



**EASTERN WASTE MANAGEMENT
AUTHORITY**

AGENDA

ORDINARY MEETING OF THE BOARD OF MANAGEMENT

**Meeting to be held on Wednesday 14 September 2016 commencing at 5:30pm,
at the City of Norwood, Payneham & St Peters, 175 The Parade, Norwood**

1. PRESENT

2. APOLOGIES

3. DECLARATIONS OF INTEREST

4. CONFIRMATION OF THE MINUTES

RECOMMENDED: That the Minutes of the Eastern Waste Management Authority Board Meeting held on Thursday 30 June 2016, be received, confirmed and adopted

That the Minutes of the Eastern Waste Management Authority Audit and Risk Management Committee held on 8 September 2016, be noted (**Minutes will be tabled in hard copy at the 14 September 2016 Board Meeting**)

5. MATTERS ARISING FROM THE MINUTES

6. QUESTIONS WITHOUT NOTICE

7. GENERAL MANAGER REPORT

Reports requiring Decisions

- 7.1 Financial Statements for Year Ending 30 June 2016
- 7.2 Solid Waste Levy

Reports for Information

- 7.3 Waste Education Campaign *Why Waste It?*
- 7.4 Waste Aid
- 7.5 Operational Performance Report
- 7.6 Annual Plan 16/17 Progress

8. BUSINESS IMPROVEMENT MANAGER REPORT

- 8.1 KESAB Service Level Agreement

9. OTHER BUSINESS

- 9.1 Potential Incoming Member Council
- 9.2 Conflict of Interest Provisions

10. NEXT MEETING OF THE BOARD

The next Board Meeting to be held on Thursday, 24 November 2016 at East Waste Boardroom, 1 Temple Court Ottoway at 5.30pm

11. CLOSURE OF MEETING

MINUTES OF THE ORDINARY BOARD MEETING OF THE EASTERN WASTE MANAGEMENT AUTHORITY, held on Thursday, 30th June, 2016 commencing at 5.36pm at the City of Norwood Payneham & St Peters, 175 The Parade, Norwood

1. PRESENT

Directors:

Mr B Cunningham	Independent Chairperson
Mr Mario Barone	City of Norwood Payneham & St Peters
Cr Graham Webster	Corporation of Walkerville
Cr Linda Green	Adelaide Hills Council
Mr Paul Di Iulio	City of Campbelltown

In Attendance:

Mr Adam Faulkner	General Manager
Mr Shane Raymond	Business Improvement Manager
Miss Amy Quintrell	Office Administrator

2 APOLOGIES

Cr Karen Hockley	City of Mitcham
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Chairman acknowledgment of Mario Barone for receipt of Public Service Medal for outstanding public service to Local Government through the provision of leadership and strategic planning.

Chairman to table resignation letter from Cr Grant Piggott.

Moved Chairman that the Board regrettably accept Cr Piggott's resignation and thank him for his contribution. It is noted that an exemption has been sought in relation to the recent changes to the Local Government Act.

Seconded Cr Webster

Carried

The time being 5.39pm Mr Barone attended the meeting

3. CONFIRMATION OF THE MINUTES

Moved Cr Green that the minutes of the Eastern Waste Management Authority Ordinary Board Meeting held on Thursday 31st March 2016, be received, confirmed and adopted

Seconded Cr Webster

Carried

Moved Cr Webster that the minutes of the Eastern Waste Management Authority Audit and Risk Management Committee held on Monday 27th June 2016, be received and noted

Seconded Cr Green

Carried

4. MATTERS ARISING FROM THE MINUTES

Nil

5. QUESTIONS WITHOUT NOTICE

Nil

6. GENERAL MANAGERS REPORT

REPORTS REQUIRING DECISIONS

6.1 DRAFT 2016/2017 ANNUAL PLAN & BUDGET

Moved Mr Di Iulio that the Board adopt the 2016/2017 East Waste Annual Plan, and that the Board adopt the 2016/2017 East Waste Budget
Seconded Cr Green **Carried**

6.2 FINANCIAL REPORT

Moved Mr Di Iulio that the report is received and noted and the Board move to return any operating surplus to Member councils
Seconded Cr Green **Carried**

6.3 APPROVAL TO PURCHASE COLLECTION VEHICLE (OUT OF FREQUENCY)

Moved Cr Webster that pursuant to Section 90 (2) and (3) of the Local Government Act 1999, an order be made by the East Waste Board that the public be excluded from attendance at the meeting to the extent (and only to the extent) that the Board considers it necessary and appropriate to act in a meeting closed to the public in order to receive, discuss and consider in confidence:

(k) tenders for the supply of goods, the provision of services of the carrying out of works; and

that the East Waste Board is satisfied that, the principle that the meeting should be conducted in a safe place open to the public, has been outweighed by the need to keep the receipt, discussion and consideration of the information confidential.

Seconded Mr Di Iulio **Carried**

Moved Cr Green that the meeting move out of confidence
Seconded Mr Di Iulio **Carried**

REPORTS FOR INFORMATION

6.4 CONFLICT OF INTEREST PROVISIONS

Moved Mr Barone that the report is received and noted
Seconded Cr Webster **Carried**

6.5 COUNCIL SOLUTIONS UPDATE

Moved Cr Webster that the report is received and noted
Seconded Cr Green

Carried

6.6 OPERATIONAL PERFORMANCE REPORT

Moved Cr Webster that the Report is received and noted
Seconded Mr Di Iulio

Carried

6.7 2015/2016 ANNUAL PLAN PROGRESS REPORT

Moved Cr Green that the Report is received and noted
Seconded Cr Webster

Carried

7. OTHER BUSINESS

7.1 SA WASTE CONFERENCE 21 – 23 SEPTEMBER 2016

The time being 6.07pm East Waste General Manager and staff left the meeting

7.2 GM EMPLOYMENT AGREEMENT CLAUSE 10.1

Moved Mr Di Iulio that the Board agree to delegate to the Chairman the authority on behalf of the employer to provide written consent as per Clause 10.1 of the GM employment agreement

The time being 6.17pm East Waste General Manager returned to the meeting

The time being 6.21pm East Waste staff returned to the meeting

7.3 INVITATION FOR GENERAL MANAGER TO PRESENT TO A METROPOLITAN LOCAL GOVERNMENT INTERESTED IN JOINING THE SUBSIDIARY

7.4 ANNUAL LEAVE ENTITLEMENTS

Moved Mr Di Iulio to support the administrative decision not affecting the staff members and accruing annual leave from anniversary date
Seconded Cr Webster

Carried

7.5 REGISTER OF INTERESTS

7.6 WASTE LEVY

8. NEXT MEETING OF THE BOARD

The next Board Meeting to be held on Thursday 8th September at 5.30pm at the City of Norwood Payneham & St Peters

9. CLOSURE OF MEETING

There being no further business the meeting closed at 6.35pm

Confirmed

DATE_____

CHAIRMAN_____

Agenda Item 7.1

REPORT SUBJECT:	Financial Statements for Year Ending 30 June 2016
REPORT AUTHOR:	General Manager
MEETING DATE:	Wednesday 14 September 2016
ATTACHMENTS:	Model Financial Statements Year Ending 30 June 2016 Draft Audit Completion Report

Purpose of the Report

To provide the Board with the final Model Financial Statements for Year Ending 30 June 2016

Background

The attached Financial Statements for year ending 30 June 2016 have been prepared by East Waste's appointed accountancy firm Hood Sweeney in accordance with the model financial statements issued by the Local Government Association.

