



**EASTERN WASTE MANAGEMENT AUTHORITY
ORDINARY BOARD MEETING**

Thursday 28 June 2018

Notice is hereby given that a board of the Eastern Waste Management Authority will be held in the Mayor's Parlour, City of Norwood, Payneham & St Peters, Town Hall, 175 The Parade, Norwood on Thursday 28 June, 2018 commencing at 5:30pm.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

**ROB GREGORY
GENERAL MANAGER**



EASTERN WASTE MANAGEMENT AUTHORITY

AGENDA

ORDINARY MEETING OF THE BOARD OF MANAGEMENT

**Meeting to be held on Thursday 28 June 2018 commencing at 5:30pm,
at the City of Norwood, Payneham & St Peters, 175 The Parade, Norwood**

1. PRESENT

2. APOLOGIES

3. CONFLICTS OF INTEREST

4. CONFIRMATION OF THE MINUTES

RECOMMENDED: 1. That the Minutes of the Eastern Waste Management Authority Special Board Meeting held on Friday 18 May 2018, be received, confirmed and adopted.

2. That the Minutes of the Eastern Waste Management Authority Audit and Risk Management Committee Meeting held on Tuesday 19 June 2018, be received, confirmed and adopted.

3. That the minutes of the Eastern Waste Management Authority Recycling Review Technical Working Committee Meeting held on Friday 25 May 2018, be received confirmed and adopted.

4. That the minutes of the Eastern Waste Management Authority Recycling Review Technical Working Committee Meeting held on Friday 8 June 2018, be received confirmed and adopted.

5. MATTERS ARISING FROM THE MINUTES

6. QUESTIONS WITHOUT NOTICE

7. REPORTS

7.1 FINANCIAL REPORT: YEAR TO DATE (MAY 2018)

7.2 18/19 BUDGET APPROVAL

7.3 INTERIM AUDIT REPORT

7.4 *STATE GOVERNMENT RECYCLING INDUSTRY SUPPORT PACKAGE RESPONSE*

7.5 *ANNUAL PLAN PROGRESS REPORT*

8. CONFIDENTIAL REPORTS

8.1 *CONTRACT UPDATE*

8.2 *ANNUAL REVIEW OF CONFIDENTIAL ORDERS*

8.3 *GISA – WHY WASTE IT?*

8.4 *KESAB CONTRACT*

9. OTHER BUSINESS

10. NEXT MEETING OF THE BOARD

The next Board Meeting is to be held on:

Thursday 20 September, 2018, commencing 5:30pm

at the City of Norwood, Payneham & St Peters, 175 The Parade, Norwood

11. CLOSURE OF MEETING



**MINUTES OF THE SPECIAL BOARD MEETING OF THE
EASTERN WASTE MANAGEMENT AUTHORITY**

Held on Friday 18 May at 8:31am at Brian Cunningham's Boardroom, Level 11, Room 1101,
147 Pirie Street, Adelaide and teleconference

1. PRESENT

Directors:

Mr B Cunningham	Independent Chairperson
Cr L Green	Adelaide Hills Council (Via Teleconference)
Cr G Piggott	City of Burnside
Mr P Di Iulio	Campbelltown City Council (Via Teleconference)
Cr K Hockley	City of Mitcham (Via Teleconference)
Mr M Barone	City of Norwood, Payneham & St Peters
Ms C Hart	City of Prospect
Cr G Busato	Corporation of the Town of Walkerville (Via Teleconference)

In Attendance:

Mr R Gregory	General Manager
Mr S Raymond	Manager, Corporate Services
Ms K Vandermoer	Finance and Executive Administration Officer

Cr Hockley entered the meeting at 8:32am

Mr Di Iulio entered the meeting at 8:33am

2. APOLOGIES

NIL

3. CONFLICTS OF INTEREST

Chairperson declared a conflict of interest in the matter regarding the Recycling Review Technical Working Committee Update which is to be raised in Other Business, due to his role as Chairperson of the Northern Adelaide Waste Management Authority (NAWMA).

4. CONFIRMATION OF THE MINUTES

Moved Cr Piggott that the Minutes of the Eastern Waste Management Authority Board Meeting held on Thursday 26 April 2018, be received, confirmed and adopted.

Seconded Ms Hart

Carried

Moved Cr Piggott that the minutes of the Eastern Waste Management Authority Recycling Review Technical Working Committee Meeting held on Friday 11 May 2018, be received confirmed and adopted.

Seconded Ms Hart

Carried

5. MATTERS ARISING FROM THE MINUTES

NIL

6. QUESTIONS WITHOUT NOTICE

NIL

7. REPORTS

7.1 RECYCLING REVIEW TECHNICAL WORKING COMMITTEE TERMS OF REFERENCE

RECOMMENDATION 1

Moved Mr Barone that the Board:

- 1) Receives Mr Brian Cunningham's membership resignation from the Recycling Review Technical Working Committee, due to perceived and potential future conflicts of interest; and
- 2) Appoints Mr Paul Di Iulio to join Cr Hockley and Cr Piggott, as the Board Member representatives on the Recycling Review Technical Working Committee.

Seconded Ms Hart

Carried

RECOMMENDATION 2

Moved Mr Barone that the Board:

- 1) Endorses the Recycling Review Technical Working Committee, Terms of Reference as presented in Attachment B and as amended per the following:
 - a) 7. Addition of the following sentence at the conclusion of the first '*The relevant provisions of the Act are to also apply to the Independent Member.*'
 - b) 8. Addition of the following sentence at the conclusion of the first '*The relevant provisions of the Act are to also apply to the Independent Member*'
 - c) 10.3. second line, delete '*nature*' and replace with '*majority*' and delete '*therefore, these Committee meetings are not open to the public. The communication of these meetings to the public is not required as the Committee itself is not established under the Local Government Act*'
 - d) 11.1. Delete '*2000 Parts 3 & 4*' and replace with '*2013*'
 - e) 11.5 Delete '*2000*' and replace with '*2013*'
 - f) 12. Delete '*employ or*'. Addition of the following sentence at the end of the first '*The East Waste General Manager shall ensure adequate resources are provided to the Committee as required.*'
 - g) Insert new Clause - '*14. Expiry - The Committee shall cease upon finalisation of the Recycling Review or at the discretion of the East Waste Board.*'

Seconded Cr Green

Carried

8. CONFIDENTIAL REPORTS

NIL

9. OTHER BUSINESS

9.1 EAST WASTE RESPONSE TO THE STATE GOVERNMENT RECYCLING INDUSTRY SUPPORT PACKAGE

RECOMMENDATION 1

Moved Cr Hockley that the Board:

- 1) Responds to the Minister for Environment and Water, supporting the recycling industry support package announced on Saturday 12 May, specifically outlining the impact for East Waste and Member Councils and seek a meeting with the Minister to be attended by the Chair and General Manager; and
- 2) Develop a summary sheet of information and letter response template for Member Council consideration on the recycling industry support package.

Seconded Cr Busato

Carried

RECOMMENDATION 2

Moved Cr Green that the Board:

- 1) Directs the General Manager to work with the State Government and any associated bodies to maximise the benefit of the education component of the State Government announced Recycling Industry support package.

Seconded Cr Piggott

Carried

9.3 RECYCLING REVIEW TECHNICAL WORKING COMMITTEE UPDATE

Chairperson left room at 9:06am due to conflict of interest.

RECOMMENDATION

Moved Ms Hart that the Board:

- 1) Instructs the Recycling Review Technical Working Committee to undertake a risk analysis for all options as part of information to be presented to the Board.

Seconded Cr Hockley

Carried

Chairperson re-entered meeting at 9:24am.

10. NEXT MEETING OF THE BOARD

The next Board Meeting to be held on Thursday 28 June, 2018, commencing 5:30pm at the City of Norwood, Payneham & St Peters, 175 The Parade, Norwood

11. CLOSURE OF MEETING

There being no further business the meeting closed at 9:25am.

DATE: _____

CHAIRPERSON: _____



**MINUTES OF THE MEETING OF THE AUDIT & RISK MANAGEMENT COMMITTEE
OF THE EASTERN WASTE MANAGEMENT AUTHORITY**

held on Tuesday 19 June 2018 at Chairman's Boardroom, 1101/147 Pirie Street, Adelaide

Meeting opened at 8:30am

1. PRESENT

Mr Brian Cunningham Independent Chairperson
Mr Leigh Hall Independent Member
Mr Tim Muhlhausler Independent Member
Cr Karen Hockley Committee Member
Mr Mario Barone Committee Member

IN ATTENDANCE

Mr Rob Gregory General Manager
Mr Shane Raymond Manager, Corporate Services
Ms Kelly Vandermoer Finance & Executive Administration Officer
Mr John Jovicevic Dean Newbery & Partners

2. APOLOGIES

Nil

3. CONFIRMATION OF THE MINUTES – 18 APRIL 2018

Moved Cr Hockley that the Minutes of the previous meeting held on Wednesday 18 April 2018 be received and noted.

