



**EASTERN WASTE MANAGEMENT AUTHORITY
AUDIT & RISK MANAGEMENT COMMITTEE MEETING**

TUESDAY 13 September 2022

Notice is hereby given that a meeting of the Audit and Risk Management Committee of the Eastern Waste Management Authority will be held at the **Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide**, on Tuesday 13 September 2022, commencing at 8:00am.

A handwritten signature in blue ink, appearing to read 'Rob Gregory'.

**ROB GREGORY
GENERAL MANAGER**

Acknowledgement of Country

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.



EASTERN WASTE MANAGEMENT AUTHORITY

AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

Meeting to be held on Tuesday 13 September 2022
commencing at 8:00am, in the Boardroom, Thomson Geer,
7/19 Gouger Street, Adelaide

1. PRESENT
2. ACKNOWLEDGEMENT OF COUNTRY
3. APOLOGIES
4. CONFLICTS OF INTEREST
5. CONFIRMATION OF THE MINUTES:
 - 5.1 MEETING HELD 5 August 2022
6. MATTERS ARISING FROM THE MINUTES
7. QUESTIONS WITHOUT NOTICE
8. REPORTS
 - 8.1 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022pg.8
 - 8.2 REGULATION 10 FINANCIAL REPORT.....pg.39
 - 8.3 FY23 ANNUAL PLAN (revised) ENDORSEMENTpg.45
 - 8.4 ANNUAL REPORT (late paper).....pg.66
 - 8.5 AUDITOR GENERAL'S REPORT – MANAGEMENT OF KERBSIDE WASTE SERVICES....pg.67
9. CONFIDENTIAL REPORTS
 - 9.1 CONTRACT UPDATE (VERBAL)
10. OTHER BUSINESS
11. NEXT MEETING OF THE AUDIT COMMITTEE
The next Audit and Risk Management Committee Meeting is to be held on:
Tuesday 25 October 2022, commencing 8:00am, in the Boardroom, Thomson Geer, 7/19
Gouger Street, Adelaide
12. CLOSURE OF MEETING



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

held on Friday 5 August 2022 in the Boardroom, Thomson Geer,
7/19 Gouger Street, Adelaide

Meeting opened at 8:06am

1. ACKNOWLEDGEMENT OF COUNTRY

2. PRESENT

Mrs E Hinchey	Independent Member/Chair
Mr F Bell	Independent Board Chair
Cr L Green	Adelaide Hills Council (via Zoom)
Ms S Di Blasio	Independent Member

IN ATTENDANCE

Mr R Gregory	General Manager
Mr D Maywald	Manager, Business Services
Ms P Foy	Executive Administration Officer
Mr J Jovicevic	Dean Newbery & Partners

3. APOLOGIES

Nil.

4. CONFLICTS OF INTEREST

Mrs Hinchey declared a perceived conflict of interest due to her role as member of the Audit and Risk Committee of the Southern Region Waste Resource Authority (SRWRA).

5. CONFIRMATION OF THE MINUTES – 14 June 2022

Moved Cr Green that the Minutes of the previous meeting held on Wednesday 14 June 2022 be received and noted.

Seconded Ms Di Blasio

Carried

Moved Mr Bell that the Confidential Minutes of the previous meeting held on Wednesday 14 June 2022 be received and noted.

Seconded Cr Green

Carried

6. MATTERS ARISING FROM THE MINUTES

Nil.

7. QUESTIONS WITHOUT NOTICE

Nil.

8. REPORTS

8.1 ENDORSED CHARTER

RECOMMENDATION

Moved Mr Bell that the Committee notes the activation of the new East Waste Charter.

Seconded Ms Di Blasio

Carried

8.2 DRAFT 2022/23 ANNUAL PLAN & BUDGET (REVISED)

RECOMMENDATION 1

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

- (b) information the disclosure of which –
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - (ii) would, on balance, be contrary to the public interest;

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

Seconded Cr Green

Carried

RECOMMENDATION 2

Moved Mr Bell that the Committee:

1. Notes and supports the revised FY23 Draft Annual Plan and Budget, with the following amendments, prior to presentation to the Board:
 - a. Administration undertake a further review of the fuel budget, taking into consideration first month actuals; and
 - b. Provide further detail in the Annual Report Summary providing greater clarity on the savings associated with the introduction of the City of Unley;
2. Administration undertake a detailed review of fuel expenses against budget as part of the BR2 process and consider any rebate possibility.

Seconded Cr Green

Carried

RECOMMENDATION 3

Moved Cr Green that under Section 91(7) and (9) of the Local Government Act 1999 the Committee orders that Table 1 of the Report be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Mr Bell

Carried

Mr Jovicevic left the meeting at 8.52am

9. CONFIDENTIAL REPORTS

9.1 Contract Evaluation Report

RECOMMENDATION 1

Moved Cr Green that pursuant to Section 90(2) and (3) of the Local Government Act 1999 the East Waste Audit & Risk Committee orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the Committee 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 Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded Ms Di Blasio

Carried

RECOMMENDATION 3

Moved Cr Green that under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Audit & Risk Committee 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 Ms Di Blasio

Carried

10. OTHER BUSINESS

Nil.

11. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The next Audit and Risk Management Committee Meeting is to be held on:
13 September 2022 commencing 8:00am, in the Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide

12. CLOSURE OF MEETING

There being no other business the meeting closed at 9.46am.

PRESIDING MEMBER _____

DATE _____

8.1: AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Draft Financial Statements Year Ending 30 June 2022
B: Audit Findings Report (Bentley's)
C: Draft Management Representation Letter

Purpose of the Report

To provide the Committee with an opportunity to review and comment on the prepared Financial Statements for year ending 30 June 2022.

Background

At the meeting held 24 June 2021, the East Waste Board resolved:

2021/21 ANNUAL BUSINESS PLAN & BUDGET

Moved Mr Di Iulio that the Board endorse the 2021/22 Annual Business Plan and Budget, as presented in Attachment A.

Seconded Cr Ashby

Carried

Report

The draft Financial Statements (refer Attachment A) for financial year ending 30 June 2022 have been prepared by East Waste's appointed accountancy firm Dean Newbery and Partners in accordance with the model financial statements issued by the Local Government Association.

The statements have been reviewed by East Waste's external auditors Bentleys. Bentley's draft Audit Findings Report is provided (refer Attachment B) and a representative from Bentley's will attend the meeting to answer any Committee questions.

The reports finds that previous matters raised and risks identified through the interim audit have been satisfactorily addressed. As such Bentleys advise in their Report (refer Attachment B) that they intend to issue an unmodified audit opinion over the financial report of Eastern Waste Management Authority Inc.

The Financial Statements (refer Attachment A) show a year end deficit of \$369,000 which is a reduction of \$41,000 on the April 2022 figure provided to the Committee. The deficit, which has been forecasted for some time, is due predominately to escalating fuel prices. The financial statements presented, account for East Waste absorbing this deficit rather than requesting Member Councils to fund the shortfall. This still provides East Waste with a cash reserve of \$2m, which is considered to be appropriate, given our business expenses.

The draft Management Representation Letter (refer Attachment C) prepared for Bentleys external auditors as part of the external audit completion process has been provided to Committee Members to note and to be aware of disclosures Management are making to the auditors in connection with the audit. Subject to no further changes or any adverse unforeseen events occurring before the financial statements are due to be signed off, the General Manager will sign the enclosed draft Management Representation Letter as presented in Attachment C and provide it to the auditors to enable them to issue to the Authority their auditor's report for the 2020/22 financial year.

RECOMMENDATION

The Committee recommends:

1. That the draft FY2022 audited Financial Statements as presented in Attachment A and Management Representation Letter as presented in Attachment C, are recommended for presentation to the East Waste Board; and
2. Notes the draft Independent Audit Findings Report as presented in Attachment B.

EASTERN WASTE MANAGEMENT AUTHORITY INC

General Purpose Financial Report for the year ended 30 June 2022

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EASTERN WASTE MANAGEMENT AUTHORITY INC

Annual Financial Statements for the financial year ended 30 June 2022

Certification of Financial Statements

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.*
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

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Rob Gregory
Executive Officer

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Fraser Bell
Chairperson

Date:

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Income			
User charges	2	16,579	16,707
Investment income	2	10	12
Grants, subsidies and contributions		81	-
Other	2	932	917
Total Income		17,602	17,636
Expenses			
Employee costs	3	6,386	6,089
Materials, contracts & other expenses	3	9,303	9,149
Finance costs	3	246	262
Depreciation & amortisation	3	2,043	1,986
Total Expenses		17,978	17,486
Operating Surplus		(376)	150
Asset disposal & fair value adjustments	4	7	105
Net Surplus		(369)	255
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		(369)	255

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Financial Position as at 30 June 2022

		2022	2021
Assets	Notes	\$'000	\$'000
Current Assets			
Cash and cash equivalents	5	2,001	3,168
Trade & other receivables	5	935	661
Inventory		50	-
Total Current Assets		<u>2,986</u>	<u>3,829</u>
Non-current Assets			
Property, Plant & Equipment	6	8,542	8,098
Total Non-current Assets		<u>8,542</u>	<u>8,098</u>
Total Assets		<u>11,528</u>	<u>11,927</u>
Liabilities			
Current Liabilities			
Trade & Other Payables	7	1,436	1,609
Provisions	7	778	654
Borrowings	7	1,940	1,925
Total Current Liabilities		<u>4,154</u>	<u>4,188</u>
Non-current Liabilities			
Borrowings	7	6,410	6,423
Provisions	7	114	97
Total Non-current Liabilities		<u>6,524</u>	<u>6,520</u>
Total Liabilities		<u>10,678</u>	<u>10,708</u>
Net Assets		<u>850</u>	<u>1,219</u>
EQUITY			
Accumulated Surplus		850	1,219
Total Equity		<u>850</u>	<u>1,219</u>

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Changes in Equity for the year ended 30 June 2022

	Accumulated Surplus	Total Equity
	\$'000	\$'000
Balance at start of period - 1 July 2021	1,219	1,219
Net Surplus for Year	(369)	(369)
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2022	850	850
Balance at start of period - 1 July 2020	964	964
Net Surplus for Year	255	255
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2021	1,219	1,219

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Cash Flows for the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash Flows from Operating Activities			
Operating receipts		17,400	18,457
Investment receipts		9	7
Employee costs		(6,245)	(6,012)
Materials, contracts & other expenses		(9,613)	(9,243)
Finance payments		(258)	(233)
Net cash provided by operating activities	8	1,293	2,976
Cash Flows from Investing Activities			
Sale of replaced assets	4	86	124
Expenditure on renewal/replacement of assets	6	(2,305)	(2,452)
Expenditure on new/upgraded assets	6	(244)	-
Net cash used in investing activities		(2,463)	(2,328)
Cash Flows from Financing Activities			
Proceeds from Borrowings		2,031	2,284
Repayments of Borrowings		(1,791)	(1,826)
Repayment of lease liabilities		(237)	(260)
Net cash provided by (used in) financing activities		3	198
Net Increase (Decrease) in cash held		(1,167)	846
Cash & cash equivalents at beginning of period	5	3,168	2,322
Cash & cash equivalents at end of period	5	2,001	3,168

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

Note 1 – Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the 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. The seven Member Councils have an equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of the Member Councils.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards which requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

Eastern Waste Management Authority Inc. operates as a regional subsidiary and is incorporated under the SA Local Government Act 1999. Its principal place of business is at 1 Temple Court Ottoway.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

3 Income Recognition

The Authority recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest. All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 9.

5 Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

5.3 Depreciation of Non-Current Assets

Property, plant and equipment assets are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

Asset Class	Estimated Useful Lives	Capitalisation Threshold
Plant, Machinery & Equipment	3-10 Years	>\$1,000
Buildings & Other Structures	5-20 Years	>\$1,000
Right-of-use-assets	Over period of expected lease	n/a

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

5.4 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

6 Payables

6.1 Goods & Services

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

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

The Authority recognises a liability for employee benefits relating to rostered day off (RDO) entitlements in Note 7 given entitlements are paid-out on termination of employment. Experience indicates that RDO entitlements are generally taken given there is a cap applied to the level of RDO entitlements allowed to be accrued.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

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

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super and prior to that the Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently.

Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with Superannuation Guarantee Legislation (10% in 2021/22; 9.5% in 2020/21). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2020/21) of 'superannuation' salary.

In addition, the Authority makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

9 GST Implications

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

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

10 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

11 Critical Accounting Estimates and Judgements

The Board evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

12 New Accounting Standards

The Authority did not apply any new accounting standards during the financial year. There are no new accounting standards, interpretations or amendments which are expected to have a material impact on the accounting policies of the Authority for future periods.

13 Highbury Landfill Authority Inc.

The Authority, originally known as the East Torrens Municipal Destructor Trust, was established on 19 July 1928 (the name change took place in 1993). As at 1 July 2004, the Authority comprised of 3 Member Councils, being the City of Norwood, Payneham & St Peters, City of Burnside and the Corporation of the Town of Walkerville.

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

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

14 Authority Membership

The City of Unley became a Member Council of the Authority in July 2022 and waste collection services commenced for the Council as from 1 August 2022. As a result of The City of Unley becoming a Member Council, additional staff have been employed and trucks ordered to meet the additional services being provided to the Authority.

An amendment to the Authority's adopted Budget for FY2023 was undertaken with the Board and Member Council's in August 2022 in line with the requirements under the Act and the Authority's Charter.

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EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

	2022	2021
Notes	\$'000	\$'000
Note 2 - Income		
User Charges		
Waste Collection Income	12,662	12,372
Waste Processing Income	3,677	4,640
Administration	240	235
Member Council Waste Collection Rebate	-	(540)
	<u>16,579</u>	<u>16,707</u>
Investment Income		
Interest on investments		
Local Government Finance Authority	10	12
	<u>10</u>	<u>12</u>
Other Income		
Bin Supply	409	254
Replacement Bins	474	642
Sundry	49	21
	<u>932</u>	<u>917</u>
Note 3 - Expenses		
Employee Costs		
Salaries and Wages	5,115	4,924
Employee leave expense	93	76
Superannuation	443	403
Wages Casual Agency	500	490
Workers' Compensation Insurance	148	113
Other	87	83
Total Employee Costs	<u>6,386</u>	<u>6,089</u>
Number of FTE Employees as at reporting date	61	59

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EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

Note 3 - Expenses (cont.)

	Notes	2022 \$'000	2021 \$'000
Materials, Contracts & Other Expenses			
Auditor's Remuneration		9	9
Board Expenses		23	29
Waste Processing Costs		3,676	4,614
Electricity		4	4
Fuel, Gas & Oil		1,529	993
Legal Expenses		91	27
Maintenance		2,323	2,214
Parts, Accessories & Consumables		17	2
Printing, Stationery & Postage		41	36
Professional Services		487	440
Registration & Insurance - Trucks		299	215
Sundry		804	566
		9,303	9,149
Finance Costs			
Interest on Loans		224	234
Interest on Leases		22	28
		246	262
Depreciation & Amortisation			
Buildings & Other Structures	6	54	10
Plant, Machinery & Equipment	6	1,733	1,725
Right-of-use assets	6	256	251
		2,043	1,986
Note 4 - Asset Disposals			
Proceeds from disposal		86	124
Less: Carrying amount of assets sold		(79)	(19)
Gain (Loss) on disposal		7	105
Note 5 - Current Assets			
Cash & Cash Equivalents			
Cash on Hand and at Bank		1,818	2,995
Deposits at Call		183	173
		2,001	3,168
Trade & Other Receivables			
Debtors - general		901	654
Accrued Income		34	-
Prepaid Expenses		-	7
		935	661

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Note 6 - Property, Plant & Equipment		
Buildings & Other Structures - At Cost	569	325
Accumulated Depreciation	(146)	(92)
	<u>423</u>	<u>233</u>
Plant, Machinery & Equipment - At Cost	18,929	17,227
Accumulated Depreciation	(11,386)	(10,176)
	<u>7,543</u>	<u>7,051</u>
Right-of-use-assets	1,339	1,321
Accumulated Depreciation	(763)	(507)
	<u>576</u>	<u>814</u>
Total Property, Plant & Equipment	<u><u>8,542</u></u>	<u><u>8,098</u></u>

	2021 \$'000						2022 \$'000
	Carrying Value	Additions		Disposals	Depreciation	Adjustment	Carrying Value
		New/Upgrade	Renewal				
Buildings & Other Structures	233	244	-	-	(54)	-	423
Plant, Machinery & Equipment	7,051		2,304	(79)	(1,733)	-	7,543
Right-of-use-asset	814	-	-	-	(256)	18	576
	<u>8,098</u>	<u>244</u>	<u>2,304</u>	<u>(79)</u>	<u>(2,043)</u>	<u>18</u>	<u>8,542</u>
2021 (\$'000)	7,652	2,475	-	(19)	(1,986)	(24)	8,098

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

	2022 \$'000		2021 \$'000	
	Current	Non-current	Current	Non-current
Note 7 - Liabilities				
Trade & Other Payables				
Goods & Services	1,047	-	902	-
Payments received in advance	80	-	-	-
Accrued expenses - other	309	-	707	-
	1,436	-	1,609	-
Borrowings				
Loans	1,673	6,050	1,679	5,805
Lease Liabilities	267	360	246	618
	1,940	6,410	1,925	6,423
Provisions				
Annual Leave	388	-	302	-
Rostered-Day-Off (RDO)	25	-	51	-
Long Service Leave	365	114	301	97
	778	114	654	97

Note 8 - Cash Flow Reconciliation

	2022 \$'000	2021 \$'000
Total cash & equivalent assets	2,001	3,168
Balances per Cash Flow Statement	2,001	3,168

(a) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities

Net Surplus (Deficit)	(369)	255
Non-cash items in Statement of Comprehensive Income		
Depreciation	2,043	1,986
Net increase (decrease) in employee benefits	119	(77)
Net increase (decrease) accrued expenses	(12)	24
(Gain) / Loss on Disposal	(7)	(105)
Lease liability adjustment	(18)	-
Waste Rebates	-	470
	1,756	2,553
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(235)	363
Net increase (decrease) in trade & other payables	(242)	(94)
Net increase (decrease) in other provisions	14	154
Net Cash provided by (or used in) operations	1,293	2,976

(b) Financing Arrangements

Corporate Credit Cards	15	15
Cash Advance Debenture Facility - LGFA	1,000	1,000

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

Note 9 - Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 1.05% (2021: 0.3%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Waste Collection Fees & Associated Charges	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.
Liabilities - Interest bearing borrowings	Accounting Policy: initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate. Terms & conditions: secured over future revenues and Member Councils, borrowings are repayable on fixed interest terms. Rates between 1.7% - 5.35%
Liabilities - Leases	Accounting Policy: accounted for in accordance with AASB 16 as stated in Note

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

Note 9 (cont) - Financial Instruments

Liquidity Analysis

2022	Maturity			Non- interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Financial Assets	\$000	\$000	\$000	\$000	\$000
Cash & Equivalents	2,001	-	-	-	2,001
Receivables	-	-	-	901	901
Total	2,001	-	-	901	2,902
Financial Liabilities					
Payables	-	-	-	1,047	1,047
Borrowings	1,940	4,972	1,438	-	8,350
Total	1,940	4,972	1,438	1,047	9,397

2021	Maturity			Non- interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Financial Assets	\$000	\$000	\$000	\$000	\$000
Cash & Equivalents	3,168	-	-	-	3,168
Receivables	-	-	-	654	654
Total	3,168	-	-	654	3,822
Financial Liabilities					
Payables	-	-	-	902	902
Borrowings	1,925	5,091	1,332	-	8,348
Total	1,925	5,091	1,332	902	9,250

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

Note 10 - Expenditure Commitments

The Authority has expenditure commitments totalling an estimated \$2.02 million as at reporting date.

Note 11 - Leases

Authority as a lessee

Right-of-use-assets

The Authority leases its administrative and depot facilities at Ottoway.

	Buildings & Other Structures \$'000	Total \$'000
At 1 July 2021	814	814
Additions of right-of-use-assets	-	-
Depreciation Charge	(256)	(256)
Adjustment to right-of-use-assets	18	18
At 30 June 2022	<u>576</u>	<u>576</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

At 1 July 2021	864
Additions	13
Accretion of interest	22
Payments	(272)
Adjustment to lease liability	-
At 30 June 2022	<u>627</u>
Current	267
Non-Current	360

Note 12 - Post Balance Date Events

The City of Unley became a Member Council in July 2022 and waste collection services commenced as from 1 August 2022. As a result of The City of Unley becoming a Member Council, the Authority was required to purchase additional trucks to service the increased number of collection routes. The estimated cost of the new Trucks to be purchased is \$2.5 million.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2022

Note 13 - Related Party Transactions

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 4 persons were paid the following total compensation:

	2022	2021
	\$'000	\$'000
Salaries, allowances & other short term benefits	483	462
Total	483	462

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
Adelaide Hills Council	3,113	160	Provision of kerbside waste collection and hardwaste collection services
City of Burnside	2,911	87	Provision of kerbside waste collection and hardwaste collection services
City of Mitcham	2,984	312	Provision of kerbside waste collection and hardwaste collection services
City of Norwood, Payneham & St Peters	2,841	191	Provision of kerbside waste collection and hardwaste collection services
City of Prospect	1,389	67	Provision of kerbside waste collection and hardwaste collection services
Corporation of the City of Campbelltown	2,906	66	Provision of kerbside waste collection and hardwaste collection services
Corporation of the Town of Walkerville	537	15	Provision of kerbside waste collection and hardwaste collection services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5.

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

Where you want to be.



Eastern Waste Management Authority Inc.

Report of Audit Findings

September 2022

David Papa, Partner
Level 5, 63 Pirie St, Adelaide SA 5000
Telephone +61 8 8372 7900
dpapa@adel.bentleys.com.au | bentleys.com.au

➤ Advisors

➤ Accountants

➤ Auditors
30

Executive summary

We are providing our report on the audit of Eastern Waste Management Authority Inc. for the year ending 30 June 2022.

Dear Ms Hinchey

We have conducted our audit of Eastern Waste Management Authority Inc. for the year ending 30 June 2022 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 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:
 - Accrued rebate to members (Outstanding Identified audit risk)
- We intend to issue an unmodified audit opinion over the financial report of Eastern Waste Management Authority Inc.

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

Sincerely,

David Papa

Partner

+61 8 8372 7900

dpapa@adel.bentleys.com.au

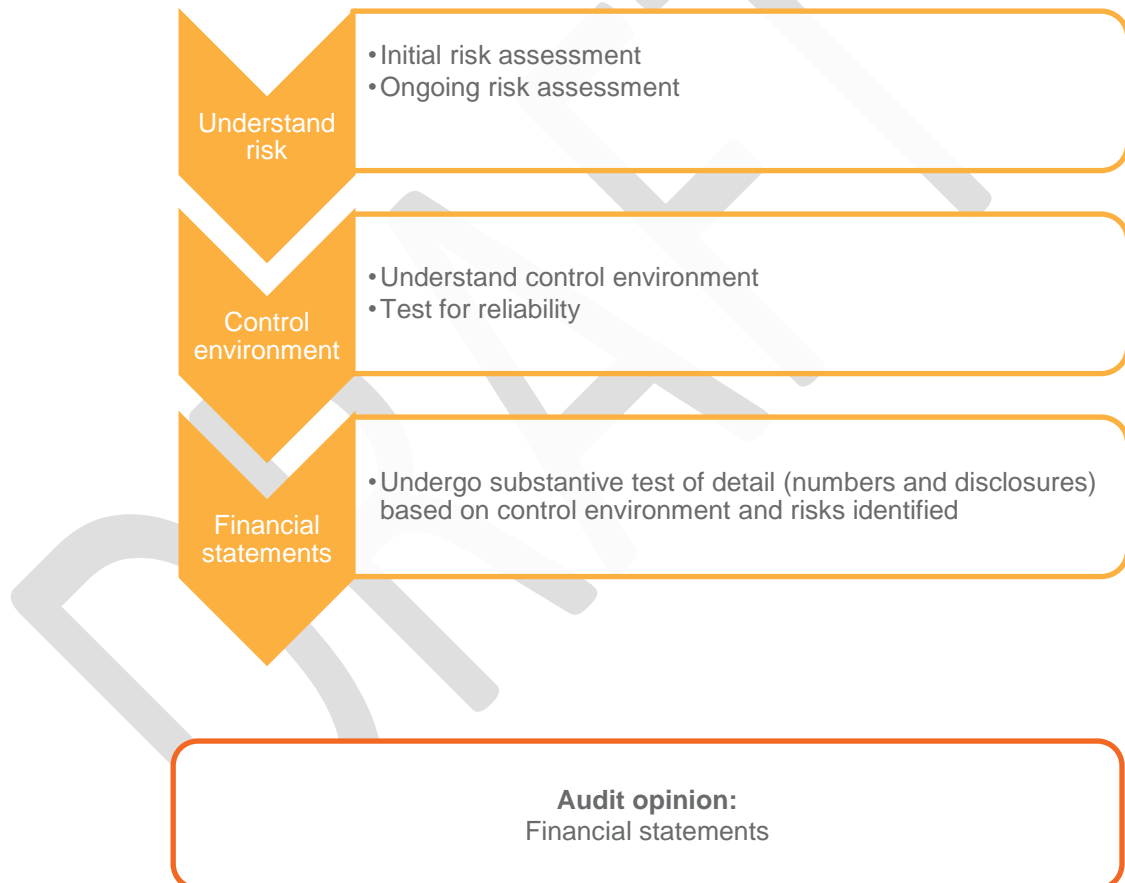


Audit approach

Helping businesses achieve their goals and aspirations.

Bentleys SA's audit approach is based on organisational and financial risk. We develop an understanding of risks for your organisation that relate to the financial statements based on our understanding of your people, your organisation and your sector. This understanding helps us build an audit program that is tailored to you each year and enables us to form an opinion on your financial statements through a target "risk based" approach. The benefits of this approach are:

- Audit efficiency
- Increased organisational assurance
- A review of your control environment
- Timely and effective audits



Matters for those charged with governance

As your auditor, our requirement to identify risk commences at the planning phase of our audit and continues throughout the audit process until complete and the audit report is signed. Below we have detailed identified risks relating to the financial statements.

Risks identified at planning

Area

Fixed asset additions

Risk

There has been a material purchase of fleet assets during the year.

Audit Approach

We performed audit procedures to ensure that capital expenditures made are in accordance with the procurement requirements and are appropriately recorded in the books.

Outcome

Satisfactory.

Additions to fleet have been appropriately recorded as assets on the balance sheet.

Area

Accrued rebate to members

Risk

In 2021 there was a liability in the general ledger for \$470k which represented an accrued rebate to member councils relating to an overcharge through the year. As disclosed in Note 1.11 of the 2021 financial report, this amount was intended to be settled within the 12 months following 30 June 2021. It was our expectation this would be returned in line with the 2021 common fleet percentage before year end.

Audit Approach

We performed audit procedures to assess if the rebate is calculated and returned as intended.

Outcome

Satisfactory. This was settled in May 2022.



Identified audit risks

We have identified financial statement risk relating to this year's audit.

Area

Change in key management personnel

Risk

The change in key management personnel may have an impact on the internal control environment.

Audit Approach

We obtained an understanding of key processes and controls in place, and performed testing over these to assess if the controls were operating effectively throughout the financial year.

Outcome

Satisfactory. The internal controls were found to be operating effectively throughout the year, including the period of transition within the financial year.

Due to new staff in the finance role post year end, we cannot comment on adherence to the current control environment (post 30 June 2022). Furthermore, we understand the change of staff post year end created some complexities and delays in the reconciliation and completion of the audit and accounts to the original plan.

Area

Assessment of new constituent council.

Risk

This may be a material business change that requires disclosure in the financial report as a subsequent event.

Audit Approach

We obtained an understanding of the terms on which the new council member was accepted. We reviewed the financial report to ensure the disclosure of the event and circumstances was sufficient.

Outcome

Satisfactory.



Matters for those charged with governance

Fraud

Whilst fraud is not the primary consideration when conducting an external audit, we have not identified any fraud as a result of our audit.