The statements have been reviewed by East Waste Management, East Waste's externally appointed auditor, and the East Waste Audit and Risk Management Committee (3 September 2015).

The Model Financial Statements for Year Ending 30 June 2016 are attached.

The Draft Audit Completion Report from the externally appointed auditor is attached.

Report

East Waste had a strong financial performance in 2015/2016 led primarily through a sustained depressed fuel price, efficiency measures, moving to a more contemporary fleet maintenance program, a superior recyclables processing contract, and overall prudent management tactics. An operating surplus of \$1.24 million was initially achieved prior to issuing Member Councils refunds.

As endorsed by circular resolution by the East Waste Board as set out in email correspondence by the East Waste General Manager on 19 August 2016, East Waste retained \$150,000 of the operating surplus to drive a coordinated waste minimisation education and promotion campaign. The campaign aims to improve recycling behaviour of residents and reduce Member Councils exposure to the increased State Government imposed solid waste levy.

The General Manager will provide an amended 2016/2017 budget in the form of Budget Review 1 at the November 2016 Board Meeting with a view to avoiding the large operating surplus experienced in 2015/2016.

The General Manager will also update the Board endorsed LTFP as recommended by the auditor.

RECOMMENDATION

That the Independent Chairman and General Manager be authorised to sign the Financial Statements as presented and forward to Member Councils

Eastern Waste Management Authority

General Purpose Financial Reports for the year ended 30 June 2016

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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:

Eastern Waste Management Authority

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
INCOME			
User charges	2	12,573,410	13,086,802
Investment income	2	36,129	42,728
Other income	2	381,540	878,601
Total Income		<u>12,991,079</u>	<u>14,008,131</u>
EXPENSES			
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
Total Expenses		<u>13,000,978</u>	<u>13,877,133</u>
OPERATING SURPLUS / (DEFICIT)		(9,899)	130,998
Asset disposal & fair value adjustments	4	37,882	7,002
Income tax equivalent charge	2	-	(4,574)
NET SURPLUS / (DEFICIT)		<u>27,984</u>	<u>133,426</u>
transferred to Equity Statement			
TOTAL COMPREHENSIVE INCOME		<u>27,984</u>	<u>133,426</u>

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

Eastern Waste Management Authority

STATEMENT OF FINANCIAL POSITION as at 30 June 2016

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

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

Eastern Waste Management Authority

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2016

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

Eastern Waste Management Authority

STATEMENT OF CASH FLOWS for the year ended 30 June 2016

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

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

EASTERN WASTE MANAGEMENT AUTHORITY

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.

Eastern Waste Management Authority

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.

Eastern Waste Management Authority

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. 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.

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 1 - Significant Accounting Policies (cont)

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.

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.

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 1 - Significant Accounting Policies (cont)

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.

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 2 - INCOME

	Notes	2016 \$	2015 \$
USER CHARGES			
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
		<u>12,573,410</u>	<u>13,086,802</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		34,986	40,561
Banks & other		1,143	2,167
		<u>36,129</u>	<u>42,728</u>
OTHER INCOME			
Bin supply		100,537	485,995
Replacement bins		107,305	128,471
Sundry		173,698	264,135
		<u>381,540</u>	<u>878,601</u>
INCOME TAX EQUIVALENT CHARGE			
Income tax equivalent charge		-	(4,574)
TOTAL INCOME TAX EQUIVALENT CHARGE		<u>-</u>	<u>(4,574)</u>

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 3 - EXPENSES

	Notes	2016 \$	2015 \$
EMPLOYEE COSTS			
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
Total Operating Employee Costs		4,803,231	4,837,731
Total Number of Employees		49	50
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
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		110,308	60,083
<u>Other Materials, Contracts & Expenses</u>			
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		6,157,151	6,819,176
		6,267,459	6,879,259

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 3 - EXPENSES (cont)

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

Eastern Waste Management Authority

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

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 5 - CURRENT ASSETS

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

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Buildings & Other Structures
Plant, Machinery & Equipment
**TOTAL INFRASTRUCTURE, PROPERTY,
PLANT & EQUIPMENT**

Comparatives

This Note continues on the following pages.

2015 \$				2016 \$			
AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
-	75,115	(24,712)	50,403	-	81,935	(36,759)	45,176
-	12,873,515	(6,130,913)	6,742,602	-	11,814,253	(6,526,968)	5,287,285
-	12,948,630	(6,155,625)	6,793,005	-	11,896,188	(6,563,727)	5,332,461
	19,463,465	(12,843,869)	6,619,596	-	12,948,630	(6,155,625)	6,793,005

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2015	CARRYING AMOUNT MOVEMENTS DURING YEAR								2016
	\$	\$								\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Buildings & Other Structures	50,403	2,418	-	-	(7,645)	-	-	-	-	45,176
Plant, Machinery & Equipment	6,742,602	-	200,070	(67,609)	(1,587,778)	-	-	-	-	5,287,285
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	6,793,005	2,418	200,070	(67,609)	(1,595,423)	-	-	-	-	5,332,461
Comparatives	6,619,596	1,992,154	-	(64,453)	(1,754,292)	-	-	-	-	6,793,005

This Note continues on the following pages.

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 7 - LIABILITIES

	Notes	2016		2015	
		\$		\$	
TRADE & OTHER PAYABLES		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	-
		<u>1,869,862</u>	<u>-</u>	<u>908,090</u>	<u>-</u>

BORROWINGS

Loans		94,797	325,893	61,009	448,303
Finance Leases	10	1,321,796	4,047,959	1,038,885	5,654,846
		<u>1,416,593</u>	<u>4,373,852</u>	<u>1,099,894</u>	<u>6,103,149</u>

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
		<u>608,909</u>	<u>69,398</u>	<u>694,002</u>	<u>55,891</u>

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.

Eastern Waste Management Authority

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		<u>2,797,570</u>	<u>2,096,194</u>

(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)
	<u>1,513,939</u>	<u>1,996,414</u>
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)
Net Cash provided by (or used in) operations	<u>2,365,717</u>	<u>2,062,653</u>

(d) Financing Arrangements

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

LGFA Cash Advance Debenture facility	1,000,000	1,000,000
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The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Eastern Waste Management Authority

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.

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	2,797,570	-	-	2,797,570	2,797,570
Receivables	358,583	-	-	358,583	358,583
Total	3,156,153	-	-	3,156,153	3,156,153
Financial Liabilities					
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
Total	2,204,533	4,545,647	290,556	7,040,736	5,885,785

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	2,096,194	-	-	2,096,194	2,096,194
Receivables	248,589	-	-	248,589	248,589
Total	2,344,783	-	-	2,344,783	2,344,783
Financial Liabilities					
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
Total	2,445,712	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.

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.

Eastern Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 10 - COMMITMENTS FOR EXPENDITURE

	2016	2015
<u>Notes</u>	\$	\$
Finance Lease Commitments		
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	<u>5,369,755</u>	<u>6,693,731</u>
Representing lease liabilities:		
Current	1,321,796	1,038,885
Non-Current	4,047,959	5,654,846
	<u>5,369,755</u>	<u>6,693,731</u>

Eastern Waste Management Authority

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

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

EASTERN WASTE MANAGEMENT AUTHORITY

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 Dilulio

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*

EASTERN WASTE MANAGEMENT AUTHORITY

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 (\$)
2016	144,852	14,287	-	12,000		171,139
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)

EASTERN WASTE MANAGEMENT AUTHORITY

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.