Seconded Mr Hall

Carried

4. MATTERS ARISING FROM THE MINUTES

Nil

5. CONFLICTS OF INTEREST

Mr Cunningham declared a perceived conflict of interest in Item 7.1, due to his role as Chair of the Northern Adelaide Waste Management Authority.

Mr Jovicevic declared a perceived conflict of interest in Item 7.1, due to the fact he & Dean Newberry & Partners also consult to Northern Adelaide Waste Management Authority.

6. STAFF REPORTS

6.1 FINANCIAL REPORT: YEAR TO DATE (MAY 2018)

Moved Mr Barone that the Committee recommend that the Financial Report – Year to Date (May 2018) is received and noted.

Seconded Cr Hockley

Carried

Mr Muhlhausler entered the meeting at 8:41am.

6.2 EXTERNAL AUDITOR INTERIM AUDIT

Moved Mr Muhlhausler that the Committee receive and note the report.
Seconded Mr Hall **Carried**

6.3 18/19 ANNUAL PLAN + BUDGET UPDATE

Moved Mr Muhlhausler that the Committee receive and note the report and recommends to the East Waste Board for endorsement.
Seconded Cr Hockley **Carried**

7. CONFIDENTIAL REPORTS

7.1 CONTRACT UPDATE

RECOMMENDATION 1

Moved Cr Hockley that pursuant to Section 90(2) and (3) of the Local Government Act 1999, the East Waste Audit and Risk Management Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Audit and Risk Management Committee will receive, discuss and consider:

(b) information the disclosure of which –

(i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and

(ii) would, on balance, be contrary to the public interest;

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

Seconded Mr Muhlhausler **Carried**

RECOMMENDATION 2

Moved Cr Hockley that the Committee recommend that the report is received and noted.

Seconded Mr Hall **Carried**

RECOMMENDATION 3

Moved Mr Barone that under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Audit and Risk Management Committee orders that the discussion be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Mr Muhlhausler **Carried**

8. OTHER BUSINESS

Nil

9. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The next Audit and Risk Management Committee Meeting will be held on Wednesday 12 September 2018 commencing at 8.30am at Chairman's Boardroom, 11/147 Pirie Street, Adelaide.

10. CLOSURE OF MEETING

There being no other business the meeting closed at 9:18am.

PRESIDING MEMBER _____

DATE _____

MINUTES OF THE MEETING OF THE RECYCLING REVIEW TECHNICAL WORKING COMMITTEE OF THE EASTERN WASTE MANAGEMENT AUTHORITY

held on Friday 25 May 2018 at 8:29am at the Adelaide Showgrounds, Wayville.

1. PRESENT

Committee Members:

Mr P Di Iulio	Campbelltown City Council
Cr G Piggott	City of Burnside
Cr K Hockley	City of Mitcham
Mr J Tate	Independent Member

In Attendance:

Mr R Gregory	General Manager
Mr S Raymond	Manager, Corporate Services

Mr Gregory advised he would chair the meeting until a resolution was reached in accordance with Item 5.1. Mr Gregory formally welcomed Mr J Tate to the Committee at this time.

2. APOLOGIES

Nil

3. CONFIRMATION OF THE MINUTES

Moved Cr Hockley that the Minutes of the Recycling Review Technical Working Committee Meeting held on Friday 11 May 2018, be received, confirmed and adopted.

Seconded Cr Piggott

Carried

4. QUESTIONS WITHOUT NOTICE

Mr J Tate – declared, as per Clause 8 of the RRTWC Terms of Reference, he does not have a conflict of interest, however will need to complete necessary requirements in accordance with Clause 8 – Register of Interest. Item to be discussed at 5.2.

5. REPORTS/DISCUSSION ITEMS

5.1 APPOINTMENT OF RRTWC CHAIRPERSON

Moved Cr Piggott that Cr Hockley be appointed as Chairperson of the Recycling Review Technical Working Committee in accordance with Clause 6 of the Terms of Reference.

Seconded Mr Di Iulio

Carried

As per the resolution of Item 5.1, Cr Hockley assumed Chair responsibilities.

5.2 RECYCLING REVIEW TECHNICAL WORKING COMMITTEE TERMS OF REFERENCE

Moved Mr P Di Iulio that the Committee notes and receives the Board endorsed Recycling Review Technical Working Committee Terms of Reference, as contained in Attachment A.

Seconded Cr Piggott

Carried

5.3 KEY DOCUMENTATION TO BE DEVELOPED

Moved Mr J Tate that the Committee supports the list of key documentation to be delivered, inclusive of additional documents to be added, namely a Future Industry Analysis Report and Communication Strategy, with an indicative delivery timeframe being end of August 2018.

Seconded Cr Piggott

Carried

6. CONFIDENTIAL ITEMS

6.1 CONTRACT UPDATE

RECOMMENDATION 1

Moved Mr Di Iulio that pursuant to Section 90(2) and (3) of the Local Government Act 1999 the East Waste Recycling Review Technical Working Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Recycling Review Technical Working Committee will receive, discuss and consider:

(b) information the disclosure of which –

(i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and

the East Waste Recycling Review Technical Working Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded Mr J Tate

Carried

RECOMMENDATION 3

Moved Mr J Tate that under Section 91(7) and (9) of the Local Government Act 1999, the East Waste Recycling Review Technical Working Committee orders that the report, attachment(s), discussion and minutes be kept confidential for period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Mr P Di Iulio

Carried

Cr G Piggott left the meeting at 9.29am, prior to the resolution of Item 6.1.

6.2 CONTRACT CONSIDERATION

RECOMMENDATION 1

Moved Mr J Tate that pursuant to Section 90(2) and (3) of the Local Government Act 1999 the East Waste Recycling Review Technical Working Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Recycling Review Technical Working Committee will receive, discuss and consider:

- (b) information the disclosure of which –
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and

the East Waste Recycling Review Technical Working Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded Mr P Di Iulio

Carried

RECOMMENDATION 3

Moved Mr J Tate that under Section 91(7) and (9) of the Local Government Act 1999, the East Waste Recycling Review Technical Working Committee orders that the report, attachment(s), discussion and minutes be kept confidential for period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Mr P Di Iulio

Carried

6.3 ADDITIONAL MATTERS (verbal update)

RECOMMENDATION 1

Moved Mr J Tate that pursuant to Section 90(2) and (3) of the Local Government Act 1999 the East Waste Recycling Review Technical Working Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Recycling Review Technical Working Committee will receive, discuss and consider:

- (b) information the disclosure of which –
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and

the East Waste Recycling Review Technical Working Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded Mr P Di Iulio

Carried

RECOMMENDATION 3

Moved Mr J Tate that under Section 91(7) and (9) of the Local Government Act 1999, the East Waste Recycling Review Technical Working Committee orders that the report, attachment(s), discussion and minutes be kept confidential for period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Mr P Di Iulio

Carried

7. OTHER BUSINESS

Question: Mr P Di Iulio asked Mr Gregory as to whether he was attending a waste forum coming up in Sydney. Mr Gregory indicated that he wasn't aware of the forum in Sydney however was attending the WMAA Waste Conference in Melbourne to be held 13 & 14 June 2018.

8. NEXT MEETING OF THE BOARD

The next RRTWC Meeting to be held on Friday 8 June 2018 at the Adelaide Showgrounds at 8:30am.

9. CLOSURE OF MEETING

There being no further business the meeting closed at 9:46am

DATE: _____

CHAIRPERSON: _____

MINUTES OF THE MEETING OF THE RECYCLING REVIEW TECHNICAL WORKING COMMITTEE OF THE EASTERN WASTE MANAGEMENT AUTHORITY

held on Friday 8 June 2018 at 8:27am at the Adelaide Showgrounds, Wayville.

