

# Annual Report 2015-2016



**EastWaste**

**EAST WASTE PROVIDES AN ENVIRONMENTALLY RESPONSIBLE, EFFECTIVE COLLECTION AND DISPOSAL WASTE AND RECYCLING SERVICE FOR ITS CONSTITUENT COUNCILS.**



**A TARGET OF**



**90%**

**OF ALL BINS ARE RETURNED UPRIGHT AND LIDS CLOSED. AN INDUSTRY FIRST.**

**EastWaste**

# ANNUAL REPORT 2015-2016

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**EAST WASTE'S STRONG RESULT IS ATTRIBUTED TO A NUMBER OF FACTORS WHICH INCLUDE; A CLEAR STRATEGIC DIRECTION, A FOCUSED EFFORT BY ALL OUR STAFF, THE INTRODUCTION OF OPERATIONAL EFFICIENCIES.**



**LESS THAN**



**48**

**HOURS HAS BEEN THE AVERAGE TARGETED TIME-FRAME TO RESOLVE MISSED BIN ISSUES.**

# EAST WASTE INDEPENDENT CHAIRPERSON'S REPORT 2015/16

**It is with great pleasure that I am again able to report on an excellent year for East Waste. East Waste continues to deliver in accordance with its vision of providing a safe, high quality, low cost, waste and resource recovery collection service that responds to our various communities needs. The following highlights for the year provide some background to the outstanding results achieved and General Manager Adam Faulkner will detail other successes and KPI's achieved during 2015/16 in his Report.**

## **Strong Financial Position**

The Audited Financial Statements for East Waste showed a significant operating surplus for the year of \$1.13M.

This strong result is attributed to a number of factors which include; a clear strategic direction, a focussed effort by all our staff, the introduction of operational efficiencies, the successful negotiation of longer term supply contracts (purchase of collection vehicles and tyre supply), and lower fuel prices continuing to be realised.

These key efficiencies, prudent management, and execution of the Board's strategy have contributed greatly to East Waste being able to realise a strong operating surplus, which the East Waste Board has resolved to distribute back to Member Councils.\*

## **Benchmarking**

In the interests of identifying further efficiencies and potentially identifying other innovation for investigation, the Board engaged an independent contractor early in the financial year to undertake a benchmarking study.

This would provide a review of East Waste's operational performance costs and relevant performance measures, and enable East Waste to compare its performance to industry benchmarks.

## ***The metrics used to assess performance were:***

- Annual cost of collection per household serviced;
- Bin lift cost rates;
- Bin lifts per hour;
- Maintenance costs; and
- Maintenance time per truck.

Overall, at that point in time, East Waste was achieving a good level of performance against industry benchmarks.

Whilst the results were pleasing it is important to note that East Waste is committed to a number of non-financial "quality service" metrics (at least 90% bins returned upright with lids closed, resolving any missed bins within 48 hours, and resolving any customer interactions within 48 hours) that were not assessed in the study.

Importantly, the 2015 results did not take into consideration the commencement of the new recyclables contract which now sees Member Council's receiving a rebate per tonne for recyclables disposed of. This of course, would significantly improve the cost rates for the collection of recyclables.

So while the comparable results were very encouraging, we look forward to the next benchmarking study which will truly reflect the cost savings of the newly entered into recyclables contract and provide a more realistic view of our operational performance in the industry.

*\*Please refer to Note 7 of the Audited Financial Statements for further information as to how the operating surplus has been returned to Member Councils.*

**EAST WASTE CONTINUES TO RECEIVE FEEDBACK THAT THE COLLABORATIVE APPROACH UNDERTAKEN TOGETHER WITH IMPROVED COMMUNICATION AND EXTENSIVE CONSULTATION IN THE DEVELOPMENT OF OUR FUTURE PLANS HAS BEEN APPRECIATED BY MEMBER COUNCILS.**



**LESS THAN**



**8**

**YEARS IS THE AGE OF EAST WASTE'S FLEET OF TRUCKS.**

# EAST WASTE INDEPENDENT CHAIRPERSON'S REPORT 2015/16

## Recyclables Contract

In the previous financial year (2014/15) East Waste was in a final year of a contract for the Receipt and Processing of Recyclables whereby East Waste was paying to dispose of recyclables. After undertaking a robust tender process, in July 2015 East Waste entered into a new 10 year contract for the Receipt and Processing of Recyclables. The end result of this work has seen East Waste now receiving a rebate for recyclables disposed of and this income is passed on to the Member Councils proportionally.

Based on recyclables tonnages collected for the 2015/16 year East Waste has received an income of \$852,519. This income is passed directly onto Member Council's each month based on the tonnages collected on behalf of their Council area.

This is significant outcome for Member Councils.

## Re-branding

In collaboration with Member Councils and after gathering feedback from stakeholders, the East Waste Board approved a new logo and brand image for East Waste in January 2016. The logo and design (seen throughout the Annual Report) is simple, contemporary, conservative and easily identifiable.

The new logo has since been rolled out across East Waste's fleet, public facing online documents and stationary.

## Education and Promotion

East Waste's 10 Year Business Plan identified a need for East Waste to coordinate and develop a waste minimisation campaign and in a collaborative approach with all Member Councils throughout the 2015/16 year East Waste has developed the "Why waste it?" campaign. This campaign is aimed at educating and promoting responsible behaviour around reducing waste and improving recycling.

A suite of resources and communication mediums have now been developed for use by all Member Councils. The resources have been designed utilising the same artwork and consistent messaging in a strong campaign. Examples of the resources can be found at page 22-25 of the report.

## Thanks

East Waste continues to receive feedback that the collaborative approach undertaken together with improved communication and extensive consultation in the development of our future plans has been appreciated by Member Councils. We will continue to measure our proactivity within the communities of Member Councils and our responsiveness to community demands.

Many thanks to Adam Faulkner for his strong and visionary leadership of his team and for his very thorough and detailed reporting to the Board. Adam has made a most significant contribution to the performance of East Waste over the past few years.

To all our staff we say thanks and well done on providing our Member Councils with excellent service, improving our efficiencies and complementing the Member Councils' reputations in each of their communities with high quality delivery of services.

The achievement of the above would not have been possible without the commitment and the astute advice of the Board of East Waste. The members of the Board continue to provide valuable professional support to the General Manager and his team. To all the Directors of East Waste I thank you for your guidance and support to East Waste. We look confidently forward to an even more successful year ahead in 2016/17.

## I commend the 2015-2016 East Waste Annual Report to you.



*Mr Brian Cunningham  
Independent Chairperson*

**EAST WASTE'S PRIMARY PURPOSE IS TO PROVIDE EFFECTIVE WASTE COLLECTION SERVICES FOR ITS MEMBER COUNCILS WITH FLEXIBLE SERVICE DELIVERY ALLOWING RESPONSIVENESS TO EMERGING COMMUNITY AND MARKET DEMANDS.**



**23,403**

**TONNES SENT FOR RECYCLING  
AND BENEFICIAL REUSE  
DURING 2015/16.**



# ABOUT EAST WASTE

**East Waste is the trading name of Eastern Waste Management Authority (East Waste), which was established in 1928. The Authority is a regional subsidiary of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood, Payneham & St Peters, City of Mitcham, and the Corporation of the Town of Walkerville.**

These six Councils are referred to as Member or Constituent Councils of East Waste. East Waste is governed by a Charter pursuant to Section 43 of the Local Government Act 1999 (the Charter).

