



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

**FRIDAY 5 AUGUST 2022**

Notice is hereby given that a special meeting of the Audit and Risk Management Committee of the Eastern Waste Management Authority will be held in the Boardroom, **Thomson Geer, 7/19 Gouger Street, Adelaide** on Friday 5 August 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**

**Special Meeting to be held on Friday 5 June 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 14 June 2022*
- 6. MATTERS ARISING FROM THE MINUTES**
- 7. QUESTIONS WITHOUT NOTICE**
- 8. REPORTS**
  - 8.1 ENDORSED CHARTER ..... pg.11*
  - 8.2 DRAFT FY2023 ANNUAL PLAN & BUDGET (REVISED)..... pg.12*
- 9. CONFIDENTIAL REPORTS**
  - 9.1 TENDER ASSESSMENT (Late Paper) ..... pg.35*
- 10. OTHER BUSINESS**
- 11. NEXT MEETING OF THE AUDIT COMMITTEE**

The next Audit and Risk Management Committee Meeting is to be held on:  
Tuesday 13 September 2022, commencing 8:00am, in the Board Room, Thomson  
Geer, 7/19 Gouger St, Adelaide
- 12. CLOSURE OF MEETING**



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

held on Wednesday 14 June 2022 via Zoom

Meeting opened at 8:05am

**1. ACKNOWLEDGEMENT OF COUNTRY**

**2. PRESENT**

|                |                                   |
|----------------|-----------------------------------|
| Mrs E Hinchey  | Independent Member/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**

|           |                         |
|-----------|-------------------------|
| Mr F Bell | Independent Board Chair |
|-----------|-------------------------|

**4. CONFLICTS OF INTEREST**

Nil.

**5. CONFIRMATION OF THE MINUTES – 27 April 2022**

Moved Ms Di Blasio that the Minutes of the previous meeting held on Tuesday 27 April 2022 be received and noted.

Seconded Cr Green **Carried**

Moved Cr Green that the Confidential Minutes of the previous meeting held on Tuesday 27 April 2022 be received and noted.

Seconded Ms Di Blasio **Carried**

**6. MATTERS ARISING FROM THE MINUTES**

Nil.

**7. QUESTIONS WITHOUT NOTICE**

Nil.

## **8. REPORTS**

### **8.1 FINANCIAL REPORT – YEAR TO DATE (APRIL 2022)**

#### **RECOMMENDATION**

Moved Cr Green that the Committee recommends that the Financial Report, year to date, is received and noted.

Seconded Ms Di Blasio

**Carried**

### **8.2 INTERIM AUDIT REPORT**

#### **RECOMMENDATION**

Moved Ms Di Blasio that the Committee notes and receives the Interim Audit Report and recommends to the Board for endorsement.

Seconded Cr Green

**Carried**

### **8.3 ANNUAL PLAN AND BUDGET ENDORSEMENT**

#### **RECOMMENDATION**

Moved Cr Green that the Committee recommends that:

1. the draft 2022/23 Annual Business Plan and Budget as presented in Attachment A be amended to:
  - a. include the Business Review Three; and
  - b. include an executive summary by the General Manager
2. the amended draft 2022/23 Annual Business Plan and Budget be presented to the Board for endorsement.

Seconded Ms Di Blasio

**Carried**

## **9. CONFIDENTIAL REPORTS**

### **9.1 MEMBER COUNCIL UPDATE**

#### **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 Committee orders that the 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**

## **9.2 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 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**

## **9.3 CONTRACT OPTIONS OVERVIEW**

### **RECOMMENDATION 1**

Moved Ms Di Blasio 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 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 the report, 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 9.49am.

**PRESIDING MEMBER**

\_\_\_\_\_

**DATE**

\_\_\_\_\_

## 8.1 ENDORSED CHARTER

**REPORT AUTHOR:** General Manager  
**ATTACHMENTS:** Nil

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### **Purpose of the Report**

To present to the Audit & Risk Committee, a copy of the endorsed East Waste Charter. The report is for noting only.