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

Legal compliance

Through our audit procedures we have not become aware of any non-compliance with applicable laws and regulations.

Financial reporting and accounting policies

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

Going concern

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

Cooperation with management

The management team has been helpful and cooperative throughout the conduct of this year's audit.



Where you want to be

Address a critical business issue. Gain efficiency. Achieve strategic growth. Propel your organisation's success.

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 Advisors  Accountants  Auditors

8 September 2022

Bentleys SA Audit Partnership
Level 5, 63 Pirie Street
ADELAIDE SA 5000

Dear Mr Papa

RE: AUDIT FOR EASTERN WASTE MANAGEMENT AUTHORITY INC FOR THE YEAR ENDED 30 JUNE 2022

This representation letter is provided in connection with your audit of the financial statements of **Eastern Waste Management Authority Inc** (the "Authority") for the year ended 30 June 2022 for the purpose of forming an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 1999 and Australian Accounting Standards so as to present a view which is consistent with your understanding of Eastern Waste Management Authority Inc's financial position, the results of its operations and its cash flows.

We acknowledge our responsibility for the preparation of the financial statements including adequate disclosure. We also acknowledge our responsibility for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error.

We confirm, to the best of our knowledge and belief, the following representations:

- We have implemented and maintained sufficient internal controls and processes within the Authority and ensure all elected controls regarded as 'core' have complied with.
- There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements;
- We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the Authority;
- We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud;
- We have made available to you all books of account and supporting documentation and all minutes of meetings. Where minutes have not been prepared for recent meetings, a summary of decisions taken at those meetings has been made available to you;
- We confirm the completeness of the information provided regarding the identification of related parties, and balances and transactions with related parties;
- The financial statements are free of material misstatements, including omissions;
- We believe the effects of those uncorrected financial report misstatements noted by you or your staff during the audit are immaterial, both individually and in aggregate to the financial report taken as a whole;

- The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance;
- We have disclosed to you all known incidences of possible or actual non-compliance with laws and regulations whose effects should be considered when preparing the financial report;
- The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
 - The identity of, and balances and transactions with, related parties;
 - Losses arising from sale and purchase commitments;
 - Agreements and options to buy back assets previously sold,
 - Assets pledged as collateral.
- We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- The Authority has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in notes to the financial statements.
- We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.
- There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or Notes thereto.
- All claims that have been received in connection with litigation do not require adjustment of or disclosure in the financial statements of Notes thereto.
- There are no formal or informal set-off arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.
- There are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

ROB GREGORY
GENERAL MANAGER

DATE

8.2: REGULATION 10 FINANCIAL REPORT 2022

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Regulation 10 Financial Report

Purpose of the Report

To provide the Committee with a Report on the previous financial year performance against budget as required by *Section 10 of the Local Government (Financial Management) Regulations 2011*.

Report

The Report is provided in accordance with Section 10 of the regulations:

10—Report on financial results

(1) A council, council subsidiary or regional subsidiary must, by no later than 31 December in each year, prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the council, council subsidiary or regional subsidiary (as the case may be) for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

RECOMMENDATION

The Committee recommends that the Regulation 10 Financial Report as presented in Attachment A is endorsed for presentation to the East Waste Board.

Eastern Waste Management Authority (East Waste)

Financial year ended 30 June 2022

Budget Review 4

Statement of Comprehensive Income

	2021/22 Adopted Budget \$000	2021/22 BR3 \$000	2021/22 Audited Actuals \$000	Variance Actuals v BR3 \$000
Income				
User Charges	18,241	16,822	16,579	(243)
Investment Income	2	10	10	-
Grants, subsidies and contributions	-	82	81	(1)
Other	1,171	1,059	932	(127)
Total Income	19,414	17,973	17,602	(371)
Expenses				
Employee Costs	6,309	6,309	6,386	77
Materials, Contracts & Other Expenses	10,686	9,701	9,303	(398)
Depreciation & Amortisation	2,122	2,057	2,043	(14)
Finance Costs	281	271	246	(25)
Total Expenses	19,398	18,338	17,978	(360)
Operating Surplus	16	(365)	(376)	(11)
Asset Disposal & Fair Value Adjustments	115	(45)	7	52
Net Surplus / (Deficit)	131	(410)	(369)	41
Other Comprehensive Income				
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	131	(410)	(369)	41

Eastern Waste Management Authority (East Waste)

Financial year ended 30 June 2022

Budget Review 4

Statement of Cash Flows

	2021/22 Adopted Budget \$000	2021/22 BR3 \$000	2021/22 Audited Actuals \$000	Variance Actuals v BR3 \$000
Cash Flows from Operating Activities				
Operating Receipts	19,412	18,043	17,400	(643)
Investment Receipts	2	10	9	(1)
Employee Costs	(6,309)	(6,229)	(6,245)	(16)
Materials, Contracts & Other Expenses	(10,686)	(10,171)	(9,613)	558
Finance Payments	(281)	(271)	(258)	13
Net cash provided by operating activities	2,138	1,382	1,293	(89)
Cash Flows from Investing Activities				
Sale of Replaced Assets	115	15	86	71
Expenditure on Renewal/Replacement Assets	(2,381)	(2,566)	(2,305)	261
Expenditure on New/Upgraded Assets	-	-	(244)	(244)
Net cash used in investing activities	(2,266)	(2,551)	(2,463)	88
Cash Flows from Financing Activities				
Proceeds from Borrowings	2,200	2,031	2,031	-
Repayment of Borrowings	(1,810)	(1,792)	(1,791)	1
Repayment of Lease Liabilities	(265)	(247)	(237)	10
Net cash provided by (used in) financing activities	125	(8)	3	11
Net Increase (Decrease) in cash held	(3)	(1,177)	(1,167)	10
Cash & cash equivalents at the beginning of the period	2,195	3,168	3,168	-
Cash & cash equivalents at the end of the period	2,192	1,991	2,001	10

Eastern Waste Management Authority (East Waste)

Financial year ended 30 June 2022

Budget Review 4

Statement of Financial Position

	2021/22 Adopted Budget \$000	2021/22 BR3 \$000	2021/22 Audited Actuals \$000	Variance Actuals v BR3 \$000
Current Assets				
Cash & Cash Equivalents	2,192	1,991	2,001	10
Trade & Other Receivables	1,020	661	935	274
Inventory	-	-	50	50
Total Current Assets	3,212	2,652	2,986	334
Non-Current Assets				
Property, Plant & Equipment	8,576	8,548	8,542	(6)
Total Non-Current Assets	8,576	8,548	8,542	(6)
Total Assets	11,788	11,200	11,528	328
Current Liabilities				
Trade & Other Payables	1,224	1,220	1,436	216
Provisions	642	694	778	84
Borrowings	2,176	1,850	1,940	90
Total Current Liabilities	4,042	3,764	4,154	390
Non-Current Liabilities				
Borrowings	6,273	6,490	6,410	(80)
Provisions	123	137	114	(23)
Total Non-Current Liabilities	6,396	6,627	6,524	(103)
Total Liabilities	10,438	10,391	10,678	287
Net Assets	1,350	809	850	41
Equity				
Accumulated Surplus	1,350	809	850	41
Total Equity	1,350	809	850	41

Eastern Waste Management Authority (East Waste)

Financial year ended 30 June 2022

Budget Review 4

Statement of Changes in Equity

	2021/22 Adopted Budget \$000	2021/22 BR3 \$000	2021/22 Audited Actuals \$000	Variance Actuals v BR3 \$000
Accumulated Surplus				
Balance at start of Period	1,219	1,219	1,219	-
Net Surplus/(Deficit)	131	(410)	(369)	41
Contributed Equity	-	-	-	-
Balance at end of period	1,350	809	850	41

DRAFT

Eastern Waste Management Authority (East Waste)

Financial year ended 30 June 2022

Budget Review 4

Uniform Presentation of Finances

	2021/22 Adopted Budget \$000	2021/22 BR3 \$000	2021/22 Audited Actuals \$000
Operating Revenues	19,414	17,973	17,602
Operating Expenses	(19,398)	(18,338)	(17,978)
Operating Surplus/(Deficit)	16	(365)	(376)
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(2,381)	(2,566)	(2,305)
Depreciation & Amortisation	2,122	2,057	2,043
Proceeds from Sales of Replaced Assets	115	15	86
	(144)	(494)	(176)
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	-	-	(244)
Amounts received specifically for New and Upgraded Assets	-	-	-
Proceeds from Sales of Surplus Assets	-	-	-
	-	-	(244)
Net Lending/(Borrowing) for Financial Year	(128)	(859)	(796)

8.3: 2022/23 ANNUAL BUSINESS PLAN & BUDGET

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Draft 2022/23 Annual Plan

Purpose of the Report

To provide the Audit & Risk Management Committee with a copy of Member Council feedback on the *East Waste Annual Plan 2022/23* (revised) and draft budget.

Background

Section 51 of the *Eastern Waste Management Authority Charter* (Charter) requires the Authority to have an Annual Plan which supports and inform its Budget.

Earlier this calendar year, East Waste worked through the standard process of development and consultation (consent) by Member Councils of its FY23 Annual Plan and budget and has an endorsed Annual Plan in place in line with the required timeframes. The budget has also been set with initial invoices issued to the previous seven Member Councils as at 1 July 2022.

Parallel to this process, East Waste was working to secure the City of Unley as a Member Council. Whilst looking favourable it could not be formally considered as part of future budgeting and planning until all approvals had been satisfactorily achieved. The City of Unley was formally admitted as a Member Council of East Waste on 25 July 2022, via the Minister for Local Government's approval. Collections have commenced as from 1 August 2022.

The City of Unley coming on board as a Member and the impact of increased forecasted fuel prices, are of sufficient material nature that they are not matters to be considered as part of future Budget Review exercises and accordingly required East Waste to seek an amendment to the Budget. It is not a matter of concern that for a period of time after Unley became a Constituent Council (from 1 August), expenditure will need to be incurred in respect of the services that the Authority provides to Unley. In this regard, *Clause 25(5) of Schedule 2 to the Local Government Act 1999* provides for expenditure to occur, after consultation with the Constituent Councils, before the adoption (read 'amendment', in these circumstances) of the Annual Plan/Budget for the financial year. This approach has been confirmed by way of legal advice.

Report

Member Councils were provided a copy of the *East Waste Annual Plan 2022/23* (revised) and draft budget, following endorsement of the draft by the Board and due to all Member Councils entering into caretaker mode on Tuesday 6 September, were required to review by this date. At the time of writing all Member Councils have reviewed the revised Plan, albeit not formally responding with their approval and comments.

The draft 2022/23 Annual Plan (revised), inclusive of Financial Statements is presented in full in Attachment A (refer Attachment A). No amendments have been made to the Annual Plan or budget as a result of the Member Council review process.

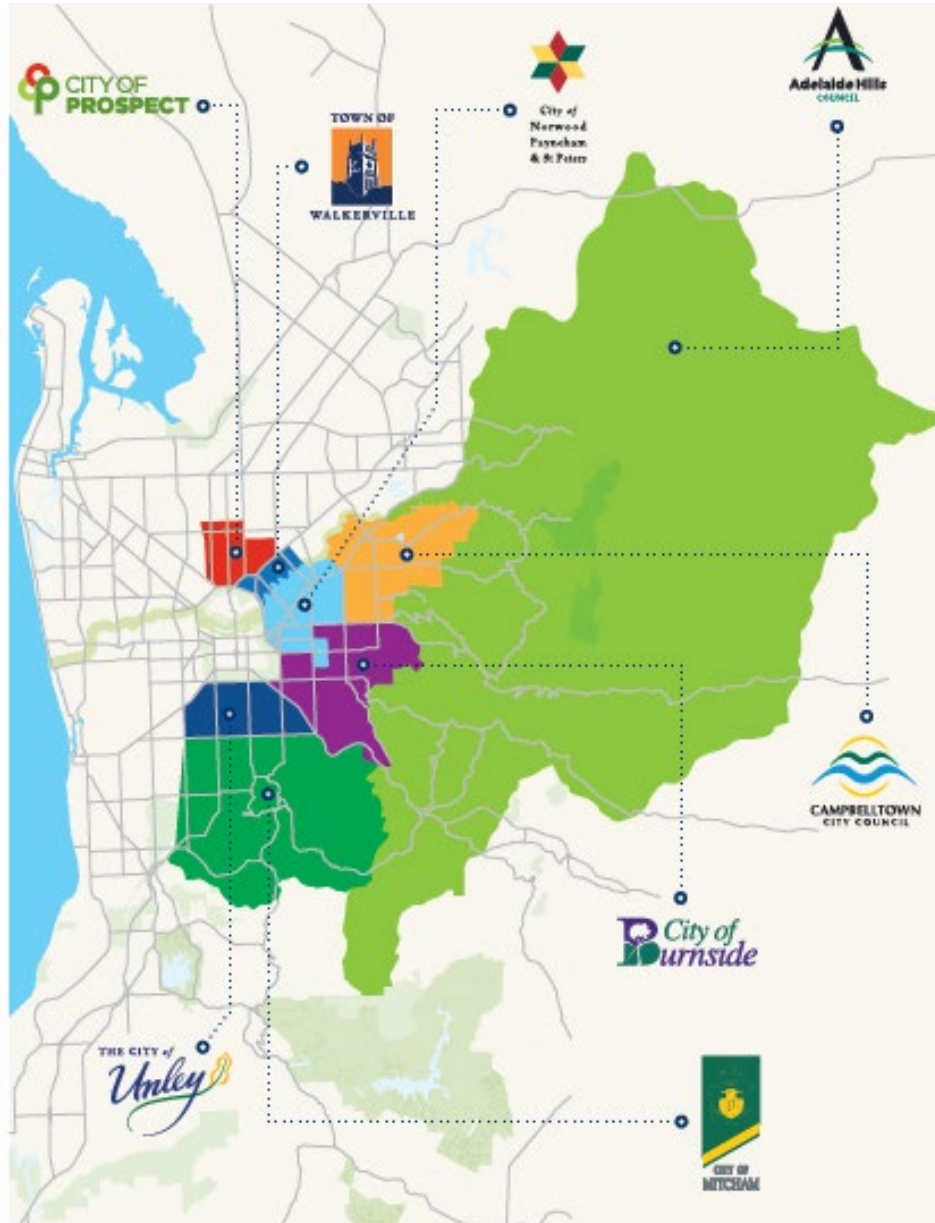
Typically, the Annual Plan and Budget is endorsed prior to the commencement of the financial year, and any expenditure, however in this case, with the Plan not being endorsed until September, the amended Annual Plan (and budget) will be effective from 1 August 2022.

All Member Councils have consented to the Annual Plan.

RECOMMENDATION

That the Committee recommends the draft 2022/23 Annual Business Plan (revised) and Budget, as presented in Attachment A, is presented to the Board for endorsement.

EastWaste



2022/23 Annual Plan (Revised)

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VISION

The Destination

To be the leading waste logistics company in Australia through the delivery of innovative collection and resource management services.

MISSION

The Vehicle

Delivering leading-edge solutions and services for a cleaner and sustainable future.

Executive Summary

Following a thorough and rigorous process, it is with great excitement that as of July 2022, East Waste welcomes the City of Unley as a Member Council of the Eastern Waste Management Authority (East Waste). East Waste has for many years noted the positive work the City of Unley has undertaken in the waste management space and the symbiotic value that could be derived through having them as Member.

With the inclusion of Unley, East Waste now services over 40% of Adelaide Metropolitan Councils, and each week will collect the bins from approximately 25% of Adelaide's population each week. In operational terms, this will see East Waste complete over 10,000,000 bin lifts and 50,000 hard waste and mattress collections over the coming year.

The City of Unley joining provides an immediate and ongoing financial benefit for existing Member Councils, along with longer term benefits, which include:

- Strengthening the collective advocacy voice of East Waste;
- Improved logistics with Unley bordering two existing Member Councils;
- Increases the reach of East Waste's already successful education and behaviour change program;
- Increasing the fleet size, providing greater flexibility and adaptability of service;
- Increased attractiveness of East Waste as a partner for grants and pilot programs; and
- Increasing the size of the East Waste Board to improve the already strong governance and rigour of decision making.

Having the City of Unley join East Waste is the most significant decision and change for East Waste for almost 20 years.

Given the timing of the Unley's admission, commencement of service (1 August 2022) and the material changes required to the previously endorsed East Waste FY23 Annual Plan, East Waste is undertaking a full amendment to the Annual Plan and Budget, which includes Member Council consultation. The Annual Plan and budget will take effect from 1 August 2022.

Since the drafting of the Annual Plan and budget in January 2022, a number of significant external developments have occurred which impact the East Waste budget. These include volatile fuel prices, revision of the recycling tender and increased CPI pricing. Revising the Annual Plan and budget has provided an opportunity to update these as well, which will provide a more realistic cost of service for Member Councils.

The majority of projects remain the same as the previous Annual Plan, albeit with some minor amendments.

Background

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

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. Through the admission of the City of Unley as a Member Council, East Waste undertook the required periodic review of the Charter which has now been endorsed by all Member Councils.

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.

Sitting above the Annual Plan is the *East Waste 2030 Strategic Plan* which sets out a series of bold and ambitious targets (Key Performance Indicators) which we aspire to meet through five Key Objectives and a series of Strategies. The *2030 Strategic Plan* is summarised on the following page.

For full context this Plan should be read in conjunction with East Waste's broader strategic planning framework including the *Strategic Plan 2030*, Long-Term Financial Plan, and Risk Management Planning Framework.

As a regional subsidiary, East Waste recognises that success from this Annual Plan is not possible without the continued support, integration and active working partnership of all our Member Councils and key Strategic Partners. East Waste is committed to developing and continuing partnerships which ultimately drive value back to the communities we serve. The value East Waste offers is unique, in that we are continually working with our Member Councils to drive down costs. East Waste have established a model where we are nimble and respond swiftly to external impacts and Member Council requests, in a far more timely manner than industry counterparts. East Waste takes much of the worry and pressures associated with waste away from the Member Councils, allowing them to focus on other key matters of importance to them and their communities.

East Waste Strategic Plan Vision, Objectives & Strategies

VISION

To be the leading waste logistics company in Australia through the delivery of innovative collection and resource management services to our Member Councils & their Communities.

OBJECTIVES

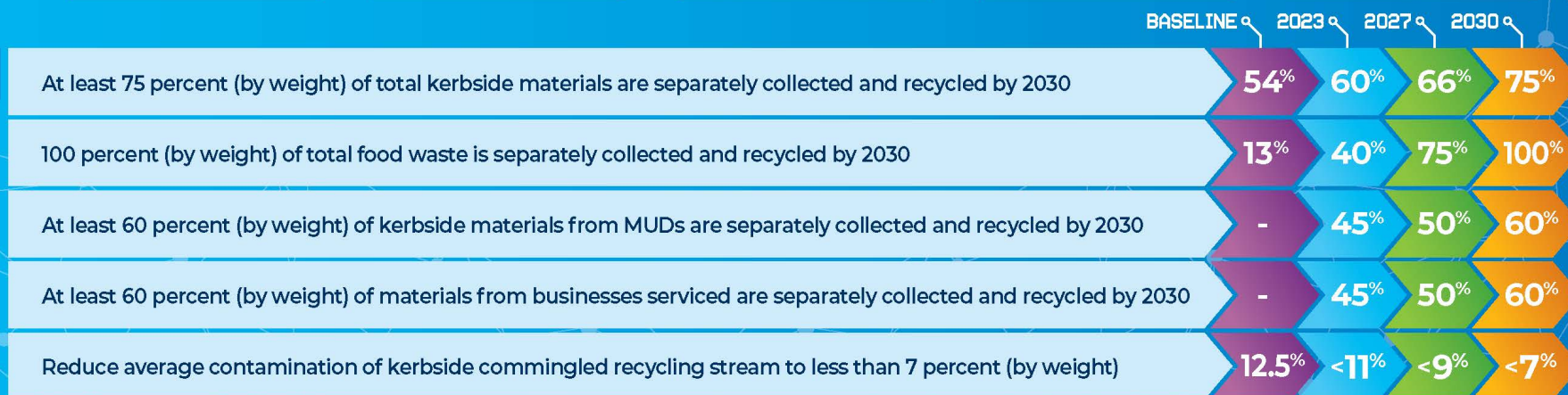
- 
1. Deliver cost-effective and efficient services facilities
- 
2. Maximise source separation and recycling
- 
3. Provide leading and innovative behaviour change and education
- 
4. Help develop a local circular economy
- 
5. Provide leadership

STRATEGIES

- | | | | | |
|--|---|--|--|--|
| <ul style="list-style-type: none"> 1.1 Attract additional services and/or new councils where further economies of-scale can be achieved 1.2 Offer a single contract for the management of the residual waste to all member councils 1.3 Partner with other councils and organisations to achieve greater synergies and economies of scale in service delivery 1.4 Investigate and implement collection technologies and innovation 1.5 Provide a consistently high standard of Customer Service | <ul style="list-style-type: none"> 2.1 Provide more service choice and flexibility to residents on kerbside services to support them to increase their recycling levels 2.2 Provide a tailored 3-stream service to Multi-Unit Dwellings (MUDs) to support waste reduction and increased recycling 2.3 Pilot a tailored service delivery model across a business precinct(s) to support waste reduction and increased recycling | <ul style="list-style-type: none"> 3.1 Engage in research and projects delivering evidence-based data which increases behaviour change decision making 3.2 Develop an integrated and tailored long-term community behaviour change and education program 3.3 Identify and trial behaviour change programs aimed at reducing contamination 3.4 Encourage and support councils to introduce an incentive(s) to households to reduce their landfill volumes 3.5 Engage schools in behaviour change & waste education | <ul style="list-style-type: none"> 4.1 Support local reprocessing and procurement of recycled content products 4.2 Encourage and support councils to procure and use recycled content products 4.3 Support councils to implement sharing economy and reuse initiatives 4.4 Investigate options to process and extract the highest value from collected resources | <ul style="list-style-type: none"> 5.1 Implement best practice safety standards 5.2 Advocate on behalf of our Member Councils 5.3 Invest in our people 5.4 Quality and transparent Corporate (Governance & Financial) Activities |
|--|---|--|--|--|

KPIs

We will measure our success in reaching our objectives through the following KPIs...



2022/23 Objectives & Activities

At a high level, progression towards the Vision and 2030 Key Performance Indicators (KPI's) will be the key Objective and sit behind all the activities that East Waste undertake.

With services in Unley commencing 1 August 2022, this has been and will continue to be, the key focus of our activities over the first and second quarter of the year. Understandably it consumes a significant amount of time which has delayed (and will continue to do so) the planned implementation and progression of a number of activities. As a result of this and increased financial pressures fuel costs have placed on the budget, the projects list for completion in FY23 has been condensed.

The KPIs set in the Strategic Plan were deliberately designed to be stretch targets and with the current legislative impediments reaching these goals will be challenging. The programs listed below will drive towards achieving these, however are by no means a silver bullet to addressing the required community-wide behaviour change and perceptions that is required. Achieving these will require a long-concerted effort. While challenging, from a waste industry perspective, no one is better placed than East Waste to partner with and drive these changes.

Each of the projects listed under *Objective 1: Deliver cost-effective and efficient services & facilities* and *Objective 5: Provide Leadership*, ensure East Waste continues to seek efficiencies for Member Councils in our service delivery and improve the quality of the service delivered. East Waste knows it must continue to respond to Member Council and community needs in providing tailored services to ensure Satisfaction levels remain high.

The remaining projects listed under Objectives 2, 3 & 4, are specially targeted at increasing landfill diversion and improving contamination rates. Broadscale education and behaviour change across the community we serve, remains a challenge and the projects implemented are likely to only have incremental change in the first instance and combined with other projects and education in the longer term, will their benefit be realised.

The following is not a prescriptive list, rather the key projects East Waste intends to undertake over the 2022/23 year and are detailed below. While these will be the key focus, East Waste will remain as a fluent and adaptable Organisation that is able to pivot and respond as required to maximise funding, partnerships, opportunities and projects that will fast-track the pursuit of our KPIs.

This Annual Plan is to be effective from 1 August 2022.

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
DELIVER COST EFFECTIVE AND EFFICIENT SERVICES AND FACILITIES					
1.	Continue & Expand Core services	East Waste optimisation will come from providing a full suite of services to Member Councils. Where this doesn't occur, East Waste will work with the respective Councils in a bid to secure these services.	Deliver Cost Effective and efficient services and facilities	1.1	Vision Target
2.	Investigate opportunities outside of existing Member Councils.	East Waste will actively pursue service provision to non-member Councils where value to existing Members can be realised.	Deliver Cost Effective and efficient services and facilities	1.3	Vision Target
3.	Communication System Upgrade	East Waste is a service-based organisation who recognise the importance of providing a great customer experience. Therefore, it is important that our communication systems are designed in a manner that enhances callers experiences whilst also being able to provide accurate data that helps to inform current & future business decisions.	Deliver Cost Effective and efficient services and facilities	1.5	Vision Target

MAXIMISE SOURCE SEPARATION & RECYCLING

4.	Continue to advance a broadscale 'Choice & Flexibility model.'	Some small positive steps have been taken across metropolitan Adelaide in recent times to investigate alternate collection options. This program will draw together the latest research and findings to develop an "off-the-shelf" framework which will drive reduced material to landfill, particularly food waste.	Maximise Source separation and recycling	2.1	<ul style="list-style-type: none"> • At least 75% of kerbside material separately collected & recycled • 100% of food waste separately collected and recycled.
5.	Multi-Unit Dwelling Research and Source Separation Trial.	<p>Across East Waste approximately 8% of total unit dwellings are Multi-unit. These are typically, challenging to manage, low performing sites which hinder diversion targets.</p> <p>This project will explore the latest international evidence-based guidance to identify ways to increase convenience and effectiveness of source separation for MUD residents and identify or exclude ways to improve performance and help to understand the operational, environmental and community benefits or impacts.</p>	Provide leading and innovative behaviour change and education	2.2	<ul style="list-style-type: none"> • 60% by weight of kerbside materials from MUDs is separately collected and recycled

PROVIDE LEADING AND INNOVATIVE BEHAVIOUR CHANGE AND EDUCATION

6.	Delivery of the “Why Waste It?” behaviour change program and associated social media.	Utilising the results of the reviews and audits undertaken over the past 12 months, refine and deliver the ongoing successful “Why Waste It?” program.	Provide leading and innovative behaviour change and education	3.2	• Vision Target
7.	Roll out the East Waste ‘education & behaviour change program’ to Unley.	As a new member council, there is a large body of work to be undertaken to creating consistency of messaging and information with the City of Unley. This will ensure by year’s end consistency, where required, is achieved across the board.	Provide leading and innovative behaviour change and education	3.2	Vision Target

HELP DRIVE A LOCAL CIRCULAR ECONOMY

8.	Investigate current and future opportunities for East Waste and Member Council in a carbon market.	<p>The collection and processing of materials generates a significant amount of harmful greenhouse gases. This can be minimised through alternative treatment processes, which in turn may provide opportunities within the carbon market.</p> <p>This project will investigate any such opportunities or additional work required.</p>	Investigate options to process and extract the highest value from collected resources.	4.4	Vision Target
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PROVIDE LEADERSHIP

9.	Fleet Replacement	In line with the Long Term Financial Plan, undertake the replacement of five (5) collection vehicles.	Provide Leadership	5.4	Vision Target
10.	WHS Systems Audit.	East Waste will focus on both internal and external auditing. The purpose and objective of the auditing is to test the validity and the effectiveness of the implementation of the systems within our organisation. East Waste will seek evidence of the implementation process that haven taken place. A strong focus on the auditing process will be focusing on the hierarchy of control (HOC). The decision to focus on the HOC is based on the organisational risk factors and previous audit results.	Provide Leadership	5.1	Implement best practice safety standards



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 collection 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 introduction of the City of Unley provides the remaining Member Councils a collective saving in the order of \$600,000-\$700,000 annually through increased efficiencies and a broader distribution of overhead costs. This ongoing saving is a significant benefit to Member Councils and while external influences (such as fuel) have cancelled out the direct savings, without Unley joining the Common Fleet costs experienced by our Member Councils would increased by at least a further \$600,000.

