-460 "	Some overrun
Capital:					
Liquid Waste	10,508	1,452	1,957	-505 "	Some underrun
Solid Waste	2,120	105	232	-127 "	On target
Total Capital	12,628	1,557	2,189	-632 "	Some underrun

TWELVE MONTH PREDICTION

At this stage of the year it is impossible to predict with precision a final result. However the following comment can be made.

Operations

Liquid Waste

There is likely to be a financial overrun due to:

- Loss of revenue due to Works Operation Unit departing from their shared Depot site at the Christchurch Wastewater Treatment Plant.
- A loss of revenue from Trade Wastes fees due to reduced strength effluent and volume. This is a success in terms of the Council's waste minimisation policies taking effect.

Solid Waste

There is likely to be some overrun due to diminishing waste tonnages yielding less revenue. Again this is a success in terms of the Council's waste minimisation policies taking effect (kerbside recycling, compost manufacture, commercial waste minimisation, etc).

Note that for the 1999/2000 year the reducing waste tonnages and revenue will be able to be predicted from (at least some) historical information that was not available at the time of preparing this 1998/99 years budget – refer attached graph. This accumulating information will reduce the risk of overrun in future.

It should be noted that financial consultants used by the Unit to assist with a financial monitoring strategy have advised that a commercial business as large as Waste Management Unit would typically have a monetary contingency buffer to protect it against under-recovery of revenue due to circumstances beyond its control.

Capital

Liquid Waste

There is likely to be some underrun due to:

- Flow Monitoring contract running behind time due to insufficient wet weather events to calibrate the flow gauges.
- Certain other contracts running behind time (eg Christchurch Wastewater Treatment Plant Expansion Clarifiers).

Solid Waste

Likely to be on target.

APPROVAL TO SHIFT CAPITAL ITEMS

Approval is sought to redistribute the following capital funds:

Solid Waste

- (a) **\$1,003,000** from Burwood Landfill improvements (\$920,000 on 1998/99 budget + \$313,000 carried forward from 1997/98 less \$230,000 required for works at Burwood) to new Regional Landfill (\$220,000 increased to \$1,223,000).

This is necessary to fund work to form a new joint venture company and initial site selection and development work for a new regional landfill, and is available from Burwood improvements this year due to new information which suggests that other alternatives to lining the final stage (2C) of the Burwood Landfill should now be reconsidered.

Liquid Waste

- (b) **\$83,000** from Liquid Waste flow monitoring (\$400,000 reduced to \$317,000) to the Recovered Materials Foundation to fund Stage 3 site development. This work was programmed in the 1999/2000 year but it makes sense practically to implement it as part of the Stage 2 work programmed for this financial year.

- Recommendation:**
1. That the financial information be received.
 2. That the capital transfers outlined in this report be approved.