### **Background**

The East Waste Charter is required by legislation to be reviewed at least once every four (4) years. Clause 3.5 of the East Waste Charter states:

*3.5 The Constituent Councils may review this Charter at any time, but must in any event review this Charter at least once in every four years.*

The East Waste Charter was last reviewed in September 2017, in line with the admission of the City of Prospect as a Member Council. A review of the Charter was held over in 2021 due to the possibility of a new Member Council coming onboard, which would result in another change to the Charter. Amendments require unanimous approval from Member Councils.

The East Waste Audit & Risk Committee reviewed the draft amended Charter at its April 2022 meeting. The proposed changes were subsequently endorsed by the East Waste Board, prior to seeking endorsement from the then, seven Member Councils.

### **Report**

All seven Member Councils endorsed and supported the City of Unley joining East Waste as a Member, along with the proposed Charter changes. The final requirement was the City of Unley receiving Ministerial approval to join East Waste, which occurred on the 25 July 2022.

With these requirements secured, the Charter is active and a copy can be found on East Waste's website (on the [Governance](#) Page).

Unless required earlier the next review of the Charter will occur in early 2026.

### **RECOMMENDATION**

**That the Committee notes the activation of the new East Waste Charter.**



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

**REPORT AUTHOR:** General Manager

**ATTACHMENTS:** A: East Waste 2022/23 Annual Plan (Revised)

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### **Purpose of the Report**

To seek the Audit and Risk Management Committee's (the Committee) endorsement on the key assumptions applied in the development of the revised Draft 2022/23 Annual Plan and Budget prior to being presented to the East Waste Board.

### **Background**

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

East Waste has 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. 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 has been working to secure The City of Unley as 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.

Since setting the original FY23 budget in January, the Russian invasion of Ukraine has negatively impacted world oil prices to a level not previously experienced. In addition, domestic and local inflation figures have also impacted on prices and costs to East Waste. The continuing conflict leaves fuel prices (which is East Waste's third largest expense line behind wages and processing fees), at high and unpredictable levels and well above the original conservative levels budgeted. The Administration wrote to all then seven Member Councils in June 2022 advising of the need to add an estimated \$1M in additional expenses to the FY23 forecasted budget in order to more accurately reflect likely fuel prices for FY23 (this did not include accounting for the additional fuel costs associated with the City of Unley given it was not known if they would be joining East Waste at the time).

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 require East Waste to seek an amendment to the Budget. As a result of the Administration's review and update of the original assumptions, an updated FY23 Annual Plan and Budget is attached for consideration.

### **Report**

With The City of Unley becoming a Member Council from 25 July 2022, the budget requires to be amended for FY23 to accurately reflect the Authority's activity and to seek approval from the Member Council's to amend the material changes to the Annual Business Plan and Budget as required by the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* and the East Waste Charter.

Typically, the Annual Plan and Budget is endorsed prior to the commencement of the financial year, and any expenditure, however in this case the budget is unlikely to be approved by the Board until September, following Member Council Consultation. The amended Annual Plan (and budget) will be effective from 1 August 2022.

It is not a matter of concern that for a period of time after Unley becomes a Constituent Council, 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.

The local government elections in November 2022 sees the majority of Member Councils entering caretaker mode on 6 September and therefore needing to ideally provide consent to the Annual Plan and budget prior to this date. This will result in a compressed review period for Member Councils.

#### Draft 2022/23 Annual Plan (Revised)

The core intent of the 2022/23 Annual Plan (Revised) remains unchanged and that is to progress towards the Key Performance Indicators and Vision of the [2030 Strategic Plan](#).

As a result of significantly increased workloads through the onboarding of Unley and seeking to minimise the cost impost of rising fuel prices on Member Councils, Administration have removed the following two projects:

- *Develop & Implement an East Waste wide bin tagging program.*
- *Identify opportunities amongst Member Councils for the uptake of crushed glass.*

The Annual Plan is attached (refer Attachment 1) for the Committee's review and comment.

#### Draft 2022/23 Budget (Revised)

Ordinarily, adjustments to the East Waste budget are made throughout the year at the designated budget reviews. Variations to CPI, interest expenses, processing fees, movements in fuel prices, fleet maintenance etc, are minor in nature and are managed within the endorsed budget. As previously stated, The City of Unley coming on board as a Member Council, the impact of world fuel pricing and inflation are of sufficient materiality that they are not matters of Budget review but of Budget amendment.