With the exception of Unley (due to being new) all Member Councils will see a notable reduction in their Common Fleet Percentages, on previous years.

The budget to deliver this Annual Plan, along with all East Waste's Services and legislative requirements is detailed in the following proposed 2022/23 Financial Papers (refer Attachment 1 – 5).

Financial Statements

EAST WASTE

Projected Statement of Comprehensive Income (Budgeted)
for the Financial Year Ending 30 June 2023

FY2021 Audited Actuals		FY2023 Original Budget	FY2023 Proposed Original Budget w/ Unley Member Council	FY2023 Proposed Amended Budget	FY2023 Variance: Proposed Amended Budget v Proposed Original Budget w/ Unley Member Council	
					\$	%
\$'000		\$'000	\$'000	\$'000		
	Income					
16,707	User Charges	17,949	20,040	21,955	1,915	10%
12	Investment income	2	2	13	11	550%
-	Grants, subsidies and contributions	75	75	75	-	0%
917	Other	1,234	1,065	1,069	4	0%
17,636	Total	19,260	21,182	23,112	1,930	9%
	Expenses					
6,089	Employee Costs	6,504	7,185	7,164	(21)	0%
9,149	Materials, contracts & other expenses	10,171	11,089	13,241	2,152	19%
1,986	Depreciation, amortisation & impairment	2,209	2,504	2,346	(150)	-6%
262	Finance costs	268	355	406	51	14%
17,486	Total	19,152	21,133	23,157	2,024	10%
150	Operating Surplus / (Deficit)	108	49	(45)	(94)	0%
105	Asset disposals & fair value adjustments	100	100	200	100	100%
255	Net Surplus / (Deficit)	208	149	155	6	4%
-	Other Comprehensive Income	-	-	-	-	0%
255	Total Comprehensive Income	208	149	155	6	4%

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EAST WASTE

Projected Balance Sheet (Budgeted)
for the Financial Year Ending 30 June 2023

FY2021	Audited Actuals		FY2023			FY2023	
			Original Budget	Proposed Original Budget w/ Unley Member Council	Proposed Amended Budget	Variance: Proposed Amended Budget v Proposed Original Budget w/ Unley Member Council	
\$'000			\$'000	\$'000	\$'000	\$	%
		Assets					
		Current					
3,168		Cash & Cash Equivalents	2,420	2,367	2,056	(311)	-13%
661		Trade & Other Receivables	661	661	661	-	0%
3,829		Total	3,081	3,028	2,717	(311)	-10%
		Non-Current					
8,098		Infrastructure, Property, Plant & Equipment	8,631	10,833	11,022	189	2%
8,098		Total	8,631	10,833	11,022	189	2%
<u>11,927</u>		Total Assets	<u>11,712</u>	<u>13,861</u>	<u>13,739</u>	<u>(122)</u>	<u>-1%</u>
		Liabilities					
		Current					
1,609		Trade & Other Payables	1,145	1,145	1,145	-	0%
1,925		Borrowings	1,870	2,300	2,355	55	2%
654		Provisions	734	787	787	-	0%
4,188		Total	3,749	4,232	4,287	55	1%
		Non-Current					
6,423		Borrowings	6,634	8,534	8,351	(183)	-2%
97		Provisions	177	137	137	-	0%
6,520		Total	6,811	8,671	8,488	(183)	-2%
<u>10,708</u>		Total Liabilities	<u>10,560</u>	<u>12,903</u>	<u>12,775</u>	<u>(128)</u>	<u>-1%</u>
<u>1,219</u>		Net Assets	<u>1,152</u>	<u>958</u>	<u>964</u>	<u>6</u>	<u>1%</u>
		Equity					
1,219		Accumulated Surplus	1,152	958	964	6	1%
<u>1,219</u>		Total Equity	<u>1,152</u>	<u>958</u>	<u>964</u>	<u>6</u>	<u>1%</u>

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EAST WASTE
 PROJECTED STATEMENT OF CASH FLOWS (BUDGET)
 for the Financial Year Ending 30 June 2023

FY2021		FY2023	FY2023	FY2023	FY2023	
Audited Actuals		Original Budget	Proposed Original Budget w/ Unley Member Council	Proposed Amended Budget	Variance: Proposed Amended Budget v Proposed Original Budget w/ Unley Member Council	
\$'000		\$'000	\$'000	\$'000	\$	%
	Cash Flows from Operating Activities					
	Receipts					
18,457	Operating Receipts	19,183	21,105	23,024	1,919	9%
7	Investment Receipts	2	2	13	11	550%
	Payments					
(6,012)	Employee costs	(6,424)	(7,092)	(7,071)	21	0%
(9,243)	Materials, contracts & other expenses	(10,171)	(11,089)	(13,241)	(2,152)	19%
(233)	Interest Payments	(268)	(355)	(406)	(51)	14%
<u>2,976</u>	Net Cash Flows from Operating Activities	<u>2,322</u>	<u>2,571</u>	<u>2,319</u>	<u>(252)</u>	<u>-10%</u>
	Cash Flows from Investing Activities					
	Receipts					
124	Sale of Replaced Assets	100	100	200	100	100%
	Payments					
(2,452)	Expenditure on Renewal/Replaced Assets	(2,327)	(2,265)	(2,223)	42	-2%
-	Expenditure of New/Upgraded Assets	-	(2,524)	(2,597)	(73)	3%
<u>(2,328)</u>	Net Cash Flows from Investing Activities	<u>(2,227)</u>	<u>(4,689)</u>	<u>(4,620)</u>	<u>69</u>	<u>-1%</u>
	Cash Flow from Financing Activities					
	Receipts					
2,284	Proceeds from Borrowings	2,205	4,689	4,525	(164)	-3%
	Payments					
(260)	Repayment of Lease Liabilities	(263)	(263)	(263)	-	0%
(1,826)	Repayment of Borrowings	(1,798)	(1,932)	(1,896)	36	-2%
<u>198</u>	Net Cash Flow from Financing Activities	<u>164</u>	<u>2,494</u>	<u>2,366</u>	<u>(128)</u>	<u>-5%</u>
<u>846</u>	Net Increase (Decrease) in cash held	<u>259</u>	<u>376</u>	<u>65</u>	<u>(311)</u>	<u>-83%</u>
<u>2,322</u>	Cash & cash equivalents at beginning of period	<u>2,161</u>	<u>1,991</u>	<u>1,991</u>	<u>-</u>	<u>0%</u>
<u>3,168</u>	Cash & cash equivalents at end of period	<u>2,420</u>	<u>2,367</u>	<u>2,056</u>	<u>(311)</u>	<u>-13%</u>

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EAST WASTE
 Projected Statement of Changes in Equity (Budgeted)
 for the Financial Year Ending 30 June 2023

FY2021		FY2023	FY2023	FY2023	FY2023	
Audited Actuals		Original Budget	Proposed Original Budget w/ Unley Member Council	Proposed Amended Budget	Variance: Proposed Amended Budget v Proposed Original Budget w/ Unley Member Council	
\$		\$'000	\$'000	\$'000	\$	%
964	Opening Balance	944	809	809	-	0%
255	Net Surplus / (Deficit) for Year	208	149	155	6	4%
1,219	Closing Balance	1,152	958	964	6	1%

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EAST WASTE

Projected Uniform Presentation of Finances (Budgeted)
for the Financial Year Ending 30 June 2023

FY2021		FY2023	FY2023	FY2023
Audited Actuals		Original Budget	Proposed Original Budget w/ Unley Member Council	Proposed Amended Budget
\$'000		\$'000	\$'000	\$'000
17,636	Income	19,260	21,182	23,112
(17,486)	Expenses	(19,152)	(21,133)	(23,157)
<u>150</u>	Operating Surplus / (Deficit)	<u>108</u>	<u>49</u>	<u>(45)</u>
Net Outlays on Existing Assets				
(2,452)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,327)	(2,265)	(2,223)
1,986	Depreciation, Amortisation and Impairment	2,209	2,504	2,346
124	Proceeds from Sale of Replaced Assets	100	100	200
<u>(342)</u>		<u>(18)</u>	<u>339</u>	<u>323</u>
Net Outlays on New and Upgraded Assets				
-	Capital Expenditure on New and Upgraded Assets	-	(2,524)	(2,597)
-	Amounts Specifically for New and Upgraded Assets	-	-	-
-	Proceeds from Sale of Surplus Assets	-	-	-
<u>-</u>		<u>-</u>	<u>(2,524)</u>	<u>(2,597)</u>
<u>(192)</u>	Net Lending / (Borrowing) for Financial Year	<u>90</u>	<u>(2,136)</u>	<u>(2,319)</u>

DRAFT

8.4: ANNUAL REPORT 2021/2022

REPORT AUTHOR: Manager Business Services

ATTACHMENTS: Nil

Purpose of the Report

To provide the Audit & Risk Committee (the Committee), with an opportunity to review the DRAFT 2021/2022 East Waste Annual Report.

Report

As per legislative requirements, East Waste must produce an Annual Report which includes a full set of audited financial statements at the conclusion of each financial year.

The DRAFT Annual Report 2021/2022, is in it's final stages of development and will be presented prior to the committee meeting.

Recommendation

The Committee recommends that the 2021 / 2022 Annual Report is endorsed for presentation to the East Waste Board.

8.5: Auditor General's Report – Management of Kerbside Waste Services

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Auditor General's Report

Purpose of the Report

To provide the Audit & Risk Management Committee with a copy of Auditor General's report on the Management of Kerbside Waste Services, which was conducted over a 12-month period in 2021 and 2022.

Background

Under section 32(1)(c) of the *Public Finance and Audit Act 1987*, the Auditor General of South Australia conducted a review of the management of kerbside waste services by the City of Norwood, Payneham and St Peters (NPSP) and the City of West Torrens (West Torrens Council). The review principally focused on the period of South Australia's Waste Strategy 2015–2020, although developments to December 2021 were also considered. The objective of the review was to conclude on whether the two councils selected were effectively managing kerbside waste services to work towards achieving their targets (and the targets set by the SA Government).

It is unclear how the two Councils were selected as part of the Auditor General's (AG) Review, however as NPSP is a Member Council, East Waste was heavily involved in providing information and evidence for the report. The attached report provides a high-level overview of the key findings relevant to East Waste and its Member Councils.

Report

The AG acknowledges that there are several areas that contribute to the successful management of kerbside waste services and reviewed the following areas to determine the effectiveness of the Councils in managing waste services:

- established a waste strategy/plan that detailed service levels, local waste performance targets and the actions to be taken to achieve them;
- established a waste education strategy and program to educate and promote responsible waste behaviour to the community in support of local and State targets;
- engaged with the community and considered their expectations in waste planning;
- established clear roles and responsibilities for waste management;
- established frameworks and processes to identify, assess and manage waste risk;
- implemented contract management processes to manage roles and responsibilities, communication with contractors and the community, and the reporting and monitoring of performance, costs and risks;
- collected accurate and reliable data to monitor waste performance.

The review was focussed heavily on the Councils and while the AG acknowledges East Waste carry out waste management services for NPSP, the AG notes that "*We did not assess the activities of East Waste as part of this review.*" The full report is contained within Attachment A (refer Attachment A).

At a high level the AG concluded that both Councils successfully collect, transport and process kerbside waste to a high level of community satisfaction. The AG found some common areas where neither Council was operating effectively, including that they:

- did not have strategic plans for waste management setting out their objectives, strategies and performance targets;
- did not have a formal waste education strategy and program; and
- did not monitor and report against local waste performance targets.

Specifically for NPSP (and relevant to East Waste), the key areas identified that were not operating effectively are summarised below (refer to page 21 of Attachment A for expanded commentary on the findings):

- 4.3.2 - The NPSP Council does not have overarching corporate objectives and priorities for waste management (refer pg.29, Attachment 1);
- 4.3.3 - The NPSP Council has not documented the initiatives that support its waste strategy (refer pg.30, Attachment 1);
- 4.3.4 - The NPSP Council no longer has kerbside waste performance measures and targets (refer pg.31, Attachment 1);
- 4.4.2 - The NPSP Council does not have a service level agreement with its service provider for waste management services (refer pg.34, Attachment 1);
- 4.4.3 - The NPSP Council did not evaluate and report against the key performance targets and waste initiatives (refer pg.35, Attachment 1);
- 4.4.4 - No reporting on kerbside waste performance targets to the Community (refer pg.37, Attachment 1);
- 4.4.5 - Residual waste tonnages collected are not reconciled (refer pg.38, Attachment 1);
- 4.4.6 - Risk management framework not fully implemented (refer pg.39, Attachment 1);
- 4.4.7 - Waste management risks not fully assessed and documented (refer pg.41, Attachment 1);
- 4.5.2 - The NPSP Council does not have a formal waste education Strategy (pg.43, Attachment 1);

As the regional waste subsidiary, East Waste satisfies a number of points and elements above, however it is clear from the AG's findings that there is a requirement for the Council to document these individually and provide its own strong evidence. From the AG's perspective reliance upon East Waste alone does not satisfy the requirements of "effectively managing kerbside waste services."

NPSP have accepted the recommendations made by the AG and will shortly join with East Waste to work though the relevant actions required. In undertaking this process, East Waste will create the foundations for strategic subsidiary wide consistency where possible.

RECOMMENDATION

That the Committee notes and receives the Auditor General's Report – *Management of Kerbside Waste Services*.

Report 5 of 2022

Management of kerbside waste services



Report of the Auditor-General

Report 5 of 2022

Management of kerbside waste services

Delivered to the President of the Legislative Council and the Speaker of the
House of Assembly on 15 August 2022 and published on 17 August 2022
under to section 38(2) of the *Public Finance and Audit Act 1987*

First Session, Fifty-Fifth Parliament

By authority: C. McArdle, Government Printer, South Australia

2022

*The Auditor-General's Department acknowledges and respects
Aboriginal people as the State's first people and nations, and
recognises Aboriginal people as traditional owners and occupants of
South Australian land and waters.*



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15 August 2022

President
Legislative Council
Parliament House
ADELAIDE SA 5000

Speaker
House of Assembly
Parliament House
ADELAIDE SA 5000

Dear President and Speaker

**Report of the Auditor-General:
Report 5 of 2022 *Management of kerbside waste services***

Under section 32(1)(c) of the *Public Finance and Audit Act 1987* (PFAA), I have conducted a review of the management of kerbside waste services by The Corporation of the City of Norwood, Payneham and St Peters (NPSP Council) and the City of West Torrens (West Torrens Council).

I present to each of you my independent assurance report on the findings of the review.

Copies of this report have also been provided to the NPSP Council and the West Torrens Council.

Content of the report

Our review assessed whether the NPSP Council and the West Torrens Council have effectively managed kerbside waste services to work towards achieving their targets and the targets set by the State Government for diversion of waste from landfill.

We concluded that both Councils successfully collect, transport and process kerbside waste to a high level of community satisfaction. We found some common areas where neither Council was operating effectively, including that they:

- did not have strategic plans for waste management setting out their objectives, strategies and performance targets
- did not have a formal waste education strategy and program
- did not monitor and report against local waste performance targets.

We also found some areas where both Councils were operating effectively in managing kerbside waste services.

Our detailed conclusions are in section 4.1 for the NPSP Council and section 5.1 for the West Torrens Council of this report.

My responsibilities

Reviews conducted under section 32(1)(c) of the PFAA are assurance engagements that assess whether a publicly funded body is achieving economy, efficiency and effectiveness in its activities. These engagements conclude on the performance of the activities evaluated against identified criteria.

The Auditor-General's roles and responsibilities in undertaking reviews are set out in the PFAA. Section 32(1)(c) of the PFAA empowers me to conduct this review while sections 32(4) to (6) deals with the reporting arrangements.

The review was conducted in line with the Standard on Assurance Engagements *ASAE 3500 Performance Engagements*. We complied with the independence and other relevant ethical requirements for assurance engagements.

Acknowledgements

The audit team for this report was Salv Bianco, Andrew Corrigan, Iolanda Telford, Kris Slaytor and Sharon Ryan. They were assisted by Blue Environment Pty Ltd.

We appreciate the cooperation and assistance given by staff of the NPSP Council and the West Torrens Council.

Yours sincerely



Andrew Richardson
Auditor-General

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1 Report overview

1.1 Introduction

We chose two councils, The Corporation of the City of Norwood, Payneham and St Peters (NPSP Council) and the City of West Torrens (West Torrens Council), to assess whether they have effectively managed their kerbside waste services to work towards achieving their targets and the targets set by the SA Government for diverting waste from landfill.

Kerbside waste management is an essential and highly valued service provided by councils to their communities. The kerbside waste services we refer to in this report are the household three-bin waste system: residual waste bin (red or blue), co-mingled recyclables bin (yellow) and organics bin (green).

Metropolitan councils spent \$158 million on providing these services in 2019-20 and not effectively managing them increases the risks of:

- reduced levels of waste services, negatively impacting community satisfaction and public health and safety
- significant cost increases
- less waste diverted from landfill, and the associated costs and environmental impacts
- higher rates of contamination in recycling and organic kerbside bins.

However, if kerbside waste services are properly managed, waste can become a valuable resource for reuse, repurposing or recycling.

The SA Government has set targets for metropolitan councils for landfill diversion in its waste strategies. While these targets are not mandatory, we found that both Councils we reviewed are committed to working towards them and to continuous improvement in this area.

All further comments and analysis are for kerbside waste management in the metropolitan area unless otherwise stated.

1.2 Overall observations

We concluded that both Councils successfully collect, transport and process kerbside waste to a high level of community satisfaction.

There are many related areas that contribute to the overall effective management of kerbside waste services. We found some common areas where neither Council was operating effectively, including that they:

- did not have strategic plans for waste management setting out their objectives, strategies and performance targets

- did not have a formal waste education strategy and program
- did not monitor and report against local waste performance targets.

We also found some areas where both Councils were operating effectively in managing kerbside waste services.

Our detailed conclusions are in section 4.1 for the NPSP Council and section 5.1 for the West Torrens Council.

Councils face many challenges in providing kerbside waste services to their communities and achieving the State targets for waste. Section 2.7 provides more detail on these challenges.

1.3 The structure of this report

This report details our review approach and results (including audit conclusions, findings and recommendations) for the two metropolitan councils we reviewed and their responses as follows:

- section 2 provides an overview of kerbside waste management across the local government sector
- section 3 details our review mandate, objectives and approach
- section 4 provides an overview of the NPSP Council's kerbside waste management services, the results of our review and the Council's responses
- section 5 provides an overview of the West Torrens Council's kerbside waste management services, the results of our review and the Council's responses.

2 Background

2.1 Why this review is important

Kerbside waste is a shared concern for governments, communities and individuals. It must be effectively managed to ensure the health, wellbeing and safety of the public is preserved, the environment is protected and resources are recovered.

Councils incur significant costs in providing these services and not effectively managing them increases the risks of:

- reduced levels of waste services, negatively impacting community satisfaction and public health and safety
- significant cost increases
- less waste diverted from landfill, and the associated costs and environmental impacts
- higher rates of contamination in recycling and organic kerbside bins.

The benefits of effective kerbside waste management to public health, wellbeing and safety are clear. They range from preventing the infestation and spread of disease by vermin and the emission of odours, to averting unsightly and cluttered kerbsides that can impact the safety of pedestrians and enjoyment of street aesthetics.

The environmental benefits of effectively managing kerbside waste are also well established. Less waste in landfill (particularly food waste) reduces the release of greenhouse gases, keeps valuable material resources circulating within the economy, lowers energy demands and saves water usage.¹ Diverting organic waste such as food and garden waste from landfill to appropriate resource recovery and treatment, including aerobic commercial composting systems reduces the amount of methane,² a contributor to climate change, being emitted from landfills.

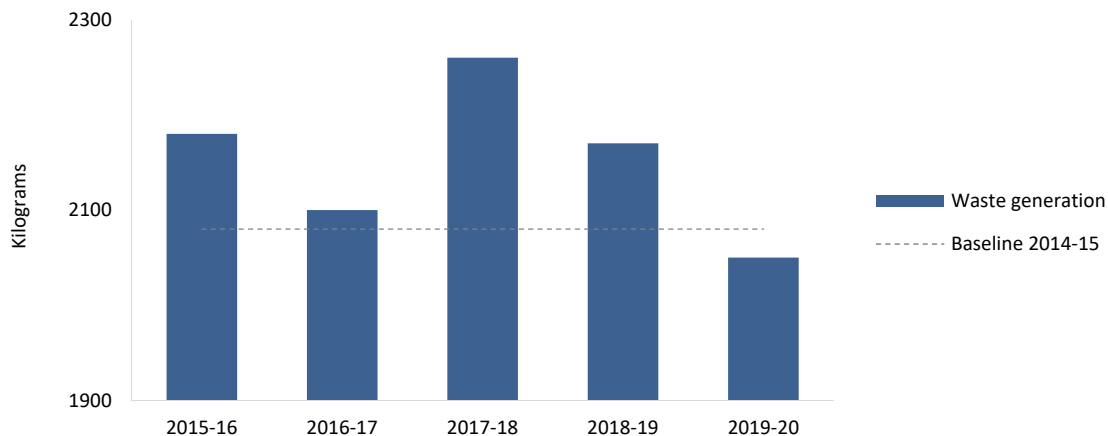
However, waste generation per capita remains a challenge for South Australians.³ Figure 2.1 shows the total waste generated per capita in South Australia for the last five years.

¹ Green Industries SA 2021, *South Australia's Recycling Activity Survey 2019-20 Report*, Government of South Australia, Adelaide, p. 77.

² Green Industries SA 2021, *Valuing our Food Waste, South Australia's strategy to reduce and divert household and business food waste 2020-2025*, Government of South Australia, Adelaide.

³ Green Industries SA 2020, *South Australia's Recycling Activity Survey 2018-19 Report*, Government of South Australia, Adelaide, p. 8.

Figure 2.1: Total per capita waste generation for South Australia



Source: *South Australia's Recycling Activity Survey 2016-17 Financial Year Report*, p 10 and *South Australia's Recycling Activity Survey 2019-20 Report*, p. 12.

South Australia's Waste Strategy 2015–2020 set a target to reduce waste generated per capita by 5% by 2020 from 2015 levels. In 2017-18, waste generated per capita increased by 8.7% from the 2015 baseline. While 2018-19 saw a decrease, waste generated per capita was still 4.3% higher than 2015. In 2019-20, waste generated per capita was 1.4% lower than the baseline, but still fell short of the 5% reduction target.

All levels of government have publicly committed to improving waste management practices to reduce landfill disposal rates. This is demonstrated by the frameworks and strategies currently in place, including the national waste policy and action plan and South Australia's waste and food waste strategies.

2.2 Roles and responsibilities

Appendix 2 lists the international, national, state and local government frameworks that govern the roles and responsibilities for managing waste.

While all levels of government, together with business, waste industry groups and the community, have a role to play in managing waste, the regulation of waste management and resource recovery in Australia is shared between the Commonwealth, state and local governments. Appendix 5 provides an overview of these roles, legislation and policy.

2.2.1 Commonwealth Government

The Commonwealth Government is responsible for a national framework for waste and resource recovery, which recognises obligations under international agreements. In addition, the *Recycling and Waste Reduction Act 2020* (Cth) establishes a legislative framework to enable Australia to manage the environmental and human health and safety impacts of products and waste material more effectively, as well as the impacts of disposing of our waste.

The Commonwealth Government has developed the 2018 *National Waste Policy: Less Waste, More Resources*, and the corresponding 2019 action plan, which focuses on circular economy principles and outlines the roles and responsibilities for collective actions by businesses, governments, communities and individuals for waste management. It sets national targets, including an 80% average resource recovery rate from all waste streams by 2030.

The Commonwealth Government has also established a national food waste strategy that aims to halve food waste by 2030.

2.2.2 State government

The regulation and management of waste and resource recovery in Australia is primarily the responsibility of state and territory governments. The SA Government's key legislation in this area is the:

- *Environment Protection Act 1993* (EP Act) which provides a broad framework for the protection of the State's environment, including the regulation of waste management and promoting the waste management hierarchy. Under the EP Act, the SA Government has issued the *Environment Protection (Waste to Resources) Policy 2010*. This requires metropolitan councils to provide a weekly kerbside residual waste collection service for residential premises within their areas⁴
- *Green Industries SA Act 2004* (GISA Act) which promotes innovation and business activity in the State's waste management, resource recovery and green industry sectors and includes the principles of:
 - the circular economy
 - the waste management hierarchy
 - ecologically sustainable development
 - best practice methods and standards in waste management and efficient use of resources.

The GISA Act requires Green Industries SA (GISA) to develop a waste strategy for the state every five years.⁵ The South Australian waste strategy is discussed further in section 2.3. The GISA Act also allows GISA to provide grants to the waste and resource recovery industry, including local government.

2.2.3 Local government

The *Local Government Act 1999* (the LG Act) requires South Australian councils to provide services that benefit their areas, ratepayers, residents and visitors.⁶

In line with the LG Act, local councils:

- provide household waste and recycling collection and disposal services

⁴ *Environment Protection (Waste to Resources) Policy 2010*, clause 10(2).

⁵ GISA Act, section 18.

⁶ LG Act, section 7.

- deliver education and awareness programs
- can form regional subsidiaries (waste management authorities) that receive and process material for their constituent councils and a range of clients, including businesses and industry.

Some South Australian councils have established waste management authorities to provide waste management services. Others provide these services directly or outsource them to the private sector.

Metropolitan councils must provide a weekly kerbside collection of residual waste. However, in consulting with their communities, councils determine the level of service they will provide for recyclables and organic waste, including the frequency of bin collections. While these services are discretionary, there is a long history of metropolitan councils collecting recyclables and organic waste fortnightly. All metropolitan councils have offered a food organics and garden organics (FOGO) collection service since 2020.

Councils must balance the cost of providing these services against community expectations and the SA Government's desire that they work towards achieving landfill diversion targets.

Councils are supported by the Local Government Association of South Australia, which advocates on their and the communities' behalf to the Commonwealth and SA Governments. It has established a Waste Action Plan that outlines local government views on actions needed to stabilise the waste industry, ensure the ongoing commercial viability of recycling services and establish a circular economy.

2.3 South Australia's waste strategies

In 2005, the SA Government released South Australia's first waste strategy. Since then, waste strategies setting out the State's objectives, targets and priorities have been released every five years. Each one has sought to avoid and reduce waste, maximise the useful life of materials through reuse and recycling and maximise the diversion of waste from landfill.

Our review principally focused on the period of *South Australia's Waste Strategy 2015–2020*, although we also considered developments to December 2021. The strategy had three objectives:

- to encourage a resource efficient economy where the best or full value is obtained from products and materials produced, consumed and recovered
- to establish a clear policy framework to encourage investment in the sector
- to establish a culture enabling the community to implement zero waste strategies/ programs.

