

17. WASTE MANAGEMENT UNIT 9 MONTH FINANCIAL SUMMARY

RR 9812

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Corporate Plan Output: Waste Management Unit Corporate Budget	

The purpose of this report is to inform the Committee of the nine month financial result for the Unit and predict a twelve month result as best can be at this point in the year.

NINE MONTH FINANCIAL RESULTS

The summarised net (cost minus revenue) nine month results are as follows all in \$1000.

Item	Budget Year	Actual Year to Date	Budget Year to Date	Variance Year to Date	Projected Year End	End Year Carry Forward	End Year Surplus
Operations							
Liquid Waste	16,859	11,595	12,778	- 1,183	- 653	0	653
Solid Waste	5,224	2,977	3,719	- 742	0	0	0
Total Operations	22,083	14,572	16,497	- 1,925	- 653	0	653
Capital							
Liquid Waste	9,214	4,324	6,993	- 2,669	7,102	2,112	0
Solid Waste	2,059	208	1,292	- 1,084	1,334	725	0
Total Capital	11,273	4,532	8,285	- 3,753	8,436	2,837	0

SUMMARY COMMENTS

Operations

Liquid Waste

End of year prediction is \$0.653m underbudget i.e. 3.87% under net.

Main reasons for surplus are:

- disposal cost for grit lower due to drier product with new bar screens
- deleted maintenance on secondary tanks as result of forthcoming upgrade conversion
- reduced operational costs due to pruning overtime
- Trade Wastes revenue above budget
- biosolids operational cost lower due to delay in forest application
- cattle sales revenue better than anticipated.

Solid Waste

End of year prediction is cost neutral.

Capital

Liquid Waste

End of year prediction is \$7.102m expenditure, \$2.112m carryover, zero surplus.

Main reasons for surplus and carryover are:

- Christchurch Wastewater Treatment Plant Clarifier Contract tendered and let later than anticipated.
- Watsons Road Contract running later than anticipated.

Solid Waste

End of year prediction is \$1.334m expenditure, \$0.725m carryover.

Main reasons for carryover are:

- Recovered Materials Foundation Stage 2 Site development at Parkhouse Road delayed due to unforeseen delays in negotiations with potential new commercial recycling business.
- Ongoing work to assess the need for a leachate abstraction trench at the Burwood Landfill has deferred its construction.

WASTE MANAGER'S COMMENT

(a) Operations Budget

For the previous three years Waste Management Unit Operational Budget has overrun by a small amount. The City Manager has instructed me to prevent this occurring again. For these reasons, vigorous budget monitoring has been undertaken continuously throughout the year along with cost cutting measures. These include cutting all regular overtime, reduced sewer flushing, landfill rehabilitation and aftercare and so on.

Whilst it cannot be absolutely guaranteed that the end of year result will be in the black, our prediction at this stage is that this will be the case. As this Committee has heard me say on several previous occasions it is not easy to achieve an end of year budget underrun when there are zero contingency items included in the budget and when we have little control of our revenue (eg the actual number of private vehicles that front up to dump at the refuse stations, the amount of trade waste industry puts into the sewer system). An additional factor that makes budget control difficult is the lumpy nature of our accounting system which makes monthly financial reporting accuracy somewhat suspect from time to time. It is expected that the soon to be introduced FAMIS System will largely overcome this.

(b) Capital Budget

In previous years capital underruns were par for the course and usually due to an over optimistic prediction of the capital pipework renewal programme. This is not the case in the 1998/99 year. The Capital under expenditure and large carryover is mainly due to the Clarifier Contract running two months later than expected. This is not of any consequence in terms of outcome for the Christchurch Wastewater Treatment Plant expansion works.

(c) Conclusion

Financial performance for the Unit is being satisfactorily monitored and controlled. The end of year prediction is that Operations will be underbudget by a small percentage and that a predicted Capital under expenditure can be carried forward without any negative outcome.

Chairman's

Recommendation: That the information be received.