East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the Charter, and other various policies and codes. The membership of the Board comprises of seven directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints a General Manager who is responsible for implementing the decisions made by the Board, and running the day-to-day operations of East Waste.

East Waste's primary purpose is to provide effective waste collection services for its Member Councils. The exact nature of the waste collection services are determined independently by each Council to meet the needs of their respective communities.

East Waste operates on a cost share basis between Member Councils. This ensures Councils are not subject to providing varying levels of profit that are required by private sector operators, whilst still benefiting efficiency, buying power and cost effectiveness through East Waste as a service provider. From time to time, East Waste is contracted to provide waste collection services for other Councils (referred to as Client Councils).

The primary advantages from the East Waste delivery model can be summarised as:

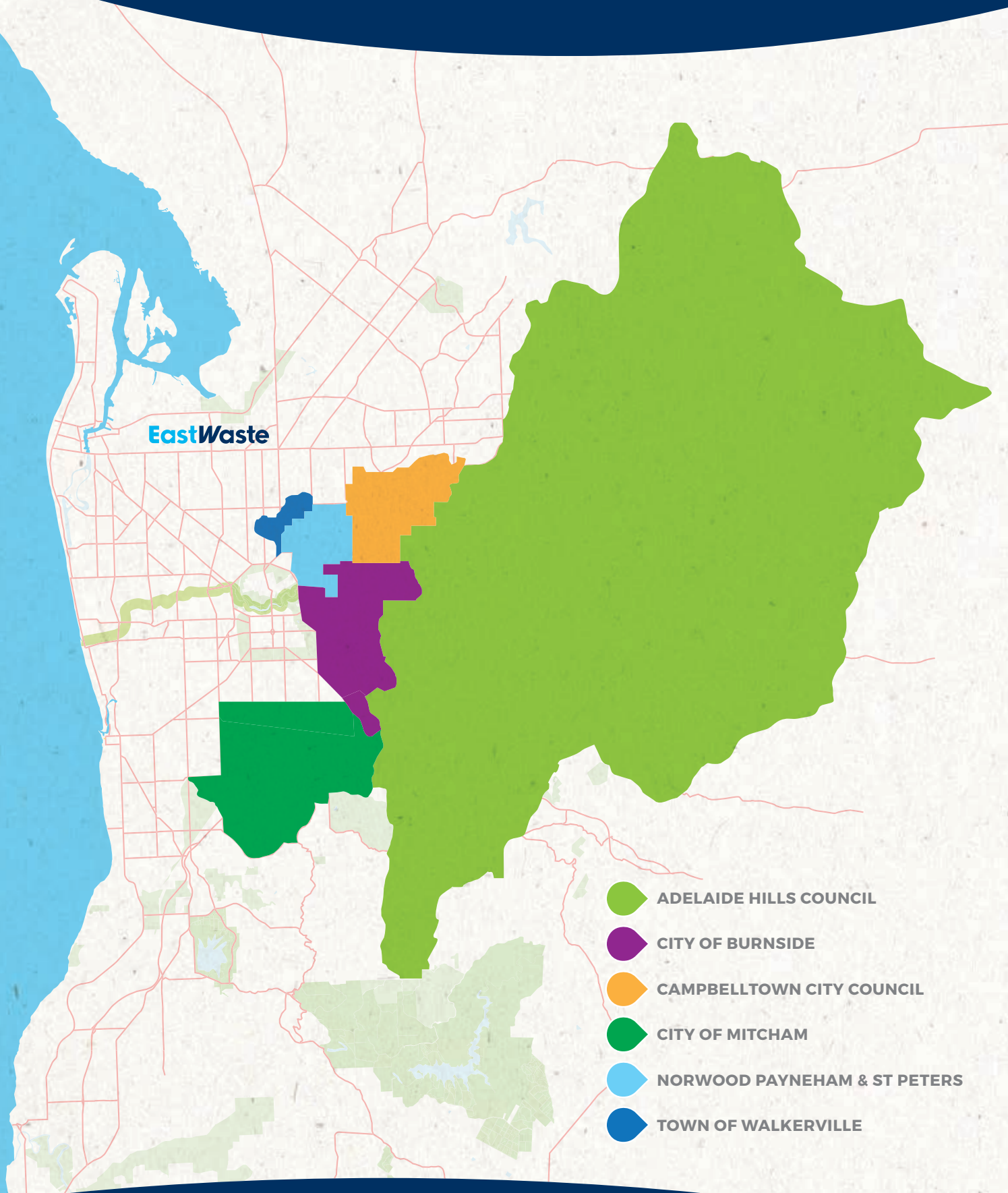
- Appropriate economical return from the at cost charging methodology based on GPS cost allocation.
- Enhanced quality of service by measuring and valuing quality capacities as well as financial indicators.
- Flexibility in service delivery allowing responsiveness to emerging community and market demands.
- Aligned values and strategic direction with Member Councils, to protect and promote reputation management.
- Reducing exposure of Member Councils to the commercial profit-driven market.

## **Core Services**

East Waste's core business is defined in the Charter as collection, recycling, and disposal of waste produced in the area of one or more of the Member Councils. This core business is undertaken in regard to the following broad understandings:

- Continually operate to the parameters set within the Charter.
- Deliver efficient, effective and value for money services for Member Councils.
- Maintain quality services that are quantified by certain metrics (i.e. >90% of bins returned upright to kerb with lids closed, ensuring any bins that are tipped over are put upright).
- Effective and positive complaint handling and timely resolution of complaints, and;
- Vehicles are clean, maintained and well presented.

# EAST WASTE SERVICE AREA



# VISION STATEMENT

## **At East Waste we are all about...**

“Providing a safe, high quality, low cost, waste and resource recovery collection service that responds to our community’s needs, while using innovation and technology to drive efficiencies, reduce cost, and have a minimal impact on the receiving environment”.

## **At East Waste we are moving towards...**

“Providing flexible and responsive waste and resource recovery collection services that focus on safety, high order recycling, elevated service levels, less vehicle movements, and lower emissions”.

## **At East Waste we contribute to our Member Council communities by...**

“Providing a responsive and proactive waste and resource recovery collection service that enhances streetscape amenity and assists in promoting a healthy lifestyle”.

**EAST WASTE NOW PROVIDES A FULLY INTEGRATED AT-CALL  
HARD WASTE COLLECTION SERVICE FOR FOUR (4) OF ITS MEMBER  
COUNCILS, WITH MUCH OF THE COLLECTED MATERIAL BEING  
DIVERTED FROM LANDFILL.**



**APPROXIMATELY**  
**30%**  
**OF METROPOLITAN ADELAIDE  
IS CURRENTLY SERVICED BY  
THE EAST WASTE TEAM.**

**EastWaste**

# GENERAL MANAGER'S REPORT

**The Eastern Waste Management Authority trading as East Waste has had another fiscally and operationally strong year which has benefitted the Member Councils. A significant operating surplus has been refunded to Member Councils, and prudent management of the Subsidiary has seen Member Councils fees remain below CPI or Local Government Price Index (LGPI) over the reporting year.**

My thanks go to our dedicated staff – whether they be the hard working drivers collecting the bins in the streets, the safety team walking continual improvement through the Subsidiary, or the customer care centre team who take the many calls and are integral in providing a seamless service to our Member Councils communities.

