



**EASTERN WASTE MANAGEMENT AUTHORITY
ORDINARY BOARD MEETING**

Thursday 21 February 2019

Notice is hereby given that a meeting of The Board of the Eastern Waste Management Authority will be held at Room 1855, Town of Walkerville, 66 Walkerville Terrace, Gilberton, on Thursday 21 February, 2019 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 21 February 2019 commencing at 5:30pm,
at the Town of Walkerville, 66 Walkerville Terrace, Gilberton**

1. PRESENT

2. APOLOGIES

3. CONFLICTS OF INTEREST

4. CONFIRMATION OF THE MINUTES

RECOMMENDED: 1. That the Minutes of the Eastern Waste Management Authority Ordinary Board Meeting held on Thursday 13 December 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 12 February 2019, be received, confirmed and adopted.

5. MATTERS ARISING FROM THE MINUTES

6. QUESTIONS WITHOUT NOTICE

7. REPORTS

7.1	FINANCIAL STATEMENTS: BUDGET REVIEW 2.....	pg. 7
7.2	2019/20 DRAFT ANNUAL PLAN & BUDGET.....	pg. 14
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7.7	ANNUAL PLAN PROGRESS REPORT.....	pg. 109

8. CONFIDENTIAL REPORTS

Nil

9. OTHER BUSINESS

Nil

10. NEXT MEETING OF THE BOARD

The next Board Meeting is scheduled to be held on:

Thursday 2 May 2019, commencing 5:30pm

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

11. CLOSURE OF MEETING



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

Held on Thursday 13 December at 5:03pm at the City of Norwood, Payneham & St Peters, 175
The Parade, Norwood

1. PRESENT

Directors:

Mr B Cunningham	Independent Chairperson
Cr L Green	Adelaide Hills Council
Cr G Piggott	City of Burnside
Mr P Di Iulio	Campbelltown City Council
Ms C Hart	City of Prospect
Cr R Ashby	Corporation of the Town of Walkerville
Mr M Pears	City of Mitcham
Mr M Barone	City of Norwood, Payneham & St Peters

In Attendance:

Mr R Gregory	General Manager
Mr S Raymond	Manager, Corporate Services
Mr B Krombholz	Business Improvement Manager – Operations
Ms K Vandermoer	Finance and Executive Administration Officer
Mr J Jovicevic	Dean Newbery & Partners
Mr F Bell	Thomson Geer

2. APOLOGIES

Nil

3. CONFLICTS OF INTEREST

Nil

4. CONFIRMATION OF THE MINUTES

Moved Cr Green

1. That the Minutes of the Eastern Waste Management Authority Ordinary Board Meeting held on Thursday 20 September 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 4 December 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 FINANCIAL REPORT – BUDGET REVIEW 1

RECOMMENDATION

Moved Cr Piggott that the Board notes, accepts and endorses the 2018/19 Financial Year Budget Review One (1) report as presented.

Seconded Mr Di Iulio

Carried

7.2 BUDGET FRAMEWORK POLICY

RECOMMENDATION

Moved Cr Green that the Board recommend that the Budget Framework Policy as contained within Attachment A, is endorsed and applied in the development of the FY2020 Annual Budget.

Seconded Mr Barone

Carried

7.3 BOARD COMMITTEE APPOINTMENTS

RECOMMENDATION 1

Moved Mr Di Iulio that the Board appoint Cr Grant Piggott and Mr Mario Barone to the East Waste Audit & Risk Management Committee for a period of one (1) year in accordance with the Audit & Risk Management Committee Terms of Reference.

Seconded Ms Hart

Carried

Mr Pears entered the meeting 5:18pm.

RECOMMENDATION 2

Moved Mr Di Iulio that the Board appoint Ms Cate Hart to the General Manager Performance Review and Development Committee in accordance with the General Manager Performance Review and Development Committee Terms of Reference.

Seconded Cr Piggott

Carried

7.4 ENVIRONMENT PROTECTION AUTHORITY LICENCE FEE INCREASE SUBMISSION

Moved Mr Barone that the Board endorses the letter, as amended and presented in Attachment B, be signed by the Chair and sent to the Minister of Environment and Water.

Seconded Cr Ashby

Carried

7.5 AUDIT IMPLEMENTATION PROGRESS REPORT

Moved Cr Piggott that the Board notes the implementation status of the 2018 Accounts Payable and Payroll Audit recommendations.

Seconded Cr Green

Carried

7.6 ANNUAL PLAN PROGRESS REPORT

Moved Cr Green That the report be received and noted.

Seconded Cr Ashby

Carried

7.7 2019 MEETING SCHEDULE

Moved Mr Di Iulio That the Board receives and endorses the report.

Seconded Cr Piggott

Carried

Mr Bell entered the meeting at 5:30pm.

7.8 2019 GENERAL MANAGER KEY PERFORMANCE GOALS, MEASURES & TARGETS & PROFESSIONAL DEVELOPMENT PLAN

RECOMMENDATION

Moved Cr Piggott that:

1. The Board endorses the 2019 General Manager Key Performance Goals, Measures & Targets as a tool to assist the performance of the General Manager in 2019.
2. the Board endorses the key activities of the 2019 General Manager Professional Development Plan, to support the ongoing development of the General Manager.

Seconded Cr Green

Carried

8. CONFIDENTIAL REPORTS

Nil

9. OTHER BUSINESS

9.1 ENTERPRISE AGREEMENT OVERVIEW (VERBAL)

Mr Raymond provided verbal overview of outcome of the East Waste 2018 Enterprise Agreement.

10. NEXT MEETING OF THE BOARD

The next ordinary Board Meeting is scheduled to be held on Thursday 21 February 2019 at the City of Norwood, Payneham & St Peters at 5.30pm.

11. CLOSURE OF MEETING

There being no further business the meeting closed 5:44pm.

DATE: _____

CHAIRPERSON: _____

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

held on Tuesday 12 February 2019 at Chairman's Boardroom, 1101/147 Pirie Street, Adelaide

Meeting opened at 8:30am.

1. PRESENT

Mr Brian Cunningham	Independent Chairperson
Mr Tim Muhlhausler	Independent Member
Mr Leigh Hall	Independent Member
Mr Mario Barone	Committee Member
Cr G Piggott	Committee Member

IN ATTENDANCE

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

2. APOLOGIES

Nil

3. CONFLICTS OF INTEREST

Nil

4. CONFIRMATION OF THE MINUTES – 12 SEPTEMBER 2018

Moved Mr Hall that the Minutes of the previous meeting held on Tuesday 4 December 2018 be received and noted.

Seconded Mr Barone

Carried

5. MATTERS ARISING FROM THE MINUTES

Nil

6. QUESTIONS WITHOUT NOTICE

Nil

7. STAFF REPORTS

Mr Muhlhausler entered the meeting at 8:34am.

7.1 FINANCIAL REPORT – BUDGET REVIEW 2

RECOMMENDATION

Moved Mr Hall that the Committee notes and accepts the \$5,000 operating and \$172,000 non-operating movements associated with the 2018/19 Budget Review Two and recommends to the East Waste Board for endorsement.

Seconded Mr Muhlhausler

Carried

7.2 AUDIT IMPLEMENTATION PROGRESS REPORT

RECOMMENDATION

Moved Mr Barone that the Committee notes the implementation status of the 2018 Accounts Payable and Payroll Audit recommendations and recommends for presentation to the East Waste Board.

Seconded Cr Piggott

Carried

8. CONFIDENTIAL REPORTS

8.1 DRAFT 2019/20 BUDGET & KEY ASSUMPTIONS

RECOMMENDATION 1

Moved Cr Piggott that pursuant to Section 90(2) and (3) of the Local Government Act, 1999 the Audit & Risk Management Committee orders that the public, with the exception of the Subsidiary staff present, be excluded from the meeting on the basis that the Audit & 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 the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - (ii) would, on balance, be contrary to the public interest;

and the Audit & 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 Piggott:

1. That the 2019/20 Draft Budget and Key Assumptions, as amended, are noted and supported for presentation to the Board;
2. That the East Waste Board support the use of existing cash reserves to fund the remaining payment of the Highbury Landfill Loan.

Seconded Mr Barone

Carried

RECOMMENDATION 3

Moved Mr Barone that under Section 91(7) and (9) of the Local Government Act 1999 the Audit & Risk Management Committee orders that the report and

discussion be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed.

Seconded Mr Muhlhausler

Carried

9. OTHER BUSINESS

Nil

10. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The next Audit and Risk Management Committee Meeting is scheduled to be held on Wednesday 17 April 2019 at 1101/147 Pirie Street, Adelaide, commencing at 8:30am.

11. CLOSURE OF MEETING

There being no other business the meeting closed at 9:28am.

PRESIDING MEMBER

DATE

7.1: FINANCIAL REPORT - BUDGET REVIEW 2

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Statement of Comprehensive Income
B: Balance Sheet
C: Statement of Cash Flow
D: Statement of Changes in Equity
E: Uniform Presentation of Finances Statement

Purpose of the Report

To provide the Board with an opportunity to review the prepared Financial Statements for the six months to December 2018 and report on Budget Review Two (2) as prescribed by the Regulations.

Background

At the meeting held 28 June 2018, the East Waste Board resolved:

7.2 18/19 BUDGET APPROVAL

Moved Mr Di Iulio that the Board adopts the 2018/19 Annual Business Plan and Budget.

Seconded Cr Busato

Carried

Report

The Financial Reports (refer Attachment A-E) as at 30 December 2018, for Quarter 2 have been prepared by East Waste's appointed accountancy firm Dean Newbery and Partners in accordance with the model financial statements issued by the Local Government Association.

While the Profit & Loss Statement identifies a YTD Operating deficit of \$20,000, when combined with the positive variance of \$93,000 between the Depreciation and Loan repayments, this results in a Year to Date Operating Result of \$73,000 (\$28,000 ahead of the original FY2019 adopted budget surplus of \$44,944).

There are a number of specific budget lines within the Profit and Loss Statement that are tracking favourably and if they continue will result in positive variations being realised at Budget Review 3 and Year end. These include:

- Fleet Maintenance expenditure across the three budget areas is 10% less than the YTD budget. With scheduled servicing remaining up to date and the fleet overall being well maintained, it is a positive indicator for a year end surplus.
- Revised Power and Telecommunication contracts are now being realised and should result in a positive return at year end. This is expected to be in the order of \$30,000.
- Increased accountability and oversight on a number of smaller budget items such as Equipment Hire, Tools & Minor Equipment and Sundry Items should also result in favourable results.

Despite these and other likely positive variations occurring they will be offset to some extent by:

- The significant highs in fuel price experienced in the first six months has year to date expenditure \$100,000 (8%) higher than budget. Lower fuel pricing in December and January and the short term outlook provide an optimism that the Budget Review One concern of a significant overspend in this budget line, may not be as great as first expected however, given the volatility of the fuel market, this cannot be guaranteed.
- Registration & Insurance – correct identification and coding of items associated with this budget line has identified a budgeted shortfall at year end of approximately \$50,000.
- Consultancy fees will be higher than budgeted, due to the need for assistance on a number of unforeseen projects.
- Depot Maintenance – correct identification and coding of items associated with this budget line has identified a likely budgeted shortfall at year end of approximately \$25,000.

It is worthwhile noting the \$5,000 increase in Sundry Income, which resulted from receiving a Local Government Association Workers Compensation Scheme Best Practice Merit Award in October 2018. Far more significant than the prizemoney is the award was received as recognition of East Waste *“Leading the sector in embedding the requirements of the National Heavy Vehicle Legislation into operational activities.”* Since the inception of this legislation East Waste has invested significant time and staff resources training all staff, amending systems to monitor and enforcing compliance. Our WHS Coordinator, Mr Ian Lampre has also assisted the LGA and a number of other Councils with training to ensure their systems and process comply.

The award further demonstrates the confidence the Committee, Board and Member Councils can have in our commitment to ensuring the legal protection of all parties and importantly the demonstrable evidence of our high level Work, Health and Safety commitment.

As with Budget Review 1, it is recommended that given the uncertainty in a number of key markets which influence East Waste operations (eg. world oil and recycling), coupled with the variability in operating a logistical business, that the projected operating position is noted, however no additional budget changes are made until Budget Review 3. As has been demonstrated in previous years early amendments to the budget can provide a false year end reading and as a result of market volatility and operational complexities, reduce the ability of the business to respond to financial shocks in the second half of the year. At this time movements can be made with greater certainty. Following review of BR2, the Audit and Risk Committee accepted the Operating and non-operating results and recommended the figures for presentation to the Board.

RECOMMENDATION

The Board notes, accepts and endorses the 2018/19 Financial Year Budget Review Two (2) report as presented.

EAST WASTE**PROJECTED STATEMENT OF COMPREHENSIVE INCOME (BUDGET)**
for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY2019	FY 2019
Audited Actuals		Adopted Budget	BR1	Proposed Budget (BR2)
\$'000		\$'000	\$'000	\$'000
	INCOME			
12,689	User Charges	15,394	15,394	15,394
19	Investment income	30	30	30
15	Grants, subsidies and contributions	4	4	4
413	Other	613	613	613
13,136	TOTAL INCOME	16,041	16,041	16,040
	EXPENSES			
5,605	Employee Costs	4,822	4,822	4,822
5,776	Materials, contracts & other expenses	8,799	8,859	8,859
1,767	Depreciation, amortisation & impairment	2,000	2,000	2,000
321	Finance costs	395	395	395
13,469	TOTAL EXPENSES	16,016	16,076	16,075
(333)	OPERATING SURPLUS / (DEFICIT)	25	(35)	(35)
10	Asset disposals & fair value adjustments	20	20	15
(323)	NET SURPLUS / (DEFICIT)	45	(15)	(20)
-	Other Comprehensive Income	-	-	-
(323)	TOTAL COMPREHENSIVE INCOME	45	(15)	(20)

EAST WASTE**PROJECTED BALANCE SHEET (BUDGET)**

for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY2019	FY 2019
Audited Actuals		Adopted Budget	BR1	Proposed Budget (BR2)
\$'000		\$'000	\$'000	\$'000
ASSETS				
CURRENT ASSETS				
1,376	Cash & Cash Equivalents	2,731	2,126	2,278
1,127	Trade & Other Receivables	412	412	412
-	Other Financial Assets	-	-	-
2,503	TOTAL CURRENT ASSETS	3,143	2,538	2,690
NON-CURRENT ASSETS				
6,165	Infrastructure, Property, Plant & Equipment	6,004	6,133	6,076
6,165	TOTAL NON-CURRENT ASSETS	6,004	6,133	6,076
8,668	TOTAL ASSETS	9,147	8,671	8,766
LIABILITIES				
CURRENT LIABILITIES				
821	Trade & Other Payables	826	821	821
2,007	Borrowings	2,077	2,077	2,077
530	Provisions	576	600	600
3,358	TOTAL CURRENT LIABILITIES	3,479	3,498	3,498
NON-CURRENT LIABILITIES				
4,774	Borrowings	4,680	4,587	4,688
63	Provisions	143	63	63
4,837	TOTAL NON-CURRENT LIABILITIES	4,823	4,650	4,751
8,195	TOTAL LIABILITIES	8,302	8,148	8,249
473	NET ASSETS	845	523	518
EQUITY				
473	Accumulated Surplus	845	523	518
473	TOTAL EQUITY	845	523	518

EAST WASTE**PROJECTED STATEMENT OF CASH FLOWS (BUDGET)**
for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY 2019	FY 2019
Audited Actuals		Adopted Budget	BR1	Proposed Budget (BR2)
\$'000		\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
12,400	Operating Receipts	17,611	16,725	16,725
20	Investment Receipts	30	30	30
PAYMENTS				
(5,548)	Employee costs	(4,822)	(4,822)	(4,822)
(5,808)	Materials, contracts & other expenses	(10,330)	(8,789)	(8,789)
(320)	Interest Payments	(395)	(395)	(395)
744	NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	2,094	2,749	2,749
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPTS				
11	Sale of Replaced Assets	20	20	15
PAYMENTS				
(1,887)	Expenditure on Renewal/Replaced Assets	(1,967)	(1,967)	(1,911)
-	Expenditure of New/Upgraded Assets	-	-	-
(1,876)	NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(1,947)	(1,947)	(1,896)
CASH FLOWS FROM FINANCING ACTIVITIES				
RECEIPTS				
185	Capital Contributed by Member Councils	65	65	65
1,971	Proceeds from Borrowings	1,890	1,890	1,890
PAYMENTS				
(1,632)	Repayment of Borrowings	(2,007)	(2,007)	(1,906)
524	NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	(52)	(52)	48
(608)	NET INCREASE (DECREASE) IN CASH HELD	95	750	902
1,984	CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,376	1,376	1,376
1,376	CASH & CASH EQUIVALENTS AT END OF PERIOD	1,471	2,126	2,278

EAST WASTE**PROJECTED STATEMENT OF CHANGES IN EQUITY (BUDGET)**

for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY2019	FY 2019
Audited Actuals		Adopted Budget	BR1	Proposed Budget (BR2)
\$		\$'000	\$'000	\$'000
611	BALANCE AT END OF PREVIOUS REPORTING PERIOD	735	473	473
(323)	Net Surplus / (Deficit) for Year	45	(15)	(20)
185	Contributed Equity	65	65	65
-	Distribution to Councils	-	-	-
473	BALANCE AT END OF REPORTING PERIOD	845	523	518

EAST WASTE**PROJECTED UNIFORM PRESENTATION OF FINANCES STATEMENT (BUDGET)**
for the Financial Year Ending 30 June 2019

FY2018		FY 2019	FY2019	FY 2019
Audited Actuals		Adopted Budget	BR1	Proposed Budget (BR2)
\$'000		\$'000	\$'000	\$'000
13,136	Income	16,041	16,041	16,040
13,469	Expenses	16,016	16,076	16,075
(333)	Operating Surplus / (Deficit)	25	(35)	(35)
less Net Outlays on Existing Assets				
(1,887)	Capital Expenditure on Renewal and Replacement of Existing Assets	(1,967)	(1,967)	(1,911)
1,767	Depreciation, Amortisation and Impairment	2,000	2,000	2,000
11	Proceeds from Sale of Replaced Assets	20	20	15
(109)		53	53	104
Less Net Outlays on New and Upgraded Assets				
-	Capital Expenditure on New and Upgraded Assets	-	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-	-
-	Proceeds from Sale of Surplus Assets	-	-	-
-		-	-	-
(224)	Net Lending / (Borrowing) for Financial Year	(28)	(88)	(139)

7.2: DRAFT 2019/20 ANNUAL PLAN, BUDGET & KEY ASSUMPTIONS

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Draft Annual Plan 2018/19

Purpose of the Report

To consult the East Waste Board on the *East Waste 2019/20 Draft Annual Plan*, the Draft 2019/20 Budget and the key assumptions used in their development and to approve the draft Annual Plan for distribution to Member Councils for their review and consent.

Background

Section 51 of the Eastern Waste Management Authority Charter requires the Authority to have an Annual Plan which supports and informs its Budget. Following endorsement by the Board the plan will be distributed to Member Councils for their review prior to the mandated 31 May timeframe (Section 52.3 of the Charter).

Additionally Section 53 requires the Authority to advise Constituent Councils of proposed fees for the next financial year by April 1.

Report

Draft 2019/20 Annual Plan

The *East Waste 2019/20 Draft Annual Plan* (the Plan) has been developed in close alignment with the *East Waste Business Plan 2015-2024*. This ensures that all of the 22 specifically identified actions align with one of the 5 Key Focus Areas.

The Plan and budget have been developed on the basis that there are no known extraordinary or abnormal items that need to be accounted for. The principle goal of being the most efficient, effective and respected waste collection company within South Australia continues. Coupled with this is East Waste remaining at the forefront of education and behaviour change through the development and implementation of a tailored kerbside innovations program.

