

## Joint Board and Audit Committee Meeting Agenda

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**Date:** 14/05/2020

**Time:** 4.00pm

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**Venue:** Videoconference via Zoom

Link: <https://zoom.us/j/5640757880>

Password: 181161

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### 1. Present

### 2. Apologies

### 3. Disclosure of Conflicts

#### Conflicts of Interest

That all members of the Board declare that they have read and considered all papers circulated within this agenda and had no known conflict of interest or potential conflict of interest with respect to those matters. If a conflict becomes apparent during discussion, then the member will declare at that time.

#### Confidentiality Statement

Members of the Board are reminded of their obligations under Clause 7.4.15 of the NAWMA Charter to keep confidential documents and any information provided to them on a confidential basis for their consideration prior to a meeting of the Board, until such time as these matters have been considered and the Board determines that they are appropriate to be released to the public generally.

### 4. Confirmation of Minutes

**Recommended:** That the Minutes of the Northern Adelaide Waste Management Authority Board Meeting held on Thursday, 27 February 2020 be received, confirmed and adopted.

**Recommended:** That the Circular Minutes of the Northern Adelaide Waste Management Authority Board passed via Circular Resolution email on Thursday, 19 March 2020 be received, confirmed and adopted.

**Recommended:** That the Minutes of the Northern Adelaide Waste Management Authority Audit Committee Meeting held on Thursday, 20 February 2020 be received and noted.

### 5. Matters Arising From The Minutes

5.1 Capital Works Program Summary (standing item)

### 6. Questions Without Notice

### 7. Confidential Items

7.1 Landfill Alternative Project (standing item)

7.2 Conflict of interest legal advice

7.3 Operational Report (standing item)

### 8. NAWMA Management and Administration Report

#### Reports for Decision

8.1. Draft Annual Business Plan 2020/2021

8.2. 2019/2020 Budget Review Two (2)

8.3. Long Term Financial Plan

- 8.4. Draft Treasury Management Policy
- 8.5. FOGO Pilot Results and Rollout
- 8.6. Vacant Land Disposal
- 8.7. Audit Committee Member Terms

#### **Reports for Information**

- 8.8. Service Level Agreements
- 8.9. WHS/Risk Action Plan (standing item)
- 8.10. 2019/2020 Annual Business Plan progress report (standing item)
- 8.11. WHS Steering Committee Minutes (standing item)

#### **9. Other Business**

- 9.1 Advocacy (verbal update only)

#### **10. Next Meeting of the Board and Audit Committee**

The next meeting of the Board is to be held on Thursday 25 June 2020 at 4.00pm in the NAWMA Education Centre; 71-75 Woomera Avenue, Edinburgh Park (should restrictions be lifted)

The next meeting of the Audit Committee is to be held on Thursday 18 June 2020 at 8.00am in Brian Cunningham's Boardroom; Level 11/175 Pirie Street, Adelaide (should restrictions be lifted)



# Minutes of the Meeting of the Board of Northern Adelaide Waste Management Authority

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**Date:** 27/02/2020

**Time:** 4.01pm

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**Venue:** NAWMA Boardroom: 71-75 Woomera Avenue, Edinburgh Park

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## Welcome

### 1. PRESENT

Mr Brian Cunningham	Independent Chairperson
Mr Sam Green	City of Playford
Ms Grace Pelle	City of Playford
Cr Clint Marsh	City of Playford (Deputy)
Mr Charles Mansueto	City of Salisbury
Cr Julie Woodman	City of Salisbury
Cr Graham Reynolds	City of Salisbury
Mr Henry Inat	Town of Gawler
Cr Paul Koch	Town of Gawler
Cr Diane Fraser	Town of Gawler (Deputy)

### 2. IN ATTENDANCE

Mr Adam Faulkner	Chief Executive Officer
Mr Danial Dunn	Resource Recovery Manager
Mrs Amy Hosking	Executive Assistant
Mrs Rachel Zhou	Finance Manager

### APOLOGIES

Cr Shirley Halls	City of Playford
Cr Paul Little	Town of Gawler

***Cr Koch in his position as Deputy Chair assumed the role of Chair at 4.01pm due to the later arrival to the meeting of Mr Cunningham.***

***Cr Reynolds attended the meeting at 4.02pm***

### 3. DISCLOSURE OF CONFLICTS

Declaration of the following;

#### Conflicts of Interest

That all members of the Board declare that they have read and considered all papers circulated within this agenda and had no known conflict of interest or potential conflict of interest with respect to those matters. If a conflict becomes apparent during discussion, then the member will declare at that time.

***Mr Mansueto, Cr Woodman and Cr Reynolds declared a material conflict on Agenda Item 5.2 due to their positions within Council and would manage these conflicts by leaving the meeting for this item.***

### Confidentiality Statement

Members of the Board are reminded of their obligations under Clause 7.4.15 of the NAWMA Charter to keep confidential documents and any information provided to them on a confidential basis for their consideration prior to a meeting of the Board, until such time as these matters have been considered and the Board determines that they are appropriate to be released to the public generally.

#### 4. CONFIRMATION OF MINUTES

Moved Cr Woodman that the Minutes of the Joint Northern Adelaide Waste Management Authority Board and Audit Committee Meeting held on Thursday, 21 November 2019 be received, confirmed and adopted.  
Seconded Cr Fraser **Carried**

Moved Ms Pelle that the Circular Resolution of the Northern Adelaide Waste Management Authority Audit Committee and Board distributed on Wednesday, 11 December 2019 and passed on Friday, 13 December 2019 be received and noted.

Seconded Cr Woodman **Carried**

*Minutes of the Northern Adelaide Waste Management Authority Audit Committee Meeting held on Thursday, 20 February 2020 will be distributed via Circular Resolution for receiving and noting.*

*The Board agreed to reshuffle the order of the Meeting Agenda Items due to the later arrival time of Mr Cunningham. The minutes are an accurate representation of the order of the Meeting.*

#### 5. MATTERS ARISING FROM THE MINUTES

##### 5.1. Capital Works Program Summary (standing item)

Moved Cr Reynolds that the Report is received and noted.

Seconded Mr Mansueto **Carried**

##### 5.3. Action List (standing item)

Moved Cr Woodman that the Report is received and noted, and the Board request the Action List remain as a standing item on the Board Agenda.

Seconded Cr Fraser **Carried**

##### 5.4. FOGO Business Case and Pilot Project

This item was deferred to a future meeting of the NAWMA Board.

#### 6. QUESTIONS WITHOUT NOTICE

Nil

#### 8. NAWMA MANAGEMENT AND ADMINISTRATION REPORT

##### Reports for Decision

##### 8.2. Budget Review Process (revised)

Moved Cr Woodman that three (3) Budget Reviews and four (4) quarterly Financial Forecast Reports be used as the framework for NAWMA's financial requirements and each Report be presented to the Board at the required time.

Seconded Mr Mansueto **Carried**

##### 8.3. LGRS 2019 Risk Evaluation Action Plan and WHS Resourcing

Moved Mr Green that the Report is received and noted, and the Board support the request for resourcing to assist with the delivery of the Risk Evaluation Action Plan, and that funding be sought from the Local Government Mutual Liability Scheme.

Seconded Cr Fraser **Carried**



#### **8.4. Financial Delegations Update**

Moved Cr Reynolds that the Report is received and noted and the amendments to the Financial Delegations Policy are endorsed.

Seconded Ms Pelle **Carried**

#### **8.5. CEO Performance and Development Committee Report**

Moved Mr Green that:

1. The Board receives the Report of the Committee on the Mid-Year Review of the CEO's Performance,
2. The Board notes that some Annual Goals and Key Performance Indicators that were approved at the November 2019 Board Meeting, are now likely to need revision and;
3. The Board awaits the further paper from the CEO which identifies the specific KPIs that will be impacted, due within one month of this meeting.

Seconded Cr Woodman **Carried**

#### **8.6. Confidential Items Register**

Moved Mr Inat that the Report is received and noted, and the Board endorse Managements recommendations as detailed in Attachment 8.6.1 and endorse the annual review of Confidential Orders.

Seconded Cr Woodman **Carried**

#### **8.7. Photography/Videography Policy**

Moved Cr Woodman that the Draft Photography/Videography Policy is endorsed.

Seconded Cr Reynolds **Carried**

### **Reports for Information**

#### **8.9. COAG Submissions**

Moved Cr Reynolds that the Report is received and noted.

Seconded Mr Inat **Carried**

#### **8.10. 2019/2020 Annual Business Plan Progress**

Moved Cr Fraser that the Report is received and noted.

Seconded Cr Woodman **Carried**

#### **8.11. Operational Report**

Moved Cr Marsh that the Report is received and noted.

Seconded Mr Mansueto **Carried**

*Mr Cunningham entered the meeting at 4.29pm and assumed the role of Chair*

*Mr Mansueto, Cr Woodman and Cr Reynolds declared a material conflict in Agenda Item 5.2 and left the meeting at 4.34pm*

### **5. MATTERS ARISING FROM THE MINUTES**

#### **5.2. New gate fees (Research Road Transfer Station; City of Salisbury); verbal report**

Moved Mr Green that the Board instruct the CEO to formally respond to City of Salisbury reaffirming NAWMAs position to retain the Board endorsed gate fees at those implemented on 1 January 2020 across all sites, and offering to present on the broader strategy and pressures driving the need for full cost recovery to Council's Elected Members and Executives.

Seconded Cr Koch **Carried**

*Mr Mansueto, Cr Woodman and Cr Reynolds returned to the meeting at 4.45pm*

### **7. CONFIDENTIAL ITEMS**



### **7.1. Landfill Alternative Project**

1. Moved Cr Woodman that the Northern Adelaide Waste Management Authority Board recommend that pursuant to Section 90(2) and (3) of the Local Government Act 1999, the Northern Adelaide Waste Management Authority orders that the public, with exception of the Northern Adelaide Waste Management Authority staff present, be excluded from the meeting on the basis that the Northern Adelaide Waste Management Authority Board will receive, discuss and consider:

- (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which –
  - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
  - (ii) would, on balance, be contrary to public interest;

And the Northern Adelaide Waste Management Authority Board is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the report, attachment, discussion and minutes confidential

Seconded Mr Green

**Carried**

**Confidential Resolution removed**

3. Moved Ms Pelle that under Section 91(7) and (9) of the Local Government Act 1999 the Northern Adelaide Waste Management Authority Board orders that the report, attachment, discussion and minutes be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed

Seconded Cr Woodman

**Carried**

4. Moved Cr Reynolds that the meeting moves out of confidence

Seconded Cr Koch

**Carried**

### **7.2. RFT 2020/01 Bulk Transport and/or Disposal/Processing**

1. Moved Ms Pelle that the Northern Adelaide Waste Management Authority Board recommend that pursuant to Section 90(2) and (3) of the Local Government Act 1999, the Northern Adelaide Waste Management Authority orders that the public, with exception of the Northern Adelaide Waste Management Authority staff present, be excluded from the meeting on the basis that the Northern Adelaide Waste Management Authority Board will receive, discuss and consider:

- (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which –
  - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
  - (ii) would, on balance, be contrary to public interest;

And the Northern Adelaide Waste Management Authority Board is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the report, attachment, discussion and minutes confidential

Seconded Cr Woodman

**Carried**

**Confidential Resolution removed**

3. Moved Mr Inat that under Section 91(7) and (9) of the Local Government Act 1999 the Northern Adelaide Waste Management Authority Board orders that the report, attachment, discussion and minutes be kept confidential until the expiration of the Contract, after which time the order will be reviewed

Seconded Cr Reynolds

**Carried**

4. Moved Mr Green that the meeting moves out of confidence

Seconded Cr Koch

**Carried**



### **7.3. Recycled Paper and Cardboard (Fibre) Market Conditions**

1. Moved Mr Green that the Northern Adelaide Waste Management Authority Board recommend that pursuant to Section 90(2) and (3) of the Local Government Act 1999, the Northern Adelaide Waste Management Authority orders that the public, with exception of the Northern Adelaide Waste Management Authority staff present, be excluded from the meeting on the basis that the Northern Adelaide Waste Management Authority Board will receive, discuss and consider:

(d) commercial information of a confidential nature (not being a trade secret) the disclosure of which –

(i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and

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

And the Northern Adelaide Waste Management Authority Board is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the report, attachment and discussion confidential

Seconded Mr Mansueto **Carried**

2. Moved Cr Marsh that the Report is received and noted.

Seconded Mr Inat **Carried**

3. Moved Cr Woodman that under Section 91(7) and (9) of the Local Government Act 1999 the Northern Adelaide Waste Management Authority Board orders that the report, attachment and discussion be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed

Seconded Cr Fraser **Carried**

4. Moved Cr Koch that the meeting moves out of confidence

Seconded Cr Woodman **Carried**

## **8. NAWMA MANAGEMENT AND ADMINISTRATION REPORT**

### **Reports for Information**

#### **8.1. Draft 2020/2021 Budget**

Moved Mr Mansueto that the Report is received and noted, and the Board instruct Management to circulate an updated paper including cash flow modelling and interest costs relating to the projected outcome for the 2020/2021 Draft Budget

Seconded Cr Koch **Carried**

#### **8.8. Quarter 2 2019/2020 Full Year Forecast**

Moved Mr Green that the Report is received and noted.

Seconded Ms Pelle **Carried**

#### **8.12. WHS Steering Committee**

Moved Mr Mansueto that the Report is received and noted.

Seconded Cr Woodman **Carried**

## **9. OTHER BUSINESS**

Nil

## **10. NEXT MEETING OF THE BOARD**

The next meeting of the Board is to be held on Thursday 30 April 2020 at 4.00pm at NAWMA Boardroom: 71-75 Woomera Avenue, Edinburgh Park, and is a joint meeting with the NAWMA Audit Committee

## **11. CLOSURE OF THE MEETING**

The meeting closed at 6.05pm



**From:** [Adam Faulkner](#)  
**To:** [NAWMA Board \(Chair + Directors\)](#)  
**Cc:** [Amy Hosking](#); [Rachel Zhou](#); [Danial Dunn](#)  
**Subject:** FW: NAWMA Board Circular Resolution  
**Date:** Thursday, 19 March 2020 8:47:53 AM

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Good morning NAWMA Board

We have in favour 5:4 supporting the recommendation for **Option 2**, noting that several Board Directors requested that Option 3 be referenced in the Draft 20/21 briefing pack for Constituent Councils.

*That the Board voted in majority by circular to endorse Option 2, being the introduction of a temporary \$15/tonne recyclables processing gate fee for Constituent Councils as a partial cost recovery measure in the Draft 2020/2021 Budget, and  
The (as amended) Draft 2020/2021 Budget be endorsed for consultation with Constituent Councils prior to being returned for the NAWMA Board to reconsider and adopt at a subsequent NAWMA Board Meeting, and;  
NAWMA's Chief Executive Officer and Independent Chairman offer to present the Draft 2020/2021 Budget and associated cost pressures to each respective Constituent Council.*

NAWMA's Finance Manager and Chief Executive Officer will now finalise the Draft 20/21 Budget for consultation with Constituent Councils, before bringing the final Draft 20/21 Budget back to the NAWMA Board at a subsequent meeting (likely to be June 2020).

For posterity, the voting is captured below;

Option 2	Option 3
Paul Little	Paul Koch
Charles Mansueto	Sam Green
Julie Woodman	Henry Inat
Shirley Halls	Grace Pelle
Graham Reynolds	

I appreciate your time and effort in attending to this matter.

With thanks

**Adam Faulkner** | Chief Executive Officer  
NAWMA  
71-75 Woomera Ave, Edinburgh SA 5111

D: (08) 8259 2103 | M: 0409 255 421  
Box 10 MDC, Edinburgh North SA 5113  
[www.nawma.sa.gov.au](http://www.nawma.sa.gov.au)



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Good afternoon NAWMA Chair and Board Directors,

Following the meeting of the NAWMA Board of 27 February 2020, I attach one (1) Agenda Item that requires a decision by Circular Resolution by the NAWMA Board and two (2) documents for information only;

1. **Draft 20/21 Budget Briefing Note (for decision),**
2. **Confidential Items Register (for information),**
3. **Project Advisory Group Terms of Reference (for information), and;**
4. **Copy of Agenda Item 8.1 (Draft 20/21 Budget) from 27 February 2020 Board Meeting for reference.**

Can I please ask that you consider Attachment 1, and respond by circular email to all Board Directors by than 4.00pm Wednesday 18 March 2020 your endorsement (or otherwise) of the three part recommendation as follows:

*That the Board endorse Option 2, being the introduction of a temporary \$15/tonne recyclables processing gate fee for Constituent Councils as a partial cost recovery measure in the Draft 2020/2021 Budget, and*  
*The (as amended) Draft 2020/2021 Budget be endorsed for consultation with Constituent Councils prior to being returned for the NAWMA Board to reconsider and adopt at a subsequent NAWMA Board Meeting, and;*  
*NAWMA's Chief Executive Officer and Independent Chairman offer to present the Draft 2020/2021 Budget and associated cost pressures to each respective Constituent Council.*

**Attachment 2 – Information only**

As discussed at the 27 February Board Meeting, the updated Confidential Items Register is attached for the Boards information. All items have been located and the Register will be keep up to date and reviewed annually.

**Attachment 3 – Information only**

As discussed at the 27 February Board Meeting, the updated Terms of Reference for the Landfill Alternative Project Advisory Working Group are attached for the Boards information. A Confidentiality clause has been added and the Authorities of the Group clause has been refined.

**Attachment 4 – Information only**

For reading in conjunction with Attachment 1 (Draft FY21 Budget Briefing Note) of this email. This item was presented to the Board

at the 27 February meeting.

As always, Adam is available to discuss any element of the attached reports by phone or email at your convenience. Otherwise, we look forward to receiving your support (or otherwise) by than 4.00pm Wednesday 18 March 2020 by circular email.

With thanks,

Amy Hosking | Executive Assistant  
NAWMA  
71-75 Woomera Ave, Edinburgh SA 5111

E: [a.hosking@nawma.sa.gov.au](mailto:a.hosking@nawma.sa.gov.au)

\*Please note above change of email address

D: (08) 8259 2105 | M: 0417 845 102

Box 10 MDC, Edinburgh North SA 5113

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



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# Minutes of the Audit Committee of Northern Adelaide Waste Management Authority

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**Date:** 20/02/2020

**Time:** 8.00am

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**Venue:** Brian Cunningham's Boardroom – Level 11/147 Pirie Street, Adelaide

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## Welcome

### 1. PRESENT

Mr Peter Brass	Independent Chairperson
Mr Charles Mansueto	Committee Member
Cr Graham Reynolds	Committee Member
Mr Mark Labaz	Committee Member
Mr Mark McAllister	Committee Member
Mr Brian Cunningham	Ex-Officio Member

### 2. IN ATTENDANCE

Mr Adam Faulkner	Chief Executive Officer
Mrs Rachel Zhou	Finance Manager

### APOLOGIES

Mrs Amy Hosking	Executive Assistant
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### 3. DISCLOSURE OF CONFLICTS

Declaration of the following;

#### Conflicts of Interest

That all members of the Audit Committee declare that they have read and considered all papers circulated within this agenda and had no known conflict of interest or potential conflict of interest with respect to those matters. If a conflict becomes apparent during discussion, then the member will declare at that time.

#### Confidentiality Statement

That all members of the Audit Committee declare that they will keep all matters tabled for discussion at this meeting confidential until it is provided to the meeting in the first instance and subsequently when it is appropriate for matters to be released to the public generally.

*Cr Reynolds entered the meeting at 8.10am*

### 4. CONFIRMATION OF MINUTES

Moved Mr Mansueto that the Joint Minutes of the Northern Adelaide Waste Management Authority Board and Audit Committee held on Thursday 21 November 2019 be received, confirmed and adopted.

Seconded Mr Labaz

**Carried**

Moved Mr Mansueto that the Circular Resolution Minutes of the Northern Adelaide Waste Management Authority Board and Audit Committee Meeting passed on Friday 13 December 2019 be received and adopted

Seconded Mr Labaz **Carried**

## **5. BUSINESS ARISING/NEW BUSINESS**

### **5.1 Recycled Paper and Cardboard (Fibre) Market Conditions**

Moved Mr Labaz that the Report is received and noted.

Seconded Mr McAllister **Carried**

## **6. WORK PROGRAM**

### **6.1. Work Program**

Moved Mr Labaz that the Report is received and noted.

Seconded Mr Mansueto **Carried**

### **6.2. Capital Works Program Summary**

Moved Mr McAllister that the Report is received and noted.

Seconded Cr Reynolds **Carried**

### **6.3. Financial System Update**

Moved Mr Labaz that the Report is received and noted.

Seconded Cr Reynolds **Carried**

## **7. GENERAL BUSINESS**

### **7.1 Quarter 2 2019/2020 Full Year Forecast**

Moved Mr McAllister that the Report is received and noted.

Seconded Mr Labaz **Carried**

### **7.2 Budget Review Process (revised)**

Moved Mr Labaz that the Report is received and noted and noted that independent advice is currently being sought on the revised process in relation to alignment with the Regulations.

Seconded Cr Reynolds **Carried**

### **7.3 Draft 2020/2021 Budget**

Moved Mr McAllister that the Report is received and noted, and the Audit Committee endorse the Draft 2020/2021 Budget Assumptions and Financial Summaries to the NAWMA Board.

Seconded Mr Labaz **Carried**

### **7.4 Financial Delegations (update)**

Moved Mr McAllister that the Report is received and noted and the amendments to the Financial Delegations Policy as detailed in the Report are endorsed from presentation to the NAWMA Board

Seconded Mr Labaz **Carried**



**7.5 Terms of Reference (update)**

Moved Cr Reynolds that the Report is received and noted, and the Draft (amended) Terms of Reference are referred to the NAWMA Board for consideration and adoption

Seconded Mr Labaz                      **Carried**

**7.6 Independent Member Terms**

The Committee determined to withdraw this Item from the Agenda and refer on to the NAWMA Board for consideration concurrently with the Draft (amended) Terms of Reference.

**7.7 WHS Audit and Work Plan; Resourcing**

Moved Mr McAllister that the Report is received and noted, and the Committee endorse NAWMA Management to request funding from the Local Government Mutual Liability Scheme (LGRS) for the resource or work with the Constituent Councils resources.

Seconded Mr Labaz                      **Carried**

**8. OTHER BUSINESS**

Nil

**9. NEXT MEETING OF THE AUDIT COMMITTEE**

The next meeting of the Audit Committee is Thursday 30 April 2020 in the NAWMA Boardroom (71-75 Woomera Avenue, Edinburgh Park) and is currently scheduled as a joint meeting with the NAWMA Board.

**10. CLOSURE OF THE MEETING**

The meeting closed at 9.05am



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## Agenda Item 5.1

<b>Report Subject:</b>	Capital Works Program Summary	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Information report (finance, governance)
<b>Attachments:</b>	Nil		

### RECOMMENDATION

**That the Report is received and noted.**

### Purpose of the Report

To provide the Board and Audit Committee with a summary of the forecast Capital and Operational Improvement Projects using a Multicriteria Analysis scorecard.

### Background

NAWMA is in a period of significant growth and change. Through the implementation of NAWMA's adopted Strategic Plan 2018-2025 and other Board Resolutions, in addition to some operational requirements, there are 10 significant projects that are either being implemented, being investigated/modelled, or are future capital improvements.

It is hoped that this Report gives the Board a better understanding of the whole-of-NAWMA picture in order to critically assess the Authorities financial position and risk appetite.

### Report

The scoring and priority of the projects have remain unchanged, however the three (3) Material Recovery Facility Projects, and the Education Centre (Woomera) have been completed and commissioned, and therefore removed from the Summary as reproduced below.

As per the previous Board Report, the Uleybury Eastern Expansion opportunity will not progress.

The Pooraka Upgrade has progressed to a final design, fleetmax hardware has been installed on the majority of the collection fleet, and the landfill alternative project has progressed to the formation of a Special Purpose Vehicle. A Pilot FOGO Study has been completed with City of Playford which leaves only the Pooraka Repair/Revolve Community Centre as the remaining project that has not advanced.