In amending the budget, it has allowed East Waste to take a critical look at all lines of the budget and update assumptions to reflect the best-known current information and environment. For the revised budget this includes, updating:

- Inflation forecast (increase of between ~2-3% on individual activities);
- Updated forecast fuel prices and Fuel Tax Credit (FTC) allowance to update forecasted fuel prices and available FTC rates;
- Depreciation re-forecasted to more accurately reflect the now known timing and amount of capital purchases;
- Update interest rates on new borrowings (now reflecting 6.3% / previously 3.7%);
- Updated Processing Fees (where known) to reflect updated contract and market rates; and
- Maintenance schedule and costs.

A complete list of all adjustments made to the FY23 budget are included in Table 1, which is provided confidentially under separate cover (due to commercial sensitivity). The Administration has used for comparison purposes, the draft FY23 budget with Unley included. As this was the budget data used in the Independent Business Case Analysis completed in June 2022, it is considered to be the most appropriate comparative information for the purposes of the Board and Member Council consideration of the budget amendment. The 'Proposed Budget Unley Member Council' budget figures originally assumed that The City of Unley would be a Member Council for a full financial year (i.e. as from 1 July 2022). The 'Proposed Amended Budget' reflects The City of Unley now only being a member for the 11 month period given services commenced as from 1 August 2022.

**Table 1: Budget Movement Overview (refer separate cover)**

The biggest impact unsurprisingly is the \$1.2M added to the Fuel expense line to account for the volatile world oil prices. As an example, East Waste has seen variations of up to \$0.35 within a recent three-week period. Adding to the increased fuel prediction, is the current halving of the fuel excise by \$0.22/litre through until 28 September 2022. To highlight our susceptibility to fuel prices, every \$0.10 increase in fuel costs adds approximately \$120,000 to our annual fleet operating costs.

Table 2 highlights the adjustments and additions associated with the East Waste Capital budget. An overall increase of 0.6% is forecast with the additional expenditure to be funded from cash reserves.

**Table 2: Capital Expenditure Budget Movement Overview**

| Item                   | Proposed Original Budget w/ Unley Member Council | Proposed Amended Budget | Status  |
|------------------------|--|-------------------------|---------|
| Trucks - Fleet         | 2,150.00   | 2,023.00                | Renewal |
| Trucks - Unley         | 2,464.00   | 2,502.00                | New     |
| Plant Replacement      | 25.00  | 25.00                   | Renewal |
| Office Equip           | 50.00  | 50.00                   | Renewal |
| Exec Fleet Replacement | 40.00  | 55.00                   | Renewal |
| Building Upgrades      | 60.00  | 40.00                   | New     |
| Mechanics Van          |  | 70.00                   | Renewal |
| Forklift               |  | 55.00                   | New     |
|                        | <b>4,789.00</b>                                  | <b>4,820.00</b>         |         |
| <b>Summary CAPEX</b>   |  |                         |         |
| Renewal                | 2,265.00   | 2,223.00                |         |
| New                    | 2,524.00   | 2,597.00                |         |
| <b>Total</b>           | <b>4,789.00</b>                                  | <b>4,820.00</b>         |         |

The Cash Reserves at 30 June 2022 is forecast (BR3 FY2022) to be around \$1.9M. It is important to note that this is working capital, which only accounts for approximately six (6) weeks' worth of expenses. As such it is not recommended to draw down significantly on this.

