



**EASTERN WASTE MANAGEMENT AUTHORITY  
ORDINARY BOARD MEETING**

**Thursday 20 June 2019**

Notice is hereby given that a meeting of The Board of the Eastern Waste Management Authority will be held at the Mayor's Parlour, City of Norwood, Payneham & St Peters, 175 The Parade, Norwood, on Thursday 20 June 2019 commencing at 5:30pm.

A handwritten signature in blue ink, consisting of several overlapping 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 20 June 2019 commencing at 5:30pm,  
at the City of Norwood Payneham & St Peters, 175 The Parade, Norwood

1. PRESENT
2. APOLOGIES
3. CONFLICTS OF INTEREST
4. CONFIRMATION OF THE MINUTES

- RECOMMENDED:**
1. That the Minutes of the Eastern Waste Management Authority Ordinary Board Meeting held on Thursday 2 May 2019, be received confirmed, and adopted.
  2. That the Minutes of the Eastern Waste Management Authority Audit and Risk Management Committee Meeting held on Tuesday 11 June 2019, be received, confirmed and adopted.
  3. That the Minutes of the General Manager Performance Review Committee Meeting held on Tuesday 11 June 2019, be received, confirmed and adopted.

5. MATTERS ARISING FROM THE MINUTES
6. QUESTIONS WITHOUT NOTICE
7. REPORTS

- 7.1 *FINANCIAL REPORT – YEAR TO DATE (APRIL 2019)*
- 7.2 *2019 ANNUAL PLAN & BUDGET*
- 7.3 *EXTERNAL AUDITOR INTERIM AUDIT REPORT*
- 7.4 *AUSTRALIAN ACCOUNTING STANDARD (AASB) 16 LEASES*
- 7.5 *INTERNAL AUDIT IMPLEMENTATION PROGRESS REPORT*
- 7.6 *ANNUAL PLAN PROGRESS REPORT*
- 7.7 *RESPONSE TO EPA DRAFT ENERGY FROM WASTE POSITION STATEMENT*
- 7.8 *RESPONSE TO SOUTH AUSTRALIAN PARLIAMENTARY INQUIRY RECYCLING*
- 7.9 *GENERAL MANAGER SIX MONTH PERFORMANCE REVIEW ASSESSMENT*

**8. CONFIDENTIAL REPORTS**

- 8.1 *ANNUAL REVIEW OF CONFIDENTIAL ORDERS*
- 8.2 *APPOINTMENT OF INDEPENDENT CHAIRPERSON*
- 8.3 *KESAB CONTRACT*
- 8.4 *RFT 2019/02*
- 8.5 *CONTRACT UPDATE (VERBAL)*

**9. OTHER BUSINESS**

Nil

**10. NEXT MEETING OF THE BOARD**

The next Board Meeting is scheduled to be held on:  
Thursday 26 September 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 2 May 2019 at 5:31pm at the City of Norwood, Payneham & St Peters, 175  
The Parade, Norwood SA 5067

### 1. PRESENT

#### Directors:

Mr B Cunningham	Independent Chairperson
Cr L Green	Adelaide Hills Council
Cr G Piggott	City of Burnside
Mr A Wiguna	Campbelltown City Council
Cr R Ashby	Corporation of the Town of Walkerville
Mayor H Holmes-Ross	City of Mitcham
Mr M Barone	City of Norwood, Payneham & St Peters
Ms C Hart	City of Prospect

#### In Attendance:

Mr R Gregory	General Manager
Ms K Vandermoer	Finance & Executive Administration Officer
Mr J Jovicevic	Dean Newbery & Partners

### 2. APOLOGIES

Mr P Di Iulio	Campbelltown City Council
Mr S Raymond	Manager, Corporate Services

### 3. CONFLICTS OF INTEREST

Mr Cunningham declared a perceived conflict of interest in agenda item 8.1 due to his position as Chairperson of the Northern Adelaide Waste Management Authority.

Mr Jovicevic declared a perceived conflict of interest in agenda item 8.1 given that Northern Adelaide Waste Management Authority are a client of Dean Newbery & Partners.

### 4. CONFIRMATION OF THE MINUTES

Moved Cr Ashby

1. That the Minutes of the Eastern Waste Management Authority Special Board Meeting held on Monday 25 March 2019, be received confirmed, and adopted.

2. That the Minutes of the Eastern Waste Management Authority Audit and Risk Management Committee Meeting held on Wednesday 17 April 2019, be received, confirmed and adopted.

Seconded Cr Green

**Carried**

### 5. MATTERS ARISING FROM THE MINUTES

Nil

### 6. QUESTIONS WITHOUT NOTICE

Nil

### 7. REPORTS

#### 7.1 FINANCIAL REPORT - BUDGET REVIEW THREE

## **RECOMMENDATION**

Moved Cr Green that The Board notes, accepts and endorses the movements associated with the 2018/19 Budget Review Three report as presented.

Seconded Mr Barone

**Carried**

***Cr Piggott entered the meeting at 5:38pm.***

## **7.2 PRUDENTIAL REVIEW – COLLECTION VEHICLES**

### **RECOMMENDATION**

Moved Mr Barone that the Board:

1. Is satisfied that the Prudential Review – Replacement of Collection Vehicles 2019 – 2022 adequately documents the financial and other risks associated with the identified tender process, as per requirements of Section 48 of the Local Government Act 1999; and
2. Following review of the Prudential Review – Replacement of Collection Vehicles 2019 – 2022, authorises East Waste’s General Manager to undertake a Request for Tender process relating to a three (3) Supply Agreement for the Purchase of Collection Vehicles.

Seconded Mayor Holmes-Ross

**Carried**

## **7.3 AUDIT IMPLEMENTATION PROGRESS REPORT**

### **RECOMMENDATION**

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

Seconded Mr Barone

**Carried**

## **7.4 ANNUAL PLAN PROGRESS REPORT**

### **RECOMMENDATION**

Moved Cr Piggott That the report be received and noted.

Seconded Cr Green

**Carried**

***Mr Cunningham & Mr Jovicevic left the meeting at 5:41pm due to conflict of interest.***

Mr Gregory, General Manager, acknowledged that Mr Cunningham (Independent Chairperson) and Mr Di Iulio (Deputy Chairperson) were apologies for confidential item, and therefore no Chairperson was present. Nomination was sought for a Director to Chair the meeting.

Moved Cr Piggott that Cr Green chair the meeting.

Seconded Mr Barone

**Carried**

## **8. CONFIDENTIAL REPORTS**

### **8.1 PRUDENTIAL REVIEW – RECEIPT AND PROCESSING OF RECYCYCLABLES**

**RECOMMENDATION 1**

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

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

and the East Waste Board 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 Cr Ashby

**Carried**

*Ms Hart entered the meeting at 5:47pm.*

**RECOMMENDATION 3**

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

Seconded Mayor Holmes-Ross

**Carried**

*Mr Cunningham re-entered the meeting at 6:01pm.*

**9. OTHER BUSINESS**

Nil

**10. NEXT MEETING OF THE BOARD**

The next ordinary Board Meeting is scheduled to be held on Thursday 20 June 2019 at the City of Norwood, Payneham & St Peters at 5.30pm.

**11. CLOSURE OF MEETING**

There being no further business the meeting closed 6:02pm.

**DATE:** \_\_\_\_\_

**CHAIRPERSON:** \_\_\_\_\_



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

held on Tuesday 11 June 2019 at Chairman's Boardroom, 1101/147 Pirie Street, Adelaide

Meeting opened at 8:43am.

**1. PRESENT**

Mr B Cunningham	Independent Chairperson
Mr Tim Muhlhausler	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
Ms Kelly Vandermoer	Finance & Executive Administration Officer
Mr John Jovicevic	Dean Newbery & Partners

**2. APOLOGIES**

Mr Leigh Hall	Independent Member
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**3. CONFLICTS OF INTEREST**

Mr Cunningham declared a perceived conflict of interest in item 8.1, due to his role as Chairperson of Northern Adelaide Waste Management Authority.

Mr Jovicevic declared a perceived conflict of interest in Item 8.1, due to the fact that he & Dean Newbery & Partners also consult to Northern Adelaide Waste Management Authority.

**4. CONFIRMATION OF THE MINUTES – 17 APRIL 2019**

Moved Cr Piggott that the Minutes of the previous meeting held on Wednesday 17 April 2019 be received and noted.

Seconded Mr Muhlhausler

**Carried**

**5. MATTERS ARISING FROM THE MINUTES**

Nil

**6. QUESTIONS WITHOUT NOTICE**

Nil

**7. STAFF REPORTS**

**7.1 FINANCIAL REPORT – YEAR TO DATE (APRIL 2019)**

**RECOMMENDATION**

Moved Mr Muhlhausler that the Committee recommend that the Financial Report – Year to Date (April 2019) is received and noted.

Seconded Mr Barone

**Carried**

## **7.2 DRAFT 2019/20 ANNUAL BUSINESS PLAN & BUDGET**

### **RECOMMENDATION**

Moved Mr Muhlhausler

1. That the Audit & Risk Management Committee recommends the draft 2019/20 Annual Business Plan and Budget to the Board for endorsement.
2. Administration develop a report reviewing the current cash reserve level ahead of developing East Waste's long-term financial plan.

Seconded Cr Piggott

**Carried**

## **7.3 EXTERNAL AUDITOR INTERIM REPORT**

### **RECOMMENDATION**

Moved Mr Muhlhausler that the Committee note and receive the Report.

Seconded Mr Barone

**Carried**

## **7.4 AUSTRALIAN ACCOUNTING STANDARD (AASB) 16 LEASES**

### **RECOMMENDATION**

Moved Mr Muhlhausler that the Committee:

1. Note the application of Australian Accounting Standard (AASB) 16 Leases to the East Waste business; and
2. The impact that applying the standard has made to East Waste's total operating expenses for FY2020.

Seconded Cr Piggott

**Carried**

## **7.5 AUDIT IMPLEMENTATION PROGRESS REPORT**

### **RECOMMENDATION**

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

Seconded Mr Muhlhausler

**Carried**

## **8. CONFIDENTIAL REPORTS**

*Mr Cunningham left the meeting at 9:30am.*

*Mr Jovicevic left the meeting at 9:30am.*

### **8.1 CONTRACT UPDATE (VERBAL)**

Mr Gregory provided the Committee with a verbal update regarding the progress of East Waste's recycling contract.

*Mr Cunningham returned to the meeting at 9:33am.*

## **9. OTHER BUSINESS**

Nil



**10. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

The next Audit and Risk Management Committee Meeting is to be held on Tuesday 17 September, 2019, commencing 8:30am, at the Chairman’s Boardroom – 11/147 Pirie Street, Adelaide.

**11. CLOSURE OF MEETING**

There being no other business the meeting closed at 9:34am.

**PRESIDING MEMBER**

\_\_\_\_\_

**DATE**

\_\_\_\_\_



**MINUTES OF THE MEETING OF THE  
GENERAL MANAGER PERFORMANCE DEVELOPMENT AND REVIEW COMMITTEE  
OF THE EASTERN WASTE MANAGEMENT AUTHORITY**

held on Tuesday 11 June 2019 at Chairman’s Boardroom, 1101/147 Pirie Street, Adelaide

Meeting opened at 9:41am

**1. PRESENT**

Mr Brian Cunningham	Independent Chairperson
Ms Cate Hart	City of Prospect
Mr Mario Barone	Committee Member

**IN ATTENDANCE**

Mr Rob Gregory	General Manager
Ms Kelly Vandermoer	Finance & Executive Administration Officer

**2. APOLOGIES**

Nil

**3. CONFLICTS OF INTEREST**

Nil

**4. CONFIRMATION OF THE MINUTES – 28 JUNE 2018**

Nil

**5. MATTERS ARISING FROM THE MINUTES**

Nil

**6. QUESTIONS WITHOUT NOTICE**

Nil

**7. REPORTS**

**7.1 2019 GENERAL MANAGER SIX MONTH PROGRESS REPORT OF KEY PERFORMANCE GOALS, MEASURES AND TARGETS**

*Mr Gregory left the meeting at 10:08am.*

*Miss Vandermoer left the meeting at 10:08am.*

*Mr Gregory returned to the meeting at 10:16am.*

*Miss Vandermoer returned to the meeting at 10:16am.*

**RECOMMENDATION**

Moved Ms Hart that the Committee having reviewed, considered and discussed the six-month performance assessment of the General Manager’s Key Performance Indicators Report, recommends the revised report for presentation to the East Waste Board.

Seconded Mr Barone

**Carried**

**8. CONFIDENTIAL REPORTS**

Nil

**9. OTHER BUSINESS**

Nil

**10. NEXT MEETING**

The next General Manager Performance Review Committee is to be held on:  
17 September 2019 (indicative)

**11. CLOSURE OF MEETING**

There being no other business the meeting closed at 10:18am.

**PRESIDING MEMBER** \_\_\_\_\_

**DATE** \_\_\_\_\_

## 7.1: FINANCIAL REPORT – YEAR TO DATE (April 2019)

**REPORT AUTHOR:** General Manager

**ATTACHMENTS:** Nil

### Purpose of the Report

Provide the Board with an overview of East Waste’s financial performance for FY2019 up to period ending 30 April 2019.

### 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 revised BR3 Adopted Budget forecast an end of Year Operating deficit of \$20,056. While there are still a number of unknown elements for the remaining two months of the financial year, the Administration is confident of achieving an Operating Result in line with the BR3 adopted forecast.

The key risks and material budget items are being closely monitored and tracked by the Administration. Table 1 summarises the material cost drivers being monitored and an update on the Year to Date result against full year Budget as at 30 April 2019 (refer Table 1).

**Table 1: Key Budget Item Year to Date and End of Year Forecast**

Item	YTD Actuals (as at 30/04/2019)	Remaining Budget (01/05/2019 – 30/06/2019)	Notes
Recycling Processing Fee	\$1.467M	\$0.292M	Sufficient funds exist to cover all budgeted and anticipated recycling processing fees. May & June are typically low volume generating months.
Fuel, Gas & Oil	\$1.137M	\$0.252M	Based on existing fuel prices, expectation is the remaining funds will be insufficient to cover actual costs, by approximately \$5,000-\$20,000.
Maintenance - Vehicles	\$1.126M	\$0.294M	End of Year is projected to come in under budget, subject to no significant breakdowns in the remaining 2 months.
Wages & Salaries (incl. Casual Staff)	\$4.529M	\$0.940M	Total Wages and Salaries, inclusive of Superannuation is projected to come in just under remaining budget. A continuation of a heightened use of personal leave, as experienced in past fortnight, due to viruses and Influenza A, could significantly alter this result.

The Year to Date Financial Report was presented to the June Audit and Risk Committee and endorsed for presentation to the Board.