We are all one team, with the sole aim of providing a high quality low cost essential waste and recycling collection service to our Member Councils.

## **Strategic Procurement**

East Waste's management team led a significant strategic asset tender procurement program in 2015/2016, emanating in a three (3) year supply agreement for collection vehicles. This longer term contract enabled East Waste to;

- Increase its purchasing power
- Benefit from a stronger and more mature relationship with the preferred supplier
- Benefit from innovation and safety advancements in technology
- Improve the pricing point for purchase of vehicles of the three (3) years
- Provide budgetary certainty
- Continue a responsible asset replacement program to maintain a modern fleet of collection vehicles

While the collection vehicle asset replacement follows the Board endorsed Asset Management

Plan 2014-2024, it allows East Waste to maximise its purchasing power for the reasons outlined above.

## **New Member Council Services**

East Waste's internal motto of Repeatable Quality. Through the application of Repeatable Quality Member Councils are afforded the best possible quality in the provision of the essential service of waste management and resource recovery.

As testament, the City of Burnside and Corporation of the Town of Walkerville both resolved in 15/16 to permanently appoint East Waste as their provider of their at-call hard waste service.

East Waste now provides a fully integrated at-call hard waste collection service for four (4) of its Member Councils, with much of the collected material being diverted from landfill.

## **Operations Assistance Committee**

East Waste established an Operations Assistance Committee in 2016, with each Member Council appointing a Senior Officer to the Committee.

This is the first time an Operations Assistance Committee has been established, and it has the aim of discussing and resolving;

- Any common customer service matters
- Coordination of community education around waste minimisation and recycling
- New services that Member Councils would like East Waste to trial or commence

# GENERAL MANAGER'S REPORT

- Share learnings and knowledge
- Report back to the East Waste Board

The inaugural meeting held in March 2016 focussed primarily on terms of reference and the coordination of East Waste's new waste and recycling education campaign.

However, it was clear that the Operations Assistance Committee will form a valuable part of the East Waste shared services subsidiary model.

## Consultation

Importantly, East Waste is active in many conversations, discussions and working groups around improving the broader waste and recycling sector.

East Waste has representation on the Local Government Associations informal waste management working group, the industry peak body association Waste Management Association of Australia, and South Australia's iconic non-government sustainability educator KESAB Environmental Solutions.

East Waste is also active in the EPA Waste Reform Agenda, and the transition of Zero Waste SA to the Office of Green Industries.

**This broad communication with Government and the industry allow East Waste to benefit from the most contemporary of industry learnings, but also influence policy where possible to assist in creating a safe and level playing field for all.**

As General Manager, I look forward to implementing the 2016/2017 adopted Annual Plan and Budget, and implementing the strategic and financial intent of the East Waste Board.



*Adam Faulkner  
General Manager*



# EAST WASTE GOVERNANCE

**East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the Charter, and various other policies and codes.**

The membership of the Board comprises of seven directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints a General Manager who is responsible for implementing the decisions made by the Board, and running the day-to-day operations of East Waste.

**The Board held five formal meetings over the 2015 – 2016 financial year.**

The table below details Board Member attendance.

<b>BOARD MEMBER</b>	<b>MEETINGS</b>
<b>Mr Brian Cunningham</b> (Chair)	<b>5 of 5</b>
<b>Cr Linda Green</b> (Adelaide Hills Council)	<b>5 of 5</b>
<b>Cr Grant Piggott*</b> (City of Burnside)	<b>3 of 5</b>
<b>Mr Paul Di Iulio</b> Chief Executive Officer (Campbelltown City Council)	<b>3 of 5</b>
<b>Cr Karen Hockley</b> (City of Mitcham) Appointed to Board 24 November 2014	<b>4 of 5</b>
<b>Mr Mario Barone</b> Chief Executive Officer (City of Norwood, Payneham & St Peters)	<b>5 of 5</b>
<b>Cr Graham Webster</b> (Corporation of the Town of Walkerville) Appointed to Board 24 November 2014	<b>5 of 5</b>

\*Resigned from East Waste Board, effective 29 June 2016.



*Mr Brian Cunningham  
Independent Chairperson*



*Cr. Linda Green  
Adelaide Hills Council*



*Cr. Grant Piggott  
City of Burnside*



*Mr Paul Di Iulio  
Chief Executive Officer  
Campbelltown City Council*



*Cr. Karen Hockley  
City of Mitcham*



*Mr Mario Barone  
Chief Executive Officer  
City of Norwood Payneham  
& St Peters*



*Cr. Graham Webster  
The Corporation of the  
Town of Walkerville*

# AUDIT AND RISK MANAGEMENT COMMITTEE

In accordance with the requirements of the Local Government Act 1999, East Waste has an established Audit and Risk Management Committee. The functions of the Committee include:

- Reviewing annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the subsidiary;
- Liaise with external auditors; and
- Reviewing the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of the subsidiary on a regular basis.

The Committee held five formal meetings over the 2015–2016 financial year.

The Audited Financial Statements for the year ending 30 June 2016 are provided at page 27.

## GOVERNANCE STRUCTURE

The figure below demonstrates the governance arrangements in place to ensure diligent management of East Waste on behalf of the Member Councils.





# EAST WASTE OPERATIONS

**East Waste has an established purpose built depot and office facilities in Ottaway. This depot comprises office buildings, a wash bay and fully equipped workshop. East Waste operates and maintains a fleet of 36 collection vehicles, and employs 51 permanent staff.**

Recent independent benchmarking undertaken during the 2015/16 financial year relating to the waste collection and disposal services has identified East Waste as being competitive in every metric utilised to attain the results. It was pleasing to note that East Waste was identified as competitive without consideration being given to a number of operational efficiencies and initiatives introduced at East Waste, and the exclusion of quality measurements such as >90% of bins returned to the kerbside upright and with lids closed and an asset maintenance program that maintains a fleet age average of less than eight (8) years.

East Waste currently provides a broad range of services to Member Councils. This is summarised in the Services Matrix below. To continue to provide good value and efficiency to Member Councils, it is important to East Waste to offer all of these current services to Member Councils.

This table identifies opportunity for efficient and effective service offerings currently available to Member Councils, and includes the additional service offerings taken up by Member Councils since last year's (2014/15) Annual Report.