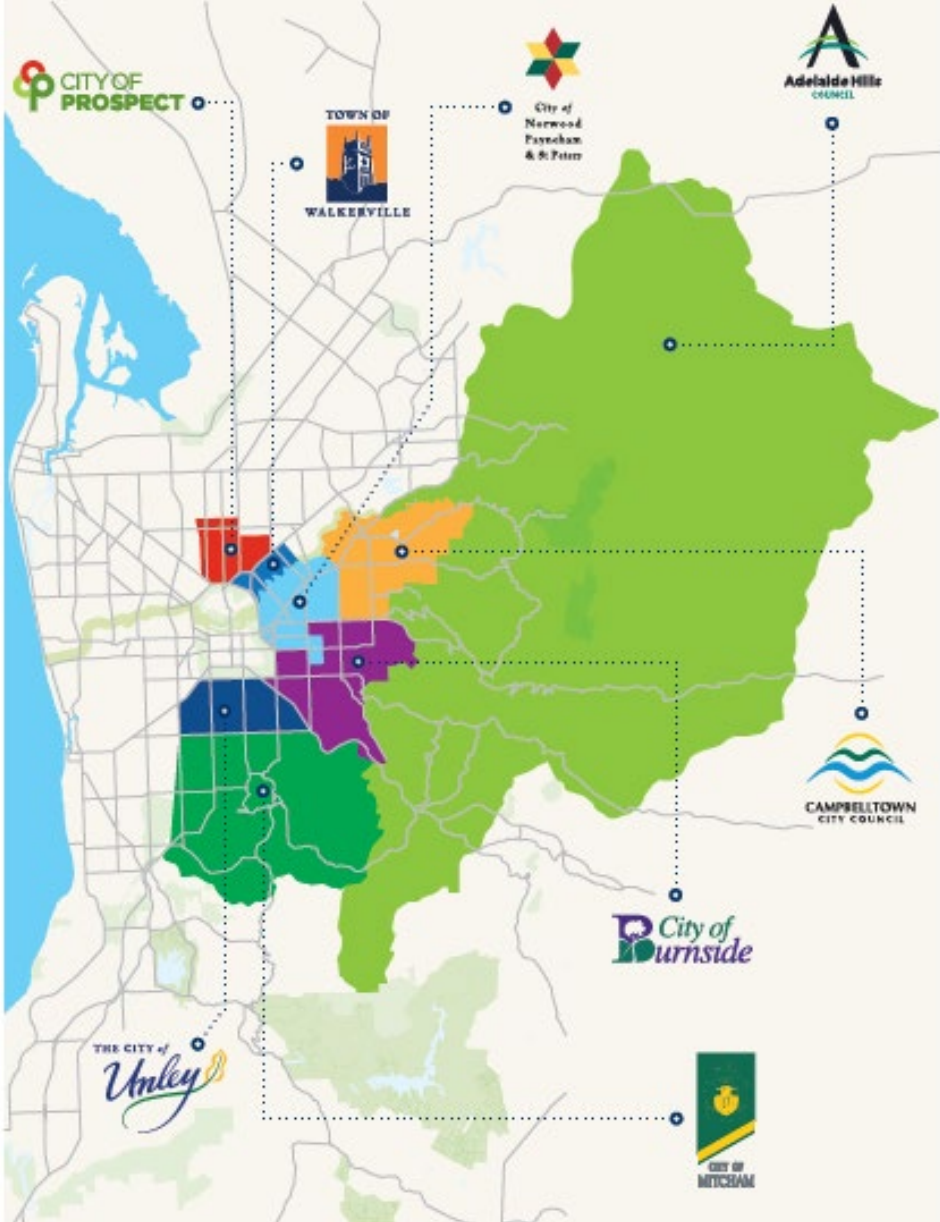
Should the Committee and/or Board seek to further reduce the impost of the FY23 revised budget options could include:

- Utilisation of cash reserves (\$200 - \$400k. Dependent upon final FY22 position) for the asset replacement, reducing financing costs over the life of the loan (8 years);
- Reduction, or non-application of the 1% Common Fleet Surplus Charge; and/or
- Further reducing education or projects.