### RECOMMENDATION

**The Board endorse the Financial Report – Year to Date (April 2019).**

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**7.2: DRAFT 2019/20 ANNUAL BUSINESS PLAN & BUDGET**

**REPORT AUTHOR:** General Manager  
**ATTACHMENTS:** A: Draft 2018/19 Annual Plan  
B: Member Council Consent  
C: Response to NPSP Budget Framework Concern

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**Purpose of the Report**

To provide the Board with an update and opportunity for final review of the draft 2019/20 Annual Plan and Budget.

**Background**

Section 51 of the Eastern Waste Management Authority Charter requires the Authority to have an Annual Plan which supports and informs its Budget. At the meeting held 21 February 2019, the East Waste Board resolved:

***Moved Mr Di Iulio that the Board:***

- 1. Endorse the 2019/20 Annual Plan and associated draft budget and proposed Member Council Fees, with the inclusion of a 1% operating surplus.*
- 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.*

***Seconded Cr Piggott******Carried***

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

**Report**

The 2019/20 Annual Report and F20 budget is presented in full in Attachment A.

Feedback from Member Councils on the draft Annual Plan and budget (fees) has largely been positive (refer to Attachment B for a copy of Member Council consent letters), however, the City of Norwood, Payneham & St Peters (NPSP) has raised concern with the application of the Budget Framework Policy (refer Attachment B5) and sought clarification on the Authority targeting a surplus. NPSP have urged the Authority to not adopt the strategy of seeking to achieve an operating surplus. A response clarifying the matter has been provided (refer Attachment C).

The City of Prospect offered valued advice (Refer Attachment B6) around the Performance Metrics (refer page 11 of Attachment A) and these have been applied in order to improve the metric and outcome sought. No changes to the key activities for delivery have occurred.

The Audit and Risk Committee at the June meeting discussed the above matters and resolved to recommend the draft 2019/20 Annual Business Plan and Budget to the Board for endorsement. Additionally, the Committee recommended a separate piece of work be undertaken ahead of the review of the Long-term Financial Plan which assesses the most appropriate cash reserve level to be held by East Waste.

The unknown and unpredictable nature of fuel prices remains as an outstanding concern for the F20 budget. The application of CPI to the average year-to-date fuel price is felt by Administration to be too conservative and likely to result in an under-allocation of budget. In real terms, every \$0.05 increase in the fuel price above the budgeted figure results in approximately \$5,000/month impact on the budget. The average Adelaide wholesale Diesel price over the past month has consistently been \$0.03 - \$0.05 above the F20 budgeted rate. If this price was to remain consistent for the next 12 months (highly unlikely with further rises predicted) this alone would reduce the operating surplus by 30-50%.

The introduction of Australian Accounting Standard (AASB) 16 Leases, applicable from 1 July 2020, will impact the draft budget with the revised figures implemented at Budget Review One. As described in further detail at Agenda Item 7.4, all operating leases will now be required to be recorded on the Balance Sheet via the recording of a lease liability and a 'right-of-use' asset. As a result of applying the new standard, East Waste is estimated to increase its operating costs in FY2020 by \$43,309, thus necessitating the amendment to the draft budget.

### **RECOMMENDATION**

#### **That the Board:**

- 1. Endorses the draft 2019/20 Annual Business Plan and Budget as presented in Attachment A; and**
- 2. Requests Administration to develop a report ahead of the review of the Long-term Financial Plan which assesses the most appropriate cash reserve level to be held by East Waste in order to ensure its financial security.**

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

## 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  Actions	4 Year Delivery Plan				10 Year Business Plan					
	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
<b>Action 1:</b> 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									
<b>Action 2:</b> 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
<b>Action 3:</b> 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									
<b>Action 4:</b> East Waste to prepare SLA's for Member Councils within 12 months. *	X									
<b>Action 5:</b> East Waste to establish operations KPIs as per <b>Table 3</b> within 12 months. KPIs to be reported monthly to Member Councils once established. *	X	X	X	X	X	X	X	X	X	X
<b>Action 6:</b> 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									
<b>Action 7:</b> 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									
<b>Action 8:</b> 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						
<b>Action 9:</b> 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							
<b>Action 10:</b> 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
<b>Action 11:</b> 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							
<b>Action 12:</b> 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								
<b>Action 13:</b> 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							
<b>Action 14:</b> 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
<b>Action 15:</b> 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								
<b>Action 16:</b> 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.



# 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 to ensure governance, legislative responsibilities and operational consistency is maintained.
G3	Review of Business Continuity Plan	2.3.3	Business Continuity plans are in place to minimise risk to service delivery.
OM1	Continue & Expand Existing Core Services	1.3 2.4.1	Expansion of existing Service Provisions are investigated and undertaken in a financially sustainable & beneficial manner to existing Member Councils.
OM2	Upgrade Fleetmax to Waste Track and computer hardware/cloud server	2.4.2	Systems installed to deliver optimal Customer Service and reporting capabilities.
OM3	Purchase of replacement RACVs	2.4.7	Replacement of collection vehicles in accord with AMP to ensure operational needs are met.
OM4	Waste Disposal Opportunities	2.4.5	Presentation to Member Councils of financially sustainable & environmentally responsible contract offer which meets their business needs.
C1	Continued implementation of 'Why Waste It?' Program	2.5.2	Rollout of <i>Why Waste It?</i> Campaign to complement statewide education and service the needs of Member Councils.
C2	Implementation of Kerbside Services Plan	2.5.2	Development of a long-term integrated behavior change Program, designed to reduce waste to landfill and contamination levels.
C3	Customer/Staff Satisfaction Survey	2.4.6.5 2.5.1	High Net Promoter Score (or similar metric) achieved with an increase in customer satisfaction rating regarding service delivery, timely response to opportunities and issues and appropriate reporting.
WS1	Independent Truck Fleet Audit	2.6.2	All trucks audited and identified issues corrected to ensure safe and compliant fleet.
WS2	Implementation of the 2019 Risk Management Evaluation Plan	2.3.3	All actions implemented in timely manner.
FM1	Review of Accounting Program	2.7.1	Sound financial services and systems in place.
FM2	Review of Long-term Financial Plan	2.7.2	LTFP is reviewed and KPIs met to ensure financial sustainability of East Waste and competitive service delivery for Member Councils.
FM3	Asset Evaluation Assessment	2.3.3	Assessment undertaken and actions implemented to ensure appropriate risk mitigation.

## 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).

Attachment 1

**EAST WASTE**

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

FY 2018		FY 2019 Proposed Budget (BR2)	FY2020 Proposed Budget
Audited Actuals		Budget (BR2)	Budget
\$'000		\$'000	\$'000
	<b>INCOME</b>		
12,689	User Charges	15,394	15,576
19	Investment income	30	30
15	Grants, subsidies and contributions	4	-
413	Other	613	676
<b>13,136</b>	<b>TOTAL INCOME</b>	<b>16,041</b>	<b>16,282</b>
	<b>EXPENSES</b>		
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
<b>13,469</b>	<b>TOTAL EXPENSES</b>	<b>16,076</b>	<b>16,145</b>
<b>(333)</b>	<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>(35)</b>	<b>137</b>
10	Asset disposals & fair value adjustments	15	-
<b>(323)</b>	<b>NET SURPLUS / (DEFICIT)</b>	<b>(20)</b>	<b>137</b>
-	Other Comprehensive Income	-	-
<b>(323)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(20)</b>	<b>137</b>

## Attachment 2

**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
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
1,376	Cash & Cash Equivalents	2,278	2,233
1,127	Trade & Other Receivables	412	412
-	Other Financial Assets	-	-
<b>2,503</b>	<b>TOTAL CURRENT ASSETS</b>	<b>2,690</b>	<b>2,645</b>
<b>NON-CURRENT ASSETS</b>			
6,165	Infrastructure, Property, Plant & Equipment	6,076	6,611
<b>6,165</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,076</b>	<b>6,611</b>
<b>8,668</b>	<b>TOTAL ASSETS</b>	<b>8,766</b>	<b>9,256</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
821	Trade & Other Payables	821	821
2,007	Borrowings	2,077	2,287
530	Provisions	600	640
<b>3,358</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>3,498</b>	<b>3,748</b>
<b>NON-CURRENT LIABILITIES</b>			
4,774	Borrowings	4,688	4,751
63	Provisions	62	102
<b>4,837</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,750</b>	<b>4,853</b>
<b>8,195</b>	<b>TOTAL LIABILITIES</b>	<b>8,248</b>	<b>8,601</b>
<b>473</b>	<b>NET ASSETS</b>	<b>518</b>	<b>655</b>
<b>EQUITY</b>			
473	Accumulated Surplus	518	655
<b>473</b>	<b>TOTAL EQUITY</b>	<b>518</b>	<b>655</b>

## Attachment 3

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

for the Financial Year Ending 30 June 2020

<b>FY 2018</b>		<b>FY 2019</b>	<b>FY2020</b>
<b>Audited Actuals</b>		<b>Proposed Budget (BR2)</b>	<b>Proposed Budget</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
12,400	Operating Receipts	16,725	16,252
20	Investment Receipts	30	30
<b>PAYMENTS</b>			
(5,548)	Employee costs	(5,396)	(5,545)
(5,808)	Materials, contracts & other expenses	(8,215)	(8,160)
(320)	Interest Payments	(395)	(390)
<b>744</b>	<b>NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES</b>	<b>2,749</b>	<b>2,187</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>RECEIPTS</b>			
11	Sale of Replaced Assets	15	35
<b>PAYMENTS</b>			
(1,887)	Expenditure on Renewal/Replaced Assets	(1,911)	(2,540)
-	Expenditure of New/Upgraded Assets	-	-
<b>(1,876)</b>	<b>NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES</b>	<b>(1,896)</b>	<b>(2,505)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>RECEIPTS</b>			
185	Capital Contributed by Member Councils	65	-
1,971	Proceeds from Borrowings	1,890	2,260
<b>PAYMENTS</b>			
(1,632)	Repayment of Borrowings	(1,906)	(1,987)
<b>524</b>	<b>NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES</b>	<b>49</b>	<b>273</b>
<b>(608)</b>	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>902</b>	<b>(45)</b>
<b>1,984</b>	<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1,376</b>	<b>2,278</b>
<b>1,376</b>	<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,278</b>	<b>2,233</b>

Attachment 4

**EAST WASTE**

**PROJECTED STATEMENT OF CHANGES IN EQUITY (BUDGET)**  
for the Financial Year Ending 30 June 2020

FY 2018		FY 2019 Proposed Budget (BR2) \$'000	FY2020 Proposed Budget \$'000
Audited Actuals			
\$			
611	<b>BALANCE AT END OF PREVIOUS REPORTING PERIOD</b>	473	518
(323)	Net Surplus / (Deficit) for Year	(20)	137
185	Contributed Equity	65	-
-	Distribution to Councils	-	-
<b>473</b>	<b>BALANCE AT END OF REPORTING PERIOD</b>	<b>518</b>	<b>655</b>

Attachment 5

**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	16,040	16,282
13,469	Expenses	16,075	16,145
<b>(333)</b>	<b>Operating Surplus / (Deficit)</b>	<b>(35)</b>	<b>137</b>
	<b>less Net Outlays on Existing Assets</b>		
<b>(1,887)</b>	Capital Expenditure on Renewal and Replacement of Existing Assets	<b>(1,911)</b>	<b>(2,540)</b>
1,767	Depreciation, Amortisation and Impairment	2,000	1,970
11	Proceeds from Sale of Replaced Assets	15	35
<b>(109)</b>		<b>104</b>	<b>(535)</b>
	<b>Less Net Outlays on New and Upgraded Assets</b>		
-	Capital Expenditure on New and Upgraded Assets	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-
-	Proceeds from Sale of Surplus Assets	-	-
-		-	-
<b>(442)</b>	<b>Net Lending / (Borrowing) for Financial Year</b>	<b>69</b>	<b>(398)</b>



28 March 2019

## ITEM 7.2 - ATTACHMENT B1

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

Dear Mr Gregory

### **East Waste Draft 2019/20 Annual Plan & Budget**

Thank you for your letter dated 26 Feb 2019, enclosing the East Waste Draft 2019/20 Annual Plan, budget and proposed fees.

I am pleased to advise that the following resolution was unanimously passed at the Council meeting held on 26 March 2019:

1. *That the report be received and noted.*
2. *That the East Waste draft 2019/20 Annual Plan be given consent*

The Council Members appreciated you taking the time to come along to the meeting on Tuesday evening.

If you would like to discuss any of the above, please contact John McArthur on 8408 0507 or by email to [jmcathur@ahc.sa.gov.au](mailto:jmcathur@ahc.sa.gov.au)

Yours sincerely

**Andrew Aitken**  
Chief Executive Officer

Hi Kelly

I can confirm that this matter was considered at the meeting held 30 April 2019 where Council resolved as follows:

**Regional Subsidiaries – Eastern Health Authority Quarterly Review and East Waste 2019/20 Annual Business Plan (13.3)**

**Motion**

C12050

1. That the Report be received.
2. That Council approve the Eastern Health Authority Second Budget Review for 2018/19, noting the revised Forecast result is a break even position.
3. **That Council approve the East Waste Management Authority draft 2019/20 Annual Business Plan noting the draft Budget result is a Surplus of \$137,000.**

Moved Councillor Cornish, Seconded Councillor Piggott

CARRIED UNANIMOUSLY

Kind regards

Rob



**Robert Dabrowski** | Principal Executive Officer  
City of Burnside | 401 Greenhill Road Tasmore SA 5065  
P: 08 8366 4205  
[RDabrowski@burnside.sa.gov.au](mailto:RDabrowski@burnside.sa.gov.au)  
[www.burnside.sa.gov.au](http://www.burnside.sa.gov.au)



Enq: Michelle Hammond  
Ph: 8366 9260

4 April 2019

## ITEM 7.2 - ATTACHMENT B3

Mr Rob Gregory  
General Manager  
East Waste  
PO Box 26  
MANSFIELD PARK SA 5012

Dear Mr Gregory

### Draft 2019/2020 Annual Plan and Budget

I refer to your correspondence dated 25 February 2019 and wish to advise that at its meeting held on Tuesday 2 April 2019 Council endorsed East Waste's Draft Annual Plan and Budget for the Year ending 30 June 2020 and noted Council's budgeted gain in its equity share in East Waste of \$22,850.

On behalf of Council, I would like to congratulate you on the efficiency gains that have been realised and incorporated into the 2019/2020 Budget.

If you have any queries please contact Council's Manager Finance, Mr Simon Zbierski on 8366 9289.