MEMBER COUNCIL	SERVICES												
	Weekly collection of general waste	Fortnightly Collection of Recyclables	Fortnightly Collection of Organics	"At Call" Hard Waste	Litter Collection	Customer Service	Bin Repairs /Maintenance /Replacements	GPS Tracking	RFID Tracking	Waste Disposal	Recycling Processing	Organics Processing	Education and Promotion
Adelaide Hills Council	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓
City of Burnside	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Campbelltown City Council	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓
City of Mitcham		✓	✓	✓		✓	✓	✓		✓	✓	✓	✓
City of Norwood, Payneham & SP	✓	✓	✓	PARTIAL	✓	✓	✓	✓		✓	✓	✓	✓
Corp Town of Walkerville	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓

**THE DIVERSION RATE ACHIEVED BY MEMBER COUNCILS IS AGAIN AN ENCOURAGING RESULT AND BUILDS ON LAST FINANCIAL YEAR'S RESULT BUT IS A RESULT THAT CAN STILL BE IMPROVED BY OUR COMMUNITIES.**



**47,080**

**TONNES OF WASTE COLLECTED  
IN OUR 6 MEMBER COUNCILS  
DURING 2015/16.**

# TONNAGE DATA

Using a frontline fleet of low emission collection vehicles, in 2015/2016 a total of 101,314 tonnes of household waste and recyclables was collected from East Waste Member Council households.

**On average, across all the East Waste Member Councils, that represents an impressive 53.5% diversion from landfill.**

This equates to over half all of the materials presented by residents in their wheelie bins being recycled and turned into new packaging materials, or composted into products to improve soil health in South Australia.

The diversion rate achieved by Member Councils is again an encouraging result and builds on last financial year's result but is a result that can still be improved by our communities. East Waste in collaboration with all its Member Councils have developed an education and promotion campaign to assist communities in continuing to improve recycling rates.

The environmental and financial benefits from separating out household recyclables and organics and placing them in the correct bin are significant, and the waste minimisation education and promotion campaign aims to continue the positive momentum in this area.

KERBSIDE TONNAGE COLLECTED 2015/16	RECYCLABLES	ORGANICS	WASTE
ADELAIDE HILLS COUNCIL	3743	3239	7786
CITY OF BURNSIDE	4509	6360	8031
CITY OF MITCHAM	6185	8678	12684*
NORWOOD PAYNEHAM & ST PETERS	3636	4632	7256
CAMPBELLTOWN CITY COUNCIL	4643	6858	9880
TOWN OF WALKERVILLE	687	1064	1443

\*The City of Mitcham manages the collection of waste for its residents.

**AS PART OF EAST WASTE'S COMMITMENT TO DRIVER AND COMMUNITY SAFETY, EACH COLLECTION VEHICLE IS FITTED WITH FOUR (4) CAMERAS (FRONT, REAR AND SIDES) TO ASSIST DRIVERS WITH THEIR VISION AND ARE EQUIPPED WITH REVERSE SENSOR TECHNOLOGY.**



**30,831**

**TONNES OF ORGANIC WASTE  
COLLECTED FOR RESIDENTS  
IN OUR MEMBER COUNCILS.**

## East Waste Values Safety

**For East Waste, safety is more than a policy manual or a training session; it's how East Waste does business. It cannot be denied that it makes good business sense to have management systems that are designed to be suitable to the nature of the business, responsive to the business needs and manage the business' risks as part of every-day operational practices.**

East Waste fosters a culture in which safety, health and welfare are top priorities; and where all staff are responsible for looking out for one another. Our commitment to safety and care for fellow employees is aimed at improved business results as well as business continuity and promotion of a safe workplace.

### Audit results

East Waste is audited by the Local Government Association Workers Compensation Scheme. This annual audit serves to determine if East Waste is meeting the WHS and Injury Management performance standards for self-insured organisations. During the LGAWCS WHS Key Performance Indicator Audit 2015 hundreds of documents were reviewed over a two day period. Eleven (11) elements were chosen to be audited, being a sample across all forty six (46) elements. East Waste again achieved an audit score of 100 out of 100. The next audit is due to occur in October 2016.

### Return to Work

On 1 July 2015 the Return to Work Act 2014 became effective, thereby repealing the previous Workers Rehabilitation and Compensation Act 1986.

East Waste quickly aligned itself with the associated changes. Staff were briefed on the changes and new procedures adopted and implemented. Those Procedures being; Re-employment Procedure and Suitable Employment Procedure.

With such consultation and documentation in place, should an East Waste staff member be injured on the job a return to work would be achievable. East Waste values each and every employee and works side by side with injured workers in achieving a safe, durable, quality driven return to work.

### Collection Vehicle Safety

As part of East Waste's commitment to driver and community safety, East Waste places great value on the safety and performance of its fleet of collection vehicles. To meet this commitment East Waste offers the following:

- An approved independent contractor conducts an annual audit/inspection of the entire East Waste collection fleet;
- All collection vehicles are fully integrated with a GPS system that provides the location of the vehicle at all times;
- Each collection vehicle is fitted with four (4) cameras (front, rear and sides) to assist drivers with their vision;
- Reverse sensor technology on all vehicles;
- Daily inspections of vehicles, including tyre inspection; and
- The average age of East Waste's fleet is less than eight (8) years.

THE CENTRAL QUESTION OF 'WHY WASTE IT?' FOCUSES THE CAMPAIGN ON WASTE AVOIDANCE AND INCREASING RESOURCE RECOVERY. THIS IS ENCOURAGED THROUGH THE WASTE HIERARCHY PRINCIPALS OF - AVOID, REDUCE, RE-USE, RECYCLE AND COMPOST AS OPTIONS TO 'WASTING IT'.



# 23,403

TONNES OF RECYCLABLES  
COLLECTED FOR RESIDENTS  
DURING 2015/16.

# EDUCATION AND PROMOTION

**East Waste's 10 Year Business Plan identified a need for East Waste to coordinate and develop a waste minimisation campaign and in a collaborative approach with all Member Councils throughout the 2015/16 year East Waste has developed the "Why waste it?" campaign. This campaign is aimed at educating and promoting responsible behaviour around reducing waste and improving recycling.**

Central to the 'Why waste it?' campaign will be a website that contains an up to date A-Z guide to assist residents in knowing what items go in 'Which Bin' and how to divert resources from landfill and transform them into reusable and recyclable materials.

This easy to use online A-Z Item directory will list common household items in alphabetical order and indicate 'Which Bin' they go by the colour of the corresponding bin lid.

The central question of 'Why waste it?' focuses the campaign on waste avoidance and increasing resource recovery. This is encouraged through the

waste hierarchy principals of - **Avoid, Reduce, Re-Use, Recycle and Compost** by highlighting these as alternative options to 'wasting it'. Within the online database a number of alternative options will be listed for various items where there are more than one way to recycle or dispose of the item.

The overall campaign will consist of a number of items that member council's will have access to via the website. These items will include artwork for Bus Shelters, DL Flyers, A4 and A3 Posters, Bin Stickers, No Junk Mail Stickers, Newsletter Banners Ads, Online Web Tiles (ads) and Street Banners.



# EDUCATION AND PROMOTION



The Mini-Bin Game will also be available for hire through member councils and will serve as a great educational resource to use.

A limited range of campaign elements will also be freely available to Schools, TAFE, Uni, Community Centre, Library and other educational facilities.