## **RECOMMENDATION**

**That the Committee notes and supports the revised FY23 Draft Annual Plan and budget for presentation to the Board.**

# 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 Draft 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

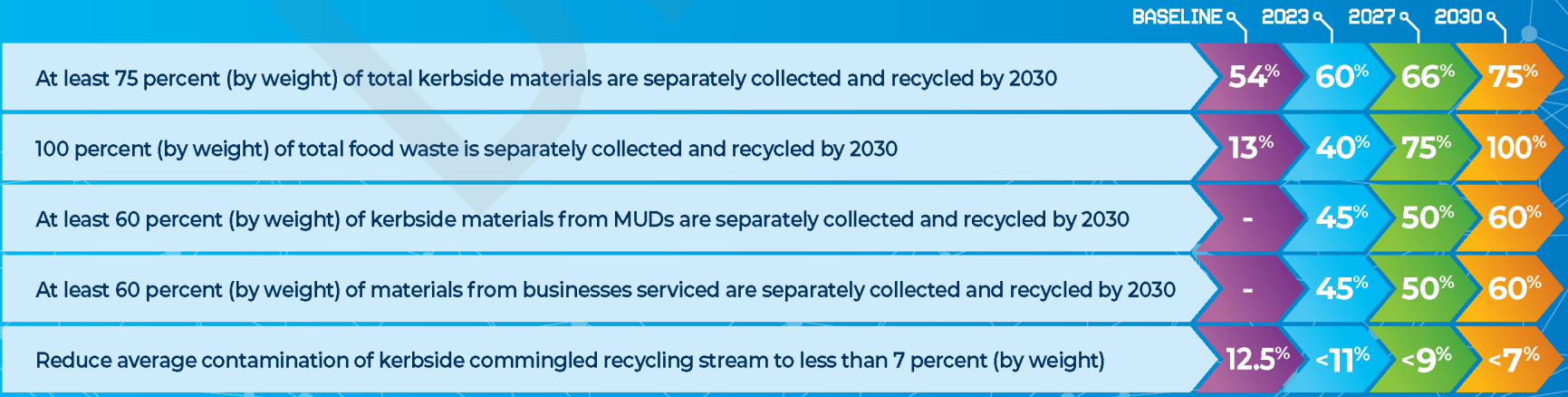
-   
**1. Deliver cost-effective and efficient services facilities**
-   
**2. Maximise source separation and recycling**
-   
**3. Provide leading and innovative behaviour change and education**
-   
**4. Help develop a local circular economy**
-   
**5. Provide leadership**

## STRATEGIES

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

## 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.

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 |
|---|--|--|--|----------|-----------------|
| <b>DELIVER COST EFFECTIVE AND EFFICIENT SERVICES AND FACILITIES</b> |  |  |  |          |                 |
| 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"> <li>• At least 75% of kerbside material separately collected &amp; recycled</li> <li>• 100% of food waste separately collected and recycled.</li> </ul> |
| 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"> <li>• 60% by weight of kerbside materials from MUDs is separately collected and recycled</li> </ul>   |

**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. | 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.<br><br>This project will investigate any such opportunities or additional work required. | Investigate options to process and extract the highest value from collected resources. | 4.4 | Vision Target |
|----|--|--|--|-----|---------------|

## 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 Unley as a Member Council provides a reduction for all Councils Common Fleet percentages.

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          |  | 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                  | \$   | %          |  |        |  |
| <b>Income</b>   |  |                 |  |                         |  |            |  |        |  |
| 16,707          | User Charges                             | 17,949          | 20,040   | 22,141                  | 2,101  | 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%         |  |        |  |
| <b>17,636</b>   | <b>Total</b>                             | <b>19,260</b>   | <b>21,182</b>                                    | <b>23,298</b>           | <b>2,116</b>   | <b>10%</b> |  |        |  |
| <b>Expenses</b> |  |                 |  |                         |  |            |  |        |  |
| 6,089           | Employee Costs                           | 6,504           | 7,185  | 7,164                   | (21)   | 0%         |  |        |  |
| 9,149           | Materials, contracts & other expenses    | 10,171          | 11,089   | 13,425                  | 2,336  | 21%        |  |        |  |
| 1,986           | Depreciation, amortisation & impairment  | 2,209           | 2,504  | 2,346                   | (158)  | -6%        |  |        |  |
| 262             | Finance costs                            | 268             | 355  | 406                     | 51   | 14%        |  |        |  |
| <b>17,486</b>   | <b>Total</b>                             | <b>19,152</b>   | <b>21,133</b>                                    | <b>23,341</b>           | <b>2,208</b>   | <b>10%</b> |  |        |  |
| <b>150</b>      | <b>Operating Surplus / (Deficit)</b>     | <b>108</b>      | <b>49</b>  | <b>(43)</b>             | <b>(92)</b>  | <b>0%</b>  |  |        |  |
| 105             | Asset disposals & fair value adjustments | 100             | 100  | 200                     | 100  | 100%       |  |        |  |
| <b>255</b>      | <b>Net Surplus / (Deficit)</b>           | <b>208</b>      | <b>149</b>                                       | <b>157</b>              | <b>8</b>   | <b>5%</b>  |  |        |  |
| -               | Other Comprehensive Income               | -               | -  | -                       | -  | 0%         |  |        |  |
| <b>255</b>      | <b>Total Comprehensive Income</b>        | <b>208</b>      | <b>149</b>                                       | <b>157</b>              | <b>8</b>   | <b>5%</b>  |  |        |  |