NAWMA's Administration are pleased with the progress of the strategic projects.

A summary of the Project Description, MCA Score, Ranking, and Status is provided in Table 1 overleaf.



**Table 1: Summary of Multicriteria Analysis and Weighted Score Ranking (1 = highest score priority)**

Project Description	MCA Overall Scores	MCA Weighted Score Ranking	Status
1. Kerbside Food Organics Garden Collection (FOGO) Rollout	52	7	Pilot Study completed
2. MRF Robotics	65	2	completed
3. MRF Glass Recovery	70	1	completed
4. Pooraka Upgrade	43	9	Final Design completed
5. Uleybury Eastern Expansion	22	10	Not progressing
6. Education Centre (Woomera)	55	4	Completed
7. Landfill Alternative Diligence	54	5	Special Purpose Group formed
8. Fleetmax	49	8	Hardware installation nearing completion
9. Repair/Revolve Community Centre (Pooraka)	53	6	Future improvement opportunity
10. MRF Expansion	61	3	completed



Confidential Items provided as separate document



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## Agenda Item 8.1

<b>Report Subject:</b>	Draft Annual Business Plan 2020/2021	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Decision report (operational, governance, financial)
<b>Attachments:</b>	8.1 – Draft Annual Business Plan 2020/2021		

### RECOMMENDATION

**That the Board and Audit Committee authorise the Draft 2020/2021 Annual Business Plan to be distributed to Constituent Councils for review, consideration, and endorsement.**

### Purpose of the Report

To provide the Board and Audit Committee with an opportunity to view the Draft 2020/2021 Annual Business Plan prior to distribution to Constituent Councils.

### Background

On Thursday 30 April 2020 NAWMA, along with all other Local Government bodies, received advice from Kelliedy Jones stating that the Minister published a further Notice pursuant to section 302B of the Local Government Act 1999 ("the Act").

The *Annual Business Plans and Strategic Planning Notice (No 4) 2020* ("Notice 4") provides assistance for Councils with regards to the opportunity to delay the statutory timeframes surrounding the rates declaration, the annual business plan and the draft budget processes.

The variations made to the Act by Notice 4 are reflected as follows:

#### *123 – Annual business plans and budgets*

(8) *An annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before ~~31 August~~ 30 November for the financial year.*

### Report

For NAWMA, the variation made to the Act by Notice 4 relates directly to the annual business plan as the FY20/21 Draft Budget has already been through two (2) of the three (3) Constituent Councils chambers.

Irrespective, NAWMA's Administration has brought forward the Draft 2020/2021 for the Boards consideration.

Appended at Attachment 8.1.1 is the Draft 2020/2021 Annual Business Plan.

Subject to the Board's endorsement, NAWMA's Administration intends on distributing the Draft 2020/2021 Annual Business Plan for Constituent Councils review and consideration. There should be no issue receiving notification from the Constituent Councils by the original 31 August date, however the extended timeframe is noted.

# Draft Annual Business Plan 2020–2021

## 1. Introduction:

The Business Plan, as prescribed in Clause 12 of the Charter, is to include an outline of NAWMA's objectives, that activities intended to be pursued, and the measurement tools defined to assess performance. It must also assess and summarise the financial requirements of NAWMA and set out the proposals to recover overheads and costs from the Constituent Councils.

The Draft 2020/2021 Business Plan documents the objectives, activities, financial requirements and metrics for NAWMA to undertake the collection and management of waste, organics, and recycling for Constituent Councils in a sustainable, efficient, and competitive manner. The Business Plan is to be read in conjunction with the broader strategic planning framework including the **Strategic Plan 2018-2025** and Long Term Financial Plan, and Risk Management Planning Framework.

## 2. Objectives

- 2.1. To provide a **governance framework** that allows a consultative approach to management of the Subsidiary by Constituent Councils, the Board and NAWMA Management Team
- 2.2. To actively seek **operational efficiencies** that improves NAWMA's competitive advantage in the arenas of recycling, food organics garden organics, waste management, kerbside collections and customer service
- 2.3. To incorporate **Workplace Health, Safety, and Quality** into decision making processes
- 2.4. To **educate and promote** recycling, waste diversion, and contamination management of the community in collaboration with Constituent Councils, staff and the Board
- 2.5. To provide a high-quality low-cost service and infrastructure to Constituent Councils where **financial performance** is underpinned by timely and accurate monitoring and reporting.

*The overarching objectives to;*

- *Deliver services efficiently and cost effectively*
  - *Increase diversion from landfill*
- *Leadership in community education and information*

*...will be delivered by being bold, innovative, worlds best practicing and transformational, whilst delivering local employment and business opportunities of global significance.*

**Table 2.1: Current Service Levels by Constituent Councils (and Client/Customer Councils)**

		Services													
		Core Services													
	Constituent Council	Kerbside Collection Contract	Hard Waste	Hard Waste Voucher	MSW Bin	Recycling Bin	FOGO Bin	Customer Service Function	Education and Promotion	MRF Processing	FOGO Processing	Landfill Disposal	Bin Repairs/Maintenance/Replacements	Bellchambers Road RRC/WPF	Research Road RRC Operational Lease
Constituent Councils	City of Salisbury	x	x	x	x	x	Optional	x	x	x	x	x	x	x	x
	City of Playford	x	x	x	x	x	Optional	x	x	x	x	x	x	x	
	Town of Gawler	x	trial	trial	x	x	Optional	x	x	x	x	x	x	x	
Client Councils	Multiple									x					

### 3. Activities

#### 3.1. Governance Framework

- 3.1.1. **Implement NAWMA's new transformational Waste Management Strategy:** The NAWMA Board adopted the NAWMA Strategic Plan 2018-2025 in September 2018. The Strategy contains powerful performance drivers to lead NAWMA's pathway to increase landfill diversion, improve existing processing infrastructure, and deliver education and behaviour change campaigns to our communities. 2019/2020 was the first full year of implementation of the Strategy.
- 3.1.2. **Business Improvement – Payroll Process Automation System:** implement Wageloch system for automation of payroll process across NAWMA's five (5) operational sites.
- 3.1.3. **Internal Risk Assessment and Controls:** As part of the Local Government Association Workers Compensation Scheme (LGAWCS) and Local Government Association Mutual Liability Scheme (LGAMLS) NAWMA is required to implement a series of Risk Management policies, reporting structures, and training in order to achieve Conformances under the Model Framework. NAWMA's Administration will work collaboratively with the Scheme to work towards Conformance.
- 3.1.4. **Implement Corporate Risk Register:** NAWMA intends to implement a Corporate Risk Register to identify any training requirements and undertake training accordingly. This will include a critical Staff Cross Training and Knowledge Sharing program to strengthen NAWMA's vital corporate function.
- 3.1.5. **Service Level Agreements:** The NAWMA Charter requires a Service Level Agreement (SLA) to be developed with each Constituent Council. The structure and measurement metrics of the SLA will be reviewed in 2020/2021 in consultation with Constituent Councils, with a view to constructing a more modern template for future annual updates.
- 3.1.6. **Advocacy:** Advocate with State and Federal Government on behalf of Constituent Councils on issues relating to waste management and resource recovery that have impacts across the region.

**Table 3.1: Summary of activities to deliver on the Governance Framework objective**

Activity number	Activity	2018-2025 Strategic Plan Linkage	Metric
3.1.1	Implement Strategic Plan 2018-2025	All	Progress made on the implementation of the Strategic Plan
3.1.2	Business Improvement – Payroll Process Automation System	Objective 3; Strategy 10	Wageloch implemented and integrated into business as usual
3.1.3	Internal Risk Assessment and Controls	Objective 3	Progress made on the implementation of the two (2) year Action Plan
3.1.4	Implement Corporate Risk Register	All	Successful implementation and ongoing maintenance of Risk Register
3.1.5	Service Level Agreements	Strategies 1, 2, 5 & 8	SLA's adopted
3.1.6	Advocacy	All	Opportunities identified and approached where NAWMA can influence the industry

### 3.2. Operational Efficiencies

- 3.2.1. Implement efficiency, improvement, and austerity measures:** The Draft 20/21 NAWMA Budget included close to \$3M in controllable savings and operational measures in order to improve NAWMA's financial sustainability. This included a temporary \$15/tonne recyclables processing gate fee for Constituent Councils. NAWMA commits to continually reviewing and implementing business improvement measures in order to repeal the temporary gate fee at the earliest opportunity.
- 3.2.2. Landfill Alternative Project:** The NAWMA Board has established a Special Purpose Vehicle (SPV) to undertake the feasibility of landfill alternative options for NAWMA post the closure of Uleybury Landfill (circa 2025). The SPV will meet at least quarterly to accelerate the political, environmental, social, technological, legal, and economic analysis for landfill alternatives as a potential industry attraction proposition.
- 3.2.3. Upgrade of Research Road Transfer Station:** In conjunction with site owner City of Salisbury, NAWMA have committed to the commencement and significant completion of the upgrade of the site in the 2020/2021 financial year. NAWMA will deliver a contemporary site with high customer usability and transport efficiencies.
- 3.2.4. Develop Downstream (onshore) Markets for Glass Fines:** In line with NAWMA's commitment to onshore processing of recovered resources, a focus for this financial year will be in recovered glass fines being used as an aggregate substitute in civil applications. Ideally, this will occur in Constituent Councils own road reseal, footpath and kerbing applications, but where this is not possible, NAWMA will work with other South Australian (and interstate) based civil contractors to utilise the recycled glass.
- 3.2.5. (Opt-out)Food Organics Garden Organics (FOGO) Business Case and Planning;** Following an independent analysis and subsequent strategy modelling, NAWMA will now work with Constituent Councils to develop the final business case for rolling out the remaining (circa) 30,000 FOGO bins to properties currently not participating in the opt-in service. It is anticipated that the business planning will culminate in a Budget Bid for Constituent Councils to subsidise the \$57 bin purchase price to increase participation, commencing in a July 2021.

**Table 3.2: Summary of activities to deliver on the Operational Efficiency objective**

Activity number	Activity	2018-2025 Strategic Plan Linkage	Metric
3.2.1	Implement efficiency, improvement and austerity measures	Objective 3; Strategies 1, 2, 9 & 11	Reviewing of temporary gate fee at each Budget Review
3.2.2	Landfill Alternative Project	Objectives 1, 2 & 3; Strategies 6, 8, 10 & 11	Quarterly SPV Meetings held
3.2.3	Upgrade of Research Road Transfer Station	Strategy 7 & 8	Upgrade construction significantly commenced
3.2.4	Develop Downstream (onshore) Markets for Glass Fines	Objective 2; Strategies 4 & 10	Significant recycled glass utilised in Constituent Councils civil procurement, and/or local/domestic market entered
3.2.5	(Opt-out)Food Organics Garden Organics (FOGO) Business Case and Planning	Objective 1; Strategies 1, 5, 7 & 9	Business case developed, and consultation workshops

### 3.3. Workplace Health, Safety, and Quality

- 3.3.1. **Risk Management Software Platform (Skytrust):** NAWMA intends to continue to implement and integrate the Skytrust risk, safety and quality software platform, which will be accelerated in 20/21 through additional resourcing from NAWMA and the Scheme.
- 3.3.2. **LGAWCS and LGAMLS Risk Evaluation Action Plan:** NAWMA became a Full Member of the LGAWCS and LGAMLS as at 1 July 2019 and undertook its first formal audit in August 2019. In consultation with the Scheme's WHS Consultant and Strategic Risk Consultant, NAWMA has developed an Action Plan to review, monitor, inform and complete the actions required within a two (2) year period to move NAWMA to a "compliant" system. The work towards conformance will become the strategic framework for NAWMA.
- 3.3.3. **Implement a Corporate Risk Register:** As per 3.1.4

**Table 3.3: Summary of activities to deliver on the Workplace Health & Safety objective**

Activity number	Activity	2018-2025 Strategic Plan Linkage	Metric
3.3.1	Risk Management Software Platform (Skytrust)	Strategy 10	Skytrust implemented and integrated into business as usual
3.3.2	LGAWCS and LGAMLS Risk Evaluation Action Plan	Strategy 2 & 10	50% completion (or more) made on two (2) year Action Plan
3.3.3	Implement a Corporate Risk Register	All	Successful implementation and ongoing maintenance of Risk Register

### 3.4. Communications

- 3.4.1. **Anti-contamination campaign:** 'public face' of the more Board/Elected Body with a strict focus on the 'Contamination is Costly' information. NAWMA's waste disposal costs from the Materials Recovery Facility is rapidly escalating, and now forms a significant portion of the operational costs, along with labour. NAWMA needs residents to responsibly use the yellow lid recycling bin, and to date previous education and engagement campaigns have proven ineffective. By educating residents on the cost associated with placing on-recyclable material in the yellow lid bin, it is hoped that sustained behaviour change can occur.
- 3.4.2. **Education Centre sessions (tour and training):** NAWMA undertakes many tours of our facilities, prioritising residents, business and community groups from within the Constituent Councils. NAWMA also undertakes selected tours for Client Councils, and is developing a policy to monetise these tours where they don't distract from core business. For our community that cannot attend a tour in person, NAWMA intends on virtualising information to be able to engage with residents and students. A series of virtual tours will be available in 2020/2021.

- 3.4.3. **Drive continuous improvement through feedback:** NAWMA intend to ensure continuous engagement with its community, Constituent Councils and stakeholders' feedback in order to improve the level of service it provides. From a whole of organisation perspective NAWMA is able gain feedback through various touchpoints inclusive of phone, email, website enquiry, face to face contact and SMS. A survey system that is compatible with each of the aforementioned touchpoints will be implemented to allow the quantifiable collation of data where possible.
- 3.4.4. **Staff satisfaction survey:** As part of NAWMA's commitment to being an employer of choice, and providing an opportunity for a pulse check of the organisations culture, NAWMA will undertake a staff satisfaction survey in 20/21, with the results furnished to the Board and CEO Performance Review Committee

**Table 3.4: Summary of activities to deliver on the Communications objective**

Activity number	Activity	2018-2025 Strategic Plan Linkage	Metric
3.4.1	Anti-contamination campaign	Objective 1; Strategies 2, 10 & 11	Anti-contamination plan implemented and distributed across Constituent Councils
3.4.2	Education Centre sessions (tour and training)	Objectives 1 & 2; Strategies 2, 10 & 11	Virtual tours implemented and business as usual. Policy developed to monetise external tours.
3.4.3	Drive continuous improvement through feedback	Objective 3: Strategy	Implementation and business as usual of survey system
3.4.4	Staff satisfaction survey	All	Staff satisfaction survey completed and reported to Board/CEO Performance Review Committee



**Table 3.5: Summary of Business Plan activities**

<b>Draft 2020/2021 Annual Business Plan Identified Priority Activities</b>	<b>Primary Responsible Officer</b>
Implement NAWMA's new transformational Waste Management Strategy	Chief Executive Officer
Business Improvement – Payroll Process Automation System	Chief Financial Officer
Internal Risk Assessment and Controls	Chief Financial Officer
Implement Corporate Risk Register	WHS & Environmental Officer
Service Level Agreements	Chief Operating Officer
Advocacy	Chief Executive Officer
Implement efficiency, improvement and austerity measures	Chief Financial Officer
Landfill Alternative Project	Chief Executive Officer
Upgrade of Research Road Transfer Station	Chief Operating Officer
Develop Downstream (onshore) Markets for Glass Fines	Chief Operating Officer
(Opt-out)Food Organics Garden Organics (FOGO) Business Case and Planning	Chief Executive Officer
Risk Management Software Platform (Skytrust)	WHS & Environmental Officer
LGAWCS and LGAMLS Risk Evaluation Action Plan	WHS & Environmental Officer
Anti-contamination campaign	Education and Projects Coordinator
Education Centre sessions (tour and training)	Education and Projects Coordinator
Drive continuous improvement through feedback	Team Leader Administration
Staff satisfaction survey	Chief Executive Officer

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 And our Client Rural and Regional Councils

## Agenda Item 8.2

<b>Report Subject:</b>	2019/2020 Budget Review Two (2)	<b>Report Author:</b>	Finance Manager
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Decision report (financial)
<b>Attachments:</b>	8.2.1 – FY19/20 Budget Review Two (BR2) Uniform Presentation of Finances		

### RECOMMENDATION

**That the Audit Committee endorse, and the Board adopt Budget Review Two (BR2) financial reports for the 2019/2020 financial year and Management be instructed to distribute Budget Review Two (BR2) to Constituent Councils.**

### Purpose of the Report

To allow the Board and Audit Committee an opportunity to endorse and adopt respectively, Budget Review Two (2) for the 2019/2020 financial year.

### Background

In accordance with the Regulation 9(1)(a) Local Government (Finance Management) Regulations 2011, NAWMA must consider at least twice, between 30 September and 31 May in the relevant financial year, a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates with the note in the Model Financial Statements Uniform Presentation of Finances.

Budget Review One (BR1) for the 2019/20 financial year was endorsed by the Board in early December 2019 via Circular Resolution. In this agenda, NAWMA's Administration is providing the Board and Audit Committee with BR2 and updates for 2019/20.

As the end of the 2019/20 financial year nears, it is predicted that very few uncertain variables or major changes will occur in the remaining two (2) months. Because of this, BR2 (appended at Attachment 8.2.1) will be also considered for the Q3 March 2020 full year forecast.

### Report

The basis for the preparation of BR2 is to add the first 9-month actual operating result and the forecast result for the remaining three months.

### Variance Analysis Between Budget Review (BR2) and December 19 Full Year Forecast

The operating result in BR2 is projected to be approximately \$1.45M operating deficit, which is slighted revised up by about \$350k compared to the \$1.8M deficit predicted in December 2019 full year forecast (and significant improvement on the \$2.2M deficit outlined in the Recycled Fibre Confidential Briefing Note; 24 January 2020). The uplift is primarily due to:

- The unstable and very short period of price spikes (expect to be continued until June 2020) on both recycled cardboard and mixed paper pricing. This is in comparison to the predicted Q4

sale price in December 2019 full year forecast, as short global supply and increased “spot” demand for packaging, tissue, paper during COVID-19 crisis

- Increased householder/resident patronage in Resource Recovery Centres at both Edinburgh North and Research Road during COVID-19 crisis
- Research Road Transfer Station leasing fees waived by City of Salisbury for the period April 2020 to June 2020, as part of City of Salisbury’s COVID 19 relief package to leaseholders across the Council area

It is important to note however that the result in BR2 has also factored in the decline in gate fee revenue from commercial customers (e.g. Cleanaway) at Edinburgh North Waste Baling Shed as a large number of local business and shops are in a temporary closure (hibernation) due to government restrictions during COVID-19 pandemic, and therefore not producing waste for commercial collection.

### **Variance Analysis Between Budget Review Two (BR2) and Budget Review One (BR1)**

The result in BR2 has deteriorated by \$1.15M compared to \$301k operating deficit in Budget Review One (1), which was previously prepared in early October 2019.

The major factor in this movement is that BR2 has now reflected total negative impacts from heavily reduced and actual sale prices for recycled cardboard and mixed paper (RCP) in FY19/20. In the preparation of Budget Review One (BR1) the assumption on the average sale price for RCP in FY19/20 was the same as the budgeted price in originally adopted 2019/20 budget which was at \$75 per tonne and much higher than current market price (circa -\$20 to -\$30/tonne).

NAWMA’s Management have taken a range of proactive revenue raising and austerity measures during this year to pull back some negative variance from the deteriorated fibre market. Table 1 provides a more detailed breakdown of those initiatives (controllable) and other key external factors (non-controllable).

**Table 1; Operating Result Analysis for the 2019/20 financial year (BR2 vs BR1)**

<b>2019/20 Operating Result - Budget Review One (1)</b>	<b>-\$302k</b>	<b>Note</b>
Global fibre commodity market	Circa. -\$1,390k	NAWMA’s much heralded domestic fibre contract had ceased with Norske Skog, exposing NAWMA to the oversupplied international fibre market since early 2019/20, the fibre prices in global commodity market remain in a low-price range during 2019/20 comparing to the predicted price in 2019/20 original budget, and uncertainty at BR1.
Volume decrease	Circa. -\$48k	Waste Volume decrease from commercial customers at Waste Baling Shed due to COVID-19 crisis (less waste from shops and local business)
Increased visits (sales) in Resource Recovery Centres	Circa. \$20k	More transactions in RRCs during COVID-19 crisis
Unexpected Suez ResourceCo shutdown	Circa. -\$55k	Temporary waste disposal cost increase due to Suez ResourceCo maintenance shutdown in Feb/Mar 2020 (caused by Adelaide Brighton Cement unplanned shutdown)



Lease fees – Research Road Transfer Station	Circa. \$24k	The lease fees waived by City of Salisbury between April 20 and June 20 due to COVID-19 crisis
<b>Total Impact - Non-controllable</b>	<b>Circa. -\$1,449k</b>	
MRF gate fee rate increase	Circa. \$95k	Gate fee rate increase to some existing client councils (not in contract) commencing from 1 Jan 2020 to \$108 per tonne
MRF gate fee revenue increase	Circa. \$19k	New Client council at higher gate fee rate
Labour and corporate functional review	Circa. \$38k	NAWMA is a lean organisation, but further cost saving initiatives were undertaken by NAWMA Management in early 2020 through organisational restructure, converting casual to permanent, overhead review, redundancy of one (1) Senior Manager Position
Operational Efficiency Review	Circa. \$ 146	<ul style="list-style-type: none"> <li>• Divert waste to alternative locations</li> <li>• Procurement control</li> <li>• R&amp;M scheduling and plan</li> <li>• Reducing overtime</li> <li>• Customer payment term review</li> </ul>
<b>Total Impact – Controllable</b>	<b>Circa. \$298k</b>	
<b>2019/20 Operating Result - Budget Review Two (2)</b>	<b>- \$1,453k</b>	

### **Cash Position**

The Cashflow statement in BR2 shows that NAWMA's cash position at the end of this reporting period (30 June 2020) sits at approximately \$1.6M, meaning that it is sufficient and NAWMA's Administration does not need to access to the cash overdraft facility during the 2019/20 financial year. This is subject to the current operating conditions remaining intact for the remainder of the financial year. Nevertheless, the CAD is available at 24hours notice.

For the forecast of the 2020/2021 year, the market expects that the recent modest price boost on recycled cardboard and mixed paper to be very much short-term relief due to an unstable supply (and spot/panic demand) during COVID-19. It is predicted the sale price will reduce once the restrictions ease and the supply chain returns back to normal. Management still predicts access to the cash overdraft facility in 2020/21 financial year will be required to cover the projected operating deficit (circa \$1.5M).



NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY					
UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDED 30 JUNE 2020					
2018/19 \$000 ACTUALS		2019/20 \$000 ADOPTED BUDGET	2019/20 \$000 BR1	2019/20 \$000 DEC 19 FYF	2019/20 \$000 BR2
34,034	Operating Revenues	32,574	38,664	37,299	37,889
(34,254)	less Operating Expenses	(32,540)	(38,966)	(39,104)	(39,342)
(220)	Operating Surplus/(Deficit) before Capital Amounts	34	(302)	(1,805)	(1,453)
<i>less Net Outlays on Existing Assets</i>					
-	Capital Expenditure on renewal and replacement of Existing Assets	-	(45)	(45)	(45)
1,394	<i>less Depreciation, Amortisation, Impairment and movement in Landfill Provisions</i>	1,299	2,503	2,519	2,719
1,018	<i>less Proceeds from Sales of Replaced Assets</i>	-	-	-	-
2,412		1,299	2,458	2,474	2,674
<i>less Net Outlays on New and Upgraded Assets</i>					
(480)	Capital Expenditure on New and Upgraded Assets	(4,386)	(3,838)	(3,838)	(3,838)
233	<i>less Amounts received specifically for New and Upgraded Assets</i>	1,950	1,500	1,500	2,060
-	<i>less Proceeds from Sales of Replaced Assets</i>	-	-	-	-
(247)		(2,436)	(2,338)	(2,338)	(1,778)
1,945	Net Lending / (Borrowing) for Financial Year	(1,103)	(182)	(1,669)	(557)

NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY					
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020					
2018/19 \$000 ACTUALS		2019/20 \$000 ADOPTED BUDGET	2019/20 \$000 BR1	2019/20 \$000 DEC 19 FYF	2019/20 \$000 BR2
<b>INCOME</b>					
33,758	User Charges	32,317	38,164	36,864	37,472
209	Investment Income	22	200	193	204
67	Reimbursements	48	-	-	-
-	Other	187	300	242	213
<b>34,034</b>	<b>TOTAL OPERATING REVENUE</b>	<b>32,574</b>	<b>38,664</b>	<b>37,299</b>	<b>37,889</b>
<b>EXPENSES</b>					
2,753	Employee Costs	2,484	2,850	2,896	2,845
29,756	Materials, Contracts and Other Expenses	28,337	32,969	33,126	33,235
1,394	Depreciation, Amortisation and Impairment	1,299	2,503	2,519	2,719
351	Finance Costs	420	644	563	543
-	Other Expenses	-	-	-	-
<b>34,254</b>	<b>TOTAL EXPENSES</b>	<b>32,540</b>	<b>38,966</b>	<b>39,104</b>	<b>39,342</b>
<b>(220)</b>	<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>34</b>	<b>(302)</b>	<b>(1,805)</b>	<b>(1,453)</b>
(9)	Net Gain / (Loss) on Disposal of Assets	-	-	-	-
233	Amounts received specifically for new/upgraded assets	1,950	1,500	1,500	1,500
<b>4</b>	<b>NET SURPLUS / (DEFICIT)</b>	<b>1,984</b>	<b>1,198</b>	<b>(305)</b>	<b>47</b>
-	<b>Other Comprehensive Income</b>				
-	Changes in revaluation surplus - infrastructure, property, plant and equipment	-	-	-	-
<b>4</b>	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4</b>	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,984</b>	<b>1,198</b>	<b>(305)</b>	<b>47</b>

NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY					
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020					
2018/19 \$000 ACTUALS		2019/20 \$000 ADOPTED BUDGET	2019/20 \$000 BR1	2019/20 \$000 DEC 19 FYF	2019/20 \$000 BR2
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>RECEIPTS</b>					
33,342	Operating Receipts	32,552	38,464	37,106	37,685
209	Investment Receipts	22	200	193	204
<b>PAYMENTS</b>					
(31,429)	Operating Payments to Suppliers and Employees	(30,823)	(36,899)	(37,099)	(37,288)
(351)	Finance Costs	(420)	(357)	(345)	(321)
<b>1,771</b>	<b>NET CASH RECEIVED IN OPERATING ACTIVITIES</b>	<b>1,331</b>	<b>1,408</b>	<b>(145)</b>	<b>280</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>RECEIPTS</b>					
233	Amounts specifically for new or upgraded assets	1,950	1,500	1,500	2,060
1,018	Maturity of Investments	-	-	-	-
<b>PAYMENTS</b>					
-	Expenditure on Renewal / Replacement Assets	-	(45)	(45)	(45)
(480)	Expenditure on New / Upgraded Assets	(4,386)	(3,838)	(3,838)	(3,838)
-	Purchase of Investments	-	-	-	(560)
<b>771</b>	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,436)</b>	<b>(2,383)</b>	<b>(2,383)</b>	<b>(2,383)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>RECEIPTS</b>					
-	Proceeds from Borrowings	2,236	2,236	2,236	2,236
<b>PAYMENTS</b>					
(990)	Repayment of Borrowings	(1,186)	(1,137)	(1,137)	(1,137)
<b>(990)</b>	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1,050</b>	<b>1,099</b>	<b>1,099</b>	<b>1,099</b>
1,552	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>(55)</b>	<b>124</b>	<b>(1,429)</b>	<b>(1,004)</b>
1,061	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>933</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>
<b>2,613</b>	<b>CASH AT END OF REPORTING PERIOD</b>	<b>878</b>	<b>2,737</b>	<b>1,184</b>	<b>1,609</b>

NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY					
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2020					
2018/19 \$000 ACTUALS		2019/20 \$000 ADOPTED BUDGET	2019/20 \$000 BR1	2019/20 \$000 DEC 19 FYF	2019/20 \$000 BR2
<b>CURRENT ASSETS</b>					
2,613	Cash and Cash Equivalents	878	2,737	1,184	1,609
64	MRF Inventory	50	64	64	64
3,172	Trade and Other Receivables	2,689	3,172	3,172	3,625
<b>5,849</b>	<b>TOTAL CURRENT ASSETS</b>	<b>3,617</b>	<b>5,973</b>	<b>4,420</b>	<b>4,938</b>
<b>NON-CURRENT ASSETS</b>					
-	Financial Assets	1,018	-	-	-
14,709	Infrastructure, Property, Plant and Equipment	17,942	22,149	22,134	22,037
<b>14,709</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,960</b>	<b>22,149</b>	<b>22,134</b>	<b>22,597</b>
<b>20,558</b>	<b>TOTAL ASSETS</b>	<b>22,577</b>	<b>28,122</b>	<b>26,554</b>	<b>27,535</b>
<b>CURRENT LIABILITIES</b>					
3,410	Trade and Other Payables	2,271	3,410	3,410	3,970
1,186	Borrowings	991	1,192	1,016	1,016
191	Provisions	183	191	191	191
<b>4,787</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>3,445</b>	<b>4,793</b>	<b>4,617</b>	<b>5,177</b>
<b>NON-CURRENT LIABILITIES</b>					
	Trade and Other Payables				
6,318	Provisions	2,659	2,698	2,698	2,698
2,698	Borrowings	7,650	12,678	12,789	12,859
-	Other Non-Current Liabilities	-	-	-	-
<b>9,016</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,309</b>	<b>15,376</b>	<b>15,487</b>	<b>15,557</b>
<b>13,803</b>	<b>TOTAL LIABILITIES</b>	<b>13,754</b>	<b>20,169</b>	<b>20,104</b>	<b>20,734</b>
<b>6,755</b>	<b>NET ASSETS</b>	<b>8,823</b>	<b>7,953</b>	<b>6,450</b>	<b>6,802</b>
<b>EQUITY</b>					
6,095	Accumulated Surplus	8,163	7,293	5,790	6,142
660	Asset Revaluation Reserve	660	660	660	660
-	Other Reserves	-	-	-	-
<b>6,755</b>	<b>TOTAL EQUITY</b>	<b>8,823</b>	<b>7,953</b>	<b>6,450</b>	<b>6,802</b>



NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY					
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020					
2018/19 \$000 ACTUALS		2019/20 \$000 ADOPTED BUDGET	2019/20 \$000 BR1	2019/20 \$000 DEC 19 FYF	2019/20 \$000 BR2
<b>ACCUMULATED SURPLUS</b>					
6,091	<b>Balance at beginning of period</b>	6,179	6,095	6,095	6,095
4	Net Surplus / (Deficit)	1,984	1,198	(305)	47
-	Transfers from reserves	-	-	-	-
-	Transfers to reserves	-	-	-	-
-	Distribution to Councils	-	-	-	-
<b>6,095</b>	<b>Balance at end of period</b>	<b>8,163</b>	<b>7,293</b>	<b>5,790</b>	<b>6,142</b>
<b>ASSET REVALUATION RESERVE</b>					
660	<b>Balance at beginning of period</b>	660	660	660	660
-	Gain on Revaluation of Infrastructure, Property, Plant and Equipment	-	-	-	-
-	Transfers from reserve	-	-	-	-
<b>660</b>	<b>Balance at end of period</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>
<b>6,755</b>	<b>TOTAL EQUITY</b>	<b>8,823</b>	<b>7,953</b>	<b>6,450</b>	<b>6,802</b>

Proudly in Partnership with Member Councils | City of Salisbury | City of Playford | Town of Gawler  
 And our Client Rural and Regional Councils

## Agenda Item 8.3

<b>Report Subject:</b>	Long Term Financial Plan	<b>Report Author:</b>	Finance Manager
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Decision report (financial)
<b>Attachments:</b>	8.3.1 – Long Term Financial Plan (LTFP)		

### RECOMMENDATION

**That the Board and Audit Committee endorse the key assumptions projected in the Long Term Financial Plan, and that the Board and Audit Committee acknowledge that ongoing reviews and updates will be undertaken by NAWMA's Administration along with annual budget, annual business plan and other budget reviews.**

### Purpose of the Report

To provide the Board and Audit Committee with the 10-year Long Term Financial Plan (LTFP) for a period of the 2020/21 to 2029/30 financial year under the new assumptions.

### Background

In accordance with the Local Government (Financial Management) Regulations 2011, NAWMA must reconsider its LTFP annually at a minimum.

Now that the LTFP Model has been rebuilt, and key assumptions reset, NAWMA's Finance Manager will lead a review every six (6) months to ensure that the document remains a contemporary strategic decision-making instrument, and reflective of current market conditions.

Once the 2020/2021 NAWMA Budget is endorsed by Constituent Councils and adopted by the NAWMA Board, this will become the new baseline (Year 1), however the current (FY20) will remain in the document for posterity.

### Report

Due to the significant negative impact from deteriorated global fibre (recycled paper and cardboard) market in recent times, and enormous cost pressure raised by the recent escalating uplifts in Solid Waste Levy and associated operating cost increases, NAWMA's Management have reset a number of key assumptions and business improvement plans for the next ten (10) years in this proposed Long Term Financial Plan (LTFP), which is presented to the NAWMA Board and Audit Committee for strategic decision making and financial review.

The executive summary and details of underlying assumptions along with explanatory notes on the indicators of financial sustainability are included in this proposed LTFP.

Based on the projected key assumptions, the LTFP concludes:

- The total operating surplus over the 10-year period is estimated to be approximately \$1.06M, noting that in early years of this LTFP NAWMA is projected to deliver operating deficits and recover back to balanced and modest surplus budgets from Year 4 onwards,

- NAWMA may need access to the Cash Overdraft Facility with LGFA in early years to maintain the day-to-day operations and outlays but the withdrawn balance is projected to be paid back gradually from the net cash inflow generated from operations from Year 4 onward,
- NAWMA successfully maintains the key financial indicators and measures within the target ranges over the 10-year period of the LTFP, in particular our newly revised Net Financial Liabilities Ratio of 40% (contained in the Draft Treasury Management Policy), effectively providing a debt ceiling for NAWMA,
- NAWMA's projected total revenue is sufficient to fund current service levels and commitments to the three (3) Constituent Councils if no major changes impact on the projected assumptions over the next 10 years,
- Modelled steep increased in Food Organic Garden Organic participation/volumes, as a landfill diversion driver,
- Controlling the exposure to the highly volatile recycling commodity market through application of rise and fall contracts for Client Councils, however it must be noted that the very essence of becoming a global commodity trader increases NAWMA's risk profile, and therefore creates uncertainty in the current, let alone, forecast years,
- The financial impact from any new landfill alternative facility/arrangement is unknown at the time of developing the LTFP as the project is still in its infancy, and;
- The strategic, operational, financial and risk importance of the 2025 onwards period is well documented and drives much of the decision making and work undertaken by NAWMA's Administration. However, given the uncertainty, NAWMA's Finance Manager has taken a conservative approach in the LTFP and the Board and Committee will note essentially a business as usual lens for this period. Table 01 provides a summary

**Table 01: Strategic and Operational; Uncertainty 2025/27-2030; Business as Usual Assumptions Summarised**

Element	Year	Business as Usual or Assumption
Collections Contract	2025	Suez have invested significant capital in the new HDCNG infrastructure at Edinburgh North in 2020 that they will want to amortise over the longest time possible. This puts NAWMA in a strategic advantage to negotiate a Contract extension past 2025, or achieve competitive rates in the market. No assumption has been made about internalising this function due to the high capital cost entry point
FOGO Processing	2025	FOGO processing rates have remained constant for many years in Adelaide with two (2) legitimate and mature market players. NAWMA could achieve similar/competitive rates post 2025 Contract
Edinburgh North Lease	2025	This site is strategically important as it hosts the majority of NAWMA's waste, FOGO, collections, and RRC activity. NAWMA has extension options at this site to 2027, depending on which activities continue. The RRC is well positioned and we have assumed would be excised as a separate and ongoing activity.
Uleybury Landfill	2025-2027	Assumed closure in 2027, with the capping reserve of \$1.018M activated. LTFP assumes minimal ongoing maintenance costs as per Licence, and ongoing revenue from Solar and Landfill Gas, as per contracts



Waste Processing Facility	2025-2027	Assumed baling would cease with landfill closure, but may continue as an aggregation point into any landfill alternative facility/arrangement
Landfill alternative facility	2025-2030	Given the preliminary nature of this project, assumed any facility, whether owned and operated by NAWMA or others, would not be operational by 2030. This assumption will be closely monitored as the project accelerates through the Special Purpose Vehicle.
Landfill alternative arrangements	2025/2027 - 2030	If any landfill alternative facility is not operational at landfill closure, a transition period with a commercial landfill will need to be enacted. There are two (2) large commercially run landfills in South Australia, and one (1) waste authority landfill. Due to the large volumes of waste under NAWMA's control, the LTFP assumes that enough competitive tension would be formed to achieve market competitive rates. LTFP assumes that competitive rates continue post Uleybury closure.
Materials Recovery Facility Client Councils	2025	NAWMA's large metropolitan contracted Client Councils expire the head Contract term in 2025. There is publicly documented material suggesting two (2) local government MRF's will enter the market in 2021/2022. The LTFP has assumed that total intake volume remains at 60,000tpa, and work is currently being undertaken to firm up this assumption.
Solid Waste Levy	All	NAWMA has assumed CPI only for the forecast years, however recent times have shown that significant escalations in the levy can be enacted at short notice and within a financial year. Another assumption to closely monitor.

Further information of this LTFP can be provided by NAWMA's Chief Executive Officer and Finance Manager at the scheduled meeting.



# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## LONG TERM FINANCIAL PLAN FY2021-2030



## 1. Executive Summary

The Long-Term Financial Plan(LTFP) is an important part of NAWMA's budgeting framework as it helps NAWMA to monitor the sustainability of the Authority's financial performance and position while working to identify any anticipated or predicted changes that will have a significant affect upon the costs of operations and capital works. It sets the high-level factors that guide the development and refinement of NAWMA's strategies, budget plan and generates information that assists decision-making about timing and affordability of future outlays on operating activities, renewal and replacement of existing assets and funding of future capital works.

In the preparation of NAWMA's Long Term Financial Plan, several strategic aspects were considered by NAWMA's Executive Management including:

- Leveraging rise and fall contracts for Client Councils to limit the exposure to deteriorated global commodity market risks
- Maximizing the utilization of the existing assets and equipment
- Utilizing post-consumer recycled materials in Circular Economy projects in partnership with Constituent Councils, and broader Local Government procurements
- Contractual Management of MRF client customer supply agreements to maintain MRF's operation at current full capacity (maximizing cost advantages by a large economic of scale)
- Timeframe and feasibility of incorporating upcoming asset renewals and upgrades (all relevant) into a single and consolidated project
- The overview on fees for service and administration charge over the 10-year Long Term Financial Plan
- Updating Treasury Management Policy to maintain the long-term financial sustainability of the Authority
- Affordability, feasibility study and funding options of landfill alternative facility/arrangements (Post Uleybury Landfill Closure) were preliminary in nature
- Assessment on whether net cash flow from operations and financial activities is sufficient to fund the future capital commitment made in the previous LTFP
- Operating cost savings, efficiencies review and continuous improvement initiatives

Taking the above strategic aspects into the consideration of the LTFP, NAWMA's Administration has applied a list of key assumptions and financial parameters (details included in Section 2) into the LTFP. The projected financial statements of this LTFP indicate that:

- The total operating surplus over the 10-year period is estimated to be approximately \$1.06M, noting that in early years of this LTFP NAWMA is projected to deliver operating deficits and recover back to balanced and modest surpluses from Year 4 onward,
- NAWMA may need to access to Cash Overdraft Facility with LGFA in early years to maintain the day-to-day operations and outlays but the balance is projected to be paid back gradually from the net cash inflow generated from Year 4 onward,
- NAWMA successfully maintains the key financial indicators and measures within the target ranges over the 10-year period of the LTFP,
- NAWMA's projected total revenue is sufficient to fund current service levels and commitments to three Constituent Councils if no major changes on the projected circumstances over the next 10 years,
- At a high risk of the exposure to volatile commodity market meaning that changes in the commodity price assumption will cause the variance on the overall operating result, and



- The financial impact from landfill alternative facility is unknown as the project is still under early discussions so no exact financial information can be provided at this stage

Given the LTFP predicts a very long-term financial and operational performance of the Authority, any changes in the key assumption or estimates on the Authority will have impacts on the future financial performance and strategic decision making. In line with the preparation of Annual budget, the regular updates and amendments of all key variables and assumptions every six (6) months will be undertaken by NAWMA's Administration to present to the NAWMA Board and Audit Committee for consideration.



## 2. Key Assumptions

### 2.1 THE SALE PRICE OF BASKET OF GOODS

The Long-Term financial Plan (LTFP) has projected the annual sale price of MRF basket of goods over the next 10 financial years on the basis of current commodity prices and future trends foreseen by the source of the market intelligence.

Given recycled paper and cardboard comprises approximately 50% of materials in yellow lid recycling bins, and fluctuated post-consumer fibre market conditions and demand, the sale prices of recycled paper and cardboard over the next 10 years will be one of the key risk factors for NAWMA's longer term financial sustainability.

Table 1 below is shown the projected fibre commodity Prices for the period of FY2020/21 to FY2029/30 in the LTFP. NAWMA's Management provide continual updates to the Board and Audit Committee on the fibre price movements and implications on NAWMA's long-term financial positions through budget reviews and annual budgets for the strategic decision making.

**Table 1; Projected Annual Recycling Paper and Cardboard Prices in the Long-Term financial Plan (LTFP)**

Commodities	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Average TOTAL
CARDBOARD	\$ 90	\$ 150	\$ 150	\$ 180	\$ 180	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 176
SOFT MIXED PAPER	\$ (35)	\$ -	\$ -	\$ 20	\$ 20	\$ 35	\$ 35	\$ 50	\$ 50	\$ 50	\$ 23

### 2.2 MRF INTAKE VOLUME/NON-MEMBER COUNCIL CONTRACTS

The world-class NAWMA Material Recovery Facility is currently (2020/2021) processing almost 60,000 tonnes per annum of kerbside recycling materials from yellow lid recycling bins, which represents approximately 50% of volume in South Australia, providing recycling materials sorting, processing, and marketing services to more than 23 South Australian Councils including the three (3) Constituent Councils.

There are only two MRF plants currently in operation in South Australia and NAWMA's MRF is the sole local government owned recycling recovery facility in the state. It is strategically important for NAWMA and the Constituent Councils to secure current kerbside recycling material processing contracts with non-member councils before any other industry players build new MRF(s), in order to:

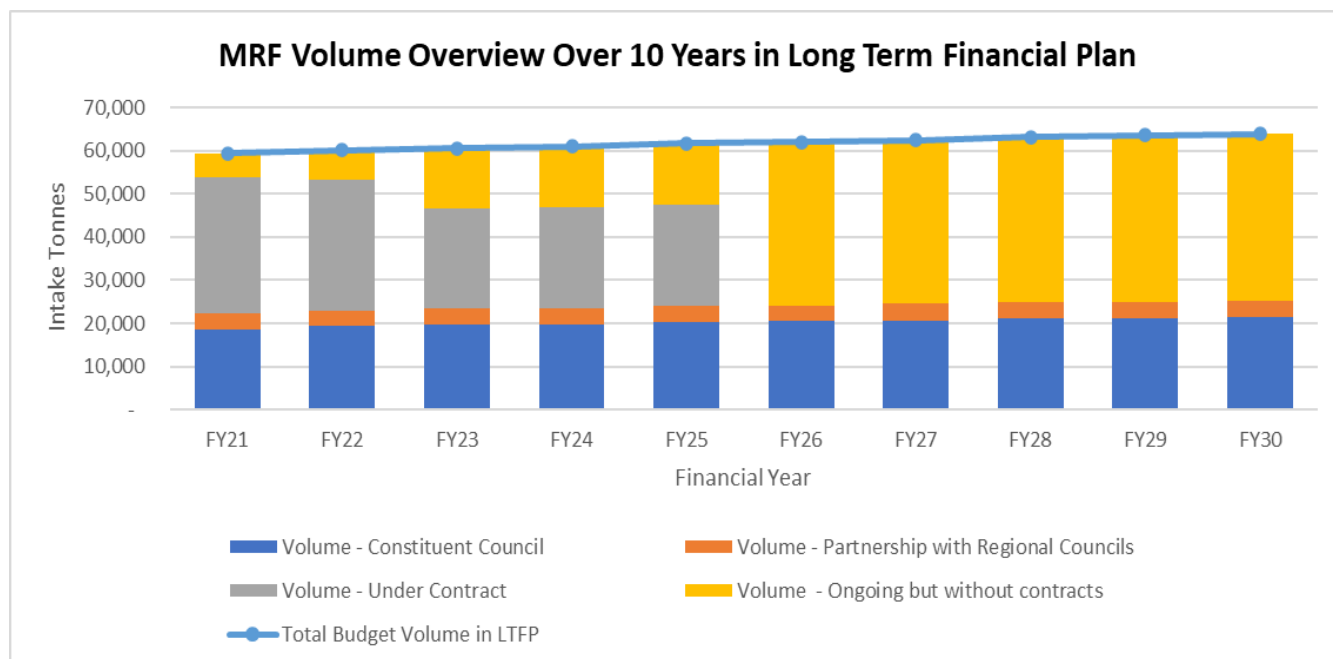
- Obtain a low operating cost via maintaining the operational level at around 60,000 tonnes per annum and two (2) full-shift operations
- Fully utilise our MRF assets to maximise the output/financial benefits over the next ten (10) financial years
- Increase the influence and bargaining power when negotiating a better position on commodity prices with customers
- Greatly support the circular economy by reusing more recycled materials back to the infrastructure constructions and civil works in the Constituent Councils and the communities

Table 2 overleaf is providing a high-level overview on projected MRF's intake volume over the next 10 years of the LTFP





**Table 2; Projected MRF's Intake Volume of Volume and Timelines of MRF's Kerbside Recycling Material Processing Contracts included in LTFP (LTFP)**



The large metropolitan contract and the regional agreements with the Barossa Regional Procurement Group form particular strategic importance.

## 2.3 MRF GATE FEE MECHANISM

Referring to 2.1, the Sale Price on Basket of Goods, post-consumer recycling paper and cardboard materials sourced from yellow lid recycling bins has experienced continuous and enormous headwinds since the China Sword. The current low sale price is expected to remain at the same low level in the forecast years, irrespective of which market NAWMA enters. As result, it is critical for the Authority to introduce rise and fall contracts (risk/benefit sharing) to more client councils and limit the exposure to volatile global commodity market by passing through commodity sale variances to them according to their intake. Table 3 is the pricing strategy summary of how NAWMA would practically reduce the exposure to commodity market risks over the 10-year period of this LTFP.