# EDUCATION AND PROMOTION



# FINANCIAL STATEMENT



## 2015-16 ANNUAL REPORT

# FINANCIAL STATEMENT CONTENTS

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## CERTIFICATION OF FINANCIAL STATEMENTS

### EASTERN WASTE MANAGEMENT AUTHORITY

#### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

#### CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

.....  
Adam Faulkner  
CHIEF EXECUTIVE OFFICER

.....  
Brian Cunningham  
INDEPENDENT CHAIRPERSON

Date: 14 September 2016

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
User charges	2	12,573,410	13,086,802
Investment income	2	36,129	42,728
Other income	2	381,540	878,601
<b>Total Income</b>		<b>12,991,079</b>	<b>14,008,131</b>
<b>EXPENSES</b>			
Employee costs	3	4,803,231	4,837,731
Materials, contracts & other expenses	3	6,267,459	6,879,259
Depreciation, amortisation & impairment	3	1,595,423	1,754,292
Finance costs	3	334,865	405,851
<b>Total Expenses</b>		<b>13,000,978</b>	<b>13,877,133</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		(9,899)	130,998
Asset disposal & fair value adjustments	4	37,882	7,002
Income tax equivalent charge	2	-	(4,574)
<b>NET SURPLUS / (DEFICIT)</b>			
transferred to Equity Statement		27,984	133,426
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>27,984</b>	<b>133,426</b>

This Statement is to be read in conjunction with the attached Notes.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	2,797,570	2,096,194
Trade & other receivables	5	358,583	248,589
<b>Total Current Assets</b>		<b>3,156,153</b>	<b>2,344,783</b>
<b>Non-current Assets</b>			
Infrastructure, property, plant & equipment	6	5,332,461	6,793,005
<b>Total Non-current Assets</b>		<b>5,332,461</b>	<b>6,793,005</b>
<b>Total Assets</b>		<b>8,488,614</b>	<b>9,137,788</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	7	1,869,862	908,090
Borrowings	7	1,416,593	1,099,894
Provisions	7	608,909	694,002
<b>Total Current Liabilities</b>		<b>3,895,364</b>	<b>2,701,986</b>
<b>Non-current Liabilities</b>			
Borrowings	7	4,373,852	6,103,149
Provisions	7	69,398	55,891
<b>Total Non-current Liabilities</b>		<b>4,443,250</b>	<b>6,159,040</b>
<b>Total Liabilities</b>		<b>8,338,614</b>	<b>8,861,026</b>
<b>NET ASSETS</b>		<b>150,000</b>	<b>276,762</b>
<b>EQUITY</b>			
Accumulated Surplus		150,000	276,763
<b>TOTAL EQUITY</b>		<b>150,000</b>	<b>276,763</b>

This Statement is to be read in conjunction with the attached Notes.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
<b>2016</b>			
Balance at end of previous reporting period		276,763	276,763
<b>Net Surplus / (Deficit) for Year</b>		<b>27,984</b>	<b>27,984</b>
Contributed equity	14	122,018	122,018
Distribution to councils	1	(276,765)	(276,765)
<b>Balance at end of period</b>		<b>150,000</b>	<b>150,000</b>
<b>2015</b>			
Balance at end of previous reporting period		21,319	21,319
<b>Net Surplus / (Deficit) for Year</b>		133,426	133,426
Contributed equity		122,018	122,018
<b>Balance at end of period</b>		<b>276,763</b>	<b>276,763</b>

This Statement is to be read in conjunction with the attached Notes.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Receipts</i>			
User charges		13,720,757	14,092,717
Investment receipts		36,129	42,728
<i>Payments</i>			
Employee costs		(4,874,817)	(4,722,033)
Materials, contracts & other expenses		(6,062,903)	(6,940,334)
Finance payments		(390,947)	(405,851)
Other payments		(62,503)	-
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>2,365,717</b>	2,067,227
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Receipts</i>			
Sale of replaced assets		39,049	71,455
Sale of surplus assets		66,441	-
Capital contributed by members		122,018	122,018
<i>Payments</i>			
Expenditure on renewal/replacement of assets		(202,487)	(1,992,154)
Distribution to councils		(276,764)	(4,574)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(251,743)</b>	(1,803,255)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Receipts</i>			
Proceeds from borrowings		-	1,743,400
<i>Payments</i>			
Repayments of borrowings		(88,622)	(370,052)
Repayment of finance lease liabilities		(1,323,976)	(1,307,153)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(1,412,598)</b>	66,195
<b>Net Increase (Decrease) in cash held</b>		<b>701,376</b>	330,167
Cash & cash equivalents at beginning of period	8	2,096,194	1,766,027
<b>Cash &amp; cash equivalents at end of period</b>	8	<b>2,797,570</b>	2,096,194

This Statement is to be read in conjunction with the attached Notes.



## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

### **NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The financial statements cover Eastern Waste Management Authority Inc as an individual entity. Eastern Waste Management Authority Inc is an association incorporated in South Australia under the SA Local Government Act 1999 and has its principal place of business at 1 Temple Court Ottoway SA.

#### **1 Basis of Preparation**

##### **1.1 Compliance with Australian Accounting Standards**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

##### **1.2 Historical Cost Convention**

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

##### **1.3 Critical Accounting Estimates**

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

#### **2 The Local Government Reporting Entity**

Eastern Waste Management Authority Inc ("The Authority") is a Regional Subsidiary formed under Section 43 of the Local Government Act 1999, under the control of the City of Burnside, City of Norwood, Payneham & St Peters, Campbelltown City Council, Corporation of the Town of Walkerville, City of Mitcham and Adelaide Hills Council. The Charter was reviewed as required by the Local Government Act 1999 and a revised Charter was gazetted on 29 November 2012. The six Member Councils have an equal equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of Member Councils.

#### **3 Income recognition**

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

#### **4 Cash, Cash Equivalents and other Financial Instruments**

Cash Assets include all amounts readily convertible to cash on hand at Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**5 Infrastructure, Property, Plant & Equipment**

**5.1 Initial Recognition**

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

**5.2 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

**5.3 Depreciation of Non-Current Assets**

All infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Authority, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and Equipment	5% - 40%
Building and other structures	5% - 20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

**5.4 Impairment**

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

**5.5 Borrowing Costs**

The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**6 Payables**

**6.1 Goods & Services**

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

**6.2 Payments Received in Advance & Deposits**

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Authority assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

**7 Borrowings**

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

**8 Employee Benefits**

**8.1 Salaries, Wages & Compensated Absences**

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date.

No accrual is made for sick leave as Authority experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Authority does not make payment for untaken sick leave.

Annual Leave has this year been disclosed under Provisions for the first time. In previous year, Annual Leave has been disclosed under Trade & Other Payables. Comparative information has been amended for comparability purposes and this has resulted in no change in the comparative financial position of performance of the Authority.

**8.2 Superannuation**

The Authority makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods.

**9 Leases**

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where the Authority substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

### **NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Authority is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

#### **10 GST Implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- > Receivables and Creditors include GST receivable and payable.
- > Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- > Non-current assets and capital expenditures include GST net of any recoupment.
- > Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

#### **11 Distribution to Member Council**

The Board of the Authority approved the payment of a distribution to the Member Councils during the 2015/16 financial year totalling \$276,765. This has been treated a capital distribution to each Member Council in accordance with each Council's respective percentage ownership in the Authority.