Per Section 52.2 of the Charter, East Waste must present the Annual Plan to the Constituent Councils for the purpose of obtaining their consent on or before 31 May each year. Subject to Board endorsement, the Plan and indicative fees (requirement of Section 53 of the Charter) will be distributed to Member Councils in early March 2019. The General Manager will be available to attend each Member Council to present the draft Plan and address any queries raised as required.

Draft 2019/20 Budget

The draft 2019/20 Budget (refer Attachments 1-5 within the 2019/20 Draft Annual Plan) has been developed with reference to a number of key guiding documents (including East Waste Business Plan 2015-2024, East Waste's Long Term Financial Plan and East Waste's Vehicle Asset Management Plan) and was presented to the Audit & Risk Management Committee on 12 February 2019.

The Audit & Risk Management Committee recommended a number of amendments to the budget and assumptions which has now been addressed by the Administration and factored in the budget presented to the Board.

Despite significant and largely uncontrollable increases in a few key areas (further detailed later), total waste charges have only increased by 0.73%. A highlight of the key movements in costs has been highlighted below in Table 1:

Table 1: Key Movements – FY2020 v FY2019

Cost Driver	Estimated Movement (\$)	Comments:
Fuel Cost	215	<ul style="list-style-type: none"> Fuel costs are based on average price throughout the 2018 calendar year. Per Audit & Risk Committee recommendation, a 2.2% price increase has been applied.
Wages, Salaries & On-costs	149	<ul style="list-style-type: none"> Represents 50% of total projected operating expenses. Increase includes 2018 Enterprise Bargaining Agreement rate rises. Incorporates 0.5FTE additional Customer Service Officer (refer to further detail below). Incorporates 0.5FTE additional Operational officer (Hard Waste Driver) (refer to further detail below).
Legal Fees	(60)	<ul style="list-style-type: none"> Have reduced costs to reflect expected costs on general matters that arise as part of normal operations. To be reviewed at each budget review and adjusted if required.
Maintenance	(169)	<ul style="list-style-type: none"> Costs reduced as a result of cost savings incurred in FY2019 as a result of scheduled servicing being up-to-date and fleet overall well maintained.
Tools & Minor Equipment	(40)	<ul style="list-style-type: none"> Increased controls and oversight over procurement of workshop items has resulted in savings forecasted for FY2020.

Common Fleet Collection Costs (waste charges minus processing fees) have risen by only 2.3%. 84% or \$225,000 of this 2.3% increase is associated with the anticipated rise in fuel.

It is important to note that the above 0.73% increase, only provides an Operating Surplus of \$17,300. Financial Target 1 of the recently adopted Budget Framework requires budgets to include an operating result of 1-2%, based on Common Fleet Costing. The Audit and Risk Management Committee considered the Policy position and recommended that the application of this financial target should be delayed 12 months, given Member Councils in the past 12 months have incurred significant expenditure increases associated with recycling processing.

Having reduced overall expenditure on the figures presented to the Audit & Risk Management Committee, the Administration proposes an alternate stepped approach to implementation of the Operating Surplus in FY2020. Table 2 below presents a number of options to achieve this and the impact on the increase to Member Councils.

Table 2: Operating Surplus Impacts

Operating Surplus % (\$)	Waste Charges Increase from FY19 % (\$)	Common Fleet Increase from FY19 % (\$)	Notes
0% (\$0)	0.73% / (\$116,357)	2.30% / (\$270,366)	Existing draft budget
0.5% (\$60,000)	1.1% / (\$176,357)	2.81% / (\$330,366)	50% target of Budget Framework Policy
0.75% (\$90,000)	1.29% / (\$206,357)	3.06% / (\$360,366)	
1.0% (\$120,000)	1.48% / (\$236,357)	3.32% / (\$390,366)	Minimum target of Budget Framework Policy

The proposed increase as presented in the Annual Plan can be attributed to two key expense areas; fuel and Wages.

Wages, Salaries & Oncosts

Customer Service have experienced a steady increase in call volumes, email traffic and additional services over the past 24 months. Initially this was facilitated through maximising operational capacity, however in the past 6 months, the additional workload associated with administering second bin permits and associated annual processes, bin repair requests and general recycling enquiries has resulted in unsustainable overtime requirements and an inability to consistently meet our improved customer service standards.

The additional 0.5FTE in Operations is to ensure East Waste can meet Member Council service delivery standards in Hard Waste services. Over the warmer months there is a significant increase in booking requests and with Councils typically having a service period wait expectation of no longer than 4 weeks from time of booking, we are unable to appropriately service with current labour resources.

The total increase of \$154,110 on FY19, alone represents 132% of the waste charges increase and 57% of the Common Fleet Collection increase.

Capital Expenditure

The Highbury Loan reaches maturity in 2020 and the draft Budget proposes that the final repayment of \$122,000 is again funded from cash reserves (as occurred in FY2019) in order to provide Member Councils some relief from waste costs.

Coupled with the shortfall in loan borrows this results in a predicted cash reduction of \$165,000 to \$2,113,000. The Audit & Risk Management Committee supported the use of cash reserves to fund the remaining loan repayment.

The replacement of five (5) trucks (as per the Vehicle Asset Management Plan) and two fleet cars is required along with a sum of \$150,000 for necessary Operations Office, additional amenities and Yard reconfiguration. Also of note is a 60,000 allocation to undertake further energy efficiency reductions and the introduction of a solar system; a collective payback of 4 years.

The overall draft 2019/20 East Waste Annual Plan and budget continues the recent trend of East Waste striving to lead within the industry in its service innovation and education approach, whilst at the same time keeping the overall increase at a responsible level. The large required increases in Fuel and Wages, which collectively account for a rise in fees of \$379,000, translate to a 326% of the total waste charges and 140% of the increase in common fleet charges. This demonstrates the high degree of budget management and reductions that have been applied to other areas of the budget to ensure the rate rise is kept as low as possible for Member Councils.

RECOMMENDATION

That the Board:

- 1. Endorse the 2019/20 Annual Plan and associated draft budget and proposed Member Council Fees;**
- 2. Supports the use of existing cash reserves to fund the last Highbury Landfill Loan repayment of \$122,018 in 2020, in order to provide a small financial relief to Member Councils.**
- 3. Authorise the General Manager to distribute to each Member Council for review and comment, the *Draft 2019/20 Annual Plan*, as presented in Attachment A, along with the proposed fees.**

EastWaste



2019/2020 Annual Plan

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Introduction

East Waste is the trading name of Eastern Waste Management Authority, which was established in 1928 (celebrating our 90th birthday last year). The Authority is a regional subsidiary of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood, Payneham & St Peters, City of Mitcham, City of Prospect and Town of Walkerville.

Through the servicing of kerbside waste, recycling and organics bins and street and reserve litter bins, East Waste undertakes over 11.5 million bin lifts per year for the Member Councils. East Waste however is far more than a waste logistics Company and has led the state in waste education in recent years, culminating in the State Government in late 2018 licencing the East Waste developed 'Which Bin?' education program to enable a State-wide roll out.

East Waste is governed by a Charter (the Charter) pursuant to *Section 43 of the Local Government Act 1999* and administered by a Board, which includes a director appointed by each Council and an Independent Chair. Clause 51 of the Charter requires the Authority each year to have an Annual Plan which supports and informs the budget. Specifically, it is to include an outline of East Waste's objectives, the activities intended to be pursued, and the measurement tools defined to assess performance. It must also assess and summarise the financial requirements of East Waste, and set out the proposals to recover overheads and costs from the Member Councils.

The *2019/20 Draft Annual Plan* is to be read in conjunction with East Waste's broader strategic planning framework including the *10 Year Business Plan 2015 - 2024*, Asset Management Plan and Long-Term Financial Plan, and Risk Management Planning Framework. The *2019/20 Draft Annual Plan* builds on the recent success of East Waste in delivering waste collection logistics and education, and documents the objectives, activities, financial requirements and metrics of East Waste to ensure continued collection and appropriate management of waste, organics, and recycling resources for Member Councils in a sustainable, efficient, and competitive manner.

The 10 Year Business Plan (which will be reviewed within the next 12 months) sets out five (5) Key Focus Areas for the activities of East Waste. These are listed in Table 1. The activities to be undertaken by East Waste in the coming year to work toward achieving these are detailed further in the 'Delivery' section of this document.

Table 1: East Waste Business Plan 2015 -2024 Key Focus Areas

Business Plan Key Areas	Included Items
Governance	<ul style="list-style-type: none">• Organisational Structure• Collective Workplace Agreement• Risk Management• Market Evaluation
Operational Management	<ul style="list-style-type: none">• Enhanced Service Offerings• Service Level Agreements• Key Performance Indicators• Operational Committee• Recycling and Disposal Contracts• Additional Customer Offerings and Flexibility• Asset Management
Communication	<ul style="list-style-type: none">• Customer Service• Community Waste and Recycling Education
Workplace Health and Safety	<ul style="list-style-type: none">• Health and Safety• Vehicle Safety
Financial Management and Performance	<ul style="list-style-type: none">• Budget Forecasting and Reporting Timeframes• Long Term Financial Plan

Delivery

Appendix 2 of the *10 Year Business Plan 2015-2024* sets out a 10 Year Action Summary, with key tasks listed to ensure delivery of the Plan. Table 2 presents the Action Summary with an update on the activities - those completed are shaded Green and those outstanding are shaded Red. Actions with an asterisk have not been completed at time of writing, but are scheduled to be completed by the commencement of this plan (1 July 2019). This Plan will deliver on Year 6 (2019) actions and complete the single outstanding action, Action 8, which has been delayed due to the expiration timings of existing waste disposal contracts.

As part of a broader plan to maximise the efficiency of assets and resources, East Waste has taken on a number of new services in recent times and also expanded its service offerings. East Waste will continue to pursue suitable expansion options where there is financial, logistical benefit and values alignment. The range of services currently provided to Member Councils is detailed in Table 3. East Waste currently does not provide any non-core activities to non-Member Councils or Organisations, however this does not preclude East Waste from investigating and/or pursuing these opportunities as they arise.

Other key activities for delivery in 2019/20 are detailed on the following pages against the *10 Year Business Plan 2015-2024* Key Focus Areas.

Table 2: East Waste Business Plan 2015 -2024 Action Summary

East Waste 10 Year Business Plan 2015-2024					4 Year Delivery Plan				10 Year Business Plan					
Actions					Year 1 -2015	Year 2 - 2016	Year 3 - 2017	Year 4 - 2018	Year 5 - 2019	Year 6 - 2020	Year 7 - 2021	Year 8 - 2022	Year 9 - 2023	Year 10 - 2024
Action 1: East Waste to continue to provide core services to Member Councils, and advise Member Councils of the capacity to deliver the full range of core services which could further drive efficiencies and alignment between Member Councils and East Waste.					X									
Action 2: East Waste to determine current performance of Member Councils against the two key ZWSA Waste Strategy targets and report annually. *					X	X	X	X	X	X	X	X	X	X
Action 3: East Waste to undertake an internal, and where required, independent, Market Evaluation of the East Waste model versus alternative waste and recycling service delivery models.					X									
Action 4: East Waste to prepare SLA's for Member Councils within 12 months. *					X									
Action 5: East Waste to establish operations KPIs as per Table 3 within 12 months. KPIs to be reported monthly to Member Councils once established. *					X	X	X	X	X	X	X	X	X	X
Action 6: East Waste to prepare a suitable recyclables processing specification and tender by February 2015 on behalf of Member Councils. Issue to market by March 2015 and proceed to board approval with recommended contractor for approval ready for 1 July 2015 commencement.					X									
Action 7: East Waste to prepare a suitable organics processing specification and tender by February 2015 on behalf of Member Councils. Issue to market by March 2015 and proceed to board approval with recommended contractor for approval ready for 1 July 2015 commencement.					X									
Action 8: East Waste to assess the disposal contract opportunity and provide a business case for Member Councils to consider by year 4 of the Business Plan and provide a waste disposal specification and tender to the market for Councils that choose to take up this option.								X						
Action 9: East Waste to demonstrate the potential of the Customer Service software to Member Councils and seek interest in moving to this solution by year 3 of the Business Plan.							X							
Action 10: East Waste to develop an employee satisfaction survey to be conducted at a frequency to be determined by the end of the first year of the Business Plan.					X	X	X	X	X	X	X	X	X	X
Action 11: East Waste to develop a fleet management plan to achieve an average fleet age of 7 years by end of year three of the Business Plan, and continually commit to implementing best practice technologies.							X							
Action 12: East Waste to prepare an example or trial presentation of one vehicle for Member Councils to consider and business case for broader fleet implementation over time by year 2 of the Business Plan.						X								
Action 13: East Waste to prepare example or trial demonstrate capabilities and benefits of RFID bins to Member Councils by year 3 of the Business Plan.							X							
Action 14: East Waste to develop customer satisfaction KPIs, and a process regarding resident customer service surveys, to identify and track customer satisfaction at a frequency to be determined.						X		X	X		X			X
Action 15: East Waste to investigate a service offer for community waste and recycling education and propose a model(s) to Member Councils that indicate and interest by Year 1-2 of the Business Plan.					X	X								
Action 16: East Waste initiate an independent mechanical and operational audit of the entire collection fleet at least annually, commencing in year 1 of the Business Plan.					X	X	X	X	X	X	X	X	X	X

Table 3: East Waste Service Offering to Member Councils

	Service Offerings (as at 1 January 2019)																		
	Field Services								Procurement & Contract Management					Customer Service		Innovation		Education and Marketing	
Council	Weekly collection of Waste	Fortnightly collection of Recyclables	Fortnightly collection of Organics	Hard Waste Collection	Street & Reserve Litter Collection	MUD/Bulk Bin Collections	Bin Repairs/Maintenance/Replacements	Depot Cardboard & Paper Recycling	MGB Procurement	Kitchen Caddy and BioBag Procurement	Dog Poo Bag Procurement	Recyclables Contract	Organics Contract	Customer Service	Second Bin Permits	GPS tracking	RFID tracking	Education and Promotion	Personalised Truck Advertising
Adelaide Hills Council	x	x	x	x	x	x	x		x			x	x	x	x	x		x	x
City of Burnside	x	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	
Campbelltown City Council	x	x	x	x	x		x		x			x	x	x		x		x	
City of Mitcham		x	x	x			x		x			x	x	x		x		x	
City of NPSP	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x		x	
Town of Walkerville	x	x	x	x	x		x	N/A	x			x	x	x	x	x		x	
City of Prospect	x	x	x	x	x		x		x	x		x	x	x	x	x	x	x	

Governance

G1. Implementation of a compliant Records Management System

In 2018/19 an investigation into a fit for purpose Records Management System was undertaken. Physical implementation now needs to occur for all hard copy and electronic files, coupled with the development of revised internal processes.

G2. Implementation of Policies and Procedures GAP Analysis

An internal review of all policies and procedures was undertaken in 2018/19 and resulted in the identification of areas for improvement. Over the F20 financial year these will be progressively developed, endorsed by the Board where required and implemented.

G3. Review of Business Continuity Plan

East Waste developed a Business Continuity Plan (BCP) in 2015. Since this time the business has grown significantly and many systems and processes changed. As such it is timely to review the BCP and ensure it sufficiently addresses all current and known future requirements.

Operational Management

OM1. Continue & Expand Existing Core Services

East Waste will continue to pursue a complete suite of service offerings to all Member Councils. Where gaps exist with the current service offerings (refer Table 3), East Waste will work with the respective Council(s) to provide business case(s) for a superior and financially more efficient service. Ultimately this will be undertaken with a goal of ensuring all assets and resources are fully utilised, however where required additional resources and/or vehicles will be procured to meet service demand.

Furthermore, should opportunities arise to expand the existing membership model and/or fee for service offerings, these will be investigated.

OM2. Upgrade Fleetmax to Waste Track and computer hardware/cloud server

The common fleet service model employed by East Waste has GPS tracking at its core and an upgrade to ensure the latest and most beneficial software is used and is to be implemented over the coming three (3) years. Year 1 includes adoption of the Customer Service software in Waste Track, upgrading to a cloud-based server and hardware upgrades where required.

OM3. Purchase of replacement RACVs

In line with the East Waste's Vehicle Asset Register, five (5) collection vehicles are due to be replaced in the 2018/19 Financial Year. Replacement of five, will ensure no collection vehicle is greater than seven (7) years old and will assist with the delivery of seamless service and minimal lost time due to breakdowns and maintenance costs. Additionally, these purchases will upgrade the technological capabilities of the existing fleet, as they will be fitted standard with RFID readers and additional cameras, which the oldest trucks in the fleet do not have. With the current contract expiring in June 2019, it is proposed at this stage to undertake another multi-year tender for the supply of Cab Chassis and Compactors.

OM4. Waste Disposal Opportunities

Carried over from 2018/19 Annual Plan.

This is an outstanding Action from Year 4 (2018) of *East Waste's 10 Year Business Plan 2015-2024* (refer Action 8). Currently Member Councils individually hold waste disposal contracts, unlike Green Organics Disposal and Recycling, which is managed under a head contract by East Waste. With the expiration of a number of contracts occurring in or around 2021, preliminary feasibility work will be undertaken to determine the value and appetite of commencing work towards a common waste disposal agreement. This work will also include an assessment of existing known waste disposal alternatives.

Communication

C1. Continued implementation of 'Why Waste It?' Program

The 'Why Waste It?' campaign has been a highly successful educational and exposure campaign across Member Councils. In late 2018, the subset branding and educational messaging '*Which Bin?*' was licenced to Green Industries SA (GISA) to allow a Statewide rollout - testament to the leadership role East Waste has taken in the waste education space over the past 4 years. Work will continue to roll out generic educational messaging, maximising partnership value with the State Government where possible under both the *Why Waste It?* and *Which Bin?* Branding.

Incorporating the 'Which Bin' website and My Local Services App, spotlight on waste messaging service, provides a strong and valuable base educational message and reminder service. Over the past 12 months the offerings under this program have expanded to include educational stalls and bin labelling at community events.

To continue to drive the community towards reducing waste to landfill and minimisation of recycling contamination, both of which have significant financial and environmental implications for Member Councils, it is critical for the community messaging to remain. Continued partnering with the Local Government Association and improvement of the *My Local Services* App in the 2018/19 financial year, will see targeted bin messaging and reminders pushed out that can also be responsive to changes in the collection cycle (e.g. Public Holidays, Catastrophic Fire Ban Days).

Industry leadership and partnership to improve the Local Government Association managed *My Local Services* App, will be provided as and when required. Similarly, the School Programs will continue to be run through the well-received and highly successful KESAB Wipe Out Waste and *Litter Less* Programs.

C2. Implementation of Kerbside Services Plan

In late 2018, the need for a strategic, coordinated and staged education and services program which aligned community engagement and technology, whilst staying flexible to maximise external opportunities, was identified. This multi-year program will commence with the rollout of Year 1 activities.

C3. Customer/Staff Satisfaction Survey

As shown in Table 2, *East Waste's 10 Year Business Plan 2015-2024* identifies the need to undertake an employee satisfaction survey annually (refer Action 10). This has previously been deemed as excessive and is now undertaken on a biennial basis in conjunction with the Customer Satisfaction Survey (efficiencies are derived by running the two jointly).

Workplace Health & Safety

WS1. Independent Truck Fleet Audit (A16)

An annual requirement of *East Waste's 10 Year Business Plan 2015-2024 (refer Action 16)*, the independent truck audit provides invaluable mechanical information and peace of mind around the integrity and operational conformance of all collection vehicles. This program coupled with ongoing maintenance ensures East Waste is ahead of the requirements of the planned State Government Heavy Vehicle Inspection program.

WS2. Implementation of the 2019 Risk Management Evaluation Plan

The 2019 Risk Management Evaluation Plan contains a number of actions for implementation. A strong focus will be on implementing all WHS data management systems into Skytrust, providing a holistic and integrated management approach to the organisation's compliance and due diligence across all aspects of business.