EASTERN WASTE MANAGEMENT AUTHORITY

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.

EASTERN WASTE MANAGEMENT AUTHORITY

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

AUDIT REPORT – FINANCIAL STATEMENTS

(Inserted by Auditor)

EASTERN WASTE MANAGEMENT AUTHORITY

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

AUDIT REPORT – INTERNAL CONTROLS

(Inserted by Auditor)

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:

EASTERN WASTE MANAGEMENT AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of 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

Dean Newbery & Partners Chartered Accountants

Dated this day of 2016



EAST WASTE
EASTERN WASTE MANAGEMENT AUTHORITY

EASTERN WASTE MANAGEMENT AUTHORITY INC

Audit Completion Report

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2016

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Attachment One - Draft 2015/16 External Audit Report

1. Introduction

This report has been prepared for the Authority and its Administration to summarise the significant matters that have arisen from our Balance Date audit of the Authority for the financial year ended 30 June 2016.

This report has been prepared to comply with Australian Auditing Standard (ASA) 260 *Communication with Those Charged with Governance* and ASA 265 *Communicating Deficiencies in Internal Controls to Those Charged with Governance and Management*.

2. Summary of Conduct of Audit

Please be advised that in accordance with the requirements under the *Local Government Act 1999* (the Act), we have now completed the statutory audit of the Authority for the financial year ended 30 June 2016.

As required under Section 129 of the Act, we wish to advise of the following matters in conjunction with the work recently completed.

1. No report is required to the Minister

There is no matter arising from the audit of the Authority for the year ended 30 June 2016 which we need to report to the Minister, as would otherwise be required under Section 129(6) of the Act.

2. Audit Correspondence issued during the 2016 Financial Year

Various audit matters have been formally communicated through our previously issued Management Letters. We are satisfied that action has, or is in the process of addressing all matters previously raised.

3. Scope of Audit

All audit procedures have been designed and carried out by our audit staff to provide us with reasonable assurance that the Authority's financial report, as a whole, is free from material misstatement.

As outlined in our draft Audit Report included in this report which is to be provided to the Authority at the conclusion of the audit, the responsibility for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* rests with Authority's Chief Executive Officer. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our audit testing is not undertaken with the express purpose to disclose weaknesses in internal controls. Our testing of internal controls is undertaken to a sufficient levels to enable us to rely on information obtained in the course of our audit relevant to the preparation of the financial report.

4. Remaining Outstanding Matters

Our audit field work for the financial year ended 30 June 2016 has been completed. Before our Audit Report is signed off and issued to the Authority, the following outstanding matters are required to be attended to:

- Completion of audit procedures relating to ASA 560 *Subsequent Events* to be performed up to the date of signing Audit Report.
- The receipt of a signed Management Representation Letter from the Authority's Administration.
- Receipt of the Annual Financial statements with all statements certified by Authority's Chairperson and Chief Executive Officer as required.

5. Summary of Uncorrected Misstatements

There remain no misstatements that have not been adjusted by the Administration that have been identified during the course of our audit or that in our assessment, require to be reported to Authority's Audit Committee or Elected Members.

Any misstatements, either individually or in aggregate, that are considered to be immaterial, have not been reported and regarded as being minor in the context of the financial report as a whole.

All requested audit adjustment have been processed and disclosures within the financial report appropriately modified based on audit testing completed.

6. Auditor Independence

In accordance with our professional ethical requirements, we confirm that, for the audit of the Authority for the financial year ended 30 June 2016, all members of our audit team have maintained their 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.

A statement has been provided to the Authority in accordance with *Regulation 22 (5) Local Government (Financial Management) Regulations 2011* for inclusion in Authority's financial report.

7. Balance Date Management Report

As a result of the audit work completed, a summary of the following audit matters will be included in our 2016 Balance Date Management Letter for your reference. The Balance Date Management Letter will be issued once the Audit Report has been signed and returned to the Authority with the adopted Financial Statements.

A summary of the key matters that will be included are as follows.

1. 2015/16 Member Council Rebates

The Authority 'initially' achieved an Operating Surplus (before Common Fleet Costing Rebates applied as at 30 June 2016) of \$1.242 million as a result of productivity and efficiency programs introduced by the Administration during FY2016. A creditor (disclosed as 'Accrued expenses – rebates to member councils' in Note 7 of the Financial Statements) has been recorded for \$1.252 million (\$1.138 million + \$0.114 million GST) reflecting the amount to be refunded in FY2017 to Member Councils as a result of the savings achieved for waste management services provided in FY2016.

Given the material nature of this transaction, recommend that each Member Council's Finance Department be directly contacted to advise of this payment to be made so that each Member Council can appropriately account for this in their FY2016 Financial Statements (e.g. recognition of the debtor in their respective Financial Statements).

This is to ensure there is consistent accounting treatment and disclosure of this transaction amongst all the Member Councils and the Authority.

2. 2016/17 Adopted Budget & Long Term Financial Plan

Given the above transaction noted in 1 above is as a result of an end of financial year adjustment, the Authority's 2016/17 adopted budget has not factored the future cash flow impact which, has been identified by the Administration to be accounted for in the first budget revision to be undertaken in FY2017.

In addition, recommend the Authority's Long Term Financial Plan be reviewed and updated where deemed necessary so as to include the recent productivity and efficiency programs initiated by the Administration as well as the revised future working capital requirements of the Authority should service fees and charges be amended to reflect savings achieved.

In reviewing future service fees and charges, key assumptions and consideration over how the Authority will fund future plan and machinery (e.g. through the funding of built up cash reserves or through external loan borrowings) should be further considered in light of the recent productivity and efficiency savings achieved.

Attachment One – Draft 2015/16 External Audit Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EASTERN WASTE MANAGEMENT AUTHORITY

We have audited the accompanying financial report of the Eastern Waste Management Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2016, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Chief Executive Officer.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of *the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011* and the Australian professional ethical pronouncements.

AUDITOR'S OPINION

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Eastern Waste Management Authority as of 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS CHARTERED ACCOUNTANTS

SAMANTHA ALLARD PARTNER

Signed on the day of September 2016,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

Agenda Item 7.2

REPORT SUBJECT:	Solid Waste Levy
REPORT AUTHOR:	General Manager
MEETING DATE:	Wednesday 14 September 2016
ATTACHMENTS:	Position Paper relating to the Solid Waste Levy Increases

Purpose of the Report

To provide the Board with a position paper and outline of a strategy relating to the State Government imposed solid waste levy.

Report

The State Government imposed solid waste levy was gazetted to increase from \$57/tonne to \$62/tonne on 1 July 2016. The State Government announced on 4 July 2016 a further increase to \$76/tonne to commence on 1 September 2016.

The attached position paper has been developed by a group of Local Government Subsidiaries and interested Councils. The position paper was circulated to Member Councils on 10 August 2016.

RECOMMENDATION

That the Independent Chairman and General Manager write to the State Government outlining the disappointment with the increase to the Solid Waste Levy and request that the September 2016 increase be repealed.

Request for changes to announced waste levy increase

Background

The State Government has announced increases in the solid waste levy as part of its 2016/2017 budget. It was accompanied by a smaller package of associated funding programs.

The proposed increases are:

- from \$57 per tonne to \$62 per tonne from 1 July 2016, and
- **then to \$76 per tonne from 1 September 2016**
- to \$87 from 1 July 2017
- to \$100 from 1 July 2018
- to \$103 per tonne from 1 July 2019

The additional unplanned increase for 1 September 2016 that was introduced without warning or consultation on 4 July 2016 will result in excess of \$4Million being paid collectively by SA Councils – that is \$4M from households of South Australia.