#### **12 Competitive Neutrality**

The Authority undertakes commercial (for profit) activities being the collection and disposal of domestic waste on behalf of non member councils. This non core business constitutes a significant business activity of the Authority, as such, for the purposes of the national competition policy, it is an activity to which the principles of competitive neutrality will apply.

The Authority recognises the objective of competitive neutrality as the intention to remove any net competitive advantages from its commercial (for profit) activities. Accordingly, the Authority is implementing principles of competitive neutrality, in particular tax equivalents and debt guarantee fees, where it competes with the private sector.

These tax equivalents include:

- 1.1 payroll tax;
- 1.2 stamp duty;
- 1.3 council rates;
- 1.4 fuel excise;
- 1.5 Work Cover levies;
- 1.6 prevailing commercial interest rates applicable to the purchase of operating plant;
- 1.7 debt guarantee fees, where required;
- 1.8 standard interest rates on borrowings;
- 1.9 income tax

The Authority will annually and proportionately disburse to its member councils, the equivalent of all of the costs referred to above together with the equivalent of company taxation on the net profit derived from its commercial (for profit) activities. The disbursements made to the member councils will not and are not intended to be directly or indirectly returned to the Authority.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

### **NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

In bidding for the new commercial (for profit) business activities, the Authority will fully account for all costs including all taxes, licences, fees, charges and guarantees that are applicable to the private sector operating in the same market place, unless all bidders are both equally directed to do otherwise and have the benefit of all exemptions to which the Authority is entitled.

The Authority has obtained and will maintain for its commercial (for profit) activities a prescribed activity license from the Environment Protection Authority for the collection or transport of waste from domestic premises on behalf of non member councils.

#### **13 Pending Accounting Standards**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 124	Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

Authority is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

Accounting Standard AASB 16 Leases may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Authority's intention to adopt this Standard early.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 2 - INCOME**

	Notes	2016 \$	2015 \$
<b>USER CHARGES</b>			
Household refuse		4,181,142	3,853,511
Administration		208,896	202,812
Green organics		3,435,168	3,089,855
Recyclables		3,191,626	3,910,422
Hardwaste		517,743	361,775
Litter		265,352	233,959
Waste disposal		773,483	1,402,234
Recycling		-	32,234
		<b>12,573,410</b>	<b>13,086,802</b>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		34,986	40,561
Banks & other		1,143	2,167
		<b>36,129</b>	<b>42,728</b>
<b>OTHER INCOME</b>			
Bin supply		100,537	485,995
Replacement bins		107,305	128,471
Sundry		173,698	264,135
		<b>381,540</b>	<b>878,601</b>
<b>INCOME TAX EQUIVALENT CHARGE</b>			
Income tax equivalent charge		-	(4,574 )
<b>TOTAL INCOME TAX EQUIVALENT CHARGE</b>		<b>-</b>	<b>(4,574 )</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 3 - EXPENSES

	Notes	2016 \$	2015 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		3,742,055	3,552,355
Employee leave expense		(71,586)	218,599
Superannuation		374,463	278,110
Wages casual agency		492,527	563,945
Workers' Compensation Insurance		171,779	157,318
Other		93,992	67,404
<b>Total Operating Employee Costs</b>		<b>4,803,231</b>	<b>4,837,731</b>
<b>Total Number of Employees</b>		<b>49</b>	<b>50</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<i>Prescribed Expenses</i>			
Auditor's Remuneration			
- Auditing the financial reports		8,300	8,000
Board Fees		23,850	23,850
Operating Lease Rentals - cancellable leases		78,158	28,233
Subtotal - Prescribed Expenses		<b>110,308</b>	60,083
<i>Other Materials, Contracts &amp; Expenses</i>			
Disposal fees		1,901,250	2,264,004
Dumping fees		16,643	343,514
Energy		34,954	25,997
Fuel, gas & oil		734,665	957,456
GPS expenses		49,555	36,512
Insurance		24,989	24,164
Maintenance		1,209,543	1,522,552
Legal Expenses		18,093	31,974
Parts, accessories & consumables		43,066	45,799
Printing, stationary, postage & courier		38,272	33,829
Processing costs		-	40,041
Professional services		223,970	185,164
Promotion & advertising		41,959	21,005
Rebate to member councils		1,138,215	-
Registration & insurance - trucks		222,129	260,155
Sorting fees		-	676,537
Sundry		424,326	308,785
Telephone		35,522	41,688
Subtotal - Other Materials, Contracts & Expenses		<b>6,157,151</b>	<b>6,819,176</b>
		<b>6,267,459</b>	<b>6,879,259</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 3 - EXPENSES (CONT)**

	Notes	2016 \$	2015 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		7,645	7,163
Plant, Machinery & Equipment		1,587,778	1,747,129
		1,595,423	1,754,292
<b>FINANCE COSTS</b>			
Interest on Loans		331,384	403,637
Charges on Finance Leases		3,481	2,214
		334,865	405,851



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS**

	Notes	2016 \$	2015 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<b><i>Assets renewed or directly replaced</i></b>			
Proceeds from disposal		39,051	64,453
Less: Carrying amount of assets sold		50,822	57,451
<b>Gain (Loss) on disposal</b>		<b>(11,771)</b>	7,002
<b><i>Assets surplus to requirements</i></b>			
Proceeds from disposal		66,441	-
Less: Carrying amount of assets sold		16,788	-
<b>Gain (Loss) on disposal</b>		<b>49,653</b>	-
<b>NET GAIN (LOSS) ON DISPOSAL OF ASSETS</b>		<b>37,882</b>	7,002

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 5 - CURRENT ASSETS**

	Notes	2016 \$	2015 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand at Bank		1,509,899	643,681
Short Term Deposits & Bills, etc		1,287,671	1,452,513
		<b>2,797,570</b>	2,096,194
TRADE & OTHER RECEIVABLES			
Debtors - general		357,593	247,599
Prepayments		990	990
Total		358,583	248,589
Less: Allowance for Doubtful Debts		-	-
		<b>358,583</b>	248,589

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

## NOTE 6 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT

2015				
	\$			
	<i>At Fair Value</i>	<i>At Cost</i>	<i>Accum Dep'n</i>	<i>Carrying Amount</i>
Buildings & Other Structures	-	75,115	(24,712)	50,403
Plant, Machinery & Equipment	-	12,873,515	(6,130,913)	6,742,602
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	-	12,948,630	(6,155,625)	6,793,005
<b>Comparatives</b>	-	<b>19,463,465</b>	<b>(12,843,869)</b>	<b>6,619,596</b>

2016				
	\$			
	<i>At Fair Value</i>	<i>At Cost</i>	<i>Accum Dep'n</i>	<i>Carrying Amount</i>
Buildings & Other Structures	-	<b>81,935</b>	<b>(36,759)</b>	<b>45,176</b>
Plant, Machinery & Equipment	-	<b>11,814,253</b>	<b>(6,526,968)</b>	<b>5,287,285</b>
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	-	<b>11,896,188</b>	<b>(6,563,727)</b>	<b>5,332,461</b>
<b>Comparatives</b>	-	<b>12,948,630</b>	<b>(6,155,625)</b>	<b>6,793,005</b>