1. PRESENT

Committee Members:

Mr P Di Iulio	Campbelltown City Council
Cr G Piggott	City of Burnside
Cr K Hockley	City of Mitcham
Mr J Tate	Independent Member

In Attendance:

Mr R Gregory	General Manager
Mr S Raymond	Manager, Corporate Services

2. APOLOGIES

Nil

3. CONFIRMATION OF THE MINUTES

Moved Cr Piggott that the Minutes of the Recycling Review Technical Working Committee Meeting held on Friday 25 May 2018, as amended per the following:

- a) At Recommendation 3 of Agenda Items 6.1, 6.2 & 6.3, the word '*note*' be amended to '*not*';
- b) At Recommendation 2 of Agenda Item 6.1, dot point 3, delete the word '*requires*' and replace with the word '*requests*'; and
- c) At Recommendation 2 of Agenda Item 6.1, dot point 3, insert the words '*In addition to the development of an overarching Risk Analysis*' before the word '*requires*'.

be received, confirmed and adopted.

Seconded Mr Tate

Carried

4. QUESTIONS WITHOUT NOTICE

Mr Di Iulio – Is there anything stopping a Member Council from opting out of the current Recyclables Contract?

Executive provided a verbal response and will formalise for next meeting.

5. REPORTS/DISCUSSION ITEMS

5.1 DRAFT RECYCLING CONTRACT REVIEW COMMUNICATION STRATEGY & ENGAGEMENT PLAN

Moved Mr Tate that the Committee:

1. Requests the General Manager provide an amended draft of the Communication Strategy & Engagement Plan to Committee Members, to receive and endorse via Circular Resolution, prior to presentation to the Board; and
2. For reasons of ensuring fulsome analysis of options and communication with Member Councils, notes and accepts the current Addendum to the Receipt and Processing of Recyclables extends beyond the first termination date of 30 June 2018.

Seconded Mr Di Iulio

Carried

5.2 SKM MELBOURNE SITE VISIT (Verbal Update)

Mr Raymond provided an update and information to the Committee relating to his site visits to SKM Recycling in Laverton and Coolaroo, Victoria.

6. CONFIDENTIAL ITEMS

6.1 CONTRACT DISCUSSION

RECOMMENDATION 1

Moved Cr Piggott that pursuant to Section 90(2) and (3) of the Local Government Act 1999 the East Waste Recycling Review Technical Working Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Recycling Review Technical Working Committee will receive, discuss and consider:

(b) information the disclosure of which –

- (i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and

the East Waste Recycling Review Technical Working Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded Mr J Tate

Carried

RECOMMENDATION 3

Moved Mr Tate that under Section 91(7) and (9) of the Local Government Act 1999, the East Waste Recycling Review Technical Working Committee orders that the report, attachment(s), discussion and minutes be kept confidential for period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Mr Di Iulio

Carried

6.2 LEGAL ADVICE

RECOMMENDATION 1

Moved Mr Tate that pursuant to Section 90(2) and (3) of the Local Government Act 1999 the East Waste Recycling Review Technical Working Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Recycling Review Technical Working Committee will receive, discuss and consider:

(h) legal advice

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

Seconded Mr Di Iulio

Carried

RECOMMENDATION 3

Moved Mr Tate that under Section 91(7) and (9) of the Local Government Act 1999, the East Waste Recycling Review Technical Working Committee orders that the report, attachment(s), discussion and minutes be kept confidential for period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Cr Piggott

Carried

Mr Di Iulio left the meeting at 10.00am, prior to the resolution of Item 6.2.

6.3 LGA MARKET ANALYSIS

RECOMMENDATION 1

Moved Cr Piggott that pursuant to Section 90(2) and (3) of the Local Government Act 1999 the East Waste Recycling Review Technical Working Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Recycling Review Technical Working Committee will receive, discuss and consider:

(b) information the disclosure of which –

(i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and

the East Waste Recycling Review Technical Working Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded Mr Tate

Carried

RECOMMENDATION 3

Moved Cr Piggott that under Section 91(7) and (9) of the Local Government Act 1999, the East Waste Recycling Review Technical Working Committee orders that the report, attachment(s), discussion and minutes be kept confidential for period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Mr Tate

Carried

Mr Raymond left the meeting at 10.19am and returned at 10.21am.

6.4 ADDITIONAL MATTERS (Verbal Update)

Mr Gregory provided a general update on matters of relevance to the Committee.

7. OTHER BUSINESS

Nil.

8. NEXT MEETING OF THE COMMITTEE

The next RRTWC Meeting is to be held on Friday 22 June 2018 at the Adelaide Showgrounds at 8:30am.

9. CLOSURE OF MEETING

There being no further business the meeting closed at 10.33am

DATE:_____

CHAIRPERSON:_____

7.1: FINANCIAL REPORT – YEAR TO DATE (May 2018)

REPORT AUTHOR: General Manager

ATTACHMENTS: Nil

Purpose of the Report

Provide the Board with an overview of the estimated financial performance up to 31 May 2018 and indicative year end projected financial result.

Background

At the meeting held 29 June 2017, the East Waste Board resolved:

FY18 ANNUAL PLAN & BUDGET ENDORSEMENT

Moved Mr Di Iulio that the 2017/2018 Annual Plan is adopted, and that *the 2017/2018 Budget is adopted, noting that there will be subsequent changes in Budget Review 1 due to new services coming online early in the new financial year.*

Seconded Mr Barone **Carried**

In accordance with Regulation 9 of the Local Government (Financial Management) Regulations 2011:

1. *A council, council subsidiary or regional subsidiary must prepare and consider the following reports:*
 1. *at least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year (where at least 1 report must be considered before the consideration of the report under subregulation (1)(b), and at least 1 report must be considered after consideration of the report under subregulation (1)(b))—a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances;*
 - (b) between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*

Report

Given the timing of the Board Meeting, there are no Quarterly Figures to provide (BR3 figures were presented to the April 2018 meeting and BR4 figures will be presented with the Audited Financials in September 2018). The figures and commentary below is reflective of all information available as at the time of preparing this report for the financial year as at the end of May 2018.

The revised BR3 Adopted Budget forecast an end of Year Operating deficit of \$63,369. With the majority of the FY2018 income now accounted for, East Waste has a Net Surplus of \$665,112 currently recorded as at 31 May 2018. It is important to note however that this does not factor in any expenditure expected to be incurred in June 2018 nor any end of year adjustments (i.e. leave provisions, accrued income and/or expenses). The Extrapolation of the expected June 2018 expenses is likely to see the end of year Net Deficit increase slightly to that forecast in the BR3 budget.

The increase in the forecast Net Deficit is also as a result of interim operational savings being passed onto Member Councils through Quarter 3 and Quarter 4 invoicing which has seen a total saving in the order of \$270,000. While the predicted end of year result has been calculated based on the best knowledge to date, caution needs to be exercised as there is the potential for several expenditure lines to increase greater than predicted and/or at a higher rate than the average of the previous 11 months. These include:

- **Fuel; Gas & Oil:** Due to increases in the world oil prices, Diesel costs have risen excessively higher than forecasted in recent months and the trend is expected to continue to climb. This has increased expenditure significantly and even with the additional budget allocation in BR3 (\$107,130 from Maintenance), it is predicted to exceed the budgeted allocation. It should also be noted that in light of recent changes in market rates, forecasted Diesel costs for FY2019 will need to be updated which may result in increased fuel costs to that already included in the FY2019 budget. This will be further reviewed and considered in BR1 for FY2019.
- **Wages: Casual Agency:** A high level of personal (sick) leave has been recorded in May and the beginning of June due to the Cold and Flu season and other ailments (eg. three Drivers have contracted Shingles). To maintain operations, backfilling of Drivers on leave is imperative and if the rate of personal leave continues this will impact accordingly. For the first time this year the option of free flu vaccinations was provided to the Drivers and this resulted in approximately a 30% take up. It is hoped this number will increase in future years.
- **Legal Fees:** Legal advice to assist in the renegotiation of the Recycling Contract will ultimately be determined by the pace and complexity of negotiations, which at this stage is unknown. Given the significant financial impact this matter will have on East Waste and Member Councils, it is critical that prompt and relevant information is received and therefore cannot be delayed. As at the end of May 2018, the revised BR3 legal budget has been exhausted.