**Table 3; A Summary of MRF Gate FEE Strategy for the Future Years**

Customer Types	Annual Intake	Types of User's Charges
Constituent Councils	Annual intake > 18,000t	<ul style="list-style-type: none"> <li>A temporary budget repair charge (\$p/t) on recycling materials from yellow lid recycling bins</li> <li>This charge as a standing item to be reviewed in every budget review process</li> </ul>
Client Customers	Annual intake < 1,500t (minor risk)	<ul style="list-style-type: none"> <li>Gate fee charge (\$p/t) on recycling materials from yellow lid recycling bins</li> </ul>



		<ul style="list-style-type: none"> <li>This rate to be adjusted <b>annually</b> based on Solid Waste Levy and CPI Movements</li> </ul>
Client Customers	Annual intake > 1,500t (medium to large risks)	<ul style="list-style-type: none"> <li>Gate fee charge (\$p/t) on recycling materials from yellow lid recycling bins</li> <li>This rate to be adjusted <b>quarterly</b> based on rise and fall mechanism on commodity prices and movement in Solid Waste Levy</li> <li>pass through 100% commodity price fluctuation to client customers</li> </ul>

## 2.4 HOUSING GROWTH INDICATORS

The number of household growth for the region (all 3 Constituent Council's) is projected to be around 1,680 per annum, which is equivalent to average 1.40 % year-on-year increase over the next 10 years. This is based on historical data on actual growth in the recent years.

For the financial year 2020/21, the following growth factor has been calculated considering future growth projections:

Salisbury	1.09%	therefore	61,259 services
Playford	2.09%	therefore	41,096 services
Gawler	1.58%	therefore	11,549 services
<b>Total Number of Household in 2020/21</b>			<b>113,904 services</b>
Less:	2019/20		112,224 services
<b>Total</b>			<b>1,680 new services</b>
		=	<b>1.49% Projected Regional Growth</b>

## 2.5 KERBSIDE WASTE VOLUME

Tonnages other than for Constituent Councils is to remain constant over the period of financial years from 2020/21 to 2029/30 year for the purposes of projecting future waste tonnages to the landfill in the LTFP. Expected growth in population within Constituent Councils has been also factored into the Constituent Council projected tonnages over the 10-year period. Table 4 below has outlined the expected volume growth from the three kerbside bins in the Constituent Councils for the next 10 financial year in LTFP.

**Table 4; Projected Kerbside Volume Growth in Three Constituent Councils**

Kerbside Bins	Kerbside Materials	Average Annual Growth
Red Lid Garbage Bin	General Waste	1.42%
Yellow Lid Recycling Bin	Loose Recycling Materials	1.44%
FOGO Garden Organic Bin	Green and Food Waste*	5.30%

*\*Based on historical data and considering the increasing yields and residential participation rates for garden organics (including food organics) through an opt-in option to the residents, an average 5.3% annual increase in Kerbside Green Waste Volume is an adequate prediction, as a landfill diversion driver in the LTFP.*



## 2.6 GROWTH IN PARTICIPATION RATE OF HARD WASTE COLLECTION AND VOUCHER SERVICES

The current participation rate including both hard waste collection and voucher services is around 16% on average across the two (2) participating Constituent Councils; City of Salisbury and City of Playford. The Long-Term Financial Plan (LTFP) has projected 5% and 2.2% annual increase in the number of Hard Waste collection service and Hard Waste vouchers respectively over the next 10 years commencing from the 2020/21 financial year. According to the LTFP model, in Year 10, the average participation rate including both Hard Waste collection and voucher service from the community will increase to approximately 20%.

NAWMA Administration will provide ongoing hard waste service updates and adjustments (if required) to the Constituent Councils during the annual budget and LTFP processes each year. Given this service is essentially a straight pass through in terms of revenue and costs, if Town of Gawler resolve to offer the service permanently, the model can be easily updated and adjusted.

## 2.7 STATE SOLID WASTE LEVY

Since there is no information released via the EPA SA website with regards to Solid Waste Levy for future years (including FY2020/21), for the purpose of the LTFP Solid Waste Levy has been projected at 3% annual increase. There is uncertainty in this driver, given the recent large uplifts announced with little notice.

### Projected State Waste Levy Charges:

Years	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Percentages		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
State Waste Levy	\$140.00	\$144.20	\$148.50	\$153.00	\$157.60	\$162.30	\$167.20	\$172.20	\$177.30	\$182.70	\$188.1

As Solid Waste Levy is one of key risks which contribute to significant financial impacts on NAWMA, Constituent Councils and ratepayers, NAWMA Administration will update Solid Waste Levy in the LTFP every year (or mid-year as it may be) when more reliable information is available and gazetted.

## 2.8 COST OF FINANCE

The actual interest rates for the existing debenture borrowings are factored into this LTFP (LTFP) as per the schedules of loan payments. The cost of new borrowings for any new capex or asset upgrades is projected for 10 years at a fixed interest rate of 3.0%.

As the Long Term Financial Plan has predicted a short-term operating deficit and negative net cash flows due to a downtrend of recycled cardboard and paper prices in the next couple of years, NAWMA may request an access to the CAD facility or a special contribution made from Constituent Councils subject to the criteria and conditions set out in Treasury Management Policy. The current interest rate of CAD facility is 2.2% per annum, which is subject to the change made by LGFA in accordance with any rise or fall of RBA official cash rate. For the purpose of this LTFP, it has been projected at average 3% per annum over the next 10 years.

It should also be noted that any future increase on interest rates of new debenture borrowings or CAD facility above the projected rate percentages in the LTFP will result in additional borrowing costs to the Authority.



Interest on Cash deposits is forecasted to be 0.25% per annum for the life of the LTFP, in line with current rates.

The return on investments has been factored in at 0.7% per annum in the LTFP, which applies to the term deposit reserved for Post Closure Cell Capping Work commencing in the late 2026/27 financial year.

## **2.9 ULEYBURY LANDFILL: ESTIMATED REMAINING FILLING LIFE**

The landfill has been constructed over three (3) stages, two (2) of which have been fully filled.

The projected rates of filling for the future financial years in the LTFP are based on the actual waste intake figures at Uleybury landfill site in the recent years, the useful life of the stages is:

Stage 1: Fully filled

Stage 2: Fully filled

Stage 3: estimated 7-year remaining filling life until the 2026/27 financial year

The two key variables that may impact on the remaining filling life are (a) changes to the estimated compaction rate (tonnes per cubic metre conversion rate: tonne /m<sup>3</sup>) and (b) estimated waste volumes from customers. A compaction rate of 0.85 t/m<sup>3</sup> has been applied in this LTFP model which is consistent with previous LTFPs prepared and assumptions applied for landfill amortisation calculation purposes. Any movement in either variable can have a material impact on the remaining filling life of the landfill operations at the Uleybury site, which has other flow on impacts on other key assumptions and estimates. Most notably, any impact on the remaining filling life will impact on the activation of the Post Closure Rehabilitation phase as well as the timing of the potential acquisition/relocation of waste disposal activities at an alternate site/arrangement.

Future updates of the LTFP will need to incorporate the financial and business impacts of the proposed landfill alternative facility/arrangement post Uleybury Landfill Closure when more reliable information is available and can be factored into the financial projections.

## **2.10 POST CLOSURE REHABILITATION AND CELL CAPPING LIABILITY**

The Post Closure Rehabilitation and Cell Capping liability has been reviewed and adjusted in accordance with applicable Australian Accounting Standards, which has been presented in the Audited Annual Financial Statements and previous LTFPs adopted by the Board. In Year 7 of this Long-Term financial Plan (late 2026/27 financial year), the Uleybury landfill is projected to move into Post Closure phase of operation which will trigger the requirement for site capping and rehabilitation works to commence. It is estimated that NAWMA will be required to undertake post closure monitoring and rehabilitation activities for a minimum period of 25 years after the closure of the landfill site per its license requirements with the Environment Protection Authority (EPA).

NAWMA's Balance Sheet contains a present value estimate of the 25-year obligation shown as a noncurrent provision (liability) as well as the present value of all capping activities required to be undertaken to decommission the site. Ongoing review of the assumptions and estimates contained in the calculation of the liability should be undertaken to ensure that at all times, NAWMA's Balance



Sheet reflects the most reliable and up-to-date assessment of the liability as well as ensure that landfill gate fees have been appropriately set to recover all current and future costs of operating the landfill. Any movement in the Post Closure Rehabilitation of Landfill Capping liability could result in future reductions or increases in gate fees depending on the movement of the liability.

During the estimated remaining 7-year filling life, regular reviews on the key estimates and assumptions in the Post Closure Rehabilitation and Cell Capping Liability will be undertaken to diminish any material variance in this liability.

## **2.11 WPF OPERATIONS**

Given the tight timelines in NAWMA's strategic plan roadmap for the next 10 years, the LTFP has assumed that any landfill alternative facility may not be ready for operating before Uleybury Landfill Closure and a transitional period (3 years from FY27/28 to FY29/30) has been taken into consideration in the preparation of this LTFP. During this transition, general waste from Constituent Councils will still likely be dropped off in Edinburgh North WPF then sent through as loose materials (non-baled waste) to a commercial landfill site in SA for disposal. NAWMA will be charged by the commercial waste company at a competitive market rate, due to the competition in the market and the large volumes of waste that NAWMA will have to enter the market with.

Based on the above assumptions, through proactive maintenance and preventative inspections undertaken by NAWMA's operations, it is assumed that the current waste baler that has been in operation since 2005 will continue through until landfill closure. This removes the need for a circa \$1.15M capital outlay for a new baler with a small amortisation window.

## **2.12 LEASE OF THE PROPERTY – EDINBURGH NORTH**

The lease on the existing Edinburgh North facility for the WPF will expire in December 2025. Given the remaining two (2) year life of Uleybury Landfill from lease expire and the uncertainty of new alternative waste facility, the Administration assume the continuous operation of Edinburgh North site to the end of this LTFP.

Given the relative new facilities and deemed valuable strategic positioning of the RRC, the Administration assume that this operation would be excised from any expiring function at this site and remain an ongoing activity for the life of the LTFP and beyond.



### 3. Key Financial Indicators

Financial Indicators and Measures include the ratios and targets with regard to financial sustainability to be used by NAWMA in the development of the Annual Budget, Long Term Financial Plan, budget reviews and other financial decisions. It assists the Authority and Board with the assessment of the implications of financial decisions on its financial position and financial sustainability.

#### 3.1 OPERATING RESULT RATIO

Based on the above key assumptions listed in Section 2, the Operating Result Ratios over the 10-year period is projected to be within an acceptable range of between -5% and 5%. NAWMA is projected to generate a moderate level of operating result as a percentage of total revenue over the life of the 10 year plan, indicating that the total projected revenue is sufficient to fund current service levels and commitments for three Constituent Councils if no major changes to affect the key assumptions.

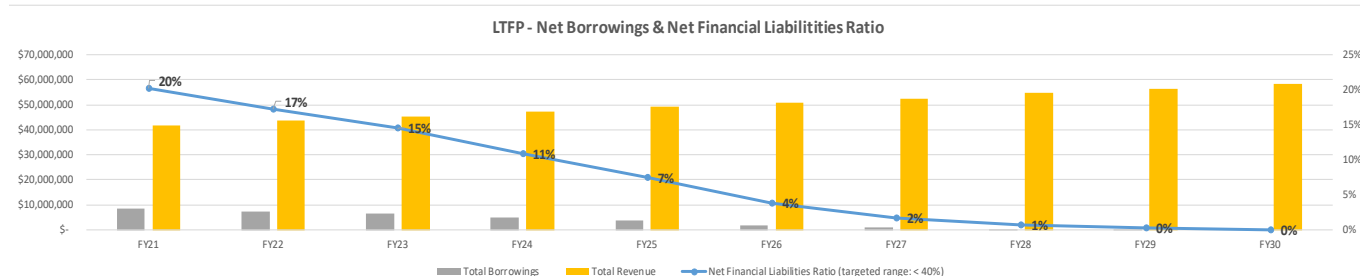
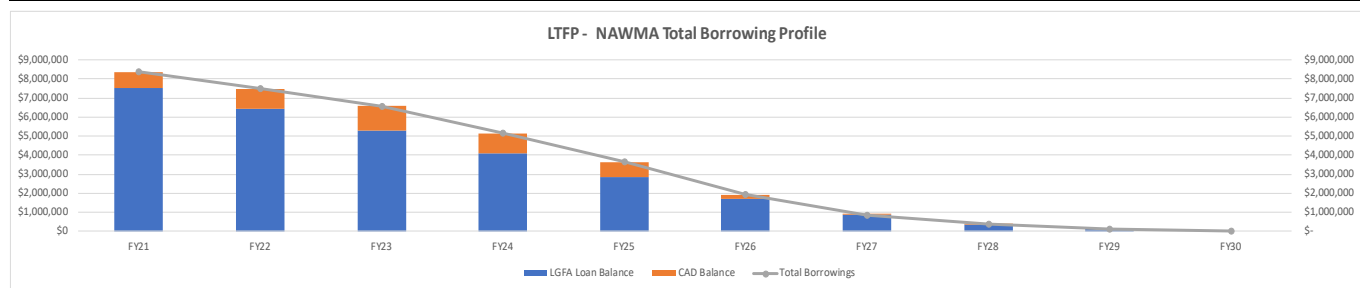
Period	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Operating Results	\$ (1,539,619)	\$ (819,287)	\$ (731,722)	\$ (62,220)	\$ 79,647	\$ 357,117	\$ 522,942	\$ 1,090,694	\$ 1,013,724	\$ 1,145,854
Total Revenue	\$41,576,246	\$43,679,578	\$45,278,033	\$47,242,731	\$49,032,700	\$50,782,034	\$52,573,310	\$54,727,974	\$56,421,504	\$58,378,299
Operating Result Ratio:	-4%	-2%	-2%	0%	0%	1%	1%	2%	2%	2%

#### 3.2 NET FINANCIAL LIABILITY RATIO

The graph below demonstrates that NAWMA's Net Financial Liability Ratio in this LTFP is projected to be about 20% in the 2020/21 financial year and decrease gradually in the remaining years. NAWMA's Treasury Management Policy deems a Net Financial Liability Ratio ceiling of 40%.

It is important to note that, given the potential upcoming landfill alternative project (post Uleybury Landfill Closure) is still under review and there is no exact project expenditure information available for the purpose of this LTFP, NAWMA's administration has not incorporated the financial impacts into this LTFP. Ongoing updates on the financial information about this strategic project will be included in the following years.

LTFP - Loan Profile	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
LGFA Loan Balance	\$7,538,000	\$6,439,163	\$5,295,658	\$4,105,607	\$2,867,047	\$1,730,074	\$856,371	\$363,137	\$136,967	\$0
CAD Balance	\$836,886	\$1,054,601	\$1,291,041	\$1,042,302	\$769,627	\$204,627	\$20,627	\$0	\$0	\$0
Total Borrowings	\$ 8,374,886	\$ 7,493,763	\$ 6,586,699	\$ 5,147,909	\$ 3,636,674	\$ 1,934,701	\$ 876,998	\$ 383,764	\$ 136,967	\$ -
Total Revenue	\$ 41,576,246	\$ 43,679,578	\$ 45,278,033	\$ 47,242,731	\$ 49,032,700	\$ 50,782,034	\$ 52,573,310	\$ 54,727,974	\$ 56,421,504	\$ 58,378,299
Net Financial Liabilities Ratio (targeted range: < 40%)	20.1%	17.2%	14.5%	10.9%	7.4%	3.8%	1.7%	0.7%	0.2%	0.0%



**Northern Adelaide Waste Management Authority**

Long Term Financial Plan

Projected Uniform Presentation of Finances

2020/21 - 2029/30

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Income	37,889	41,576	43,680	45,278	47,243	49,033	50,782	52,573	54,728	56,422	58,378
Expenses	(39,342)	(43,116)	(44,499)	(46,010)	(47,305)	(48,953)	(50,425)	(52,050)	(53,637)	(55,408)	(57,232)
<b>Operating Surplus/(Deficit)</b>	<b>(1,453)</b>	<b>(1,540)</b>	<b>(819)</b>	<b>(732)</b>	<b>(62)</b>	<b>80</b>	<b>357</b>	<b>523</b>	<b>1,091</b>	<b>1,014</b>	<b>1,146</b>
<b>Net Outlays on Existing Assets</b>											
Capital Expenditure on renewal and replacement of Existing Assets	(45)	-	-	-	-	-	-	-	-	-	-
Add back Depreciation, Amortisation, Impairment	2,719	3,112	2,892	2,857	2,787	2,781	2,784	2,765	1,861	2,001	1,948
Proceeds from Sales of Replaced Assets	-	-	-	-	-	-	-	-	-	-	-
	<b>2,674</b>	<b>3,112</b>	<b>2,892</b>	<b>2,857</b>	<b>2,787</b>	<b>2,781</b>	<b>2,784</b>	<b>2,765</b>	<b>1,861</b>	<b>2,001</b>	<b>1,948</b>
<b>Net Outlays on New and Upgraded Assets</b>											
Capital Expenditure on New and Upgraded Assets	(3,838)	(560)	-	-	-	-	-	-	-	-	-
Amounts received specifically for New and Upgraded Assets	2,060	-	-	-	-	-	-	-	-	-	-
Proceeds from Sales of Replaced Assets	-	-	-	-	-	-	-	-	-	-	-
	<b>(1,778)</b>	<b>(560)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(557)</b>	<b>1,013</b>	<b>2,073</b>	<b>2,126</b>	<b>2,725</b>	<b>2,861</b>	<b>3,141</b>	<b>3,287</b>	<b>2,951</b>	<b>3,015</b>	<b>3,094</b>

**Northern Adelaide Waste Management Authority**

Long Term Financial Plan

Projected Statement of Comprehensive Income

2020/21 - 2029/30

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
<b>Income</b>											
User Charges	37,472	41,113	43,209	44,800	46,757	48,539	50,280	52,063	54,210	55,895	57,843
Investment Income	204	193	197	201	205	209	214	218	223	228	232
Reimbursements	-	-	-	-	-	-	-	-	-	-	-
Reduction in Landfill	-	-	-	-	-	-	-	-	-	-	-
Other	213	270	274	277	281	284	288	292	295	299	303
<b>Total Income</b>	<b>37,889</b>	<b>41,576</b>	<b>43,680</b>	<b>45,278</b>	<b>47,243</b>	<b>49,033</b>	<b>50,782</b>	<b>52,573</b>	<b>54,728</b>	<b>56,422</b>	<b>58,378</b>
<b>Expenses</b>											
Employee Costs	2,845	3,186	3,291	3,400	3,512	3,628	3,749	3,873	2,929	3,017	3,108
Materials, Contracts and Other Expenses	33,235	36,187	37,740	39,238	40,574	42,191	43,647	45,240	48,777	50,330	52,122
Depreciation, Amortisation and Impairment	2,719	3,112	2,892	2,857	2,787	2,781	2,784	2,765	1,861	2,001	1,948
Finance Costs	543	631	575	515	432	352	245	173	71	60	55
Other Expenses	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>39,342</b>	<b>43,116</b>	<b>44,499</b>	<b>46,010</b>	<b>47,305</b>	<b>48,953</b>	<b>50,425</b>	<b>52,050</b>	<b>53,637</b>	<b>55,408</b>	<b>57,232</b>
<b>Operating Surplus / (Deficit)</b>	<b>(1,453)</b>	<b>(1,540)</b>	<b>(819)</b>	<b>(732)</b>	<b>(62)</b>	<b>80</b>	<b>357</b>	<b>523</b>	<b>1,091</b>	<b>1,014</b>	<b>1,146</b>
Net Gain / (Loss) on Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-
Amounts received specifically for new/upgraded assets	1,500	560	-	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit)</b>	<b>47</b>	<b>(980)</b>	<b>(819)</b>	<b>(732)</b>	<b>(62)</b>	<b>80</b>	<b>357</b>	<b>523</b>	<b>1,091</b>	<b>1,014</b>	<b>1,146</b>
<b>OTHER COMPREHENSIVE INCOME</b>											
Changes in revaluation surplus - infrastructure, property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>47</b>	<b>(980)</b>	<b>(819)</b>	<b>(732)</b>	<b>(62)</b>	<b>80</b>	<b>357</b>	<b>523</b>	<b>1,091</b>	<b>1,014</b>	<b>1,146</b>



Northern Adelaide Waste Management Authority											
Long Term Financial Plan											
Projected Cash Flow Statement											
2020/21 - 2029/30											
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Operating Receipts	37,685	41,383	43,483	45,077	47,038	48,823	50,568	52,355	54,505	56,194	58,146
Investment Receipts	204	193	197	201	205	209	214	218	223	228	232
<b>Payment</b>											
Operating Payments to Suppliers and Employees	(37,288)	(39,653)	(41,288)	(42,871)	(44,291)	(46,001)	(47,544)	(49,730)	(52,369)	(53,454)	(55,337)
Finance Costs	(321)	(351)	(319)	(281)	(227)	(171)	(97)	(56)	(25)	(13)	(7)
<b>Net Cash Used in Operating Activities</b>	<b>280</b>	<b>1,573</b>	<b>2,073</b>	<b>2,126</b>	<b>2,725</b>	<b>2,861</b>	<b>3,141</b>	<b>2,787</b>	<b>2,333</b>	<b>2,955</b>	<b>3,034</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Maturity of Investments	-	560	-	-	-	-	-	1,018	-	-	-
Amounts Specifically for New or Upgraded Assets	2,060	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Expenditure on Renewal/Replacement Assets	(45)	-	-	-	-	-	-	-	-	-	-
Expenditure on New/Upgraded Assets	(3,838)	(560)	-	-	-	-	-	-	-	-	-
Purchase of Investments	(560)	(1,018)	-	-	-	-	-	-	-	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(2,383)</b>	<b>(1,018)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,018</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds from Borrowings	2,236	837	218	236	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of Lease Liability	0	(1,149)	(1,203)	(1,257)	(1,317)	(1,373)	(1,439)	(1,504)	(1,320)	(1,348)	(1,377)
Repayment of Borrowings	(1,137)	(1,065)	(1,099)	(1,144)	(1,439)	(1,511)	(1,702)	(1,058)	(493)	(247)	(137)
<b>Net Cash Used in Financing Activities</b>	<b>1,099</b>	<b>(1,377)</b>	<b>(2,084)</b>	<b>(2,164)</b>	<b>(2,756)</b>	<b>(2,884)</b>	<b>(3,141)</b>	<b>(2,562)</b>	<b>(1,814)</b>	<b>(1,595)</b>	<b>(1,513)</b>
<b>Net Increase / (Decrease) in Cash Held</b>	<b>(1,004)</b>	<b>(823)</b>	<b>(11)</b>	<b>(39)</b>	<b>(31)</b>	<b>(23)</b>	<b>(0)</b>	<b>1,244</b>	<b>520</b>	<b>1,360</b>	<b>1,521</b>
<b>Cash at Beginning of Reporting Period</b>	<b>2,613</b>	<b>1,609</b>	<b>786</b>	<b>775</b>	<b>737</b>	<b>705</b>	<b>682</b>	<b>682</b>	<b>1,926</b>	<b>2,445</b>	<b>3,805</b>
<b>Cash at End of Reporting Period</b>	<b>1,609</b>	<b>786</b>	<b>775</b>	<b>737</b>	<b>705</b>	<b>682</b>	<b>682</b>	<b>1,926</b>	<b>2,445</b>	<b>3,805</b>	<b>5,326</b>