By 2019/20, households and businesses will be paying over \$100 million dollars in waste levies per year. Over \$30 million of this is for household, Council collected, waste alone.

By comparison, the funding package for Councils totals only \$14million over the coming 4 years – that is less than 12% waste levies collected over the same period. The terms on which this funding will be offered is unclear.

There currently remains over \$100 million in the Waste to Resources Fund, yet these funds have not been made available to help Councils adjust to the announced changes.

The above increases were announced after budgets for Councils had been finalised, or close to finalisation, for 2016/17.

Position statement

- That two increases in the waste levy within the 2016/17 financial year is both unreasonable and untenable
- That it is unacceptable to announce such a large waste levy increase so late in the year, creating an unbudgeted shortfall for Councils in 2016/17 of over \$4 million
- That the timing of the announcement appears designed to deny the waste sector the opportunity to be consulted on the detail and impact of the proposed changes
- That insufficient information has been provided to satisfy the sector that the proposed increases in the levy will result in better recycling
- That without adequate and concurrent regulatory reform, increased illegal activity aimed at levy avoidance may be an unintended consequence

Requested changes

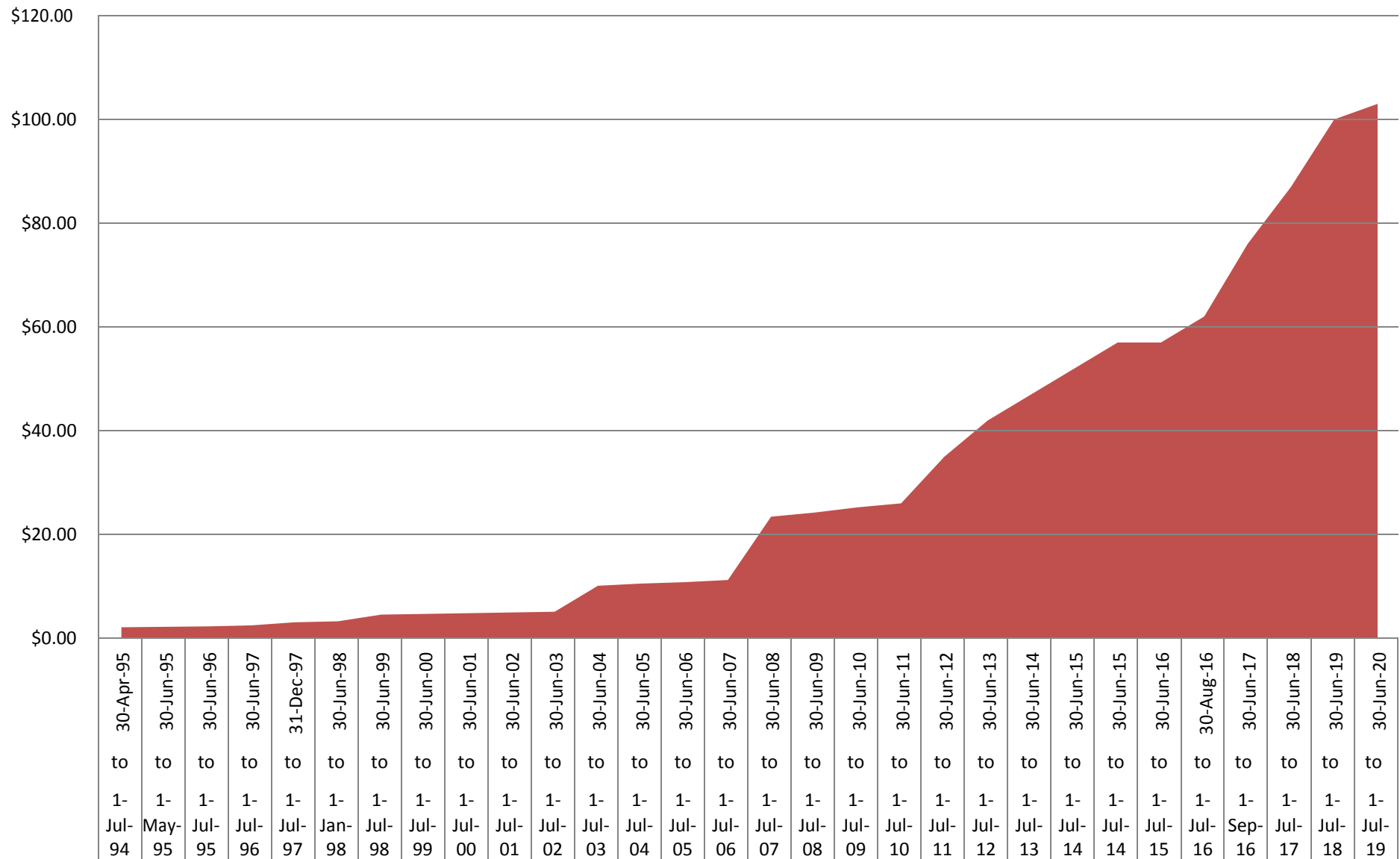
As a starting point to address these concerns, we request that the following changes be made:

1. Timing:

- That the 1 September 2016 waste levy increase, from \$62 per tonne metropolitan to \$76 per tonne (metro.) be eliminated;
- If at all, and after consultation with Council's, the increase from \$62 per tonne to \$76 per tonne be introduced on 1 July 2017 for municipal (Council collected, or contractor collected on behalf of Council) waste;
- If at all, and after consultation with Council's, the increase from \$76 per tonne to \$87 per tonne be introduced on 1 July 2018 for municipal (Council collected, or contractor collected on behalf of Council) waste;
- If at all, and after consultation with Council's, the increase from \$87 per tonne to \$100 per tonne be introduced on 1 July 2019 for municipal (Council collected, or contractor collected on behalf of Council) waste; and
- If at all, and after consultation with Council's, the increase from \$100 per tonne to \$103 per tonne be introduced on 1 July 2020 for municipal (Council collected, or contractor collected on behalf of Council) waste.

2. **Consultation:** That the timing and quantum of subsequent increases be subject to consultation with Councils
3. **Funding package:** That the nature and design of funding packages be developed jointly by the State Government and the waste sector, including Councils
4. **Illegal levy avoidance:** That Councils be provided information on how the EPA will manage the proposed increases, to reduce potential illegal levy avoidance behaviour that could result from the higher levies

History of changes in the solid waste levy – 1995 to present (\$ per tonne of waste disposed to landfill)





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Agenda Item 7.3

REPORT SUBJECT: Waste Education Campaign *Why Waste It?*

REPORT AUTHOR: General Manager

MEETING DATE: Wednesday 14 September 2016

ATTACHMENTS: Slide Show of “Why Waste It?” Resources

Purpose of the Report

To provide the Board with an update regarding the development of a coordinated waste minimisation education and promotion campaign “Why Waste It?”

Background

In accordance with East Waste’s 10 Year Business Plan and Annual Plan, East Waste together with all Member Councils has developed a waste minimisation campaign – “Why Waste It? Let’s Sort It”. The campaign has been developed after several workshops and round-tables with staff from Member Councils.

This campaign is aimed at delivering a consistent message across all Member Council communities in relation to waste minimisation and recycling education.