Yours sincerely

Michelle Hammond  
General Manager Corporate & Community Services

24 April 2019

Phone: 8372 8888



CITY OF  
MITCHAM

## ITEM 7.2 - ATTACHMENT B4

Mr Rob Gregory  
General Manager  
East Waste  
PO Box 26  
MANSFIELD PARK SA 5012

Dear Mr Gregory

### Re: East Waste 2019/2020 Draft Annual Plan and Budget

Following receipt of your letter dated 25 February 2019, Council has endorsed the following recommendation in relation to the East Waste 2019/2020 Draft Annual Plan and Budget at its Full Council meeting on the 23 April 2019:

*That Council consents to the East Waste 2019/2020 Draft Annual Plan and acknowledges the 2019/2020 East Waste Draft Budget.*

For further information please contact Council's Waste Management Officer, Ms Gemma Chambers, on telephone number 8372 8809 or email at [gchambers@mitchamcouncil.sa.gov.au](mailto:gchambers@mitchamcouncil.sa.gov.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read "Matthew Pears".

MATTHEW PEARS  
CHIEF EXECUTIVE OFFICER

Street Address:  
131 Belair Road  
Torrens Park SA 5062

Postal Address:  
PO Box 21  
Mitcham Shopping Centre  
Torrens Park SA 5062

Phone: (08) 8372 8888  
Fax: (08) 8372 8101  
[mitcham@mitchamcouncil.sa.gov.au](mailto:mitcham@mitchamcouncil.sa.gov.au)  
[www.mitthamcouncil.sa.gov.au](http://www.mitthamcouncil.sa.gov.au)

MITCHAM

File Number: S00045 (372840)  
 Enquiries To: Sharon Perkins  
 Direct Telephone: 8366 4533



**City of  
 Norwood  
 Payneham  
 & St Peters**

24 April 2019

Mr Rob Gregory  
 General Manager  
 East Waste  
 PO Box 26  
 MANSFIELD PARK SA 5012

Dear Rob

**DRAFT 2019-2020 ANNUAL PLAN**

Thank you for your letter dated 26 February 2019, in which you have requested the Council's consideration of the Draft East Waste Annual Plan and accompanying Draft 2019-2020 Budget.

I wish to advise that the Council considered the Draft Annual Plan at its meeting held on 1 April 2019.

The Council has noted that the Draft 2019-2020 Budget, is forecasting an Operating Surplus of \$137,000, which is based on the Authority's Budget Framework which seeks to achieve an Operating Surplus equal to 1-2% of Common Fleet Costs plus a breakeven cash position, to enable the Authority to meet its annual loan repayments.

It is the Council's understanding that the Authority's Draft 2019-2020 Budget has been developed on a Common Fleet Costing methodology, with Common Fleet Costs (which predominately relate to collection costs), being charged to Constituent Councils based on the cost to undertake the collection of the respective Council's waste streams. In addition, where a Constituent Council utilises East Waste for other services such as Contract Management Services (Disposal and Resource processing) and Waste Bin Maintenance, these services are on charged to the respective Constituent Council at cost.

Given the Council's understanding that services provided to Constituent Councils are on cost recovery basis (in fact the Charter requires East Waste to charge on a cost recovery basis), the Council has questioned and is seeking an explanation for the basis of the Authority's Budget framework target of budgeting for an Operating Surplus of between 1-2% of the Common Fleet Costs, which is recovered from Constituent Councils in-line with their respective Common Fleet percentage.

It is acknowledged that the Authority has proposed to utilise its cash reserves to finalise the East Waste Equity Loan, however as the Authority has advised that it has no further defined plans for the cash reserves, which are forecast to be in excess of \$2 million, it is questionable that the Authority should be seeking the Constituent Councils to make a contribution, through increased Common Fleet Costs over and above anticipated cost increases.

Subject to the explanation of why East Waste is seeking to achieve an Operating Surplus equal to 1-2% of Common Fleet Costs, the Council resolved to advise East Waste that pursuant to Clause 52 of the East Waste Charter, the City of Norwood Payneham & St Peters approves the Draft 2019-2020 Annual Plan.

175 The Parade  
 Norwood SA 5067

PO Box 204  
 Kent Town SA 5071

**Telephone**  
 8366 4555

**Facsimile**  
 8332 6338

**Email**  
[townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)

**Website**  
[www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



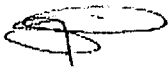
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Community Well-being is...  
 Social Equity  
 Cultural Vitality  
 Economic Prosperity  
 Environmental Sustainability

Notwithstanding this, the Council strongly urges East Waste to not adopt this strategy of seeking to achieve an Operating Surplus of equal to 1% to 2% of Common Fleet Costs. As East Waste would be aware, any additional charges which are passed onto the Constituent Councils (in addition to the cost recovery charges), must be recovered by the Council through its ratepayers. At a time when cost of living increases remain a strong focus and significant issue for households, every attempt must be made by East Waste to control unnecessary increases.

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

Yours sincerely



Sharon Perkins  
**GENERAL MANAGER, CORPORATE SERVICES**

Ref. CR19/17472

03 April 2019

## ITEM 7.2 - ATTACHMENT B6

Mr Rob Gregory  
 General Manager  
 East Waste  
 PO Box 26  
 MANSFIELD PARK SA 5012

Via email: [robg@eastwaste.com](mailto:robg@eastwaste.com)

Dear Rob

### ANNUAL PLAN AND BUDGET

Thank you for your letter of 25 February 2019 outlining the draft 2019/2020 Annual Plan and Budget.

The City of Prospect Council considered this at its meeting held on Tuesday 26 March 2019 and endorsed the Plan.

As discussed with you briefly following the Special Board meeting briefing held on 25 March 2019 at Walkerville, I wish to make the following suggestions in respect to some of the Performance Metrics:

G3: Review Business Continuity Plan	Business continuity plans are in place to minimise risk to service delivery
OM1: Continue and expand existing core services	Expansion of existing service provisions are investigated and undertaken in a financially sustainable manner
OM4: Waste Disposal Opportunities	Financially sustainable contract is in place to meet the business needs of member councils
C1: Continue implementation of 'Why Waste it?' Program	Community behaviour is changed with reduced waste to landfill by ** % and commensurate increase in recycling and green waste levels <i>(determined in conjunction with advice and board views)</i>

C2: Implementation of Kerbside Services Plan	Development of a long term integrated behaviour change program which results in reduction in waste to landfill and reduction in contamination by ** % <i>(determined in conjunction with advice and board views)</i>
C3: Customer/Staff Satisfaction Survey	High Net Promoter Score achieved with an increase in customer satisfaction rating regarding service delivery, timely response to opportunities and issues, appropriate reporting
FM1: Review of Accounting Program	Sound financial services are in place
FM2: Review of Long term Financial Plan	Long Term Financial Plan is reviewed and KPI's met to ensure financial sustainability of East Waste

I trust this will be of some assistance in finalising the Draft Annual Plan and I would appreciate your consideration of including these in the final Plan. If you wish to clarify any of the suggestions above please do not hesitate to contact me.

Yours faithfully



**Cate Hart**  
Chief Executive Officer



## ITEM 7.2 - ATTACHMENT B7



### The Corporation of the Town of Walkerville

ABN 49 190 949 882

66 Walkerville Terrace, Gilberton SA 5081

PO Box 55, Walkerville SA 5081

File Number: 5.64.1.1

Please Quote Ref: EM201946797

Contact Officer: Katy Bone, Group Manager Corporate Services

Telephone: (08) 8342 7100

Facsimile: (08) 8269 7820

Email: [walkerville@walkerville.sa.gov.au](mailto:walkerville@walkerville.sa.gov.au)

[www.walkerville.sa.gov.au](http://www.walkerville.sa.gov.au)

26 March 2019

East Waste  
PO Box 26  
MANSFIELD PARK SA 5012

Via Email: [east@eastwaste.com](mailto:east@eastwaste.com)

Dear Sir/Madam

#### Re: East Waste Draft 2019/20 Annual Plan and Budget

At Council Ordinary meeting held on Monday 18 March 2019, Council considered the East Waste Draft Budget and Annual Business Plan 2019/20. We write to advise the following resolution was passed:

#### **CNC296/18-19**

*That Council endorses the 2019/20 East Waste Draft Budget and Annual Business Plan;*

Yours Sincerely



Katy Bone  
Group Manager Corporate Service



13 May 2019

Ms Sharon Perkins  
General Manager, Corporate Services  
City of Norwood, Payneham & St Peters  
PO Box 204  
KENT TOWN SA 5071

Dear Sharon,

**Re: East Waste Draft 2019-2020 Annual Budget Clarification**

Thank you for your letter dated 24 April 2019, providing approval to East Waste's Annual Plan and seeking clarification on the application of East Waste's Budget Framework Policy. East Waste is well aware and appreciates the fiscal pressures facing our Member Councils and for that matter, the South Australian Local Government sector as a whole. As evidence of this, East Waste has in the past three financial years delivered annual increases to Member Councils that have either been zero or below CPI.

East Waste have been successful in implementing strategies aimed at minimising our costs by challenging a number of our operations and through prudent budget and decision-making processes. As detailed in the initial letter to the City of Norwood, Payneham & St Peters regarding the Annual Plan and Budget, in the 2019/20 draft budget fuel increases of \$225,000 alone account for 96% of the total forecasted Common Fleet Cost increase. This shows we have made a number of cost savings in other fields.

I also draw your attention to the current financial year fuel costs which are likely to be at least \$220,000 greater than forecasted budget. During FY2019, East Waste has not revised its Common Fleet Costing rates charged to Member Councils and absorbed this cost increase whilst also identifying other savings to compensate for the adverse impact of fuel prices on the overall budget result and cost to its Member Councils. This increase alone equates to 1.9% of our total Common Fleet Collection Costs.

As recently as last financial year (FY2018) East Waste used its existing cash reserves of \$332,000 to fund cover an operating loss. Peculiarly this Operating Loss was predominately the result of providing \$678,000 in rebates back to Member Councils (through reduced collection fee charges). This interesting example shows that even with a projected cash reserve of \$2.1m at the end of FY2020, East Waste cannot sustain continued losses year on year. Furthermore, the example also highlights the commitment East Waste has in returning surplus to Councils whenever possible.

A further example of our broader cost minimisation for future years, is the renegotiated Enterprise Agreement for operational staff in late 2018. Through this process we negotiated to cap the annual wage increase over the next three years at 1.7%. From our industry knowledge this is the lowest increase in recent time in both the Local Government sector and the waste industry.

Moving forward, without an acknowledged degree of limited flexibility within our budgeting and financial modelling we simply cannot have the confidence to successfully operate and meet targets in a business which includes a number of large variables. While being proud of being a subsidiary and acknowledging that in part our strength comes from

# EastWaste

leveraging the collective power of our Member Councils, the reality is that in order to continue our recent success, East Waste must operate more like a standalone commercial business.

In relation to the comment you raised on the basis for funding an Operating Surplus, East Waste in addition to having flexibility to manage yearly fluctuations is in part directing those surplus funds to the following activities:

- Highbury Loan Repayments: \$122,018; and
- Capital Expenditure (excluding Fleet Replacement): \$340,000.

Although East Waste is projecting to record an Operating Surplus of \$137,000, you will note from the above that the total cost of funding the Highbury Loan and capital expenditure is in excess of the Common Fleet Costing surplus proposed to be charged. East Waste's Projected Statement of Cash Flows actually projects that the Authority will incur a decrease in cash reserves of \$45,000 for FY2020.

The closing cash reserve balance of circa \$2m held is a prudent risk management strategy that ensures that the Authority has sufficient cash reserves to manage cash flow requirements throughout the year and also allows the Authority to fund any unknown or adverse cost impacts such as increased fuel costs, additional casual labour requirements, unscheduled/emergency maintenance costs, etc. that can occur. The balance of circa \$2m represents less than 1 quarter's operating expenditure of the Authority (excludes depreciation, loan principal repayments and capital expenditure). Given East Waste invoices its Member Councils on a quarterly basis in advance, once fees have been set, there is little opportunity to fund any adverse events except from existing cash reserves or standby credit facilities such as a Cash Advance Debenture facility.

The application of the Financial target of an operating surplus between 1-2% was heavily debated by both the Audit & Risk Committee and the Board with Members acknowledging the implications of applying the Policy in the current environment. However, given the relative small amount spread across the Member Councils – the NPSP contribution is \$19,450 - on balance it was determined that implementation of the Policy at the lowest end (1%) represented a sound long term financial decision for the Authority.

Furthermore, at our April 2019 Audit & Risk Committee meeting, the Committee recommended that as part of the future Long Term Financial Plan review, a report is developed detailing loan funding modelling options which will take into account the application and use of any cash funds held by East Waste.

Notwithstanding all of the above, we appreciate you presenting your concern to us and I will table your letter and this response to the Board's attention at the June 2019 meeting, prior to the formal adoption of the Budget. Once again thank you for contacting me regarding this matter, and we look forward to continuing to work with you. Should you require further clarification, please do not hesitate to contact me.

Yours sincerely,



**ROB GREGORY**  
**GENERAL MANAGER**

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**7.3: EXTERNAL AUDITOR INTERIM REPORT****REPORT AUTHOR: Manager, Corporate Services****ATTACHMENTS: A: Interim Management Report of External Audit Findings**

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**Purpose of the Report**

To provide the East Waste Board with the results of the Interim Audit conducted by Bentley's on 24 May 2019.

**Background**

East Waste's appointed External Auditor, Bentley's, undertook an Interim Audit on 24 May 2019 and the Interim Management Report provided at Attachment A details the relevant findings.

**Report**

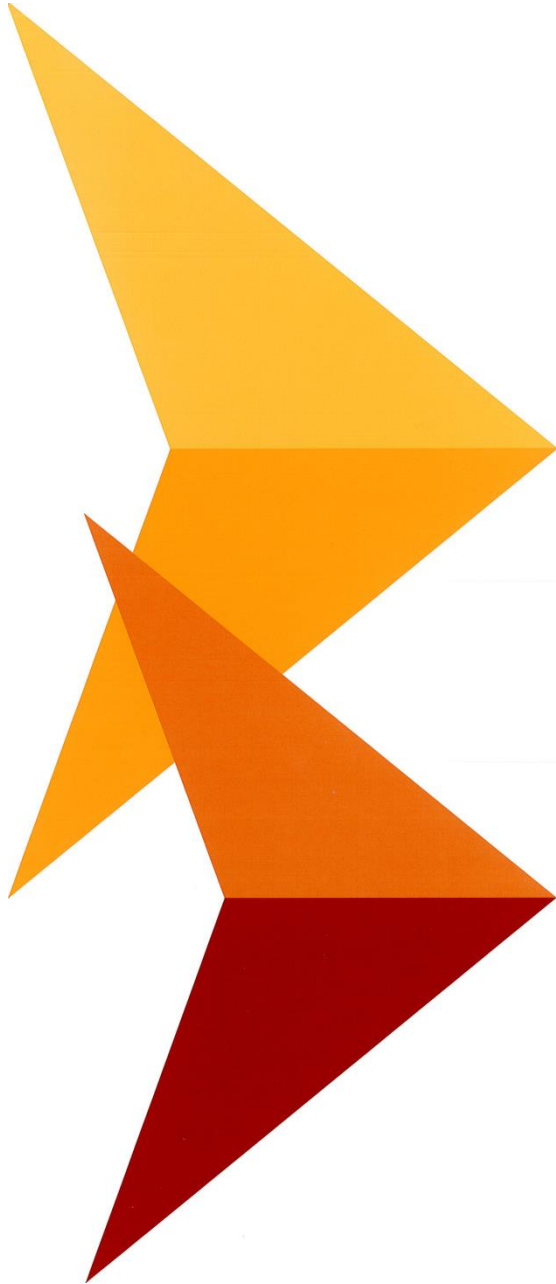
The results of the Interim Audit are positive and indicate that East Waste is performing well. As per page 7 of the Report, East Waste has rated well against all audit criterion.