This note continues on the following page.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (CONT)

	CARRYING AMOUNT MOVEMENT DURING YEAR				
	2015				
	\$ Carrying Amount	\$ Additions		\$ Disposals	\$ Depreciation
		New/Upgrade	Renewels		
Buildings & Other Structures	50,403	2,418	-	-	(7,645)
Plant, Machinery & Equipment	6,742,602	-	200,070	(67,609)	(1,587,778)
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>6,793,005</b>	<b>2,418</b>	<b>200,070</b>	<b>(67,609)</b>	<b>(1,595,423)</b>
<b>Comparatives</b>	<b>6,619,596</b>	<b>1,992,154</b>	<b>-</b>	<b>(64,453)</b>	<b>(1,754,292)</b>

	CARRYING AMOUNT MOVEMENT DURING YEAR				
					2016
	\$ Impairment	\$ Transfers		\$ Net Revaluation	\$ Carrying Amount
		In	Out		
Buildings & Other Structures	-	-	-	-	45,176
Plant, Machinery & Equipment	-	-	-	-	5,287,285
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,332,461</b>
<b>Comparatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,793,005</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 7 - LIABILITIES**

	Notes	2016		2015	
		\$		\$	
<b>TRADE &amp; OTHER PAYABLES</b>		Current	Non-current	Current	Non-current
Goods & Services		516,030	-	745,638	-
Accrued expenses - rebate to member councils		1,252,036	-		
Accrued expenses - other		101,796	-	157,878	-
Other		-	-	4,574	-
		<b>1,869,862</b>	<b>-</b>	<b>908,090</b>	<b>-</b>
<b>BORROWINGS</b>					
Loans		94,797	325,893	61,009	448,303
Finance Leases	10	1,321,796	4,047,959	1,038,885	5,654,846
		<b>1,416,593</b>	<b>4,373,852</b>	<b>1,099,894</b>	<b>6,103,149</b>

All interest bearing liabilities are secured over the future revenues of the Authority.

**PROVISIONS**

Annual leave entitlements (including oncosts)	171,263	-	254,977	-
Long service leave entitlements (including oncosts)	437,646	69,398	439,025	55,891
	<b>608,909</b>	<b>69,398</b>	<b>694,002</b>	<b>55,891</b>

As a result of operational efficiency initiatives implemented and resulting savings achieved, the Authority has recorded a liability in Note 7 to reflect the rebate payable to Member Councils on waste management fees charged to Member Councils in the 2015/16 financial year. The rebate will be paid to the Member Councils in the 2016/17 financial year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 8 - RECONCILIATION TO CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2016 \$	2015 \$
Total cash & equivalent assets	5	2,797,570	2,096,194
Less: Short-term borrowings	7	-	-
Balances per Cash Flow Statement		<b>2,797,570</b>	2,096,194

**(b) Reconciliation of Change in Net Assets to Cash from Operating Activities**

Net Surplus (Deficit)		27,984	133,426
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,595,423	1,754,292
Net increase (decrease) in unpaid employee benefits		(71,586)	115,698
Net (Gain) Loss on Disposals		(37,882)	(7,002)
		<b>1,513,939</b>	1,996,414
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(109,994)	123,036
Net (increase) decrease in inventories		-	4,278
Net increase (decrease) in trade & other payables		961,772	(61,075)
<b>Net Cash provided by (or used in) operations</b>		<b>2,365,717</b>	2,062,653

**(d) Financing Arrangements**

Unrestricted access was available at balance date to the following lines of credit:

GFA Cash Advance Debenture facility	<b>1,000,000</b>	1,000,000
-------------------------------------	------------------	-----------

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 9 - FINANCIAL INSTRUMENTS**

All financial instruments are categorised as loans and receivables.

**Accounting Policies - Recognised Financial Instruments**

**Bank, Deposits at Call,  
Short Term Deposits**

**Accounting Policy:** Carried at lower of cost and net realisable value; Interest is recognised when earned.

**Terms & conditions:** Deposits are returning fixed interest rates between 1.75% and 1.85% (2015: 2% and 2.05%).

**Carrying amount:** Approximates fair value due to the short term to maturity.

---

**Liabilities -  
Creditors and Accruals**

**Accounting Policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.

**Terms & conditions:** Liabilities are normally settled on 30 day terms.

**Carrying amount:** Approximates fair value.

---

**Liabilities -  
Interest Bearing Borrowings**

**Accounting Policy:** Carried at the principal amounts. Interest is charged as an expense as it accrues.

**Terms & conditions:** Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed rates between 4.25% and 7.01% (2015: 4.25% and 7.01%)

**Carrying amount:** Approximates fair value.

---

**Liabilities - Finance Leases**

**Accounting Policy:** Accounted for in accordance with AASB 117.

---

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 9 - FINANCIAL INSTRUMENTS (CONT)**

**Liquidity Analysis**

	Due < 1 year	Due > 1 year; < 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2016</b>	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	2,797,570	-	-	2,797,570	2,797,570
Receivables	358,583	-	-	358,583	358,583
<b>Total</b>	<b>3,156,153</b>	-	-	3,156,153	3,156,153
<b>Financial Liabilities</b>					
Payables	516,030	-	-	516,030	516,030
Current Borrowings	1,688,503	-	-	1,688,503	1,321,796
Non-Current Borrowings	-	4,545,647	290,556	4,836,203	4,047,959
<b>Total</b>	<b>2,204,533</b>	4,545,647	290,556	7,040,736	5,885,785
2015					
<b>Financial Assets</b>					
Cash & Equivalents	2,096,194	-	-	2,096,194	2,096,194
Receivables	248,589	-	-	248,589	248,589
<b>Total</b>	<b>2,344,783</b>	-	-	2,344,783	2,344,783
<b>Financial Liabilities</b>					
Payables	745,638	-	-	745,638	745,638
Current Borrowings	1,700,074	-	-	1,700,074	1,038,885
Non-Current Borrowings	-	4,974,068	1,510,869	6,484,937	5,654,846
<b>Total</b>	<b>2,445,712</b>	4,974,068	1,510,869	8,930,649	7,439,369

**Net Fair Value**

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

**Risk Exposures**

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted.

The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices.

All of Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 9 - FINANCIAL INSTRUMENTS (CONT)**

**Liquidity Risk** is the risk that Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Authority also has available a range of bank overdraft and standby borrowing facilities that it can access.