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**EAST WASTE**

Projected Balance Sheet (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   | \$'000                  | \$   | %           |
|                 | <b>Assets</b>                               |                 |  |                         |  |             |
|                 | <b>Current</b>                              |                 |  |                         |  |             |
| 3,168           | Cash & Cash Equivalents                     | 2,420           | 2,537  | 2,228                   | (309)  | -12%        |
| 661             | Trade & Other Receivables                   | 661             | 661  | 661                     | -  | 0%          |
| <b>3,829</b>    | <b>Total</b>                                | <b>3,081</b>    | <b>3,198</b>                                     | <b>2,889</b>            | <b>(309)</b>   | <b>-10%</b> |
|                 | <b>Non-Current</b>                          |                 |  |                         |  |             |
| 8,098           | Infrastructure, Property, Plant & Equipment | 8,631           | 10,798   | 10,987                  | 189  | 2%          |
| <b>8,098</b>    | <b>Total</b>                                | <b>8,631</b>    | <b>10,798</b>                                    | <b>10,987</b>           | <b>189</b>   | <b>2%</b>   |
| <b>11,927</b>   | <b>Total Assets</b>                         | <b>11,712</b>   | <b>13,996</b>                                    | <b>13,876</b>           | <b>(120)</b>   | <b>-1%</b>  |
|                 | <b>Liabilities</b>                          |                 |  |                         |  |             |
|                 | <b>Current</b>                              |                 |  |                         |  |             |
| 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%          |
| <b>4,188</b>    | <b>Total</b>                                | <b>3,749</b>    | <b>4,232</b>                                     | <b>4,287</b>            | <b>55</b>  | <b>1%</b>   |
|                 | <b>Non-Current</b>                          |                 |  |                         |  |             |
| 6,423           | Borrowings                                  | 6,634           | 8,534  | 8,351                   | (183)  | -2%         |
| 97              | Provisions                                  | 177             | 137  | 137                     | -  | 0%          |
| <b>6,520</b>    | <b>Total</b>                                | <b>6,811</b>    | <b>8,671</b>                                     | <b>8,488</b>            | <b>(183)</b>   | <b>-2%</b>  |
| <b>10,708</b>   | <b>Total Liabilities</b>                    | <b>10,560</b>   | <b>12,903</b>                                    | <b>12,775</b>           | <b>(128)</b>   | <b>-1%</b>  |
| <b>1,219</b>    | <b>Net Assets</b>                           | <b>1,152</b>    | <b>1,093</b>                                     | <b>1,101</b>            | <b>8</b>   | <b>1%</b>   |
|                 | <b>Equity</b>                               |                 |  |                         |  |             |
| 1,219           | Accumulated Surplus                         | 1,152           | 1,093  | 1,101                   | 8  | 1%          |
| <b>1,219</b>    | <b>Total Equity</b>                         | <b>1,152</b>    | <b>1,093</b>                                     | <b>1,101</b>            | <b>8</b>   | <b>1%</b>   |