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Financial Management & Performance

FM1. Review of Accounting Program

In conjunction with the review of the Records Management System, an assessment of the current accounting system, MYOB, will be undertaken to ensure it will continue to meet the existing and future needs of the business.

FM2. Review of Long-term Financial Plan

The evolution of knowledge, systems, services and practices within the Organisation, has resulted in a number of aspects of the long-term financial plan becoming outdated. As such resourcing will be invested to update the Plan.

FM3. Asset Evaluation Assessment

The East Waste business relies heavily on vehicle assets to undertake service delivery. While these are well understood and appropriately insured, East Waste in recent years in particular, has developed a strong suite of complementary and ancillary assets. This evaluation is designed to ensure these are all registered and appropriately insured.

Performance Metrics

Table 4: Summary of Activities and Performance Metrics

Activity Code	Activity	10YR Business Plan Link	Metric
G1	Implementation of a compliant Records Management System	2.3.3	<i>State Records Act 1997</i> Compliant Records Management System integrated into business activities
G2	Implementation of Policies and Procedures GAP Analysis	2.3.3	All Policies and Procedures updated
G3	Review of Business Continuity Plan	2.3.3	Revised & endorsed Plan
OM1	Continue & Expand Existing Core Services	1.3 2.4.1	Expansion of existing Service Provisions
OM2	Upgrade Fleetmax to Waste Track and computer hardware/cloud server	2.4.2	Systems installed
OM3	Purchase of replacement RACVs	2.4.7	Purchase of replacement vehicles in accord with AMP
OM4	Waste Disposal Opportunities	2.4.5	Business case presented to Board
C1	Continued implementation of 'Why Waste It?' Program	2.5.2	Rollout of <i>Why Waste It?</i> Campaign
C2	Implementation of Kerbside Services Plan	2.5.2	Development of a long-term integrated behavior change Program
C3	Customer/Staff Satisfaction Survey	2.4.6.5 2.5.1	Two surveys undertaken and results presented to Board
WS1	Independent Truck Fleet Audit	2.6.2	All trucks audited and identified issues corrected
WS2	Implementation of the 2019 Risk Management Evaluation Plan	2.3.3	All actions implemented
FM1	Review of Accounting Program	2.7.1	Review undertaken
FM2	Review of Long-term Financial Plan	2.7.2	Revised & endorsed Plan
FM3	Asset Evaluation Assessment	2.3.3	Assessment undertaken

Budget Management

East Waste operates almost entirely on a Common Fleet Costing methodology, whereby Member Councils are charged directly against the time it takes to undertake their services. This is achieved through the utilisation of a specialised, highly accurate and powerful cloud-based, real-time GPS based system, supported by detailed reporting capabilities. As a result of this minor variations in the common fleet percentages (and therefore apportioning of Common Fleet costs) occur from year to year in response to efficiencies and increased collection costs (e.g. increase in developments, Fire Ban days and events). Specific costs (and rebates where applicable) such as waste disposal and resource processing are directly on-charged, to Member Councils.

The budget to deliver this Annual Plan, along with all of East Waste's Services and legislative requirements is detailed in the following proposed 2019/20 Financial Papers (refer Attachment 1 – 5).

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EAST WASTE**PROJECTED STATEMENT OF COMPREHENSIVE INCOME (BUDGET)**
for the Financial Year Ending 30 June 2020

FY 2018		FY 2019	FY2020
Audited Actuals		Proposed Budget (BR2)	Proposed Budget
\$'000		\$'000	\$'000
	INCOME		
12,689	User Charges	15,394	15,456
19	Investment income	30	30
15	Grants, subsidies and contributions	4	-
413	Other	613	676
13,136	TOTAL INCOME	16,041	16,162
	EXPENSES		
5,605	Employee Costs	5,396	5,545
5,776	Materials, contracts & other expenses	8,285	8,240
1,767	Depreciation, amortisation & impairment	2,000	1,970
321	Finance costs	395	390
13,469	TOTAL EXPENSES	16,076	16,145
(333)	OPERATING SURPLUS / (DEFICIT)	(35)	17
10	Asset disposals & fair value adjustments	15	-
(323)	NET SURPLUS / (DEFICIT)	(20)	17
-	Other Comprehensive Income	-	-
(323)	TOTAL COMPREHENSIVE INCOME	(20)	17

EAST WASTE**PROJECTED BALANCE SHEET (BUDGET)**
for the Financial Year Ending 30 June 2020

FY 2018		FY 2019	FY2020
Audited Actuals		Proposed Budget (BR2)	Proposed Budget
\$'000		\$'000	\$'000
	ASSETS		
	CURRENT ASSETS		
1,376	Cash & Cash Equivalents	2,278	2,113
1,127	Trade & Other Receivables	412	412
-	Other Financial Assets	-	-
2,503	TOTAL CURRENT ASSETS	2,690	2,525
	NON-CURRENT ASSETS		
6,165	Infrastructure, Property, Plant & Equipment	6,076	6,611
6,165	TOTAL NON-CURRENT ASSETS	6,076	6,611
8,668	TOTAL ASSETS	8,766	9,136
	LIABILITIES		
	CURRENT LIABILITIES		
821	Trade & Other Payables	821	821
2,007	Borrowings	2,077	2,287
530	Provisions	600	640
3,358	TOTAL CURRENT LIABILITIES	3,498	3,748
	NON-CURRENT LIABILITIES		
4,774	Borrowings	4,688	4,751
63	Provisions	62	102
4,837	TOTAL NON-CURRENT LIABILITIES	4,750	4,853
8,195	TOTAL LIABILITIES	8,248	8,601
473	NET ASSETS	518	535
	EQUITY		
473	Accumulated Surplus	518	535
473	TOTAL EQUITY	518	535

EAST WASTE**PROJECTED STATEMENT OF CASH FLOWS (BUDGET)**

for the Financial Year Ending 30 June 2020

FY 2018		FY 2019	FY2020
Audited Actuals		Proposed Budget (BR2)	Proposed Budget
\$'000		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
12,400	Operating Receipts	16,725	16,132
20	Investment Receipts	30	30
PAYMENTS			
(5,548)	Employee costs	(4,822)	(5,545)
(5,808)	Materials, contracts & other expenses	(8,789)	(8,160)
(320)	Interest Payments	(395)	(390)
744	NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	2,749	2,067
CASH FLOWS FROM INVESTING ACTIVITIES			
RECEIPTS			
11	Sale of Replaced Assets	15	35
PAYMENTS			
(1,887)	Expenditure on Renewal/Replaced Assets	(1,911)	(2,540)
-	Expenditure of New/Upgraded Assets	-	-
(1,876)	NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(1,896)	(2,505)
CASH FLOWS FROM FINANCING ACTIVITIES			
RECEIPTS			
185	Capital Contributed by Member Councils	65	-
1,971	Proceeds from Borrowings	1,890	2,260
PAYMENTS			
(1,632)	Repayment of Borrowings	(1,906)	(1,987)
524	NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	49	273
(608)	NET INCREASE (DECREASE) IN CASH HELD	902	(165)
1,984	CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,376	2,278
1,376	CASH & CASH EQUIVALENTS AT END OF PERIOD	2,278	2,113

EAST WASTE**PROJECTED STATEMENT OF CHANGES IN EQUITY (BUDGET)**

for the Financial Year Ending 30 June 2020

FY 2018		FY 2019	FY2020
Audited Actuals		Proposed Budget (BR2)	Proposed Budget
\$		\$'000	\$'000
611	BALANCE AT END OF PREVIOUS REPORTING PERIOD	473	518
(323)	Net Surplus / (Deficit) for Year	(20)	17
185	Contributed Equity	65	-
-	Distribution to Councils	-	-
<u>473</u>	BALANCE AT END OF REPORTING PERIOD	<u>518</u>	<u>535</u>

EAST WASTE**PROJECTED UNIFORM PRESENTATION OF FINANCES STATEMENT (BUDGET)**
for the Financial Year Ending 30 June 2020

FY2018		FY 2019	FY 2020
Audited Actuals		Proposed Budget (BR2)	Proposed Budget
\$'000		\$'000	\$'000
13,136	Income	16,041	16,162
13,469	Expenses	16,076	16,145
(333)	Operating Surplus / (Deficit)	(35)	17
less Net Outlays on Existing Assets			
(1,887)	Capital Expenditure on Renewal and Replacement of Existing Assets	(1,911)	(2,540)
1,767	Depreciation, Amortisation and Impairment	2,000	1,970
11	Proceeds from Sale of Replaced Assets	15	35
(109)		104	(535)
Less Net Outlays on New and Upgraded Assets			
-	Capital Expenditure on New and Upgraded Assets	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-
-	Proceeds from Sale of Surplus Assets	-	-
-		-	-
(224)	Net Lending / (Borrowing) for Financial Year	(139)	552

7.3: IMPROVING SOUTH AUSTRALIA'S RECYCLING MAKES CENTS SUBMISSION

REPORT AUTHOR: General Manager

ATTACHMENTS: A: Improving South Australia's Recycling Makes Cents Scoping Paper
B: Draft Improving South Australia's Recycling Makes Cents Submission

Purpose of the Report

To seek the Board's input and endorsement of a submission to the State Government's scoping paper regarding a review of the Container Deposit Scheme.

Background

On 13 January 2019, the Hon. David Speirs MP, Minister for Environment and Water, announced two reviews relevant to the management of waste and recycling in South Australia; a review of South Australia's container deposit scheme (CDS) and the possible regulation of single-use plastics.

The submission associated with single use plastics is addressed in Report 7.4.

Report

South Australia has had a container deposit scheme since 1977 which has been highly effective in reducing the number of beverage containers contained within the litter stream. In line with required legislative review the State Government has released a Scoping Paper seeking ideas and comments that will inform the formal review and consultation of CDS later in the year (Refer Attachment A).

Administration is of the strong view that the review is timely given the issues experienced as a result of China Sword over the past 12 months. Through broadening the objectives of container deposit legislation to focus on the maximisation of resource recovery (underpinning a local circular economy), glass recycling will be significantly improved and contamination of commodities in the yellow kerbside bin reduced. There are a number of secondary benefits, all of which can be achieved without compromising the original aims of the legislation.

A draft response for the Chairman's signature is attached for comment and review (refer Attachment B). Submissions must be lodged by COB 22 February 2019.

RECOMMENDATION

That the Board endorse the response, as presented in Attachment B, to the State Government's Container Deposit Scheme Scoping Paper.

IMPROVING SOUTH AUSTRALIA'S RECYCLING MAKES CENTS

A scoping paper
to review SA's
container deposit
scheme



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A message from the Minister



South Australians have led the nation in litter reduction and resource recovery since 1977 with the introduction of our successful container deposit scheme.

Our container deposit scheme continues to be a highly successful environmental program aimed at litter reduction and resource recovery.

The container deposit scheme also provides a financial benefit to community groups, sporting clubs and charities that collect empty containers for refund and supports an industry of container recyclers. In 2017/18 over \$60 million was refunded in South Australia.

As the new Minister for Environment and Water, I am committed to keeping South Australia at the forefront of recycling and resource recovery while also increasing economic activity and creating jobs.

The Marshall Government is starting a conversation on how we as a state can build on our success and improve the container deposit scheme in South Australia and increase litter reduction and resource recovery.

Your views and feedback will help inform the scope of the issues to be considered in the review and the research required to inform the review. These initial discussions will inform a CDS review discussion paper for stakeholder and community consultation in mid-2019.

Your involvement in each stage of the review is sought to generate informed and evidence based discussions and recommendations for change.

Finding innovative solutions that reduce waste, improve our environment and benefit our community is critical to ensuring South Australia continues to lead the nation in waste management and litter reduction.

I welcome your feedback on this very important issue.

David Speirs MP

Minister for Environment and Water

Invitation to comment

This paper is the start of a conversation on how we can build on the success of our container deposit scheme (CDS) to improve recycling and further reduce litter.

The government is seeking ideas on how to improve South Australia's container deposit scheme. Your feedback will help government to determine the scope of the review and the research required to inform the review. It will also help confirm what works well and should be retained.

How to respond

The deadline for comments and submissions is 5pm, Friday, 22 February 2019.

Comments can be provided via:

- [YourSAy](#)
- Email to epainfo@sa.gov.au
- Mail to GPO Box 2607 Adelaide SA 5001.

Written submissions must be lodged with the Environment Protection Authority, at epainfo@sa.gov.au or GPO Box 2607 Adelaide SA 5001.

Important information about your submission

Submissions will be treated as public documents, unless received in confidence subject to the requirements of the *Freedom of Information Act 1991*, and may be quoted in full or part in subsequent Environment Protection Authority (EPA) reports. If you do not want the public to read your submission, please write 'confidential' on your submission.

Please comment on the general issues under discussion.

Tips for written submissions

Providing reasons and evidence for your comments, will assist in the consideration of your comments.

Please include your name, position, organisation and contact details (telephone number, email and postal address) with your submission.

Further Information: Tobias Hills, Manager
Legislation and Policy, Environment Protection
Authority, at tobias.hills@sa.gov.au

Purpose

This scoping paper is the start of a conversation on how we can build on the success of the container deposit scheme (CDS) in South Australia and further improve recycling and litter reduction.

Much has changed since the start of the CDS in 1977, including in terms of types of containers, consumer choices, technology, and markets for recycled materials. It is therefore important to keep looking for opportunities to improve the CDS, both in terms of its role in recycling, and in litter reduction.

Your views and feedback will help inform the scope of the issues to be considered in the review and the research required to inform the review.





Questions

In providing your feedback you may like to consider and respond to the following questions on commonly raised issues. These are offered to help generate discussion and are not meant to be a comprehensive list of potential issues and opportunities.

Questions to guide the preparation of submission

Objectives

- 1 What should be the objectives of the container deposit scheme [CDS]?

Currently the objectives of the CDS are reflected in the Beverage Container Division of the *Environment Protection Act 1993*.

- 2 How well do you think the CDS is currently achieving these objectives?
- 3 Are there other aims that the scheme could achieve that should be reflected in the legislation?

Opportunities to improve the effectiveness of the South Australian CDS

Your views are sought on what opportunities the review should consider to improve the operation of the CDS. In commenting on what you think could be working better you may have a view on the following components of the scheme:

- 4 Containers included – should more types of containers be included in the CDS and are there containers currently receiving a 10-cent refund that should be removed from the scheme?
- 5 Banning of containers – should the scheme ban the sale of beverage containers that present challenges for recycling?

- 6 Governance arrangements – should the review consider how collection depots and supercollectors operate?
- 7 Marking of containers – is there a need to modernise how containers are marked to display the 10-cent refund?
- 8 Payment of deposit – is there another way that you would like refunds to be paid?
- 9 Ease of returning containers – how difficult is it to return your containers for a refund? Are current recycling depots adequate in terms of how many there are and where they are?
- 10 Dispute resolution – should the review consider options to improve the process of dispute resolution between industry parties in the scheme?
- 11 Compliance – are there opportunities for improvements in the administration and enforcement of the scheme?
- 12 Monitoring and information – is there sufficient and transparent information in the current scheme, for example audit needs?

Refund amount

- 13 Should the refund amount be revised?

Supporting research

- 14 What research do you think is required to inform the CDS review?

Out of scope

- 15 Are there parts of the scheme that are working really well and you think should not be considered for change as part of the review?

Engagement options

- 16 How would you like to be part of the CDS review conversation in the future?

Overview

South Australia has led the way in Australia in container recycling for over 40 years.

Container deposit legislation was first introduced in South Australia in 1977 as a litter control measure and is now also used to support resource recovery and recycling.

The container deposit scheme (CDS) was introduced to address significant volumes of beverage containers in the litter stream and broadly coincided with the introduction of non-refillable beverage containers such as cans and then later, plastic soft drink bottles. Prior to this, refillable glass bottles for beer and soft drinks were collected via voluntary schemes established by the manufacturers of those beverages.

In 2003 the scope of containers covered by CDS was expanded to include additional beverage containers such as flavoured milk, juice and waters prevalent in the litter stream at the time. In 2008 the refund amount was increased to 10-cents.

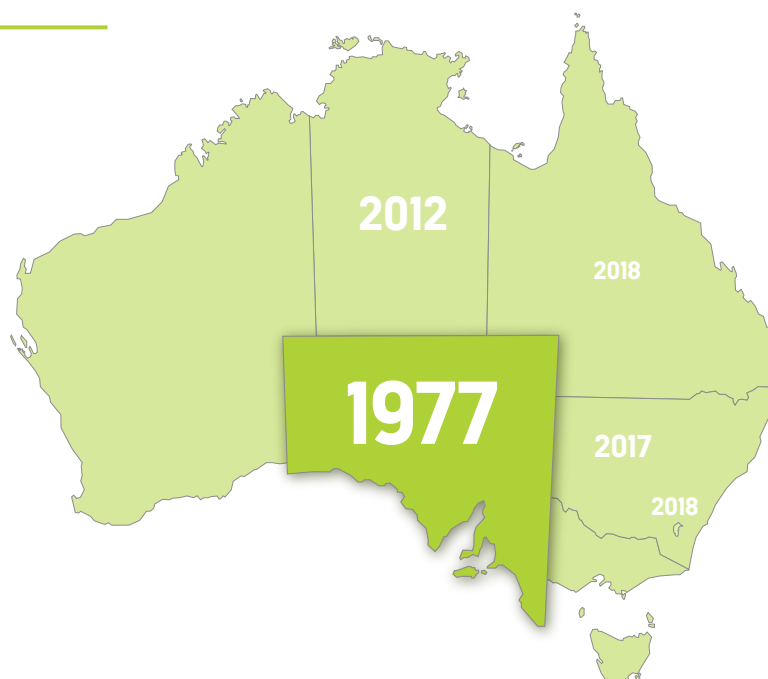
South Australia's CDS continues to be a highly successful environmental program aimed at litter reduction and resource recovery.

In 2017 – 18, almost 603 million containers were recovered by collection depots for recycling, representing a return rate of almost 77% and diverting about 42,913 tonnes from landfill or litter in that year. At its height the CDS return rate was 81% in 2011 – 2012 and has since dropped to 76.9%.

There is an opportunity to build on this success and improve the management of the CDS and the effectiveness of the scheme to promote litter reduction and resource recovery. The government are therefore keen to hear from anyone involved in the scheme, from the manufacturers of beverage containers, to the person returning their empty containers to the local recycling depot, about their ideas to make the CDS work even better.

We will also be looking at lessons learned in other jurisdictions, where container deposit schemes were introduced more recently.