The Board will note at pages 6 and 8 of the Report there is a reference to the Adelaide Hills Council Bin Loan. The Board may recall that this 'non-material' risk was identified in the FY2019 audit and had been adequately addressed by East Waste and Dean Newbery & Partners, and to the satisfaction of Bentley's. East Waste is therefore uncertain as to why this item has been raised again, but will work with Bentley's to resolve any confusion prior to the Final Audit being undertaken.

The Report was tabled before, and noted by, the Audit and Risk Management Committee at their meeting held 11 June 2019.

**Recommendation**

**That the Board note and receive the Report.**



# **EASTERN WASTE MANAGEMENT AUTHORITY**

Report on Audit Findings  
30 JUNE 2019 – Interim [Draft]

 Advisors    Accountants    Auditors

# Contents

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Appendix 1 – Summary of upcoming relevant accounting standards	8

DRAFT

# Executive summary

We have commenced our audit of the Eastern Waste Management Authority for the year ended 30 June 2019 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

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

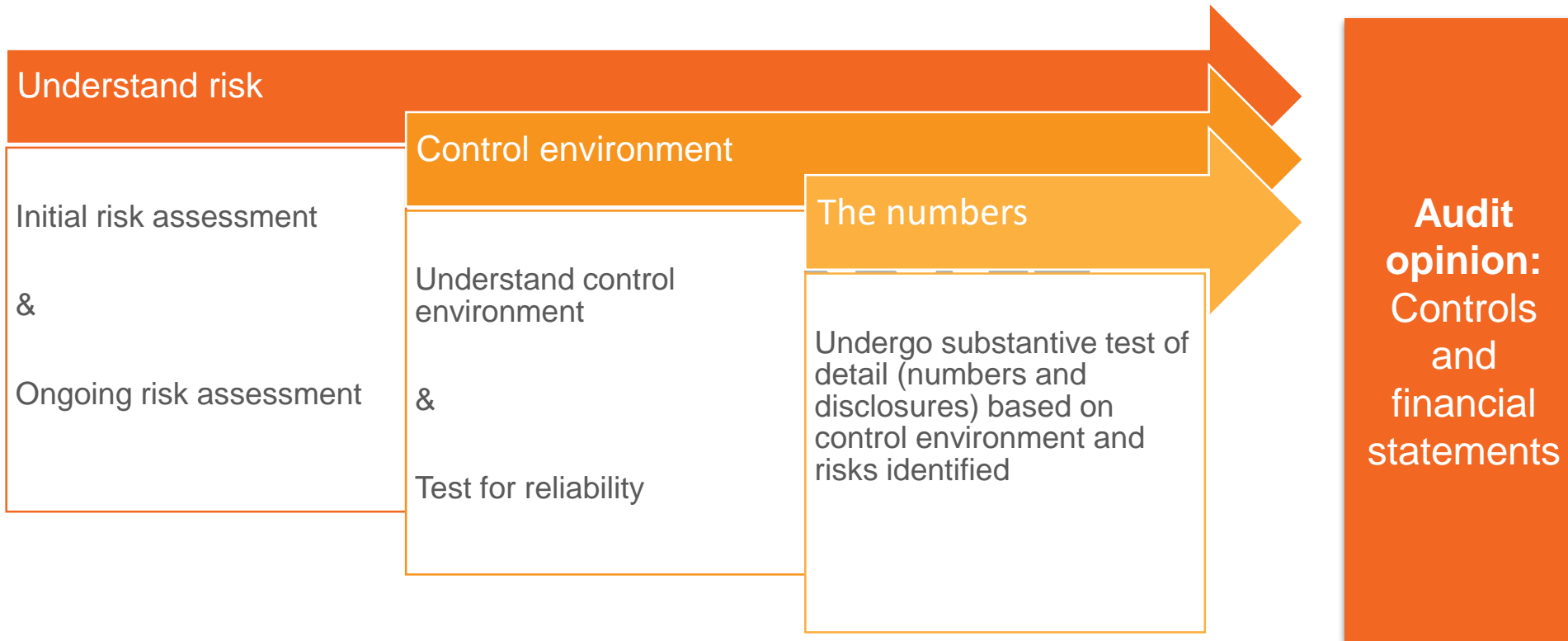
The following matters are reported to management:

DRAFT

Critical	Significant	Not material	Areas for improvement
-	-	1	-

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

# Audit objective & approach





# Key audit risks









We have identified the risks of financial statement material misstatement as part of our risk assessment procedures during the planning phase and the audit approach.

Area	Risk	Audit Approach	Outcome
Fixed Assets	Risk of inappropriate expenditure on fixed assets, misappropriation of assets, and completeness of the fixed asset registers.	We have assessed a sample of additions at interim to ascertain the authenticity of the purchases. Further testing will be performed at year end to confirm ownership, and completeness.	Pending
Procurement and Expenditure	Risk of inappropriate, or unauthorised expenditure, and breakdown of key control around expenses.	As part of our interim testing we have sampled expenditure to gain a broad range of information to the existence of the purchase of goods and services, and understand the application of the controls in place. We have not identified any issues from the sample selected. Further testing will be performed at year end for completeness and cut off.	Pending
Revenue	Completeness, accuracy and compliance with budgetary agreements.	Review over the methodology for calculating user charges for constituent Council's used to determine how much the Councils are invoiced, including specific testing over a sample of the Council invoices.	Satisfactory

# Key audit risks

Area	Risk	Audit Approach	Outcome
Adelaide Hills Council Bin Loan	Uncertainty over the true nature of the arrangement between AHC and EWMA potentially resulting in misstatements in assets, revenue and other related key financial areas.	Develop an understanding of the arrangement between AHC and EWMA including consideration of technical ownership of the bins and the existing LGFA Agreement, to guide the accounting treatment in the books of EWMA.  <b>DRAFT</b>	Pending – Fixed asset reconciliation and accounting treatment to be assessed at year end.

# Key findings

	Points considered	Rating	Reason
 <p>System and technology</p>	<ul style="list-style-type: none"> <li>• System integration</li> <li>• System knowledge</li> <li>• System access</li> </ul>		<p>The General Ledger system has adequate system access. Staff with access are aware of their roles and use the systems appropriately.</p>
 <p>People</p>	<ul style="list-style-type: none"> <li>• Attitude</li> <li>• Culture</li> <li>• Embrace of change/challenge</li> </ul>		<p>The Finance Team appear to work cooperatively and we didn't experience any difficulties with our requests.</p>
 <p>Processes and controls</p>	<ul style="list-style-type: none"> <li>• Policies and procedures in place</li> <li>• Controls tested and reviewed sufficiently</li> </ul>		<p>The internal control framework appears well established. Roles are clearly defined and adhered to and the majority of controls appear to be working.</p>
 <p>Financial</p>	<ul style="list-style-type: none"> <li>• Compliance with accounting standards</li> </ul>		<p>Based on our interim testing, transactions are performed in line with accounting standards and EWMA's Policies and Procedures.</p>

DRAFT

# Status of Prior Points Raised

Issue	Recommendation	Status	Outcome
<p>Adelaide Hills Council Bin Loan</p>	<p>1 - If the amount received from AHC is in the form of loan repayments, then we would expect the existence of a loan asset to be recorded in the balance sheet, and not an asset on the asset register.</p> <p>2 - If the bins are the property of East Waste, then the bins would be leased (operating lease) to AHC, to which there would be a supply and, therefore, a revenue.</p> <p>We recommend that management identify the true nature of the arrangement to ensure the correct treatment of amounts received and that if the bins are the property of AHC or East Waste.</p> <p>Additionally, we recommend East Waste determine a standard treatment for such arrangements moving forwards to ensure there is a treatment that is consistent, well documented and complies with the accounting framework.</p>	<p>East Waste has decided to account for the balance as a loan, in line with a 2013 loan agreement between LGFA and EWMA and recommended actions.</p>	<p>Pending – Fixed assets reconciliation to be further assessed at year end.</p>

DRAFT

# Appendix 1 - Summary of upcoming relevant accounting standards

Bentleys are continuing our discussions with management surrounding the treatment of the following 4 standards.

Pronouncement	Effective date
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2018
AASB 1058 Income of NFP Entities	NFP entities – Annual reporting periods beginning on or after 1 January 2019 Annual reporting periods beginning on or after 1 January 2019
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019

Details on AASB 9, 15, 1058 and 16 are available on request. We encourage you to understand the changes imposed by these standards and to assess the likely impact on future financial reporting.

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**7.4: AUSTRALIAN ACCOUNTING STANDARD (AASB) 16 LEASES****REPORT AUTHOR: John Jovicevic, Partner – Dean Newbery & Partners****ATTACHMENTS: Nil**

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**Purpose of the Report**

Provide the East Waste Board (the Board) with an overview of the assessed impact on the accounting policies of East Waste as a result of the introduction of Australian Accounting Standards (AASB) 16 *Leases* as from 1 July 2019.

**Background**

The Australian Accounting Standards Board (AASB) have introduced a new accounting standard AASB 16 *Leases* which is replacing the current standard AASB 117.

The impact of the new standard is that all operating leases will now be required to be recorded on the Balance Sheet of an entity via the recording of a lease liability and a 'right-of-use' asset.

**Report**

As from 1 July 2019, East Waste will be required to recognise all leases on the Balance Sheet in accordance with AASB 16. Recording a lease on the Balance Sheet will require the recognition of the following:

- a 'right-of-use' asset; and
- a lease liability

AASB 16 requires that the above asset and liability be separately recorded either on the Balance Sheet or in the notes to the Financial Statements so that users can assess the effect that leases have on the financial positions and performance of the lessor (being East Waste).

The Administration has completed a review of the potential impact of AASB 16 on existing accounting policies to undertake an assessment of the impact any changes may have on the forecasted FY2020 financial performance and position.

East Waste has identified that it has one lease that will be impacted by AASB 16 being for the Ottoway office and depot facilities. The lease on the facility is due to expire in September 2024 (FY2025).

It is estimated that the total lease payments (including facility outgoings costs) payable over the remaining life of the lease is \$1.502M. This estimate includes factoring an annual escalation of 4% as required by Clause 4.10.1 of the facility Lease Agreement.

AASB 16 requires that the lease liability be recorded on the Balance Sheet as the present value of future lease payment. Applying an average cost of finance rate of 4.1%, the estimated present value of the future lease payments as at 1 July 2019 is estimated to be \$1.321M.

Per AASB 16.C(b)(ii), East Waste proposes to recognise the 'right-of-use' asset equal to the amount of the lease liability as at 1 July 2019.

Based on the above assumptions, East Waste has developed a Lease Amortisation Schedule and a 'Right-of-Use' Asset Amortisation Schedule which will be used to substantiate journals to be recorded in the MYOB General Ledger and Financial Statements to comply with AASB 16.

For FY2020, East Waste has included a total operating expense of \$262,500 (including facility outgoings costs).

As a result of applying AASB 16, the total operating expenses estimated to be recorded are \$305,809 which comprise of the following costs:

Lease Interest Costs	\$54,166
Right-of-Use Asset Amortisation	\$251,643
<b>Total Lease Cost per AASB 16</b>	<b>\$305,809</b>

The application of AASB 16 is estimated to increase operating costs in FY2020 by \$43,309.

In the FY2019 Financial Statements, disclosures will be included to note the estimated impact of AASB 16 on the accounting policies of East Waste so users are aware of this potential impact in FY2020.

The above estimated lease cost per AASB 16 is still subject to further changes as a result of potential changes to market interest rates which may impact on the calculation of the present value of the lease obligation.

Any changes to assumptions applied in the above calculations and their subsequent impact to the forecasted financial performance and position of East Waste will be consulted through the Audit and Risk Management Committee (the Committee) and Board in the future, if and when they occur.

This item was tabled and noted by the Committee at their meeting held 11 June 2019.

## **RECOMMENDATION**

**That the Board:**

- 1. Note the application of Australian Accounting Standard (AASB) 16 Leases to the East Waste business; and**
- 2. The impact that applying the standard has made to East Waste's total operating expenses for FY2020.**

## 7.5: 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 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.

The two outstanding items (Table 3 – 5.3, and Table 4 – 5.1), which are not reliant upon the implementation of a compliant Records Management System have continued to progress since last meeting, albeit neither to a level where they have been completed. These will be completed within two months. As such there is no change to the number of actions completed since the April 2019 report to the Committee and Board.

**Table 1: Audit Recommendation Status Summary**

Status	No.
Completed	11
Commenced	3
Not Started	1



**Table 2: Audit Recommendation Status Summary by Risk Rating**

Status	High	Moderate	Low	N/A
Completed	4	3	3	1
Commenced	3	0	0	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	Completed		Procedure developed.
5.6	Removal of unused suppliers for the database	Low	Completed		Internal procedure developed ensuring 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	Completed		Account wound up on 17 April 2019.
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.

**7.6: Annual Plan Progress Report**

**REPORT AUTHOR: General Manager**

**ATTACHMENTS: A: Annual Plan Implementation Summary**

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### **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 & Accts Payable Actions	2.3.3	All actions addressed	Underway - refer Report 7.5
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	Documents Drafted.
OM3	Establish Key Performance Indicators and Reporting Framework	2.4.3	Suite of KPIs and reporting framework established	Commenced – Concept Member Council Reports developed & draft reports to be presented to Member Councils within 4 weeks.
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	Awaiting return of final report.
OM6	Purchase of replacement RACVs	2.4.7	Purchase of replacement vehicles in accord with AMP	Tender Complete – and seeking Board endorsement. Refer Confidential Report 8.4.
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 June 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	Commenced with Reporting Program
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	RFT Commenced

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**7.7: RESPONSE TO EPA DRAFT ENERGY FROM WASTE POSITION STATEMENT****REPORT AUTHOR: General Manager****ATTACHMENTS: A: EPA Thermal Energy from Waste Position Statement****B: Draft Response to EPA Draft Energy from Waste Position Statement**

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**Purpose of the Report**

To seek the Board's input and endorsement of a submission to the Environment Protection Authority's (EPA) Draft Energy from Waste Position Statement.