Other items of note in the financials up to 31 May 2018 include:

- **Recycling Processing Costs:** Despite repeated attempts, East Waste is still seeking invoices from SKM for the cost of processing recyclables as from March 2018. Like the rebate, this will be passed through in full to the Member Councils for reimbursement and therefore will not impact on East Waste's bottom line. Due to a lack of information available, East Waste have estimated based on volume data held that the additional recyclable processing costs as at 31 May 2018 to be \$41,300.
- **Depreciation:** Historically the trucks have been fully depreciated over their life and no residual value has been reported. While individually this is minimal, collectively their sale proceeds and the estimated depreciation charge potentially have a material impact on East Waste's finances long-term. Accordingly, residual values have been included for all Fleet Trucks with a maximum value of \$10,000 applied to each Fleet Truck to reflect the expected proceed from their disposal in accordance with Australian Accounting Standard (AASB) 116 *Property, Plant and Equipment*. Depreciation estimates will be updated prior to the finalisation of the FY2018 Financial Statements to reflect this treatment.
- **LGA WCS Risk Incentive Program:** Income of \$4,852 will be received from the Local Government Authority Mutual Liability Scheme as a result of our exemplary performance in the LGA WHS and Injury Management Audits carried out earlier this year. These funds need to be spent on safety measures and the decision has been made to resurface the workshop floor to prevent slips, trips and falls and improve the working conditions of the mechanics.

The Financial Report, Year to Date – May 2018, was presented to the 19 June Audit and Risk Management Committee Meeting, and was received and noted by the Committee.

While the deficit for the 2017/18 Financial year is likely to exceed the forecasted BR3 budget, it is expected to be less than 1.5% of the total operating budget and has been due to elements and external forces outside of our control. We have managed and reduced spending in the areas we have control over (such as Truck Maintenance), however increases in fuel prices and unforeseen legal fees have hit hard and negatively impacted. Lessons have also been learnt with respect to managing the timing of Council rebates and this will be factored into the work to be undertaken shortly on the establishment of a budget framework.

RECOMMENDATION

That the Board receive and note the Financial Report – Year to Date (May 2018).

7.2: DRAFT 2018/19 ANNUAL BUSINESS PLAN & BUDGET

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Revised Budget (Profit & Loss)
B: Draft 2018/19 Non-Operating Budget (Capital)
C: Letter of Endorsement from Member Councils

Purpose of the Report

Provide the Board with a status report on East Waste's draft 2018/19 Annual Plan and Budget.

Background

Section 51 of the Eastern Waste Management Authority Charter requires the Authority to have an Annual Plan which supports and informs its Budget. At the meeting held 22 February 2018, the East Waste Board resolved:

7.2 2018/19 DRAFT ANNUAL BUSINESS PLAN & BUDGET

Moved Cr Green that the Board:

- 1. Endorse the Annual Plan 2018/19 as amended, the associated budget as amended to include a reduction in the wage assumption from 3% to 2%, and proposed Member Council Fees as amended;*
- 2. Directs the General Manager to establish a Budget Framework inclusive of the handling of the Administration fee by November 2018, in order to provide even greater definition and transparency;*
- 3. Supports the use of existing cash reserves to fund the Highbury Landfill Loan amount of \$122,018 in 2018/19, in order to provide a small financial relief to Member Councils; and*
- 4. Authorises the General Manager to distribute to each Member Council for review and comment, the Draft Annual Plan 2018/19, as amended in Attachment A, along with the proposed fees and a letter outlining the potential risk associated with the existing Recycling Rebate.*

Seconded Cr Piggott

Carried

The Annual Plan and Budget (proposed fees – Section 53 of the Charter) was subsequently distributed to Member Councils for their review prior to the mandated 31 May timeframe (Section 52.3 of the Charter).

Report

Following presentation to the Board in February, a number of minor amendments have been made to the budget, however overall this has not impacted on the net Common Fleet Collection Costs to be charged to the Councils. The amendments are largely due to historical discrepancies that have been discovered and now rectified, China Sword and the presentation of figures. The main changes are:

- **Common Fleet Collection Costs**

No overall change of note to the quantum of the figure has been made, however this is now presented in the Profit & Loss Statement as a collective rather than the historical approach of detailing each core service (household waste, recycling green organics, street litter and hard waste collection costs) individually. This has been done in order to protect the commercial integrity of our operations when papers are distributed further.

- **Recycling Rebate/Processing Cost**

The Draft 2018/19 Budget included a continuum for the recycling rebate, albeit significant concern had been noted regarding the confidence of this. As we know any rebate is extremely unlikely and while we are still in negotiations to finalise an agreement going forward we have included an upper estimate for 12 months of processing costs, based on known assumptions.

- **Fuel Tax Credits**

The historical treatment and subsequently the calculation in the 2018/19 budget of fuel tax credits was too high, which overstated the rebate received by 16%. This has been amended accordingly.

- **Adelaide Hills Council Bin Loan**

It was identified through Budget Review Three (and subsequently amended) that the accounting treatment of the Adelaide Hills Council Bin Loan has been incorrect. This sees \$64,000 being removed from the Profit & Loss, across to the non-operating budget.

- **Depreciation**

Historically the trucks have been fully depreciated over their life and no residual value has been reported. While individually this is minimal, collectively their sale provides a material income that should be accounted for. This is now factored into the depreciation estimates for 2018/19.

The amendments that have been applied result in an anticipated year end net surplus of \$44,944 which is a reduction of \$9,556 on the proposed draft budget. This does not alter the Common Fleet Costings initially distributed to each of the Member Councils in early March (with the exception of their Recycling Rebate/Processing Fees).

East Waste has received confirmation from six (6) Member Councils that they have considered and endorsed the draft 2018/19 Annual Plan and Budget (Refer Attachment C for copies of letters). City of Prospect will present the Draft Annual Plan and Budget to Council at their June 2018 meeting.

A status report on East Waste's draft 2018/19 Annual Plan and Budget was considered at the 19 June 2018 Audit and Risk Management Committee meeting and recommended to the Board for endorsement.

RECOMMENDATION

That the Board adopts the 2018/19 Annual Business Plan and Budget.

REPORT 7.2 - ATTACHMENT A

EAST WASTE					
DETAILED PROJECTED PROFIT & LOSS REPORT (BUDGET)					
for the Financial Year Ending 30 June 2019					
		FY2018	FY2019	FY2019	FY2019
		ADOPTED BUDGET	PROPOSED BUDGET	ESTIMATED BUDGET MOVEMENT	ESTIMATED BUDGET MOVEMENT
	WASTE COLLECTION ACTIVITIES	\$	\$	\$	%
	Waste Collection Income				
	3Logix Reporting Fee	2,000	-	(2,000)	-100%
	Administration	238,921	215,800	(23,121)	-10%
	Bin Supply/Maintenance/Replacement	255,422	405,600	150,178	59%
	Additional Services - Bins	105,000	206,000	101,000	96%
	Common Fleet Collection Costs	-	11,768,434	11,768,434	0%
	G/O Disposal Income	1,247,988	1,200,595	(47,393)	-4%
	Green Organics Collection	2,681,808	-	(2,681,808)	-100%
	Hard Refuse Collection	555,781	-	(555,781)	-100%
	Hard Refuse Disposal Income	331,291	450,000	118,709	36%
	Household Refuse Collection	4,427,232	-	(4,427,232)	-100%
	Litter Collection	421,288	-	(421,288)	-100%
	Recyclables Collection	3,397,592	-	(3,397,592)	-100%
	Recycle Processing Fee	-	1,709,014	1,709,014	0%
	Recyclables Rebate	305,689	-	(305,689)	-100%
	Waste Disposal Income (AHC)	103,081	50,000	(53,081)	-51%
	Member Council Rebate	(408,161)	-	408,161	-100%
	Workers Compensation Rebates	-	-	0	0%
	Total Income	13,664,932	16,005,443	2,340,511	
	Cost of Operations				
	Additional Services - Bins	105,000	206,000	101,000	96%
	Depreciation	1,892,000	1,990,000	98,000	5%
	Disposal Fees - G/O	1,247,988	1,200,595	(47,393)	-4%
	Disposal Fees - Hard	331,291	450,000	118,709	36%
	Disposal Fees - Waste	103,081	50,000	(53,081)	-51%
	Audits/Contamination	10,000	60,000	50,000	500%
	Equipment Hire	20,000	20,000	0	0%
	Fuel; Gas & Oil	1,119,627	1,175,000	55,373	5%
	Fuel Tax Credits	(241,831)	(180,000)	61,831	-26%
	GPS Monthly Tracking	67,825	-	(67,825)	-100%
	Interest Expense	367,150	395,000	27,850	8%
	Maintenance - Motor Vehicles	32,535	32,000	(535)	-2%
	Maintenance - Trucks	1,170,000	1,277,000	107,000	9%
	Maintenance - Truck Contract	213,511	210,000	(3,511)	-2%
	Maintenance - Bins	255,422	405,600	150,178	59%
	Recycle Processing Fee	-	1,709,014	1,709,014	
	Recycling Rebate	305,689	-	(305,689)	-100%
	Registration & Insurance	256,151	270,000	13,849	5%
	Superannuation	324,047	364,050	40,003	12%
	Tools, Minor Equipment	65,000	60,000	(5,000)	0%
	Wages & Salaries	4,091,800	4,292,840	201,040	29%
	Wages: Casual Agency	697,417	574,000	(123,417)	-75%
	Workers' Compensation	164,532	165,000	468	0%
	Total Cost of Operations	12,598,235	14,726,099	2,127,864	
	Waste Collection Operations Surplus / (Deficit)	1,066,697	1,279,344	212,647	