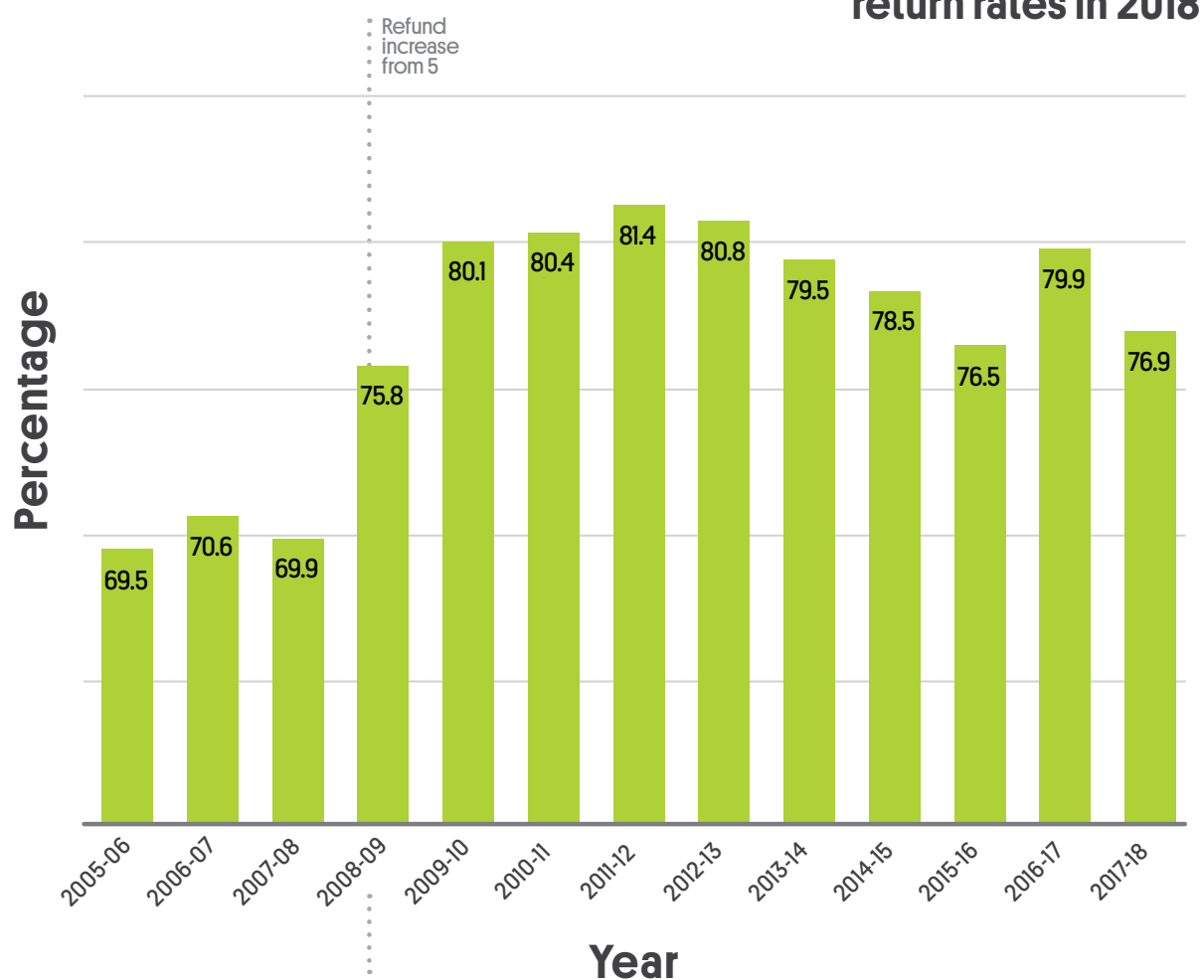
FIGURE 1 Introduction of container deposit schemes by year



What is CDS achieving in SA?

South Australia leads the nation in the recovery and recycling of beverage containers with a current overall return rate of 76.9%. In 2017 - 2018, almost 603 million containers [42,913 tonnes] were recovered by collection depots for recycling, resulting in beverage containers making up only 2.8% of litter in SA.

FIGURE 2 Beverage Container Return Rates in 2018. Source: EPA



The CDS provides a financial benefit to individuals, community groups, sporting clubs and charities that collect empty containers for refund. In 2017 - 2018 over \$60 million was refunded in South Australia.

South Australians enjoy the convenience of an extensive depot network throughout the metropolitan and regional areas of the state. Many of the 132 approved depots accept a wide range of recyclable materials making them a 'one stop shop' for the public.

According to the KESAB Environment Solutions *CDL Containers and Plastic Shopping Bags in the Litter Stream Report 2018*, beverage container litter currently represents only 2.8% of litter items in South Australia. This result is the same as the Northern Territory which recorded 2.8%. About 6.2% of Queensland's litter was beverage containers, with 6.5% in Victoria, 8.2% in New South Wales and 14.7% in Western Australia.

Percentage of CDS items in the litter stream

FIGURE 3 Percentage of CDS items in the litter stream.
Source: KESAB Environment Solutions CDL Containers and Plastic Shopping Bags in the Litter Stream Report 2018

State/ Territory	2008 - 09	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15	2015 - 16	2016 - 17	2017 - 18
NT	3.2%	4.3%	5.3%	4.1%	2.1%	2.1%	2.0%	2.8%	2.6%	2.8%
SA	2.7%	2.2%	1.9%	2.2%	2.1%	1.9%	2.0%	2.9%	3.0%	2.8%
QLD	5.3%	4.2%	5.0%	4.7%	4.8%	5.8%	5.5%	5.7%	6.6%	6.2%
VIC	4.3%	7.1%	6.9%	7.0%	7.8%	8.1%	7.1%	7.4%	7.5%	6.5%
NSW	6.1%	7.1%	6.9%	7.5%	8.0%	8.5%	8.7%	8.7%	9.6%	8.2%
WA	10.2%	9.7%	11.0%	13.2%	12.8%	13.9%	14.6%	13.0%	15.8%	14.7%

A snapshot of South Australia's Container Deposit Scheme

How does the Container Deposit Scheme work?

South Australia's container deposit legislation is contained within Part 8 Division 2 of the *Environment Protection Act 1993*.

The Environment Protection Authority (EPA) is the regulator of the scheme and ensures that the refund is made available for the person returning the empty container to the collection depot and that the empty containers are collected for recycling or reuse.

The collection and recycling process has been established by companies called 'super collectors', which enter into contractual arrangements with both collection depots and beverage suppliers.

The beverage suppliers must ensure that they have an effective waste management arrangement for the return and recovery of their containers sold in South Australia and they must ensure that their containers are recyclable.

The process ensures consumers are refunded the deposit and depots are paid for the collection and sorting service. The financial incentive provided by the ability to get a refund ensures the empty beverage containers are collected for recycling rather than littered or sent to landfill.

The scheme operates as follows:

- Beverage supplier establishes a contract with a super collector and pays a fee to cover the 10-cent refund and handling of containers to the super collector to establish a collection system to recover beverage containers sold in South Australia.
- Beverage supplier may incorporate these costs in the price of the product when selling to the retailer.
- Retailer passes these costs on to the consumer as part of the total price of the product.
- Consumer or person who has collected the empty container takes it to a depot or retailer and collects the 10-cent refund.
- Beverage containers are sorted by material type and returned to the super collector for recycling. The super collector reimburses the refund amount and pays a handling fee to the collection depot.
- Glass containers are sorted by colour and sold to a glassmaker for the manufacture of new bottles.
- Aluminium, steel, liquid paperboard and plastic containers are recycled through markets sourced by the super collector.

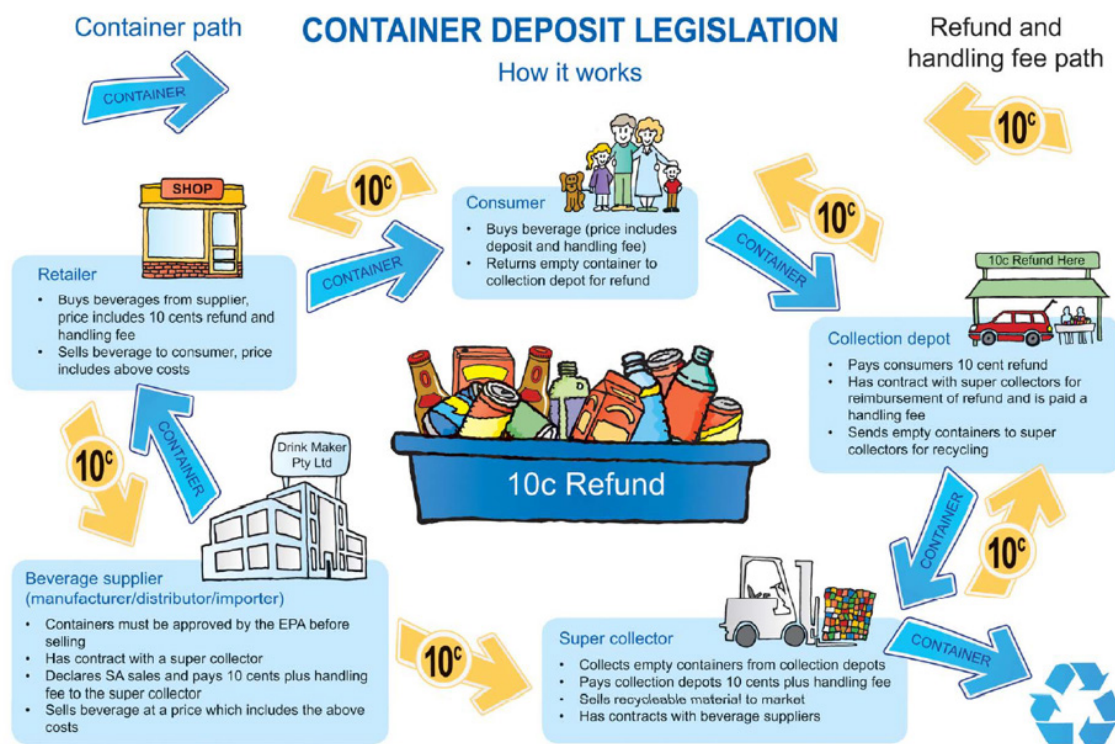


FIGURE 4 South Australia Container Deposit Scheme, EPA 2017

Which beverage containers attract a refund?

The legislation applies only to containers sold in South Australia and for which a deposit has been paid. The following is a guide of beverages [guide of beverages](#) covered:

In containers up to and including **three litres**:

- soft non-alcoholic drinks
- beers, ales and stouts
- water – plain, still or carbonated spring water, mineral water and any other water intended for human consumption
- wine-based and spirit-based beverages – any beverage that contains both wine or spirituous liquor and additional beverages or flavours. This can include (but is not limited to) fruit-flavoured wine, wine coolers, ready to drink alcoholic beverages
- most other alcoholic beverages.

In containers less than **one litre**:

- flavoured milk
- pure juice (90% or more fruit or vegetable juice).

South Australia's container deposit scheme [CDS] does not capture certain beverages and their containers — such as plain milk, wine (made from the fermentation of grapes) and spirituous liquor in glass bottles, fruit juice in containers of one litre or more, flavoured milk in containers of one litre or more, and any beverages in containers greater than three litres — because these are not generally consumed as take-away products and therefore do not usually contribute to the litter problem.

Most beverage containers not captured by the legislation can be recycled and the EPA encourages consumers to dispose of them through their council kerbside collection system or drop-off centres.

Where to from here?

How will your feedback be used?

A summary of feedback will be prepared and released publicly. Based on the outcomes of this consultation process, further detailed consultation with the community, business, industry and other parties will be undertaken.

The results of the consultation process will be used to inform decisions by government on options to improve the Container Deposit Scheme, including any legislative change.





21 February 2019

Improving South Australia's Recycling Makes Cents
Environment Protection Authority
GPO Box 2607, Adelaide SA 5001

Dear Sir/Madam,

RE: Improving South Australia's Recycling Makes Cents Scoping Paper

The East Waste Board congratulate the South Australian Government on taking the leadership to commence a review into South Australia's Container Deposit Scheme (CDS) and the associated legislation. It is the Board's overarching view that the discussion is timely and with some simple changes, South Australia's Container Deposit Scheme can continue to lead the nation, enhance the local circular economy and improve resource recovery in key areas.

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 11.5 million kerbside bin collections every year. East Waste has long been involved in the waste industry with our origins commencing over 90 years ago in 1928.

Individual responses are provided below to the questions posed within the Scoping Paper. Fundamental to East Waste's position and as you will note, a reoccurring theme throughout this response, is the need to seize the opportunity this review provides to improve the total volume and quality of glass as a recovered item.

A significant number of glass beverage containers, such as wine and spirit bottles, not covered by the CDS are currently recycled through the kerbside recycling system. The handling and processing of these items results in a significant portion of them breaking into small pieces that are unable to be recovered for recycling. This results in the small fragments impregnating and contaminating other recycled commodities, reducing their value as well. Furthermore the glass fines typically sent to landfill (albeit some work is occurring in this area to identify markets) taking up valuable and costly landfill space that the community ultimately pay for through waste management costs. If the material was incentivized for source separation at the household and returned through the existing network of recycling yards, this would reduce the contamination and keep the commodity (glass) at its highest value (as the total volume would be recycled and there would be no downgrading as a result of different coloured glass being mixed together).

This could be even further enhanced through including all glass containers. As detailed below it would also result in a number of other secondary and tertiary benefits.

1. What should be the objectives of the container deposit scheme (CDS)?

CDS has been invaluable since its inception in assisting with litter prevention and this should always remain a fundamental objective. However, it is now time, and appropriate, to broaden the scope to include a focus on improved resource recovery, which negates the chance of products being sent to landfill and/or their recyclability being compromised through the kerbside recycling process. This can be achieved without compromising the fundamental objective.

2. How well do you think the CDS is currently achieving these objectives?

The statistics through Keep Australia Beautiful National Index Reports and other similar reports, provide demonstrable evidence of CDS's impact on reducing beverage containers in the litter stream, although liquid paperboard and HDPE are under-represented, demonstrating an area for consideration. While the litter objective is being achieved, East Waste is of the view that it is imperative the scope of containers included is expanded to include wine and spirit bottles. Additional consideration should also be given to any glass container (eg. larger milk and juice containers, condiment and pasta jars) 2 litre milk and fruit juice containers.

3. Are there other aims that the scheme could achieve that should be reflected in the legislation?

The past 12 months have highlighted the necessity of an expanded and active circular waste economy both here in South Australia and nationally. The State Government have undertaken a number of initiatives to activate this and amending the aims of the scheme to include promotion of a circular economy should be included as it can have a significant and lasting effect.

Additionally but linked, an objective for the scheme to have a greater focus on resource recovery, rather than litter, will ensure it remains contemporary to the evolving progress and products in the recycling and waste stream into the future.

The events of the past 12 months and community sentiment place the expansion of the objectives in a positive unique position. That is the expansion will in no way dilute the original objectives, rather it will have the secondary benefit of aiding with recycling awareness, education and most importantly, behavior change.

4. Should more types of containers be included in the CDS and are there containers currently receiving a 10-cent refund that should be removed from the scheme?

East Waste does not believe there are any containers that should be removed.

As stated above, East Waste is of the view that it is imperative the scope of containers included is expanded to include wine and spirit bottles. Additional consideration should also be given to any glass container (eg. larger milk and juice containers, condiment and pasta jars) 2 litre milk and fruit juice containers.

Aside from gross contaminants placed in the kerbside recycling bin by the community, broken glass and glass fines which are an unavoidable consequence on the recycling process (The bin being emptied into the collection vehicle, tipping onto the Material Recovery Facility (MRF) floor, handling with a front-end loader and the MRF process itself, all result in a high level of glass products breaking, including many to a level that does not allow them to be recycled.) make up the single biggest contaminant of a Material Recovery Facility

(MRF). This not only depletes the volume of glass recycled, but glass shards impregnate and contaminate other commodity streams and decrease their overall value.

If all glass products are incentivised for removal from the kerbside collection, this will see a far greater volume of glass recycled and the quality of other recyclables improved, due to less glass contamination. Additionally source separation of the various glass colours is more effective and efficient through a Container Deposit return scheme (either bottle yard or automated system), which adds further value and resale opportunity of the end commodity.

A tertiary benefit of increasing the scope of containers is the increased community benefits in not only supporting charity and local sporting clubs with fundraising but also the lower socio-economic sector who actively use the scheme to supplement the cost of living.

5. Should the scheme ban the sale of beverage containers that present challenges for recycling?

Any containers that present a challenge for recyclers, such as those that are wrapped in varying plastic types, should be considered. While it should be considered, it is the view of East Waste that this should not complicate or distract from the core focus of the legislation. There are other mechanisms and 'authorities' operating at a National Level (such as the review of the *Product Stewardship Act 2011* and the Australian Packaging Covenant Organisation (APCO)), where this should be addressed and arguably will be far more effective.

6. Governance arrangements – should the review consider how collection depots and super collectors operate?

The current system works well and a quick review of systems introduced interstate in recent years would suggest it is still overall the most effective. However, ensuring there is greater accountability in the operation of collection depots and super collectors would be valuable.

7. Marking of containers – is there a need to modernise how containers are marked to display the 10-cent refund?

Unless there is some evidence that revised marking would improve recycling rates the current branding seems to work as intended. Given CDS has expanded across a number of jurisdictions in recent years, there could be the opportunity to revise the branding to reflect this and have a national hotline number published with the branding for people to call if they have questions.

8. Payment of deposit – is there another way that you would like refunds to be paid?

With the role out in different states across Australia there are a range of different methods in use (and have been used) including cash, EFT, points schemes, discounts, and charity donations. One of the key strengths of the current system is that it educates the public in a very positive way about the value attached to recyclables and the value of the 10c deposit being directly redeemable the item is returned, is a core part of that. Options that move away from this such as points, donations and discounts work against the principles of this important educational aspect of the system and should be avoided. The current way that refunds are paid should be maintained, however options such as reverse EFTPOS/direct deposit can be added to enhance the system.

9. *Ease of returning containers – how difficult is it to return your containers for a refund? Are current recycling depots adequate in terms of how many there are and where they are?*

East Waste believes South Australia has a good network of collection depots covering the state that are easy to access. Upgrades and traffic management plans need to be considered with a number of the recycling depots to improve safety and traffic flow. Complementing yards a system of reverse vending machines at shopping centres, community centres and large schools could be considered.

10. *Dispute resolution – should the review consider options to improve the process of dispute resolution between industry parties in the scheme?*

East Waste does not have a position on this.

11. *Compliance – are there opportunities for improvements in the administration and enforcement of the scheme?*

East Waste does not have a strong view on this other than any opportunities to improve accountability and transparency, without adversely impacting on the operation of the scheme, should be investigated.

12. *Monitoring and information – is there sufficient and transparent information in the current scheme, for example audit needs?*

As noted above, any opportunity for improved accountability or transparency should be investigated. Information about the flows of materials and the recycling of them to an end product could be made available to the public and would likely assist in improved recycling behaviours through increased knowledge.

13. *Should the refund amount be revised?*

Based on current recycling rates, it would appear the existing 10c return is sufficient. While an increase in the amount will undoubtedly improve recycling rates (as occurred in 2008) any consideration in increasing the price needs to be balanced against the resulting price rise in the items that the deposit is being redeemed on. East Waste is of the view the focus should be on broadening the scope of containers covered by the scheme, not the refund amount.

14. *What research do you think is required to inform the CDS review?*

East Waste would be active supporters of any research that can support evidence-based decision making and credibility. This would include better annual reconciliation and variance reports.

15. *Are there parts of the scheme that are working really well and you think should not be considered for change as part of the review?*

The majority of the scheme is currently working very well – the recycling rates and % of beverage containers in the litter stream attest to this and as detailed in this paper, the review should focus on broadening of items covered.

16. *How would you like to be part of the CDS review conversation in the future?*

East Waste is very keen to stay engaged in the CDS review conversation and as a regional subsidiary which collects household waste and recycling from over 20% of Adelaide's population, we believe we can provide significant value. This could either be direct, or as part of a industry groups such as Waste Management and

Resource Recovery Association of Australia (WMRR, formerly WMMA – Waste Management Association of Australia) and Local Government Association.

Once again thank you for providing East Waste with the opportunity to provide input into the scope of the Container Deposit Scheme review. The review presents an exciting opportunity to further advance the great work South Australia has historically undertaken in this space and future community education and behaviour change.

Should you wish to discuss any element of this submission further, please don't hesitate to contact East Waste's General Manager, Rob Gregory on 0417 466 929 or robg@eastwaste.com.

Yours sincerely,

BRIAN CUNNINGHAM
CHAIRMAN

7.4: TURNING THE TIDE OF SINGLE USE PLASTIC PRODUCTS SUBMISSION

REPORT AUTHOR: General Manager

ATTACHMENTS: A: Turning the Tide on single-use plastic products Discussion Paper

B: Draft Turning the Tide on single-use plastic products Discussion Paper Submission

Purpose of the Report

To seek the Board's input and endorsement of a submission to the State Government's discussion paper regarding the management of single use plastic products.