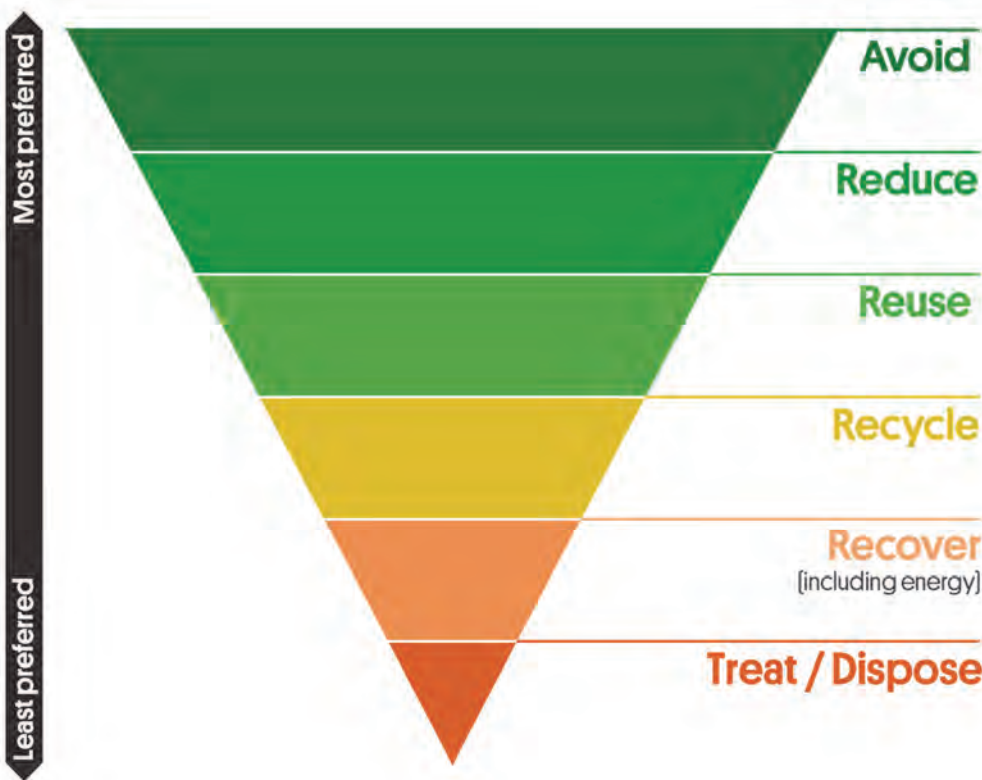
The SA Government set a landfill diversion target of 70% for metropolitan municipal solid waste by 2020. Included in this target was a goal of 60% diversion from landfill for waste in the kerbside bin system that is not mandatory for metropolitan councils. The most recent available published data about kerbside waste performance⁷ shows that no metropolitan council has achieved this goal. Some possible reasons for this are discussed in section 2.7.

The State’s current waste strategy *Supporting the Circular Economy: South Australia’s Waste Strategy 2020–2025* has increased the landfill diversion target for municipal solid waste to 75% by 2025. This includes a goal of 70% diversion from landfill for waste in the kerbside bin system for metropolitan councils by 2025.⁸

The State’s current waste strategy also includes the internationally recognised waste management hierarchy model. This model sets the guiding principles for waste management in South Australia and its principles are enshrined in legislation across Australian states, including the EP Act and GISA Act.

Figure 2.2 shows the waste management hierarchy, which provides an order of priority⁹ for managing waste. The first priority is to avoid producing waste and the last option is to dispose of it where all other options are not reasonably practicable.

Figure 2.2: The waste management hierarchy



Source: Supporting the Circular Economy: South Australia’s Waste Strategy 2020–2025.

⁷ Green Industries SA 2021, *South Australia’s Kerbside Waste Performance Report 2018-19*, March, Government of South Australia, Adelaide.
⁸ Green Industries SA 2020, *Supporting the Circular Economy: South Australia’s Waste Strategy 2020–2025*, Government of South Australia, Adelaide, p. 17.
⁹ *Environment Protection Act 1993*, section 4B.

Councils generally focus their education programs on the priorities of avoid, reduce, reuse and recycle, while offering waste collection and processing services involving recycling, recovery, treatment and disposal.

In support of the State’s waste strategy and move to a circular economy, some councils have implemented the waste management hierarchy in their own strategies, for example by:

- using recyclable materials (such as glass and plastics) in roads and park bench seats
- creating plastic-free council run venues and events
- building infrastructure to process recyclable materials.

In support of the national and State waste strategies, the SA Government has also established a food waste strategy, *Valuing our Food Waste: South Australia’s strategy to reduce and divert household and business food waste 2020–2025*. Its objectives include reducing the generation of food waste, improving food waste collection and processing systems for beneficial resource use, and working towards a biological circular economy. It also includes actions for change to address food waste in households, as well as in the commercial and industrial sectors.

2.4 Waste management services

In South Australia, local councils are responsible for providing waste management services to residents. They do this primarily by collecting, processing and disposing of kerbside waste, as well as through education programs and materials for residents about responsible waste behaviour.

Figure 2.3: Metropolitan councils kerbside waste management services



All metropolitan councils offer the three-bin system to residents. However, in some metropolitan councils organics bins are optional or must be purchased by residents.

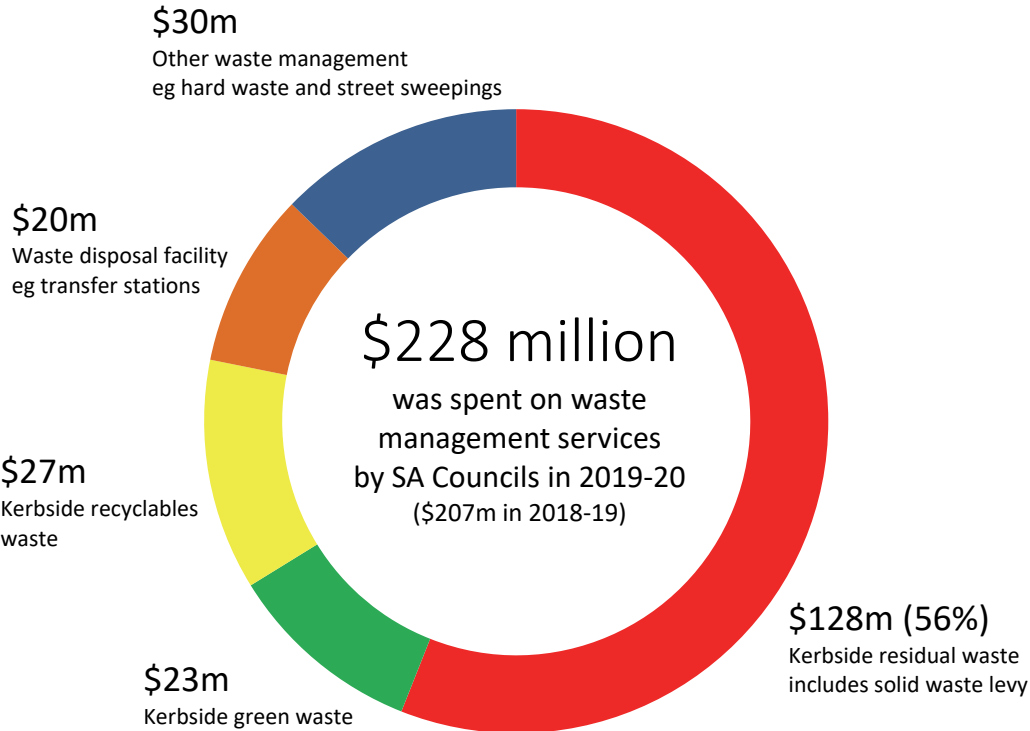
All metropolitan councils collect the residual waste bins weekly as mandated by the *Environment Protection (Waste to Resources) Policy 2010*, and the recyclables and organics bins fortnightly.

All metropolitan councils use a waste contractor or regional subsidiary to manage waste collection and disposal, with the exception of two that collect their own residual waste.

While some metropolitan councils have issued food caddies to all their households to encourage the collection of food waste, many provide them on an opt-in basis. Appendix 3 lists Adelaide metropolitan councils' organics food waste systems.

In 2019-20, South Australian councils (metropolitan and regional) spent \$228 million on waste management services. Figure 2.4 shows where this was spent.

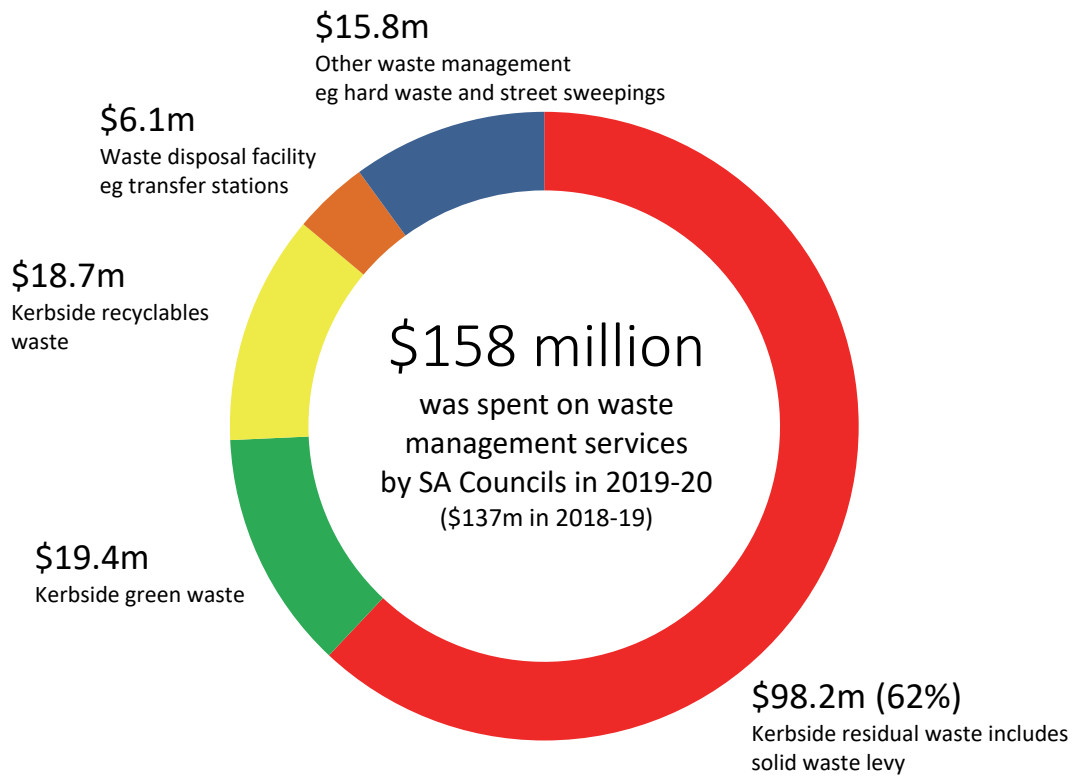
Figure 2.4: South Australian councils' waste management costs for 2019-20



Source: Prepared from South Australian Local Government Grants Commission unaudited data and GISA's annual kerbside waste performance reports.

Figure 2.5 shows that metropolitan councils spent \$158 million on waste management services in 2019-20, an increase of \$21 million (15%) from 2018-19.

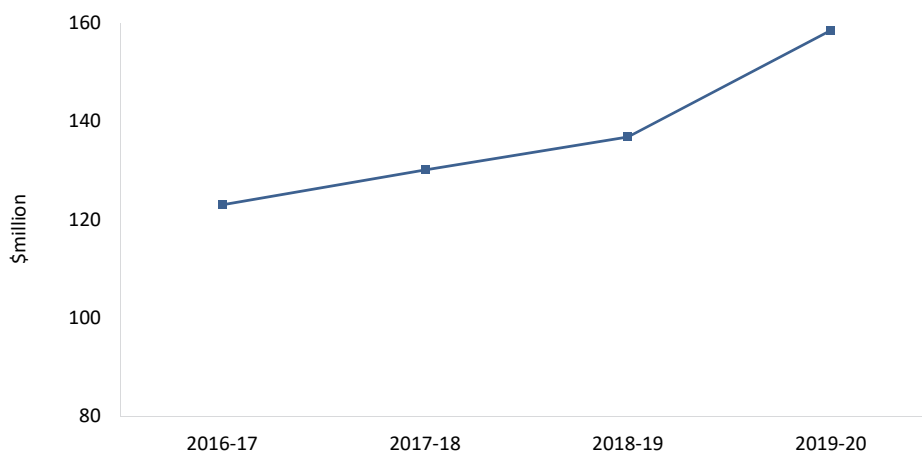
Figure 2.5: Metropolitan councils' waste management costs for 2019-20



Source: Prepared from South Australian Local Government Grants Commission unaudited data and GISA's annual kerbside waste performance reports.

While the public expects kerbside waste will be managed effectively and provided at a reasonable cost, councils' waste management expenses have increased significantly in recent years as shown in figure 2.6.

Figure 2.6: Metropolitan councils' waste management costs for last four years



Source: GISA's kerbside waste performance reports. Information for 2016-17 is based on South Australian Local Government Grants Commission unaudited data.

Ratepayers are directly impacted by the cost increases as councils seek to recover them through rates. But despite these increasing costs, there has been little change in the rate at which metropolitan councils have diverted kerbside waste from landfill. Potential reasons for this are explored in section 2.7.

2.5 Metropolitan councils' kerbside waste performance

GISA helps councils to improve kerbside waste collection systems for residents through grants, incentives and education campaigns. Reporting undertaken by GISA and published on its website includes councils' three-bin recovery rate, which represents the percentage of recyclable material (co-mingled recyclables and organics) diverted from landfill.

The formula used to calculate the three-bin recovery rate is:¹⁰

$$\text{Three-bin recovery rate} = \frac{\text{organics} + \text{recyclables}}{\text{organics} + \text{recyclables} + \text{residual}} \times 100\%$$

While GISA's kerbside waste performance report refers to this recovery rate, the State's waste strategy sets a non-mandatory landfill diversion target of 60% for metropolitan councils' household kerbside bin system. Metropolitan councils provide the waste tonnes collected from the household kerbside bin system to GISA. GISA uses this data to calculate the average metropolitan council three-bin recovery rate and reports this against the landfill diversion target in its annual kerbside performance reports. This measures the household kerbside waste performance at the beginning of the waste diversion process, being at the point of waste collection. Because recovery rates and the diversion target in this instance are both based at the point of collection from the kerbside, these measures can be compared.

The three-bin recovery rate formula does not consider contamination in the organics and recyclables bins. Contamination constitutes any material found in the recyclables bin that a materials recovery facility cannot recycle or any material found in the organics bin that is not compostable by a processing facility. Therefore, the three-bin recovery rate does not reflect the actual amount of material diverted from landfill. GISA has reported contamination of around 13% by weight (post-collection) in recyclables bins and 2% in organics bins.¹¹

GISA advised us that it collects gross data about organics and recyclables collections because this provides valuable insights into understanding:

- household behaviour and areas requiring further intervention
- trend analysis of kerbside behaviour
- geographic and socio-economic impact
- actions needed to support the State's waste strategy targets, such as education
- investment requirements for resource recovery infrastructure.

In 2019-20, about 517,800 tonnes of waste was collected from kerbsides in metropolitan Adelaide. This represented an increase of 5.8% from 2018-19 and equated to 390 kilograms

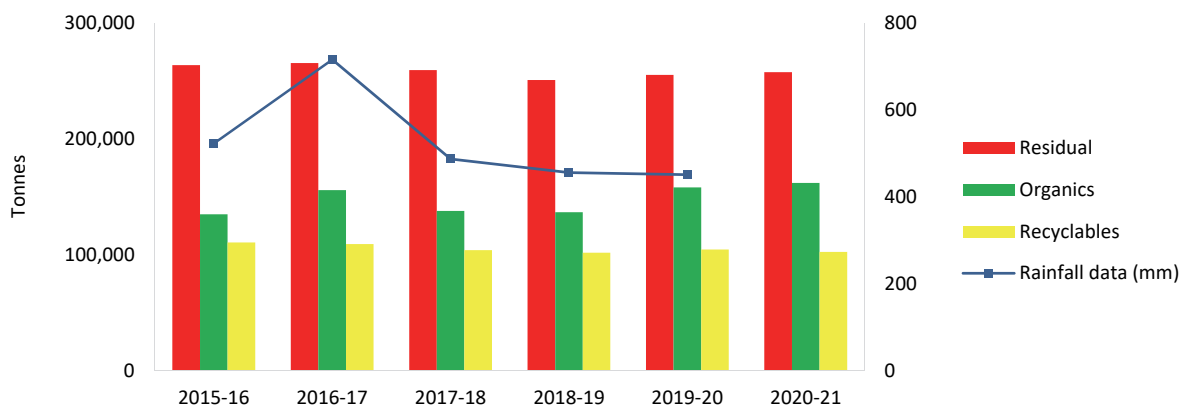
¹⁰ Green Industries SA 2021, *South Australia's Kerbside Waste Performance Report 2018-19*, March, Government of South Australia, Adelaide, p. 9.

¹¹ *ibid*, p. 29.

of kerbside waste per person or 1,039 kilograms of kerbside waste per serviced household. Of this, 262,600 tonnes were recovered as organics (60.2%) or recyclables (39.8%), for a total recovery rate of 50.7% (48.7% in 2018-19).¹²

Figure 2.7 shows the tonnes of waste collected in kerbside bins between 2015-16 and 2020-21 by metropolitan councils. It shows that the amount of waste collected for each kerbside bin type has remained consistent during this period. There was a slight increase in organics waste collected in 2016-17 due to higher levels of rainfall¹³ and in 2019-20 due to the full impact of a fortnightly organics bin service being introduced in Adelaide’s largest metropolitan council.¹⁴

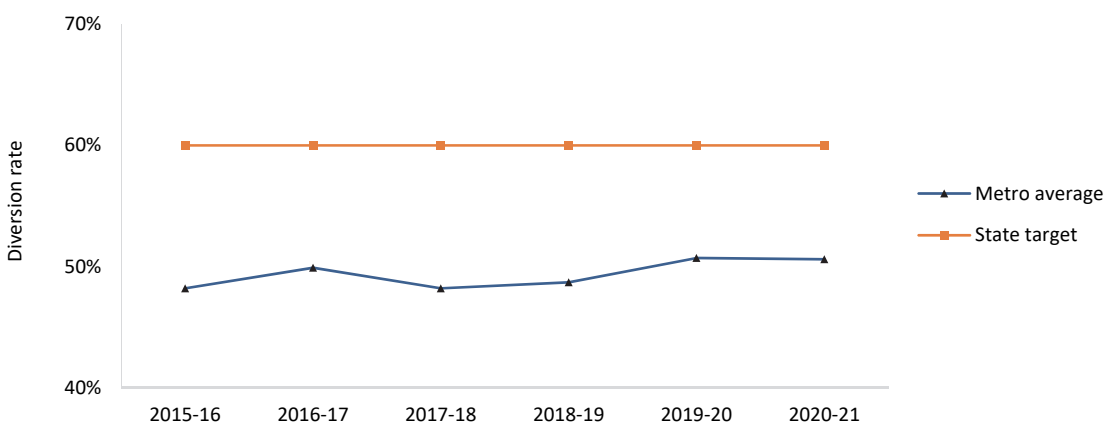
Figure 2.7: Metropolitan councils tonnages collected by kerbside bin type



Source: GISA’s annual kerbside waste performance reports.

Figure 2.8 shows the metropolitan councils’ average three-bin recovery rate against the State’s waste strategy target for metropolitan councils of 60% landfill diversion from the kerbside bin system for the last six years.

Figure 2.8: Metropolitan councils’ average recovery rate against the State landfill diversion target



Source: GISA’s annual kerbside waste performance reports and South Australia’s waste strategy.

¹² Data provided to us by GISA.

¹³ Green Industries SA 2020, *South Australia’s Kerbside Waste Performance Report 2017-18*, Government of South Australia, Adelaide, p. 26.

¹⁴ Data provided to us by GISA.

The average recovery rate for metropolitan councils between 2015-16 and 2020-21 has fluctuated between 48.2% and 50.6% (an increase of 2.2%).

The Adelaide metropolitan council recovery rate of 50.7% for 2019-20 is below the State’s landfill diversion target of 60% for metropolitan councils. In 2020-21 the Adelaide metropolitan council recovery rate decreased by 0.1% to 50.6%, but still fell short of the target. The State’s target remains at 60% until 2023 but increases to 70% by 2025.¹⁵

2.6 Solid waste levy

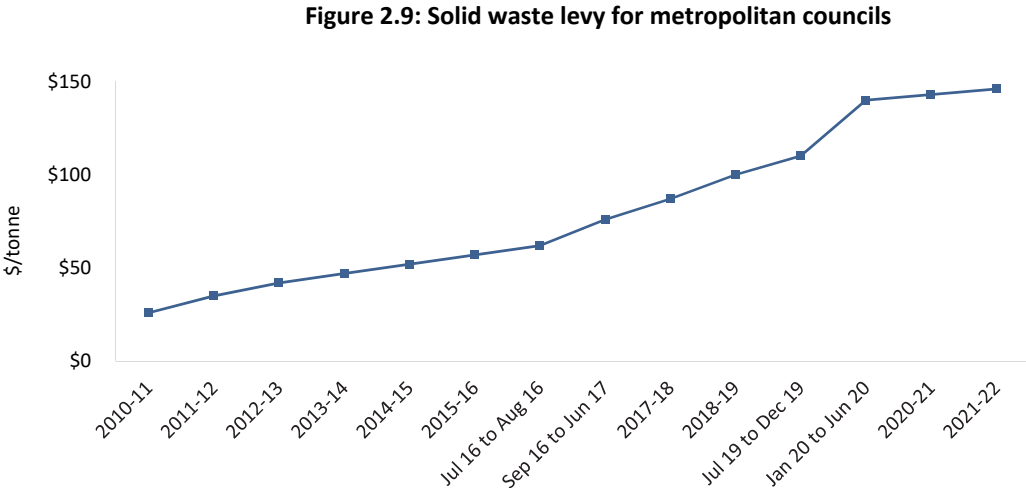
Under the EP Act a solid waste levy is payable to the Environment Protection Authority (EPA) on solid waste disposed to landfill. The waste levy incentivises resource recovery by increasing the costs of waste disposal, making resource recovery a preferable financial option.¹⁶

The levy comprises a proportion of overall waste management costs for councils. The waste levy has significantly increased in recent years, reflecting:

- the SA Government’s desire to reduce waste to landfill and move to a circular economy model¹⁷
- China’s introduction of the National Sword Policy in 2018, which prevents Australia from exporting certain waste and heavily reduces contamination rates for recyclables.

The solid waste levy was \$146 per tonne in 2021-22 compared to \$35 per tonne 10 years ago, an increase of 317%. The levy has increased by 151% since 2015-16 for metropolitan councils.

Figure 2.9 shows the increase in the solid waste levy for metropolitan councils over the past 12 years.



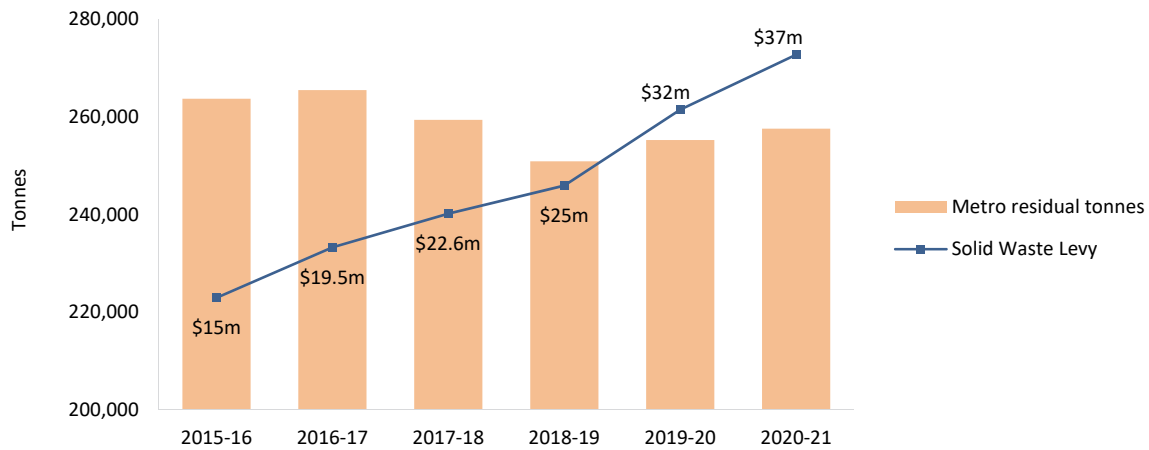
¹⁵ Green Industries SA 2020, *Supporting the Circular Economy: South Australia’s Waste Strategy 2020–2025*, Government of South Australia, Adelaide, p. 17.

¹⁶ www.epa.sa.gov.au, viewed 20 June 2022.

¹⁷ Green Industries SA 2020, *Supporting the Circular Economy: South Australia’s Waste Strategy 2020–2025*, Government of South Australia, Adelaide.

Figure 2.10 shows the effect the increase in the solid waste levy has had on the cost of disposing residual waste since 2015-16.

Figure 2.10: Total metropolitan councils' residual tonnes and solid waste levy



Source: GISA's annual kerbside waste performance reports for residual tonnes. Solid waste calculation based on total tonnage multiplied by solid waste levy.

The GISA Act requires the EPA to transfer 50% of the levies to the Green Industry Fund. The fund can only be applied by:

- GISA:
 - in line with a business plan approved by the Minister
 - in any other manner authorised by the Minister for the purposes of the GI Act
- the Minister for Climate, Environment and Water, towards the costs of:
 - climate change initiatives, including research and development, education, innovation and business activity, for mitigating the effects of climate change, minimising carbon emissions and adapting to climate change
 - managing waste or debris, or harm to the environment, following an identified major incident, major emergency or disaster under the *Emergency Management Act 2004*.

In 2020-21, the EPA transferred \$48 million (\$37 million in 2019-20) to the fund, which had a balance of \$90 million on 30 June 2021 (\$114 million on 30 June 2020).

GISA has provided approximately \$13 million in grants for waste management to councils from the fund over the last six years.

2.7 Challenges in managing kerbside waste services

Councils face many challenges in providing kerbside waste management services and achieving local and state landfill diversion targets. While some can be addressed by council activities, others are externally imposed and beyond their control. Some of the challenges are discussed below.

2.7.1 Cost pressures

Cost pressures faced by councils include:

- increases in costs at landfill sites to dispose of residual waste, primarily due to the increase in the solid waste levy explained in section 2.6. Food waste discarded in the residual bin is heavy, contributing substantially to the weight of waste sent to landfill and therefore these costs
- increases in gate fees at materials recovery facilities to dispose of co-mingled recyclables. The gate fees are impacted by the often fluctuating market prices for recycled products. For example, China's 2018 National Sword Policy impacted the price of mixed paper and cardboard and mixed plastics. At the time, the estimated increase in cost was around \$8.8 million across South Australia based on a one-year period¹⁸
- increases in transport costs (eg fuel) to collect and dispose of all waste.

2.7.2 Food waste in residual bins

The SA Government has recognised that food waste in residual bins is a financial challenge for councils with significant environmental impact. In response it published a food waste strategy (see section 2.3).¹⁹

South Australian households and businesses send around 200,000 tonnes of food waste to landfill each year. Up to 40% of the material content in residual waste bins is food waste.²⁰ This directly impacts the costs paid by councils to dispose of waste to landfill, such as the solid waste levy. The NPSP Council has estimated that savings of \$395,000 per year in landfill fees could be achieved if food waste is diverted from landfill. Appendix 4 provides a copy of the flyer that the NPSP Council distributed to its community.

Food waste is heavy due to its moisture content. If discarded with residual waste, it contributes substantially to the weight of waste sent to landfill, increasing the solid waste levy and gate fee costs paid by councils.

Food decomposing in landfill without the aid of air produces methane, a greenhouse gas around 28 times more potent than carbon dioxide at trapping heat,²¹ and a contributor to the global greenhouse gas emissions causing climate change.

Food waste in landfill is also a lost resource that could have been used, together with other types of organic waste streams, to produce commercial compost and soil enhancement products.²² As composting is an aerobic process, it produces less or prevents the release of methane and is a better environmental alternative to landfill.

There are many reasons why residents do not dispose of food waste in organics bins. These

¹⁸ Rawtec Pty Ltd 2018, *Market Analysis of South Australian Kerbside Comingled Recyclables Report for the Local Government Association of SA*, May, Adelaide.

¹⁹ Green Industries SA 2021, *Valuing our Food Waste, South Australia's strategy to reduce and divert household and business food waste 2020–2025*, Government of South Australia, Adelaide.

²⁰ *ibid*, pp. 5 and 8.

²¹ *ibid*, p. 7.

²² *ibid*, p. 14.

include a personal dislike of the look of a food caddy on a benchtop, lack of access to free compostable bags or lack of awareness about the impact of food waste in landfill. However, it is likely that most concerns are about the pests and odours produced from decomposing food while organics bins await the fortnightly collection.