EAST WASTE					
DETAILED PROJECTED PROFIT & LOSS REPORT (BUDGET)					
for the Financial Year Ending 30 June 2019					
		FY2018	FY2019	FY2019	FY2019
		ADOPTED BUDGET	PROPOSED BUDGET	ESTIMATED BUDGET MOVEMENT	ESTIMATED BUDGET MOVEMENT
	ADMINISTRATIVE & CORPORATE OVERHEAD ACTIVITIES	\$	\$	\$	%
	Other Income				
	Sundry Income	27,000	1,000	(26,000)	-96%
	Sale of Assets	(4,556)	20,000	24,556	-539%
	Interest Income	10,000	30,000	20,000	200%
	Grant Income	15,000	3,500	(11,500)	-77%
	Total Other Income	47,444	54,500	7,056	
	Other Administration & Overhead Expenses				
	Account Fees	3,500	-	(3,500)	-100%
	Accounting & Audit	29,485	31,900	2,415	8%
	Bank Charges	2,135	7,000	4,865	228%
	Board Fees	27,500	27,000	(500)	-2%
	Education (Communications)	152,508	215,000	62,492	41%
	Conference	8,000	12,000	4,000	50%
	Consulting	90,000	80,000	(10,000)	-11%
	Depreciation	7,910	9,500	1,590	20%
	Staff Development (Education & Training)	30,652	55,000	24,348	79%
	Fire / Security Service	48,000	15,000	(33,000)	-69%
	Fringe Benefits Tax	15,251	24,000	8,749	57%
	Insurance	23,369	30,000	6,631	28%
	Kerbside Audits (comparative)	-	-	0	0%
	Lease: Two-way Radio	8,134	-	(8,134)	-100%
	Legal Fees	65,000	40,000	(25,000)	-38%
	Licence Fees	4,080	128,000	123,920	3037%
	Depot Maintenance	44,282	50,000	5,718	13%
	Outgoings Ottoway Depot	43,746	-	(43,746)	-100%
	Power	45,000	55,000	10,000	22%
	Printing, Stationery, Postage	62,000	50,000	(12,000)	-19%
	Promotion & Advertising	30,000	-	(30,000)	-100%
	Protective Clothing	10,000	16,000	6,000	60%
	Provisions	85,000	70,000	(15,000)	-18%
	Rent - Ottoway	200,659	252,500	51,841	26%
	Staff Amenities	50,000	30,000	(20,000)	-40%
	Staff Medical	2,500	10,000	7,500	300%
	Subscriptions	7,800	5,000	(2,800)	-36%
	Sundry Items	46,000	20,000	(26,000)	-57%
	Telecommunications	35,000	56,000	21,000	60%
	Total Administration & Corporate Overhead Expenses	1,177,510	1,288,900	111,390	
	Surplus / (Deficit) Administration & Corporate Overhead Activities	(1,130,066)	(1,234,400)	(104,334)	
	Net Surplus / (Deficit)	(63,369)	44,944	108,314	

EAST WASTE					
DETAILED PROJECTED BUSINESS UNIT PROFIT & LOSS REPORT (BUDGET)					
for the Financial Year Ending 30 June 2019					
	FY2019	PROPOSED BUDGET FY2019			
	PROPOSED BUDGET	Common Fleet Costing	Bin Maintenance Activities	Corporate Administration	Waste Disposal Activities
WASTE COLLECTION ACTIVITIES	\$	\$	\$	\$	\$
Waste Collection Income					
3Logix Reporting Fee	-	-	-	-	-
Administration	215,800	-	-	215,800	-
Bin maintenance/Replacement Bins	405,600	-	405,600	-	-
2nd Bin Replacement	206,000	-	206,000	-	-
Common Fleet Collection Costs	11,768,434	11,768,434	-	-	-
G/O Disposal Income	1,200,595	-	-	-	1,200,595
Green Organics	-	-	-	-	-
Hard Refuse	-	-	-	-	-
Hard Refuse Disposal Income	450,000	-	-	-	450,000
Household Refuse	-	-	-	-	-
Litter	-	-	-	-	-
Recyclables	-	-	-	-	-
Recycle Processing Fee	1,709,014	-	-	-	1,709,014
Recyclables Rebate	-	-	-	-	-
Waste Disposal Income	50,000	-	-	-	50,000
Member Council Rebate	-	-	-	-	-
Workers Compensation Rebates	-	-	-	-	-
Total Income	16,005,443	11,768,434	611,600	215,800	3,409,609
Cost of Operations					
2nd Bin Reimbursement	206,000	-	206,000	-	-
Depreciation	1,990,000	1,990,000	-	-	-
Disposal Fees - G/O	1,200,595	-	-	-	1,200,595
Disposal Fees - Hard	450,000	-	-	-	450,000
Disposal Fees - Waste	50,000	-	-	-	50,000
Audits/Contamination	60,000	60,000	-	-	-
Equipment Hire	20,000	20,000	-	-	-
Fuel; Gas & Oil	1,175,000	1,175,000	-	-	-
Fuel Tax Credits	(180,000)	(180,000)	-	-	-
GPS Monthly Tracking	-	-	-	-	-
Interest Expense	395,000	395,000	-	-	-
Maintenance - Motor Vehicles	32,000	32,000	-	-	-
Maintenance - Trucks	1,277,000	1,277,000	-	-	-
Maintenance - Truck Contract	210,000	210,000	-	-	-
Maintenance - Bins	405,600	-	405,600	-	-
Recycle Processing Fee	1,709,014	-	-	-	1,709,014
Recycling Rebate	-	-	-	-	-
Registration & Insurance	270,000	270,000	-	-	-
Superannuation	364,050	364,050	-	-	-
Tools, Minor Equipment	60,000	60,000	-	-	-
Wages & Salaries	4,292,840	4,292,840	-	-	-
Wages: Casual Agency	574,000	574,000	-	-	-
Workers' Compensation	165,000	165,000	-	-	-
Total Cost of Operations	14,726,099	10,704,890	611,600	-	3,409,609
Waste Collection Operations Surplus / (Deficit)	1,279,344	1,063,544	0	215,800	-

EAST WASTE

DETAILED PROJECTED BUSINESS UNIT PROFIT & LOSS REPORT (BUDGET)

for the Financial Year Ending 30 June 2019

	FY2019	PROPOSED BUDGET FY2019			
	PROPOSED BUDGET	Common Fleet Costing	Bin Maintenance Activities	Corporate Administration	Waste Disposal Activities
ADMINISTRATIVE & CORPORATE OVERHEAD ACTIVITIES	\$	\$	\$	\$	\$
Other Income					
Sundry Income	1,000	-	-	1,000	-
Profit from Sale of Fixed Assets	20,000	-	-	20,000	-
Interest Income	30,000	-	-	30,000	-
Grant Income	3,500	-	-	3,500	-
Total Other Income	54,500	-	-	54,500	-
Other Administration & Overhead Expenses					
Account Fees	-	-	-	-	-
Accounting & Audit	31,900	31,900	-	-	-
Bank Charges	7,000	7,000	-	-	-
Board Fees	27,000	27,000	-	-	-
Communications	215,000	215,000	-	-	-
Conference	12,000	12,000	-	-	-
Consulting	80,000	80,000	-	-	-
Depreciation	9,500	9,500	-	-	-
Education & Training	55,000	55,000	-	-	-
Fire / Security Service	15,000	15,000	-	-	-
Fringe Benefits Tax	24,000	24,000	-	-	-
Insurance	30,000	30,000	-	-	-
Kerbside Audits (comparative)	-	-	-	-	-
Lease: Two-way Radio	-	-	-	-	-
Legal Fees	40,000	40,000	-	-	-
Licence Fees	128,000	128,000	-	-	-
Other Items - Ottoway	50,000	50,000	-	-	-
Outgoings Ottoway Depot	-	-	-	-	-
Power	55,000	55,000	-	-	-
Printing, Stationery, Postage	50,000	50,000	-	-	-
Promotion & Advertising	-	-	-	-	-
Protective Clothing	16,000	16,000	-	-	-
Provisions	70,000	70,000	-	-	-
Rent - Ottoway	252,500	252,500	-	-	-
Staff Amenities	30,000	30,000	-	-	-
Staff Medical	10,000	10,000	-	-	-
Subscriptions	5,000	5,000	-	-	-
Sundry Items	20,000	20,000	-	-	-
Telephone	56,000	56,000	-	-	-
Total Administration & Corporate Overhead Expenses	1,288,900	1,288,900	-	-	-
Surplus / (Deficit) Administration & Corporate Overhead Activities	(1,234,400)	(1,288,900)	0	54,500	0
Net Surplus / (Deficit)	44,944	(225,356)	0	270,300	0