Background

On 13 January 2019, the Hon. David Speirs MP, Minister for Environment and Water, announced two reviews relevant to the management of waste and recycling in South Australia; a review of South Australia's container deposit scheme (CDS) and the possible regulation of single-use plastics.

The submission associated with the container deposit scheme is addressed in Report 7.3.

Report

Plastic is a necessary and important material in the modern world, however its use and the disposal of the material has a number of adverse impacts. The South Australian Government is seeking the Community's input into possible legislative interventions to negate the impacts of single use plastics on the South Australian environment (refer Attachment A).

A draft response for the Chairman's signature is attached for comment and review (refer Attachment B). Submissions must be lodged by COB 22 February 2019.

RECOMMENDATION

That the Board endorse the response, as presented in Attachment B, to the State Government's Turning the Tide on single use plastic products Discussion Paper.

TURNING THE TIDE ON SINGLE-USE PLASTIC PRODUCTS

Discussion paper





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A message from the Minister



As South Australians, we have a history of leading the nation in waste management. From our Container Deposit Scheme to the Plastic Bag ban, our state has a lot to be proud of.

As the Minister for Environment and Water, I am committed to keeping South Australia at the forefront of recycling and resource recovery while also increasing economic activity and creating jobs.

Much of what we refer to as wastes are in fact resources that we should strive to keep circulating within the economy.

South Australia is well placed to build on the success of existing legislation for beverage containers and single-use plastic bags. A similar approach could be used for a wide range of other single-use plastic products, which, like plastic bags, are largely intended for disposal after a single-use, and for many of these products there remains no feasible recycling pathway.

The Marshall Government is seeking your ideas and feedback on how we as a state can better protect our natural resources and environment from impacts associated with single-use or throwaway plastic products.

Additionally, ten years on from the last change to the popular Container Deposit Scheme [CDS], it is time to consider opportunities to further improve the scheme, including in terms of its contribution to recycling. We are seeking your feedback on the issues and opportunities to be considered in a review of the CDS.

Continuing to find innovative solutions that reduce waste, improve our environment and benefit our community is critical to ensuring South Australia continues to lead the nation in waste management.

I welcome your feedback on these important issues.

David Speirs MP

Minister for Environment and Water

Invitation to comment

The deadline for comments and submissions is 5:00pm, Friday, 22 February 2019.

What is being decided?

The government is seeking ideas on measures to better protect our environment from impacts associated with single-use plastic products.

How can your feedback influence the decision?

Views expressed in feedback will help inform government interventions on single-use plastic products.

Get involved:

Comments on this single-use plastics discussion paper can be provided in writing or online, including by undertaking a short survey, at yoursay.sa.gov.au

Written submissions must be lodged with Green Industries SA, at greenindustries@sa.gov.au or GPO Box 1047 Adelaide SA 5001.

Important information about your submission

Submissions will be treated as public documents, unless received in confidence subject to the requirements of the *Freedom of Information Act 1991*, and may be quoted in full or part in subsequent Green Industries SA reports. If you do not want the public to read your answers, please write “confidential” on your submission.

You may agree or disagree with, or comment on, the general issues discussed in the single-use plastics discussion paper or the proposed measures identified to address single-use plastic products. Please provide reasons for your comments, supported by relevant data. You can make an important contribution by suggesting an alternative or more appropriate approach to single-use plastic products.

How will your feedback be used?

A summary of feedback will be prepared and released publicly. Subject to the outcomes of this consultation process, further detailed consultation with business, industry and other parties will be undertaken.

Tips for written submissions

Please keep in mind the following when preparing your submission:

- list points so that issues raised are clear and include a summary of your submission
- if possible, refer each point to the appropriate section, chapter or proposal in the document
- if you discuss different sections of the document, keep these distinct and separate, so there is no confusion as to which section you are considering
- attach any factual information you wish to provide and give details of the source.

Please include your name, position, organisation and contact details [telephone number, email and postal address] with your submission.

Contact:

Ian Harvey, Director Strategy and Policy, Green Industries SA – telephone 08 8204 2051.



Purpose

Single-use plastics are attracting considerable local, national and international interest and the South Australian community has increasingly been calling for action on items such as plastic bags, coffee cups and polystyrene.

This discussion paper seeks to further the public conversation around a range of single-use plastic products that are impacting our environment. It draws upon a significant amount of information from the European Union (EU) and other places to inform this conversation.

The EU announced in late October 2018 its intention to ban single-use plastic items such as plates, cutlery, straws, balloon sticks or cotton buds.¹ In relation to the consumption of several other single-use items

for which no current alternative exists, and which are not banned outright, the EU intends to impose reduction targets and associated timeframes.

As a government, it's important to target our efforts where it has the greatest benefit. This discussion paper therefore seeks your views on areas of potential reform as well as any potential unintended impacts that may arise from any government intervention.

Your feedback will help to inform the government's continued efforts to maintain South Australia's national leadership in recycling and our transition to a circular economy. Questions are posed throughout the discussion paper to help guide your submission.

Questions we would like you to consider

1 Do you consider single-use plastic products are causing environmental problems?

2 What do you consider to be the most important problem associated with single-use plastic products that needs to be addressed?

Plastic bags

3 What are your views on extending South Australia's ban on lightweight single-use shopping bags to include thicker plastic bags? What would be the consequences of such action for community, businesses and the environment?

4 Should all checkout bags and produce bags (i.e. for grocery items) be made from compostable [Australian Standard 4736-2006] material? What would the impacts be for retailers, consumers and industry? Would there be demand and flow-on benefits in establishing new industry to produce compostable bags here in SA?

5 What do you do with biodegradable, degradable or compostable bags once you have finished using them? What do you think about the idea of banning lightweight single-use shopping bags even those made from biodegradable, degradable or compostable substances, as has been proposed in other Australian jurisdictions?

Straws, coffee cups and other items

6 Do you think South Australia should introduce measures to address items such as single-use plastic straws and plastic-lined takeaway coffee cups? What other single-use plastic items or single-use products would you like to be considered for possible government intervention?

Excluded items

7 What are your views on the list of items excluded [see page 30] and do you think there are others that do not require additional action or should be exempt from possible government intervention, and why? Are there exclusions that should be included? Why?

Labelling

8 Do you think that labelling describing how to recycle or dispose of a product, or parts of the product is helpful to consumers? For which products would better product labelling enable better disposal?

Business, retailers, manufacturers and importers

9 If you are a South Australian based manufacturer or importer of any of the single-use plastic products mentioned in this discussion paper, what are your views on this topic? Do you have access to alternatives? Are there cost impacts that need to be considered as part of this discussion?

10 If you are a retailer or business that sells, offers or provides single-use plastic products mentioned in this discussion paper, what are your views on this topic?

Community

11 As a consumer of single-use plastic products mentioned in this discussion paper, what are your concerns? What would you like to see done to address the problem(s) or concern(s)?

12 Do you think government intervention is required in relation to single-use plastic products or other single-use items? If so, what type and in what timeframe?

13 Do you think that restricting the sale or supply of some single-use plastic or other single-use products for which there are more sustainable alternatives available is a good idea?

Fast Facts



Plastics production has surged over the past 50 years, from 15 million tonnes in 1964 to 311 million tonnes in 2014, and is expected to double again over the next 20 years, as plastics serve increasingly many applications.



The production of plastics from fossil feedstocks has a significant carbon impact that will become even more significant with the projected surge in consumption of plastics.



Currently, packaging represents 26% of the total volume of plastics used globally.



According to UN Environment, one million plastic drinking bottles are purchased every minute, while up to 5 trillion single-use plastic bags are used worldwide every year.



In total, half of all plastic produced is designed to be used only once — and then thrown away.



Australians use around 10 million straws a day, equating to 700,000 per day in South Australia.



It's estimated that 500 billion disposable coffee cups are produced globally each year



At least 8 million tonnes of plastics leak into the ocean each year – which is equivalent to dumping the contents of one garbage truck into the ocean per minute.



Today, about 300 million tonnes of plastic waste every year are produced, nearly equivalent to the weight of the entire human population.



The best research currently available estimates that there are over 150 million tonnes of plastics in the ocean today.



If current trends continue, the ocean is expected to contain 1 tonne of plastic for every 3 tonnes of fish by 2025, and by 2050, more plastics than fish by weight.



Bits of plastic have been detected in the faeces of people in Europe, Russia and Japan, according to research claiming to show for the first time the widespread presence of plastics in the human food chain.



80% of marine litter is from land based sources.

These facts are derived from a range of sources mentioned in this discussion paper.



Introduction

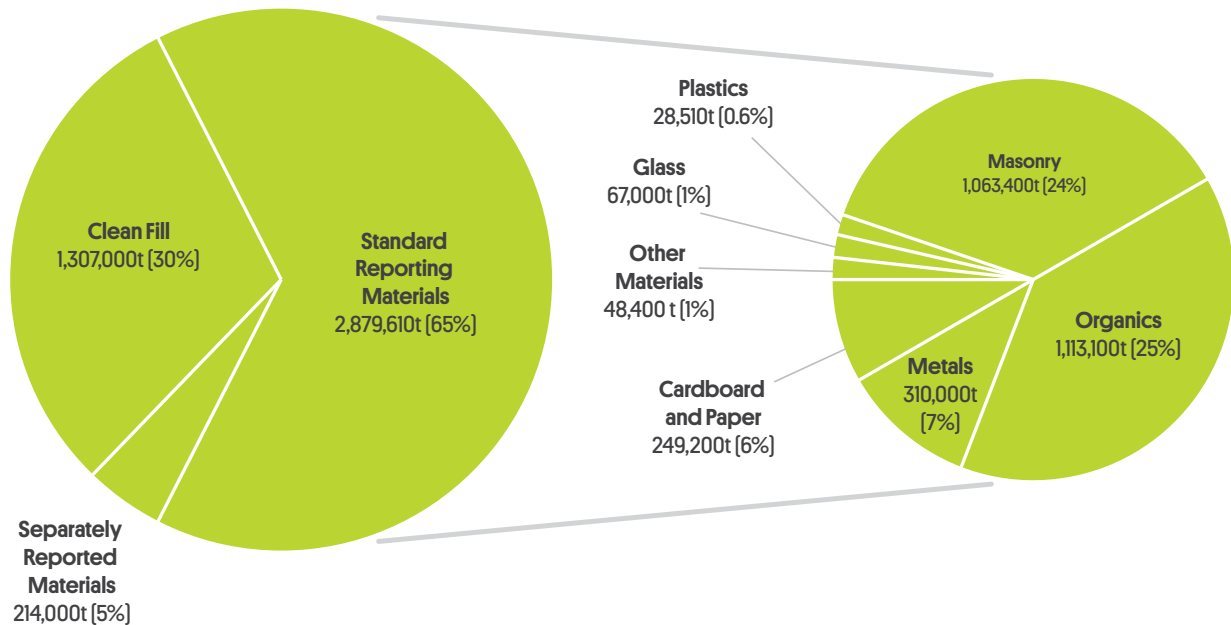
South Australia leads recycling in Australia with 84% of its waste being redirected from landfill to better uses locally, interstate and internationally. Most of the material is recycled locally in the form of construction wastes (masonry) and organics.

Construction and demolition wastes have a recovery rate of over 90%, while commercial and industrial wastes have a recovery rate of around 80%. However, municipal household waste achieves the lowest recovery rate at approximately 55%.

Recycling creates jobs – it has been estimated that approximately 9.2 jobs are created for every 10,000 tonnes recycled compared with 2.8 jobs for every 10,000 tonnes landfilled.² In South Australia, the recycling and waste industry has a turnover of about \$1 billion and employs approximately 4,800 people directly and indirectly.

There aren't large 'step' changes left to be made in the construction and demolition, and commercial and industrial sectors. The emphasis for these remains focussed on better collection (e.g. precincts for restaurant and food waste), broader market development (new products and services based on recovered materials), government and business procurement strategies (to improve market pull through) and higher performing products and standards (to capitalise on the market opportunities to replace virgin products).

FIGURE 1 Contribution of different material categories to SA's resource recovery during 2016-2017



However, there are potential 'step' changes to be made in other sectors such as single-use plastics, including packaging. The industry-led Australian Packaging Covenant and its predecessor arrangements have been in place since 1999 and are underpinned by statutory measures in most Australian jurisdictions. While some inroads have been made on light-weighting of packaging, or material substitution (e.g. glass food or beverage container replaced by a plastic container), along with improved kerbside recycling, the overall impact on the supermarket aisle is not significant for most people, and for some their recycling bin is often full to overflowing. Many argue that packaging waste has increased as evidenced by the rise in packaged fruit and vegetable items. The reasons for this perceived increase are complex, and relate to market preferences and diversification, security and food preservation, shelf space impact on buying patterns, and brand recognition.

The proposition underpinning this *Turning the tide on single-use plastic products* discussion paper [the discussion paper] is that impacts arising from the production and consumption of single-use plastics and other single-use items on the economy, society and the environment require rapid intervention to reduce, minimise or eliminate those impacts.



Plastics

Plastics play an important role in our economy and daily lives. Light and innovative materials in cars or planes save fuel and cut CO₂ emissions and when used in packaging, plastics help ensure food safety and reduce food waste. Combined with 3D printing, bio-compatible plastic materials can save human lives by enabling medical innovation.³

However, too often, the way plastics are currently produced, used and discarded harms our environment. The amount of marine litter in oceans and seas is growing, to the detriment of ecosystems, biodiversity and potentially human health and is causing widespread concern. At the same time, valuable material that could be brought back into the economy is lost, once thrown away or littered. The potential economic and environmental benefits of a more resource-efficient and circular approach are not realised.⁴

The need to tackle these problems and reduce the associated environmental, economic and social harm is widely recognised.

Single-use plastics, and in particular plastic packaging is widely available, persistent, and at best prone to disposal to landfill rather than recycling and at worst prone to littering where it may enter the marine environment. Studies in the EU regard plastic as the main source of marine litter as it is hardly biodegradable and it can have toxic and other harmful impacts. Due to its persistency, these impacts are growing as each year we generate more plastic waste. It is a global problem as acknowledged by many initiatives worldwide.⁵

In addition to harming the environment (particularly wildlife impacts), marine litter damages activities such as tourism, fisheries and shipping. For instance,

in the EU it is estimated that the cost of marine litter to EU fisheries is between 1% and 5% of total revenues from catches by the EU fleet. It threatens food chains, especially seafood.⁶

Australia and South Australia are not isolated from these issues.

The decision by China to restrict or ban the import of recyclable materials, alongside television programs such as the ABC's *War on Waste*⁷ have highlighted the pressing need to do something, and find local solutions.

In April 2018, Australia's Environment Ministers committed to set a substantial path for Australia's recyclable waste. Commitments at that time included an agreement to make 100% of packaging in Australia reusable, recyclable or compostable by 2025 or earlier, and for governments to work with the industry led Australian Packaging Covenant Organisation (APCO) to deliver this target.⁸ The development of targets for the use of recycled content in packaging was also endorsed.

On 11 September 2018, the APCO Board approved four national packaging targets and a Strategic Intent Plan. The targets are that, by 2025:

2025 Targets

■ 100% of packaging will be reusable, recyclable or compostable

■ 70% of plastic packaging will be recycled or composted

■ 30% average recycled content will be included across all packaging

■ Problematic and unnecessary single-use plastic packaging will be phased out through redesign, innovation or alternative delivery methods



The Government of South Australia recognises that it also has a role in managing the problems associated with packaging. This includes single-use plastic packaging which affects all states and territories in Australia.

Ideally a joined up national approach is preferred, however, like looking down the wrong end of a telescope the targets are clear but appear a long way off. This discussion paper suggests that if we are to meet those targets, immediate and timely action is required and that the focus should be on single-use plastics, more broadly and not just packaging.

Other countries around the world are responding to the same pressures in relation to single-use plastics. France has banned plastic cups and plates, Italy and France are banning plastic cotton buds, the UK intends to ban straws, joined by the Brussels region recently, and other countries like Ireland and Portugal are considering similar measures.

What are single-use plastics?

The 2016-17 Australian Plastics Recycling Survey – National report commissioned by the Australian Government Department of the Environment and Energy defined a ‘plastic’ for the purposes of that report as:

“ A plastic material is any of a wide range of synthetic or semi-synthetic organic solids that are mouldable. Plastics are typically organic polymers of high molecular mass, but they often contain other substances. They are usually synthetic, most commonly derived from petrochemicals, but many are either partially natural or fully natural [i.e. biobased].⁹

Further information on plastics, including those marketed as ‘environmentally friendly’, is provided in the appendix on page 38.

Single-use plastics, refers to plastic packaging or other consumer products made of plastic that are designed to be used once, often away from home, and thrown away after a brief use. These items are particularly litter prone. Single-use plastics include small packaging, bags, disposable cups, lids, straws and cutlery.¹⁰

It is recognised that some single-use plastic items that are used in health related applications and procedures are also designed to be used once and then disposed. These items are not the subject of this discussion paper.

In the EU, the top 10 most commonly found single-use plastics makes up 86% of all single-use plastic in beach litter and is responsible for more than half of plastic marine litter. This list has been stable in recent years and over different regional seas within Europe. The list is very similar to lists in the US and other countries that consistently find the same single-use plastics in their marine litter.



TABLE 1: EU top 10 most commonly found single-use plastics

RANKING	ITEM
1	Drink bottles, caps and lids
2	Cigarette butts
3	Cotton bud sticks
4	Crisp packets / sweet wrappers
5	Sanitary applications (e.g. wet wipes, sanitary towels)
6	Plastic bags
7	Cutlery, straws and stirrers
8	Drinks cups and cup lids
9	Balloons and balloon sticks
10	Food containers including Fast food packaging

Whilst the dominance of this top 10 is stable, proposed legislation in the EU will have a review clause allowing for possible changes in the products or measures covered.¹¹

In Australia, the National Report for the 2016-17 National Litter Index indicates that overall, cigarette butts, beverage containers and takeaway food packaging represent two-thirds (66%) of all the litter counted across the country.¹²

South Australia has consistently had less beverage containers in the litter stream than other state and territory jurisdictions and this is directly attributable to this state's container deposit legislation. South Australian litter surveys undertaken twice a year

for more than 20 years support this finding,¹³ as well as marine debris surveys undertaken by the Commonwealth Scientific and Industrial Research Organisation [CSIRO].

To provide some comparison with the EU findings presented in **Table 1**, Green Industries SA (GISA) analysed 5 years of litter count survey data for South Australia with the following exclusions:

- GISA's analysis excluded glass and metals which are relatively inert and less mobile once littered; and
- GISA's analysis excluded cigarette butts: As is the case nationally and internationally, cigarette butts are the most numerous (by number, not volume) item of litter. Waste from tobacco products, in particular cigarette filters containing plastic can persist in the environment for many years. Existing measures that can lead to a reduction in cigarette butt litter include community health measures aimed at reducing the number of smokers, litter enforcement action through the *Local Nuisance and Litter Control Act 2016*, extended product responsibility measures from tobacco manufacturers (e.g. butt litter campaigns), provision of infrastructure and education and awareness.

Considering the above exclusions, South Australia's top 10 littered items (not specifically related to marine pollution) are provided in **Table 2** and are based on total litter counts taken over a 5 year period ending November 2017. The top 10 presented in **Table 2** are expressed in relative count order with the 10th item assigned a relative frequency of 1. The counts of *Other paper (including tissues)* are 11.5 higher than those of Packing tape and straps.