**Background**

The Consultation Draft EPA *Position Statement: Thermal Energy from Waste (EfW) Activities* (refer Attachment A) aims to provide clarity and certainty on the EPA's regulation of these activities, from the development proposal stage through to EPA licensing approval and operation. The Consultation Draft Position Statement has been developed with reference to the feedback received during consultation on the EPA Discussion Paper, *Enhancing resource recovery and discussing the place of energy recovery 2017*.

**Report**

Energy from waste, the process of taking waste and turning it into a fuel for the generation of electricity is a technology common in Europe, however here in Australia, for a number of factors the uptake has been slow. There are various types of ways this can be achieved and many Members will be familiar with ResourceCo, which takes construction and demolition waste, including most Member Council's Hard Waste and turn it into a fuel (Refuse Derived Fuel - RDF) suitable for use at Adelaide Brighton Cement. This results in significant savings in gas use by Adelaide Brighton Cement and diverts material which would be otherwise destined for landfill.

There are no plants in South Australia that currently take the contents of the residual bin and directly use this as a fuel for power generation (this is the model more typical in Europe). However advances in technology and the cost of establishment are now such that there is potential opportunity for the establishment of a plant in South Australia in the near future. While Administration have undertaken no assessment as to the viability, validity or applicability of such a plant for East Waste Member Councils, Administration is of the view the option should remain open.

The draft EPA Position Statement: Thermal Energy from Waste Activities details further the regulation of such activities and while there are many positives in the document, such as minimum diversion rates that need to be achieved prior to consideration for EfW. However it is currently the EPA's position that the residual bin will need to undergo either further treatment prior to being allowed to be used in an Energy from Waste Plant (with any residual material attracting application of the Waste Levy, or if the residual bin is used directly as a resource (that is fed straight into the plant), then the Waste Levy will also apply.

With the cost of establishing and running these plants, the addition of a further \$100+ dollars to the gate fee will simply not make these projects viable and this as a future opportunity for waste disposal for Council consideration will be lost. It is Administration's view that is not a preferred outcome.

A draft response for the Chairman's signature is attached for comment and review (refer Attachment B). Submissions must be lodged by COB 20 June 2019.

**RECOMMENDATION**

**That the Board endorse the response, as presented in Attachment B, to the Environment Protection Authority's *Draft Position Statement: Thermal Energy from Waste Activities*.**



## ITEM 7.7 - ATTACHMENT A

*For consultation***Thermal energy from waste (EfW) activities**

Issued April 2019

*EPA 1113/19: This position statement will assist planning authorities, licensees and proponents of development understand the position of the Environment Protection Authority (EPA) and the regulatory requirements for thermal energy from waste (EfW) activities.*

**Purpose**

The EPA will use this position statement to assess development assessment referrals and activities of prescribed environmental significance requiring a licence as per Schedule 1 of the *Environment Protection Act 1993* relating to thermal energy from waste (EfW) activities.

The aim of this position statement is to ensure that the recovery of EfW in South Australia supports the Objects of the EP Act and the Waste Management Objective of the *Environment Protection (Waste to Resources) Policy 2010*. This position statement meets those objectives by promoting the waste management hierarchy (Figure 1) to drive circulation of materials through the material resource recovery process and back into the productive economy prior to undertaking EfW activities.

As discussed in the *South Australia's Waste Strategy 2015–2020*, the state government believes that EfW should support any viable options for higher order beneficial uses, and have regard to impacts to resource recovery businesses and supply chains that compete for the same feedstock materials. As such, enhanced material resource recovery and the circulation of materials through the economy are preferred policy outcomes ahead of energy recovery and disposal in accordance with the waste management hierarchy. The volumes of waste required by EfW activities must be sustainable, given the need to not compete with, nor undermine, higher order beneficial uses of waste, and to avoid an underutilised or stranded EfW asset.

In keeping with the waste management hierarchy and circular economy objectives, the combustion of waste without sufficient resource recovery is not supported. The production and use of refuse derived fuel from waste that would otherwise be disposed to landfill will be supported where it includes appropriate material resource recovery, as set out by this position statement.

## Introduction

This position statement sets out the policy context and environmental assessment criteria applying to thermal EfW activities and describes how these activities are to be sited, designed, and operated to ensure that the requirements of the *Environment Protection Act 1993* (EP Act), *Environment Protection Regulations 2009*, and the *Environment Protection (Waste to Resources) Policy 2010* (Waste to Resources Policy) are met.

This position statement aligns with the objects of the EP Act and is consistent with the *South Australia's Waste Strategy 2015–2020* (Waste Strategy) including the waste management hierarchy as defined by section 4B of the EP Act (Figure 1).

The Waste Strategy supports the efficient recovery of energy from residual waste and niche waste streams through best available technologies that suit local conditions, and can deliver environmental benefits and economic opportunities. The Waste Strategy iterates that EfW should support and not disregard any viable options for higher order beneficial uses of waste and have regard to impacts to businesses and supply chains that compete for the same feedstock materials.

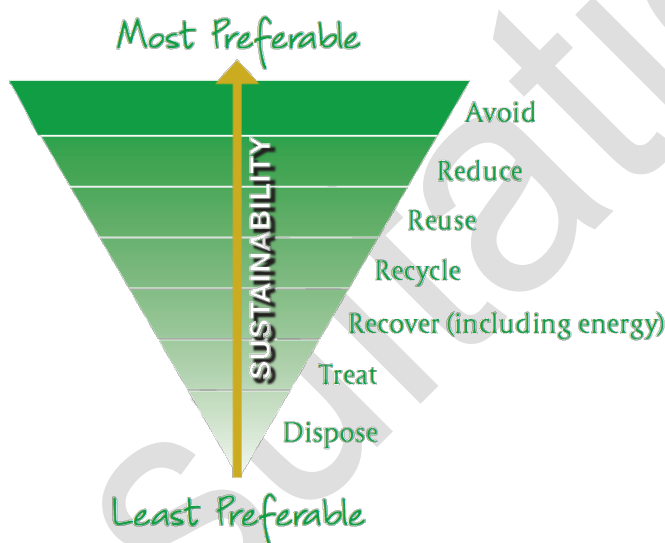


Figure 1 The waste management hierarchy

While the recovery of EfW is preferable to disposal, it is less desirable than avoidance, reuse, recycling and after material recovery activities that better contribute toward a more circular economy.

This position statement is not legally binding and cannot be used to alter, broaden or narrow the exercise of the EPA's functions and powers.

## Scope

EfW or Waste to Energy are terms often used to describe a range of mechanical, thermal, and biological waste processing activities undertaken for the primary purpose of generating and maximising the production of a usable form of energy including heat, electricity or fuel.

This position statement addresses thermal EfW technologies including direct combustion of waste, gasification, pyrolysis, the production and use of refuse derived fuel (RDF), and the mechanical biological treatment of waste where this activity results in the production of RDF.

This position statement must be read in conjunction with the *Standard for the production and use of refuse derived fuel* (EPA 2010)<sup>1</sup>.

<sup>1</sup> RDF Standard available at: [https://www.epa.sa.gov.au/files/4771351\\_standard\\_rdf.pdf](https://www.epa.sa.gov.au/files/4771351_standard_rdf.pdf)

## Out of scope

Anaerobic digestion and other non-thermal EfW activities are out of scope.

The combustion, gasification, and pyrolysis of raw untreated biomass materials such as woody biomass from forestry, straw, and grain husks are out of scope. Similarly, untreated timber and sawdust generated by sawmills are out of scope. The use of these materials in thermal activities can be assessed by the EPA under existing regulatory instruments including the *Environment Protection (Air Quality) Policy 2016* (Air Quality Policy) and the EP Act and associated development assessment referrals process.

Landfill gas extraction and combustion is also excluded from this position statement as it is regulated by the EPA under conditions of environmental licence relating to landfill activities.

## Development assessment and environmental authorisation

The conduct of a thermal EfW activity that triggers one or more prescribed activities of environmental significance as per Schedule 1 of the EP Act will be referred to the EPA for environmental assessment following formal lodgement of a development application with the relevant planning authority. Those prescribed activities most likely to be triggered by thermal EfW activities and development proposals are summarised in [Appendix 1](#).

When assessing a development application referral involving one or more prescribed activities, the EPA as a referral body has the power to request further information, direct conditions for approval by the planning authority, or direct the refusal of the application.

Following the receipt of formal development approval, the conduct of any prescribed activity will also require an environmental authorisation from the EPA in the form of a licence.

For specific advice on EPA licensing or development assessment referral triggers with regard to thermal EfW activities contact the EPA directly on (08) 8204 2004 or 1800 623 445 (free call for non-metropolitan callers) or email [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au).

## Community consultation and ongoing engagement

A proposal to undertake a thermal EfW activity has the potential to generate interest and concern within the community including among non-government environmental organisations or other interest groups. EfW projects that require development approval will be subject to community consultation and/or notification as required by section 38 of the *Development Act 1993*<sup>2</sup>, and section 39 of the EP Act during the development assessment and licensing notification processes respectively.

Proponents of thermal EfW activities must engage in a genuine dialogue with the community ensuring the provision of accurate and reliable information about the proposal and during the establishment and operation of the activity. Proponents of thermal EfW activities are required to develop a dedicated communications and engagement strategy or framework.

Community views, concerns and acceptance of EfW facilities may vary over time in response to changes in regional contexts. The EPA expects good neighbour and corporate citizen principles to be implemented during all stages of design, development, construction and operation of thermal EfW activities.

The community consultation approach must emphasise the building of respectful relationships with the community and encourage active participation from community representatives in order to understand community perceptions and

<sup>2</sup> The *Development Act 1993* is being progressively repealed and will be replaced by the *Planning, Development and Infrastructure Act 2016*.

expectations, which can then be used to inform project decisions. An understanding of community expectations will greatly improve the relationship between the proponent or operator and the community.

The EPA's Partnership and Engagement Framework<sup>3</sup> provides a model on the role of communications and engagement takes in the EPA's work and supporting positive working relationships with all of its stakeholders.

## Environmental assessment and design

### Siting

The siting of an EfW activity must have regard to the [Evaluation distances for effective air quality and noise management](#) (EPA 2019). However, the EPA requires an individual assessment to be undertaken for all thermal EfW proposals. An individual assessment of potential air emissions (including odour) and noise impacts must be undertaken to the satisfaction of the EPA. The following sections detail further requirements of the EPA when undertaking an individual assessment.

### Noise

It is a requirement for all new development and prescribed activities of environmental significance to meet the requirements of the *Environment Protection (Noise) Policy 2007*. The [Position statement: Noise and the South Australian Planning System](#) (EPA 2016) should be used by proponents to inform the siting and design of a thermal EfW activity with regard to noise at the development application stage.

Potential sources of noise associated with EfW activities include low frequency sounds from thermal processes, movement of vehicles to/from and within a site, loader buckets scraping hard surfaces, reversing alarms, and impulse noises caused by moving or dropping materials. Low frequency noise can travel across long distances, penetrate buildings and become more problematic in the quiet of night when other ambient noise is reduced.

### Odour, air quality and emissions management

In determining any matters relating to licensing and development assessment, the EPA must take into account clause 18 of the Air Quality Policy which sets out the following considerations: ground level concentrations, odour levels, stack emissions, evaluation distances (individual assessment), localised air quality objectives, and any other kind of air pollution requirements to be imposed by legislation on all relevant persons. For further details on each of these considerations see [Appendix 2](#) which states clause 18 of the Environment Protection Air Quality Policy.

The potential for odour to be caused by the receipt, loading, unloading, storage, sorting, treatment, and processing of waste must be addressed by a thermal EfW activity proponent. The [Position statement: Air quality and the South Australian Planning System](#) (EPA 2016) provides relevant advice to proponents of thermal EfW activities.

Thermal EfW activities will, at some stage, involve the production of exhaust gases or gas combustion emissions including the release of particulates and gases from a stack or flue. The EPA uses a range of regulatory instruments for assessing development applications and monitoring required by conditions of environmental authorisations (licences) with regard to air quality. This includes assessing applications against maximum non-mandatory stack emission levels and ground level concentrations (GLCs).

In order to demonstrate compliance, potential air emissions including particulates, gases, and odour from a proposed thermal EfW activity must be assessed. The guidelines on [Ambient air quality assessment](#) (EPA 2016)<sup>4</sup> must be consulted for further information on air emissions impact assessment during the siting and design stage and will assist in informing a development application.

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<sup>3</sup> [https://www.epa.sa.gov.au/about\\_us/communications\\_and\\_engagement\\_framework](https://www.epa.sa.gov.au/about_us/communications_and_engagement_framework)

<sup>4</sup> [https://www.epa.sa.gov.au/environmental\\_info/air\\_quality/assistance\\_and\\_advice](https://www.epa.sa.gov.au/environmental_info/air_quality/assistance_and_advice)

Thermal EfW activities are required by licence conditions to undertake the following air emissions monitoring requirements (where relevant):

- Continuous monitoring of air emissions for key parameters. For example nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), total particles, total organic carbon (TOC), hydrogen chloride (HCl), hydrogen fluoride (HF), and sulphur dioxide (SO<sub>2</sub>).
- Air emissions data from continuous monitoring available to the public in real-time, eg published live on the internet. This is consistent with international best practice according to the European Parliament Industrial Emissions Directive<sup>5</sup>.
- Continuous measurements of other relevant critical operational parameters undertaken, including temperature at a representative point in the combustion chamber, concentration of oxygen, pressure and temperature in the stack and water vapour content of the exhaust gas.
- All data obtained by these monitoring requirements held by the licensee for a minimum of three years.

## Feedstock eligibility criteria

The feedstock eligibility criteria set out in Table 1 applies to those waste streams proposed for use in a thermal EfW activity including the production of RDF. These criteria ensure that thermal EfW activities will support the waste management hierarchy and continued investment in higher value material resource recovery infrastructure.

### Municipal solid waste criteria rationale

The Waste Strategy sets a landfill diversion target of 70% for total municipal solid waste, which comprises 60% diversion from high performing kerbside bin systems and 10% from hard waste collections. This target provides the rationale for the feedstock eligibility criteria as per Table 1. In order to maximise opportunities for material resource recovery prior to undertaking a thermal EfW activity the achievement of this diversion target must continue to be attainable into the future.