The primary aim of the campaign is to improve recycling behaviour of residents, that is, decreasing contamination in the yellow lidded bin and getting more food waste into the green lidded bin. This improved behaviour will reduce Member Councils exposure to the State Government imposed solid waste levy.

East Waste will facilitate the campaign on behalf of Member Councils, which includes developed resources being available for use of Member Councils at any time. It is anticipated that the official launch of the campaign will occur in Quarter 2 of 2016/2017.

Report

The development of the resources is near completion. Resources (see attached slides) include, but are not limited to, artwork designed for use on truck signage, street banners, bus shelters, calendars, pamphlets and importantly resources include the design and establishment of a micro-site (adjunct website) which will host an A – Z of what can, and cannot, go into each bin.

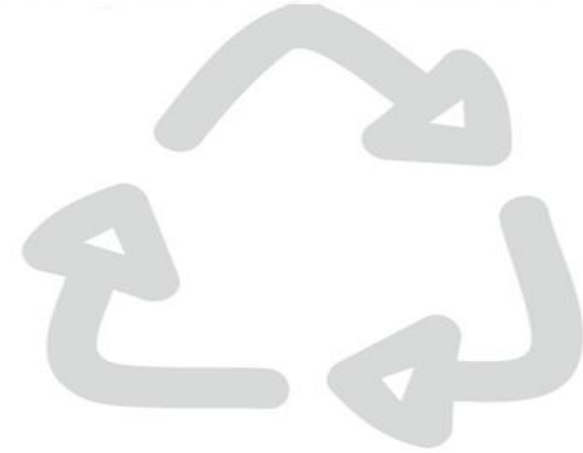
Campaign artwork has been applied to two East Waste Collection vehicles at the time of writing. It is expected that the remaining resources will be completed in the next two weeks, including the finalisation of the micro-site.

Phase two of the campaign will likely include a social media strategy.

RECOMMENDATION

That the Report be received and noted.

Why waste it?
Let's sort it.



EastWaste



Why Waste It? Street Banners



Why Waste It? Bus Shelter Ads



Why Waste It? Micro Website





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Agenda Item 7.4

REPORT SUBJECT: Waste Aid

REPORT AUTHOR: General Manager

MEETING DATE: Wednesday 14 September 2016

ATTACHMENTS: Waste Aid Strategic Plan 2014 - 2019

Purpose of the Report

To provide the Board with a briefing on the waste industry charitable foundation Waste Aid

Background

Waste Aid was established in 2014 as the waste industry foundation charity. Waste Aid's primary focus is to improve the waste and sanitation in indigenous communities.

Waste Aid is a not for profit charitable institution, with deductible gift recipient status (DGR), where donations over \$2 are tax deductible.

Waste Aid's Strategic Plan is attached for reference, and more information can be found on their website <http://wasteaid.org.au/>

Report

Waste Aid has approached East Waste to gauge interest in supporting Waste Aid through a corporate donation, or through East Waste's General Manager providing pro bono strategic advice.

Given current commitments it is unlikely the General Manager could afford time to this worthy cause, however it may align well with East Waste's corporate social responsibility to provide a corporate donation.

RECOMMENDATION

That the Report be received and noted

STRATEGIC PLAN

2014 - 2019





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Quality control

Our reference: 90080
Version number: 1.6
Date: 2 December 2014

1 PREAMBLE

As a fledgling organisation our first Strategic Plan is important to set the 'big picture' and align our organisation.

The vision we have set for our first five years is bold. Our initial resource base is low and our systems and processes have to be built from scratch.

Our purpose and role are broad – seeking to improve health, social and environmental outcomes in the communities we serve. This will require deft decision-making and guiding strategies rather than prescriptive actions.

We sought this challenge and strongly believe that the long-term benefits are worth the effort.

The Strategic Plan is in two parts. 'The fundamentals' describes the enduring elements of the organisation that should last more than a generation. The 'strategic elements' includes the ideas and directions for the five-year time frame of this plan.

We anticipate the need to adapt to the opportunities and challenges that face us, particularly in the early years. As such we have prepared this first strategic plan to allow some latitude in decision making.

A study of 7,151 indigenous homes nationally found 51% had no bin and no regular rubbish service!

(Health Habitat)

Success of our organisation is ultimately dependent on the alignment of our people and their efforts. This plan aims to be the touchstone for that alignment.

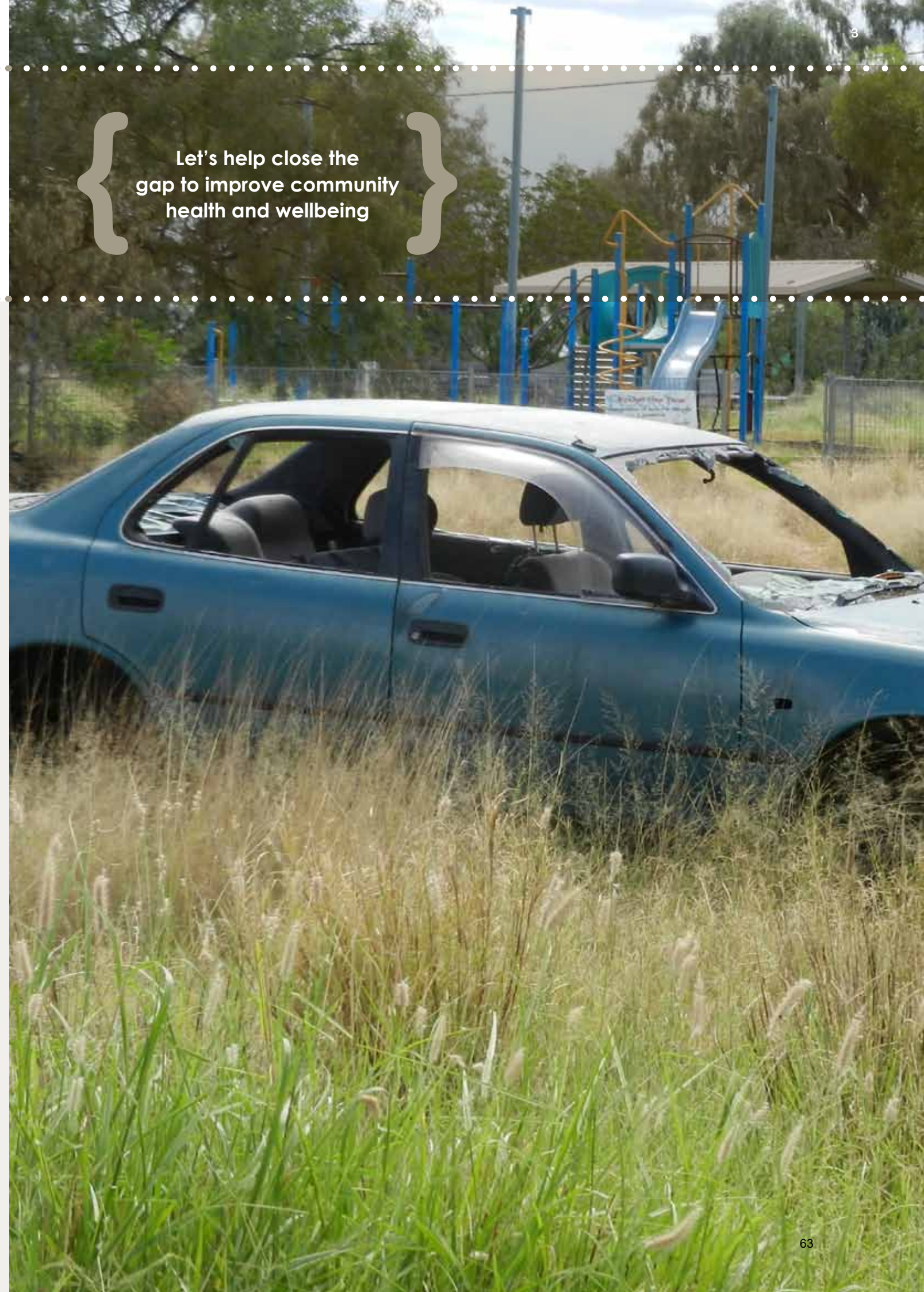
Ethics, governance and engagement

We want to be a professional and highly ethical organisation. We expect all members of our organisation to adhere to ethical standards.