TABLE 2: South Australia's top 10 littered items

ITEM	RELATIVE FREQUENCY
Other paper [including tissues]	11.5
Other plastic	5.9
Snack bags & confectionery wrappers	2.8
Cups/take away containers	2.1
Packages & boxes	2.0
Straws	1.8
Take away & cups	1.8
Plastic bottle tops	1.7
Clothing & materials	1.1
Packing tape & straps	1.0

Not surprisingly, there are similarities between the single-use plastics in both tables as many of the products containing plastic are global in their distribution, marketing and use. However, there are also some single-use plastics which may not be particularly prevalent in the litter stream but are not able to be recycled or difficult to recycle such as polystyrene packaging and plastic lined takeaway coffee cups. These products by design can only be disposed to landfill (at best) and for some, alternative recyclable, compostable or biodegradable product alternatives are available.

What is the problem?

Over the past several years, there has been a steady increase in the volume of highly reputable international literature that addresses this question. This discussion paper draws heavily from organisations such as the Ellen MacArthur Foundation, the European Commission, the United Nations Environment Program and others. Some compelling facts presented at the front of this discussion paper are derived from these organisations' investigations.

Imagining a world without plastics is nearly impossible. Plastics are increasingly used across the economy, serving as a key enabler for sectors as diverse as packaging, construction, transportation, healthcare and electronics. Modern innovations mean today's plastics make up 50% of a vehicle's volume, but only about 10% of its weight.¹⁴ Plastics have brought massive economic benefits to these sectors, thanks to a combination of low cost, versatility, durability and high strength-to-weight ratio.¹⁵

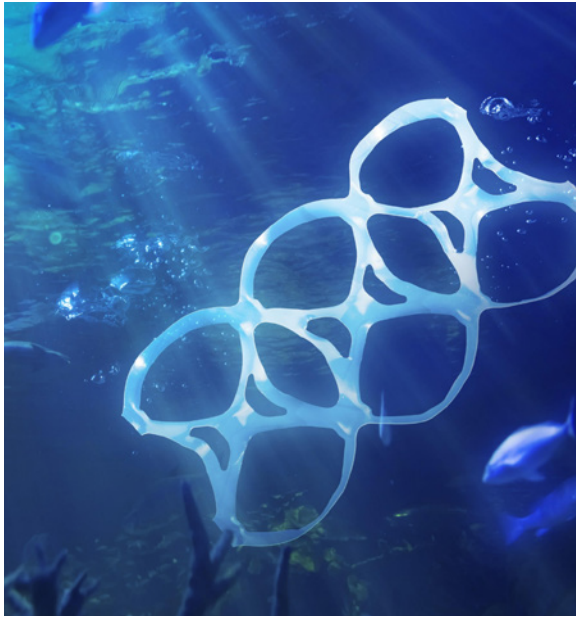
However, due to its slow decomposition, plastic accumulates in seas, oceans and on beaches worldwide, including Australia. 80% of marine litter emanates from land based sources.¹⁶ The European Commission notes that plastic residues are found in marine species – such as sea turtles, seals, whales and birds, but also in fish and shellfish, and therefore in the human food chain. While plastics are a convenient, adaptable, useful and economically valuable material, these need to be better used, re-used and recycled. When littered, the economic impact of plastics encompasses not just the lost economic value in the material, but also the costs of cleaning up and losses for tourism, fisheries and shipping.¹⁷

The United Nations Environment Program has estimated the total natural capital cost to the marine ecosystem as a result of plastic littering to be \$13 billion per year globally, accounting for 17% of total lifecycle impacts on the marine ecosystem. This includes economic losses incurred by fisheries and tourism as well as time spent cleaning up beaches.¹⁸

Very large quantities of plastic waste leak into the environment from sources both on land and at sea, generating significant economic and environmental damage. Globally, 5 to 13 million tonnes of plastics — 1.5 to 4% of global plastics production — end up in the oceans every year.¹⁹

According to the World Economic Forum, in its report *The New Plastics Economy [2016]* at least 8 million tonnes of plastics leak into the ocean each year – which is equivalent to dumping the contents of one garbage truck into the ocean per minute. If no action is taken, this will increase to 2 per minute by 2030 and 4 per minute by 2050. The report suggests that packaging represents the major share of the leakage. Not only is packaging the largest application of plastics with 26% of volumes, its small size and low residual value also makes it especially prone to leakage. One indicative data point cited in the report is that plastic packaging comprises more than 62% of all items (including non-plastics) collected in international coastal clean-up operations.²⁰

“ This phenomenon is exacerbated by the increasing amount of plastic waste generated each year, and is also fuelled by the growing consumption of ‘single-use’ plastics, i.e. packaging or other consumer products that are thrown away after one brief use, are rarely recycled and prone to being littered. These include small packaging, bags, disposable cups, lids, straws and cutlery, for which plastic is widely used due to its lightness, low cost, and practical features.²¹



iStock/Getty Images

For Australia, injury and fatality to vertebrate marine life caused by ingestion of, or entanglement in, harmful marine debris was listed as a key threatening process under the *Environment Protection and Biodiversity Conservation Act 1999* [EPBC Act] in August 2003.

A Threat Abatement Plan for the impact of marine debris on the vertebrate wildlife of Australia's coasts and oceans was subsequently developed to outline priority areas for government action at a local, state and national level. The Threat Abatement Plan was recently updated in 2018 and highlights 'limit[ing] the amount of single-use plastic material lost to the environment in Australia' as a high priority action.²²

“Plastics are an obvious, problematic target for action. Experts say fishing gear [ropes and nets made from synthetic fibres], balloons and plastic bags are the biggest entanglement threat to marine fauna, and plastic bags and utensils are the biggest ingestion risk for seabirds, turtles and marine mammals [Wilcox et al., 2016]. Plastics may also be chemically harmful in some contexts, either because of their potential toxicity or because they absorb other pollutants [Rochman et al., 2013].²³

In 2016, the Australian Government's Senate Environment and Communications References Committee undertook an inquiry into the threat of marine plastic pollution in Australia. Its report *Toxic tide: the threat of marine plastic pollution in Australia* acknowledged that:

“Evidence clearly demonstrates that this is an issue of global concern with vast quantities of plastic entering the marine environment on a daily basis. The committee understands that calculating the exact rates of plastic pollution into the future is difficult, but is of the view that estimates of current rates of pollution are sufficiently high as to warrant immediate action. The committee also accepts that marine plastic pollution in the Australian marine environment is difficult to quantify, but that amounts recovered through clean-up activities would point to the problem being significant.²⁴

The identification of the origin, pathway and type of marine debris can be difficult, as litter degrades and fragments over time.

Some plastics enter the marine environment as 'macro-plastics' and then degrade slowly into smaller fragments. Others enter directly in the form of microplastics, which are plastic particles with a diameter less than 5mm. Some of these microplastics are intentionally added to products such as scrubbing agents in cosmetics, detergents, paints [sometimes referred to as microbeads] or to serve as input for further processing [e.g. plastic resin pellets]. Others originate from the abrasion of large plastic objects during manufacturing or use [e.g. tyre dust, textile fibres].²⁵

Bits of plastic have even been detected in the faeces of people in Europe, Russia and Japan, according to research claiming to show for the first time the widespread presence of plastics in the human food chain.²⁶

The Australian Government Department of the Environment and Energy is working with industry and state and territory governments to ensure a voluntary phase-out of microbeads from personal care and cosmetic products. It has also committed to eliminating remaining microbeads from the Australian market and will examine options to broaden the phase-out to other products.²⁷

In view of the work already underway in relation to microbeads this discussion paper does not address these further. Similarly, it is recognised that there is litter emanating from marine based sources that cause impacts (e.g. fishing gear) attributable to a smaller cross-section of our society which may require a more tailored approach and is not covered here.

Although there are other materials causing impacts, there appears to be sufficient evidence for action to be taken to reduce the problem on single-use plastics, which are macro-plastics.

Questions to consider in making a submission:

- 1** Do you consider single-use plastic products are causing environmental problems?
- 2** What do you consider to be the most important problem associated with single-use plastic products that needs to be addressed?



Should South Australia act?

There are a number of considerations that need to be balanced when the community seeks leadership from government and industry.

Guiding principles

We know that wasteful consumption habits are not sustainable because of global limits to availability and accessibility of the earth's natural resources. We also know that there are limits to the amount of man-made waste and pollution that the earth can absorb or contain.

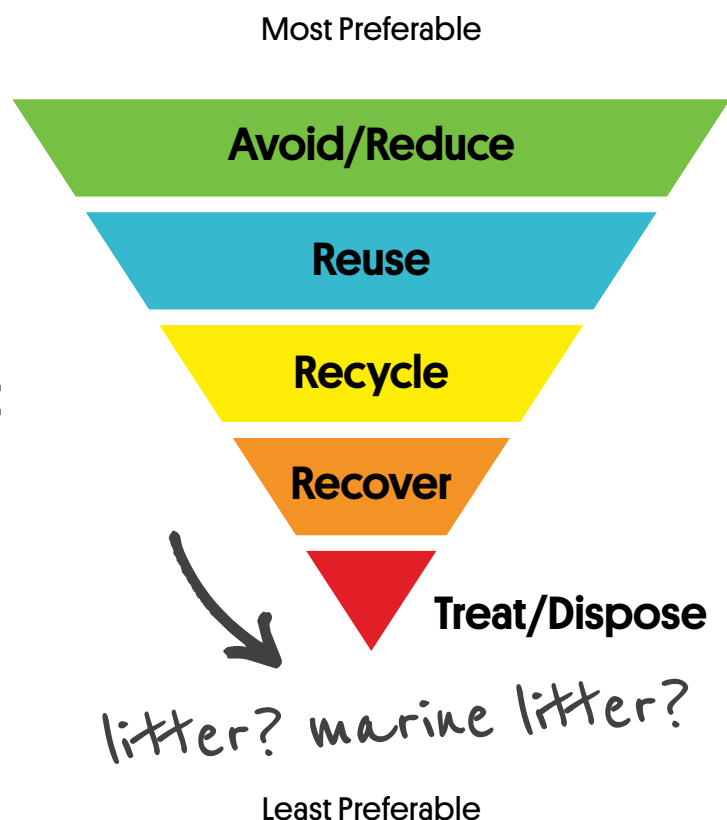
These widely held views are contextualised in a range of nationally and internationally recognised principles and concepts such as ecologically sustainable development. Any discussion of waste

management draws upon the same and related principles and concepts that are recognised globally as the cornerstone of waste management policy and help to guide our decision making. The following are important guiding principles for the purposes of this discussion paper:

The principles of the circular economy: It is important that society move away from the “take, make, dispose” linear consumption pathway to one which continues to return materials back into the economy. Some plastics, and in particular single-use plastic items are entering the environment rather than being returned to the economy for further utilisation.

The waste hierarchy: The waste management hierarchy is recognised internationally as an aspirational framework for sustainability.

The waste management hierarchy



The framework stresses the need to:

- operate at the highest possible level of the hierarchy, considering social, environmental and economic practicalities
- make decisions using sound knowledge and information
- conserve materials and energy by acting to avoid waste and reduce wasteful consumption
- preserve the value of materials used, through source separation and reduced contamination.

The waste hierarchy implies a closed system where waste is ultimately dealt with in one way or another, however it does not reflect 'leakage' from the system or fugitive waste that escapes as litter or marine debris. This discussion paper proposes that the hierarchy also recognises litter and marine debris as being the least preferable option in waste management – that is, waste disposed of onto land or into aquatic environments whether deliberately or otherwise.

United Nations Sustainable Development Goals²⁸

On 25 September 2015, countries around the world, including Australia, adopted a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable-development agenda. The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. The goals address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. Each goal has specific targets to be achieved by 2030. Sustainable Development Goal 12 is specifically focused on responsible consumption and production patterns.

“ Achieving Goal 12 requires a strong national framework for sustainable consumption and production that is integrated into national and sectoral plans, sustainable business practices and consumer behaviour, together with adherence to international norms on the management of hazardous chemicals and wastes.



Targets associated with Sustainable Development Goal 12 include, but are not limited to:

- By 2020, achieve the environmentally-sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment
- By 2030, achieve the sustainable management and efficient use of natural resources
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



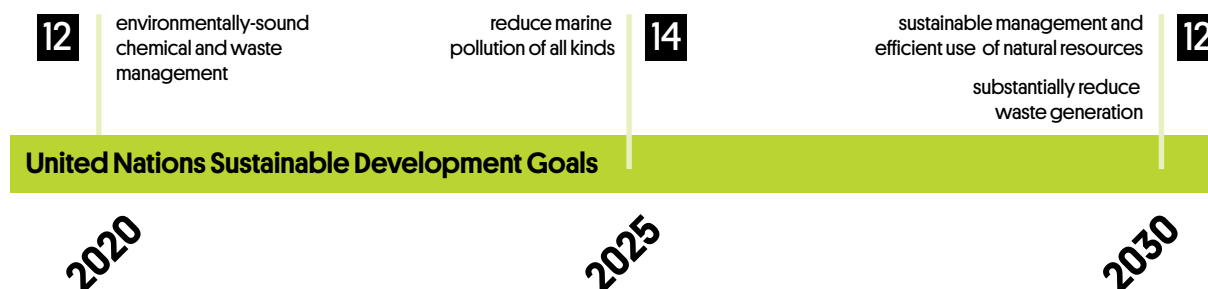
Sustainable Development Goal 14 is focussed on “life below water” and includes a specific target: “by 2025 prevent and significantly reduce marine

pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.”²⁹ As part of this target, the United Nations has announced a major global Clean Seas campaign aimed at ending plastic marine litter, particularly from single-use plastics.³⁰

Community concern

Recent community interest following television programs such as the ABC’s *War on Waste*³¹ and documentaries such as *Blue Planet II*³² suggest that single-use plastics are of concern. South Australia has shown leadership in measures such as a ban on single-use plastic bags, container deposit legislation and high performing kerbside recycling systems, including kitchen food waste recycling in some council areas.

The Australian Government’s Environment and Communications Senate Committee in its June 2018 Inquiry report, *Never waste a crisis: the waste and recycling industry in Australia* recommended that the Australian and state and territory governments agree to phase out petroleum-based single-use plastics by 2023.³³



Existing policy settings

This discussion paper outlines some of the economic, social and environmental problems of single-use plastics. A report by Circle Economy suggests the challenges associated with increasing plastic production, low levels of recycling and leakage to the environment is a powerful example that demonstrates the urgent need to overhaul waste management policy to tackle the root causes of excessive material use, significantly increase recovery and recycling rates, and promote high-value loops such as re-use, remanufacturing, refurbishment and lastly material recycling.³⁴

The report considers that policy is required to extend along the entire value chain, including tackling excessive consumption, for example with the phase out of single-use and non-recyclable plastics.

South Australia has a strong track record in taking action in relation to a range of waste types with many already banned from disposal to landfill. As stated in the UN Habitat's 2010 publication *Solid Waste Management in the World's Cities*:³⁵

“ South Australia has demonstrated a high level of political commitment and willingness to ‘stick its neck out’ and implement some policies and legislation upon which other administrations take a more conservative position. The Zero Waste Act [now Green Industries SA Act] and Plastic Bag Ban are two excellent samples of South Australia's Government showing leadership by putting in place arrangements to support a major drive towards the 3Rs [reduce, reuse, recycle].

South Australia already has two product-focussed legal instruments that specifically tackle single-use plastic and other items.



Container Deposit Scheme (CDS)

Introduced in 1977 to reduce beverage containers in the litter stream, CDS continues to have a high level of community support and has a strong impact on the recycling of beverage containers covered under the scheme. The CDS includes some beverages provided in single-use plastic bottles or containers.

In 2017–18, almost 603 million containers [42,913 tonnes] were recovered by collection depots for recycling. This means that over \$60 million was refunded to the community during that period. The CDS also provides a financial benefit to individuals, community groups, sporting clubs and charities that collect empty containers for refund.

The scope of the CDS was expanded to products such as flavoured milk, juice and waters in 2003 and the deposit lifted from 5 cents to 10 cents in 2008.

Several Australian jurisdictions have more recently introduced container deposit schemes or intend to introduce one in the near future.

The Environment Protection Authority [EPA] is the regulator of the South Australian CDS, and intends to work in partnership with the key sectors who participate in the scheme to identify opportunities for improving CDS in the state. The EPA has released a scoping paper seeking views and feedback to inform issues to be considered in the review and the research required to inform the review.

Further information can be found in the CDS scoping paper - *Improving South Australia's recycling makes cents* - at epa.sa.gov.au



The Plastic Shopping Bag (Waste Avoidance) Act 2008

South Australia was the first state in Australia to ban lightweight checkout style plastic bags. *The Plastic Shopping Bags (Waste Avoidance) Act 2008* came into effect on 1 January 2009, with the ban on shopping bags taking effect from 4 May 2009.

South Australia's plastic shopping bags ban was adopted in recognition of the environmental issues associated with single-use, lightweight, checkout-style, plastic bag use, including harm to marine life and harm to the environment through litter and less attractive public places. Similar bans are now in place or being considered in other parts of Australia.

The Plastic Shopping Bags Act allows the use of alternative compostable/biodegradable plastic bags provided they comply with Australian Standard 4736-2006 - Biodegradable plastics - Biodegradable plastics suitable for composting and other microbial treatment.

This ban on lightweight plastic shopping bags, and provision of comprehensive recycling options, has effectively removed from circulation around 400 million single-use plastic bags each year in South Australia, while reducing related environmental impacts and stimulating reuse and alternative product development e.g. multiple-use bags.

Switching from lightweight, single-use shopping bags to multiple-use bags uses comparatively fewer resources and energy use across its life cycle and was an important factor that supported the introduction of the ban on single-use plastic bags.

A 2013 review on South Australia's plastic bag legislation concluded that:

“ The ban on lightweight single-use plastic bags has been highly effective at reducing the supply of lightweight single-use plastic bags from South Australia and changing consumer behaviour to alternatives to plastic shopping bags. Moving forward, consideration should be given to extending the ban to address the new alternatives including thick and heavy plastic bags as well as providing further education and advocacy to promote greener overall behaviour of consumers.

The review considered potential legislative amendments to improve the operation of the Act.

- Amend the definition of a plastic shopping bag to make it clear that the minimum thickness requirement applies across all parts of a bag
- Require biodegradable / compostable bags to be approved by the Environment Protection Authority
- Introduce an offence to provide bags different from those tested and approved by the Environment Protection Authority.

It is timely [10 years on] to review the current Plastic Shopping Bags Act. A review will identify opportunities to improve compliance with the Plastic Shopping Bags Act and explore whether the ban on lightweight single-use plastic bags should be expanded to include other thicker plastic bags. Consideration will be given to other jurisdictions' bans, including those that consider products that are marketed as 'degradable', 'bio' and 'oxo' degradable, and national targets for packaging [page 18].

“ According to the United Nations Environment Programme (UNEP) there is little evidence to suggest that products labelled as biodegradable will significantly decrease the volume of plastic entering the ocean, or the physical and chemical risks that plastics pose to the marine environment. The Australian Bioplastics Association also stated that “biodegradable plastics were not designed to be a solution for marine litter”.

There are more sustainable alternatives to single-use plastic bags. A trial using compostable bags in place of plastic 'barrier bags' for fruit and vegetables is being undertaken at two South Australian supermarkets and is receiving strong support from the community.

Questions to consider in making a submission:

3

What are your views on extending South Australia's ban on lightweight single-use shopping bags to include thicker plastic bags? What would be the consequences of such action for community, businesses and the environment?

4

Should all checkout bags and produce bags [i.e. for grocery items] be made from compostable [Australian Standard 4736-2006] material? What would the impacts be for retailers, consumers and industry? Would there be demand and flow-on benefits in establishing new industry to produce compostable bags here in SA?

Note: Produce bags and other shopping bags made from compostable [Australian Standard 4736-2006] material enables them to be re-used for household food waste disposal into the household green organics bin, and reduces costs to councils by not having to provide compostable bags as is currently the case for those councils that provide a food waste collection service to residents.