Several councils have recently trialled the weekly collection of organics bins. The results of these trials have shown positive changes in residents' waste disposal behaviour and an increase in landfill diversion rates. For example, the City of Holdfast Bay recently completed an 18-month FOGO trial that involved more than 1,000 households having their organics bin collected weekly and their residual waste bin collected fortnightly. The trial found the amount of food waste disposed of in the organics bins more than doubled, achieving a landfill diversion rate of 84% in the areas participating in the trial.²³ From July 2022, the City of Holdfast Bay will provide this bin collection service to all its residents unless they want to continue having their residual bin collected weekly.

This trial shows that a weekly collection of organics bins would encourage residents to dispose of food waste more responsibly and discourage them from putting food into residual waste bins. This would help divert food waste from landfill and increase council recovery rates. However, collecting organics bins weekly without any changes to the collection frequency of other bins would increase costs for most councils. Current legislation requires metropolitan councils to collect residual waste weekly but does not prescribe how often organics and recyclables bins must be collected.

2.7.3 Legislation mandates weekly collection of residual waste bins

The SA Government's *Environment Protection (Waste to Resources) Policy 2010* requires metropolitan councils to collect kerbside residual waste weekly from residential premises within their areas.²⁴ Councils determine how often they collect recyclables and organics bins and there is a long history of councils collecting them fortnightly. These services are highly valued and relied on. All metropolitan councils now collect organics and recyclables bins fortnightly, with the exception of three that provide these services on an opt-in basis.

Councils must balance the cost of providing weekly residual waste collections against:

- the cost of collecting organics and recyclables waste more frequently
- residents' expectations about the frequency of organics and recyclables collections
- the cost of providing services that will help achieve the SA Government's landfill diversion targets.

The most recent data published by GISA indicates that no metropolitan council's recovery rate has achieved the SA Government's landfill diversion target.²⁵ Figure 2.11 shows that the average metropolitan councils' recovery rate has remained relatively unchanged in the last

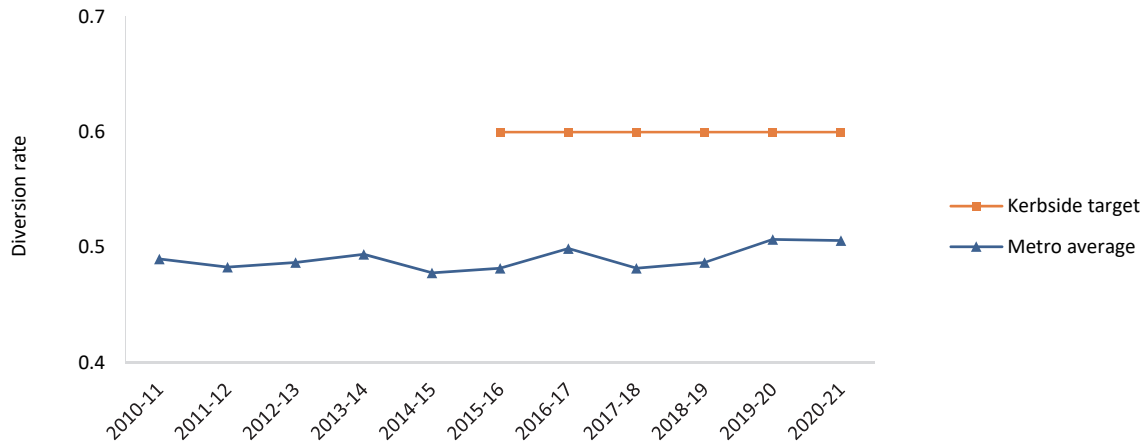
²³ www.holdfast.sa.gov.au/council/news - Households embrace weekly green bin collections | City of Holdfast Bay, viewed 22 June 2022.

²⁴ *Environment Protection (Waste to Resources) Policy 2010*, clause 10(2).

²⁵ Green Industries SA 2021, *South Australia's Kerbside Waste Performance Report 2018-19*, March, Government of South Australia, Adelaide, p. 19.

11 years. In 2009-10, the recovery rate was 48%,²⁶ with the same result achieved in 2019-20. Prior to 2015-16, the State’s waste strategy did not include landfill diversion targets for kerbside waste in the targets set for total municipal solid waste.

Figure 2.11: Metropolitan councils’ average recovery rate compared to the State target for landfill diversion



Source: GISA’s annual kerbside waste performance reports.

Allowing councils to decide how often they collect each bin type to meet community expectations may be a solution to improving landfill diversion, as demonstrated by the City of Holdfast Bay’s recent FOGO trial.

2.7.4 Multi-unit dwellings and urban infill

Multi-unit dwellings (MUDs) are generally accepted to be any dwelling other than a standalone single unit dwelling and can range from townhouses, semi-detached or row terraces, through to multi-storey apartment complexes.

Urban infill and the rise in the number of MUDs present unique challenges to councils for waste management. Councils often contract these services out to commercial contractors, as the kerbside collection service does not align with the bin types required for these buildings.

MUDs do not generally perform well in source separation, landfill diversion and the contamination of recyclables. Reasons for poor performance can include:

- design issues. Older MUDs were designed for a one or two bin waste system. Introducing a third bin can be difficult due to limited space. New MUDs may not consider waste management sufficiently in the design phase or developers may see areas for bins as expensive and wasted space.²⁷ This may result in bin systems that do not offer all three waste streams, as well as increased, ongoing waste management costs for councils and residents

²⁶ Green Industries SA 2019, *Adelaide Metropolitan Area Kerbside Waste Performance Report 2016-17*, February, Government of South Australia, Adelaide, p. 23.

²⁷ The Local Government Association of South Australia continues to advocate for the planning and design code to be reviewed to consider effective, efficient and safe waste management for medium to high density development areas.

- a lack of street access and limited turning points for waste collection vehicles
- a lack of public road verge or presentation space for kerbside bin collection
- contamination issues due to the lack of supervision or management of communal bins and residents' lack of ownership of bins.

Exploring ways to improve MUD waste performance remains a challenge for councils but is necessary to improve recovery rates.

2.7.5 Educating the community

Councils play an important role in educating the community about waste reduction and responsible recycling. Through education the community can improve its waste practices, which will reduce the amount of waste sent to landfill and councils' disposal costs and increase the volume of materials to be recycled.

However, education programs can be expensive and can absorb significant human resources. A challenge for councils is balancing the areas most in need of education to achieve the best results against the cost of providing them.

While education, in addition to other strategies such as the wider rollout and promotion of food caddy use, will help councils raise community awareness about responsible waste disposal, changing residents' behaviour long-term will remain a challenge.

3 Audit mandate, objective and scope

3.1 Our mandate

We performed our review under section 32(1)(c) of the *Public Finance and Audit Act 1987*. This allows the Auditor-General to review the efficiency, economy and effectiveness of a publicly funded body.

A council constituted under the LG Act is included in the definition of a publicly funded body.

3.2 Our objective

The objective of our review was to conclude on whether the two councils we reviewed were effectively managing kerbside waste services to work towards achieving their targets (and the targets set by the SA Government).

Our review covered the period of South Australia's Waste Strategy 2015–2020. We extended it to also consider developments between June 2020 and December 2021.

We considered whether the two councils had:

- documented plans and/or strategies to deliver kerbside waste services to meet their targets and community expectations
- implemented governance structures to manage and oversee the performance of their kerbside waste services to meet their targets and community expectations
- processes to assess the effectiveness of their education activities.

3.3 What we reviewed and how

There are many areas that contribute to the successful management of kerbside waste services. To inform our conclusion about how effectively the two Councils were managing their services, we assessed whether they had:

- established a waste strategy/plan that detailed service levels, local waste performance targets and the actions to be taken to achieve them
- established a waste education strategy and program to educate and promote responsible waste behaviour to the community in support of local and State targets
- engaged with the community and considered their expectations in waste planning
- established clear roles and responsibilities for waste management
- established frameworks and processes to identify, assess and manage waste risks
- implemented contract management processes to manage roles and responsibilities, communication with contractors and the community, and the reporting and monitoring of performance, costs and risks
- collected accurate and reliable data to monitor waste performance.

Our assessment considered:

- the LG Act requirements
- the *Environment Protection (Waste to Resources) Policy 2010*
- each Council's strategic management framework and policies
- South Australia's Waste Strategy 2015–2020 and 2020–2025 issued by GISA
- South Australia's Valuing Our Food Waste Strategy
- generally accepted standards of contract management and risk management practices.

We reviewed documents in detail and held discussions with relevant staff of each Council.

The NPSP Council's regional subsidiary, Eastern Waste Management Authority (East Waste), delivers kerbside waste management services to the community on its behalf.

For the NPSP Council, we also held discussions with East Waste staff to obtain an understanding of their role and responsibilities in delivering kerbside waste management services on the NPSP's behalf. We did not assess the activities of East Waste as part of this review.

We would like to acknowledge the staff of each Council and East Waste who went to considerable effort to promptly respond to our information requests and inquiries during the review.

3.4 What we did not review

We did not review the Councils' waste collection practices for:

- kerbside hard waste
- street sweepings, council operated parks and other public place locations
- other drop-off facilities they operate
- their commercial service operations.

We did not review waste collection practices managed by the private sector for:

- commercial and industrial waste
- construction and demolition waste
- the Container Deposit Scheme returns.

While we used waste data provided by the Councils to calculate recovery rates, we did not independently confirm the integrity of the data.

We did not review the methodology of kerbside bin audits performed by East Waste or contractors on behalf of the Councils.

We did not assess the activities of East Waste.

West Torrens Council has outsourced its waste management services to an independent contractor. We did not review the independent contractor's activities.

4 The Corporation of the City of Norwood, Payneham and St Peters

4.1 Executive summary

4.1.1 Audit conclusion

We assessed the effectiveness of the NPSP Council's management of kerbside waste services between 2015 and 2021 against our review objective in section 3.2.

We concluded that the NPSP Council successfully collects, transports and processes kerbside waste to a high level of community satisfaction.

There are many areas that contribute to the overall effective management of kerbside waste services. We identified some areas that were not operating effectively during the period we reviewed. These were:

- the development of a plan to support waste management services
- setting waste performance measures and targets
- establishing a service level agreement with East Waste
- evaluating and reporting on waste performance
- developing a waste education strategy and program.

These issues are explained in section 4.1.2.

We also identified some areas that were operating effectively during the period we reviewed. These were that the NPSP Council had:

- consulted its community and key stakeholders when it reviewed CityPlan 2030 to understand their expectations and satisfaction with the levels of waste management service
- sound processes to manage and resolve complaints from residents about collection services.

4.1.2 What we found and recommended

The key findings from our review of the NPSP Council's management of kerbside waste services were that it:

- did not have a corporate plan or an overarching plan to support its strategic objective and strategy for waste management (section 4.3.2)
- had not documented the initiatives it had identified and implemented to support its strategic objective and strategy for waste management. This reduced the effectiveness of achieving its strategic objectives and reaching its long-term vision (section 4.3.3)
- did not have a service level agreement with East Waste for waste management services (section 4.4.2)
- had not evaluated and reported its kerbside waste performance against the set target. This reduced the effectiveness of monitoring its waste performance and its capacity to take necessary action to improve its performance to reach, or get closer to, the set target (section 4.4.3)

- had not set any performance standards, measures and targets to monitor and evaluate East Waste’s performance in delivering kerbside waste management services to its community (section 4.4.3)
- did not have a formal waste education strategy outlining its approach to community education on waste and recycling issues (section 4.5.1)
- had not evaluated and reported on the effectiveness of the waste initiatives and activities it implemented each financial year (section 4.5.1).

We recommended the NPSP Council:

- develop a corporate plan, and a plan that specifically covers waste management, which outlines its key priorities, corporate objectives, actions and activities to achieve the corporate objectives, and measures and targets to monitor and evaluate its performance (sections 4.3.2 and 4.3.3)
- set performance measures and targets for kerbside waste management that are consistent with those set by East Waste and support the State’s waste strategy target (section 4.3.4)
- establish a service level agreement with East Waste to clarify and agree on the roles and responsibilities and other matters important to waste management services (section 4.4.2)
- evaluate and report on the outcome of all its kerbside waste initiatives and activities, actual kerbside waste performance against set targets and the performance of East Waste (section 4.4.3)
- develop and document a waste education strategy and program outlining its approach to community education on waste and recycling issues (section 4.5.1).

4.1.3 NPSP Council’s response

The NPSP Council responded to our findings and advised us how it would action our recommendations, which it generally accepted. Its response to each recommendation is included in sections 4.3 to 4.5.

The NPSP Council provided a response to our proposed report to Parliament that is included as Appendix 6.

4.2 Overview of The Corporation of the City of Norwood, Payneham and St Peters

4.2.1 Waste management services

The NPSP Council is located just east of Adelaide’s CBD and covers an area of around 15 km², with an estimated resident population of about 37,000.²⁸

²⁸ Australian Bureau of Statistics 2020, *Norwood Payneham St Peters: Region summary: Data by region*, ABS, viewed 25 May 2022, <<https://dbr.abs.gov.au/region.html?lyr=lga&rgn=45290>>.

Population, area and dwelling types determine the nature, type and collection frequency of the waste services councils provide.

The NPSP Council provides a standard kerbside three-bin service to about 17,500 residential households and 2,000 commercial properties.²⁹ 49.6% of households are multi-unit dwellings and 49.7% are separate houses.³⁰

Figure 4.1: NPSP Council standard kerbside three-bin waste collection service



Source: NPSP Council website.

The NPSP Council also provides households with a free food caddy and two rolls of compostable bags annually to make it easier for residents to compost food waste through their green bin.

A regional subsidiary,³¹ East Waste, delivers waste management services to the NPSP Council's community on its behalf. More information on East Waste is provided in section 4.4.1.

4.2.2 Waste management costs

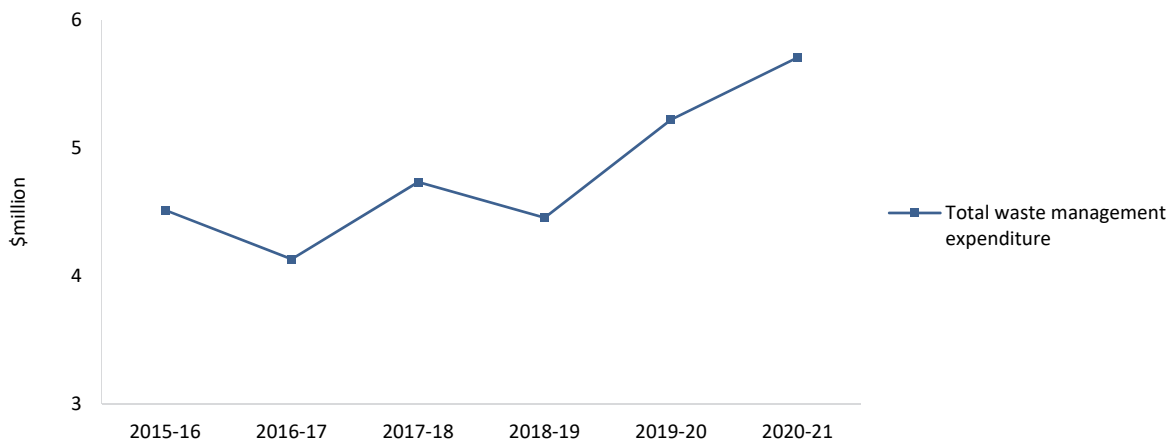
In addition to the kerbside three-bin waste service, the NPSP Council's waste management services include collecting and disposing of kerbside hard waste, public litter bins, street sweepings and illegal dumping. The costs of waste management are shown in figure 4.2 and totalled \$5.7 million in 2020-21.

²⁹ City of Norwood, Payneham and St Peters 2021, *Council Agenda and Minutes*, 5 October 2021, item 11.1, p. 19, <https://www.npsp.sa.gov.au/about_council/council_and_committees/council_agenda_and_minutes>.

³⁰ City of Norwood Payneham and St Peters 2021, *City of Norwood Payneham and St Peters: Dwelling type*, viewed 15 July 2022, <<https://profile.id.com.au/npsp/dwellings>>.

³¹ Constituent councils are Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood, Payneham and St Peters, City of Mitcham, Corporation of the Town of Walkerville and City of Prospect.

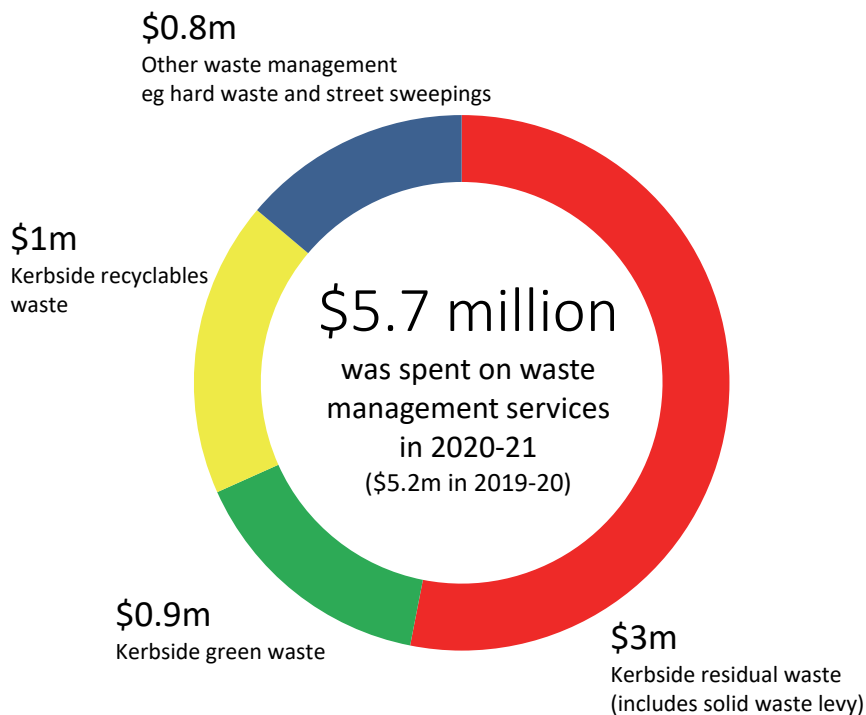
Figure 4.2: NPSP Council waste management costs for the past six years



Source: Based on data provided by the NPSP Council (unaudited).

Figure 4.2 shows that the NPSP Council’s waste management costs fluctuated annually up to 2018-19 and then increased by 17% in 2019-20 and 9% in 2020-21. This is partly due to the increase in the solid waste levy during this period. On 30 June 2019, this levy was \$100 per tonne and increased to \$143 per tonne by 30 June 2021, an increase of 43%. The increase in costs is also the result of the increase in residual waste collected by NPSP Council since 2018-19, as shown in figure 4.6. In 2020-21, the NPSP Council spent \$5.7 million on waste management services, an increase of \$500,000 (10%) from 2019-20. Figure 4.3 shows where this was spent.

Figure 4.3: NPSP Council waste management costs for 2020-21



Of the \$5.7 million, 53% was spent on collecting and disposing kerbside residual waste, including the solid waste levy. The solid waste levy is 18%³² of the NPSP Council's total waste management costs for 2020-21.

4.2.3 Kerbside waste management performance

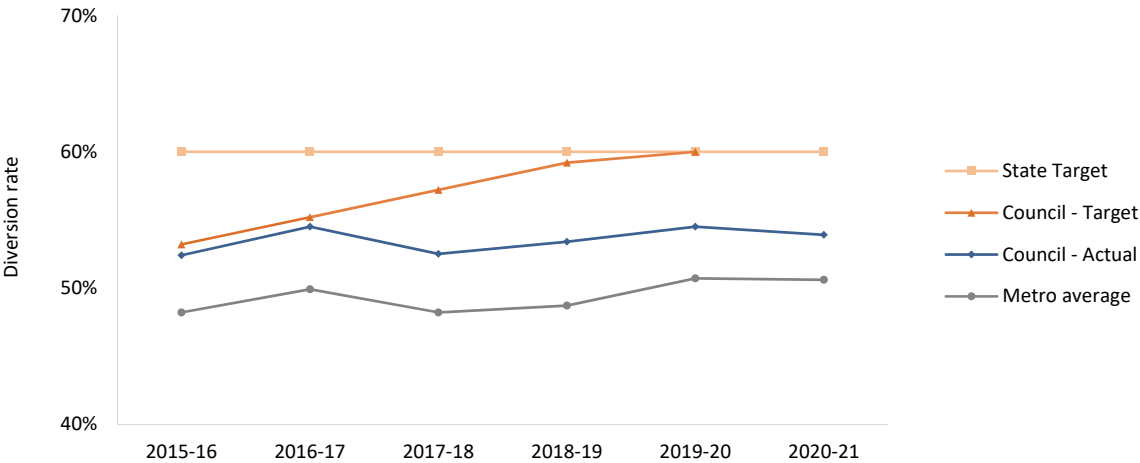
The NPSP Council’s actual kerbside waste diversion from landfill rate compared to its target and the actual metropolitan council average recovery rate since 2015-16 is shown in figure 4.4.

Figure 4.4: Kerbside waste diversion from landfill rate and performance targets

Year	NPSP Council actual ³³	NPSP Council target ³⁴	Metropolitan council average ³⁵
2015-16	52.4%	53.2%	48.2%
2016-17	54.5%	55.2%	49.9%
2017-18	52.5%	57.2%	48.2%
2018-19	53.4%	59.2%	48.7%
2019-20	54.5%	60%	50.7%
2020-21	53.9%	no landfill diversion target set	50.6%

Figure 4.5 shows the above rates compared to the State’s landfill diversion target of 60%.

Figure 4.5: Kerbside waste diversion from landfill rate and performance targets



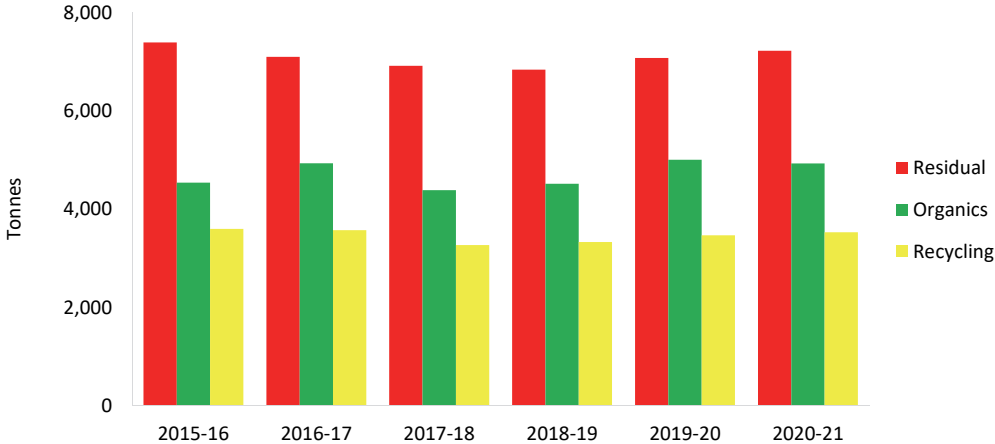
Source: Based on data provided by the NPSP Council, East Waste and GISA.

³² Calculated by us based on the residual tonnes provided by the NPSP Council multiplied by the solid waste levy.
³³ This rate was calculated by us based on the formula published in GISA’s annual kerbside waste performance reports. The waste collection tonnages used in the formula were provided by the NPSP Council and are unaudited. The tonnages of recycling and organics collected have not been adjusted for contamination.
³⁴ We calculated these percentages based on the performance measure and target information disclosed in the NPSP Council’s CityPlan 2030 over that period.
³⁵ Taken from GISA’s annual kerbside waste performance reports. Data provided to us by GISA for 2019-20 and 2020-21 on 15 June 2022.

Figure 4.5 shows that the NPSP Council achieved a higher diversion from landfill rate than the metropolitan council average but fell short of its own target each year. 2016-17 and 2019-20 were the NPSP Council's best performing years. It was close to its target in 2016-17 but by 2019-20 was 5.5% below it. Both the NPSP Council and the metropolitan council average fell short of the 60% State target by 2020-21. GISA provided us with data it has not yet published which shows that only one metropolitan council achieved a recovery rate of 60% in 2020-21.

Figure 4.6 shows the NPSP Council's total tonnes collected by kerbside bins for each waste stream for the last six years.

Figure 4.6: NPSP Council's kerbside waste collected

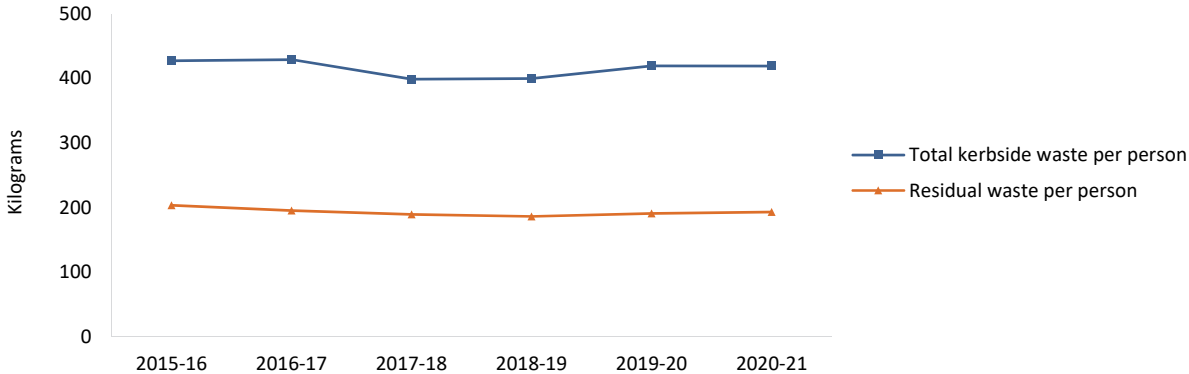


Source: Based on data from East Waste and the NPSP Council.

Figure 4.6 shows that the amount of waste collected for each waste stream has remained steady during this period. There was a slight increase in organics waste collected in 2016-17 due to higher levels of rainfall.³⁶

Figure 4.7 shows total kerbside waste and residual waste generated per person in the NPSP Council area over the last six years.

Figure 4.7: NPSP Council waste per person



Source: Based on data provided by East Waste and the NPSP Council about tonnes. Data about population is from the Australian Bureau of Statistics (<https://explore.data.abs.gov.au/>).

³⁶ Green Industries SA 2020, *South Australia's Kerbside Waste Performance Report 2017-18*, Government of South Australia, Adelaide, p. 26.

Figure 4.7 shows a decrease in kerbside waste generated per person in 2017-18 and an increase in 2019-20. The 2017-18 decrease was driven by a 13% decrease in organics due to higher rainfall in the previous year.³⁷ An explanation for the increase in 2019-20 may be that during the pandemic more people shopped online, increasing the amount of packaging used in shipping/postage and discarded by residents. This may have been further impacted by people establishing home offices during the initial lockdown as evidenced by the shortage of office furniture and IT equipment in South Australia in March, April and May 2020. Figure 4.7 also shows that residual waste per person has remained consistent in the NPSP Council area over the past six years.

4.2.4 Other waste management initiatives

The NPSP Council has recognised the importance of implementing innovative waste reduction and education initiatives to manage waste resources sustainably and efficiently. During our review we noted some examples of this where the NPSP Council:

- joined the Local Government Association of South Australia’s circular procurement pilot project. The project is working towards developing local markets and onshore processing for recyclable materials
- implemented the plastic free precincts project, which helps food retailers in the Norwood Parade precinct to switch from single-use plastic products to reusable or compostable alternatives. This aligns with an SA Government priority to ban single-use plastics
- promotes product stewardship and buy recycled opportunities on its website.

4.3 Strategic planning for waste management services

4.3.1 Background

Section 122 of the LG Act requires a council to develop and adopt strategic management plans for the management of its area. It establishes a framework for each council to:

- identify its strategic objectives over a period of at least four years
- identify and implement strategies to achieve its strategic objectives and to deliver the range and level of services it intends to provide to its community
- identify the resources needed to support its strategies and protect its long-term financial sustainability
- set measures used to monitor and assess its performance against its objectives
- identify the extent of participation with other councils, regional bodies and State and national governments achieving common objectives.