**Table 1 Feedstock eligibility criteria for waste used by thermal EfW activities including the production of RDF**

Feedstock type	Eligibility criteria
<b>Refuse derived fuel</b>	May be used in thermal EfW activities provided that it is produced in accordance with the RDF Standard and the feedstock eligibility criteria set out by this table.
<b>Municipal solid waste (MSW) – kerbside bin collection</b>	<p>A maximum of 40% by weight may be eligible for use in thermal EfW activities provided that it is generated by a council collection system:</p> <ul style="list-style-type: none"> <li>• with a mandatory 3-bin collection system per household including the separate collection of green waste and food organics, and kerbside collected recyclable material, and</li> <li>• where this waste would otherwise be disposed to landfill.</li> </ul>

<sup>5</sup> Directive 2010/75/EU of the European Parliament and the Council on industrial emissions (the Industrial Emissions Directive or IED) is available at: <http://ec.europa.eu/environment/industry/stationary/ied/legislation.htm>

Feedstock type	Eligibility criteria
<p><b>Non-recoverable waste</b> arising from a materials recovery facility (MRF) processing MSW, commercial industrial waste, or construction and demolition waste operating under an EPA Resource Recovery Approval according to the Waste to Resources Policy <sup>6</sup></p>	<p>May be eligible for use in thermal EfW activities provided that:</p> <ul style="list-style-type: none"> <li>• it can be demonstrated that there is no market available<sup>7</sup> for the material resource recovery, recycling or reuse of this waste in accordance with the waste management hierarchy, and</li> <li>• this waste would otherwise be disposed to landfill.</li> </ul>
<p><b>Waste arising from the mechanical and/or biological treatment (MBT) of waste</b> operating under an EPA Resource Recovery Approval according to the Waste to Resources Policy</p>	
<p><b>Source separated or homogeneous waste materials</b> such as:</p> <ul style="list-style-type: none"> <li>• rubber (tyres or other discrete rubber material)</li> <li>• wood, timber, or other homogeneous organic waste.</li> </ul>	<p>May be eligible for use in thermal EfW activities provided:</p> <ul style="list-style-type: none"> <li>• this waste must be homogeneous, and</li> <li>• it can be demonstrated that there is no market available for the material resource recovery, recycling or reuse of this waste in accordance with the waste management hierarchy, and</li> <li>• the waste would otherwise be disposed to landfill.</li> </ul>
<p><b>Aggregated recoverable materials</b> as described by Schedule 4 of the Waste to Resources Policy<sup>8</sup></p>	<p>Must not be used in a thermal EfW activity</p>

## Waste levy liability

The waste levy is an important economic instrument for promoting waste minimisation and resource recovery in South Australia, by providing an incentive to reduce the amount of waste sent to landfill, and ensuring material resource recovery activities remain viable. The waste levy encourages markets to be created for recovered material resources by providing a financial incentive for industry to seek alternatives to the disposal of waste and to facilitate investment in future technologies, processes and resource recovery systems.

The primary function of thermal EfW activities utilising mixed, unprocessed or minimally processed waste feedstock is for the disposal of the waste. Therefore, the waste levy as legislated, applies to the thermal destruction of waste whether or not any energy is recovered.

Table 2 outlines the EPA's position on the applicability of the waste levy to thermal EfW activities.

<sup>6</sup> The EPA intends to amend the Waste to Resources Policy to require waste to undergo treatment to recover material resources with approval under the upcoming Approved Recovered Resources regulations prior to that waste being eligible for use in a thermal EfW activity.

<sup>7</sup> Note on 'market availability': Thermal EfW activities can require waste supply contracts of 20–30 years in duration. Where referenced by Table 1, the EPA requires that the potential availability of a market for material recovery of these waste streams is critically assessed by a proponent, addressing potential market availability from the present up to 10 years and as otherwise reasonably foreseeable. Economic viability of accessing a potential material recovery market should also be taken into account in this assessment.

<sup>8</sup> Those aggregated recoverable materials referred to by the Waste to Resources Policy are set out in the [Glossary](#).

RDF produced with EPA approval in accordance with the RDF standard and feedstock eligibility criteria is no longer considered to constitute a waste as per clause 4(a) of the Waste to Resources Policy, and its use does not attract the payment of the waste levy. Note that ash produced by the combustion of RDF will incur payment of the waste levy upon subsequent disposal.

All waste streams produced as a result of an EfW activity, requiring subsequent disposal to landfill, will attract the payment of the waste levy accordingly<sup>9</sup>.

**Table 2 Waste levy liability**

EfW Activity	Waste levy applies
<b>Incineration, thermal destruction, or thermo-chemical decomposition of waste</b> including by thermal oxidation (combustion), gasification or pyrolysis whether-or-not energy recovery is undertaken	✓
<b>Incineration, thermal destruction, or thermo-chemical decomposition or any other 'use' of RDF</b> where the RDF is produced in accordance with the RDF standard and feedstock eligibility criteria	✗
<b>Dedicated thermo-chemical decomposition/conversion of source-separated or homogeneous waste materials</b> including by gasification or pyrolysis where energy or waste derived products are generated including syngas, oil, char and any other recovered resources ready and intended for imminent use	✗

For clarification or further regulatory advice please contact the EPA directly to discuss the nature of any proposed EfW activity.

## EPA publications

### Guidelines

*Stockpile management: Waste and waste derived products for recycling and reuse* (2017), [https://www.epa.sa.gov.au/environmental\\_info/waste\\_management/solid\\_waste/storage\\_and\\_stockpiling](https://www.epa.sa.gov.au/environmental_info/waste_management/solid_waste/storage_and_stockpiling).

*Ambient air quality assessment* (2016), [https://www.epa.sa.gov.au/files/12194\\_ambient\\_aq\\_assessment.pdf](https://www.epa.sa.gov.au/files/12194_ambient_aq_assessment.pdf).

*Evaluation distances for effective air quality and noise management* (2019), [https://www.epa.sa.gov.au/files/12193\\_eval\\_distances\\_2019.pdf](https://www.epa.sa.gov.au/files/12193_eval_distances_2019.pdf).

*Waste definitions* (2009), [https://www.epa.sa.gov.au/files/4771336\\_guide\\_waste\\_definitions.pdf](https://www.epa.sa.gov.au/files/4771336_guide_waste_definitions.pdf).

### Information Sheets

*Undercover storage requirements for waste/recycling depots* (2010), [https://www.epa.sa.gov.au/files/4771348\\_info\\_storage\\_waste.pdf](https://www.epa.sa.gov.au/files/4771348_info_storage_waste.pdf).

<sup>9</sup> A reduction may be available for subsequent landfill disposal of bottom ash and fly ash from a direct combustion activity, ensuring that the same material is not effectively levied twice. The net levy liability will be calculated by the EPA upon reconciliation of all related waste receipt and disposal data.

## Position Statements

Air quality and the South Australian Planning System (2016),  
[https://www.epa.sa.gov.au/files/11363\\_aq\\_position\\_statement.pdf](https://www.epa.sa.gov.au/files/11363_aq_position_statement.pdf)

Noise and the South Australian Planning System (2016),  
[https://www.epa.sa.gov.au/files/11364\\_noise\\_position\\_statement.pdf](https://www.epa.sa.gov.au/files/11364_noise_position_statement.pdf)

Waste and the South Australian planning system (2016),  
[https://www.epa.sa.gov.au/files/12329\\_waste\\_position\\_statement.pdf](https://www.epa.sa.gov.au/files/12329_waste_position_statement.pdf).

Waste depots and the South Australian planning system (2016),  
[https://www.epa.sa.gov.au/files/12328\\_waste\\_depot\\_position\\_statement.pdf](https://www.epa.sa.gov.au/files/12328_waste_depot_position_statement.pdf).

## Standards

Production and use of refuse derived fuel (2010), [https://www.epa.sa.gov.au/page/view\\_by\\_id/4251](https://www.epa.sa.gov.au/page/view_by_id/4251).

Production and use of waste derived soil enhancer (2009), [https://www.epa.sa.gov.au/page/view\\_by\\_id/4257](https://www.epa.sa.gov.au/page/view_by_id/4257).

## Glossary

**Aggregated recoverable materials:** in accordance with Schedule 4 of the *Environment Protection (Waste to Resources) Policy 2010*):

- Cardboard and paper waste aggregated for resource recovery separately from other waste.
- Glass packaging aggregated for resource recovery (whether alone or with other recyclables).
- Metals such as aluminium, copper, steel or iron, or a blend or alloy of any such metals aggregated for resource recovery (whether alone or with other recyclables), other than metal products with components of different metals that cannot be readily separated.
- PET or HDPE plastic packaging aggregated for resource recovery (whether alone or with other recyclables).
- Vegetative matter aggregated for resource recovery and collected by a council by a kerbside waste collection service operated as a separate collection service for such waste, other than such waste collected from within a quarantine area declared under the *Fruit and Plant Protection Act 1992*.
- PP or LDPE plastic packaging aggregated for resource recovery (whether alone or with other recyclables).
- PVC or PS plastic packaging aggregated for resource recovery (whether alone or with other recyclables).

**Anaerobic digestion:** involves a series of processes in which micro-organisms break down biodegradable material to biogas in the absence of oxygen. It is used for industrial, agricultural or domestic purposes to manage waste and/or produce fuels for energy generation.

**Commercial and industrial waste:** the solid component of the waste stream arising from commercial, industrial, government, public or domestic premises (not collected as municipal solid waste or MSW).

**Construction and demolition waste:** the solid component of waste stream arising from the construction, demolition or refurbishment of buildings or infrastructure but does not contain municipal solid waste, commercial and industrial waste, listed waste, hazardous waste or radioactive waste.

**Direct combustion of waste:** the most commonly used technology for converting fuel to heat and/or electrical energy. During direct combustion, waste or a fuel derived from waste is burnt in excess oxygen (from air) to produce heat or release the energy contained in the fuel. Excess oxygen/air means there is more air available than necessary for the combustion process. See also Thermo-chemical conversion/decomposition.



**Gasification:** a process that converts organic or fossilised organic materials such as coal, at elevated temperatures and with controlled amounts of oxygen, into a synthetic gas (syngas) comprising carbon monoxide, hydrogen, carbon dioxide, nitrogen, methane and other low molecular weight organic molecules.

**Hazardous waste:** listed waste having a characteristic described in Schedule A, List 2 of the *National Environment Protection (Movement of controlled waste between States and Territories) Measure*, as amended from time to time. Hazardous waste includes any unwanted or discarded material (excluding radioactive material), which because of its physical, chemical or infectious characteristics can cause significant hazard to human health or the environment

**Incineration:** the thermal destruction of waste for the primary purpose of disposal, with or without recovery of energy. The direct combustion of waste is incineration. The term 'incineration' generally means 'the act of burning to ashes' however the above definition is the meaning used by the EPA in relation to waste.

**Kerbside collected green waste:** means green waste collected during the regular domestic council waste collection.

**Kerbside collected recyclable material:** means the segregated portion of municipal solid waste – kerbside bin collection consisting of dry recyclable materials including beverage containers, paper, cardboard, plastics, glass and metals.

**Listed waste:** wastes listed in Part B of Schedule 1 of the *Environment Protection Act 1993*.

**Materials recovery facility (MRF):** a depot for the treatment of waste for resource recovery, other than a composting depot.

**Medical waste:** listed in Part B of Schedule 1 of the *Environment Protection Act 1993*.

**Municipal solid waste – kerbside bin collection:** the solid component of the waste stream arising from mainly domestic but also commercial, industrial, government and public premises including waste from council operations, services and facilities that is collected by or on behalf of the council via kerbside collection, but does not contain commercial and industrial waste, listed waste, hazardous waste or radioactive waste.

**Pyrolysis:** is described as a thermo-chemical decomposition of organic or inorganic material – eg synthetic tyres – at elevated temperatures in the absence of oxygen. Pyrolysis can occur in a vacuum or under any pressure and typically occurs at operating temperatures of 250–430°C and generates oils, tars, char residue and syngas.

**Refuse derived fuel (RDF):** a fuel material produced from waste that is otherwise destined to landfill and which will not cause harm to the environment or human health when used to beneficially replace or supplement a fossil or other standard commercial fuel in an industrial process. RDF must be produced to an approved consistent and fit for purpose specification with sufficiently high net calorific value by segregating, targeting and processing specific wastes. The EPA regulates RDF through its standard for the production and use of refuse derived fuel.

**Thermo-chemical conversion/decomposition:** gasification and pyrolysis are thermo-chemical conversion/decomposition processes.

**Waste:** as defined under the *Environment Protection Act 1993*;

(1) For the purposes of this Act, waste means—

- (a) any discarded, dumped, rejected, abandoned, unwanted or surplus matter, whether or not intended for sale or for purification or resource recovery by a separate operation from that which produced the matter; or
- (b) any matter declared by regulation to be waste for the purposes of this Act (following consultation by the Minister on the regulation with prescribed bodies in accordance with the regulations); or
- (c) any matter declared by an environment protection policy to be waste for the purposes of this Act, whether or not of value.

(2) *However, waste does not include—*

(a) *an approved recovered resource whilst it is being dealt with in accordance with the declaration of that resource— see section 4A; or*

(b) *anything declared by regulation or an environment protection policy not to be waste for the purposes of this Act,*

*even though the resource or the thing so declared might otherwise, but for the declaration, fall within the definition of waste in subsection (1).*

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## Further information

### Legislation

[Online legislation](#) is freely available. Copies of legislation are available for purchase from:

Service SA Government Legislation Outlet  
Adelaide Service SA Centre  
108 North Terrace  
Adelaide SA 5000

Telephone: 13 23 24  
Facsimile: (08) 8204 1909  
Website: [shop.service.sa.gov.au](http://shop.service.sa.gov.au)  
Email: [ServiceSAcustomerservice@sa.gov.au](mailto:ServiceSAcustomerservice@sa.gov.au)

### General information

Environment Protection Authority  
GPO Box 2607  
Adelaide SA 5001

Telephone: (08) 8204 2004  
Facsimile: (08) 8124 4670  
Freecall: 1800 623 445 (country)  
Website: <https://www.epa.sa.gov.au>  
Email: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

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## Appendix 1 Prescribed activities

Prescribed activities of environmental significance potentially triggered by thermal EfW activities.

Note: These activities have been summarised in order to quickly identify where/how they may be applicable to thermal EfW activities. See Schedule 1 of the *Environment Protection Act 1993* for full text<sup>10</sup>.