REPORT 7.2 - ATTACHMENT B

EAST WASTE					
DETAILED PROJECTED NON OPERATING ACTIVITIES BUDGET					
for the Financial Year Ending 30 June 2019					
		FY2018	FY2019	FY2019	FY2019
		ADOPTED BUDGET	PROPOSED BUDGET	ESTIMATED BUDGET MOVEMENT	ESTIMATED BUDGET MOVEMENT
	NON OPERATING INCOME	\$	\$	\$	%
	Member Council Contributions - Highbury Loan	122,018	-	(122,018)	-100%
	Bin Supply Income	64,578	64,578	-	0%
	Loan Principal - Proceeds from Borrowings	1,971,613	1,890,000	81,613	4%
	Total Income	2,158,209	1,954,578	(40,405)	
	NON OPERATING EXPENSES				
	Capital Expenses				
	Fleet Replacement Costs	1,826,480	1,892,000	65,520	4%
	Office Furniture & Minor Tools	25,000	75,000	50,000	200%
	Bin Maintenance Van	49,100	-	(49,100)	-100%
	Total Capital Expenses	1,900,580	1,967,000	66,420	
	Finance Expenses				
	Loan Principal Repayments	1,604,000	2,007,444	403,444	25%
	Total Finance Payments	1,604,000	2,007,444	403,444	
	Total Budgeted Non Operating Activities Surplus / Deficit	(1,346,371)	(2,019,866)	(673,495)	



PO Box 44
Woodside SA 5244
Phone: 08 8408 0400
Fax: 08 8389 7440
mail@ahc.sa.gov.au
www.ahc.sa.gov.au

Direct line: 8408 0438
File Ref: OC18/7607 05.85.8

23 May 2018

Mr Rob Gregory
General Manager
East Waste
1 Temple Court
OTTOWAY SA 5013

Dear Mr Gregory *Rob*

East Waste Draft 2018/19 Business Plan & Budget

I am pleased to advise that the following resolution was unanimously passed on the Council meeting held on 22 May 2018:

1. *That the report be received and noted.*
2. *That the East Waste draft 2018/19 Annual Plan and budget be given consent*


The Council Members appreciated you taking the time to come along to the meeting last night, and for your comprehensive presentation.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Aitken'.

Andrew Aitken
Chief Executive Officer

Hi Rob!

*Thanks for your
excellent presentation
to Council last night.
Cheers! *

Shane Raymond

From: Rob Gregory
Sent: Wednesday, 13 June 2018 10:41 AM
To: Kelly Vandermoer
Subject: FW: Annual Business Plan Approval - Burnside

Follow Up Flag: Follow up
Flag Status: Flagged

From: Robert Dabrowski <RDabrowski@burnside.sa.gov.au>
Sent: Thursday, 7 June 2018 9:27 AM
To: Rob Gregory <RobG@eastwaste.com>
Subject: RE: Annual Business Plan

Hi Rob

Apologies for the tardiness of reply on this one.

The matter was considered at the meeting held 22 May 2018 where Council resolved as follows:

Motion

C11701

1. That the Report be received.
2. That Council approve the Eastern Health Authority Third Budget Review for 2017/18, noting the revised Forecast result is a Surplus of \$32,000.
3. That Council approve the Eastern Health Authority draft 2018/19 Annual Business Plan and Budget, noting the draft Budget result is a breakeven position.
4. That Council approve the East Waste Management Authority draft 2018/19 Annual Business Plan to inform the Budget, noting the draft Budget result is a Surplus of \$65,000.
5. That Council approve the Highbury Landfill Authority draft 2018/19 Budget, noting the draft Budget result is a Deficit of \$5,170.

Moved Councillor Cornish, Seconded Councillor Davey

CARRIED

Trust this enables you to finalise your budget and other governance requirements.

Thanks
Rob



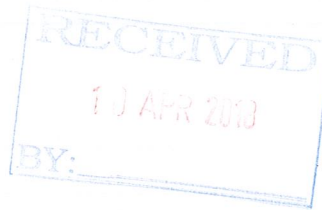
Robert Dabrowski | Principal Executive Officer
City of Burnside | 401 Greenhill Road Tusmore SA 5065
P: 08 8366 4205 | F: 08 8366 4299
RDabrowski@burnside.sa.gov.au
www.burnside.sa.gov.au

From: Rob Gregory [<mailto:RobG@eastwaste.com>]
Sent: Wednesday, 6 June 2018 6:36 PM



PD:MdB
Container Ref: B419

Enq: Simon Zbierski
Ph: 8366 9289



5 April 2018

Mr Adam Faulkner
General Manager
East Waste
PO Box 26
MANSFIELD PARK SA 5012

Dear ~~Mr~~ ^{Adam} Faulkner

Draft 2018/2019 Annual Plan and Budget

I refer to your correspondence of 7 March 2018 and wish to advise that at its meeting held on Tuesday 3 April 2018 Council endorsed East Waste's Draft Annual Plan and Budget for the Year ending 30 June 2019 and noted Council's budgeted gain in its equity share in East Waste of \$8,950.

On behalf of Council, I would like to congratulate you on the efficiency gains that have been realised and incorporated into the 2018/2019 Budget.

If you have any queries please contact Council's Manager Finance, Mr Simon Zbierski on the above number.

Yours sincerely

Paul Di Iulio
Chief Executive Officer

31 May 2018

Mr Rob Gregory
General Manager
East Waste
1 Temple Court
MANSFIELD PARK SA 5012

Dear Mr Gregory,

Re East Waste 2018 /2019 Draft East Waste Annual Plan and Budget

I am writing to advise you of the recent Council resolution passed at the Full Council Meeting held on Tuesday 8 May 2018 in relation to the Draft East Waste Annual Plan and Budget.

The following resolution was carried unanimously :

- (1) That Council consents to the 2018/2019 East Waste Draft Annual Plan and Budget.
- (2) That Council seeks a briefing from East Waste and other parties regarding management of recycling materials and impacts on Council.
- (3) Council asks that East Waste ensure that the City of Mitcham is kept fully informed and advised on options for the disposal of recyclable materials.
- (4) In consenting to the 2018/2019 East Waste Draft Annual Plan and Budget it is noted that the Recyclables Income as detailed in Attachment 7 of the plan will not be realised. Future income will be the subject of a Report to Council once greater information is known.

Please do not hesitate to contact me on 0408 807 712 should you have any queries on this matter.

Yours sincerely



Matthew Pears
CHIEF EXECUTIVE OFFICER

File Number: S00045 (347963)
Enquiries To: Sharon Perkins
Direct Telephone: 8366 4533



**City of
Norwood
Payneham
& St Peters**

19 April 2018

Mr Rob Gregory
General Manager
East Waste
PO Box 26
Mansfield Park SA 5012

Dear Rob

2018-2019 Draft Annual Plan

Thank you for your letter dated 9 March 2018, in which you have requested the Council's consideration of the East Waste Annual Plan and accompanying Budget for the 2018-2019.

I wish to advise that the Council considered the East Waste Draft Annual Plan at its meeting held on 2 April 2018.

Following the consideration of the Draft Plan, the Council resolved to advise East Waste that Pursuant to Clause 52 of the East Waste Charter, the City of Norwood Payneham & St Peters approves the Draft 2018-2019 Annual Plan.

Should you require any further information, please do not hesitate to contact me of 8366 4533 or email sperkins@npsp.sa.gov.au

Yours sincerely

Sharon Perkins
GENERAL MANAGER, CORPORATE SERVICES

175 The Parade
Norwood SA 5067

PO Box 204
Kent Town SA 5071

Telephone
8366 4555

Facsimile
8332 6338

Email
townhall@npsp.sa.gov.au

Website
www.npsp.sa.gov.au



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From: Katy Bone <KBone@walkerville.sa.gov.au>
Date: 14 June 2018 at 12:31:28 pm AEST
To: "RobG@eastwaste.com" <RobG@eastwaste.com>
Cc: Jayde Hanna <JHanna@walkerville.sa.gov.au>, Kiki Magro <kmagro@walkerville.sa.gov.au>
Subject: RE: Annual Business plan and budget 2018/19

Good morning

Please disregard the below.