Northern Adelaide Waste Management Authority

Long Term Financial Plan

Projected Balance Sheet

2020/21 - 2029/30

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
<b>Current Assets</b>											
Cash & Cash Equivalents	1,609	786	775	737	705	682	682	1,926	2,445	3,805	5,326
Trade & Other Receivables	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265
MRF Inventory	64	64	64	64	64	64	64	64	64	64	64
<b>Total Current Assets</b>	<b>4,938</b>	<b>4,115</b>	<b>4,104</b>	<b>4,066</b>	<b>4,034</b>	<b>4,011</b>	<b>4,011</b>	<b>5,255</b>	<b>5,774</b>	<b>7,134</b>	<b>8,655</b>
<b>Non-Current Assets</b>											
Financial Assets	560	1,018	1,018	1,018	1,018	1,018	1,018	-	-	-	-
Property, Plant & Equipment	22,037	21,276	18,454	17,168	14,455	12,949	10,243	8,557	9,653	7,652	5,703
<b>Total Non-Current Assets</b>	<b>22,597</b>	<b>22,294</b>	<b>19,472</b>	<b>18,186</b>	<b>15,473</b>	<b>13,967</b>	<b>11,261</b>	<b>8,557</b>	<b>9,653</b>	<b>7,652</b>	<b>5,703</b>
<b>Total Assets</b>	<b>27,535</b>	<b>26,409</b>	<b>23,576</b>	<b>22,252</b>	<b>19,507</b>	<b>17,978</b>	<b>15,272</b>	<b>13,812</b>	<b>15,427</b>	<b>14,786</b>	<b>14,358</b>
<b>Liabilities</b>											
Trade & Other Payables	3,970	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410
Provisions	2,889	2,889	2,959	3,031	3,104	3,180	3,257	2,836	2,218	2,158	2,098
Borrowings	13,875	14,289	12,205	11,541	8,785	7,101	3,960	2,398	3,540	1,945	432
<b>Total Liabilities</b>	<b>20,734</b>	<b>20,588</b>	<b>18,574</b>	<b>17,982</b>	<b>15,299</b>	<b>13,690</b>	<b>10,627</b>	<b>8,644</b>	<b>9,169</b>	<b>7,514</b>	<b>5,940</b>
<b>Net Assets</b>	<b>6,801</b>	<b>5,821</b>	<b>5,002</b>	<b>4,270</b>	<b>4,208</b>	<b>4,288</b>	<b>4,645</b>	<b>5,168</b>	<b>6,259</b>	<b>7,272</b>	<b>8,418</b>
Accumulated Surplus	6,141	5,161	4,342	3,610	3,548	3,628	3,985	4,508	5,599	6,612	7,758
Asset Revaluation Reserve	660	660	660	660	660	660	660	660	660	660	660
Other Reserves	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>6,801</b>	<b>5,821</b>	<b>5,002</b>	<b>4,270</b>	<b>4,208</b>	<b>4,288</b>	<b>4,645</b>	<b>5,168</b>	<b>6,259</b>	<b>7,272</b>	<b>8,418</b>

Northern Adelaide Waste Management Authority

Long Term Financial Plan

Projected Statement of Changes in Equity

2020/21 - 2029/30

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
<b>Accumulated Surplus</b>											
Balance at Beginning of Period	6,094	6,141	5,161	4,342	3,610	3,548	3,628	3,985	4,508	5,599	6,612
Net Surplus / (Deficit)	47	(980)	(819)	(732)	(62)	80	357	523	1,091	1,014	1,146
<b>Balance at End of Period</b>	<b>6,141</b>	<b>5,161</b>	<b>4,342</b>	<b>3,610</b>	<b>3,548</b>	<b>3,628</b>	<b>3,985</b>	<b>4,508</b>	<b>5,599</b>	<b>6,612</b>	<b>7,758</b>
<b>Asset Revaluation Reserve</b>											
Balance at Beginning of Period	660	660	660	660	660	660	660	660	660	660	660
Gain on Revaluation of Infrastructure, Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at End of Period</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>
<b>Total Equity</b>	<b>6,801</b>	<b>5,821</b>	<b>5,002</b>	<b>4,270</b>	<b>4,208</b>	<b>4,288</b>	<b>4,645</b>	<b>5,168</b>	<b>6,259</b>	<b>7,272</b>	<b>8,418</b>

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## Agenda Item 8.4

<b>Report Subject:</b>	Draft Treasury Management Policy	<b>Report Author:</b>	Finance Manager
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Decision report (financial, governance)
<b>Attachments:</b>	8.4.1 – Draft Treasury Management Policy		

### RECOMMENDATION

**The Board and Audit Committee provide feedback on the Draft Treasury Management Policy and NAWMA's Finance Manager bring back the final Policy for consideration, endorsement and adoption at a subsequent meeting.**

### Purpose of the Report

To provide the Board and Audit Committee with an opportunity to consider, review and provide feedback on NAWMA's Draft Treasury Management Policy.

### Background


The intention of the Draft Policy is to set the principles and criteria regarding NAWMA's treasury (cash) management in the scope of the Annual Plan and Budget, Long Term Financial Plan, associated projects, actual cash receipts and outlays, and options for investments and any deficit funding.

### Report

The attached Draft Policy outlines how and when required borrowings are raised, how and when reserves are created and maintained, and how cash and investments are managed to fund NAWMA operations. The policy has been proposed in accordance with:

- Requirements of the *Local Government Act 1999*;
- NAWMA Charter; and
- NAWMA's borrowing and investment relationship with the Local Government Finance Authority



	<b>DRAFT Treasury Management Policy</b>  <b>Northern Adelaide Waste Management Authority</b> <b>(NAWMA)</b>	Version No: 1
		Issued: April 2020
		Next Review: April 2022

## 1. POLICY STATEMENT

The Treasury Management Policy sets the principles and criteria with regard to NAWMA's treasury (cash) management in the context of the Annual Plan and Budget, Long Term Financial Plan and associated projected and actual cash receipts and outlays. It outlines how required borrowings will be raised, if relevant, when and how reserves are created and maintained and how cash and investments will be managed to fund NAWMA operations.

## 2. OBJECTIVES

This Treasury Management Policy is to establish a decision framework to ensure that:

- Funds are available as required to support approved outlays;
- Interest and other risks are acknowledged and responsibly managed; and
- The net interest costs associated with borrowing and investing will be selected to deliver the best value for NAWMA over the longer term.

## 3. POLICY SCOPE

This policy applies to all financial assets/liabilities and reserves, including finance leases and bank overdrafts except for the following specific exclusions:

- Creditors and Provisions; and
- Bank Guarantees.

### Investments

Any funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested in accordance with this Policy.


Investments will be made in a prudent manner having regard for the prevailing economic climate, projected interest rate movements and future cash requirements.

To reduce the level of risk embodied in treasury operations, it is appropriate to limit investments made by NAWMA to secure financial institutions. Therefore, without approval from the NAWMA Board, cash investments are to be limited to:

- Deposits with the Local Government Finance Authority.
- State / Commonwealth Government Bonds.
- Bank interest bearing deposits.
- Bank accepted / endorsed bank bills

Unless it is financially advantageous to do so, the maturity date for fixed term investments should not exceed a point in time where the funds could otherwise be applied cost effectively to either defer the need to raise new borrowings or reduce the level of NAWMA's existing borrowings.

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All investments are made exercising care, diligence and skill in the consideration of:

- The purpose of the investment;
- The likely income return, and timing of income return;
- The period in which the investment is likely to be required;
- The cost of making and maintaining the investment;
- An assessment on future interest rate movements;
- The liquidity and marketability of the proposed investment; and
- An assessment of future cash flow requirements.

NAWMA will utilise the Local Government Finance Authority as its primary supplier when undertaking new borrowings or investing surplus cash. The Local Government Finance Authority provides significant support to the industry and applies bonus return payments to Councils and Subsidiaries from its profits.

To ensure competitive rates for investments are achieved, at intervals of no more than every two years, at least two competitive quotations must be obtained from authorised institutions on investments of more than \$1,000,000 where the period of investment exceeds 30 days and market conditions are known to be fluctuating (for example, when the Reserve Bank of Australia changes the Cash Rate).


## Borrowings

Borrowing is an appropriate mechanism for the provision of services to the constituent councils in with regard to strategic directions and short-term financial challenges. Borrowings will be considered in the context of long-term financial forecasts and objectives and as a mechanism to fund temporary cash shortfalls in order to effectively manage timing differences between operating cash inflow and outflows.

NAWMA manages cash and borrowings holistically within the constraints of the overall financial sustainability strategies and targets outlined in the Long Term Financial Plan. This means NAWMA will:

- maintain target ranges for both its Net Financial Liabilities and Quick Ratios:
  - Net Financial Liabilities Ratio: Between 0% to 40%
  - Quick Ratio: > 1:1
- borrow funds in accordance with the requirements set out in its Long Term Financial Plan.
- acknowledge that borrowings are not a form of revenue and do not replace the need for NAWMA to generate sufficient operating revenue to service its operating requirements.
- not retain or quarantine money for particular purposes unless required to do so by legislation, agreement with other parties or by the constituent councils.

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- apply any surplus funds not immediately required to reduce the level of variable interest borrowings.
- maintain sufficient levels of variable interest borrowings to ensure surplus cash inflows can be immediately applied to reducing borrowings.
- structure its portfolio of borrowings to ensure an optimal Treasury Management position, considering all borrowing options including fixed and variable terms.

All borrowings are to be made exercising care, diligence and skill in the consideration of:

- Current risk profile;
- Current economic factors;
- The period over which the funds are likely to be required;
- Expected short and long term view of interest rate trends;
- NAWMA's overall debt maturity profile and mix;
- Cost of funding;
- Cost differentials between fixed and variable facilities;
- Long term capacity of repayment of loans;
- The rationale for the borrowings; and
- The cost of making and maintaining the borrowing.

### Authority to Borrow

All borrowings will be subject to NAWMA Board approval on the recommendation of NAWMA's Chief Executive Officer.


Budgeted borrowings that are not taken out within the financial year for which they are approved are not carried over into the following year and the delegated authority to borrow those funds lapse. A new budgeted borrowings limit is then established as part of the following year's budget.

### Maintain Sufficient Funds to Meet Liabilities

#### Current Liabilities

In order to ensure current liabilities are met as and when they fall due and to maintain business liquidity, NAWMA Executive Administration shall maintain a minimum total balance of funds held in all operating accounts to meet three months working capital requirements. This balance is based on the liquidity requirement to meet NAWMA's financial obligations for at least three months in the unlikely event that NAWMA does not receive any income for the same period of time. These limits shall be considered when preparing the Annual Plan and Budget, Budget Reviews and Long-Term Financial Plan.

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If the total balance of funds held in all operating account is less than the three months working capital requirement, NAWMA Board will delegate NAWMA Executive Administration to access to LGFA's Cash Advance Debenture Facility (a long-term interest rate borrowing facility that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call) for the purpose of liquidity.

NAWMA's Executive Management team will monitor the level of cash equivalents on a monthly basis. When the total cash balance held in operating account is above the three months working capital requirement, the surplus fund will be repaid to LGFA's Cash Advance Debenture Facility.

Based on the cash flow forecasts in Long Term Financial Plan, If the cash shortfall is deteriorated below the endorsed financial targets due to unpredicted short-term market and regulatory condition changes, subject to the NAWMA Board approval, NAWMA may request a special contribution to be made by the Constituent Councils in order to maintain the same service levels.

#### 4. REPORTING


In accordance with Section 140 of the Local Government Act, on or before 30 November each year, the NAWMA Board shall receive, via the Audit Committee, a specific report regarding treasury management performance relative to the criteria specified in this policy.

This report will highlight:

- The amount of each NAWMA borrowing and investment, its interest rate, maturity date and any changes in holdings since the previous report,
- If applicable, the proportion of fixed interest rate and variable interest rate borrowings at the end of the reporting period, and
- The investment performance against prior years and appropriate benchmarks including the RBA cash rate and the 90-Day Bank Bill Swap rate.

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## 5. DEFINITIONS

### **Bank Guarantee**

A promise made by a bank to provide payment to NAWMA in the event of default.

### **Borrowings**

An amount of money or monies owed by NAWMA to a lender for which NAWMA agrees to pay the lender interest.

### **Cash Advance**

A loan where principal amounts can be repaid at any time and interest is only payable on the amounts of principal outstanding.

### **Debenture Loan**

A fixed interest rate loan issued by a reputable and creditworthy issuer.

### **Depreciation**

The annual allocation of cost to reflect an asset's service potential over its useful life, which is included in the operating cost of the service that the asset is providing.

### **Financial Sustainability**

Is achieved where planned long-term service and infrastructure levels and standards are met without unplanned increases in collection fees or disruptive cuts to services.

### **Net Financial Liabilities**

This is a measure of the extent to which NAWMA is managing its debt. It can highlight that borrowings are often an effective means of financial stability, rather than trying to fund all assets and services from operating income.

### **Surplus Funds**

An amount of funds leftover when requirements have been met.

	<p><i>Electronic version on the N: Drive&gt;Administration&gt;NAWMA Policies is the controlled version.</i></p> <p><i>Printed copies are considered uncontrolled.</i></p> <p><i>Before using a printed copy, verify that it is the current version</i></p>	Page 66 of 112
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 And our Client Rural and Regional Councils

## Agenda Item 8.5

<b>Report Subject:</b>	FOGO Discussion	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Decision report (financial, operational)
<b>Attachments:</b>	8.5.1 - Food and Garden Organics Diversion Pilot Report (18 February 2020)		

### RECOMMENDATION

**That the Board endorse the position of removing the price point in the forward years (commencing 2021/2022) for the household Food Organic Garden Organic service, and the Board authorise the Chief Executive Officer to commence consultation with Constituent Councils on the pass-through costs, funding models, and forecast savings**

### Purpose of the Report

To provide the Board and Audit Committee with an update on the Food Organic Garden Organic (FOGO) Pilot undertaken in two segments of City of Playford, and to provide an opportunity to advance the FOGO participation rates in Constituent Councils in the forward years

### Background

On 21 November 2019, the NAWMA Board received a Report on the possibility of removing the \$65 (now \$57) bin purchase price point for the Opt-in FOGO service with a view to stimulating participation in the service. It was noted that modelling indicated that increasing participation in the service would eventually be a net savings to Constituent Councils through the diversion of organic material out of the residual (red lidded) waste bin, into the FOGO bin.

Concurrently with the tabling of this Report, NAWMA was facilitating a Pilot with City of Playford.

On 21 November 2019, the NAWMA Board resolved;

*2. Moved Mr Green that the Report is received and noted and the Board (in principle) support the removal of the price point for the opt-in Food Organics and Garden Organics house bin system subject to a further Report to be tabled at a subsequent Board Meeting including a review of other Councils rollout of the service and after consultations with Constituent Councils.*

*Seconded Cr Little Carried*

Due to the wildly fluctuating recycling commodity markets and budget operating position, NAWMA's Administration deferred this item from the 27 February 2020 NAWMA Board Meeting.

### Report

The Board and Committee are now referred to the attached independent Report, titled **Food and Garden Organics Diversion Pilot**. The Pilot looked at two (2) areas within City of Playford, where residents without a FOGO service were offered one without the price point (free of charge), and those with a FOGO service offered a caddy/liners. All participants were provided education materials and

follow up check-ins/reminders. The results were very encouraging, with the headline numbers including;

- ✓ Increase in participation of 23%, bringing the total to over 75% participation
- ✓ Increase in food waste in the FOGO bin
- ✓ Increase in correctly presented food waste
- ✓ Decrease in contamination, and importantly
- ✓ Decrease in food and garden organics in the red lidded waste bin

There is a full and robust audit report that sits behind the Pilot Report, however this has not been included in the meeting pack, but can be made available on request.

NAWMA's Strategic Plan (2018-2025) commits to the full three (3) bin system in 2020, and a dramatic improvement in landfill diversion from current 45% to 70% by 2023. The State Waste Strategy (2015-2020) guides all Councils to a 70% diversion by 2020, with an update currently being drafted that will surely pose even higher ambitions. The introduction of a full 3-bin system for all NAWMA households is both inevitable and overdue. As a region, there is a heavy incentive to increase diversion from landfill, both from an economic and environmental viewpoint.

NAWMA's modelling indicates that an increase to 75-80% participation in the FOGO service, as outlined in the Pilot, would cost in the order of \$750,000. While this amount would be smoothed across a financial year(s) as participation steadily increases, and net savings would be realised over the modelled 10 year horizon from landfill diversion, this is still a substantial cost that would need to be borne by the Constituent Councils. In terms of funding models, NAWMA could turn its attention to borrowings to purchase the bins in bulk, and have the Constituent Councils pay back the loan amount over the life of the bins (circa 7-10 years) as has been done in the past with waste and recycling bins. Taking on additional debt for the purpose of rolling out more FOGO bins is not in NAWMA's immediate interest. Alternatively, the Constituent Councils could simply pick up the additional participation, and therefore cost, in the monthly invoices. However, given the current financial position of NAWMA and the impact on Constituent Councils for 20/21, NAWMA has not advanced the subsidisation of the FOGO bins in the Draft FY21 Budget.

Given the immediate imperative to focus on the recycling operation and returning to a balanced budget, the recommendation of this Report allows NAWMA to commence the conversation with Constituent Councils about funding models, budget bids, and increasing participation in the FOGO service by removing the price point in the forward 21/22 Financial year.



# **Report**

## **Food and Garden Organics Diversion Pilot**

**Conducted by  
Northern Adelaide  
Waste Management  
Authority (NAWMA)  
for the City of Playford**



Food and Garden Organics (FOGO) Diversion Pilot			
City of Playford (Council)	Playford	Civic	Centre
	10 Playford Blvd Elizabeth SA 5112		
NAWMA	NAWMA 71-75 Woomera Ave Edinburgh SA 5111		
Locations of Pilot areas	Elizabeth Grove and Hillbank City of Playford		
Waste Audit Report prepared by	RAWTEC <a href="mailto:info@rawtec.com.au">info@rawtec.com.au</a> (08) 8294 5571 11 Paringa Ave Somerton Park SA 5044		
Bin Audit undertaken by	Dynamic 3E Peter Schulz Mob: 0431 736 186 Email: <a href="mailto:peter@creativekitclub.com.au">peter@creativekitclub.com.au</a>		
Project Report prepared by	Marina Wagner Sustainable Solutions Email: <a href="mailto:sustainable-solutions@outlook.com">sustainable-solutions@outlook.com</a> Mob: 0400 179 598 Postal: PO Box 989 Goolwa SA 5214		



## Executive Summary

The NAWMA Board resolved in principle to support the increase in participation in the opt-in food and garden organics (FOGO) service, subject to the findings of a Pilot project and other matters.

The Pilot project was designed to gather information on the effectiveness of the methodology to increase the participation rate in FOGO bin users and to better understand barriers and issues faced by residents in diverting food waste in particular from the general waste bin to the FOGO bin.



Between September and December 2019 NAWMA and the City of Playford undertook the FOGO Pilot project for selected properties in Elisabeth Grove and Hillbank.

Residents who had already been using FOGO bins were offered free kitchen caddies with compostable bin liners and 41.1% of existing users took up this offer.

Free 240L FOGO bins, kitchen caddies and compostable bags were offered to households that had not previously participated in FOGO collections. This approach increased the participation rate by 23.3% and brought the total to 75.6% of households now participating in the opt-in FOGO collections

To review the success of the FOGO pilot, a physical bin audit of 50 FOGO pilot households was undertaken in December 2019. The results from this audit were compared (where possible) to the results from a previous audit undertaken in September 2018 across all streams in the three (3) NAWMA Constituent Council areas.

In comparison to the 2018 full bin audit the Pilot audit showed the following results and trends.

	<ul style="list-style-type: none"><li>✓ Increase of foodwaste in the FOGO bin</li><li>✓ Increase in foodwaste being presented correctly (i.e. loose or in compostable bags)</li><li>✓ Increase of the use of compostable caddy liners</li><li>✓ Decrease of contamination levels in the FOGO bin</li></ul>
	<ul style="list-style-type: none"><li>✓ Decrease of garden waste and foodwaste in the general waste bin</li><li>× Increase of packaged organic waste in the general waste bin</li><li>× More than 90% of total food waste generated by piloted households is still being placed into the general waste bins.</li></ul>

For detailed results, trends and findings please refer to the attached report 'NAWMA- City of Playford Pilot Audit, RAWTEC, Jan 2020'.

The Pilot concept, the provision of free FOGO bins, caddies and liners and the methods of engagement with participating households through written and verbal communication, specifically telephone

customer service, door stepping and direct feedback to the householder from bin inspections were critical factors for the positive outcome of the Pilot.

Audit results also clearly demonstrate that there is still considerable progress to be made in increasing food waste recycling performance, even for the households currently participating in the FOGO pilot.

To note that due to comingled recycling bins not being included in the FOGO Pilot Audit, an audit result comparison was unable to be completed on waste generation and landfill diversion.

## Project Background

The Northern Adelaide Waste Management Authority (NAWMA) is a regional subsidiary formed under the Local Government Act (SA) 1999 to provide best practice waste management and resource recovery services. NAWMA receives and processes material for a range of clients including businesses, industry and regional SA councils with its predominant services being for its three Constituent Councils: City of Salisbury, City of Playford and Town of Gawler.

The NAWMA Strategic Plan 2018 to 2025<sup>1</sup> provides the strategies and objectives to its Constituent Councils to deliver local world class recycling and waste management services of global significance.

Objective one sets out to achieve best-practice in diversion of waste from landfill and identifies the following Key Performance Indicators (KPIs):

- All Constituent Council households to have a three-bin system by 2020,
- Increase kerbside diversion from 45% to 70% by 2023,
- Reduce the contamination rate of the kerbside recyclables bin to less than 10% by 2023;

Objective three sets out to maintain cost-effectiveness in service delivery KPIs:

- Reduce cost per Serviced Entitled Premise by 5% by 2023 (allowing for LGPI/CPI indexation, and excluding State Government Solid Waste Levy),
- Reduce cost per Constituent Council by 5% by 2023 (allowing for LGPI/CPI indexation, and excluding State Government Solid Waste Levy),
- Efficiently manage the life of the Uleybury landfill, while investigating landfill alternative technologies in readiness for post closure;

In 2016 the City of Playford commissioned a study<sup>1</sup> to identify ways to increase diversion of waste from landfill based on case studies. Some key findings included:

- Targeting food waste is a key strategy for increasing landfill diversion
- The best diversion rates are achieved by full roll out of Food and Garden Organics (FOGO) kerbside services, and
- Providing households with ventilated baskets and composable caddy liners.

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1 NAWMA Strategic Plan 2018 - 2025



## **NAWMA Kerbside Services**

All waste going to landfill is subject to a solid waste levy which NAWMA manages and passes through to its clients, including of Councils. With the recent announcement from State Government the levy has increased to \$140/t as of 1 January 2020.

In 2018 NAWMA conducted a kerbside bin audit<sup>2</sup> for the three Constituent Councils and identified that on average across all three Councils approximately 45%-50% of the content of the general waste bins are food and garden organics (FOGO), the majority of which could go straight into the FOGO bin.

Consequently, the recommendation was made that increasing FOGO recycling should be a key focus, supported by the following activities:

- Rolling out food and garden organics recycling bins to all households together with an education campaign to increase diversion and reduce the amount spent on the disposal of general waste, and
- Exploring options for encouraging and facilitating food waste recycling, including of the provision of kitchen caddies and compostable bag liners for residents.

### **Food and Garden Organics Diversion in City of Playford (Council)**

In this Council area FOGO bins were first made available in 2008 on an opt in basis which was initially taken up by about 3,500 households or 12.1% of the population.

A door-knocking trial was undertaken in 2015 to increase the amount of food waste going to the FOGO bin. At that time the results were reasonable but with a solid waste levy of \$57/t from 1 July 2015 not high enough to demonstrate cost efficiencies of a council-wide roll out of the FOGO bin.

Pre-pilot the City of Playford provided 18, 272 Green Waste Services which equates to about 50% of all private dwellings<sup>3</sup> which is mirrored of the uptake of FOGO bins in the Pilot areas prior to the project commencing.

With the constant rise of the solid waste levy over the years and the most recent significant increase \$140/t, the economics look now differently.

Based on 29.5% or 6,250t/a of unpacked food<sup>1</sup> going to landfill as part of the general waste stream and disposal cost of \$54/t, City of Playford will be paying just over \$1.2M per year for compostable material going to landfill. This is compared to the cost of composting material at about \$30/t, which would cost approx. \$190,000/a.

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*2 Kerbside Bin Audit 2018 NAWMA*

*3 2016 Census data: 36,204 private dwellings in City of Playford*

## FOGO Pilot Project

The NAWMA Board resolved in principle to support the increase in participation in the opt-in FOGO service subject to the findings of this Pilot and other matters. In support of achieving this goal a project was scoped to pilot:

- A new behaviour change program, with the aim of significantly reducing the amount of FOGO being disposed of to landfill through the kerbside general waste (red bin) collection service,
- The provision of a FOGO bin, kitchen caddy and compostable bags free of charge, along with
- The effectiveness of education material as well as 101 discussions through a door stepping program.

