

#### 4. COST REPORT

RR 11019

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Corporate Plan Output: Solid Waste – Regional Landfill	

The purpose of this report is to provide an update on regional landfill related costs since the previous full report of 18 May 1999 (RR 9871), and the short cost report of 9 August 1999 (RR 10444).

#### ESTIMATED FUTURE COSTS

Table 1 summarises costs for the new regional landfill as reported on 18 May 1999, and previously:

**Table 1 - Already Approved Capital Budget for Canterbury Waste Subcommittee Landfill Members 1998/99 – 2002/03**

		<b>1998/99 FYI</b>	<b>1999/00 FY2</b>	<b>2000/01 FY3</b>	<b>2001/02 FY4</b>	<b>2002/03 FY5</b>	<b>TOTAL</b>
1.	Costs for Subcommittee estimated by TCL	<sup>(1)</sup> 1,250,000	<sup>(2)</sup> 3,500,000	750,000	3,125,250	1,574,750	10,200,000
2.	Independent specialist advice (eg legal and accounting) specifically for Subcommittee	0	100,000	100,000	100,000	0	300,000
<b>3.</b>	<b>TOTAL</b>	<b>1,250,000</b>	<b>3,600,000</b>	<b>850,000</b>	<b>3,225,250</b>	<b>1,574,750</b>	<b>10,500,000</b>

- Notes:
1. TransWaste Canterbury Ltd call of 15 June 1999.
  2. TransWaste Canterbury Ltd calls of 1 August 1999 and 1 February 2000
  3. Costs in Row 1 are estimates provided by TransWaste Canterbury Ltd
  4. Costs in Row 2 are estimates made by the Canterbury Waste Subcommittee
  5. Total of \$10,500,000 in Row 3 is Canterbury Waste Subcommittee's 50% of the estimated total of \$21 million.

To date no formal written advice on a change in estimated future costs has been received from either Canterbury Waste Services Ltd or Transwaste Canterbury Ltd. It should however be noted that during the final presentation on the preferred site on 11 October, Canterbury Waste Services Ltd did provide a slide showing an estimated total cost of \$26 million for the preferred site as against the previously estimated total cost of \$21 million. Canterbury Waste Services emphasised that the cost of \$26 million is only to be used for comparative purposes in evaluating the final three shortlisted sites. Canterbury Waste Services Ltd also used an assumption of 40% debt funding for the total cost of the project its comparison of gate charges. This results in estimated capital requirements from each participating council being virtually the same as previously agreed.

It is proposed that until further official notification has been received from TransWaste Canterbury Ltd no adjustment to future costs should be made (except see Table 3 below).

#### INDEPENDENT CONSULTANTS AND COMMUNITY FUND

The estimated amount for independent specialist advice for the Subcommittee, set out in Table 1 above (Row 2) amounts to \$100, 000 per year over three years.

\$43,840 has already been paid out of the \$100,000 allocated for the present (1999/00) financial year. An estimate to the end of this financial year is set out below.

**Table 2 - Cost for Canterbury Waste Subcommittee incurred since 1 May 1999, and budget up to 30 June 2000**

	Costs from 1 May 1999 to 31 October 1999	Estimated future costs till 30/6/2000	Total
Buddle Findlay	28,758	10,000	38,758
PriceWaterhouseCoopers	10,282	10,000	20,282
Tony Frankham	4,800	35,200	40,000
Community Fund <sup>(1)</sup>	0	50,000	50,000
<b>Total</b>	<b>\$43,840</b>	<b>\$105,200</b>	<b>\$149,640</b>

Note (1): See separate report.

The total estimated cost for this financial year thus amounts to \$150,000, which means \$50,000 more than the \$100,000 budgeted. It is thus suggested that this category of the budget (now renamed *Independent consultants and Community Fund*) be increased from \$100,000 per year to \$150,000 per year, for three years. Table 1 can then be updated as in Table 3 below.

**Table 3 - Updated Canterbury Waste Subcommittee Landfill Members Costs**

	1998/99	1999/00	2000/01	2001/02	2002/03	Totals
JV Landfill establishment	1,250,000	3,500,000	750,000	3,125,250	1,574,750	10,200,000
Independent Consultants	0	100,000	100,000	100,000	0	300,000
Community Fund		50,000	50,000	50,000		150,000
<b>Totals</b>	<b>1,250,000</b>	<b>3,650,000</b>	<b>900,000</b>	<b>3,275,250</b>	<b>1,574,750</b>	<b>10,650,000</b>

#### COUNCILS SHARE OF FUNDING (BASED ON POPULATION)

Territorial authority shareholders are reminded that their share of the required funding (i.e. their share off the bottom row of Table 3) based on previously agreed population figures in the Constituting Agreement is as follows:

Council	Population (1996 census)	%
Christchurch	314 000	75.70
Waimakariri	32 100	7.74
Hurunui	10 000	2.40
Selwyn	25 000	6.03
Ashburton	25 000	6.03
Banks Peninsula	8 700	2.10
<b>Total</b>	<b>414 800</b>	<b>100.00</b>

#### SUMMARY

This report provides an update on funding requirements for CWS landfill members and includes an amount for a community fund – see Table 3 above.

**Recommendation:** That the updated funding requirements (refer Table 3) be approved.

**Chairman's**

**Recommendation:** That the above recommendation be adopted.