The East Waste Draft Annual Business plan and budget for 2018/19 was presented to Council on the 19 March 2018.

Council resolved the following at this meeting.

12.4.1 East Waste Draft 2018-19 Annual Pan and Budget

Moved: Councillor Busato
Seconded: Councillor Williams

CNC272/17-18

1. That Council endorses the 2018/19 East Waste Draft Budget and Annual Business Plan and acknowledges that there may be a fee instead of a rebate from our recycling processor.
2. That Administration write to East Waste advising of Council's decision.

CARRIED UNANIMOUSLY

Regards,

Katy Bone
Group Manager Corporate Services

Town of Walkerville

Finance | 66 Walkerville Terrace, Gilberton SA 5081
PO Box 55 | Walkerville SA 5081
T 08 8342 7134 | F +61 8 8269 7820 | M +61 403 123 376
www.walkerville.sa.gov.au | kbone@walkerville.sa.gov.au

7.3: INTERIM AUDIT REPORT

REPORT AUTHOR: Manager, Corporate Services

ATTACHMENTS: A: Interim Management Report of External Audit Findings

Purpose of the Report

To provide the Board with the results of the Interim Audit conducted by Bentley's on 21 May 2018.

Background

East Waste's appointed External Auditor, Bentley's, undertook an Interim Audit on 21 May 2018 and the Interim Management Report provided at Attachment A details the relevant findings.

Report

The results of the Interim Audit are positive and indicate that East Waste is performing well. Overall, the Audit found:

- the financial management of East Waste was of good quality;
- that the quality of records and the systems used to maintain financial information is good; and
- the teams maintaining the financial information is competent in their ability to do their job.

Of note was the focus of the Auditor's on City of Prospect joining East Waste as a Member Council, particularly that the application of the Common Fleet percentages and relevant invoicing had been integrated into administrative practices. It is pleasing to report that the inclusion of City of Prospect as a Member Council is in line with expectations.

As has been consistent with previous Audit's over recent years, an area of consideration for East Waste is the risk for fraud with respect to the lack of segregation of duties. Given the lean FTE of East Waste's administration staff, this is an ongoing risk that is managed through process by the East Waste Board, the Committee, East Waste Executive staff, internal control mechanisms and scrutiny of Dean Newbery & Partners. The recent Payroll and Accounts Payable Audit undertaken by Dean Newbery & Partners shows the Board's appetite to continually manage this risk and the high performance to date.

Recommendation

That the Board note and receive the Report.



13 June 2018

Mr. R Gregory
General Manager
East Waste
1 Temple Court
OTTOWAY SA 5013

Bentleys SA Audit Partnership

Level 2

139 Frome Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900
F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

Dear Rob,

**RE: INTERIM AUDIT REPORT FOR EASTERN WASTE MANAGEMENT AUTHORITY FOR
THE YEAR ENDED 30 JUNE 2018**

We have commenced our audit of Eastern Waste Management Authority (East Waste) for the year ended 30 June 2018 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

Our audit is conducted in two stages. Stage one focused on assessing the items within the profit and loss statement of the organisation to determine if the information in the general ledger, that is being reported to management and used for the formation of the financial report, is likely to be accurate and reliable in all material respects. The second stage (to be conducted) of our audit will focus on assessment of applied accounting policies and substantive testing of events that have occurred.

At the conclusion of our interim testing, using the information obtained in stage one, we determined if there were any material matters or concerns that would impact the decision-making ability of the users of the financial report.

There were no material matters to be reported to governance. Refer to Appendix 1 for more details on the work performed.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

Yours faithfully

DAVID PAPA
PARTNER

Enclosure

Confirmation of independence

Independence of auditors

The independence of the auditor is considered by the audit profession and the regulators as one of the most important professional standards that auditors must comply with.

Our audit services are subject to independence requirements of the following legislation and professional standards:

- Corporations Act 2001
- APES 110 Code of Ethics for Professional Accountants
- APES 320 Quality Control for Firms
- Local Government Act
- Bentleys National Policy on Independence

We enforce these rules and policies in order to maintain objectivity and to be free of conflicts of interest when conducting our audit each year.

Other Services

For the benefit of the organisation we confirm we have provided no services that compromise our independence.

How we have maintained independence

Bentleys ensures our independence by:

- Conducting regular training on threats to audit independence;
- Annual reviews of our audit client base to identify any potential conflicts of independence;
- Obtain confirmation from all of our audit staff as to their independence from our audit clients;
- Obtain confirmation from all of the partners as to their independence from our audit clients.

Our independence

We confirm that, to the best of our knowledge and belief, we are independent having regard to Bentley's policies, professional rules and relevant statutory requirements regarding our independence.

Overview of Administration

Accounting administration

Overall, we found the finance management of East Waste to be of good quality. The finance team was obliging in taking our queries and in providing information needed to conduct the audit on a timely basis.

In our opinion, the quality of the records and the systems used to maintain financial information is good and that the team maintaining the financial information is competent in their ability to do their job.

Key Areas Considered

Areas Considered

During the first phase of our audit, we have considered and performed the following:

- review over the methodology for calculating user charges for constituent Council's used to determine how much the Councils are invoiced, including specific testing over a sample of the Council invoices
- review and testing over the procurement and expenditure process control environment
- review and testing of the payroll control environment

As part of our testing for the above areas, we reviewed the updated member council structure in accordance with the new Charter. Given this was the first year the City of Prospect was a member Council, we paid particular attention to ensure the Council was included in the user charges calculation and invoiced. The inclusion of the City of Prospect appears in line with our expectations.

At the conclusion of the first phase of our testing, we did not identify any areas of concern to report. We noted there was a period of time where the Office Administrator role, who was undergoing key financial activities, was vacant. We were pleased to see that there were no significant gaps or deficiencies within the finance function of the organisation.

Matters for those charged with governance

Fraud

Whilst fraud is not the primary consideration when conducting an external audit, we have identified some areas where the Organisation is susceptible to fraud. These areas are:

Individual employee fraud:

- Lack of segregation of duties;
- Incorrect recording of time sheets by casual and wages staff;

Organisational and financial reporting fraud:

- Misappropriation of organisation owned assets

We believe it is important for management to continually consider and assess the control environment of the entity to identify areas where fraud can occur and ensure that those opportunities are removed and or monitored to reduce the risk and impact of fraud.

Legal compliance

Through our audit procedures we have assessed the organisations compliance with the Local Government Act 1999 and Local Government (Financial Management) Regulation 2011 and have not become aware of any non-compliance.

Financial reporting and accounting policies

We believe the accounting policies elected for the Organisation are reasonable and their application provides sufficient information for use of the decision makers.

Going Concern

As part of our assessment we considered the appropriateness of the going concern assumption concluded by the Organisation and management. Our procedures indicate that this assumption is fair and that the going concern convention is appropriate.

Cooperation with management

Your management team has been helpful and cooperative throughout the conduct of the audit.

7.4: STATE GOVERNMENT RECYCLING INDUSTRY SUPPORT PACKAGE RESPONSE

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Copy of Letter to Minister Speirs

Purpose of the Report

To provide the Board with a copy of the East Waste response to the State Government Recycling Industry Support Package.

Background

At the Special Board Meeting on 18 May 2018, the East Waste Board resolved (in part):

9.1 EAST WASTE RESPONSE TO THE STATE GOVERNMENT RECYCLING INDUSTRY SUPPORT PACKAGE RECOMMENDATION 1

Moved Cr Hockley that the Board:

- 1) Responds to the Minister for Environment and Water, supporting the recycling industry support package announced on Saturday 12 May, specifically outlining the impact for East Waste and Member Councils and seek a meeting with the Minister to be attended by the Chair and General Manager; and*
- 2) Develop a summary sheet of information and letter response template for Member Council consideration on the recycling industry support package.*

Seconded Cr Busato

Carried

Report

A letter was subsequently drafted and sent to the Minister for Environment and Water, the Honourable David Speirs on 30 May 2018. A copy of the letter is contained within Attachment A (refer Attachment A).

Member Council Chief Executive Officers were subsequently provided with a copy of the letter along with explanatory notes on the recycling package.

RECOMMENDATION

That the Board note and receives the report and submission.