**Interest Rate Risk** is the risk that future cash flows will fluctuate because of changes in market interest rates. Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner

**NOTE 10 - COMMITMENTS FOR EXPENDITURE**

Notes	2016 \$	2015 \$
<b>Finance Lease Commitments</b>		
Commitments under finance leases at the reporting date are as follows:		
Not later than one year	1,566,485	1,639,065
Later than one year and not later than 5 years	4,179,592	4,525,765
Later than 5 years	290,556	1,510,859
Minimum lease payments	6,036,633	7,675,689
Less: future finance charges	(666,878)	(981,958)
Net Lease Liability	<b>5,369,755</b>	6,693,731
Representing lease liabilities:		
Current	1,321,796	1,038,885
Non-Current	4,047,959	5,654,846
	<b>5,369,755</b>	6,693,731

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 11 - UNIFORM PRESENTATION OF FINANCES**

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	<b>2016</b>	2015
	\$	\$
Income	12,991,079	14,008,131
<i>less</i> Expenses	13,000,978	13,877,133
<b>Operating Surplus / (Deficit)</b>	<b>(9,899)</b>	130,998
 <b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal & replacement of Existing Assets	202,487	1,992,154
Depreciation, Amortisation & Impairment	(1,595,423)	(1,754,292)
Proceeds from Sale of Replaced Assets	(39,049)	(71,455)
	<b>(1,431,985)</b>	166,407
 <b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	(66,441)	-
	(66,441)	-
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,488,528</b>	(35,409)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 12 – RELATED PARTY INFORMATION**

A new charter for East Waste was gazetted on 29 November 2012. Under this Charter, Directors are not paid by East Waste and the newly appointed Independent Chair is paid by East Waste. The remuneration set by the Board is \$20,000 per annum.

**Board Members**

***Mr. P DiIulio***

Appointed to the Board of East Waste for a term of two (2) years from the date of the gazettal of new charter 29 November 2012. Reappointed in December 2014.

***Cr G Piggott\****

Appointed to the Board of East Waste for a term of two (2) years from 17 September 2012. Reappointed in December 2014.

***Mr. M Barone***

Appointed to the Board of East Waste for a term of two (2) years from the date of the gazettal of new charter 29 November 2012. Reappointed in December 2014.

***Cr K Hockley***

Appointed to the Board of East Waste for a term of two (2) years from 25 November 2014.

***Cr G Webster***

Appointed to the Board of East Waste for a term of two (2) years from 24 November 2014.

***Cr L Green***

Appointed to the Board of East Waste in February 2013. Reappointed in November 2014.

***Mr B Cunningham***

Appointed as independent chairman of the Board of East Waste in March 2013. Reappointed in June 2015.

\*Cr G Piggott resigned from the Board on 29 June 2016.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 13 – KEY MANAGEMENT PERSONNEL**

The table below summarises in aggregate the remuneration of all senior management personnel and Board Members of the Eastern Waste Management Authority Inc.

	Salary \$	Super \$	Non-Cash \$	Allowances \$	ETP \$	Total \$
<b>2016</b>	<b>144,852</b>	<b>14,287</b>	-	<b>12,000</b>	-	<b>171,139</b>
2015	128,827	13,523	-	12,000	-	154,350

*Board Member Compensation*

Independent Chairperson - \$20,000 (2015: \$20,000)

Independent Audit Committee Members - \$3,850 (2015: \$3,850)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 14 – Highbury Landfill Authority Inc**

The Eastern Waste Management Authority, originally known as the East Torrens Municipal Destructor Trust, was established on 19 July 1928 (the name change took place in 1993).

As at 1 July 2004, the Eastern Waste Management Authority comprised 3 member Councils, being the City of Norwood, Payneham and St Peters, the City of Burnside and the Corporation of the Town of Walkerville.

On 5 August 2004, the City of Norwood, Payneham and St Peters, the City of Burnside and the Corporation of the Town of Walkerville established the Highbury Landfill Authority Inc. Its purpose included the facilitation of the closure and the post- closure of the Highbury Landfill site, as well as managing the joint interests and liability of the Councils in relation to the closure of the site.

On 31 December 2004 the property known as the Highbury Landfill site was transferred from East Waste to Highbury Landfill Authority Inc.

On 1 January 2005 the Eastern Waste Management Authority Inc. Charter was amended to include the three new member Councils - the City of Mitcham, the City of Campbelltown and Adelaide Hills Council.

On 1 January 2005 a loan was created between East Waste and the Highbury Landfill Authority that represented the net value of assets in East Waste prior to 1 January 2005. This was an At Call Loan and interest had been capitalised until the loan was called in by the Highbury Landfill Authority in November 2008. The loan amount was

\$873,000 and East Waste borrowed the money from the National Australia Bank with an Interest Only Loan. This loan has now been re-financed through the Local Government Finance Authority, to be repaid in 10 years. The Board of East Waste resolved in February 2010 to charge Member Councils the loan repayments for this loan in their equity percentages as set out in the January 2005 charter.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 15 – EVENTS OCCURRING AFTER REPORTING DATE**

In accordance with AASB 110, there were no events subsequent to 30 June 2016 that need to be disclosed in the financial statements.

## CERTIFICATION OF AUDITOR INDEPENDENCE

### EASTERN WASTE MANAGEMENT AUTHORITY

#### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

#### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Waste Management Authority for the year ended 30 June 2016, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

.....  
Adam Faulkner  
CHIEF EXECUTIVE OFFICER

.....  
Brian Cunningham  
PRESIDING MEMBER  
AUDIT COMMITTEE

Date: 14 September 2016

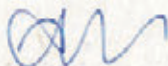
## STATEMENT BY AUDITOR



### Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Eastern Waste Management Authority for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**SAMANTHA ALLARD**  
Partner

**DEAN NEWBERY & PARTNERS**  
CHARTERED ACCOUNTANTS

Dated this 16<sup>th</sup> day of September 2016

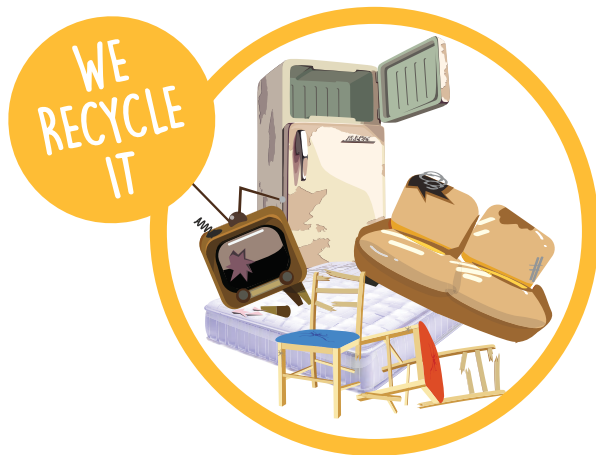
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## WHO IS EAST WASTE?

- A REGIONAL SUBSIDIARY ESTABLISHED UNDER THE LOCAL GOVERNMENT ACT 1999 SIX MEMBER COUNCILS.
- PURPOSE IS TO COLLECT AND DISPOSE/RECYCLE MEMBER COUNCILS WASTES AND RECYCLABLES.
- PROVIDE APPROXIMATELY 180,000 SERVICES PER WEEK.
- SERVICES APPROXIMATELY 30% OF METRO ADELAIDE.
- BOARD OF DIRECTORS & INDEPENDENT CHAIRMAN.
- EAST WASTE HAS A GENERAL MANGER AND 51 PERMANENT STAFF MEMBERS.
- PURPOSE BUILT DEPOT, FUEL SUPPLY; SELF-SUFFICIENT WORKSHOP AND ADMINISTRATION CENTRE.



APPROXIMATELY

**180,000**

**BINS COLLECTED PER WEEK,  
EVERY WEEK, EACH DAY  
OF THE WEEK (BAR TWO).**

## EastWaste

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**EastWaste**