The starting point for our organisation has been establishing good governance. High standards are expected in all processes, mechanisms and documentation. Of particular importance will be the participation, in all parts of the organisation, of indigenous people from the communities that we serve.

Our organisation engages with many stakeholders from the local communities we serve, representative groups, other service providers to elected representatives and donors. We seek to maximise our engagement with all these stakeholders in an open and transparent way.

Let's help close the gap to improve community health and wellbeing



2 THE FUNDAMENTALS

2.1 MISSION

Our mission at Waste Aid is to:

Reduce ill health caused by poorly managed waste in disadvantaged and remote communities - and also improve environmental and social outcomes.

Our prime means of delivering the mission will be by taking direct action and delivering programs on the ground. Whilst we will ensure our organisation is well maintained, all efforts will be focussed on program delivery.

Our long-term ambition is to be able to deliver programs to communities in need anywhere in the world. Our short-term focus will be remote and disadvantaged communities here in Australia.



2.2 ROLE

Our role at Waste Aid is to:

- **Conceive and deliver programs** – Direct, 'on the ground action' enable tangible change to occur and solutions to be tested.
- **Advocate for change** – Improve the awareness and understanding of decision makers in order to inform policy, legislation and funding frameworks that improve waste management for disadvantaged communities.
- **Collaborate with others** – Significant synergies will exist when delivering programs in remote communities, particularly in relation to health and social outcomes. Efficiencies can be gained by collaborating with other stakeholders and program delivery agencies. Importantly, consulting with the communities in need will be integral to how we work.

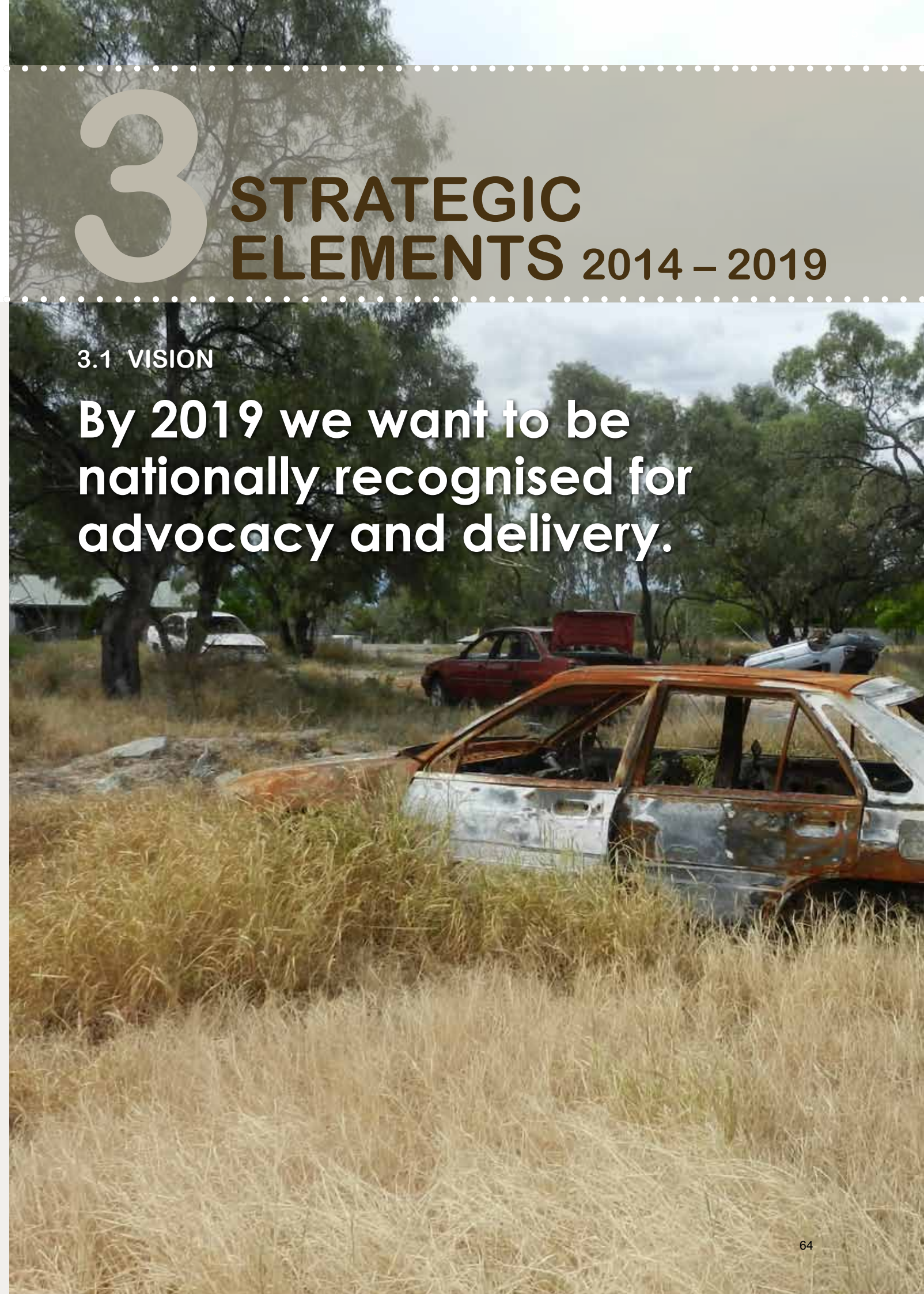
2.3 VALUES

- Values will underpin decision making and behaviours of our organisation. Our values will be determined, documented and adopted within the first year of the term of this Strategic Plan.

3 STRATEGIC ELEMENTS 2014 – 2019

3.1 VISION

By 2019 we want to be nationally recognised for advocacy and delivery.





We connect donors to
communities and real
outcomes and experiences.

3.2 GOALS AND STRATEGIES

Goal #1 – To deliver sustained waste management programs.

To achieve this goal we will:

- Identify remote and disadvantaged communities in need.
- Facilitate the provision of 'fit for purpose' sustainable waste infrastructure and services.
- Deliver action-based, waste related public health education programs.
- Build economic opportunity, training and capability into all programs.
- Communicate program successes for uptake elsewhere.

Goal #2 – To become an influential and recognisable voice on waste management in disadvantaged and remote communities.

To achieve this goal we will:

- Build a strong evidence base of the public health benefits of best practice waste infrastructure and services.
- Grow a strong national profile, setting an agenda for waste management as an essential public health service.
- Develop a recognised resource library.

Goal #3 – To develop a strong and financially sustainable organisation.

To achieve this goal we will:

- Secure multi-year corporate and government funding partnerships.
- Seek to maximise indigenous participation in our organization.
- Establish robust systems with a focus on quality and communications.
- Build a highly credible, passionate, resilient and professional team.
- Develop high quality stakeholder engagement and advocacy capability.