Scope, duration and structure of the Pilot project were designed to gather information:

- On the effectiveness of the methodology to increase the participation rate in FOGO bin users,
- To explore opportunities and limitations of an increased FOGO service in achieving the goal of reducing the FOGO content in the general waste bin by at least 50% from current levels (or 6, 250t/a), and
- To better understand barriers and issues faced by residents.

After the conclusion of the Pilot, residents kept their bins and caddies and continued their use as part of the routine kerbside service.

The Pilot outcomes and findings are summarised in this report for the NAWMA Board to inform considerations of the financial, environmental and governance aspects of increasing participation in the FOGO service, noting several options:

1. Business As Usual- opt-in system, user pays for bins and optional caddy
2. Removal of the price point (mirroring the Pilot) - opt-in system but user doesn't pay for bins and optional caddy
3. Full rollout (opt-out) - Council-wide roll out with opt-out option, user pays for bins and caddies
4. Full rollout (opt-out) - Council-wide roll out with opt-out option, user pays for bins and caddies

It is understood that independent modelling shows that net saving can be realised over 10 years if the Pilot methodology was mirrored across all NAWMA member councils.

Funding from Green Industries SA might be available for the full-scale rollout of the FOGO bins but will depend on system details and available programs at the time of the rollout.

## Pilot Areas



Number of properties in the Pilot area	503	
Number of properties with existing FOGO bins	263	52.3%
Number of existing FOGO bin users taking up kitchen caddies& bags	108	41.1%
Number of new FOGO users (including caddy and bags)	117	23.3%
Number of properties not interested in participating in Pilot (existing and non-existing FOGO users)	19	3.8%



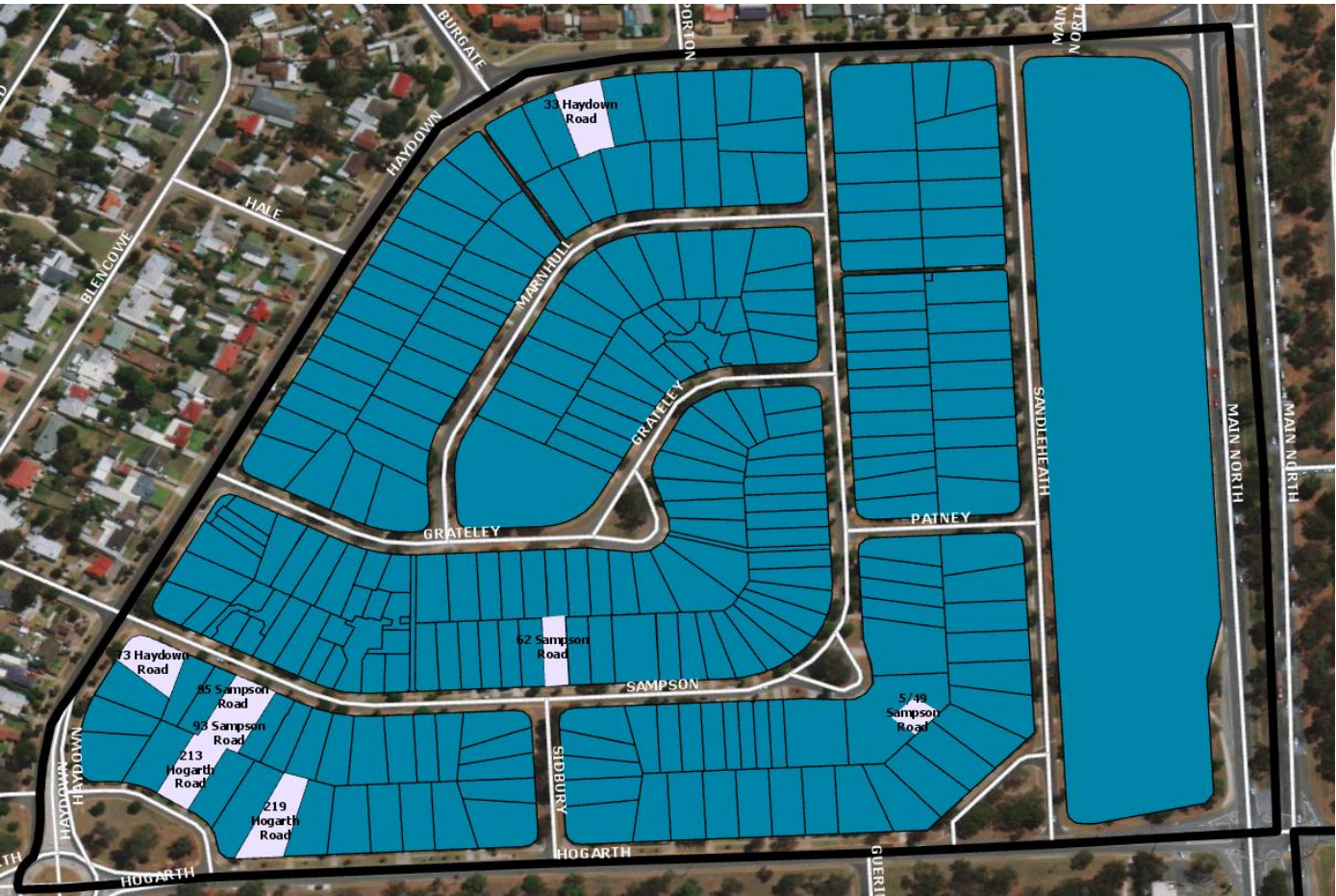
Pilot Area 1 Hillbank



Number of properties in the Hillbank Pilot area	237	
Number of properties with existing FOGO bins	161	67.9%
Number of existing FOGO bin users taking up kitchen caddies& bags	67	41.6%
Number of new FOGO users (including caddy and bags)	47	19.8%



Pilot Area 2 - Elizabeth Grove



Number of properties in the Elizabeth Grove Pilot area	266	
Number of properties with existing FOGO bins	102	38.3%
Number of existing FOGO bin users taking up kitchen caddies& bags	41	40.2%
Number of new FOGO users (including caddy and bags)	70	26.3%

## **Project methodology**

A project team with representatives from Council, NAWMA and Sustainable Solutions was formed in August 2019 to oversee and conduct the FOGO Pilot.

The Pilot was conducted between 16 Sep 2019 and 5 December 2019 in Hillbank and Elizabeth Grove.

Residents in both Pilot areas received a letter from Council, informing of the project and providing them with the options:

- To discuss any details or queries with customer service staff at Council and NAWMA, and then
- Decide to either upgrade their already existing food diversion system by obtaining a free ventilated kitchen caddy with a roll of compostable bags, or
- To opt-in the program by obtaining a FOGO bin, kitchen caddy & roll of compostable bags, or
- To opt out from the program.

Residents needed to call Council or NAWMA to register and once registered all items were rolled out free of charge to the residents in readiness for the first FOGO collection under the program on 26 Sep 2019.

The project team developed frequently asked questions (FAQs) for the customer service teams at Council and NAWMA to ensure all information was always readily available, relevant and up to date.

Council supported the start- up stage of the project through a door stepping program which was conducted between 12 September and 18 September 2020.

During the Pilot, two inspections of approximately 50 bins in each Pilot area were conducted on 9 October 2019 and 6 November 2019 which occurred prior to regular bin collections on the respective following days. During the visual inspections of bins, observations of the correct or incorrect use of the FOGO bin, the use of compostable bags and the nature of contamination (if applicable) were recorded. To note that no waste sorting occurred during the inspections and that observations were based on the accessible upper layer of the inspected bins.

On each occasion feedback postcards were left for residents, thanking them for the correct use of their FOGO bin or advising them of options for improvements if contamination was found.

On 5 December a kerbside bin audit was undertaken of 50 general waste bins and 50 FOGO bins across both Pilot areas. Bins were collected by a designated collection vehicle, transported to the NAWMA premises at Bellchambers Road in Elizabeth and assessed by a qualified audit team.

Following the conclusion of the project and completion of the project report, a letter of appreciation will be issued to householders in the Pilot areas.

## Door stepping program and customer survey

In support of the roll-out Council undertook a door stepping program which covered approximately 65% of all properties across both Pilot areas. Customers feedback was recorded and survey results are summarised in the tables below.

BOTH PILOT AREAS		
Spoke to Resident	Count	%
No	215	66%
Yes	112	34%
Total doorknocked*	327	

\* Approximately 100 households doorknocked did not have a survey response recorded due to iPad issues; any request to order green bin & or caddy was manually recorded on a spreadsheet and provided to NAWMA.

BOTH PILOT AREAS		
Pilot Response	Count	%
Already have a green bin & caddy	13	11.9%
Already have a green bin, order caddy	49	45.0%
Yes, order green bin and kitchen caddy	41	37.6%
No don't want to take part in Pilot but have already green bin	2	1.8%
I don't want a green bin	4	3.7%
Grand Total	109	

Of the 109 survey responses to the questions of whether the customer wanted to participate in the Pilot, 64 customers already had a FOGO bin. Prior to the door stepping program 76 customers had already registered their participation with NAWMA. Through the direct contact 41 new residents registered their participation which was an important achievement for the project.

The door stepping program was a significant measure to increase the participation rate in the Pilot by 35%.

## Bin inspections

Inspection date	Mostly Garden Organics	Mostly Food Organics	Combination of Garden and Food Organics	Use of corn-starch bags	FOGO bins highly contaminated with MSW	MSW bin present	Comments
9/10/19	56	7	26	20	4	74	Total of 93 FOGO bins inspected; in 20 FOGO bins corn-starch bags were visible, presentation of MSW bins only noted but not inspected
6/11/19	53	5	21	14	3	79	Total of 82 FOGO bins inspected; in 14 FOGO bins corn-starch bags were visible, presentation of MSW bins only noted but not inspected

### Notes:

- On both inspection days low to very low presentation rates were noted in the Elizabeth Grove area with no bins at all presented at Hogarth Road, and
- On 9 Oct 2019 a significant number of recycling bins were presented incorrectly;

The bin inspections were conducted as a visual inspection of the accessible upper layer of kerbside bins. Based on those observations, the majority of residents (95.7%) used their FOGO bin correctly and only 4.3% of bins were presented as unacceptable. However, whilst relatively low in numbers, the presence of highly contaminated bins is a significant event in context to the contamination potential of a complete truck load and post collection cost of removing contamination prior to the composting process.

Bins with a majority of their content being food waste were significantly lower between 6.3% 7.8% compared to 63% and 67% of bins presented with predominantly garden organics (based on the number of properly used FOGO bins).

Between 26.5% and 29% of residents used their FOGO bins for a combination of garden and foodwaste. The use of corn-starch bags was evident in 17.7% to 22.5% of all correctly used FOGO bins.



## **Kerbside Bin Audit 5 December 2019**

To review the success of the FOGO pilot, RAWTEC, Dynamic 3E and Sustainable Solutions completed a physical bin audit of 50 FOGO pilot households in December 2019.

The results from this audit were compared (where possible) to the results from a previous audit undertaken in September 2018 across all streams in the three NAWMA Constituent Council areas. Key results from the FOGO pilot audit and comparisons to the previous audit are provided in the attached report '*NAWMA -City of Playford FOGO Pilot Audit, RAWTEC, January 2020*'.

The audit focused on the following key criteria:

- Amount of unrecovered organic waste in the general waste bin (140L/ red lid)
- Amount of contamination in the FOGO bin (240L/ green lid)
- Food waste efficiency
- Use of compostable bags

and compared findings from the Pilot Audit with the results (where possible) of the full bin audit that was undertaken in 2018 across all NAWMA Councils.

Audit results underpin the following trends:

### **FOGO Bin**

- Increase of foodwaste in the FOGO bin
- Increase in foodwaste being presented correctly (i.e. loose or in compostable bags)
- Increase of the use of compostable caddy liners
- Decrease of contamination levels in the FOGO bin

### **General Waste Bin**

- Decrease of garden waste and foodwaste in the general waste bin
- Increase of packaged organic waste in the general waste bin
- More than 90% of total food waste generated by piloted households is still being placed into the general waste bins.

## **Key findings**

### **Increase in properties using FOGO bins and caddies in the Pilot areas**

263 properties, accounting for 52.3% of all properties in the pilot areas already used FOGO bin prior to the Pilot.

With the removal of the price point, the free supply of caddies with compostable liners to pre-existing FOGO bin users and the free supply of 240L FOGO bins, caddies and compostable liners, NAWMA achieved a significant increase in the uptake of caddies and bins:

- Of the 263 pre-existing FOGO bin users 108 or 41% took up the option of a free kitchen caddy and liner,
- 117 additional properties or 23.3% of all properties in the pilot areas joined the program and took up the offer of free FOGO bins, caddies and liners;
- As a result of the Pilot, 75.6% of all properties in the Pilot areas are now using FOGO bins and the majority of users also opted for an early foodwaste separation via a kitchen caddy.

### **Effectiveness of the communication measures to increase the participation rate in FOGO bin users in the Pilot areas**

Residents in the Pilot areas were informed of the project via direct mailout by Council to each householder. In the letter to residents, comprehensive information was provided on the project and residents were invited to participate in the Pilot by registering their interest with NAWMA or Council.

Additionally, Council conducted a door stepping program which offered direct advice to residents.

Of the 240 non-FOGO users prior to the Pilot, 117 households or 48.7% registered to participate. 76 householders followed up from the letter and registered with NAWMA directly and 41 householders registered through the door stepping program conducted by Council.

During the door stepping program 327 properties (across both suburbs) were approached and 112 (34%) householders were home at the time of the visit. Of those householders 13 (12%) already used a FOGO bin and caddy, 49 (45%) already used a FOGO bin and ordered a caddy and 41 (38%) ordered FOGO bins and caddies.

As a direct result of the door stepping program 103 of 112 residents (92%) either already participated and/or improved the system or became new users, including of increasing the uptake of caddies from 12% of existing users to 50% of existing users.

The door stepping program has proven to be an effective measure, achieving an increase in the participation rate from non-FOGO users by 35%.

Given its resource implications, door stepping might not be achievable during a whole of Council roll-out and other measures such as community information sessions, information campaigns through schools, community centres, Lions and Rotary Clubs, real estate offices and similar could be considered in support of a full program implementation.

The project team developed and regularly updated FAQ's which were used by customer services staff at Council and NAWMA to respond to all Pilot-related enquiries. Noteworthy that there was no significant increase in customer service enquiries during the duration of the Pilot.

During the Pilot two bin inspection were conducted and feedback postcards were provided to householders either thanking them for the correct use of the bin or advising of improvements if contamination was evident.

Postcard messages encouraged customers to contact NAWMA for any enquiries; however, customer service staff reported no increase in enquiries following the two inspection events.

Following consideration of the report by the NAWMA Board and Council, it is planned to send a letter of appreciation to participating householders in the Pilot areas.

### **Barriers and issues faced by residents in diverting food waste in particular from the general waste bin to the FOGO bin**

The removal of the price point for FOGO bins, caddies & liners as well the convenience of direct delivery of all equipment to householders have proven to be significant measures to increase the participation rate.

The reduction of contamination in FOGO bins is an important indicator that participating householders do are engaged in the process and do want to use the system correctly. In particular the correct use of FOGO bins for garden organics appears to be well established.

In regards to food waste, audit results clearly demonstrate that there is still considerable progress to be made in increasing food waste diversion from the general waste bin into the FOGO bin, even for the households currently participating in the FOGO pilot.

Further, Audit results also show an increase in packaged foodwaste in the general waste bin.

Based on experience from similar projects and experience and knowledge within the wider industry sector, there are a number of common barriers that contribute to the low diversion rate of food organics into the FOGO bin as well as the disposal of packed food into the general waste bin:

- Based on the perception of smell, vermin and hygienic issues householders may wish to dispose of their food organics as soon as possible and prefer the weekly general waste collection over the fortnightly collection of FOGO bins,
- Food waste might be contained within non-compostable takeaway containers or other non-compostable kitchen waste and it is a matter of convenience to discard everything in the general waste bin,
- Waste separation systems in the kitchen are not conveniently and readily accessible,
- Perception and misinformation that meat and bones cannot be disposed of in the FOGO bin,
- Perception and concerns that it is unsanitary to remove packaged food from its packaging once it past their used by dates,
- Food waste separation might be seen as time consuming and/or waste effort and the long- term consequences of landfilling as well the wastage of valuable resource might not be widely known,
- Unwillingness to participate and misuse of the kerbside collection system; for example, during the Audit a very small number of properties were identified that did not use the service as designed;

The results of the Pilot are a good indication that a convenient and affordable system (i.e. price point removed) in combination with information and education at people's doorstep lead to improved outcomes.

There is also a body of evidence available within the waste industry - locally, at a state level and nationally that increasing foodwaste diversion from the general waste bin into the FOGO bin is an unresolved challenge at each level.

The better the systems & the more we inform and educate, the better the results.

However, to achieve a breakthrough and significant reductions of foodwaste going to landfill we need to look into new measures to make the systems work better.

Recommendations 3, 4 and 5 are designed to do that by adding incentive-based fee and reward systems and price-signals as well as new and better means of engagement through program champions at different levels.

## Recommendations

### 1. Roll out of FOGO bins and kitchen caddies council-wide with the price point removed and as an opt-out system.

	Options	Comments
1	Opt-in system, user pays for bins and optional caddies	Over an eleven year time period between 2008 and 2019 approx. 50% of residents took up the opt in system with a user pays system for FOGO bins & caddies
2	Opt-in system, user does not pay for bins and optional caddies	By offering bins, caddies and bags free of charge 23.3% of new users opted in to use FOGO bins and 41.1% of existing users opted for a better source separation system via kitchen caddies
3	Council-wide roll out with opt-out option, user pays for bins and caddies	Not tested during the Pilot but data from 2008 to date provides an indication of limitations of an opt-in system with user pays requirement for bins and caddies
4	<b>Preferred option-</b> Roll out of FOGO bins and kitchen caddies council-wide with the price point removed and as an opt-out system-	Pilot results indicate that the provision of bins and caddies free of charge and delivered to residential premises achieves best results; Overall Pilot results and the specific outcome from the door stepping program indicate a good level of preparedness to take up a new system, in particular with the price point being removed and the convenience of delivery to the properties; Therefore, consideration could be given to a council-wide rollout mirroring the Pilot conditions; Further, State Government Funding might be available for a Council-wide rollout.

### 2. Establishment a small project team as a dedicated resource to drive the council-wide rollout of FOGO bins with the following key tasks:

- Lead the development of the project plan;
- Review of the kerbside collection policy and implement changes in line with project details for endorsement by the NAWMA Board and approval by Council;
- Develop of a communication plan that raises interest and is based on authentic interaction with individuals and the community as a whole,

- Lead the implement of the elements of the communication plan and regular analysis of the effectiveness of each measure;
- Prepare the project budget for approval by the NAWMA Board and Council;
- Deliver project tracking and preparation of regular project update reports;

### **3. Develop and implement policy positions**

that support and encourage the diversion of garden and food organics into the FOGO bin through an incentive-based fee system, an incentive-based reward system, price-signals or similar measures.

Further, consideration could be given to additional measures of disincentives, bans or penalties; however, the 'buy-in' by the community as well as enforcement might be challenging and costly.

### **4. Champion community-based projects**

to promote the diversion of garden and food organic as an opportunity to implement circular economy on 'their own patch'. Examples are the establishment of school and community gardens, re-inventing and promoting home gardens, greening public spaces and similar initiatives. Project scopes need to be structured to address the barriers identified through the Pilot and to provide information and evidence-based solutions.

### **5. Champion business initiatives that promote foodwaste avoidance**

In addition to well-established systems of foodbanks and food donations, a range of new initiatives are emerging in the space of foodwaste avoidance.

These new initiatives become particularly powerful when they involve brands that are well-recognised in the everyday life of a community, such as local stores and supermarkets.

For example, earlier this year the World Economic Forum reported on a program in Finland whereby a supermarket chain introduced a system of price reductions of 30% for food that is less fresh during regular business hours in combination with a happy hour at the end of each business day for food close to its expiry date. The immediate outcome was a reduction in food waste generation by 10% which also resulted in a reduction in landfill cost.

This or similar initiatives are lending themselves as innovative, local solutions to champion change.

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## Agenda Item 8.6

<b>Report Subject:</b>	Vacant Land Disposal	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Decision report (operational, financial)
<b>Attachments:</b>	8.6.1 - Land Title; Medlow Road, Uleybury		

### RECOMMENDATION

**That the Board endorse NAWMA's Chief Executive Officer to investigate the possible sale of the vacant land known as 3304, CT Volume 5330, Folio 351, with a Report to be tabled at a subsequent Board Meeting or by Circular Resolution prior to the execution of any sale.**

### Purpose of the Report

To provide the Board with an opportunity to sell a vacant piece of land in NAWMA's possession that is reaching the end of its original purpose.

### Background

NAWMA owns and operates the Uleybury Balefill and Renewable Energy Facility (landfill) on Smiths/Adams Road, Uleybury. During the original acquisition of the quarry void from Boral, NAWMA acquired an adjacent allotment on Medlow Road to serve as a buffer, particularly when landfilling heading in a southern direction.

NAWMA landholdings, both surrounding and including the landfill are summarised in Table 01, and Figure 01 below. The Board will note the original purchase price for allotment known as 3304 (CT5330:351) was \$197k, which is the subject of this Board Report. This landholding has been revalued in line with NAWMA's revaluation schedule, as recently as 2015 at a value of \$300,000.

The current site value from the Valuer General is \$390k (\$420k capital value).

**Table 01; Summary of NAWMA Landholdings Including and Surrounding Uleybury Balefill and Renewable Energy Facility**

Parcel Ref	CT Vol	Folio	Size	Purchase Price	Notes/Ref
1	5672	146	2891m2 (0.2891 ha)	\$62,517	Lot 21. Contains a residential title for possible future transfer
2	5330	351	20.23 ha	\$197,035	Sect 3304. ETSA easement (overhead powerlines)
3	5580	430	18.62 ha	Both 3302 & 3 = \$992,957	Sect 3302. Uleybury active landfill Contains Electranet Easement.







The Registrar-General certifies that this Title Register Search displays the records maintained in the Register Book and other notations at the time of searching.