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## EAST WASTE

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

| FY2021<br><br>Audited Actuals<br><br>\$'000 |   | FY2023          | FY2023   | 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                  | \$   | %           |
|   | <b>Cash Flows from Operating Activities</b>               |                 |  |                         |  |             |
|   | <b>Receipts</b>   |                 |  |                         |  |             |
| 18,457                                      | Operating Receipts  | 19,183          | 21,105   | 23,210                  | 2,105  | 10%         |
| 7   | Investment Receipts                                       | 2               | 2  | 13                      | 11   | 550%        |
|   | <b>Payments</b>   |                 |  |                         |  |             |
| (6,012)                                     | Employee costs  | (6,424)         | (7,092)  | (7,071)                 | 21   | 0%          |
| (9,243)                                     | Materials, contracts & other expenses                     | (10,171)        | (11,089)   | (13,425)                | (2,336)  | 21%         |
| (233)                                       | Interest Payments   | (268)           | (355)  | (406)                   | (51)   | 14%         |
| <b>2,976</b>                                | <b>Net Cash Flows from Operating Activities</b>           | <b>2,322</b>    | <b>2,571</b>                                     | <b>2,321</b>            | <b>(250)</b>   | <b>-10%</b> |
|   | <b>Cash Flows from Investing Activities</b>               |                 |  |                         |  |             |
|   | <b>Receipts</b>   |                 |  |                         |  |             |
| 124   | Sale of Replaced Assets                                   | 100             | 100  | 200                     | 100  | 100%        |
|   | <b>Payments</b>   |                 |  |                         |  |             |
| (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%          |
| <b>(2,328)</b>                              | <b>Net Cash Flows from Investing Activities</b>           | <b>(2,227)</b>  | <b>(4,689)</b>                                   | <b>(4,620)</b>          | <b>69</b>  | <b>-1%</b>  |
|   | <b>Cash Flow from Financing Activities</b>                |                 |  |                         |  |             |
|   | <b>Receipts</b>   |                 |  |                         |  |             |
| 2,284                                       | Proceeds from Borrowings                                  | 2,225           | 4,689  | 4,525                   | (164)  | -3%         |
|   | <b>Payments</b>   |                 |  |                         |  |             |
| (260)                                       | Repayment of Lease Liabilities                            | (263)           | (263)  | (263)                   | -  | 0%          |
| (1,826)                                     | Repayment of Borrowings                                   | (1,798)         | (1,932)  | (1,896)                 | 36   | -2%         |
| <b>198</b>                                  | <b>Net Cash Flow from Financing Activities</b>            | <b>164</b>      | <b>2,494</b>                                     | <b>2,366</b>            | <b>(128)</b>   | <b>-5%</b>  |
| <b>846</b>                                  | <b>Net Increase (Decrease) in cash held</b>               | <b>259</b>      | <b>376</b>                                       | <b>67</b>               | <b>(309)</b>   | <b>-82%</b> |
| <b>2,322</b>                                | <b>Cash &amp; cash equivalents at beginning of period</b> | <b>2,161</b>    | <b>2,161</b>                                     | <b>2,161</b>            | <b>-</b>   | <b>0%</b>   |
| <b>3,168</b>                                | <b>Cash &amp; cash equivalents at end of period</b>       | <b>2,420</b>    | <b>2,537</b>                                     | <b>2,228</b>            | <b>(309)</b>   | <b>-12%</b> |

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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             | <b>Opening Balance</b>           | 944             | 944  | 944                     | -  | 0%        |
| 255             | Net Surplus / (Deficit) for Year | 208             | 149  | 157                     | 8  | 5%        |
| <b>1,219</b>    | <b>Closing Balance</b>           | <b>1,152</b>    | <b>1,093</b>                                     | <b>1,101</b>            | <b>8</b>   | <b>1%</b> |

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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   | 23,298                  |
| (17,486)                                      | Expenses  | (19,152)        | (21,133)   | (23,341)                |
| <b>150</b>                                    | <b>Operating Surplus / (Deficit)</b>                              | <b>108</b>      | <b>49</b>  | <b>(43)</b>             |
| <b>Net Outlays on Existing Assets</b>         |   |                 |  |                         |
| (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                     |
| <b>(342)</b>                                  |   | <b>(18)</b>     | <b>339</b>                                       | <b>323</b>              |
| <b>Net Outlays on New and Upgraded Assets</b> |   |                 |  |                         |
| -   | Capital Expenditure on New and Upgraded Assets                    | -               | (2,524)  | (2,597)                 |
| -   | Amounts Specifically for New and Upgraded Assets                  | -               | -  | -                       |
| -   | Proceeds from Sale of Surplus Assets                              | -               | -  | -                       |
| -   |   | -               | (2,524)  | (2,597)                 |
| <b>(192)</b>                                  | <b>Net Lending / (Borrowing) for Financial Year</b>               | <b>90</b>       | <b>(2,136)</b>                                   | <b>(2,317)</b>          |

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