4 MEASURING PERFORMANCE

4.1 KEY PERFORMANCE INDICATORS

Goal #1 – To deliver sustained waste management programs.

- Number of communities we work with.
- Number of people participating in waste related public health learning programs.
- Dollar value of waste management infrastructure and services provided (including volunteer contribution).
- Determination of an easily measureable health indicator for long term use by WasteAid.

Goal #2 – To become an influential and recognisable voice on waste management in disadvantaged and remote communities.

- Positive changes to policy (including funding).

Goal #3 – To develop a strong and financially sustainable organization.

- Value of funds secured.
- Staff and volunteer engagement.

4.2 REPORTING COMMITMENTS

The KPIs will be measured on an annual basis and reported in an annual report. Base line performance for each KPI will be established at the end of the first year of operation.

The seven KPI's were chosen for their coverage of organisational scope and the relative simplicity of measurement.



EPA Aboriginal Land Clean Up and Prevention Program

Waste Aid ensures your investment will make a tangible difference to genuinely disadvantaged people.



5 REVIEW AND RENEWAL

{ Waste Aid offers a credible investment in genuine Australian social outcomes. }

5.1 TIMING

The nominal time frame for this strategic plan is 5 years. However, minor and major reviews are planned for elements of the plan to ensure that it remains contemporary and relevant. The timing of review of each element is shown in Table 1.

Table1: Indicative timing with responsibilities

Activity	Nominal timing for review	Notes
Overall plan – major review	Year 3	A major review half way through the strategic planning cycle would allow adjustments to be made depending on the level of progress of the first three years.
Overall plan – minor review	Annually	This review should follow the measuring of KPIs.
Mission	Year 5	The mission should endure for two or three strategic planning cycles.
Role	Year 5	The role should endure for two or three strategic planning cycles.
Values	Year 5	The values should endure for two or three strategic planning cycles.
Vision	Year 3	The vision should always be a 'stretch' target for the organisation.
Goals	Year 3	These are the key elements of the strategic plan and need careful consideration and review.
Strategies	Annually	Can be adjusted on an annual basis.
KPIs	Year 3	Although these are linked to the goals (which are reviewed at Year 3 there are benefits in allowing a longer term profile of KPI performance to be recorded.

Waste Aid wants:

- every family to have a rubbish bin
- every house to have a rubbish pickup
- every community to have a landfill

6 DEFINITIONS

MISSION

Why we do what we do. Sometimes called 'purpose' this is a compelling statement of the reason we exist as an organisation.

ROLE

A description of what the organisation does. This should be a short statement that can be recited as an 'elevator speech'.

VALUES

The three or four things our organisation values above all else. The values shape the behaviours of the organisation and are most powerful when key decisions are made using them as a 'touch stone'.

VISION

A one line statement describing the desired state at the end of five years. It should be ambitious but achievable.

GOALS

Our organisational focus for the period of the Strategic Plan. Whilst the goals do not encapsulate every aspect of organisational activity they guide where most effort should be applied.

STRATEGIES

The things we have to do to achieve the goals.

KEY PERFORMANCE INDICATORS

The elements that we will measure to ensure we are achieving our vision and goals.



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Agenda Item 7.5

REPORT SUBJECT: Operational Performance Report

REPORT AUTHOR: General Manager

MEETING DATE: Wednesday 14 September 2016

ATTACHMENTS: Year to Date Operational Performance Chart

Purpose of the Report

To provide the Board with an update on the Operational Performance of East Waste for the financial year to date.

Background

Operational Performance is measured by four (4) metrics.

- Workers Compensation lost time in Operations
- Sick Leave lost time in Operations
- Workers Compensation lost time in Administration
- Sick Leave lost time in Administration

Report

A review of the Operational Performance Chart is as follows:

Workers Compensation lost time in Operations - East Waste continues to have an injured worker. The worker sustained an injured back and continues to be case managed by the Local Government Association Workers Compensation Scheme.

Sick Leave lost time in Operations – saw a slight increase in August.

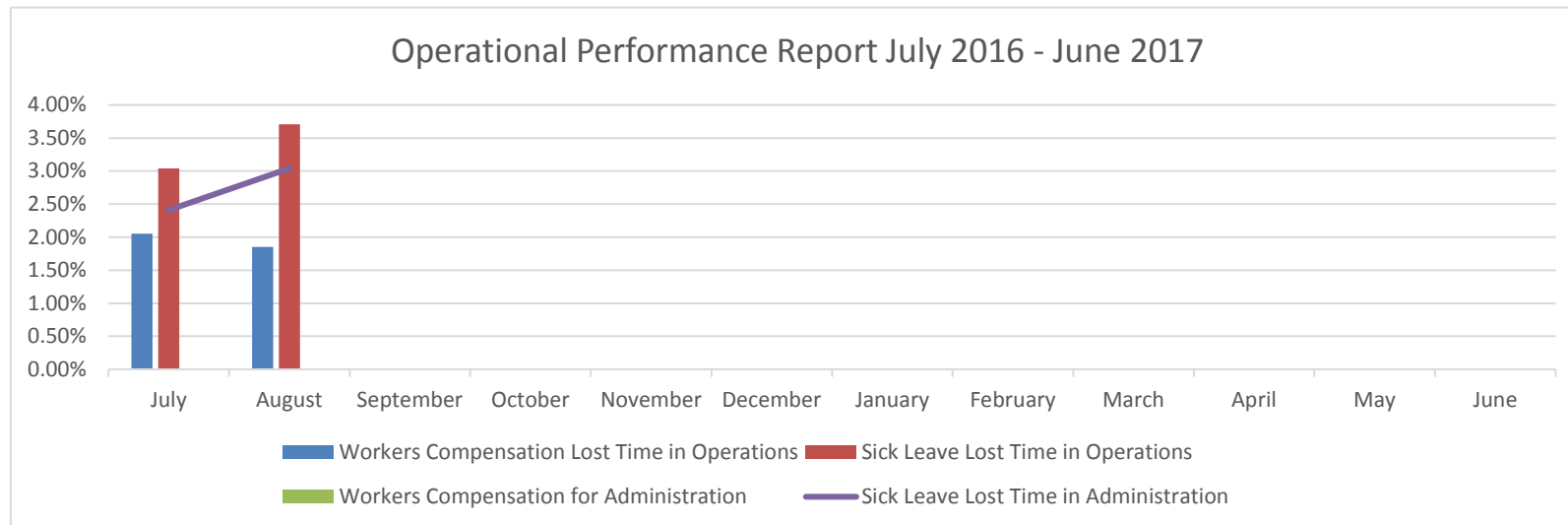
Workers Compensation lost time in Administration – nil.

Sick Leave lost time in Administration – saw a slight increase in August.

RECOMMENDATION

That the Report be received and noted.

	<u>Workers Compensation Lost Time in Operations</u>	<u>Sick Leave Lost Time in Operations</u>	<u>Workers Compensation for Administration</u>	<u>Sick Leave Lost Time in Administration</u>
<u>July</u>	2.05%	3.04%	Nil	2.41%
<u>August</u>	1.85%	3.71%	Nil	3.04%
<u>September</u>				
<u>October</u>				
<u>November</u>				
<u>December</u>				
<u>January</u>				
<u>February</u>				
<u>March</u>				
<u>April</u>				
<u>May</u>				
<u>June</u>				





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Agenda Item 7.6

REPORT SUBJECT: 2016/2017 Annual Plan Progress Report

REPORT AUTHOR: General Manager

MEETING DATE: Wednesday 14 September 2016

ATTACHMENTS: Year to Date Annual Plan Matrix

Purpose of the Report

To provide the Board with an update on the implementation of the activities endorsed in the 2016/2017 Annual Plan.