## Certificate of Title - Volume 5330 Folio 351

Parent Title(s)	CT 4353/278			
Creating Dealing(s)	CONVERTED TITLE			
Title Issued	19/03/1996	Edition 3	Edition Issued	28/07/1999

## Estate Type

FEE SIMPLE

## Registered Proprietor

NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY INC.  
OF CNR PEACHEY AND BELLCHAMBERS ROADS ELIZABETH WEST SA 5113

## Description of Land

SECTION 3304  
HUNDRED OF MUNNO PARA  
IN THE AREA NAMED ULEYBURY

## Easements

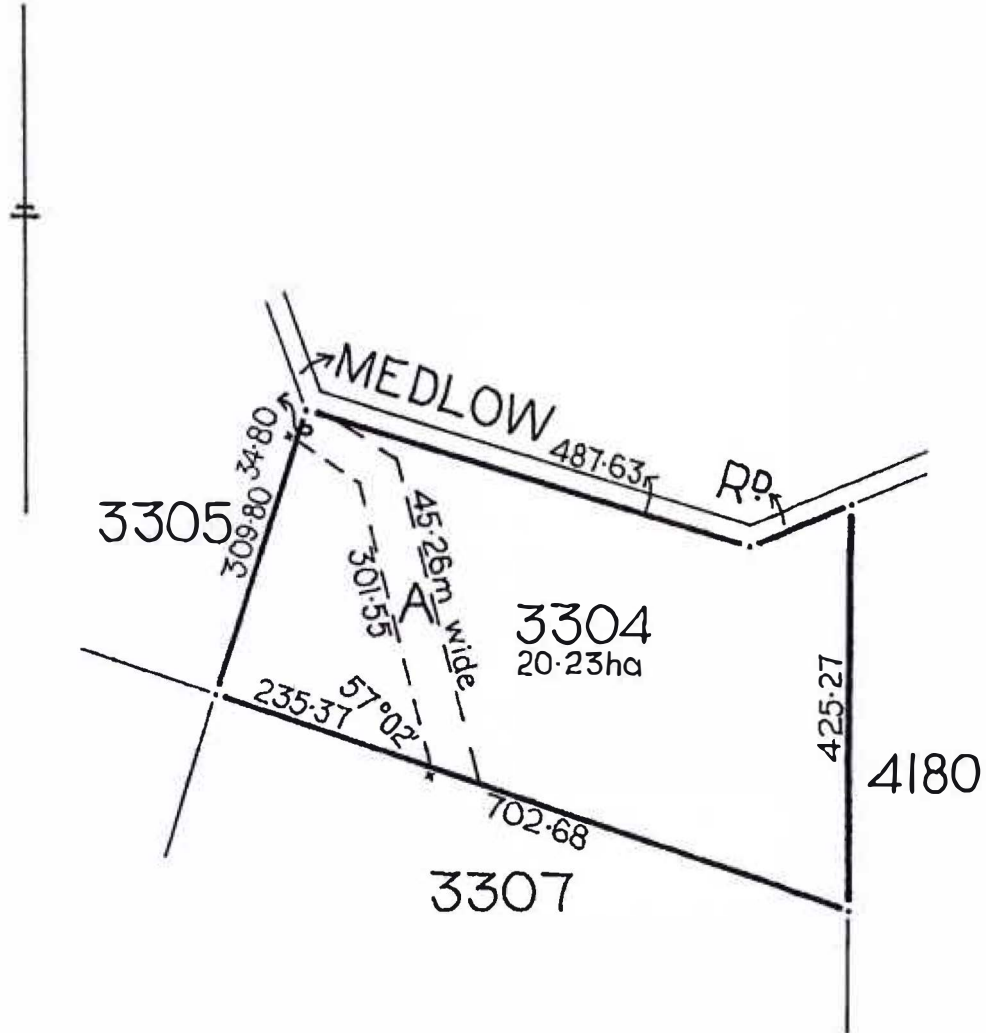
SUBJECT TO EASEMENT(S) OVER THE LAND MARKED A TO THE ETSA CORPORATION (TG 6802257)

## Schedule of Dealings

NIL

## Notations

Dealings Affecting Title	NIL
Priority Notices	NIL
Notations on Plan	NIL
Registrar-General's Notes	NIL
Administrative Interests	NIL



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## Agenda Item 8.7

<b>Report Subject:</b>	Audit Committee Member Terms and Terms of Reference Update	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Decision report (governance)
<b>Attachments:</b>	8.7.1 – Audit Committee Terms of Reference (tracked changes)		

### RECOMMENDATION

That:

1. The current terms of the Independent Members of the Audit Committee be extended to June 30 2020,
2. The Chief Executive Officer be authorised to advertise the three (3) Independent Member vacancies with terms to commence 1 July 2020, and;
3. The Audit Committee Terms of Reference updates are received, noted and adopted.

### Purpose of the Report

To provide the Board with an opportunity to discuss the upcoming Audit Committee Independent Member term expiry dates while concurrently updating the Committee's Terms of Reference.

### Background

At the Board Meeting of 18 January 2017, the following was resolved:

#### 6.2 Audit Committee Appointments

*Moved Mr Green that:*

1. Pursuant to Section 2.1 of the NAWMA Audit Committee Terms of Reference, the Board resolve the appointment of the existing Independent Audit Committee members for a further three (3) years until April 2020
2. That the NAWMA Board review the appointment term at least three (3) months prior to expiry
3. In the event one or more of the Audit Committee are not wishing to extend their term, the EO is given authority to go to market in order to fill any vacant position

*Carried*

*Cr Woodman*

### Report

#### Committee Member Terms

The current Independent Members of the Audit Committee are:

- Mr Peter Brass, Independent Chairman
- Mark Labaz, Independent Member

- Mark McAllister, Independent Member

Both Mr Brass and Mr Labaz have been Independent Members of the Audit Committee since its inception in March 2011. Mr McAllister joined the Committee as an Independent Member in December 2014.

The current terms of the Independent Members expired in April 2020. Administration request the option to extend the terms to June 30 2020, before advertising the three (3) vacancies for a new term to commence 1 July 2020.

The Independent Chairman has spoken to all three of the current Independent Members to discuss the proposed plan as mentioned and encouraged all three to apply for the vacancies should they wish.

### **Terms of Reference update**

The Audit Committee Terms of Reference have not been reviewed in the current Chief Executive Officer's tenure with NAWMA. It is timely to consider necessary updates to the Terms of Reference before the three (3) Independent Member vacancies are advertised. The Board are referred to the appended Attachment 8.7.1 which has been marked-up with Managements suggested updates to the Terms of Reference.

The current Terms of Reference remain silent on a number of crucial Membership of the Audit Committee details and Management have used this opportunity to step out the Membership section in a particularly in-depth manner. The various updates to this section have been included to ensure orderly rotation and continuity of membership to the Committee, whilst not losing all knowledge from the Committee.

The addition of two document control tables within the document will allow an easily accessible point of reference for all current/previous Audit Committee members (and their terms) and details of all updates to the document.

Management have conducted this review of the current Terms of Reference in conjunction with copies of all three (3) Constituent Council Audit/Corporate Governance Committees Terms of Reference, and many of the additions that will be noted on the appended marked-up version are in line with these.



# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY (NAWMA)

## Audit Committee Terms of Reference

### 1. Establishment

- 1.1 The Audit Committee is established under Schedule 2 Part 2 Clause 30 of the Local Government Act.

### 2. Membership

- 2.1 The NAWMA Board will determine the members of the Audit Committee and after the Constituent Councils have approved the independent members, appoint the members for an initial term of two years and thereafter for various terms as resolved by the Board.
- 2.2 The Audit Committee shall consist of 5 members, 2 members who are Board Members of NAWMA and 3 members who are not Board Members of NAWMA ('Independent ~~M~~members').
- 2.3 Independent ~~M~~member(s) of the Audit Committee must have recent and relevant financial, risk management or internal audit experience but must not be an employee of NAWMA or its Constituent Councils and must not be the Constituent Council's Auditor or NAWMA's Auditor.
- 2.4 NAWMA ~~B~~oard shall appoint the Presiding Member who will be one of the independent members for a term determined by the Board.
- 2.5 The Committee will appoint a Deputy Chairperson from its members at the first meeting of the Committee for the same term as the Chairperson.
- 2.6 If the Chairperson of the Committee is absent from the meeting then the Deputy Chairperson will preside at the meeting until the Chairperson is present. In the absence of the Chairperson and the Deputy Chairperson a member of the Committee chosen from those present will preside at the meeting until the Chairperson is present.
- 2.7 Expressions of Interest for the Independent Members shall be sought by the Board and be for a maximum term of two (2) years. The terms of appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to the Board's Elected Members, hence their terms will expire in alternate years
- 2.8 Independent Members are eligible for reappointment at the expiration of their term of office at the sole discretion of the Board. An Independent Member may be reappointed for a maximum of three (3) terms. An Independent Member who has served three (3) terms is eligible to reapply two (2) years after the expiry of their three (3) terms.
- 2.9 Notwithstanding the above paragraph, should the Board identify a need to retain the service of an Independent Member at the expiry of their third term, then the Board may, at their sole discretion, reappoint an Independent Member for a further final period not exceeding one (1) year.
- 2.10 Board Member appointments to the Committee shall be for a period of twelve months from the date of appointment and are eligible for reappointment. Board Member nominations and appointments are to be made by the NAWMA Board at their final meeting of each calendar year.
- 2.11 The Committee may, by resolution supported by a majority of all members of the Committee, make a recommendation to the Council to remove a member of the Committee from office where a member has failed (without the leave of the Committee) to attend three consecutive

meetings of the Committee.

2.12 Table providing a summary of current Committee Membership and Term of Office details:

Term of Office		
Appointed Member	Role	Term Concludes

### 3. Secretariat and support

- 3.1 The Chief Executive Officer shall ensure that the Audit Committee has access to reasonable administrative resources in order to carry out its duties.
- 3.2 The Audit Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 3.3 Remuneration will be paid to each independent member of the Audit Committee to be set by NAWMA Board from time to time. The remuneration paid to the independent members will be reviewed on a ~~12-month~~ 12-month basis on the commencement of a new term.

### Meetings

- 4.1 The Audit Committee shall meet at least 4 times each year at least once per quarter at appropriate times in the budgeting and financial reporting cycle and otherwise as required.
- 4.2 Only members of the Committee are entitled to vote in Audit Committee meetings and, unless required by legislation not to vote, each member must vote on every matter that is before the Audit Committee for decision.
- 4.3 The quorum necessary for the transaction of business shall be 3 members. A duly convened meeting of the Audit Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by it.
- 4.4 The Chief Executive Officer, ~~Operations Manager, Finance Officer, Senior Management Team~~, other representatives from Administration and Board Members may attend any meeting as observers or be responsible for preparing papers for the Audit Committee and all are bound by the confidentiality provisions.
- 4.5 NAWMA's external auditor may be invited to attend meetings of the Audit Committee.
- 4.6 Ordinary meetings of the Audit Committee will be held at times and places determined by the Audit Committee.
- 4.7 The Presiding Member or any 3 Audit Committee members may by delivering a written request to the Chief Executive Officer require a special meeting of the Audit Committee to be held. The request will only be valid if it is accompanied by the agenda for the special meeting. On receipt of the request the Chief Executive Officer shall send a notice of the special meeting to all Audit Committee members at least 24 hours prior to the commencement of the special meeting unless, in the opinion of the Chief Executive Officer the matter is urgent whereupon only four hours notice need be given.
- 4.8 Meetings of the Audit Committee will not be conducted in a place open to the public.

- 4.9 All documents presented to, received at or derived from an Audit Committee meeting, including but not limited to:
- agenda and minutes of an Audit Committee meeting;
  - reports to the Audit Committee received at a meeting of the Audit Committee; and
  - recommendations presented to the Audit Committee in writing and adopted by resolution of the Audit Committee,
- will remain confidential and not available for public inspection unless the NAWMA Board otherwise resolves.
- 4.10 Notice of each ordinary meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee and observers, no later than 3 clear days before the date of the meeting.
- 4.11 The provisions of Part 2 Local Government (Procedures at Meetings) Regulations 2000 apply to the proceedings at and the conduct of all Audit Committee meetings.
- 4.12 Minutes of Audit Committee meetings shall be circulated within 5 days after a meeting to all members of the Audit Committee and are to be tabled as an agenda item at the next NAWMA Board meeting and will (as appropriate) be available to the public.

## 5. Review

- 5.1 The Audit Committee shall, at least once per year and before the end of each calendar year, following the adoption of the audited financial statements by NAWMA, review its own performance, terms of reference and provide a report to NAWMA Board including any recommended changes it considers necessary.

## 6. Role of the committee

- 6.1 The Audit Committee has no authority to act independently of NAWMA. The scope of functions of the Audit Committee are set out at clauses 6.2 – 6.8 inclusive below and subject to the operation of clause 6.9 the Audit Committee will develop an annual audit plan to identify the particular functions it will prioritise for the ensuing 12 month period. The primary role of the Audit Committee is to provide suggestions and recommendations to NAWMA about actions in relation to financial governance.

### 6.2 Financial reporting

The Audit Committee shall:

- 6.2.1 pursuant to Schedule 2 Part 2 Clause 30 (4) of the Act, review NAWMA's annual financial statements (whether before or after audit) to ensure that they provide a timely and fair view of the state of affairs of the NAWMA;
- 6.2.2 monitor the integrity of the financial statements of NAWMA, including its annual report, reviewing significant financial reporting issues and judgements which they contain;
- 6.2.3 review the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of the NAWMA on a regular basis.
- 6.2.4 liaise with the external auditor.

### 6.3 Strategic Management Plans

The Audit Committee shall:

review and provide recommendations to NAWMA Board on the sustainability of NAWMA's financial performance and proposals with respect to debt levels included in the strategic management plans and, in particular, the long-term financial plan.

#### 6.4 Internal controls and risk management systems

The Audit Committee shall:

- 6.4.1 review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of ~~the~~ NAWMA on a regular basis;
- 6.4.2 review and assess the effectiveness of ~~the~~ NAWMA's internal controls and risk management systems; and
- 6.4.3 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

#### 6.5 ~~Whistle-blowing~~ Public Interest Disclosures

The Audit Committee shall:

- 6.5.1 review ~~the~~ NAWMA's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and
- 6.5.2 ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

#### 6.6 Internal audit

The Audit Committee shall review and assess the need for NAWMA to establish an internal audit function.

#### 6.7 External audit

The Audit Committee shall:

- 6.7.1 receive the external auditor's audit opinion with respect to NAWMA's audited financial statements and the external auditor's report on particular matters arising from the audit;
- 6.7.2 consider and make recommendations to NAWMA, in relation to the appointment, re-appointment and removal of ~~the~~ NAWMA's external auditor;
- 6.7.3 investigate the issues leading to the resignation of an external auditor and report to NAWMA with any recommendations;
- 6.7.4 oversee NAWMA's relationship with the external auditor including, but not limited to:
  - 6.7.4.1 recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
  - 6.7.4.2 recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
  - 6.7.4.3 assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of NAWMA's relationship with the auditor, including the provision of any non-audit services;
  - 6.7.4.4 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners;
  - 6.7.4.5 assessing the external auditor's qualifications, expertise and resources and the



effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);

- 6.7.5 meet with the external auditor at least once per year, without management being present, to discuss the external auditor's report and any issues arising from the audit and otherwise as needed and in this regard will discuss;

6.7.4.1 any major issues which arose during the external audit;

6.7.4.2 any accounting and audit judgments; and

6.7.4.3 levels of errors identified during the external audit;

- 6.7.6 review and make recommendations on the annual audit plan, and in particular, its consistency with the scope of the external audit engagement;

- 6.7.7 review any representation letter requested by the external auditor before it is signed by Administration; and

- 6.7.8 review the management letter and Administration's response to the external auditor's findings and recommendations.

## 6.8 Economy and efficiency audits

The Audit Committee may:

- 6.8.1 propose, and review the exercise of powers in the nature of those set out at Section 130A of the Act (relating to 'economy and efficiency audits'); and

- 6.8.2 receive a report prepared by the external auditor or other person appointed by NAWMA under Section 130A to examine any matter relating to financial management, or the efficiency and economy with which NAWMA manages or uses its resources to achieve its objectives.

## 6.9 Additional Functions

In addition, the Committee shall examine any other matters referred to it by the Board.

- 6.10 In the course of its functions the Audit Committee will give priority to those items set out at clause 30(4) of Schedule 2 to the Local Government Act 1999 as more particularly identified at clauses 6.2.1, 6.2.3 and 6.2.4 of these Terms of Reference.

- 6.11 The Committee, through the Chair, will present to the NAWMA Board by the end of each calendar year outlining the work of the Committee for the preceding 12 months.

## 7. Approval and Change History

<u>Approval Date</u>	<u>Approval By</u>	<u>Change</u>

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## Agenda Item 8.8

<b>Report Subject:</b>	Service Level Agreements	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Information report (operational, governance)
<b>Attachments:</b>	Nil		

### RECOMMENDATION

**That the Report be received and noted.**

### Purpose of the Report

To provide the Board and Audit Committee with an update on the drafting of the 2020/2021 Service Level Agreements (SLA).

### Background

The NAWMA Charter requires NAWMA and the three (3) respective Constituent Councils to review their SLA each year.

### Report

The Draft 2020/2021 SLA's have been reviewed by NAWMA's Chief Executive Officer and Chief Operations Officer and a tracked change version of each SLA has been presented to each Constituent Council (at Officer level) for their review and endorsement. At the time of writing this Report NAWMA have had dialogue on amendments to the Service Level Agreements with City of Playford and Town of Gawler only.

A marked-up SLA for each Constituent Council will be returned for subsequent adoption by the NAWMA Board (estimated scheduled 25 June 2020 Board Meeting).

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## Agenda Item 8.9

<b>Report Subject:</b>	LGRS Action Plan (standing item)	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Information report (governance, operational, risk)
<b>Attachments:</b>	8.9.1 – NAWMA 2019-20 Risk Evaluation Action Plan Progress Report		

### RECOMMENDATION

**That the Report is received and noted, and the Board continue to be updated on the progress of the Action Plan.**

### Purpose of the Report

To provide the Board and Audit Committee with an opportunity to review the Local Government Association Workers Compensation Scheme (LGAWCS) and Mutual Liability Schemes (LGAMLS) 2019-2020 Risk Evaluation Action Plan and discuss the resourcing for NAWMA's WHS function.

### Background

NAWMA became a Full Member of the LGAWCS and LGAMLS as at 1 July 2019.

At the meeting of 21 November 2019, the joint sitting of the NAWMA Audit Committee and Board were presented with a copy of the LGAWCS/LGAMLS 2019 Risk Evaluation Summary Report after NAWMA took part in their first formal audit in August 2019.

The 2019 Risk Evaluation review identified many non-conformances, which is not uncommon for the first audit under the Scheme. NAWMA are using the findings from the evaluation to prioritise what needs to be done to move NAWMA to a conforming system and inform the next two (2) years of our WHS and Risk work program.

In consultation with the Scheme's WHS Consultant and Strategic Risk Consultant, NAWMA's WHS and Environmental Officer has developed an Action Plan to review, monitor and complete the actions required.

The proposed Action plan currently has 32 WHS actions followed by 30 Risk actions, currently 8 risk actions along with the 32 WHS Actions proposed to be completed by 30 September 2020. The remaining risk and WHS actions will be allocated to the following year prior to NAWMA's next evaluation.

### Report

COVID-19 has had a dramatic impact on all aspects of workplace routines, sourcing of personal protective equipment, personal hygiene, cleaning regimes, working from home arrangements, procedure development etc. NAWMA has been proactive in all areas to meet the recommendations of the Australian and Local Government of social distancing and other workplace requirements, whilst maintaining our high levels of service to the community.

NAWMA has undertaken an immunisation program with flu shots made available to all NAWMA staff including labour hire staff. The uptake in this program has been fantastic, potentially due to the current health advice. Last year there were just five (5) participants in the program while this year approximately forty-one (41) employees took part.

NAWMA's WHS & Environmental Officer has made good progress with the action plan, to date two of the eight planned Risk Actions and fifteen of the thirty-two planned WHS Actions have been closed out.

The external resource (WHS Consultant) has started on the implementation, development, and population of data onto the WHS platform, Skytrust. To date workplace inspections have been populated, due for completion 06 May 2020.

Population of contractors and preferred suppliers into the Contractor Management system will be uploaded on 13 May 2020, to be then followed up with request from Contractors/preferred suppliers of up to date WHS management systems confirmation and compliance to NAWMA's WHS requirements.

NAWMA has applied and been successful in obtaining back to back LGAWCS Tailored Implementation Programs (TIPs) of 20 days. This includes the provision of a consultant to deliver Hazard Management training, development of NAWMA's Training Needs Analysis, Training Plan and Training Register.

Risk actions will be tabled at the next WHS Steering Group meeting to discuss internal resourcing requirements to assist the WHS & Environmental Officer with the remaining 2020 planned risk actions.

A peer review of the Action Plan was conducted in late April 2020 by LGAWCS/LGAMLS, with good feedback received across the Board. An extract of commentary from the review is seen below:

- *"The structure of the plan has been quite well developed and laid out, well done!"*
- *"This plan will advance NAWMA to compliance with the RTW performance standards"*
- *"Apart from the operational actions, majority of the actions will be systems improvement and will move the organisation forward in enterprise risk management"*

A copy of the Action Plan is appended at Attachment 8.9.1. for the reference of the Board and Audit Committee.



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SB Not Met	2e	2021?	Create an inspection and maintenance schedule for the roads and footpaths. This will ensure identification and prioritisation of any maintenance and repairs.	Create an inspection and maintenance schedule for the roads and footpaths. <i>(Note: The maintenance schedule should consider the prioritisation of roads and footpaths for repair - refer to the criteria in the Risk Evaluation Tool, questions 2f and 2g)</i>															
SB Not Met	2f		How does NAWMA Prioritise road repairs - <b>As above</b>																
SB Not Met	2g		How does NAWMA Prioritise footpath repairs - <b>As above</b>																
	2.1.1.3																		
SB Not Met	3a	2020?	Update Policies and Procedures to reflect LG Act 1999. Review the current process for management of currency of documents and ensure document management process is implemented. Review of NAWMA's Procurement policy to contain enough detail to ensure people follow the process when procuring goods & services, Policy should also reference template docs. to be used.	Update Policies and Procedures to reflect the requirements of the LG Act 1999. Ensure the documentation contains enough detail to ensure people follow the process when procuring goods & services, Policy should also reference template docs. to be used. Documentation to contain information relating to the use of the template documents and direction of use as well as any variations allowed from this (aligned to 3e).															
			Review the current process for management of currency of documents and ensure document management process is implemented.	See action on row 27															
SB Not Met	3d	2021?	NAWMA needs to identify peoples roles in the organisation and have specific TNA for their designated roles during procurement activities. NAWMA will determine what level of training is required for each role. The TNA will be reviewed and updated in the Procurement Policy & Training scheduled and conducted for each role in the procurement activity.	Identify all relevant stakeholders & level of Procurement training required, (appropriate to their role and aligned to their purchasing delegations) and capture training requirements in the TNA (including induction, refresher etc) <i>(Note: TNA still to be set up in Skytrust - see actions in WHS part of action plan)</i>															
		2021?		Develop Procurement training package and schedule training															
		2021?		Conduct Procurement training for identified stakeholders															
SM Not Met	3e	2020?	It is recommended that NAWMA's Procurement Policy be updated to incorporate the latest processes and Legislations as applies. It is also recommended that NAWMA determine the types of contract templates required and develop these with set clauses contained. The Procurement Policy when reviewed should contain information relating to the use of the template documents and direction of use as well as any variations allowed from this. As per above 3d training needs to be provided for identified staff. It is recommended that contract documents are scanned and captured electronically in NAWMA's records management system as per the requirement in the Procurement Policy.	Determine the types of contract templates required and develop these with set clauses contained.															
		2020?		All contract documents are to be scanned and captured electronically in NAWMA's records management system as per the requirement in the Procurement Policy.															
		2021?		Develop a checking/auditing process to check that contract documents are captured electronically in the records management system.															
SB Not Met	3f	2020?	For smaller purchases, it is recommended to add the terms and conditions on the purchase order itself in order to reduce any liabilities on NAWMA should a dispute arise. It is also recommended that NAWMA review the terms and conditions as part of the Purchase Orders (PO's) and update this information to ensure the relevant information is captured, specifically with regards to the supply of services - indemnity, insurance and any sub-contractor prohibition (no engagement without prior approval of Council).	Update the purchase order template to include a space for the terms and conditions to be captured.															
		2020?		Develop the terms and conditions as part of the Purchase Orders (PO's), ensuring this captures relevant information, including T's & C's relating to both the provision of goods and services (e.g. indemnity, insurance and any sub-contractor prohibition (no engagement without prior approval of Council) etc.															
SB Not Met	3g	2021	It is understood that management is setting up a new procurement process which will incorporate the monitoring of contractors. It is recommended that NAWMA review the requirements for the evaluation of contractors post the works being completed (as documented in their WHS Contractor Management Procedure), determine/agree the process for this and implement the process accordingly.	<b>NOTE: Develop contractor management actions in year 2 as part of the implementation of the WHS Contractor Management Procedure.</b>															