5

What do you do with biodegradable, degradable or compostable bags once you have finished using them? What do you think about the idea of banning lightweight single-use shopping bags even those made from biodegradable, degradable or compostable substances?



Which items could we focus on?

This discussion paper does not purport to rely on detailed analysis on the prevalence and impacts [economic, social and environmental] associated with the incidence of single-use plastics in the South Australian litter stream or the impacts on the economy. Detailed information and analysis has not been undertaken regarding the suitability of available alternatives to some single-use plastics identified in this paper, noting only that some alternatives exist.

Information, evidence and data from various credible sources refer to the negative impacts that some plastics and in particular some single-use plastic products can have.

These impacts are likely to be exacerbated by the growing consumption of single-use plastics which are cheap to manufacture and widely used due to low cost and other

practical features (e.g. lightness), and in the absence of some form of intervention may only get worse.

International and local evidence referenced in this discussion paper suggests that for some single use plastic products that **are intended and/or designed to be disposed of after one brief use**,³⁶ are rarely recycled, cannot be recycled and in some cases are prone to being littered, that government intervention and action is required.

The state government is interested in your views about this and what single-use plastic and other single-use items you think are important.

Recent community attention in Australia and internationally has focussed on single-use plastic straws and plastic-lined takeaway coffee cups, and some discussion on these specific items is provided below.

Single-use plastic straws and cutlery

Although the subject of some uncertainty, estimates suggest that Australian's use around 10 million straws a day and that this may even be an underestimation.³⁷

South Australia represents about 7% of the population of Australia and based on this simple analysis our State's usage could be around 700,000 straws per day or 255,500,000 million straws per year.

20 minutes is the average time a straw is used before being discarded.³⁸

Single-use plastic straws are most commonly made from type 5 plastic, or polypropylene and are in the top 10 items littering the marine environment where these can be ingested by marine life such as turtles and seabirds. Plastic cutlery is most commonly made from polypropylene and polystyrene and is also in the top 10 items littering the marine environment.

In February 2018, Scotland announced its intention to ban plastic straws by the end of 2019 as a means of tackling marine pollution. Taiwan has announced similar measures and a number of United States cities have already banned plastic straws, including Malibu, Santa Monica, Manhattan Beach and Seattle. In October 2018, members of the European Parliament (comprising 28 member states) announced ambitious legislation to ban single-use cutlery, cotton buds, straws and stirrers from 2021.³⁹

Individual businesses are also responding. Woolworths announced it will stop selling plastic straws by the end of 2018.⁴⁰

The Last Straw is a campaign to reduce the use of the plastic straws in venues around Australia. It aims to tackle the issue from both sides - encouraging consumers to use less plastic straws and encouraging businesses to give out less straws through staff training and information.⁴¹

Campaigns such as *refuse the straw* (out of the United Kingdom) and *straws suck* (an initiative of the ACT Government) attest to the growing community interest and concern regarding this single-use plastic product.

Some South Australian businesses are taking their own action by replacing plastic straws with more sustainable alternatives. Festival and event organisers around Adelaide are also making changes by supplying compostable cutlery and tableware instead of single-use plastic items.

Plastic-lined takeaway cups (coffee cups)

Estimates of Australians' annual use of disposable coffee cups vary from between 1 billion disposable coffee cups each year,⁴² with *Choice* (a leading consumer advocacy group in Australia) estimating that this figure could be as high as 3 billion coffee cups disposed each year.⁴³

Based on a simple analysis our state's usage could be around 191,000 to 575,000 per day or 70 million to 210 million disposable coffee cups used each year.

The well-intentioned caffeine lover who tries to do the right thing and recycle their cup may be doing more harm than good. The plastic waterproof lining of many paper coffee cups means they can't be recycled with collections of paper and cardboard and may actually contaminate a load, causing the whole lot to be sent to landfill.⁴⁴

Takeaway cups are primarily constructed of virgin (non-recycled) paperboard with a polyethylene plastic (PE) coating or polylactic acid coating on the cup to prevent leaking of liquids (e.g. coffee) and maintain the structural integrity of the cup during use. These cups are generally used for a short period of time (minutes) between purchase and disposal. PE is a plastic made from fossil petrochemical resources whereas polylactide is a bioplastic made from plant starches - with the PE lined takeaway coffee cups representing approximately 90% of coffee cups produced.

France has recently committed to ban disposable cups and plates by 2020 - except those that are completely compostable.

Some South Australian retailers are already moving from plastic-lined takeaway cups, with compostable alternatives and offering discounts for 'keep cups'.

Questions to consider in making a submission:

6

Do you think South Australia should introduce measures to address items such as single-use plastic straws and plastic-lined takeaway coffee cups? What other single-use plastic items or single-use products would you like to be considered for possible government intervention?

Excluded items

There are some single-use plastics for which existing efforts to tackle them are in place or that require more information to determine the best approach. For this reason, it is suggested that the following materials, items or products should be excluded from further specific consideration at this time.

Microplastics / microbeads – specifically those intentionally added to a product are not in scope as they are being addressed through other processes – refer page 20, and the national approach to eliminating microbeads.

Debris emanating from sea-based sources (e.g. lost or discarded fishing gear) – it is difficult to estimate the scale of this problem in the South Australian context. A more tailored response may be required and this form of debris is not examined further, although it may be the subject of future investigation and action.

Non-plastic single-use disposable items (e.g. packaging) – packaging comprising exclusively fibre will degrade and littered items comprising glass and metals are mostly inert and with relatively low environmental damage and less mobile once littered. The exclusion of these materials does not imply that leakage to the environment is acceptable, and it is recognised that visual amenity remains an important issue.

Single-use plastic beverage containers – many are already addressed through existing legislation [CDS]. The EPA intends to review South Australia's CDS legislation and could consider single-use plastic beverage containers alongside other beverage containers not currently subject to the legislation - as such these products are not examined further in this discussion paper.

Sanitary applications (wet wipes, sanitary towels) – These products are routinely flushed down toilets and wastewater treatment facility operators face significant problems when non-suitable products are flushed down the toilet as these contribute to blockages in household and municipal sewerage systems.

In April 2018, a manufacturer of sanitary wipes was ordered to pay penalties for making false and misleading representations about its 'flushable' toilet and bathroom cleaning wipes.⁴⁵

It is suggested that their presence and associated impacts could be reduced through appropriate and accurate packaging labelling that provides advice to consumers on responsible disposal option[s].

Absorbent hygiene products – Single-use absorbent hygiene products [AHP] such as nappies represent a significant waste stream. A 2013 report estimated that South Australia could generate in the order of 35,000 tonnes annually with the majority of the waste arising from residential use [primarily nappies for children].⁴⁶

However, the 2013 report also indicated that the majority of the AHP waste generated in South Australia is currently disposed to landfill and for this reason is not likely to be littered or disposed to the environment. Solutions to better utilise waste AHP are technically available but most are not commercially viable and would generally rely on segregation and separate collection infrastructure and systems at the household level which is not yet available.

It should be noted that the Australian Packaging Covenant Organisation [APCO], with Planet Ark and PREP Design, have launched a labelling scheme that will help consumers better understand how to recycle products effectively.⁴⁷ This is being voluntarily phased in by many Australian companies but imported goods may not feature such labelling.

Questions to consider in making a submission:

7

What are your views on the list of items excluded and do you think there are others that do not require additional action or should be exempt from possible government intervention, and why? Are there exclusions that should be included? Why?

8

Do you think that labelling describing how to recycle or dispose of a product, or parts of the product is helpful to consumers? For which products would better product labelling enable better disposal?

Community and business impacts

Further work will be undertaken to evaluate how many South Australian based manufacturers or importers of single-use plastic products could be impacted by potential intervention measures from government. Impact assessments will also be undertaken for retailers and consumers.

However, in developing its proposal for a *Directive of the European Parliament and of the Council on the reduction of the impact of certain plastic products on the environment*, the European Commission undertook various impact assessments and relevant information is provided below to aid discussion and facilitate feedback on this important issue.

“ In the context of generally buoyant and increasing demand for plastic products, producers (plastics converters) are likely to be negatively affected by any reduction in demand for single use products but they have an opportunity to redirect production to reusable and recyclable items.

For food and drink related items (food containers, cups and cup lids, cutlery, straws and stirrers), the food service industry and retailers pay for the single use plastic items that they provide to customers ‘free of charge’. Although the cost might not be evident to customers, the consumer will normally cover it in the overall price. With a shift to reusable items, a single upfront purchase by the retailer will avoid future regular costs of purchasing the single use items, and thus may lead to a saving.

There will be a cost to providing reusable items for consumption on site, but savings from not providing single-use items. The balance of the costs and savings will vary for different retailers and determine whether a switch away from single-use plastics can ‘pay for itself’ over time. However, the shift to non-plastic single use alternatives may lead to an increase in costs to retailers if these are more expensive, and if they do not to pass these costs on to consumers.

For other single-use items such as wet wipes, sanitary towels, and cotton buds, that retailers sell on directly to customers (rather than use to contain the food or drink they are selling), the impacts will vary based on the difference between the wholesale price and the retail price of the non-plastic single-use alternative. Where retailers sell multi-use alternatives, while the number of sales will be lower, the effect on profits will depend on the per item margin that the retailer makes versus the margin on the current single-use plastic items.⁴⁸

“Many retailers, especially in food service retail, are SMEs. They may be positively impacted where they avoid the need to purchase single use items that accompany or contain the food or drink they sell. Whilst reduced consumer spending will translate almost into reduce retail sales, there will be rebalancing as consumers spend their money on alternatives, and favour innovative responses. New business models will develop for making available multi use items to consumers and this could reduce costs, especially as options are scaled up.⁴⁹



The European Commission's impact analysis suggests that for individual consumers, the impacts will vary depending on their consumption habits and their own pre-existing preferences in respect of using reusable items.⁵⁰

In a world where convenience is highly valued, alternative more sustainable approaches even where these have reduced levels of convenience can and do enter the market. The increase in reusable coffee cups indicates that some consumers are willing to adopt more sustainable [reusable] packaging which incur less convenience and higher financial costs. When consumers use their own reusable cup it will need washing in order to keep the cup clean and usable.

“ Therefore, there may be some additional costs from washing the items. However, as they are no longer purchasing many single-use plastic items, the overall cost is likely to fall.⁵¹

In addition, alternative business models evolve to respond to and support consumer concerns and preferences, and *Responsible cafes*⁵² is a good example where many participating cafes offer a price discount when a consumer brings a refillable coffee cup. *Responsible cafes* currently has 344 cafes registered in South Australia with participating cafes saving approximately 35.2 cups per day from landfill. Over the year that equates to approximately 12,800 cups per cafe.

In June 2018, Australia's supermarket giants Woolworths and Coles announced they will be reducing the level of plastic packaging in their stores. In addition to action in relation to the sale of straws [refer page 29] Woolworths announced they will remove plastic packaging from 80 fruit and vegetable lines. Coles also announced a set of commitments on packaging and recycling, including removing plastic wrapping from Coles brand bananas.



Business opportunities may also arise through the emergence of new companies that can produce suitable alternatives to single-use disposal plastic products or that can provide improved recycling outcomes for existing products that keep the materials circulating within our economy.

South Australia's plastic bag ban demonstrates that the large majority of consumers will accept measures that support the reduction in environmental impacts especially to marine animals, and in particular when alternatives are available [e.g. reusable shopping bags].

Negative impacts on state-based businesses that support South Australian jobs should be avoided or minimised where possible. Similarly, increased cost pressures facing the community are to be avoided or minimised.

It is also preferable for voluntary approaches or collaborative measures or policies over regulatory measures where business and industry has the foresight and willingness to act in a timely manner and where the alternative measures or policies achieve a

tangible reduction in the impact of single-use plastics on the economy, environment, and society.

Questions to consider in making a submission:

- 9** If you are a South Australian based manufacturer or importer of any of the single-use plastic products mentioned in this discussion paper, what are your views on this topic? Do you have access to alternatives? Are there cost impacts that need to be considered as part of this discussion?
- 10** If you are a retailer or business that sells, offers or provides single-use plastic products mentioned in this discussion paper, what are your views on this topic?
- 11** As a consumer of single-use plastic products mentioned in this discussion paper what are your concerns? What would you like to see done to address the problem[s] or concern[s]?

What is the best approach?

There are a range of approaches and options that could be adopted to tackle single-use plastic products. Some options are more suited to a national approach (e.g. import restrictions, taxes, labelling, product accreditation), while others can be state-based (e.g. legislation, education, and incentives).

Options can range from industry-led approaches that rely upon industry to voluntarily transition to more sustainable alternatives through to fully-mandated legislative approaches such as bans. The EU has announced its intention to develop legislation to ban single-use cutlery, cotton buds, straws and stirrers from 2021.

For some single-use plastic items improved product labelling may be the best approach e.g. sanitary wipes, and for other products improved education and awareness of consumers may encourage a shift toward more sustainable product choices.

The EU approach also intends to use national reduction targets for plastics not directly ‘captured’ through banning and for which no alternative product exists including single-use burger boxes, sandwich boxes or food containers for fruits, vegetables, desserts or ice creams. These items will have to be reduced by EU member states by at least 25% by 2025. The EU Member States also agreed that reduction measures should also cover waste from tobacco products, in particular cigarette filters containing plastic which would have to be reduced by 50% by 2015 and 80% by 2030.⁵³ The mechanism(s) intended to achieve the required reduction targets are not identified.

Ideally, the preferred approach for South Australia should deliver environmental, economic and social benefits, be publicly acceptable and contribute to improved use of materials and resources.

It may be appropriate to restrict market access for some single-use plastic and other single-use products where suitable substitutes or alternatives exist with lower impacts. The use of legislation in South Australia is a mechanism that has already been used to restrict market access, for example in relation to the provision of single-use plastic bags as discussed above.

Similar legislation could be developed to restrict market access for individual single-use plastics or a more flexible and complete policy approach could be to develop framework legislation that enables bans and exclusions to be adopted for various single-use plastics and other single-use products with suitable time frames and after appropriate consultation.

A dedicated legislative instrument could be considered to address all single-use plastic and other single-use products targeted in one Act of Parliament by defining specific objectives and measures with a view to preventing and reducing their impact on the environment, society and the economy. The legislation could:

- Regulate [prohibit] the sale and supply of single-use products and materials in South Australia particularly those with a single-use applications such as identified above.
- Provide an ongoing legislative mechanism to manage products and materials which will be especially important as the complexity of waste types are changing and could become more problematic to manage into the future.

Such legislation would need to be informed by targeted consultation with affected parties and interest groups and consider a range of business and other impacts.

Any initiative should be seen in the broader context of the transition to a circular economy. It should support business innovation in the development of multi-use [longer lasting] alternatives and more sustainable single-use products. It could also promote compostable and other bio-based alternatives and introduce an innovative bio-economy, bringing new opportunities for businesses.

The framework legislation could also enable a staged approach whereby some of the more impactful single-use plastic or other single-use products could be addressed before others. This would also send a powerful message to the single-use plastic producers, importers and the packaging industry, brand owners and consumers that South Australia is serious, and will again lead on these aspects. Businesses would be more mindful of the downstream impacts before introducing new single use products.

Questions to consider in making a submission:

- 12** Do you think government intervention is required in relation to single-use plastic products or other single-use items? If so, what type and in what timeframe?
- 13** Do you think that restricting the sale or supply of some single-use plastic or other single-use products for which there are more sustainable alternatives available is a good idea?

For example, early product bans could be imposed where there are readily available alternatives on the market e.g. non-biodegradable single-use plastic straws in favour of straws made with biodegradable materials [e.g. paper] or reusable alternatives.

In Australia, the *Mutual Recognition Act 1992 [Cth]* requires that a product, which is sold in one state or territory, must be allowed to be sold in other Australian states or territories. It is possible for jurisdictions to ban the sale or production of products in its own jurisdiction through an exemption under the Mutual Recognition Act.

Where to from here?

Views and thoughts expressed in submissions on this challenging and important issue will help inform government policy to **turn the tide** on single-use plastic products.

Subject to the outcomes of this discussion paper consultation process, further detailed consultation with business, industry and other parties will be undertaken.

See page 7 for information on how you can contribute to the discussion on this important issue.

Appendix

Definition of plastic

There are two types of polymers: synthetic and natural. Synthetic polymers are derived from petroleum oil, and made by scientists and engineers. Examples of synthetic polymers include nylon, polyethylene, polyester, Teflon, and epoxy. Natural polymers occur in nature and can be extracted. They are often water-based. Examples of naturally occurring polymers are silk, wool, DNA, cellulose and proteins.⁵⁴

Environmentally friendly plastic?

The Victorian government published a discussion paper on *Reducing the impacts of plastics on the Victorian environment*,⁵⁵ refers to the 'environmentally friendly' plastic alternatives to plastic items like bags, coffee cups and cutlery that are becoming increasingly common. The paper suggests that 'environmentally friendly' plastic products are often labelled as degradable, biodegradable and compostable and that these alternatives are not always as environmentally friendly as they appear. They can present similar entanglement and ingestion risks to marine animals as typical plastic items and, if sent to landfill, can produce methane, a potent greenhouse gas.

The terminology and explanation describing the difference between biodegradable, compostable and degradable varies but in general terms can be described as follows:⁵⁶

Biodegradable: something is biodegradable when living things, like fungi or bacteria can break it down. Biodegradable plastics are made from plant-based materials like corn and wheat starch rather than petroleum and break down into organic material and water over time and under certain conditions (e.g. temperatures above 50°C).

Compostable: A subset of biodegradable plastic, compostable plastics are generally made from plant material that return to base organic components when processed under certain conditions such as those provided in a commercial composting environment operating in accordance with Australian Standards (AS 4736- 2006).

Degradable or 'oxo-degradable': Chemical additives used in the plastic allow the product to break down quicker than a standard plastic product usually would. The additives are designed to promote the oxidation of the material to the point where it embrittles and fragments into tinier and tinier pieces of plastic (microplastic). This may then be followed by biodegradation by bacteria and fungi at varying rates depending upon the environment. A recent study for the European Commission (EC) casts doubt on whether in practice these plastics biodegradable fully or within reasonable time periods.⁵⁷ A clear find from the EC study was these plastics were prohibited from biodegradation if the plastic is not first exposed to UV radiation (and, to a certain extent, heat). In these circumstances biodegradation will either not take place (it will behave as a conventional plastic) or it will be slowed significantly.⁵⁸

Compostable bags are becoming increasingly useful for collecting food scraps. Confusingly however, many products labelled as 'compostable', including bags, only decompose fully in commercial composting facilities, and cannot be effectively composted at home.

Biodegradable, degradable and compostable plastics can contaminate other plastic waste collected for recycling, and vice versa, as these are not always easily identifiable or easy to separate out.

The Western Australian (WA) government concluded that consumers, recyclers, composters and local governments are unable to distinguish biodegradable plastics from conventional plastics⁵⁹ and has banned all single-use plastic bags up to a thickness of 35 microns.⁶⁰

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21 February 2019

Turning the Tide on single-use plastic products
Environment Protection Authority
GPO Box 2607, Adelaide SA 5001

Dear Sir/Madam,

RE: Turnig the tide on single-use plastic products Discussion Paper

The East Waste Board congratulate the South Australian Government on taking the leadership to commence discussion as to how we can negate the impacts associated with single use or throwaway plastic products. 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 11.5 million kerbside bin collections every year. East Waste has long been involved in the waste industry with our origins commencing over 90 years ago in 1928.

Individual responses are provided below to the questions posed within the Discussion Paper.

1. Do you consider single-use plastic products are causing environmental problems?

Without doubt there are a number of single-use plastic products that are causing a number of environmental problems and there is significant evidence in literature and through KESAB annual Litter Counts which supports this. The environmental damage occurs as a result of direct littering habits, but also unintended littering, with material escaping household and public place waste bins, transport processes, community events, poorly managed sites, transfer stations, processing facilities and landfills.