Report

The attached matrix provides an illustrative update as to the progress of the Annual Plan implementation.

This is a standing item on the Board Agenda.

RECOMMENDATION

That the Report be received and noted.

Annual Plan 2016 - 2017

Activities	Annual Plan Reference	Commenced	Completed	Comments
Policies and Delegations	3.1.1	x		Business Improvement Manager has commenced review
Market Evaluation (abbreviated)	3.1.2			
Service Level Agreements	3.1.3	x		General Manager to raise at next Operations Assistance Committee
Preliminary Investigation into Gas Fleet	3.2.1			
Purchases of RACV	3.2.2	x	x	3 Year Supply Tender Complete
Recyclables Contract (auditing)	3.2.3			Scheduled for February 2017
Hard Waste Services	3.2.4	x		Servicing four (4) Member Councils. Another Member Council invited East Waste to provide costed business case
Multi Unit Dwelling/Council Building Servicing	3.2.5	x		Commenced trial at a Council facility of a Member Council
Workshop Review	3.2.6	x		Procurement review and stock control review complete
Litter Collection Services	3.2.7	x		Servicing three (3) Member Councils. Another Member Council invited East Waste to provide costed business case as part of a service efficiency review.
WH&S Progression to Standards 4 and 5	3.3.1	x		
Quarterly WH&S Committee Meetings	3.3.2	x		One Meeting conducted
Independent Fleet Audit	3.3.3			Scheduled for November 2016

Activities	Annual Plan Reference	Commenced	Completed	Comments
Reversing Sensor Trial	3.3.4	x		Implemented on five (5) new vehicles as a safety initiative
Drug and Alcohol Policy	3.3.5	x		Review commenced
Refresh Branding	3.4.1	x	x	Completed
Operations Assistance Committee	3.4.2	x		Committee established and has had an inaugural meeting
Staff Satisfaction Survey (abbreviated)	3.4.3			
Customer Satisfaction Survey (abbreviated)	3.4.4			
New Website and Public Interface	3.4.5	x		Website updated, and micro site scheduled to go live Quarter 2
Community Education	3.4.6	x		Why Waste It? campaign resources almost complete
Treasury Management Policy	4.4.1			



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Agenda Item 8.1

REPORT SUBJECT: Establishment of Service Level Agreement with KESAB

REPORT AUTHOR: Business Improvement Manager

MEETING DATE: Wednesday 14 September 2016

ATTACHMENTS: CONFIDENTIAL - KESAB Education Programs Proposal

Purpose of the Report

To propose to Board an option to enter into a Service Level Agreement with KESAB to provide Member Councils with access to school and community education programs.

Background

In accordance with East Waste's 10 Year Business Plan, East waste, in collaboration with Member Councils have developed the "Why Waste It?" education and promotion campaign. This campaign is a coordinated approach 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 and this program will be launched in Quarter 2 of 2016/17.

East Waste has a dedicated resource to assist Member Councils with the coordinated distribution of the resources to ensure that consistent waste and recycling messages are communicated. At this time however, what is not included in the campaign is the resources to deliver school and community programs. On a regular basis either East Waste or Member Councils receive invitations or requests to present to schools, conduct tours or present at specific forums. Whilst East Waste and Member Councils would ideally like to provide these services, the resources (either human or financial) required to provide such services exceed current capacity.

East Waste recently arranged for elected members of a Member Council to participate in a waste and recycling education tour. This tour involved elected members visiting a number of waste and recycling facilities in Adelaide, with a particular focus on waste minimisation. The tour was hosted by KESAB and was well received by the elected members who took part. The success of the tour has resulted in those particular elected members putting forward a motion for their Council to increase their community and student education on waste management.

In response to the motion, elected members were briefed on the development of the "Why Waste It?" campaign however East Waste also took this as an opportunity to consider what part East Waste and/or Member Councils could provide to facilitate the delivery of school and community programs.

Whilst from time to time East Waste will present to a school or community group, current funding and resources restricts East Waste in being able to deliver school and community programs on a regular basis. In consideration of the motion put forward by elected members East Waste is proposing the engagement of a suitably qualified organisation to facilitate the delivery of these programs, in conjunction with and in support of the "Why Waste It?" campaign. Initial thoughts are that this engagement would extend the reach of the "Why Waste It?" campaign.

EAST WASTE

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Report

In July 2015 East Waste undertook a Request for Quotation (RFQ) process to establish a *Waste Management and Resource Recovery Education, Audit and Advisory Services Panel*. The intention was to establish a panel of providers that East Waste could source, where required, for assistance with specified projects. The procurement on each occasion would simply then be through a brief RFQ, sole sourced or tender where warranted. As a result of this RFQ process in July 2015, East Waste now has a panel of providers it can refer to for assistance where required.

In accordance with this process East Waste made an approach to KESAB (an approved panel provider) to provide a quotation regarding the delivery of school and community programs. KESAB is a leading not-for-profit non-government organisation in South Australia delivering world class community-based environmental sustainability education programs. The request was put forward on the basis that KESAB would, when requested by Member Councils, to deliver school and community programs, with the caveat that any messaging or delivery of these programs supports the “Why Waste It?” campaign.

The confidential attachment is provided to the Board as an indicator of the capability and pricing points of KESAB.

To facilitate this East Waste would be seeking to enter into a Service Level Agreement (SLA) with KESAB which would clearly identify requirements of the engagement and support of the “Why Waste It?” campaign. In addition East Waste would not be seeking funds from Member Councils for this engagement but rather allocate existing education and promotion funds in the approved 2016/2017 East Waste Budget and retained 15/16 operating surplus.

As per the approved panel of providers process, KESAB has submitted a proposal in accordance with the aforementioned criteria (refer attachment). The proposal outlines the school and community programs KESAB can offer, in addition to the support they can provide to Member Councils. Further, the proposal indicates KESAB’s willingness to align the delivery of their programs with the “Why Waste It?” campaign, and outlines the costs associated with utilising these services.

If approved, East Waste would facilitate the SLA and apportion each Council with the resources, tours, and education packages in an equitable and fiscally sustainable manner.

RECOMMENDATION

In regards to the CONFIDENTIAL attachment:

That pursuant to Section 90(2) and (3) of the Local Government Act 1999, an order be made by the East Waste Board that the public be excluded from attendance at the meeting to the extent (and only to the extent) that the Board considers it necessary and appropriate to act in a meeting closed to the public in order to receive, discuss and consider in confidence:

(k) tenders for the supply of goods, the provision of services or the carrying out of works; and

that the Board is satisfied that, the principle that the meeting should be conducted in a safe place open to the public, has been outweighed by the need to keep the receipt, discussion and consideration of the information confidential.

That an order be made under the provisions of Section 91(7) of the Local Government Act 1999, that the report and minutes of the subject matter, having been dealt with on a confidential basis under Section 90(3) of the Act, should be kept confidential on the grounds that disclosure of information could confer commercial

EAST WASTE

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information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party as contained in Section 90(3)(b)(i) until the matter is finalised

And;

That the Board authorise East Waste to enter into a Service Level Agreement with KESAB to provide (at Member Council request) school and community education programs as per their proposal.