³⁷ Green Industries SA 2020, *South Australia’s Kerbside Waste Performance Report 2017-18*, Government of South Australia, Adelaide, p. 14.

The NPSP Council’s CityPlan 2030: Shaping our future (CityPlan 2030) provides its long-term strategic vision and plan. The plan is reviewed every four years to ensure it reflects the community’s vision and aspirations to 2030. It sets out the strategic planning and reporting framework and identifies the key plans that support its implementation (as shown in figure 4.8).

Figure 4.8: NPSP Council’s strategic planning and reporting framework



Source: The NPSP Council’s CityPlan 2030.

CityPlan 2030 focuses on four outcomes, with one being environmental sustainability where the NPSP Council strives to be a leader in this area. It provides the following objective and strategy for waste management:

Objective 4.1: Sustainable and efficient management of waste resources

Strategy 4.1.2: Investigate and implement innovative waste reduction and education³⁸ initiatives

CityPlan 2030 also states that minimising waste and increasing recycling and reuse remain important environmental priorities. The NPSP Council wants to use less resources, proactively monitor its waste production and recycling, and adapt its programs to continue to reduce waste.

³⁸ Education initiatives were included in the strategy in response to the 2020 mid-term review of CityPlan 2030.

4.3.2 The NPSP Council does not have overarching corporate objectives and priorities for waste management

Recommendation

The NPSP Council should develop a corporate plan that outlines the:

- key priorities and corporate objectives covering essential services like waste management
- actions and activities needed to achieve the corporate objectives and reach the Council's long-term vision
- measures and targets to monitor and evaluate its performance against the objectives.

The corporate plan should be published on the NPSP Council's website. The NPSP Council should also report outcomes against targets each year in its annual report to ensure transparency and accountability to the community.

Finding

CityPlan 2030 has a series of strategic documents to support its implementation. It states that:

The Council will also prepare a Corporate Plan to identify the specific programs and actions required to implement and integrate all of the elements of CityPlan over the next four years.

We found that the NPSP Council had not prepared a corporate plan. The risk register presented to its audit committee in October 2019 identified the development of a corporate plan as an action to mitigate the following strategic risks:

- not delivering the project or the right project
- the lack of innovation and forward planning
- the lack of organisational and departmental strategy.

A year later, an October 2020 report on the risk status to the audit committee stated that developing the corporate plan was deferred until the existing strategic plan documents³⁹ were finalised. The NPSP Council was performing a mid-term review of its CityPlan 2030 at the time.

Why it is important to have a corporate plan

Long-term strategic plans should be integrated into a council's daily operations through its operational plans (such as annual business plan, annual budget, project plans) and policies. This provides assurance that a council's resources are allocated to activities that will achieve its long-term strategic objectives. A corporate plan should clearly explain how the CityPlan 2030 strategic vision will be achieved and integrated into operational plans and processes, including waste management.

³⁹ These documents include the NPSP Council's CityPlan 2030, long-term financial plan and asset and infrastructure asset management plans.

A corporate plan also addresses the administration of the NPSP Council's own activities to ensure resources are employed efficiently and effectively to achieve its strategic and corporate objectives. It provides detailed guidance to integrate into short-term plans the key priorities and resources needed for each financial year.

NPSP Council's response

While there is not a legislative requirement for the Council to develop a corporate plan, the Council will prepare a corporate plan.

Waste management is an operational service ... the Council will consider the Auditor-General's comments in relation to waste management as an inclusion in a corporate plan.

4.3.3 The NPSP Council has not documented the initiatives that support its waste strategy

Recommendation

The NPSP Council should develop a specific plan for waste management, or a plan that is focused on environmental sustainability and includes waste as one component, that clearly documents:

- the innovative waste reduction and education initiatives identified that will be implemented to support CityPlan 2030 strategy 4.1.2
- the actions and activities performed annually that contribute to strategic objective 4.1
- the financial and human resources needed to implement the initiatives, actions and activities, and who is assigned the responsibility to implement them
- the measures and targets to monitor and evaluate the NPSP Council's performance
- how the NPSP Council has adopted the principles of the waste management hierarchy
- how East Waste's strategic actions and activities contribute to achieving the NPSP Council's strategic objectives.

Finding

The NPSP Council's planned strategy under CityPlan 2030 was to investigate innovative waste reduction and education initiatives that it intended to implement over time to meet its strategic objective. We found no documentary evidence of the outcome of this investigation.

NPSP Council staff advised us that there were no specific plans that provided this information and that the following activities were performed each year and resourced through the annual business plan and budget:

- the Reinvigorate the Food Recycling Project 2018–2021 – providing food caddies to new residential properties and to those existing ones that did not have access to one

- education activities including stalls at NPSP Council events, an annual collection calendar with waste service and ‘which bin’ information, a local services app, and an online waste and recycling guide.

We found that the annual business plans produced since 2015-16 had limited or no information on the NPSP Council’s specific planned actions to implement its waste strategy and did not target kerbside waste avoidance or minimisation, the most preferred option of the waste management hierarchy.

East Waste delivers waste management services to the community on the NPSP Council’s behalf, including education programs. The NPSP Council relies on East Waste’s service and performance to help meet its strategic objectives. There is little to no detail in the NPSP Council’s existing documented plans of these services to demonstrate the alignment of waste management strategies between the entities.

Why this is important

As waste disposal costs have grown substantially in recent years following SA Government increases to the solid waste levy, there is significant financial incentive for the NPSP Council to provide a cost-effective and efficient kerbside waste management service to:

- reduce the amount of kerbside waste going to landfill
- increase waste recycling and recovery
- contribute to the reduction in carbon emissions from landfill.

A documented waste management plan would help the NPSP Council to effectively implement waste strategies, achieve its strategic objectives and reach its vision.

NPSP Council’s response

There is no legislative requirement on the Council to develop a waste management plan either separately or as component of another plan.

East Waste has been established by the Constituent Councils for the purposes of delivering effective kerbside waste management. It is East Waste’s role to develop plans which reduce landfill, promote recycling and organics re-processing. East Waste reports to the Council in its Annual Report on how it achieves its functions under its Strategic Plan and Charter.

Notwithstanding this, East Waste has a 2030 Strategic Plan which sets out Strategies and Key Performance Indicators for leadership in waste management logistics and innovative collection and resource management services for the Constituent Councils of East Waste.

4.3.4 The NPSP Council no longer has kerbside waste performance measures and targets

Recommendation

The NPSP Council should set performance measures and targets in line with the kerbside waste management results it wants to achieve. These should be consistent with any key

performance indicators set by East Waste and support the State's waste strategy target for metropolitan councils.

Finding

Section 122(1)(d) of the LG Act requires a council's suite of strategic management plans to provide the financial and non-financial measures used to monitor and assess a council's performance against its objectives.

CityPlan 2030 outlined an objective and strategy for kerbside waste management along with the performance measure and target to evaluate the NPSP Council's performance. The performance measure and target changed over the period we reviewed.

We found that from 2016-17 the NPSP Council's kerbside performance target⁴⁰ was to achieve the State's waste target of 60% of waste diverted from landfill by 2020.

The NPSP Council removed this performance measure and target when it reviewed the CityPlan 2030 in 2020 and no longer has a landfill diversion target. NPSP Council staff advised us:

... that this performance measure was no longer a valid measurement due to the following factors, packaging weight can change, might be more volume of plastic but is lighter; or people are avoiding packaging and tonnes decrease.

We consider that these factors would impact the performance target set but would not make the performance measure invalid.

NPSP Council staff advised us that it decided to focus on circular procurement. The target set for this is a year-on-year increase in corporate purchases of products or materials that contain recycled content. However, this is not a relevant measure for the kerbside three-bin waste system.

Removing the performance measure and target means that the NPSP Council cannot clearly demonstrate:

- what it will monitor and evaluate its waste performance against. This may reduce the effectiveness of understanding changes in waste behaviours and making better and informed decisions about future education programs/initiatives
- its commitment to contributing to the State's waste target, which increases to 70% by 2025.⁴¹

We noted that East Waste's 2030 Strategic Plan provides key performance indicators to measure its success in reaching its objectives. These include:

- a percentage of total kerbside three-bin system materials is separately collected and recycled, targeting 75% by 2030 (ie waste diverted from landfill)

⁴⁰ We calculated this percentage based on the performance measure and target information disclosed in the NPSP Council's CityPlan 2030 over that period.

⁴¹ Green Industries SA 2020, *Supporting the Circular Economy: South Australia's Waste Strategy 2020–2025*, Government of South Australia, Adelaide.

- a percentage of total food waste is separately collected and recycled by 2030, targeting 100% by 2030
- reduced average contamination of the kerbside co-mingled recycling stream, targeting less than 7% by 2030.

The NPSP Council has not set performance measures and targets that align with those set by East Waste.

Why it is important to have kerbside waste performance measures and targets

For the NPSP Council to effectively oversee and monitor its kerbside waste performance, it should set performance measures and targets and regularly report actual results against them. This will inform the NPSP Council about whether its actions have been successful in achieving its targets, or whether changes to activities are needed to improve results.

NPSP Council's response

Waste reduction targets have been removed from City Plan 2030, which due to current legislative constraints, is an outcome of the Council having little control over this, other than through seeking to influence behaviour change through education. Obtaining accurate information through household bin audits, to measure progress against targets, is very costly and cannot be replicated or indeed justified on an annual basis.

It is noted that the South Australian Waste Strategy 2020-2025, sets a Municipal Solid Waste target of 75% diversion by 2025. The Council has and will continue to work with the State Government to deliver programs and initiatives that seek to achieve this target. It is noted that following previous major waste system interventions, such as food waste programs, a plateau has been reached in household behaviours and new critical intervention will be required which are led or supported by the State Government. These interventions will, by necessity, need to include changes to legislation which has been set by the State Government in respect to Local Government waste collection services.

The Council accepts that it should set performance measures and targets that align with East Waste's 2030 Strategic Plan. However, these performance measures and targets are operational rather than strategic. It is intended to incorporate performance measures and targets in the service agreement with East Waste.

4.4 Governance and service arrangements

4.4.1 Background

The NPSP Council is a constituent council of East Waste, a regional subsidiary established under section 43 of the LG Act. East Waste operates under a Charter that outlines its

governance, administrative and financial management arrangements. It is governed by a board of management and a councillor of the NPSP Council has been appointed to this board. The NPSP Council receives a copy of the board of management's meeting minutes and agenda papers.

East Waste delivers waste management services to the community on the NPSP Council's behalf. Its primary purpose is to collect and dispose of waste within the areas of its constituent councils. The NPSP Council may arrange for East Waste to provide other functions such as:

- promote the minimisation of waste and recycling of recyclable materials
- undertake waste community education programs
- conduct all activities in a way that complies with regulatory requirements and minimises risk to the constituent councils.⁴²

An NPSP Council manager attends a regular East Waste Committee meeting to discuss service and operation matters.

4.4.2 The NPSP Council does not have a service level agreement with its service provider for waste management services

Recommendation

The NPSP Council should establish a service level agreement with East Waste to have clarity and agreement on roles and responsibilities and other matters important to delivering waste management services.

Finding

We found that there is no contract or service level agreement between the NPSP Council and East Waste for the provision of waste services. East Waste prepared an 'offerings' spreadsheet that outlines the services agreed with the NPSP Council. This document did not include any details on the NPSP Council's operational performance expectations and standards.

East Waste is subject to the joint direction and control of its constituent councils, who are ultimately liable for its activities. It is important that the NPSP Council properly oversees and monitors East Waste's performance, manages risks and takes action to direct its activity when necessary. This will help ensure East Waste effectively implements the NPSP Council's service level policy decisions.

We found the NPSP Council has little oversight over the waste activity and service delivery performance specific to it and its community. This is because the NPSP Council has not set any key performance measures and targets to enable it to monitor and evaluate East Waste's performance.

⁴² Eastern Waste Management Authority Charter, clause 9.2, 26 September 2017.

NPSP Council staff advised us that information specific to the NPSP Council's performance and activity is limited to waste tonnages, additional bins and service exceptions.

The NPSP Council should have a service level agreement that at a minimum:

- clearly outlines its and East Waste's roles and responsibilities for common functions such as community education activities and dealing with complaints
- sets out its expectations of performance standards, measures and targets in delivering the agreed services. These would need to be aligned with the NPSP Council's strategic objectives, performance standards and targets for waste management
- provides the data and information required to enable it to:
 - monitor and evaluate East Waste's performance in service delivery against the pre-determined standards, performance measures and targets
 - inform its future waste management strategy and policy decisions
 - inform its future community education programs, including an evaluation of the effectiveness of existing education programs and waste initiatives
 - assess and evaluate East Waste's management of risks
- requires East Waste to detail the controls in place to ensure waste data used for reporting and decision making is complete and accurate. East Waste should also certify annually that the controls have been operating effectively.

NPSP Council's response

The Council agrees that a Service Level Agreement with East Waste would allow the Council to set governance and performance measures and targets addressing waste management. The Council intends to develop a Service Level Agreement that allows the Council to monitor East Waste on the service delivery of kerbside waste management and other services. As discussed, the Service Level Agreement will include the recommendation outlined in [section 4.3.4].

4.4.3 The NPSP Council did not evaluate and report against the key performance targets and waste initiatives

Recommendation

The NPSP Council should ensure there is proper oversight, monitoring and reporting on the performance of kerbside waste management services by:

- setting clear performance measures and targets it wants to achieve and that support the State's waste strategy
- evaluating and reporting actual performance against set targets
- evaluating and reporting on the outcome of all waste initiatives and activities that support performance
- consulting with East Waste to establish key performance measures and targets and define the data and information needed to monitor and evaluate their performance.

Finding

We reviewed how the NPSP Council monitored, evaluated and reported on the performance of its kerbside waste management services. We found that it has gaps in some important areas. This is because the NPSP Council:

- did not evaluate and report on actual performance against established targets
- did not evaluate the effectiveness of all waste initiatives and activities to inform decisions on future actions and allocation of resources
- did not consider and decide on the opportunities identified as part of evaluating one of its key waste initiatives
- did not establish performance measures and targets for East Waste.

Key performance measure and target

Prior to 2020-21, the NPSP Council aimed to achieve a target of 60% of waste diverted from landfill by 2019-20.

East Waste provided the total tonnages collected by waste stream and the percentage of waste diverted from landfill for each financial year. The NPSP Council's annual reports provided the annual waste tonnages by waste stream but did not report on its performance against the 60% diversion target.

Our analysis of the NPSP Council's actual kerbside waste diversion from landfill rate compared to the performance target and the metropolitan council average since 2015-16 is provided in section 4.2.3.

If the NPSP Council had clear oversight of its kerbside bin waste performance against targets, it would have been evident that it had not achieved its target each year and was not on track to achieve this and the State target over time. It could have then considered changes needed to improve its performance to reach, or get close to, the targets.

Waste reduction and education initiatives and activities

NPSP Council staff advised us that information on waste management activity is provided to elected members when needed. For example, the elected members were informed of the Reinvigorate the Food Recycling Project 2018–2021. This project's purpose was to increase the use of food caddies by giving them out to residents between 31 August 2019 and 30 June 2021. The NPSP Council exceeded its target of 3,200 with a total of 4,211 food caddies given out.

The NPSP Council prepared a report for the elected members and GISA⁴³ on the outcome of its evaluation of the project, which included:

- the outcome of the resident survey results
- an analysis of organics collection data.

⁴³ GISA provided funding to the NPSP Council under its Kerbside Performance Plus Food Organic Incentives Program.

The report outlined a further opportunity to increase the diversion of food waste from landfill by reviewing the frequency of kerbside waste collection at the State level and undertaking further modelling and trials to better understand how this could further influence behaviour change. The report did not provide any recommendations to the elected body for decision on these opportunities and the next steps to further the NPSP Council's waste initiatives and education programs.

We also found that the NPSP Council is not evaluating the effectiveness of all the waste management initiatives and activities it undertakes during the year. Consequently, a summary of the outcome and impact of these activities on achieving strategic objectives is not provided to the elected body to inform future decisions on waste management services.

East Waste's performance and kerbside bin service to the community

The NPSP Council has not set any performance standards, measures and targets to monitor and evaluate East Waste's performance in delivering kerbside waste management services to its community.

East Waste's 10-year business plan recommends key performance indicators that could be implemented and reported against to the NPSP Council.

Why it is important to monitor and report on kerbside waste performance

To effectively oversee and monitor its waste performance, the NPSP Council must regularly see actual results reported against set performance targets. This comparison, together with evaluation of programs/initiatives and East Waste's performance, will inform the NPSP Council about whether its actions have been successful in achieving its targets, or whether changes are needed to improve results and work towards achieving its strategic objectives and vision.

NPSP Council's response

The Council intends to develop a Service Level Agreement with East Waste and part of that Agreement, will include key performance measures and targets for East Waste to deliver and report to the Council. This will increase East Waste's accountability to the Council, as well as shaping future performance measures and targets.

The Council accepts that regular reporting of key performance measures and targets is necessary and is ultimately a key facet in informing the community on waste management indicators.

4.4.4 No reporting on kerbside waste performance targets to the community

Recommendation

The NPSP Council's annual report should provide performance information on its kerbside waste management activity against measures and targets.

Finding

Schedule 4 of the LG Act requires a council to report on its performance in implementing its strategic management plans and against its annual business plan each year. A council is required to provide this information in its annual report.

Consistent with these requirements, the NPSP Council's strategic planning and monitoring framework provides for regular reporting to its community through its annual report.

Our review of the NPSP Council's annual reports from 2015-16 to 2020-21 found that they did not provide information on waste management performance against the measure and target published in CityPlan 2030. However, they did comment on the various waste activities and initiatives the NPSP Council had implemented during the year. The lack of performance reporting makes it difficult for a reader of the annual report to have a clear and accurate understanding of how well the NPSP Council performed against its waste management objectives.

Why it is important to report on performance

Clear performance reporting on the delivery of waste management services against set measures and targets:

- enables the NPSP Council to demonstrate, and be held to account for, its achievements in meeting its objectives and working towards its vision
- provides useful information about the effectiveness of services provided that strengthens community trust
- keeps the community and key stakeholders better informed, which may strengthen future community engagement in managing waste.

NPSP Council's response

It is intended to report the established performance measures and targets as per the Service Level Agreement with East Waste in the Council's 2022-2023 Annual Report.

4.4.5 Residual waste tonnages collected are not reconciled

Recommendation

The NPSP Council should consult with East Waste to:

- identify effective controls to ensure residual waste data is complete and accurate
- determine who is responsible for implementing these controls.

Finding

East Waste provides data on the waste tonnages collected from the kerbside three-bin system to the NPSP Council, which is published in its annual report. NPSP Council staff advised us that they do not check the data for accuracy or completeness.

East Waste staff advised us that each month they reconcile the tonnes of organics and recyclables collected recorded on its drivers' weigh bridge dockets to invoices received from third parties who sort and process this material. East Waste then invoices the NPSP Council for the disposal of organics and recyclables once this reconciliation is done.

East Waste records the data on the drivers' weigh bridge dockets for residual waste, but does not perform a reconciliation as the NPSP Council receives these invoices directly from the third party. NPSP Council staff advised us that they review the invoices for reasonableness only.

Why it is important to reconcile the data

Reconciling the data East Waste records and what the NPSP Council is invoiced helps to minimise the risk of overpayment.

NPSP Council's response

The Council agrees that tighter measures need to be put in place to cross-check data provided by East Waste and the third-party at the time of invoicing. To progress this, discussions will be held with East Waste to better understand the process and take correct action as required.

4.4.6 Risk management framework not fully implemented

Recommendation

The NPSP Council should finalise and fully implement its risk management framework as a matter of priority. To assist with this, it should develop an implementation plan that provides the key activities, allocation of responsibilities and time frames to implement the framework. Key activities should include:

- endorsing the risk management procedure and distributing it to all staff
- delivering a risk management training program to all staff as soon as practicable after the risk management procedure is released
- having a dedicated resource to ensure its policy requirements are being met, risks are regularly reviewed, evaluated and reported, and the risk register is maintained
- assigning responsibility for managing individual risks to the manager level and recording this in the risk register
- regularly reviewing and reporting on risks as provided in the policy and procedure.

Finding

Risk management is the process by which potential impediments and opportunities for a council to achieve its objectives are managed. It underpins a council's control environment and is therefore integral to its operations.

The NPSP Council's risk management policy (dated October 2020) provides its risk management principles and defines responsibilities for risk management across its operations. Its audit committee is responsible for monitoring the NPSP Council's risk exposure by determining if appropriate risk management processes are in place.

We found that some aspects of the NPSP Council's risk management process had not been finalised and fully implemented across its operations. This is because:

- the risk management procedure was in draft and had not been distributed to NPSP Council staff
- the risk register does not assign responsibility for managing risk at the manager level
- the information in the risk register is incomplete as the risk assessment and the evaluation of the effectiveness of controls are not documented for some risks
- the risk treatment plans we reviewed did not assign responsibility and time frames for implementing the appropriate action
- there was no documentary evidence that the risk registers had been reviewed since 2019
- the executive leadership team had not provided the audit committee with quarterly reports on extreme and high operational risks
- there was no annual reporting of strategic risks to the audit committee.

NPSP Council staff advised us that the manager responsible for helping the executive leadership team to implement the risk management framework was seconded to assist the local government sector in responding to emergency events for extended periods of time. The NPSP Council did not have a dedicated resource to progress the implementation of its risk management framework and practices during these absences. Our review of audit committee meeting minutes and agenda papers found no evidence that it had considered the implications of these secondments and whether to reassess the time frames to implement the framework.

NPSP Council's response

The Council has endorsed a Risk Management Policy which is periodically reviewed and updated and which is supported by a Risk Register which sets out key strategic and operational risks. A new Risk Management Procedure and a Risk Management Implementation Plan is currently being finalised to ensure that the new Procedure is effectively embedded throughout the organisation. The new Procedure - and supporting Implementation Plan - has been designed to improve the quality of Council's Risk Register, assign risk control plans (including responsibilities) and ensure the necessary training is undertaken.

Since the examination conducted by the Auditor-General, the Council has drafted an Implementation Plan. A large number of the comments and recommendations in these findings have been actioned and systematically adopted to the risk management framework.

In addition, a Service Level Agreement with East Waste will assist the Council set, monitor and evaluate key performance measures and targets delivered by East Waste.

4.4.7 Waste management risks not fully assessed and documented

Recommendation

The NPSP Council should regularly assess East Waste's assessment and response to risks to determine whether they are appropriate and adequate in delivering waste management services. The outcome of this assessment should be documented in the NPSP Council's risk register and reported to its audit committee.

The NPSP Council should identify and assess any remaining waste management risks it is responsible for managing. These risks should be clearly documented in the risk register.

The NPSP Council should review its business continuity plan (BCP) to ensure it is up to date and contains accurate information in preparing and responding to emergency events. The NPSP Council should have a copy of East Waste's current BCP.

Finding

We found that the NPSP Council's risk register did not specifically identify risks related to the delivery of waste management services. Without these risks being clearly documented it was difficult to determine if the NPSP Council had identified and was managing all of its waste management risks. NPSP Council staff advised us that the risk statements are broad and the operational risk of business interruption was relevant to these services.

The NPSP Council's risk register identifies its BCP as a key existing control to mitigate business interruption risk. Its BCP (dated May 2018) identifies domestic waste management as a critical function. It outlines the policy and procedures in place to be ready for an event and the immediate action response. For waste management, the contract with East Waste is identified as the policy and procedure but we found that there is no contract. One immediate action needed in response to an emergency is to ask East Waste about its BCP.

It is important that the NPSP Council has a copy of East Waste's current BCP in preparedness for an emergency. This will ensure the risks and responsibilities of the NPSP Council and East Waste are clearly understood before an event occurs and enable the NPSP Council to respond quickly.

In response to our document requests, NPSP Council staff also referred us to East Waste's risk documents, including its risk management framework, risk registers and business continuity framework and plan.

This shows how reliant the NPSP Council is on East Waste's risk management practices. However, the NPSP Council did not provide documentary evidence that it had assessed and accepted East Waste's risk responses as appropriate and adequate in delivering waste management services.

We also found that the NPSP Council's risk analysis did not consider:

- the financial impacts of a failure in recyclables and organic waste collections, to facilitate waste reduction and the market fluctuations in recyclable materials
- the impacts on pathways of collected material due to various disruptions. For example, the NPSP Council relies on third parties to manage the recycling and disposal of collected materials. In recent years there have been fires and materials recovery facilities market failures that have had major impacts on pathways of collected material, including additional financial outlays (such as costs for transporting recyclables to interstate facilities or storing them pending local sorting availability, or additional costs and levies of sending recyclables to landfill) and reputational impacts (such as community affront on landfilling collected recyclables)
- the oversight and monitoring of East Waste's performance.

NPSP Council's response

See the NPSP Council's response in section 4.4.6.

4.5 Waste management education activities

4.5.1 Background

East Waste's services include delivering waste community education programs to its constituent councils. It developed an education program for them in 2016-17, which focused on promoting behaviours to ensure residential waste material is put in the correct bin.

The program is updated each year for the activities that will be delivered across the constituent councils, including the delivery of waste education to schools and the general community and a range of education resource materials (such as waste tips via social media, street signage, bin stickers and articles for the constituent councils' websites).

The NPSP Council also provides community education, which includes:

- stalls at events
- an annual collection calendar with waste service and 'which bin' information
- a local services app
- an online waste and recycling guide to things like the supply of compostable bags and educational materials.

The NPSP Council provides education resources directly to residents based on weekly reports it receives from East Waste for illegal additional bins and service exceptions (such as missed bins, contamination in bins and bins too heavy to lift).

4.5.2 The NPSP Council does not have a formal waste education strategy

Recommendation

The NPSP Council should develop and document a waste education strategy and program. This should align with its overall waste strategy and support the achievement of its strategic objectives.

The NPSP Council should establish a system for annual planning of the education program, monitoring its implementation and reviewing its performance.

Finding

The NPSP Council relies primarily on East Waste's community education activities but also carries out some of its own.

We met with NPSP Council and East Waste staff to discuss the waste education activities that had been carried out during the review period.

We found that the NPSP Council does not have its own policy, strategy or plan that:

- demonstrates how its, and East Waste's, community education programs will support its strategic objectives and contribute towards achieving the State's waste strategy and targets
- outlines the activities and information needed to inform the education approach to address waste and recycling issues
- describes the nature and extent of East Waste's role in community waste education
- shows how East Waste's waste education strategy aligns with its own
- provides the financial and human resources allocated to deliver education programs and activities
- outlines the approach to evaluating the effectiveness of waste education programs and activities in improving kerbside waste performance, such as bin audits, regular analysis of waste data and community involvement
- supports the implementation of innovative waste education initiatives.

East Waste's education activities

We found that East Waste's education program was not documented in, or linked to, an NPSP Council strategy. There was no documentary evidence that the NPSP Council had assessed this program to ensure it would help meet its strategic objectives for waste management and agreed service delivery to its community (such as how many and which schools in the NPSP Council area East Waste would deliver waste education to in each year).

The NPSP Council's waste education activity evaluation

East Waste staff advised us that it is very difficult to evaluate the effectiveness of a specific education activity/initiative. It conducted a kerbside bin audit in late 2019 to assess kerbside waste performance and understand household waste disposal and recycling behaviour. These audits identify issues in waste behaviours, such as the nature of contamination and the incorrect use of bins. This information helps to make informed decisions to improve services and make changes to the education program for the region and the NPSP Council.

The NPSP Council engaged a third party to do a kerbside bin audit in 2016. The purpose was to gain accurate and reliable data on the performance of the kerbside waste management system and the recycling behaviours of its residents. This information would then be used to identify opportunities for performance improvement and develop education materials targeting specific behaviour issues.

NPSP Council staff advised us that some recommendations from the 2016 bin audit were progressed, including facilitating ongoing and more frequent data collection to monitor progress. We found no documentary evidence that the NPSP Council had regularly analysed kerbside waste data to monitor performance and determine whether it was successful in changing community behaviour.