WORK HEALTH AND SAFETY																			
NC	1.2.1		It is recommended to set up the policies and procedures and have effective implementation.	Develop an Implementation process flow checklist	Developed Checklist V1 Dec 2019	WHS & Environmental Officer			C										
			Is there a document register for the management of policies and procedures - will this be done in Skytrust??	Develop an Implementation process flow checklist for Document Management	Completed Checklist for Document Management - Dec 2019	WHS & Environmental Officer			C										
				Develop an Implementation process flow checklist for Induction & Training Procedure							C								
				Develop an Implementation process flow checklist for Consultation & Communication							C								
				Develop an Implementation process flow checklist for Hazard Management							C								
				Develop an Implementation process flow checklist for Incident Reporting and Investigation Procedure							C								
				Develop an Implementation process flow checklist for Preventative & Corrective Actions Procedure								C							
				Develop an Implementation process flow checklist for First Aid Procedure								C							
				Develop an Implementation process flow checklist for Planning & Program Development Procedure							C								
				Develop an Implementation process flow checklist for Workplace Inspection Procedure								C							
NC	3.2.1		With the development of the Skytrust program determine training needs of workers in consultation with affected workers and labour hire providers, where appropriate. Develop the training plan as per s4.3 of the WHS Induction and Training Procedure. In addition to a implementing a documented process for following up on non-attendance attendance, evaluation, gaps in learning and effectiveness of implementation of training provided.	Develop Training Needs Analysis in skytrust utilising e.g. Job Descriptions, Hazard Register, Consultation with Supervisors & Managers, WHS Induction & training Procedure, legislative requirements etc.												P			
				Develop Training Plan in skytrust utilising e.g. TNA	TIP												P		
				Develop Training Register in skytrust (records) including Licences, Certificates, Attendance register and Non Attendances of training.													P		
				Develop a Training Evaluation form									C						
				Develop/source Training Awareness sessions for e.g. Hazard Management, First Aid, Incident Investigation													P		
				Include Training as an Agenda Item for the WHS Steering Group Meetings on attendance & Non attendance.								C							
NC	3.3.2		That NAWMA WHS Steering Committee review the Corrective and Preventative Action Procedure requirements and determine the actions necessary to develop a CAPA system either within (or outside) the Skytrust program. From this, measurements can be developed to determine completion of actions within designated responsibilities and analysis of review of Implementation of corrective action(s) within defined timeframes with which to hold individuals accountable. Review the responsibilities incorporated within the WHS Procedures, develop those responsibilities for inclusion in the Position Descriptions of key stakeholders. NAWMA implement a Development and Review process to determine if workers have met their designated responsibilities within the WHS system.	Review Position Descriptions to ensure WHS responsibilities are captured.													P		
				Enter Corrective Actions into skytrust from e.g. WHS Steering Group Meetings, Investigations, Hazard Reports etc.													P		
NC	3.8.1		Continue with the implementation of skytrust system. Continue with the development and implementation of the NAWMA Hazard Register. This needs to identify Tasks undertaken and plant used, the priority for undertaking risk assessments should then be identified and a schedule put in place to advise when the risk assessments will be undertaken. Undertake Risk assessments as per the schedule developed and identify suitable controls, based on the hierarchy of controls in consultation with workers and the WHS Steering Group. Implement controls developed and implement process for checking the effectiveness of controls and determine if other hazards have been introduced.	Review Documentation to ensure Risk Matrix in all documents and processes align.	Completed - Documentation has a standardised Risk Matrix - e.g. skytrust, Risk Assessments, Hazard Report Form	WHS & Environmental Officer	C												
				Undertake a Review of the Hazard Register and update as required to include identifying and prioritising Risk assessments													P		



				Undertake Risk Assessment Training for key stakeholders and relevant staff.		NSCA									P					
				<a href="#">Develop a schedule for High priority Task Risk Assessments</a>	TIP										P					
				<a href="#">Undertake High Priority Task Risk Assessments in skytrust.</a>											P					
				<a href="#">Undertake Priority Safe Work Method Statements in skytrust for High Risk Construction work tasks.</a>												P				
				Include review of corrective actions in WHS Steering Group Agenda								C								
				Undertake a review of the NAWMA sites to develop Traffic Management plans for each.		WGA											P			
NC	3.8.3		Continue with the implementation of the Skytrust system, this will provide opportunity to determine relevant corrective action processes that should demonstrate consideration of the hierarchy of controls with corrective action measures reflecting highest level of control as reasonably practicable. When assessing outcomes of incidents and risk assessments at the WHS Steering Group, include reference to hierarchy of controls. This would help to identify temporary controls in addition to higher level controls that may require resource allocation. The rationale for utilising a particular control in preference to others should be evident.	<a href="#">Ensure HOC is included and applied in all documentation e.g. TRA, SWMS, Hazard Reports, Risk Assessments during implementation of skytrust.</a>											P					
NC	3.8.5		Review Plant and Chemical Management Procedures, progress processes for development and implementation of Plant and Chemical pre-purchase systems. Implement Chemaalert system	Develop a Pre-Purchase Checklist for Plant & Equipment to demonstrate WHS considerations prior to purchase.	TIP							C								
NC	3.8.6		Continue with the implementation of the Skytrust system, this will allow NAWMA to develop a contractor register and applicable documentation. It will also provide reminders for when documentation expires. Develop a process for determining, based on the level of risk of the activities being undertaken by the contractor, a monitoring/inspection regime to monitor identified hazards, check that agreed controls are being implemented and corrective actions identified, documented, communicated and closed out. Evaluate and document the contractor's performance and develop a process for entry into the organisation's records management system.	<a href="#">Enter all preferred Contractors into a skytrust contractor register.</a>											P					
NC	3.9.1		Develop an annual inspection schedule detailing all the locations to be inspected and the frequency of the inspections to be undertaken. Develop checklists for each of the areas to be inspected. Process for inspections to include review of findings of the previous inspection to determine if previously identified items have been closed out or effectively controlled and incident or hazard reports raised since the last inspection reviewed so that implementation and effectiveness of controls can be verified. The inspection checklist shall be signed by all members of the inspection team and dated. Manage the hazard in accordance with the requirements of the Hazard Management Procedure, including consultation with workers, undertaking a risk assessment of the hazard and identifying the CAPA controls required. Process to include informing all relevant persons about the control measures selected or implemented for workplace safety. Process to incorporate WHS Steering Group review of workplace inspection findings and direct action when required. Minutes shall record outcomes of discussion and actions undertaken.	<a href="#">Develop &amp; create workplace inspections in skytrust</a>											P					
				<a href="#">Develop a schedule for Workplace inspections in skytrust.</a>											P					
				<a href="#">Develop a compliance register in skytrust.</a>											P					
NC	4.1.1		Review the Targets and Performance Indicators contained in the WHS Plan to determine the information required to provide an analysis of progress in meeting them. Include objectives, targets and performance indicators contained within their WHS Plan and a quarterly agenda item on the WHS Steering Group. Review the requirements of the Planning and Program Development Procedure s4.5 to develop a process for annual review of WHS Plan.	Include into the WHS Steering Group agenda, objective, targets and performance indicators.												P				
NC	5.3.1		NAWMA develop and implement a change management process legislative, workplace and work practices change. Include change management as an agenda item on the WHS Steering Group meetings.	Develop an annual WHS Management System Review which will include e.g. legislative updates, procedure reviews, review of WHS Plan with Programs 2017-2020, injury statistics etc.												P				
INJURY MANAGEMENT																				
NC	1.2.1		Job descriptions Scott Filsell and Amy Quintrell Executive Assistant do not contain reference to the relevant IRC / ICC responsibilities. The IRC/ICC for NAWMA is Scott Filsell WHS Officer. The contingency person for the IRC/ICC is Amy Hosking EA. Update job/position descriptions for IRC / ICC personnel to incorporate relevant IRC / ICC responsibilities.	Update Position Descriptions to include references to the IRC/ICC responsibilities for the relevant IRC/ICC personnel.											P					



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## Agenda Item 8.10

<b>Report Subject:</b>	2019/2020 Annual Business Plan progress report (standing item)	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Information report (governance, operational)
<b>Attachments:</b>	8.10.1 - Annual Business Plan Implementation Progress matrix		

### RECOMMENDATION

**That the Report is received and noted.**

### Purpose of the Report

To provide the Board and Audit Committee with a progress report on the activities set out in the 2019/2020 Annual Business Plan.

### Background

The 2019/2020 Annual Business Plan was adopted by the NAWMA Board at the meeting of 3 July 2019, after consultation with the three (3) Constituent Councils.

The Annual Business Plan outlines the priority programs, projects, and actions that the Administration will embark on in order to meet the needs of the Constituent Councils and deliver on the 2018-2025 Strategic Plan. It is an ambitious Plan containing 22 projects for the financial year.

This item will be a standing agenda item moving forward to ensure the Board have clarity over the delivery of the 2019/2020 Annual Business Plan.

### Report

The matrix appended at Attachment 8.10.1 is a snapshot update of the progress made against the 2019/2020 Annual Business Plan.

NAWMA's Chief Executive Officer is pleased to report that coming toward the end of the financial year reporting period, NAWMA has commenced all 22 projects, programs and actions. Many are well progressed towards completion or deemed complete. The WHS Skytrust implementation is least progressed but has seen significant progression since the additional resourcing was endorsed by the Board in February 2020.



2019/2020 Annual Plan				
Activities	Annual Plan Reference	2018-2025 Strategic Plan Linkage	Metric	Status
Implement Strategic Plan 2018-2025	3.1.1	All	Progress made on the implementation of the Strategic Plan	Ongoing
Operations Reference Committee	3.1.2	Objective 1, 2, 3	Bi-monthly Committee Meetings held	Completed
Chief Executive Roundtables	3.1.3	Objective 1, 2, 3	Meetings held at least quarterly	Completed
Finance ERP System Integration	3.1.4	Objective 3	Finance ERP System implemented as BAU, and informing decisions	Completed
Service Level Agreements	3.1.5	Strategies 1, 2, 5, 8	SLA's adopted	Completed
Participate in State Government High Level Working Group	3.1.6	Strategies 10, 11	CEO representation on three (3) high level working groups	Completed
Upgrade Research Road Transfer Station	3.2.1	Strategy 7, 8	Upgrade plans fully developed and commence upgrade construction	Ongoing. Capital received from City of Salisbury, site works expected to commence August 2020
Capital Upgrade Materials Recovery Facility	3.2.2	Strategies 1, 3, 4 5, 7, 8, 10, 11. Objective 1, 2	Three capital upgrade projects completed	Completed
Develop Downstream (onshore) Markets for Recovered Recyclables	3.2.3	Objective 2. Strategies 4, 10	Local, domestic, Australian markets identified for recovered resources	All materials onshore except for fibre (due to Norske deal ceasing). New focus on recycled glass fines
(Opt-out) Food Organics Garden Organics (FOGO) Business Case and Planning	3.2.4	Objective 1. Strategies 1, 5, 7, 9	Business Case developed, and consultation workshops with Councils held; 20/21 Budget Bid developed	City of Playford pilot project completed and Constituent Council consultation commenced. Board Report May 2020
Establish a regional household paint and chemical drop off facility	3.2.5	Strategies 1, 7	Free household detox facility operational	Completed
Ensure cell development, rehabilitation, and necessary capital planning	3.2.6	Objective 3	Design work completed to maximise airspace	Completed
Longlist/Shortlist Landfill Alternatives	3.2.7	Objective 3. Strategies 8, 10, 11	Shortlist completed and presented to Board for next stage of diligence	Ongoing. Project Advisory Group (SPV) established. Board Report May 2020
Internalising Repair and Maintenance Functions	3.3.1	Strategy 9	Key resources secured internally to drive R&M program	Completed
Business Support Function	3.3.2	Strategy 10, 11	Position filled, and driving efficiencies through data centered decision making	Completed
Risk Management Software Platform (Skytrust)	3.3.36	Strategy 10, 11	Skytrust implemented and integrated into business as usual	Ongoing. Skytrust implementation commenced
Implementation of WHS Plan 2017-2020	3.3.4		Plan implementation progressed towards 2020 completion and integration across organisation	Ongoing. Audit completed in August 2019 and two year Action Plan in progress. Board Report May 2020
Plan with Programs	3.3.5		Plan with Programs developed	Completed
Targeted education - resource recovery and circular economy practices	3.4.1	Objective 1. Strategies 2, 10	Campaign delivered and influencing diversion and contamination results (measured through 2020 kerbside audit)	Ongoing. Significant amount of updated resources have been developed including corporate video, contamination strategy, App and website
Expansion of public facing community information	3.4.2	Objective 1. Strategies 2, 10	Promotional material delivered in face to face setting, in addition to public facing collateral	Ongoing, now focussing on virtual tours
Improved data capture from collection vehicles	3.4.3	Strategies 2, 9	On board fleet system implemented with working access provided to NAWMA to assist customer service, and contamination management	Ongoing. Fleetmax software being installed on Suez vehicles with 'go-live' expected on 1 July 2020
Development of a coordinated Resource Recovery Communications and Education Plan	3.4.4	Objective 1. Strategies 2, 10	Consultation with Councils. Workshop with Board. Development of a Draft Plan for endorsement.	Ongoing. Plan developed and implementation underway.

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## Agenda Item 8.11

<b>Report Subject:</b>	WHS Steering Committee Minutes (standing item)	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	14 May 2020	<b>Report Type:</b>	Information report (operational, governance)
<b>Attachments:</b>	8.11.1 – WHS Steering Committee Minutes of 29 April 2020 (latest meeting)		

### RECOMMENDATION

**That the Report is received and noted.**

### Purpose of the Report

To provide the Board and Audit Committee with an update of NAWMA's WHS Steering Committee.

### Background

This Report is a standing item on the Board agenda.

### Report

A meeting of NAWMA's WHS Steering Committee was held on Wednesday 29 April 2020. Appended (at Attachment 8.11.1) are the minutes of this meeting for the information of the Board and Audit Committee.

# WHS STEERING GROUP MEETING MINUTES

## WHS KEY PILLARS

1. Training & Qualifications
2. Records & Documentation
3. Maintenance & Housekeeping
4. Emergency Procedure



Meeting Title:		NAWMA WHS Steering Group			Chaired by:	Scott Filsell			Meeting Date:	29/04/20		Meeting Number:	54			
Venue:		NAWMA Woomera Ave			Secretary:	Scott Filsell			Start:	1:00pm		Finish:	01:40pm			
ATTENDEES	Attend	Apology	Absent	ATTENDEES	Attend	Apology	Absent	AGENDA:	1. Status of previous actions 2. New items • Black Text - ongoing • Red Text - New/Current items • Green Text – Completed items	Risk Rating	To Be Started	In Progress	Completed	Closed	Total Items	
Adam Faulkner	X									Extreme						0
Danial Dunn	X									High			4	1		5
Jason Moorhouse	X									Moderate			9	2		11
Sarah Pain	X									Low			1			1
Scott Filsell	X									TOTAL	0	14	3	0	17	
Zak Langridge	X															
Distribution	Electronic copies to all attendees and individuals that are absent. Minutes stored on “N” Drive and displayed on site Notice Boards.					Date Issued	1/05/20		Next Meeting:	26/5/20 - 10:00am		Venue	NAWMA Woomera Ave			

Agenda Item		Issue Details	Action Required	Risk Rating	Action By	Date Raised	Due Date	Action Completed
1.	Review any current Incidents or issues:	Incident Reports	<ul style="list-style-type: none"> <li>MRF Worker - Superficial Injury – Slip</li> <li>SUEZ driver accident – Cyclist – DD to follow up</li> </ul>	High High	Scott Filsell SUEZ	15/2/20 11/2/20	10/4/20 26/5/20	29/4/20
2.	Records & Documentation	New Corrective Actions identified from Hazard Reports & Investigations  Review of Corrective Actions identified from Hazard Reports & Investigations	<ul style="list-style-type: none"> <li>Take 5 booklets &amp; training for fitters -19220</li> <li>Take 5 booklets to be rolled out at all other sites also and training on how/when to use.</li> </ul>	High	Scott Filsell	19/2/20	26/5/20	
3.	Training & Qualifications	Attendance / Non-Attendance	<ul style="list-style-type: none"> <li>Isolation &amp; LOTO training to be carried out ASAP for RRC,WPF workers and maintenance fitter.</li> </ul>	High	Scott Filsell Jason Moorhouse	29/4/20	26/5/20	
Agenda Item		Issue Details	Action Required	Risk Rating	Action By	Date Raised	Due Date	Action Completed

## WHS STEERING GROUP MEETING MINUTES

### WHS KEY PILLARS

1. Training & Qualifications
2. Records & Documentation
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4.	Records & Documentation	SWP Development	<ul style="list-style-type: none"> <li>Develop/Review NAWMA specific SWP documents</li> <li>RRC/WPF – To be reviewed &amp; updated as required</li> <li>MRF – To be reviewed &amp; updated as required</li> <li>LANDFILL - To be reviewed &amp; updated as required</li> </ul>	Moderate	Jason Moorhouse Scott Filsell Thao Nguyen	11/10/17	Ongoing	
5.	Records & Documentation	Development of Contractor Management System Skytrust - Improve safety culture throughout the organisation	<ul style="list-style-type: none"> <li>Safety conversations to be had and recorded on Sky trust once implemented.</li> </ul> <p>Proceed with SKYTRUST implementation Underway</p>	Low	Scott Filsell	11/10/17	Ongoing	
6.	Maintenance & Housekeeping Training & Qualifications Records & Documentation	Designated walkways Edinburgh Nth site - WHS Summit SafeWork NSW, EPA & Industry leaders Veolia, SUEZ and others.	<ul style="list-style-type: none"> <li>New Gas modifications still to be completed on site, designated walkways now need to be planned for site. Latest is completion from end April of 2020</li> <li>Review of current Traffic Management Plans for all sites, focussing on Vehicle &amp; Pedestrian interaction</li> <li>Draft Bellchambers recommendations are due Feb 2020. Recommendations received, working through priority tasks identified in the plan. Linemarking to go ahead along with Armco railing for vehicle/pedestrian separation.</li> </ul>	High	Scott Filsell Jason Moorhouse Danial Dunn SUEZ  Scott Filsell	22/05/18  01/10/19	Ongoing  July 2020	
7.	Emergency Procedure	Confined Space Emergency Plan	<ul style="list-style-type: none"> <li>The group has agreed to accept the risks involved with the Confined Space (CS) and the modifications to make it safer to date. The RRC Pit will also be treated as a CS moving forwards.</li> <li>All workers involved with the space will have refresher training and will coincide with Isolation &amp; Lockout training.</li> <li>Signage to be installed to highlight the RRC Pit and WPF pit areas as Confined Spaces.</li> <li>SF to order the Confined Space access equipment</li> </ul>	Moderate	Scott Filsell Jason Moorhouse Dean Williams  Jason Moorhouse Dean Williams Scott Filsell	02/04/19  2/4/20	26/5/20  7/4/20	
8.	Records & Documentation	CoR (Chain of Responsibility) NHVL (National Heavy Vehicle Law)	<p><b>Review of any NHVL breaches</b></p> <ul style="list-style-type: none"> <li>SUEZ has responded by email 10/9/19 and notified they will be replacing their existing vehicle scale system and be replacing with Airweigh scales.</li> </ul> <p>SUEZ have noted install will commence from 28<sup>th</sup> Jan 2020 for 2-3 weeks. SUEZ will notify NAWMA once all units have been installed on their fleet.</p> <ul style="list-style-type: none"> <li>Overloaded Vehicle 17/3/20 –NAWMA Report attached – DD to Follow up with SUEZ Report regarding the use of the older fleet for pickups</li> </ul>	Moderate  Moderate	Scott Filsell Danial Dunn  Scott Filsell Danial Dunn	23/07/19  18/3/20 27/3/20	28/04/20  23/3/20 26/5/20	29/4/20
Agenda Item		Issue Details	Action Required	Risk Rating	Action By	Date Raised	Due Date	Action Completed

## WHS STEERING GROUP MEETING MINUTES

### WHS KEY PILLARS

1. Training & Qualifications
2. Records & Documentation
3. Maintenance & Housekeeping
4. Emergency Procedure



9.	Records & Documentation	WHS Plan & Programs	<ul style="list-style-type: none"> <li>Review WHS Plan and Programs, prioritise actions and close out completed actions. It was agreed to await the outcome of our WHS &amp; Risk Evaluation to form an action plan which will identify and prioritise the scope for the resource assistance.</li> <li>Audit recommendations to follow Action plan to be completed by the end of January 2020 with the assistance of Vicky &amp; Colleen from the scheme. WHS draft completed. RISK draft completed 8/1/20 with Colleen.</li> <li>Action plan to be submitted to the Board and Audit committee and Peer review from the "Scheme"</li> <li>Action plan underway with WHS &amp; Risk Actions, NAWMA receiving assistance from outside resource for Skytrust implementation.</li> <li>Adam Faulkner raised, Risk Action Plan to be brought to next committee meeting to discuss potential delegation of actions to team members.</li> </ul>	Moderate	All	16/05/19	Ongoing	
10.	Records & Documentation	Proposed Modifications to Pooraka RRC	<ul style="list-style-type: none"> <li>Scott Filsell &amp; Jason Moorhouse to complete R/A's for both proposed modifications to the site to improve the sites safety, vehicle interactions with pedestrians and efficiency.</li> </ul>	Moderate	Scott Filsell Jason Moorhouse	11/12/19	26/05/20	
11.	Maintenance & Housekeeping Training & Qualifications Records & Documentation	Perimeter Fencing for Waste Baling Facility	<ul style="list-style-type: none"> <li>Danial Dunn raised, to compliment the safety of the Waste Baling operation we will install perimeter guarding the same as the MRF. Isolation &amp; Lockout training to be organised with workers. Signage to be installed to notify of the confined space in the area. Follow up 7/02/20</li> </ul>	Moderate	Danial Dunn Jason Moorhouse Dean Williams Scott Filsell	19/12/19	28/04/20	15/4/20
12.	Emergency Procedure	Visitors to MRF – Tour Groups	<ul style="list-style-type: none"> <li>It was raised following a Tour Group visit to the MRF 11/3/20 that some of the guests were not in appropriate clothing or footwear and some struggled to navigate the tour route, also were in close proximity to the working area of our baled material storage area. Recommend modifying tour route and restricting access to MRF operating areas. Tours postponed due to COVID-19.</li> </ul>	Moderate	All	5/3/20	28/4/20	
13.	Emergency Procedure	PPE – Masks specifically	<ul style="list-style-type: none"> <li>Due to the Coronavirus pandemic P1 &amp; P2 dust masks are unavailable. Other respirator options need to be investigated. Trials to take place of other suitable masks.</li> </ul>	Moderate	Scott Filsell	27/3/20	28/4/20	29/4/20
Agenda Item		Issue Details	Action Required	Risk Rating	Action By	Date Raised	Due Date	Action Completed
14.	Emergency Procedure	Dust Control measures in MRF	<ul style="list-style-type: none"> <li>Trial of fitting rubber flaps to entry point of conveyor belt into Pre-sort station to be completed.</li> </ul>	Moderate	Scott Filsell Sakun Tha	27/3/20	28/4/20	29/4/20

## WHS STEERING GROUP MEETING MINUTES

### WHS KEY PILLARS

1. Training & Qualifications
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			<ul style="list-style-type: none"> <li>Sort room doors to be kept closed during plant operation to pressurise the room.</li> <li>Sourced alternative air conditioning vents to prevent dust being stirred up by air on conveyor. To be installed.</li> <li>Further methods will be investigated to reduce the amount of dust in the pre-sorting room.</li> </ul>		Thao Nguyen  Scott Filsell	27/3/20  27/3/20	28/4/20  26/5/20	29/4/20
15.	Records & Documentation	Drug and Alcohol Testing (D&A)	<ul style="list-style-type: none"> <li>Discuss scheduling of D&amp;A testing more frequently, SF to supply schedule of costings for discussion. Forwarded cost summary to Steering Group members.</li> <li>Danial Dunn to arrange discussion with Randstad regarding regular testing of the Randstad staff working in the MRF.</li> </ul>	Moderate	All  Danial Dunn	17/4/20  29/4/20	26/5/20  26/5/20	
16.								
17.								
18.								
19.								