- 3(3) Waste or Recycling Depots: ... the conduct of a depot for the reception, storage, treatment, or disposal of waste....<sup>11</sup>
- 8(2) Fuel Burning: the conduct of works or facilities involving the use of fuel burning equipment, including flaring ... or incineration, where the equipment alone or in aggregate is capable of burning combustible matter – at a rate of heat release exceeding 5 megawatts ....
- 3(1) Incineration: the conduct of works for incineration by way of thermal oxidation using fuel burning equipment, being— ...
  - (d) works for the destruction of solid municipal waste
  - (e) works for the disposal of solid trade waste with a processing capacity exceeding 100 kilograms per hour”.
- 1(2) Chemical Works: the conduct of—
  - works with a total processing capacity exceeding 100 tonnes per year involving either or both of the following operations:
    - manufacture (through chemical reaction) of any inorganic chemical, including sulphuric acid, inorganic fertilisers, soap, sodium silicate, lime or other calcium compound;
    - manufacture (through chemical reaction) or processing of any organic chemical or chemical product or petrochemical, including the separation of such materials into different products by distillation or other means....
- 3(4) Activities Producing Listed Wastes: an activity in which any of the substances or things listed in Part B of [Schedule 1 of the *Environment Protection Act 1993*] are produced as or become waste....

<sup>10</sup> <https://www.legislation.sa.gov.au/LZ/C/A/ENVIRONMENT%20PROTECTION%20ACT%201993.aspx>.

<sup>11</sup> Waste is defined by Section 4 of the *Environment Protection Act 1993* as:

- (a) any discarded, rejected, abandoned, unwanted or surplus matter, whether or not intended for sale or for recycling, reprocessing, recovery or purification by a separate operation from that which produced the matter; or
- (b) anything declared by regulation (after consultation under section 5A) or by an environment protection policy to be waste, whether of value or not.

## Appendix 2      **Clause 18 of the *Environment Protection (Air Quality Policy) 2016***

### 18—Matters relating to Part 6 of Act

- (1) In determining any matters under Part 6 of the Act in relation to an activity (including a related development), the Authority must take into account the following matters (to the extent to which they are relevant):
- (a) **ground level concentrations** – whether the activity has resulted, or may result, in the concentration of a pollutant specified in column 1 of the table in Schedule 2 clause 2 exceeding the maximum concentrations specified in column 4 or 5 for that pollutant over the averaging time specified in column 3 for that pollutant (based on evaluations at ground level using a prescribed testing, assessment, monitoring or modelling methodology for the pollutant and activity);
  - (b) **odour levels** – whether the activity has resulted, or may result, in the number of odour units specified in column 2 of the table in Schedule 3 being exceeded for the number of persons specified in column 1 over a 3 minute averaging time 99.9% of the time (based on evaluations at ground level using a prescribed testing, assessment, monitoring or modelling methodology for the pollutant and activity);
  - (c) **stack emissions** – if the Authority is satisfied that it is not reasonably practicable or feasible to make evaluations in relation to the activity under paragraph (a) or (b) – whether the activity (being an activity specified in column 2 of the table in Schedule 4) has resulted, or may result, in the emission to air of a pollutant specified in column 1 of the table in Schedule 4—
    - (i) at a level exceeding that specified for the pollutant in column 3; or
    - (ii) in contravention of a requirement (if any) specified for the pollutant in column 4,(based on evaluations at the stack using a prescribed testing, assessment, monitoring or modelling methodology for the pollutant and activity);
  - (d) **evaluation distances** – whether the assessment requirements set out in the document entitled Evaluation Distances for Effective Air Quality and Noise Management (2019) prepared by the Authority give rise to requirements for separation distances between the activity and other premises;
  - (e) **localised air quality objectives** – any localised air quality objectives (within the meaning of clause 14) that apply in relation to the activity;
  - (f) **any other kind of air pollution** – whether the activity has resulted or may result in the pollution of the air in any other manner;
  - (g) **requirements to be imposed on all relevant persons** – the requirements that should, in the event of an environmental authorisation being granted, be imposed on all relevant persons for the purposes of preventing or minimising the pollution of the air or its harmful effects.
- (2) In this clause—
- prescribed testing, assessment, monitoring or modelling methodology, for a pollutant or activity, means—
- (a) a testing, assessment, monitoring or modelling methodology set out for the pollutant or activity in—
    - (i) Ambient Air Quality Assessment 2016 prepared by the Authority; or
    - (ii) Emission Testing Methodology for Air Pollution 2012 prepared by the Authority; or
  - (b) some other testing, assessment, monitoring or modelling methodology approved by the Authority for the pollutant or activity.

### Appendix 3 Policy framework summary for thermal EfW activities

Thermal EfW activity	Feedstock eligibility criteria	Waste levy liability	Policy framework outcome
Production of RDF	Criteria applies	N/A	✓ Supported in accordance with RDF standard and feedstock eligibility criteria
Use of RDF	N/A	N/A	✓ Supported
Incineration, direct combustion, gasification or pyrolysis of non-homogeneous waste	Criteria applies	✓ Levy applies	× These thermal EfW activities are not supported
Dedicated thermo-chemical decomposition ie pyrolysis or gasification of homogeneous waste material	Criteria applies	N/A	✓ Supported in accordance with feedstock eligibility criteria
Raw biomass combustion (or other thermal EfW activity, eg gasification)		N/A	Out of scope



20 June 2019

Regulatory Reform Projects  
Environment Protection Authority  
GPO Box 2607  
ADELAIDE SA 5001  
Email: [epainfo@sa.gov.au](mailto:epainfo@sa.gov.au)

Dear Sir/Madam,

**RE: Energy from Waste Submission**

The East Waste Board would like to thank the Environment Protection Authority for the opportunity to provide a submission to the *Draft EPA Position Statement: Thermal Energy from Waste Activities*. 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.

Like all South Australian Councils and Waste Subsidiary's, East Waste and it's Member Councils have undertaken significant waste reforms and invested heavily in the diversion of waste from landfill over the past 20 years. Energy from Waste is seen by East Waste as a technology and future disposal option that should be given every opportunity for establishment to support the existing and future myriad of options available to address the management of waste in this state.

With respect to the *Draft EPA Position Statement: Thermal Energy from Waste Activities*, East Waste appreciates it is a complex and detailed matter and recognises the significant amount of work that has been undertaken by the EPA to reach this point. While there is no doubt a number of technical areas, East Waste simply seeks to make a single comment around the application of the Waste Levy.

East Waste recognises the Waste Levy is designed to provide a price signal to incentivise the diversion of waste material away from landfill and support resource recovery including material circulation through the economy. East Waste also absolutely supports the principles of the Waste Management hierarchy and a circular economy. It is for these reasons that East Waste acknowledges and supports the inclusion of minimum targets that have been listed in the Statement on page 5. East Waste currently has a kerbside diversion target of approximately 54% and accepts that we needs to undertake further work with our community to increase this number. Regardless of external influences, East Waste will always continue to strive to improve the diversion rate it has as the environmental, social and economic benefits of doing so are acknowledged by East Waste and our Member Councils.

East Waste understands that any Energy from Waste plant of size requires significant capital investment to establish along with high operating costs. Indeed it has primarily been for these reasons that no plant utilising Municipal Solid Waste to date has established itself in Adelaide, albeit we are led to believe the technology and costs are now at a point where such a plant could be financially viable.

The application however of the waste levy to any tonnes directed to an Energy from Waste plant, will simply ensure they remain unviable in the foreseeable future. In a state where we have led the nation on many waste fronts, this is an outcome that serves no benefit to the community and stifles a potential industry and the significant flow on benefits it would bring. East Waste strongly urges the EPA to reconsider the application of the Waste Levy for the contents of the residual bin where base criteria are met. Energy from waste not only diverts the material diverted away from landfill, it also ensures that the residual waste is utilised as a resource.

Again East Waste would like to stress the upfront importance of diversion before the consideration of any material being sent to a waste to energy plant. This will always remain the most attractive option to Local Government due to the social and environmental values that it operates upon, the economics of diversion (both the yellow and green bins are cheaper to process by some margin) and obviously the legislative imperative.

Once again thank you for providing East Waste with the opportunity to provide comment on the EPA's Thermal energy from Waste Position Statement and in closing we again strongly encourage the EPA to reconsider the application of the Waste Levy in Energy from Waste projects which meet base diversion targets. 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](mailto:rob@eastwaste.com).

Yours sincerely,

**BRIAN CUNNINGHAM**  
**CHAIRMAN**

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**7.8: RESPONSE TO PARLIAMENT OF SOUTH AUSTRALIA INQUIRY INTO THE RECYCLING INDUSTRY****REPORT AUTHOR:** General Manager**ATTACHMENTS:** A: Parliament of South Australia Inquiry into the Recycling Industry, Terms of Reference

B: Draft Response to Parliament of South Australia Inquiry into the Recycling Industry

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**Purpose of the Report**

To seek the Board's input and endorsement of a submission to the Parliament of South Australia Inquiry into the Recycling Industry.

**Background**

On 13 May 2019, Parliament's Environment, Resources and Development Committee resolved to conduct an Inquiry into South Australia's recycling industry. The Committee is to be Chaired by Mr Adrian Pederick MP and the Terms of Reference (refer Attachment A) have been established to investigate and report on whether a current crisis in waste management exists in South Australia as a result, at least in part, of China's National Sword Policy, with reference to a series of points detailed in the terms of Reference.

**Report**

Administration have developed a draft response for the Chairman's signature is attached for comment and review (refer Attachment B). Responses are due back to the Committee by 19 July 2019. It is the intention to share the endorsed response with Member Councils.

**RECOMMENDATION**

**That the Board endorse the response, as presented in Attachment B, to the South Australian Parliament's Environment, Resources and Development Committee Inquiry into the Recycling industry.**





Parliament of South Australia

## ENVIRONMENT, RESOURCES AND DEVELOPMENT COMMITTEE

### Inquiry into the Recycling Industry

#### Terms of Reference

Parliament's Environment, Resources and Development Committee resolved at their meeting on 13 May 2019 to conduct an Inquiry into the recycling industry.

The terms of reference for the Inquiry are as follows:

That the Committee investigates and reports on whether a current crisis in waste management exists in South Australia as a result, at least in part, of China's National Sword Policy, with reference to:

1. How South Australia has responded to China's recent restriction on its importation of recyclable material;
2. Examining current policy and legislative frameworks (and potential for desirable reforms) that govern resource recovery, in the context of China's National Sword Policy;
3. Whether funding from the state government (including Green Industries SA funding) has been enough to support South Australian businesses and local councils affected by China's National Sword Policy;
4. Identifying short- and long-term opportunities and solutions in response to China's restriction on the importation of recyclable material;
5. Examining strategies more broadly to reduce waste generation and better managing commercial and industrial, municipal, and construction and demolition waste (and costs thereof), including, but not limited to:
  - a. Product stewardship;
  - b. Container deposit and other legislative responses;
  - c. Improved sorting and processing; and
  - d. Re-manufacturing materials locally into desirable products (including energy production) and procurement policies and practices that support the use of re-manufactured products; and
6. Any other relevant matter.

Further information can be found on the Committee website [www.parliament.sa.gov.au/erdc](http://www.parliament.sa.gov.au/erdc)

Submissions to the Inquiry should be received by **Friday 19 July 2019** and directed to:

The Parliamentary Officer  
Environment, Resources and Development Committee  
GPO Box 572  
ADELAIDE SA 5000  
Phone: (08) 8237 9387  
Email : [ERDC.Assembly@parliament.sa.gov.au](mailto:ERDC.Assembly@parliament.sa.gov.au)



20 June 2019

The Parliamentary Officer  
Environment, Resources and Development Committee  
GPO Box 572  
ADELAIDE SA 5000  
Email: [ERDC.Assembly@parliament.sa.gov.au](mailto:ERDC.Assembly@parliament.sa.gov.au)

Dear Sir/Madam,

## **RE: Response to Parliament of South Australia – Inquiry into the Recycling Industry**

The East Waste Board would like to thank the South Australian Parliament's Environment, Resources and Development Committee for the opportunity to provide a submission to their Inquiry into the recycling industry. 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.

As a brief background and for context of the following response, East Waste's Member Councils were significantly impacted financially as a result of China Sword and our then recycling processor being unable to no longer provide a rebate and needing to charge a processing fee. This collectively impacted our Member Councils in excess of \$2m. This is not a trivial amount and simply could not be absorbed by our Organisation or Councils, ultimately at least a portion of the cost was passed through to residents. At the time we sought assistance and relief from the State Government, however were advised that this was a matter for Subsidiary's and Individual Council's to resolve.

The response to the Inquiry's Terms of Reference are detailed below and have been endorsed by the East Waste Board.

**1. How South Australia has responded to China's recent restriction on its importation of recyclable material;**  
East Waste acknowledges there has been a significant response to China's restrictions by State and Local Governments, Industry and Peak Bodies, which have all aided and supported the work undertaken by East Waste. For the purpose of this response, only the actions directly taken by East Waste have been included.

As mentioned above East Waste and its Member Councils were impacted significantly early on following the announcement of China Sword. Since this time East Waste have been taking a proactive lead in sourcing the most appropriate recycling processor for the next period of time. This has seen a strong focus on increased transparency, engagement, circular economy principles and on-shore secondary processing. East Waste is close to finalising this with an announcement of our recycling contract soon.

Importantly, despite contractual impediments, East Waste has been able to ensure an uninterrupted recycling process which has seen all of the yellow bin contents presented on the kerbside by residents undergo a recycling process. We are proud to say we have avoided sending any recycling material to landfill, throughout this process, unlike many of our interstate counterparts.

Additionally, East Waste has increased education and communications around yellow bin recycling to encourage the community to continue and improve their habits. We understand that engagement of the community is critical and there has often been a need to mitigate misleading media reports and ensure the community understand that recycling is still economically and environmentally beneficial.

## 2. Examining current policy and legislative frameworks (and potential for desirable reforms) that govern resource recovery, in the context of China's National Sword Policy;

East Waste has long held a view, which has only been reinforced over the past 18 months, that resource recovery must be viewed holistically. We must stop looking and trying to address resource recovery at the tail-end. The greatest opportunities come from taking a holistic approach across the whole supply chain of packaging and consumer behavior. This opportunity to tackle Australia's waste problem includes the production process (at the point of decisions being made about design, manufacture, packaging, marketing, retail and consumption). Focusing on this will drive simpler and longer-term benefits.

East Waste acknowledges the South Australian State Government has started undertaking work in this space with a review on Single-use Plastics and the Container Deposit Scheme and as per our initial submissions we actively encourage an aggressive and wide-scoping approach is taken with these reviews to drive and influence resource recovery.

East Waste would actively support the mandating of improved labelling on all packaged material to assist the community in making decisions on the ease and availability of recycling. The Australian Packaging Covenant Organisation (APCO) and Planet Ark have developed the Australian Recycling Label (ARL) which is an evidence-based labelling system for Australia and New Zealand that provides easy to understand instructions about how to correctly dispose of every part of a product's packaging. Significant confusion still exists within the community and unlike other variations of the recycling symbol, the ARL assesses how each component of the package will behave in the recycling ecosystem depending on the materials used, inks, its weight, shape, adhesives etc. It also takes into consideration if that item is accepted for kerbside recycling by the majority of the population.