We found that the NPSP Council did not have a documented approach to evaluating the effectiveness of its waste education activities, such as the impact the education activity has on landfill diversion rates.

Why it is important to have a waste education strategy

A documented waste education strategy will help the NPSP Council to define its strategic education directions, set clear objectives and describe the actions it will take to educate the community on areas such as:

- practicing the waste management hierarchy with increased focus on avoiding or minimising waste
- increasing the level of food scrap recycling
- disposing of food scrap recycling in the organics bin
- increasing the level of recycling
- decreasing the level of contamination in recycling.

Further, a documented strategy will help the NPSP Council make decisions about the priority of education programs and activities, prepare plans and allocate resources to them.

Education programs can be expensive and can absorb significant human resources. Without a clear vision of program objectives, the NPSP Council may find it difficult to assess whether sufficient and suitable resources have been applied to deliver specific programs.

NPSP Council's response

The Council agrees that educating the community on waste management with a focus on minimising waste and increasing the recycling, food scrap and general recycling, is fundamental to reducing landfill and improving recycling.

The Council will seek to provide greater clarity over the educational activities which it already conducts each year, with the production of an internal Waste Education Calendar, documenting events, campaigns, materials that will be rolled out in any given year and how this integrates with the educational activities conducted by East Waste which the Constituent Councils fund.

The Service Level Agreement will also document the education programs and formats to be delivered or overseen by East Waste (such as schools' education) and the expectation for the minimum number of sessions to be delivered. The Service Level Agreement will include a requirement on East Waste to report to the Council on the effectiveness of the education activities in accordance with the opening statement of the service level agreement and East Waste's 2030 Strategic Plan.

The Service Level Agreement will not remove the education activities undertaken by the Council. However, these activities will be consistent with the topics provided for in the Service Level Agreement. The Council will endeavour to publish the annual education plan on its website.

4.6 What the NPSP Council did well

We found some areas of effective waste management that were operating effectively during the period we reviewed. These included the NPSP Council:

- consulting its community and key stakeholders when it reviewed CityPlan 2030 to understand their expectations and satisfaction with the levels of waste management service
- having sound processes to manage and resolve complaints from residents about kerbside waste collection services
- having a waste management policy that outlined domestic kerbside waste collection services, additional bin requirements and lost and stolen bins. It was updated in late 2021 to provide direction on specific areas such as MUDs and hard waste services.

5 City of West Torrens

5.1 Executive summary

5.1.1 Audit conclusion

We assessed the effectiveness of West Torrens Council's management of kerbside waste services between 2015 and 2021 against our review objective in section 3.2.

We concluded that West Torrens Council successfully collects, transports and processes kerbside waste to a high level of community satisfaction.

There are many areas that contribute to the overall effective management of kerbside waste services. We identified three areas that were not operating effectively during the period we reviewed. These were:

- establishing a stand-alone waste strategy
- setting local performance targets
- establishing a formal education strategy.

These issues are explained in section 5.1.2.

We also identified some areas where West Torrens Council was operating effectively during the period, including that it had:

- established clear roles and responsibilities for waste management, including an oversight and monitoring committee
- sound frameworks and processes to identify, assess and manage waste risks
- clear processes to manage and resolve complaints from residents about collection services.

West Torrens Council has recognised the importance of continuous improvement in waste management. For example, it has recognised the need for and developed a local waste strategy and has completed, or has plans in place to start, other initiatives.

5.1.2 What we found and recommended

The key findings from our review of West Torrens Council's management of kerbside waste services were that it:

- did not have a stand-alone waste strategy that identified its key priorities and objectives for waste management, established local targets and measures to monitor performance and detailed the specific actions and activities that it would take to achieve these. We acknowledge West Torrens Council commenced developing a stand-alone waste strategy (see section 5.3.2)

- had not set local performance targets for waste management, reducing the effectiveness of its monitoring of waste performance (see section 5.3.3)
- did not have a formal waste education strategy that outlined its approach to community education on waste and recycling issues and defined how it would assess the effectiveness of its education activities (see section 5.5.1).

We recommended that West Torrens Council:

- sets local performance targets that support the State’s waste strategy targets for metropolitan councils and reports its waste performance against them
- develops and documents a waste education strategy that aligns to its waste strategy and local targets.

5.1.3 West Torrens Council’s response

West Torrens Council responded to our detailed findings and advised us how it would action our recommendations, which it accepted.

West Torrens Council’s response to each individual recommendation is included in sections 5.3 to 5.5 and in section 5.7.

West Torrens Council provided a response to our proposed report to Parliament that is included as Appendix 7.

5.2 Overview of the City of West Torrens

5.2.1 Waste management services

West Torrens Council is located immediately west of the City of Adelaide. Its estimated resident population is around 61,000 with a population density of 1,649 people per square kilometre. It covers an area of around 37 km² and census data from 2021 shows that 37% of its dwellings are medium or high density, while 63% are separate houses.⁴⁴

Population, area and dwelling type determine the nature, type and collection frequency of the waste services councils provide. West Torrens Council provides a three-bin kerbside waste collection service that consists of:

- weekly residual waste
- fortnightly organics
- fortnightly recycling.

⁴⁴ City of West Torrens 2021, *City of West Torrens: dwelling type*, viewed 15 July 2022, <<https://profile.id.com.au/west-torrens/dwellings>>.

Residents are entitled to a free food caddy and a roll of compostable bags, as well as replacement bags.

West Torrens Council has developed a shared waste service for MUDs to provide kerbside services to developments that would not have qualified for its waste collection service.

An independent waste contractor provides collection and transportation services for West Torrens Council's three-bin kerbside waste.

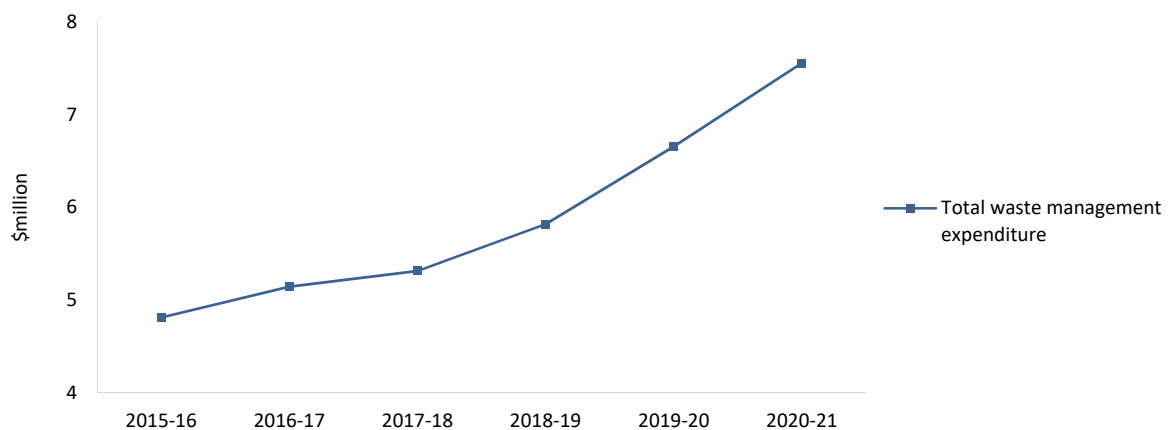
In addition to the kerbside three-bin waste service, West Torrens Council collects and disposes of kerbside hard waste and public litter bins, street sweepings and illegal dumping.

5.2.2 Waste management costs

In 2020-21, West Torrens Council incurred \$7.5 million in waste management costs.

Figure 5.1 shows West Torrens Council's waste management costs over six years.

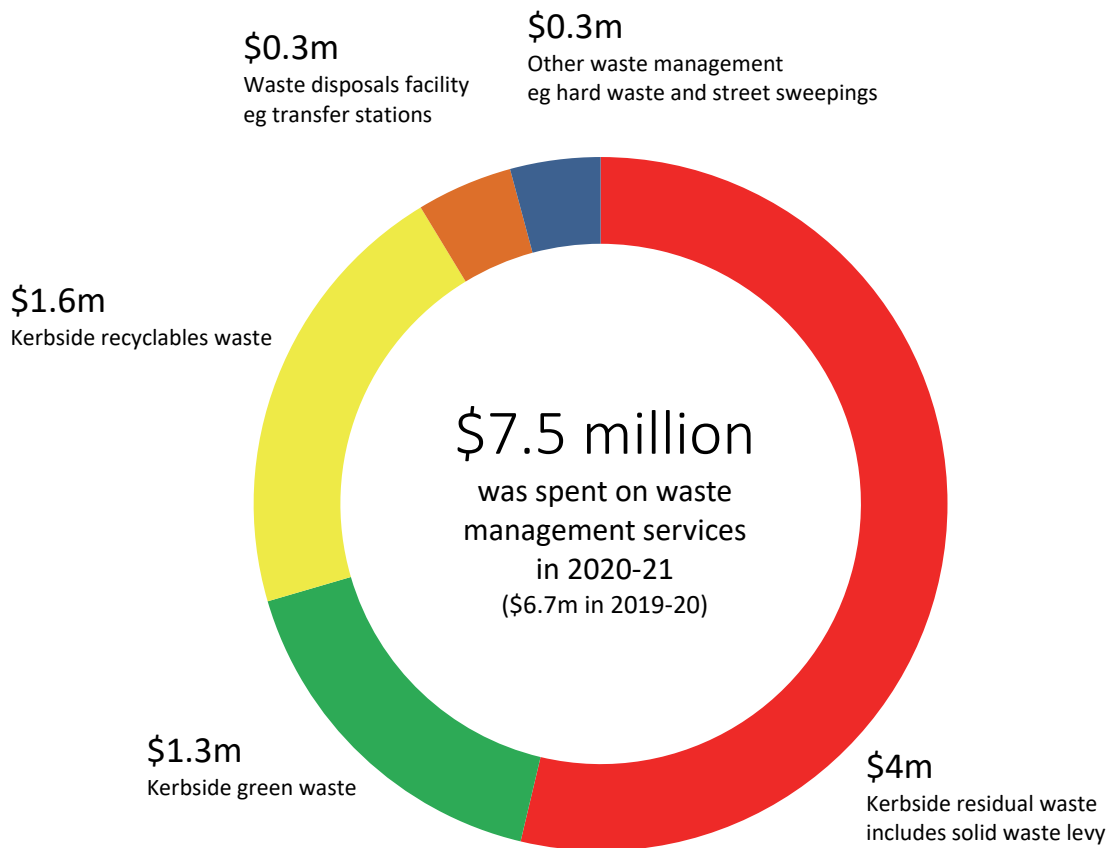
Figure 5.1: West Torrens Council's waste management costs over six years



Source: West Torrens Council's audited financial statements which are audited by a private sector accounting firm.

Figure 5.1 shows that waste management costs have increased since 2018-19. This is partly due to the increase in the solid waste levy during this period. On 30 June 2019, the solid waste levy for metropolitan councils was \$100 per tonne. By 30 June 2021, the levy for metropolitan councils was \$143 per tonne, an increase of 43%. The increase in costs is also the result of the increase in residual waste collected by West Torrens Council since 2018-19, as shown in figure 5.3. In 2020-21, West Torrens Council spent \$7.5 million on waste management services, an increase of \$800,000 (12%) from 2019-20. Figure 5.2 shows where this was spent.

Figure 5.2: West Torrens Council waste management costs for 2020-21



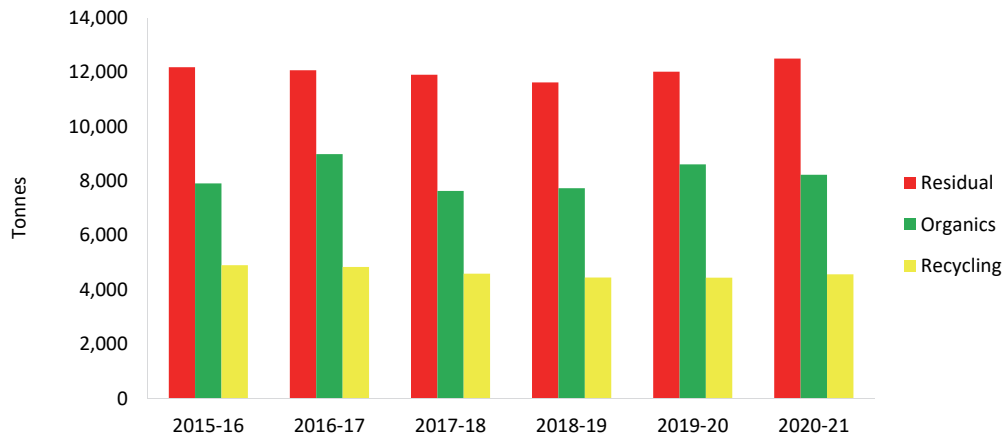
Of the \$7.5 million, 53% was spent on collecting and disposing kerbside residual waste, including the solid waste levy. The solid waste levy is 24%⁴⁵ of West Torrens Council's total waste management costs for 2020-21.

5.2.3 Kerbside waste management performance

Figure 5.3 shows the total tonnages by waste stream collected by West Torrens Council over six years.

⁴⁵ Calculated by us based on the residual tonnes provided by West Torrens Council multiplied by the solid waste levy.

Figure 5.3: Kerbside waste collected by West Torrens Council

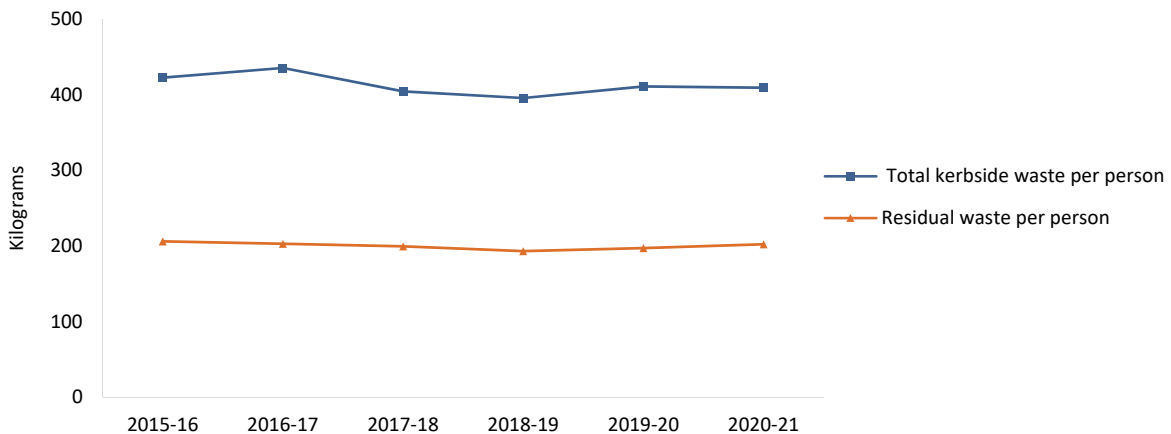


Source: Based on data provided by West Torrens Council (unaudited).

Figure 5.3 shows that residual waste is consistently West Torrens Council’s largest waste stream, followed by organics and then recyclables. This is in line with other metropolitan councils as shown in figure 2.7.

Figure 5.4 shows total kerbside waste and residual waste generated per person in the West Torrens Council area over six years.

Figure 5.4: Waste per person in West Torrens Council



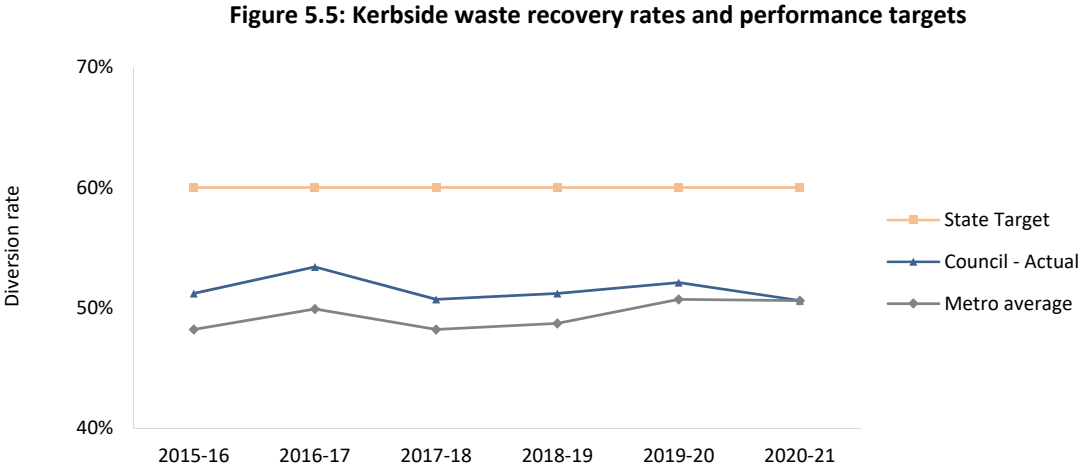
Source: Based on data about tonnes provided by West Torrens Council. Data about population is from the Australian Bureau of Statistics (estimated resident population by local government area) (<https://explore.data.abs.gov.au/>).

Figure 5.4 shows that total kerbside waste generated per person decreased from 2016-17 until 2019-20. The decrease in 2017-18 was driven by a 13% decrease in organics due to higher rainfall in the previous year.⁴⁶ An explanation for the increase in 2019-20 may be that during the pandemic more people shopped online, increasing the amount of packaging used in shipping/postage then discarded by residents. This may have been further impacted by

⁴⁶ Green Industries SA 2020, *South Australia’s Kerbside Waste Performance Report 2017-18*, Government of South Australia, Adelaide, p. 14.

people establishing home offices during the initial lockdown as evidenced by the shortage of office furniture and IT equipment in South Australia in March, April and May 2020. Figure 5.4 also shows that residual waste generated per person has remained relatively consistent in the West Torrens Council area over the past five years.

Figure 5.5 shows West Torrens Council’s actual recovery rates compared to the metropolitan council average since 2015-16 and the State target for metropolitan councils of 60% landfill diversion from the kerbside bin system.



Source: Based on data provided by West Torrens Council and GISA.

West Torrens Council’s actual recovery rates compared to the State metropolitan council averages are shown in figure 5.6.

Figure 5.6: West Torrens Council and metropolitan council average recovery rates

Year	West Torrens Council kerbside collection recovery rate ⁴⁷	Metropolitan councils average recovery rate ⁴⁸
2015-16	51.2%	48.2%
2016-17	53.4%	49.9%
2017-18	50.7%	48.2%
2018-19	51.2%	48.7%
2019-20	52.1%	50.7%
2020-21	50.6%	50.6%

These results show that West Torrens Council has mostly achieved a higher recovery rate than the average attained by metropolitan councils. 2016-17 was West Torrens Council’s best performing year with it ahead of the metropolitan councils’ average recovery rate by 3.5%. However, during this period West Torrens Council still fell 6.6% short of the State’s waste strategy landfill diversion target for metropolitan councils of 60%. The 1.5% decrease in West Torrens Council’s recovery rate from 2019-20 to 2020-21 was in part due to people

⁴⁷ This rate was calculated by us using unaudited data about collection tonnages provided by West Torrens Council using the formula published in GISA’s kerbside waste performance reports. The tonnages of recycling and organics collected from the kerbside have not been adjusted for contamination.

⁴⁸ GISA’s annual kerbside waste performance reports. Data provided by GISA for 2019-20 and 2020-21.

working from home during the pandemic and some residents disposing of recyclable material in the residual bin rather than waiting for the recycling bin collection week. There was also a fruit fly outbreak in late 2020 and 2021 and some residents were instructed to dispose of fruit in their residual bin instead of their organics bin. In June and July 2020 and in March, April and May 2021, Adelaide experienced drier than average weather resulting in a reduced need for pruning and therefore garden waste generation.

GISA provided us with data it has not yet published which shows that only one metropolitan council achieved a recovery rate of 60% in 2020-21.⁴⁹

5.2.4 Other waste management initiatives

West Torrens Council has recognised the importance of continuous improvement in waste services and the solutions it provides to its community are key to encouraging responsible waste behaviour. During our review we noted some examples of its commitment to improvement and innovation including that it:

- had recently undertaken a weekly green waste bin collection trial in West Beach, intended to encourage responsible food waste recycling and diversion of food waste away from landfill
- planned a trial with RecycleSmart to provide a booked home collection service for recyclable items not accepted through kerbside recycling
- planned a pilot to determine the most effective interventions to improve source separation of waste in MUDs
- together with industry parties is investigating the technical, commercial and economic feasibility of using municipal solid waste to produce hydrogen from gasification to be used for hydrogen derived fertiliser products and hydrogen powered heavy haulage vehicles.

5.3 Governance and strategic planning for waste management services

5.3.1 Background

Legislation

The LG Act requires councils to develop and adopt plans for the strategic management of their areas.⁵⁰ These are published on councils' websites for community scrutiny and information.⁵¹ Strategic planning helps councils to set long-term directions and priorities, evaluate their operations (including community services) and address issues unique to their local areas. This process also gives councils the opportunity to consider strategies to achieve SA Government objectives.

⁴⁹ GISA's annual kerbside waste performance reports. Data provided by GISA for 2019-20 and 2020-21.

⁵⁰ LG Act, section 122.

⁵¹ LG Act, section 132.

While the LG Act does not require councils to have dedicated waste strategies, their strategic management plans must indicate how they have considered State objectives and strategies. Increasingly councils have recognised the importance of waste strategies to set goals for waste reduction, communicate how these will be achieved and demonstrate their support for State objectives.

Community plan

West Torrens Council's community plan has guided the strategic planning of waste management. It is the lead strategic document that determines key priorities for the coming years and is a statement about what West Torrens Council will do to achieve the community's vision.

The Towards 2025 Community Plan was first released in 2009 and updated several times during its lifetime. It was replaced in February 2021 by the current lead strategic plan, the Community Plan 2030.

City Facilities and Waste Recovery General Committee

West Torrens Council has established the City Facilities and Waste Recovery General Committee under the LG Act. The Committee's primary objective is to assist West Torrens Council in its oversight and monitoring responsibilities as well as enquire into and report about operational matters including waste management. It is comprised of the Mayor and up to seven elected members and meets in alternate months.

5.3.2 West Torrens Council does not have stand-alone waste strategy

Recommendation

Although not required by legislation, we acknowledge and support West Torrens Council's development of a stand-alone waste strategy.

We recommend the waste strategy:

- identifies West Torrens Council's key priorities and objectives for waste management
- establishes local targets and measures to monitor performance and describes the actions and activities that will be taken to achieve them
- clearly identifies how West Torrens Council will support the objectives of the State's waste strategy, including any targets.

We further recommend West Torrens Council publishes the waste strategy on its website and reports outcomes against targets each year in its annual report for community information and accountability purposes.

Finding

West Torrens Council does not have a stand-alone waste strategy or plan.

Its community plan has guided the strategic planning of waste management. The Towards 2025 Community Plan acknowledged the community aspiration of reducing the ecological footprint and outlined West Torrens Council's long-term and short-term waste management strategies. Although these strategies altered slightly between versions of the plan, their intent was consistent:

- Long-term strategy:
 - To facilitate the minimisation of waste production and disposal to landfill and maximise resource recovery.
- Short-term strategies:
 - To promote waste minimisation and resource recovery within West Torrens Council, community, local businesses and industry.
 - To establish alternative waste disposal and utilisation options to reduce waste to landfill.

These strategies broadly aligned with the State's objectives of minimising waste and reducing landfill.

While each version of the plan communicated West Torrens Council's waste management goals through these strategies, it did not include detailed information about specific actions or activities that would be taken to achieve them. Further, clear targets to measure West Torrens Council's performance against were set at a high level or were not set at all and no details were provided about how waste management performance would be monitored and reviewed.

Why a waste strategy is important and what it should say

As waste disposal costs have substantially grown in recent years following the SA Government's increases to the solid waste levy,⁵² there is significant financial incentive for West Torrens Council to make every effort to reduce the amount of kerbside waste going to landfill. Further, to protect the environment it should promote reducing waste generation and increasing reuse and recycling in line with the waste management hierarchy.⁵³ A waste strategy would support West Torrens Council in this regard.

A local based waste strategy would enable West Torrens Council to:

- identify its objectives, principles and strategies, including measurable performance targets, and state how these will support the State's waste strategy
- describe the activities and actions it will take to achieve these targets, including time frames, resources and responsibilities
- describe the activities and actions it will take to monitor and maintain its performance
- assess whether its activities and actions have been effective and have resulted in reduced waste disposal costs such as the solid waste levy

⁵² The SA Government announced the solid waste levy increase in its 2019-20 State Budget. The solid waste levy increased to \$110 per tonne on 1 July 2019, and to \$140 per tonne on 1 January 2020.

⁵³ *Environment Protection Act 1993*, section 4B.

- identify and assess risks that may prevent it from achieving its objectives and targets and communicate plans about how they will be addressed.

West Torrens Council has recognised the importance of establishing a local waste strategy and has engaged a consultant to develop a 10-year waste and resource recovery strategy and a five-year action plan.

West Torrens Council's response

The Council acknowledges that there is no legislative requirement to have a standalone waste strategy. Waste management has always formed a part of Council's Community Plan and as a result departmental service plans have been prepared and reported on regularly by the waste team. However, since the 2018-2019 restructure of the waste team, efficiencies have emerged including new management with fresh and focused considerations for waste innovation, planning, processes and practices. This has culminated in Council providing budgeted funding for, and engaging with, a consultant to design a foundational waste strategy which is expected to be completed in the 2nd half of 2022. This will be a 10 year waste strategy and will align with the State's Waste Strategy and Council's Community Plan (2030), and it will consider broader global and environmental factors, and is open to bold future opportunities and innovations.

Council supports transparency and accountability in the local government sector. Publishing the strategy on the Council website facilitates improving community understanding of the Council's commitment to waste management.

While Council provides an overview of activities undertaken in the Annual Report, we currently do not measure against targets. Consideration will be given to future annual reports and whether it is appropriate to include comparison of outcomes against targets following the formal release of Council's Waste and Resource Recovery Strategy and Action Plan. Council will also consider the development of data tracking and comparisons against targets on a regular basis in a format that will be easily accessible by the general public.

5.3.3 West Torrens Council does not have local targets to easily assess its waste management performance against

Recommendation

To improve the effectiveness of the City Facilities and Waste Recovery General Committee's monitoring and oversight function, we recommend:

- West Torrens Council sets local targets in line with the waste management results it wants to achieve. These should support the State's waste strategy targets for metropolitan councils

- the bi-monthly waste management activity reports received by the Committee include reporting of actual performance against West Torrens Council's targets. This will inform the Committee which waste strategies are effective and help it to make decisions about where to spend money to achieve the best results.

Finding

The Towards 2025 Community Plan, which outlined West Torrens Council's long-term and short-term waste management strategies, did not include targets to easily measure and assess its performance against. Also, one version of the plan included an indicator of success that reflected the State average of waste to landfill. As this indicator included regional councils' performance it was not the most appropriate measure, as many regional councils do not offer all bin types and the same frequency of collection services as those offered by West Torrens Council and other metropolitan councils.

Why West Torrens Council needs local targets to monitor its waste performance

West Torrens Council needs local targets to help the City Facilities and Waste Recovery General Committee effectively oversee and monitor its waste performance.

The Committee receives a waste management activity report at each meeting that includes year-to-date data about:

- monthly kerbside bin collection tonnages by waste stream
- the monthly percentage of kerbside bin collections diverted from landfill.

While the report compares West Torrens Council's current year waste performance to the prior year, it does not compare this data to either local or State targets. This results in a less effective review by the Committee, which cannot easily assess actual waste performance against the goals West Torrens Council hopes to achieve.

Comparing actual performance to targets will inform the Committee about whether West Torrens Council's actions have been successful, or whether changes to activities are needed to achieve success. The Committee must be able to readily identify where targets are not being met, so it can determine why this has occurred and what action is needed to improve results. For instance, the effectiveness of education programs and other waste trials aimed at changing community behaviour, such as diverting food waste from residual to organic collections, can be determined by observing improved landfill diversion rates against targets over time.