30 May 2018

The Hon. David Speirs MP
Minister for Environment and Water
Level 10
81-95 Waymouth Street
ADELAIDE SA 5000

Dear Minister Speirs,

RE: Recycling Industry Support Package

Firstly, I must congratulate you on your appointment as Minister for the Environment and Water in the new South Australian Government. We look forward to the value you will undoubtedly bring to the position and working closely with you.

I am writing to you on behalf of the East Waste Board to acknowledge the Recycling Industry Support Package and provide further insight into the specific situation East Waste has, and continues to face, in response to China Sword.

East Waste is a regional subsidiary of seven Councils, being Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood Payneham & St Peters, City of Prospect, and the Corporation of the Town of Walkerville. On behalf of these Member Councils, East Waste handles approximately 20% of Adelaide's kerbside municipal waste, organics, and recycling with a modern fleet and shared services model and completes over 10.5 million kerbside bin collections every year. East Waste has long been involved in the waste industry with our origins commencing 90 years ago in 1928.

East Waste provides a very efficient and effective service to our constituent Councils and over the last five years has been exceptionally fiscally responsible and kept annual collection costs below CPI increases. We have also drawn on the collective benefit of the subsidiary to deliver a number of other financial and non-financial benefits to our Member Councils and importantly their communities.

Overall East Waste supports and congratulates the Government on the release of the \$12.4m Recycling Industry Support Package and the focus on industry investment, which hopefully will translate to local future-proofing of the recycling market. While the nature of our remit does not include re-processing or manufacturing and therefore excludes us from the bulk of this announced funding, East Waste recognises the longer term benefits this State Government investment should derive for our Member Councils and residents.

A very pleasing component of the package for East Waste is the \$800,000 allocated for a state-wide education campaign. Ensuring proactive, accurate messaging, and reinforcing recycling behaviours is absolutely critical to ensure that as an industry we continue the positive gains made in waste management education over the

last 40 years. This will also assist in negating inaccurate media reports and less than desirable solutions/stories from interstate, which some sections of the community immediately translate to a South Australian context as fact.

On the education front, East Waste has developed a very contemporary and powerful education program over the last three years titled "Why Waste It?" Rolled out across our Member Councils, the program includes a wide suite of materials which positively reinforce recycling messages. Coupled with social media activity and our "Which Bin?" website (<http://www.whichbin.com.au>), which provides specific advice for residents on how to appropriately dispose of over 430 common household items within their local area. We have a quality program which could be easily scaled up to a state level, with minimal invest. East Waste would be keen to further explore opportunities for this with the State Government. Of central importance to all of this is ensuring a quality education campaign is rolled out quickly to ensure the community continues to recycle, and again, the *Why Waste It?* Program can achieve this.

East Waste also recognises the \$500,000 for regional transport subsidies. As metropolitan and rural-residential Councils, again we are not eligible for this funding, however we understand the importance this has in supporting the education, messaging, and community desires, particularly in regional areas, for the continuance of recycling.

China Sword has impacted (and will likely impact for longer) on the Australian Waste Industry far greater than any other single event in the last 30 years. East Waste is of the belief that this impact, the associated costs and the response are a shared responsibility of the Industry, State Government, and Local Government.

The short-term impact of the situation has financially hit East Waste and our Member Councils hard, and the totality of this is greater than can reasonably be expected for any Organisation to absorb in a short space of time. The figures detailed in the paragraph below are contract sensitive, and so we respectfully request that these are not distributed further or released publicly. We are currently in the process of renegotiating a longer term arrangement for our recycling processing; but are providing this information directly to you so you can appreciate the magnitude of the situation we are facing.

East Waste Councils collectively are likely to face increased recycling processing costs of up to \$2.8million next year, which equates on average to a 1% increase in the total operational costs of Councils from a single expense line. Coupled with the 15% increase in the Metropolitan Waste Levy, which will add a further \$700,000, the cost of managing waste from last year to next will increase by up to \$3.5m across our seven Councils.

In totality this is a significant impost, which East Waste hoped would have been recognised by the State Government through the Recycling Industry Support Package, via some transitional relief funding as is the case in some of the eastern states. As mentioned previously, the Board and management of East Waste have been exceptionally fiscally responsible in recent time, in order to reduce any excess within the business and simply cannot absorb the financial impact in the timeframe required. This is hurting East Waste, our Councils, and will directly and indirectly impact all serviced residents which make up 20% of the total Adelaide population.

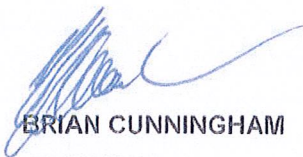
I would welcome the opportunity for my General Manager, Rob Gregory, and myself to meet you in the coming weeks to further discuss this crisis and the rapid and excessive impact it has on our Member Councils, detail

our successful *Why Waste It?* education program and to seek some short-term transitional funding assistance. Rob can be contacted on 0417 466 929 or rob@eastwaste.com, to coordinate a meeting.

In closing I would once again like to thank and congratulate the State Government on the Recycling Industry Support Package and the pursuit of a longer-term approach to achieve secondary processing and local circular economies and urge you to further consider some short term transitional assistance to East Waste Councils.

Should you wish to discuss this directly with me I can be contacted on 0414 970 008.

Yours sincerely,



BRIAN CUNNINGHAM
CHAIRMAN

CC. Vaughan Levitske, Chief Executive, Green industries
 Matt Pinnegar, Chief Executive Officer, Local Government Association
 Rob Gregory, General Manager, East Waste

7.5: ANNUAL PLAN PROGRESS REPORT

REPORT AUTHOR: General Manager

ATTACHMENTS: A: Year to Date Annual Plan Matrix

Purpose of the Report

To provide the Board with an outcome of activities listed for completion in the 2017/2018 Annual Plan.

Background

Nil

Report

The attached matrix provides a summary of the Annual Plan activities for 2017/18. You will note a number of activities have not been completed, with the decision made as part of the 2018/19 Annual Business Plan to carry these forward, or amend the activity.

Recommendation

That the report be received and noted.

Attachment A – Year to Date Annual Plan Matrix

Annual Plan 2017 - 2018				
Activities	Annual Plan Reference	Commenced	Completed	Comments (as at 22/06/18)
Consultative Committee	3.1.1	x	x	Implemented & Completed
Risk Management Software (Skytrust)	3.1.2	x	x	Installed & Reporting underway. Systems has shortfalls & continually seeking refinement with LGRS
Payroll Software Integration	3.1.3	x	x	Installed and being utilised
Business Continuity ITC	3.1.4	x	x	Transfer to cloud based storage completed
Service Level Agreements (SLAs)	3.1.5	x		Action carried forward to 2018/19 Annual Plan
Detailed Investigation into Gas Fleet	3.2.1	x		Preliminary Reviewed. Action carried forward to 2018/19 Annual Plan
Purchase of 4 Robotic Arm Collection Vehicles (RAC)	3.2.2	x	x	Completed
Receipt of Recyclables Contract (Auditing)	3.2.3			Audits not required in 17/18 Financial Year
Hard Waste Services	3.2.4	x	x	All Member Council's now utilising EW for Hard Waste Collection.
Multi-Unit Dwellings/Council Vehicles	3.2.5	x		Preliminary work & Education undertaken. EW Service offering to Councils to be completed by October 2018
Generator (back-up power supply)	3.2.6	x		Action carried forward to 2018/19 Annual Plan
Bin Sensor Technology (public place bins)	3.2.7	x	x	Installations across four (4) Councils. Assessment to be carried out in 2018/19 on economic benefit.
Litter Collection Services	3.2.8	x	x	City of Campbelltown commenced.
Weekly Organics Collection Analysis	3.2.9	x	x	Completed
WHS Committee Meetings	3.3.2	x	x	Active Committee throughout year. Meeting schedule adhered to.
Independent Fleet Audit	3.3.3	x	x	Audit and required works completed.
Certificate IV in Training and Assessment	3.3.4	x	x	Completed
Why Waste It? Phase 2 Rollout	3.4.1	x	x	Final public campaign 25 June - 8 July. My Local Services App actively progressed.
Operations Assistance Committee	3.4.2	x	x	Quarterly meetings being held.
Staff Satisfaction Survey (Full)	3.4.3	x	x	Pulse survey only due. Anticipated commencement in Fourth Quarter
Customer Satisfaction Survey (Full)	3.4.4	x	x	Pulse survey only due. Anticipated commencement in Fourth Quarter
10 Year Business Plan Consultation	3.4.5	x		Action carried forward to 2018/19 Annual Plan