2. What do you consider to be the most important problem associated with single-use plastic products that needs to be addressed?

Addressing the problem holistically, we need to minimise the volume of material being produced and legislate suitable alternatives. As a result of the ease and low cost of single use plastics, typically from overseas there is no incentive for industry to investigate alternate options. As a generalisation industry will not move on eliminating single use plastic products in the absence of a legislative intervention. It is doubtful that consumer purchasing choices will be sufficient to drive change and without either mandatory phasing out of single use plastics or a levy on single use plastics this issue will continue.

Plastic bags

3. *What are your views on extending South Australia's ban on lightweight single-use shopping bags to include thicker plastic bags? What would be the consequences of such action for community, businesses and the environment?*

Overall the South Australian community has adapted well to the ban on single-use lightweight bags, however anecdotal evidence from grocery shopping would suggest that the use of reusable bags is low overall and highly variable. This potentially suggests the 'levy' on the heavier plastic bags is not sufficient to drive the required human behavior change; people have simply replaced the use of light plastic bags with heavier ones.

East Waste supports expanding the scope of bags included under the current 'ban.' Prior to placing a ban on the thicker plastic bags, there needs to be a range of suitable alternatives, extensive consultation with the retail and waste sector and a clear understanding of the intended objectives. It is East Waste's view that biodegradable bags should not be considered as an option. It is arguable that biodegradable plastic serves no increased environmental benefit than normal plastic. Investigation and promotion of compostable bags, which can be disposed of via kerbside collected green organics collections or home composting systems and other alternatives, that drive a local circular economy, such as paper bags, are the only viable considerations.

4. *Should all checkout bags and produce bags (i.e. for grocery items) be made from compostable (Australian Standard 4736-2006) material? What would the impacts be for retailers, consumers and industry? Would there be demand and flow-on benefits in establishing new industry to produce compostable bags here in SA?*

As a founding principle, East Waste strongly advocates for all checkout bags to be made from compostable material, subject to further research and a financial analysis being undertaken on the viability of implementation.

Mandating that all produce bags are compostable should occur as soon as possible. East Waste Member Councils currently spend in excess of \$200,000 per year on providing compostable bags for residents to recycling food organics in the household. If these bags replaced plastic supermarket produce bags, significant reductions in plastic could be achieved along with the ability for Council to implement waste education/savings and/or divert the funds to other beneficial community programs. Additionally it would assist in the education and behavior change of the community around food scraps and the preferred disposal option for them.

It is imperative that the community are educated on the difference between compostable, biodegradable and degradable plastic bags so they are recycled appropriately. The clear identification and labelling of compostable bags is critical in this process. With compostable bags now being produced in Adelaide, it is a safe assumption that expansion of the industry will occur.

5. *What do you do with biodegradable, degradable or compostable bags once you have finished using them? What do you think about the idea of banning lightweight single-use shopping bags even those made from biodegradable, degradable or compostable substances, as has been proposed in other Australian jurisdictions?*

While addressing the situation holistically would result in an outright ban of all single use plastics bags, regardless of the polymer used to produce them, a cautious approach needs to be taken in order to ensure perverse outcomes are not created. East Waste believes legislating that single use plastic bags are compostable, thus allowing them to be appropriately recycled is the preferred middle ground.

Straws, coffee cups and other items

6. *Do you think South Australia should introduce measures to address items such as single-use plastic straws and plastic-lined takeaway coffee cups? What other single-use plastic items or single-use products would you like to be considered for possible government intervention?*

East Waste supports the investigation into additional single-use plastic items being banned, where there is an environmentally sustainable option available. In circumstances where there is no option, consideration of an 'environmental levy' or the like, which is applied in some overseas jurisdictions should be investigated. All plastic lined beverage containers (eg. Milkshake and soft drink containers) should be considered in the ban, not just coffee cups. Banning of expanded polystyrene (EPS) foam should be included. While it is possible to recycle, the input costs and logistics of recycling make the product extremely difficult for sufficient quantities to be collected and processed and alternative options already exist.

Excluded items

7. *What are your views on the list of items excluded (see page 30) and do you think there are others that do not require additional action or should be exempt from possible government intervention, and why? Are there exclusions that should be included? Why?*

East Waste supports the list of excluded items as detailed on page 30 in order to keep the scope of the items manageable and to effect change in a timely efficient manner.

Labelling

8. *Do you think that labelling describing how to recycle or dispose of a product, or parts of the product is helpful to consumers? For which products would better product labelling enable better disposal?*

Without doubt improved labelling is required to assist the community to better understand the recyclability of products they purchase. Rather than looking at targeting specific products, investment needs to be made in a consistent national labelling scheme.

Business, retailers, manufacturers and importers

9. *If you are a South Australian based manufacturer or importer of any of the single-use plastic products mentioned in this discussion paper, what are your views on this topic? Do you have access to alternatives? Are there cost impacts that need to be considered as part of this discussion?*

Not applicable.

10. *If you are a retailer or business that sells, offers or provides single-use plastic products mentioned in this discussion paper, what are your views on this topic?*

Not applicable

Community

11. *As a consumer of single-use plastic products mentioned in this discussion paper, what are your concerns? What would you like to see done to address the problem(s) or concern(s)?*

Plastic is an important and now imperative material in the modern world. However the accessibility, low cost and proliferation of its use, coupled with the lasting destructive impacts it has on the world's flora, fauna and ecosystems means that measures need to be taken to minimise its use to those areas where sustainable alternatives are not available. History shows that this will not occur at a sufficient level to enact meaningful change without legislative intervention.

12. *Do you think government intervention is required in relation to single-use plastic products or other single-use items? If so, what type and in what timeframe?*

As mentioned previously in this response, East Waste is of the view that Government intervention will be required in order to enact meaningful change. This needs to occur as soon as possible, noting that dedicated community awareness and in many cases ensuring that appropriate feasibility studies are undertaken to ensure the changes are effective and free of perverse outcomes, needs to be undertaken first.

13. *Do you think that restricting the sale or supply of some single-use plastic or other single-use products for which there are more sustainable alternatives available is a good idea?*

As previously detailed throughout this response, East Waste supports this approach.

Once again thank you for providing East Waste with the opportunity to provide input into the discussion on single-use plastics. East Waste would encourage the State Government to proactively continue this conversation and progress rapidly to effect real change and continue to demonstrate South Australia's waste leadership. East Waste as a key resource manager and educator in the Adelaide market looks forward to remaining involved and partnering with the State Government where possible to assist with the implementation. Should you wish to discuss any element of this submission further, please don't hesitate to contact East Waste's General Manager, Rob Gregory on 0417 466 929 or rob@eastwaste.com.

Yours sincerely,

BRIAN CUNNINGHAM
CHAIRMAN

7.5: ENVIRONMENT PROTECTION AUTHORITY LICENCE FEE INCREASE RESPONSE

REPORT AUTHOR: General Manager

ATTACHMENTS: A: EPA Response to East Waste submission

Purpose of the Report

To provide the Board with a copy of the response from the Environment Protection Authority (EPA) in response to the submission by East Waste on the EPAs Cost Recovery Proposal.

Background

The Environment Protection Authority (EPA) advised in late 2018 they are required to make savings in the 2018-19 budget and as such were seeking to recover a further \$300,000 through increasing the licensing fees of resource recovery facilities and transfer stations.

It was felt the approach by the EPA to address this shortfall was poor and as such the East Waste Board at the 13 December 2018 meeting resolved:

7.4 ENVIRONMENT PROTECTION AUTHORITY LICENCE FEE INCREASE SUBMISSION

Moved Mr Barone that the Board endorses the letter, as amended and presented in Attachment B, be signed by the Chair and sent to the Minister of Environment and Water.

Seconded Cr Ashby

Carried

Report

On the 17 January 2019, East Waste received a generic email response from the Environment Protection Agency (refer Attachment A), which did not address any of the specific points raised within the East Waste submission. To date no further correspondence has been received.

The contempt nature of the response is disappointing given the time and resources invested by East Waste (and no doubt the other submitting parties) in making a submission.

RECOMMENDATION

That the Board notes the Environment Protection Agency's response to East Waste's submission on proposed licence fee increases and instructs the General Manager to undertake further activity as required.

From: [Bellette, Kathryn \(EPA\)](#)
To: [a.faulkner@nawma.sa.gov.au](#); [matt.size@arr.net.au](#); [steve.bourne@nlc.sa.gov.au](#); [marina.wagner@frwa.com.au](#); [jmcathur@ahc.sa.gov.au](#); [Stephen.smith@lga.sa.gov.au](#); [emily.heywoodsmith@lga.sa.gov.au](#); [diana@aora.org.au](#); [Peterw@peatsoil.com.au](#); [gayle@wmaa.sa.asn.au](#); [john@kesab.asn.au](#); [l.maxwell@ahrwma.com](#); [ceo@upperspencergulf.com.au](#); [Rob Gregory](#); [gsanford@victor.sa.gov.au](#); [jfairweather@resourceco.com.au](#); [chris@wrisa.com.au](#); [pa@kicouncil.sa.gov.au](#)
Cc: [Nairn, Tiana \(EPA\)](#); [Sergi, Steven \(EPA\)](#); [Glover, Heidi \(EPA\)](#)
Subject: FW: Cost recovery measures - communication to submitters - your views [DLM=For-Official-Use-Only]
Date: Thursday, 17 January 2019 1:17:41 PM
Attachments: [image001.gif](#)
[image002.gif](#)

For Official Use Only

Dear Submitter

Thank you very much for your thoughtful contribution regarding proposed changes to licence fee requirements for resource recovery facilities.

Fifteen written submissions were received in total following the consultation process. Ten of the submissions received were from local government, including the Local Government Association and several waste authorities. Five submissions were received were from or on behalf of industry operations.

A number of key topics were evident in the submissions as follows:

- The notice given and engagement regarding potential fee changes is appreciated.
- Increased costs for resource recovery facilities is seen as undermining the Government's desire to increase resource recovery and will slow transition to a circular economy.
- Rather than increasing licence fees, the EPA should achieve internal savings by directing less surplus back to the consolidated account or additional waste levy monies should be drawn upon – particularly noting levy increases in recent years and levy surplus return requirements.
- Any increases in licence fees will need to be passed onto customers, including increased costs for local government and hence ratepayers.
- Any fee increases needs to be finalised early to support forward planning and budgeting, including for operators who may be indirectly affected by increases as customers.
- The timing of the proposed increases is at a time of particular financial hardship in the resource recovery sector as a result of China National Sword and related policy changes, despite the improvements that should arise over time with the Government's China Sword package.
- Some suggested that perhaps there could be exclusions, discounts or other incentives for material recovery facilities that provide a significant public benefit.
- No other comments were received on the proposed model for increasing fees.
- Insofar as fee increases are pursued, further information should be shared on how the EPA is investing its resources to support reforms and compliance activity in the waste sector.

These views are being considered in the context of the EPA working to a cost recovery model, where licence fees for activities are to reflect the regulatory effort associated with that type of activity.

The licence fees for resource recovery and transfer activities do not currently reflect the level of effort involved and hence are being cross-subsidised by other fees. EPA regulatory effort allocated to the waste and resource recovery sector includes assessing and regulating sites and their potential impacts (eg odour, dust, noise, fire), determination of material status and appropriate management practices for these, assessment of novel materials proposed for recovery, and strong contributions to state and national policy work to help support sector stability, innovation and growth.

This cost recovery approach is applicable for the waste and resource recovery sector as well as for other industries. By comparison, the waste levy collected is a policy tool for promoting resource recovery and other Green Industries Fund objectives.

We will be in contact with a response to your submissions, including a draft schedule of licence fees for 2019-2020 as soon as possible, noting Government approval is required.

Kind regards

Kathryn

Kathryn Bellette

Director Strategy and Assessment

Environment Protection Authority
Work Phone (08) 820 41967 Mobile 0437 221 244
211 Victoria Square Adelaide 5000

7.6: AUDIT IMPLEMENTATION PROGRESS REPORT

REPORT AUTHOR: General Manager
ATTACHMENTS: Nil

Purpose of the Report

To provide the Board with an update on the implementation progress of recommendations from the Accounts Payable and Payroll Audits undertaken in early 2018.

Background

At the meeting held 26 April 2018, the East Waste Board resolved:

7.2 PAYROLL & ACCOUNTS PAYABLE AUDIT

Moved Cr Busato that the Board recommend:

1. *That the Accounts Payable Internal Audit, as detailed in Attachment A, and the Payroll Internal Audit as detailed in Attachment B, along with the Management Responses are received, noted and implemented.*
2. *Requests that Management undertake a further audit in 12 months to determine the efficacy of the findings implemented and review of any new or emerging risks.*
3. *Management provide a progress report at future meetings on the status of Audit actions implementation.*

Seconded Mr Di Iulio

Carried

Members are referred to this report for a detailed list of the Recommendations.

Report

Dean Newberry & Partners developed 15 recommendations, of varying risk across the two audits. East Waste commenced addressing these immediately and at the time of writing the summary status of Recommendations is listed in Table 1. A summary of status of the actions, relative to their risk rating status is contained within Table 2. Of note, all High Risk recommendations have either been completed or commenced.

A number of Activities have progressed since the last report and the tables now include a Target Completion Date for each action. Central to the completion of the remaining activities is the finalisation of MYOB automation functions and implementation of a compliant Records Management System.

Table 1: Audit Recommendation Status Summary

Status	No.
Completed	8
Commenced	6
Not Started	1

Table 2: Audit Recommendation Status Summary by Risk Rating

Status	High	Moderate	Low	N/A
Completed	4	3	0	1
Commenced	3	0	3	0
Not Started	0	1	0	0

Specific detail on the implementation status of each recommendation is contained with Table 3 – Accounts Payable and Table 4 – Payroll.

Table 3: Accounts Payable Recommendations Implementation Status

No.	Recommendation	Residual Risk Rating	Implementation Status	Target Completion Date	Notes
5.1	Update Purchase of Goods & Services Policy	High	Completed		Endorsed at Feb 18 Board Meeting
5.2	Retention of Suppliers Quotes	High	Commenced	June 2019	Temporary system established. Implementation of compliant Records Management System listed as a target in the 2018/19 Annual Plan
5.3	Accounts Payable Role	High	Commenced	May 2019	Procedures being developed.
5.4	Controls over changes to supplier bank details	Moderate	Completed		Procedure to be developed to ensure validity of requested change.
5.5	Periodic reconciliation of the sub ledger to the General Ledger	Low	Commenced	April 2019	Action carried out, formal procedure to be developed.
5.6	Removal of unused suppliers for the database	Low	Commenced	March 2019	Procedure to be developed to ensure cleansing process undertaken every 2 years

Table 4: Payroll Recommendations Implementation Status

No.	Recommendation	Residual Risk Rating	Implementation Status	Target Completion Date	Notes
5.1	Documented Policies and/or Procedures for Payroll	High	Commenced	May 2019	Policies and Procedures being written in line with the implementation of new payroll system
5.2	No evidence of review of the daily sign in/out sheets	High	Completed		New electronic payroll system records start and finish times, and are audited on a weekly basis as part of payroll process and cross checks with GPS system
5.3	Payroll Officer role	High	Completed		Two staff currently trained (increase of one from time of audit). Additional staff member to be trained following completion of 5.1. Accounting consultant available if needed.
5.4	Transition to Single Touch Payroll	High	Completed		
5.5	Response to errors identified by the Administration	Moderate	Completed		Historical errors identified and addressed. New payroll system significantly reduces likelihood and implementation of 5.1 ensures consistent ongoing approach.
5.6	Transition to electronic employee sign in/out system	Moderate	Completed		New payroll system implemented
5.7	Security of employee personnel files	Moderate	Not started	June 2019	Implementation of compliant Records Management System listed as a target in the 2018/19 Annual Plan
5.8	Employee Deductions (Social Club)	Low	Commenced	April 2019	Account to be wound up within 6 months
5.9	Future expiration of Workplace Agreement (Drivers) - ensure funding for external support	N/A	Completed		Support sourced and supplementary finding allocated if needed.

RECOMMENDATION

The Board notes the implementation status of the 2018 Accounts Payable and Payroll Audit recommendations.

7.7: Annual Plan Progress Report

REPORT AUTHOR: General Manager

ATTACHMENTS: A: Annual Plan Implementation Summary

Purpose of the Report

To provide the Board with an update on the implementation of the activities endorsed in the 2018/19 Annual Plan.

Background

Nil

Report

The attached matrix provides a snapshot update as to the progress of the Annual Plan activities.

This is a standing item on the Board Agenda.

Recommendation

That the report be received and noted.

Attachment A –Annual Plan Implementation Summary Matrix

Activity Code	Activity	10YR Business Plan Link	Metric	STATUS
G1	Collective Workplace Agreement	2.3.2	Commission Approved Enterprise Agreement by 30 August 2018	Completed. Approval by SA Employment Tribunal Commissioner granted.
G2	Implementation of a compliant Records Management System	2.3	<i>State Records Act 1997</i> Compliant Records Management System integrated into business activities	Systems investigation commenced.
G3	Review all Policies & Procedures	2.3	Up to date Polices & Procedures Register	Commenced – Summary table Developed
G4	Implementation of 2017 Risk, Payroll & Accnts Payable Actions	2.3.3	All actions addressed	Underway - refer Report 7.6
OM1	Continue & expand Existing Core Services	1.3, 2.4.1	Expansion of existing Service Provisions	Ongoing – Since 1 June 2018 have added, NPSP Second Bin Permits, AHC Second Bin Permits & AHC Business Collections – Stirling.
OM2	Develop Service Level Agreements for all Councils & Services	2.4.2	Implementation of 7 full Member Council Service Level Agreements	Commenced.
OM3	Establish Key Performance Indicators and Reporting Framework	2.4.3	Suite of KPIs and reporting framework established	Commenced – Consultant and system identified.
OM4	China Sword: Local Government Response & Opportunities	2.4.5	Range of opportunities identified and updates provided to Board	Ongoing. Work through GISA Education Program, Subsidiary Heads Working Group & WMAA
OM5	Alternate Fuels/Power Option	2.4.7.1.	Report identifying preferred options and costing	Draft report received
OM6	Purchase of replacement RACVs	2.4.7	Purchase of replacement vehicles in accord with AMP	RFT drafted for release in March
OM7	Waste Disposal Opportunities	2.4.5	Business case presented to Board	To be incorporated into the Kerbside Services Education and Innovation Action Plan.
OM8	Review feasibility of Bin Sensor technology	2.4.6.4	Feasibility Report Undertaken	Commenced and report to be presented to participant Councils by March 2019.

Activity Code	Activity	10YR Business Plan Link	Metric	STATUS
C2	Pilot Education Program focusing on greater utilisation of acquired technologies	2.5.2	Development and implementation of pilot Behaviour change program	To be incorporated into the Kerbside Services Education and Innovation Action Plan.
C3	Present benefits of EW Customer Service Software	2.5.1	Presentation to key Member Council staff	Not started.
C4	Undertake a Customer Service Improvement Program	2.5.2	Implementation of formalised systems and processes to deliver consistent messaging	Ongoing – key training completed and material developed.
WS1	Independent Truck Fleet Audit	2.6.2	All trucks audited and identified issues corrected	Completed.
WS2	Refinement of Hazard & Risk Register	2.6	Revised and up to date Risk and Hazard Registers	Commenced.
WS3	Establishment of more detailed reporting and trends of Incidents	2.6.1	Suite of KPIs and reporting framework established	Not started. – to be completed in conjunction with Service Level Reviews
FM1	Establishment of Budget Framework	2.7.1	Endorsed Budget Framework ready for F20	Completed & endorsed by Board.
FM2	Review of 10Yr Business Plan	10 Y BP	Endorsed 10 Year Plan	Commenced.
FM3	Procurement of Kitchen Caddies & Biobags	2.4.1	Compliant contract established	Not started