West Torrens Council's response

Council is not legally required to report waste management targets against the State targets, however the Council agrees that this would provide transparency and performance benchmarking in the sector.

Council will consider opportunities to progress a reporting system to improve the tracking of real-time service and kerbside performance.

Council currently reports on the performance of kerbside service through the City Facilities and Waste Recovery General Committee, and will consider enhancing this report to compare this data against Council, Local and State targets. However, Council have identified that tracking Council's performance against other metropolitan councils is difficult while the State's Waste Strategy is not legislated. Councils calculate waste performance data using different methodologies so comparing metropolitan councils would not give a correct or clear indication of results.

5.3.4 West Torrens Council does not have a formal program for kerbside bin audits

Recommendation

We recommend West Torrens Council:

- formalises in its waste strategy its approach to kerbside bin audits which considers:
 - how often audits will be performed and their purpose, such as to provide timely and relevant information about community behaviour and waste performance to inform an education strategy
 - the audit methodology and sampling base to be used
 - the reporting requirements
- clarifies with its independent contractor who is responsible for performing kerbside bin audits and how they will be funded.

Finding

West Torrens Council does not have a formal program for kerbside bin audits. However, it did perform two audits during the period we reviewed. A formal program for kerbside bin audits would help it to:

- determine how often audits should be performed
- schedule audits
- select suburbs/streets for review
- allocate sufficient resources in advance
- ensure audits are performed.

Why kerbside bin audits are important

Kerbside bin audits are a valuable tool in the management of waste. They help a council understand the waste and recycling disposal behaviour of its community, by measuring the contents of residual waste, recycling and organics bins. This data allows the council to:

- identify waste and recycling trends within its community
- identify problems in the kerbside bin system and opportunities for improvement
- provide feedback to its community about waste management performance

- design targeted education programs to change community waste behaviour
- measure residents' waste behaviour over time, to assess whether education programs or other waste initiatives, such as supplying and distributing food caddies and compostable bags, have been successful
- compare community performance to other councils performing similar audits.

What the waste and recycling collection contract says about kerbside bin audits

An independent contractor provides West Torrens Council with kerbside waste collection, transportation and processing services.

The waste and recycling collection contract requires the independent contractor to provide West Torrens Council with electronic reporting and data for certain services. The contract describes the timing and reporting requirements for these services and refers to biennial kerbside garbage, recyclables and organics audits.

The independent contractor did not perform kerbside bin audits during the period we reviewed.

West Torrens Council has not interpreted this reporting requirement as obliging the independent contractor to perform biennial kerbside bin audits. It believes the independent contractor is obliged to contribute to the cost of the audits arranged or performed by West Torrens Council. The independent contractor has previously contributed in-kind support for kerbside audits arranged or performed by West Torrens Council by providing staff and vehicles to collect and transport bins for auditing from households to its waste and recycling centre.

How often kerbside bin audits should be performed

We are not aware of any industry standard that indicates how often kerbside bin audits should be performed. Bin audits can be costly, so West Torrens Council must weigh up the benefits of the usefulness of the information and intelligence they provide about community behaviour against the financial and human resources they commit.

The waste and recycling collection contract refers to kerbside bin audits being performed every two years. A biennial audit would provide West Torrens Council with timely and useful data about community waste behaviour and give valuable and relevant insight about areas needing improvement for its waste and education strategies.

West Torrens Council's response

Council agrees that tangible and measurable data collected through regular auditing would provide valuable measurements to identify how Council is performing, however the cost associated with the routine audit would require ongoing budget considerations.

Routine auditing will be considered for integration in Council's Waste and Resource Recovery Strategy and Action Plan (currently under development) to support budget development and will be subject to endorsement from Council each financial year. As part of the Waste and Resource Recovery Strategy and Action Plan development, Council will confer with [its] ... (waste contractor) regarding the responsibility for performing kerbside bin audits.

5.4 Service arrangements

5.4.1 West Torrens Council's original waste disposal contract could not be located

Recommendation

In line with the requirements of the LG Act, we recommend West Torrens Council keeps all contracts or correspondence that describe the terms and conditions agreed with service providers in its records management system for safekeeping and ease of retrieval.

Finding

West Torrens Council first engaged its independent contractor to provide kerbside waste transportation and disposal services in September 2010. Since then it has extended these arrangements three times.

At the time of our review, West Torrens Council's original contract with the independent contractor could not be located. Some terms of the original contract, such as those concerning fees, have no doubt changed over time or been superseded by more recent agreements. Other terms, such as those concerning roles and responsibilities, may still form the basis of current arrangements.

West Torrens Council was able to provide us with an extract from the original contract. This referred to documents that were stated to comprise the contract. However, these documents were not described in a manner that would allow them to be clearly and easily identified. For instance, no details of dates or identity of authors and recipients of correspondence were included in the references to these documents.

Without these details there is no certainty about which documents comprise the contract, and therefore the nature, content and extent of the terms and conditions agreed between the West Torrens Council and the independent contractor.

The risks to West Torrens Council if a contract cannot be found

Contracts confirm and demonstrate a meeting of the minds between parties and contain essential information about their roles and responsibilities. If West Torrens Council cannot refer to a contract to confirm these, it could be exposed to the risk of uncertainty about terms and conditions agreed with the independent contractor should a dispute arise.

Further, contracts contain valuable information needed for planning, managing compliance, performance and decision making. West Torrens Council may overlook details or information relevant to these activities if it cannot confirm the agreed terms and conditions.

The LG Act requires councils to keep accounting records that explain their revenues, expenses, assets and liabilities.⁵⁴ The LG Act includes all records and documents relevant to any receipt or payment of money in its definition of accounting records.⁵⁵

We believe a contract for the provision of services would constitute an accounting record as defined by the LG Act.

West Torrens Council's response

Since 2019, records management processes within Council's waste team have greatly improved ensuring routine uploading of documents and emails into the Council's document management system using uniformity in naming conventions to enable efficient information retrieval. This has been facilitated by the review of the waste management team and expanding the number of employees in this area with a designated team leader. As a result, Council has addressed this finding.

5.4.2 West Torrens Council does not independently check the weight of kerbside bin collections

Recommendation

We recommend the West Torrens Council investigates ways it can obtain independent assurance about the weight of kerbside bin collections. This could include:

- performing regular spot audits to observe the independent contractor's staff performing the weighing and recording process
- requesting confirmation of the calibration of the independent contractor's weighbridge, such as a letter of confirmation or a certificate from the calibrator
- considering how independent assurance of the calibration process could be included in the processing and disposal service specifications in the next procurement of these services.

Finding

West Torrens Council does not independently check the weight of kerbside bin collections.

The independent contractor weighs the kerbside residual waste, recyclables and organics bin collections on behalf of the landfill operator, the recycling company and the organics processor. It provides West Torrens Council with a monthly report on the weight of kerbside bin collections.

⁵⁴ LG Act, section 124.

⁵⁵ *ibid*, section 4.

West Torrens Council reviews the monthly report and monitors tonnages for unexpected variances against its large history of collection data. It also relies on the routine calibration of the independent contractor's weighbridge by an expert, although it does not obtain evidence that the calibration process has occurred.

Why West Torrens Council should independently check the weight of kerbside bin collections

West Torrens Council receives a monthly invoice for collection, processing and disposal services. While collection fees are based on the number of bins serviced or a fortnightly collection rate, processing and disposal fees are based on the number of tonnes collected. Further, the solid waste levy is based on the number of residual waste tonnes disposed of.

Without an independent check of the weight of collections, West Torrens Council cannot be certain of the accuracy of tonnages advised by the independent contractor, the amounts invoiced for kerbside bin processing and disposal, and the solid waste levy.

West Torrens Council's response

[The waste contractor is] ... required to operate in accordance with Environment Protection Regulations 2009. The Environment Protection Regulations 2009 outline the approval, maintenance and certification of accuracy for weighbridges in accordance with the National Measurement Act 1960. However, as part of independent data checking, Council will consider requesting calibration reports from [the waste contractor] and conduct periodic audits of weighbridge dockets to verify accuracy.

5.5 Processes to assess the effectiveness of education activities

5.5.1 West Torrens Council does not have a formal waste education strategy

Recommendation

We recommend West Torrens Council develops and documents a waste education strategy that aligns to its waste strategy and local targets. The waste education strategy should:

- demonstrate how the education programs will support West Torrens Council's and the State's waste strategy objectives and targets
- outline activities/information needed to inform the education approach, for instance kerbside bin audits
- consider the nature of resources required to develop and deliver education programs and activities
- include community input options
- include mechanisms for measuring the effectiveness of education programs and activities.

We further recommend West Torrens Council establishes a system for annual planning of the education program, monitoring its implementation and reviewing performance.

Finding

West Torrens Council does not have a formal policy, strategy or plan outlining its approach to community education on waste and recycling issues. It also does not have a process to formally evaluate the effectiveness of its education tools and programs.

In December 2020, West Torrens Council engaged its community on what they found important and what actions it should prioritise to meet their expectations. Waste management was identified as an area of community interest. Key considerations for West Torrens Council included:

- seeking to reduce waste volumes through best practice management, education and recycling
- helping businesses and organisations to pursue waste minimisation philosophy as well as West Torrens Council leading by example
- considering how it can positively influence community values of recyclable materials to help rebuild the recycling industry in South Australia and Australia.⁵⁶

What community waste education West Torrens Council currently provides

West Torrens Council currently provides a comprehensive range of waste and recycling education resources on its website, including 'what goes in which bin', an A to Z guide on waste and recycling, and a chatbot that can be used to determine whether an item can be recycled. West Torrens Council also invites face-to-face engagement with schools, community groups and businesses, and has participated in events such as National Recycling Week to engage its community on waste education.

Why West Torrens Council needs a waste education strategy

Councils play a key role in educating the community about waste reduction and responsible recycling. Through education the community can improve its waste practices, which will reduce the amount of waste sent to landfill and increase the volume of materials to be recycled.

Community behaviour directly impacts costs paid by councils for waste disposal. As the solid waste levy increases the cost of sending kerbside waste to landfill, there is strong financial incentive along with environmental concern for West Torrens Council to promote the reduction of waste generation and increase in reuse and recycling in line with the waste management hierarchy. Changing community behaviour will be key to achieving this.

A documented waste education strategy will help West Torrens Council define its strategic education directions, set clear objectives and describe the activities it will take to educate

⁵⁶ Intermethod, 6 March 2020, *Community Needs Analysis prepared for The City of West Torrens, 6 March*, p. 59.

the community on areas such as:

- practicing the waste management hierarchy
- increasing the level of food scrap recycling
- disposing of food scraps in the organics recycling bin
- increasing the level of recycling
- decreasing the level of contamination in recycling.

Further, a documented strategy will help West Torrens Council to make decisions about the priority of education programs and activities, prepare plans and allocate resources for them. Education programs can be expensive and can absorb significant human resources. Without a clear vision of education program objectives, West Torrens Council may find it difficult to assess whether sufficient and suitable resources have been applied to deliver specific programs.

West Torrens Council's response

Council recognises that no formal waste education strategy or program existed during the Review period. However, a dedicated officer has been appointed and is responsible for waste education in the community.

Following the 2018-2019 restructure of the waste team, Council's general approach to waste management has developed and matured. A new Team Leader Waste Management role was created in 2019 and a comprehensive review of the Project Officer Waste and Recycling role was completed in 2022. Council's newly employed Project Officer Waste and Recycling is seeking new tools and systems for the purposes of waste education. So, whilst no formal waste education strategy was in place during the Review period, significant developments have occurred in this area and a strategy of this nature is currently being developed as appropriately skilled and experienced resources have been engaged.

Council's current waste education program is being reviewed and reconsidered to meet the needs and expectations of the Community (including the State intended targets). The Council will consider the development of a Waste Education Strategy which aligns Council's intended goals and efforts with the State strategies. KPI's will be considered for each activity whereby measurable outputs will be generated identifying with success, and effect of change.

5.6 What West Torrens Council did well

We identified some areas of effective waste management that were operating effectively during the period we reviewed. These included that the West Torrens Council had:

- established clear roles and responsibilities for waste management, including an oversight and monitoring committee
- sound frameworks and processes to identify, assess and manage waste risks
- clear processes to manage and resolve complaints from residents about collection services.

5.7 Other observation

5.7.1 Background

Legislation

The LG Act requires councils to have procurement policies, practices and procedures directed towards achieving:

- value in the expenditure of public money
- the ethical and fair treatment of participants
- probity, accountability and transparency in procurement.⁵⁷

The LG Act requires the procurement policies to identify the circumstances when councils will call for tenders.⁵⁸

West Torrens Council's procurement policy

West Torrens Council's procurement policy provides its framework for procuring goods, works and services. It requires the West Torrens Council to be guided by principles such as value for money, probity and accountability, support of local business and engagement with the market.

While the policy recognises the appropriate procurement approach will be determined by the nature and circumstances of each purchase, it requires the West Torrens Council to use a select or open request for tender for purchases above \$200,000.

5.7.2 West Torrens Council has not used competitive procurement processes since its initial agreements for kerbside waste services

Recommendation

We recommend the West Torrens Council, in line with its procurement policy, undertakes a competitive tender process for its:

- kerbside waste, recycling and organics collection services when the current arrangements with the independent contractor expire in 2025
- kerbside waste disposal services when the current arrangements with the independent contractor expire in 2022.

Finding

West Torrens Council has not used a competitive procurement process for its kerbside waste, recycling and organics collection services since its initial contract with the independent contractor in 2005.

⁵⁷ LG Act, Part 4 section 49.

⁵⁸ LG Act, Part 4 section 49.

West Torrens Council has not used a competitive procurement process for its kerbside waste transportation and disposal services since it first engaged the independent contractor to provide these services in 2010.

West Torrens Council's kerbside waste, recycling and organics collection services

In December 2005, West Torrens Council established a contract with the independent contractor to provide kerbside waste, recycling and organic bin collection services, following a tender process. The contract was for about seven years and offered an extension to these arrangements of up to three years. It has been extended at least three times since the first extension expired, but terms have changed and services expanded during this time.

In January 2019, the independent contractor approached West Torrens Council with an offer to extend the kerbside bin collection arrangements. At this time, West Torrens Council engaged an independent waste expert to review and provide feedback about the independent contractor's offer. Following the expert's advice, West Torrens Council renegotiated certain terms and these, together with the original contract, form the basis of current arrangements that will expire in April 2025.

West Torrens Council's kerbside waste disposal services

Following a competitive procurement process, West Torrens Council first engaged the independent contractor to provide kerbside waste transportation and disposal services in September 2010.

Since its initial engagement, West Torrens Council has extended arrangements with the independent contractor three times.

In October 2014, the independent contractor presented West Torrens Council with two offers to extend the disposal arrangements. At this time, West Torrens Council engaged an independent consultant to provide advice about the competitiveness of the independent contractor's offers. This resulted in a revised offer and the first extension to the contract in February 2015.

West Torrens Council has since extended the arrangements in February 2020 and March 2021 without undertaking a competitive procurement process.

Why a competitive procurement process is important

Waste management is a key local government service provided to communities and is a substantial annual expense for councils. In 2020-21, West Torrens Council spent \$7.6 million⁵⁹ (approximately 30% of its materials, contractors and other expenses) on waste management activities. Collection and disposal costs of kerbside waste comprise a significant

⁵⁹ City of West Torrens audited financial report for the year ended 30 June 2021:

- note 3(b) shows materials, contracts and other expenses of \$24.983 million
- note 12(a) shows waste management costs of \$7.557 million.

portion of these expenses. Therefore, it is important that West Torrens Council can demonstrate it has acted appropriately and in the community's best interest when engaging providers of these services.

A competitive procurement process inviting potential suppliers to bid for the opportunity to provide West Torrens Council with significant goods or services will help demonstrate this. By encouraging competition, the community will have increased confidence that public money is used efficiently and effectively, and that:

- value for money will be achieved
- suppliers will be treated fairly and ethically
- there will be probity and transparency of process
- officers will be held accountable for their decisions.

These principles are acknowledged in the LG Act and in West Torrens Council's procurement policy.

West Torrens Council's response

Council has entered into agreements for kerbside waste services using appropriate and risk assessed procurement practices.

Council have invested significant resources in its procurement program during the Review period. Similarly to the waste team review, the procurement team was subjected to a three (3) year facilitative audit as the procurement roadmap was enacted.

Procurement processes are robust with structured templates, conventions and an increase in dedicated resources.

Council is committed to undertaking a competitive tender process in 2025 for its kerbside waste collection.


Appendix 1 – Abbreviations and terms used in this report

The terms used in this report were sourced from legislation and information published by the Environment Protection Authority and Green Industries SA.

Abbreviation or term	Description
China's National Sword Policy	<p>In 2018 China introduced its National Sword Policy. This policy included restrictions on imports of 24 categories of waste and requiring contamination to be 0.5% or lower. Prior to the policy, accepted contamination rates varied from 1.5% to 5%. Other countries such as Malaysia, Thailand and Vietnam also declared restrictions on importing waste following China's policy implementation.</p> <p>It is estimated that China's policy has predominantly impacted the price of mixed paper and cardboard as well as mixed plastics. Due to the high proportion of mixed paper and cardboard that materials recovery facilities receive, the estimated increase in cost is approximately \$8.8 million across the State based on a one-year period.⁶⁰</p> <p>A \$12.4 million support package for local government and the recycling industry was released by the SA Government in response to the National Sword Policy. The package included a range of measures to enable industry investment in remanufacturing and local re-use, as well as improved sorting and processing to enhance the quality of recovered materials.⁶¹</p>
Circular economy	<p>This refers to an economic model that contemplates the production of goods and services:</p> <ul style="list-style-type: none"> • by a reduced reliance on virgin materials • on the basis of continuously functioning utility and an extended lifecycle • in a manner that eliminates, as far as is reasonably practicable, waste or pollution, or harm to the environment. <p>At the broadest level, a circular economy aims to change the patterns of natural resource use in the economy to achieve sustainable growth by slowing, narrowing or closing material loops.</p>

⁶⁰ Rawtec Pty Ltd 2018, *Market Analysis of South Australian Kerbside Comingled Recyclables Report for the Local Government Association of SA*, May, Adelaide.

⁶¹ Green Industries SA, *China's New Policy on Waste and Recycling*, Government of South Australia, Adelaide, <<https://www.greenindustries.sa.gov.au/chinas-new-policy-on-waste-and-recycling>>.

Abbreviation or term	Description
	
Commercial and industrial waste	Comprises solid waste generated by the business sector as well as solid waste created by state and federal government entities, schools, and tertiary institutions.
Construction and demolition waste	Includes waste from residential, civil and commercial construction and demolition activities, such as fill material (eg soil), asphalt, bricks and timber. This waste excludes construction waste from owner/occupier renovations, which is included in the municipal waste stream.
Food caddy	A kitchen benchtop food container for the collection of household food waste, usually with a compostable bag, to be placed in the organic waste bin.
Food organics	Organic waste derived from food preparation and/or surplus food.
Food Organics Garden Organics (FOGO)	FOGO is a common name used for the green organics bin
Garden organics	Organics derived from garden sources such as grass clippings and tree prunings.
Hard waste	Large materials that are not suitable for collection in the kerbside three-bin system. Common items include furniture, appliances and mattresses.
Kerbside collection	Collection of household waste, recyclable materials (separated or co-mingled) and organic waste that are left at the kerbside for collection by a local council collection service.
Landfill	A waste disposal site used for the controlled deposit of solid waste onto or into land.
Materials recovery facility	A facility where mixed recyclable materials are received, stored and sorted to specification, then baled, shredded, crushed, compacted or otherwise prepared for shipment to market.
Metropolitan council	Comprises Adelaide, Adelaide Hills, Campbelltown, Burnside, Norwood Payneham and St Peters, Prospect, Unley, Walkerville, Gawler, Playford, Salisbury, Tea Tree Gully, Marion, Mitcham, Onkaparinga, West Torrens, Charles Sturt, Holdfast Bay and Port Adelaide Enfield councils

Abbreviation or term	Description
Multi-unit dwelling (MUD)	Medium and high density housing. Sometimes includes commercial tenancies such as cafés in addition to residential dwellings.
Municipal solid waste – kerbside bin collection	Solid waste generated from domestic (household) premises and council activities such as street sweeping, litter and street tree lopping. May also includes waste dropped off at recycling centres, transfer stations and construction waste from owner/occupier renovations.
Recovery	A process that extracts materials or energy from the waste stream.
Residual waste	Waste determined by its owner to be unsuitable for recovery.
Resource recovery	In relation to waste, means reusing or recycling or recovering energy or other resources from the waste.
Waste disposal	<p>3(3) Waste disposal <i>the conduct of—</i></p> <p>(a) <i>a landfill depot, being a depot, facility or works for the disposal of waste to land; or</i></p> <p>(b) <i>a liquid waste depot, being a depot, facility or works for the reception and disposal of liquid waste, or the reception, treatment and disposal of liquid waste; or</i></p> <p>(c) <i>an incineration depot, being a depot, facility or works for the disposal, by incineration, pyrolysis or gasification by high temperature chemical decomposition, or thermal oxidation using fuel burning equipment, of solid waste, a listed waste or quarantine waste,</i> <i>but excluding a prescribed approved activity or an activity in respect of which the Authority is satisfied, having regard to the prescribed factors, that an environmental authorisation is not justified</i></p>
Waste reprocessing	<p>3(2) Waste reprocessing <i>the conduct of—</i></p> <p>(a) <i>composting works, being a depot, facility or works with the capacity to treat, during a 12-month period—</i></p> <p>(i) <i>in the case of works located wholly or partly within a water protection area—more than 200 tonnes of organic waste or matter; or</i></p> <p>(ii) <i>in the case of works located wholly outside of a water protection area—more than 1 000 tonnes of organic waste or matter, for the production of compost; or</i></p> <p>(b) <i>scrap metal treatment works, being a depot, facility or works for the treatment of scrap metal (by processes involving electrically heated furnaces or other fuel burning equipment or by mechanical processes); or</i></p> <p>(c) <i>tyre waste treatment works, being a depot, facility or works with the capacity to treat more than 5 tonnes of tyre waste during a 12-month period; or</i></p>

Abbreviation or term	Description
	<p><i>(d) waste lead acid battery treatment works, being a depot, facility or works with the capacity to treat more than 500 waste lead acid batteries during a 12-month period;</i></p> <p><i>or</i></p> <p><i>(e) any other waste reprocessing facility, being a depot, works or facility other than a depot, facility or works specified in a preceding paragraph) that, during a 12-month period, receives or has the capacity to treat—</i></p> <p><i>(i) more than 100 tonnes of solid waste or matter; or</i></p> <p><i>(ii) more than 100 kilolitres of liquid waste or matter</i></p>
Waste treatment	The removal, reduction or immobilisation of hazardous characteristics to enable the waste to be sent to its final fate or further treatment.

Appendix 2 – Waste management frameworks

Figure A2.1 shows that the three levels of government, waste industry groups, businesses, community groups and Australian citizens all play a role in managing waste.

Figure A2.1 Roles and relationships in managing waste



Source: Green Industries SA 2020, *Supporting the Circular Economy: South Australia's Waste Strategy 2020–2025*, Government of South Australia, Adelaide.

Appendix 3 – Metropolitan councils’ organics food waste systems

This table shows the organics food waste system for each metropolitan council, which was provided to us by GISA.

Metropolitan council	Organics bin	Kitchen caddy
Adelaide City	Area-wide	Opt-in
Adelaide Hills		Limited
Burnside	Area-wide	Area-wide
Campbelltown	Area-wide	Opt-in
Charles Sturt	Area-wide	Opt-in
Holdfast Bay	Area-wide	Area-wide
Marion	Area-wide	Opt-in
Mitcham	Area-wide	Limited trial
Norwood, Payneham	Area-wide	Area-wide
Onkaparinga	Area-wide	Opt-in
Playford	Opt in	Opt-in
Port Adelaide Enfield	Area-wide	Area-wide
Prospect	Area-wide	Area-wide
Salisbury	Opt in	Opt-in
Tea Tree Gully	Area-wide	Opt-in
Town of Gawler	Opt in	Opt-in
Town of Walkerville	Area-wide	Opt-in
Unley	Area-wide	Opt-in
West Torrens	Area-wide	Opt-in

Appendix 4 – NPSP Council flyer

**Don't waste
your rates.**

*\$395,000 per year
in landfill fees
could be saved.*

*Get a FREE
kitchen Caddy
from Council
today!*



www.npsp.sa.gov.au



City of
Norwood
Payneham
& St Peters

Appendix 5 – Overview of roles, legislation and policy

Commonwealth Government	State Government	Local Government
<p>Role</p> <p>Responsible for a national framework for waste and resource recovery which recognises obligations under international agreements</p>	<p>Role</p> <p>Responsible for regulation and management of waste and resource recovery</p>	<p>Role</p> <p>Responsible for providing household waste and recycling collection and disposal services and deliver waste education and awareness programs</p>
<p>Act</p> <p><i>Recycling and Waste Reduction Act 2020 (Cth)</i></p>	<p>Act</p> <p><i>Environment Protection Act 1993</i></p> <p><i>Green Industries SA Act 2004</i></p>	<p>Act</p> <p><i>Local Government Act 1999</i></p>
<p>Policy</p> <p>National Waste Policy 2018: Less Waste, More Resources</p>	<p>Policy</p> <p>Environment Protection (Waste to Resources) Policy 2010</p>	<p>Policy</p> <p>Waste management service policy</p>
<p>Plan/Strategies</p> <p>National Waste Action Plan 2019</p> <p>National Food Waste Strategy</p>	<p>Plan/Strategies</p> <p>State Waste Strategy</p> <p>State Food Strategy</p>	<p>Plan/Strategies</p> <p>A council determines its strategies for waste management and the actions it will take. This information is commonly presented in a council's strategic management plan(s)</p>

Appendix 6 – Response from the Chief Executive Officer, The Corporation of the City of Norwood, Payneham and St Peters

File Number: qA74130
Enquiries To: Lisa Mara
Direct Telephone: 8366 4549

4 August 2022

Mr Andrew Richardson
Auditor-General
Level 9
State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Dear Andrew

Review of the Management of Kerbside Waste Services

Thank you for providing a copy of the final report, *Review of the Management of Kerbside Waste Services* (the Report), to the Council.

I would also like to take this opportunity to thank you for incorporating the Council's comments which were provided to you on 23 June 2022, in response to the draft Report.

The Report presents as well measured. It discusses what the Council does well, incorporates our responses to the findings and the challenges that the Council faces in respect to waste management. An audit of this type is valuable as it provides the Council with an opportunity to review how its operations associated with waste management could be improved.

Yours sincerely


Mario Barone PSM
CHIEF EXECUTIVE OFFICER



City of
Norwood
Payneham
& St Peters

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[http://onenpsp/sites/teams/gca/Executive Management/Management/Correspondence/2022/040822 Auditor General - Audit of Kerbside Waste Services.docx](http://onenpsp/sites/teams/gca/Executive%20Management/Management/Correspondence/2022/040822%20Auditor%20General%20-%20Audit%20of%20Kerbside%20Waste%20Services.docx)

Appendix 7– Response from the Mayor, City of West Torrens



27 July 2022

Andrew Richardson
Auditor-General
Level 9 State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Dear Mr Richardson,

Review of the management of kerbside waste services

The City of West Torrens ('Council') supports transparency and accountability in all levels of government thus the Auditor-General's review into the Council's kerbside waste management services ('Review') was welcomed as a continuous improvement and assurance measure. Further, Council recognises the importance of effective waste management for communities in a range of different contexts including public health, environment and climate change as well as amenity.

I am pleased to advise that there are no additional comments regarding the draft report to Parliament regarding the management of kerbside waste services received by Council on 20 July 2022. The report represents a fair and accurate assessment of the City of West Torrens' performance and capability. The recommendations will be considered and integrated where required into future programs.

I take this opportunity to thank the Local Government Audit team from the Auditor-General's Department for the collaborative approach to the audit process.

Yours sincerely,

A handwritten signature in black ink that reads "Michael S Coxon".

Michael S Coxon
Mayor