Use of the ARL however is currently purely voluntary and therefore its application, reach and knowledge within the community is limited. Mandating the use of the label will require all packaging to be fully assessed, go a long way to removing current confusion, provide consumers with increased knowledge at point of purchase and drive enhanced recycling behavior at the household. All critical elements in a holistic solution.

East Waste would also encourage a review of the existing legislation mandating municipal Councils undertake weekly residual bin collections. Taking a holistic view to the management and education of the current three kerbside bins is a key element in driving education and household behavioural change, however options on undertaking trials or investigations as to how this can be delivered to balance the varied needs of the community is restricted as a result of the current legislation.

### 3. Whether funding from the state government (including Green Industries SA funding) has been enough to support South Australian businesses and local councils affected by China's National Sword Policy;

East Waste has previously provided commented to the State Government in relation to our disappointment that no funding was provided to Councils to address the sudden financial impost experienced as a result of China Sword. It is worth noting funding was made available to interstate Councils by their respective state governments.

Notwithstanding, East Waste acknowledges and congratulates the State Government for providing two industry-focused assistance packages which undoubtedly will provide long term benefits to the strength, stability and flexibility of the local processing and re-manufacturing industry. We also acknowledge that Local Government more broadly will be a benefactor of this in the long term, however to date no benefits have been realised for East Waste Member Councils.

East Waste would actively support and encourage a review of the State Government Green Industry Fund and the \$120m the fund currently contains. This review should look at the principles governing the collection and importantly distribution policy.

### 4. Identifying short-and long-term opportunities and solutions in response to China's restriction on the importation of recyclable material.

These have been broadly discussed in previous responses, however as an immediate action, East Waste would encourage Government to incentivise and mandate where required many of the low-hanging fruit that still remains. This includes mandating the use of minimum recycled content in applicable infrastructure works (such as roads and footpaths) and acting on other opportunities for the inclusion of recycled content in Government (both State and Local) Procurement.

### 5. Examining strategies more broadly to reduce waste generation and better managing commercial and industrial, municipal, and construction and demolition waste (and costs thereof), including, but not limited to:

#### a. Product stewardship;

Simply, product stewardship needs to be broadened and the cost of disposing of items, where possible needs to be borne by the producer rather than an unrelated party, which is typically the case now. If product stewardship is legislated then the producers will invest more energy and investment at the front-end minimising packaging and componentry to ensure disposal is easy and appropriate for them. Through this process strict control can also be placed the minimum recycled content etc.

#### b. Container deposit and other legislative responses;

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.

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.

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 are 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).

#### c. Improved sorting and processing; and

East Waste is of the view the current three-bin system is an appropriate service balance and effective base, which, with changes to a number of pieces of legislation, on-going education and innovation can not only deliver but exceed the targets and results both State and Local Government are seeking.

East Waste is aware that the existing State Government Industry funds have led to a number of improvements and benefits in the sorting, processing and re-manufacturing space. We are not in a position to comment further on the overall effectiveness or appropriateness of this to the sector as a whole, but would certainly encourage funding, legislative levers and projects that ultimately increase the quantity and quality of commodities derived from recycling.

#### d. Re-manufacturing materials locally into desirable products (including energy production) and procurement policies and practices that support the use of remanufactured products; and

East Waste actively supports circular economy principles, especially those that are small and tight (that is those that cycle in the South Australian economy only). As detailed before East Waste actively encourages the Government to mandate minimum recycled content in applicable infrastructure works (such as roads and footpaths) and acting on other opportunities for the inclusion of recycled content in Government (both State and Local) Procurement.

## 6. Any other relevant matter.

Acknowledging there is no silver bullet to the current challenge is important. Despite all the issues and challenges there have been many success stories and lessons that can be learnt from these. Unsurprisingly success will come from many programs and projects and any that advance towards the desired outcome should be investigated and supported.

Recycling is no longer about placing material in a yellow-lidded bin. In East Waste's view, recycling now only counts if you are procuring goods inclusive of recycled content.

Once again thank you for providing East Waste with the opportunity to provide input into the South Australian Parliament's Environment, Resources and Development Committee Inquiry into the recycling industry. We trust the findings of the Committee will add value and advance the industry. 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](mailto:rob@eastwaste.com).

Yours sincerely,

**BRIAN CUNNINGHAM**  
**CHAIRMAN**

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**7.9: GENERAL MANAGER SIX MONTH PROGRESS REPORT OF KEY PERFORMANCE GOALS, MEASURES AND TARGETS****REPORT AUTHOR: Rob Gregory****ATTACHMENTS: A: General Manager Key Performance Indicators Report**

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**Purpose of the Report**

To provide to the Board the findings of the General Manager Performance Committee's (GMPC) six-monthly progress report of the General Manager's performance against the Key Performance Goals, Measures and Targets for the 2019 assessment year. Additionally provide an opportunity for the Board to provide direct feedback to the General Manager.

**Background****Governance Context**

The General Manager Performance Committee is established under authority of the Board and the Committee's Terms of Reference approved at the 22 February 2018 Board Meeting.

The General Manager's Performance Development and Review Committee has the responsibility on behalf of the Board, to manage the employment matters of the General Manager including the employment contract and its conditions, performance and development. It is a condition of the General Manager's contract that his performance is reviewed by the Board at least annually.

At the meeting held 13 December 2018, the Board resolved:

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

*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**

**Report**

The GMPC and Board, with the assistance of Taylored Consulting have previously established the review and reporting framework for the assessment of the General Manager's performance in November each year. The attached report (refer Attachment A) provides the General Manager's self-assessment and the Committee's assessment of performance against the agreed key performance indicators through the first six-months of the year (refer Attachment A). It is also an opportunity for the Committee and Board to review progress and formally provide feedback to the General Manager and Board on performance to date. Committee Members met with the General Manager on 11 June 2019, provided feedback to the General Manager on each of the specific areas and also more broadly, before resolving the following:

**7.1 2019 GENERAL MANAGER SIX MONTH PROGRESS REPORT OF KEY PERFORMANCE GOALS, MEASURES AND TARGETS****RECOMMENDATION**

*Moved Ms Hart that the Committee having reviewed, considered and discussed the six-month performance assessment of the General Manager's Key Performance Indicators Report, recommends the revised report for presentation to the East Waste Board.*

*Seconded Mr Barone*

**Carried**

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The General Manager has commenced the Professional Development activities endorsed by the Board, namely emotional intelligence training with Chair, Brian Cunningham and undertaking of the Liberated Leaders Program.

The report is now provided to the Board for feedback, comment and endorsement.

**RECOMMENDATION**

**That the Board having reviewed, considered and discussed the six-month performance assessment of the General Manager's Key Performance Indicators Report, as presented in Attachment A, and taken into account the recommendation of the General Manager's Performance Review Committee receive and note the report.**



GENERAL MANAGER

KEY PERFORMANCE GOALS, MEASURES AND TARGETS: Dec18 – May 19 (6 Month Review)

MEASURE		INDICATOR	PERFORMANCE/ACTIVITY	
<b>Financial</b>		<ul style="list-style-type: none"> <li>• Operating Result: +/-2% Return on Revenue (= +/- \$235,000).</li> <li>• Proactive identification of opportunities and pursuit of Funding Grants and awards which are consistent with the goals of the Organisation and provide a financial benefit.</li> </ul>	<ul style="list-style-type: none"> <li>• F19 Result – On track to meet BR2 revised surplus of \$20,056, despite significant increases in uncontrollable areas, such as fuel (~\$215,000 increase), legal fees (\$60,000 increase) &amp; consulting (associated with review of recycling contract);</li> <li>• Realised significant savings in the areas of Truck Maintenance through increased controls &amp; management;</li> <li>• Financial savings also realised through pursuing improved power contract, electronic notification of hard waste booking, AdBlue Contract and improved use of internal machinery reducing equipment hire charges;</li> <li>• Development of F20 budget which balances minimal rate rise with continued progressive approach &amp; financial sustainability.</li> <li>• Implementation of investment schedule to maximise performance of cash reserves throughout year;</li> <li>• Cessation of the obsolete staff Social Club Fund, which resulted in unnecessary monthly administration;</li> <li>• Additional income through sale of Which Bin? (\$30,000), LGA Grant for Statewide rollout of My Local Services App (\$30,000) and LGAWCS Merit Award for insert (\$5,000).</li> </ul> <p style="text-align: center;"><b>Underperformance/Not Yet Commenced</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	
				<table border="1"> <tr> <td style="text-align: center;">RG Score</td> <td style="text-align: center;">Committee Score</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> </table>
RG Score	Committee Score			
4	4			
<b>Environmental</b>		<ul style="list-style-type: none"> <li>• EPA compliance maintained</li> <li>• Development of long-term Education Strategy to increase Community engagement, participation and reduce contamination rates</li> <li>• Inform and engage Member Councils on matters of interest.</li> </ul>	<ul style="list-style-type: none"> <li>• EPA Compliance maintained, with no breaches or investigations. EPA relationship enhanced;</li> <li>• Long-term education strategy (Kerbside innovations Plan) commenced with number of workshops and meetings with potential partners undertaken. On track for Sept delivery;</li> <li>• Regular CEO/Board &amp; Operations Committee email updates on matters of interest. Attendance at Council &amp; Committee meetings;</li> <li>• Assessment of electric truck feasibility undertaken.</li> </ul> <p style="text-align: center;"><b>Underperformance/Not Yet Commenced</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	
				<table border="1"> <tr> <td style="text-align: center;">RG Score</td> <td style="text-align: center;">Committee Score</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">3</td> </tr> </table>
RG Score	Committee Score			
3	3			
<b>Social</b>		<ul style="list-style-type: none"> <li>• Council specifications for customer service and service delivery achieved.</li> <li>• Improved results in key areas of the Customer Satisfaction Survey (survey due in Q3 of 2019).</li> <li>• Advocacy of LG waste management issues in high-level forums, submissions and media (measure is a summary of activity, per annum).</li> <li>• Development of a Reporting Platform for Member Councils to improve and simplify delivery of critical waste data and performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Service Specifications drafted for consultation with Member Councils;</li> <li>• Advocacy through being member &amp; active participant of:                             <ul style="list-style-type: none"> <li>○ Waste Man. &amp; Resource Recovery (SA);</li> <li>○ WMRR Resource Recovery &amp; Market Research Working Group;</li> <li>○ GISA Education Working Group;</li> <li>○ Australian Packaging Covenant Organisation National Systems and Education Working Group;</li> <li>○ KESAB Board Member.</li> </ul> </li> <li>• Delivery of numerous presentations, submission &amp; responses to waste related matters;</li> <li>• Reporting platform underway and ahead of schedule for delivery.</li> </ul> <p style="text-align: center;"><b>Underperformance/Not Yet Commenced</b></p> <ul style="list-style-type: none"> <li>• Customer Service Specifications behind schedule</li> </ul>	
				<table border="1"> <tr> <td style="text-align: center;">RG Score</td> <td style="text-align: center;">Committee Score</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">3</td> </tr> </table>
RG Score	Committee Score			
3	3			

MEASURE		INDICATOR	PERFORMANCE/ACTIVITY
			• Customer Satisfaction Survey to be undertaken in Q3
<b>Internal Process Improvement</b>		<ul style="list-style-type: none"> <li>• Operating efficiencies pursued to enable and add value to services.</li> <li>• Establishment of Budget Framework</li> <li>• Implementation of a compliant Records Management System.</li> <li>• Review and Updating of All Policies &amp; Procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of Customer Service Improvement Program;</li> <li>• Online hard waste booking and electronic notification (saving Administrative time and printing and mailing costs);</li> <li>• Increased promotion and functionality of My Local Services App;</li> <li>• Development &amp; successful implementation of Budget framework to provide long term operating security and increased financial transparency to Member Councils;</li> <li>• Implementation of 80% of all audit recommended actions;</li> <li>• Numerous payroll &amp; financial process efficiencies implemented.</li> </ul> <hr/> <p><b>Underperformance/Not Yet Commenced</b></p> <ul style="list-style-type: none"> <li>• Implementation of Records Management System not progressed to preferred level.</li> </ul>
RG Score	Committee Score		
3	3		
<b>Innovation &amp; Learning</b>		<ul style="list-style-type: none"> <li>• Pursuit of innovation in new services and operational design for increased service delivery and quality outcomes.</li> <li>• Phase Three Roll out of the WhichBin? program.</li> <li>• Maximise opportunities and partnerships as a result of the state wide WhichBin? rollout.</li> </ul>	<ul style="list-style-type: none"> <li>• Collection innovations researched and sought in replacement vehicle tender;</li> <li>• Successful transition away from WhichBin? branding to 'Why Waste It?';</li> <li>• Development of the My Local Services App to enable a State rollout;</li> <li>• Preliminary investigation and planning of the Kerbside Innovations Plan, including stakeholder meetings with NSW EPA, Oz Harvest, Fight Food Waste CRC, ACT State Government, KESAB and NSW Councils;</li> <li>• Negotiated monthly 'Which Bin Wednesday' radio segment with Coast FM;</li> <li>• Commenced website revamp to improve useability.</li> </ul> <hr/> <p>Underperformance/Not Yet Commenced</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>
RG Score	Committee Score		
4	4		
<b>Workforce Capability &amp; Performance</b>		<ul style="list-style-type: none"> <li>• Avg accrued annual leave days = or &lt; 20 days pp (averaged)</li> <li>• Staff voluntary turnover &lt;or = 10% pa</li> <li>• Improved results in key areas of the Employee Satisfaction Survey (survey due in Q3 of 2019)</li> <li>• Leadership of the EA process to the satisfaction of the Board.</li> <li>• Implementation of a Development Planning Program with Executive and Admin staff, including monitoring mechanisms of progress on plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Ave. Annual Leave Accrued =13.22 days;</li> <li>• Voluntary Staff Turnover/Total (18/19) = 3/4 (5.2%);</li> <li>• All Managers and Coordinators and Team Leaders undergone annual review and have current and active Professional Development Plans;</li> <li>• Operational EA finalised with annual increase over 3years capped at 1.7%. The lowest known rate increase in the LG and waste industry sectors in recent time.</li> </ul> <hr/> <p><b>Underperformance/Not Yet Commenced</b></p> <ul style="list-style-type: none"> <li>• Employee Satisfaction Survey to be undertaken in Q3</li> </ul>
RG Score	Committee Score		
4	4		

## Evaluation System (extract from Contract).

**Personal Evaluation System** means the system by which the General Manager's performance is assessed, in accordance with the following rating scale and Schedule 3:

- Rating 1 – General Manager's performance did not meet expectation;
- Rating 2 – General Manager's performance was below expectation;
- Rating 3 – General Manager's performance met expectation;
- Rating 4 – General Manager's performance was above expectation;
- Rating 5 – General Manager's performance exceeded expectation.