

**ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Tuesday 23 August 2022
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 18.4

Responsible Officer: John McArthur
Manager Sustainability, Waste and Emergency Management
Infrastructure and Operations

Subject: Revised East Waste 2022-23 Annual Business Plan and Budget

For: Decision

1. Revised East Waste 2022-23 Annual Business Plan and Budget – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- Chief Executive Officer, Andrew Aitken
- Director Community Capacity, David Waters
- Director Corporate Services, Terry Crackett
- Director Development & Regulatory Services, Natalie Armstrong
- Acting Director Infrastructure & Operations, Ashley Curtis
- Executive Manager Governance & Performance, Lachlan Miller
- Governance & Risk Coordinator, Steven Watson
- Manager Sustainability, Waste and Emergency Management, John McArthur
- Minute Secretary, Pam Williams

be excluded from attendance at the meeting for Agenda Item 18.4: (Revised East Waste 2022-23 Annual Business Plan and Budget) in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3)(d) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the business who supplied the information.

Accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

2. Revised East Waste 2022-23 Annual Business Plan and Budget – Confidential Item

SUMMARY

In late June 2022 Council received preliminary advice from East Waste that additional expense would likely be incurred in the 2022-23 financial year as a result of predominantly additional fuel costs and unknowns regarding processing costs for kerbside recyclable material. A summary of this outcome was advised to Council Members at the time via an email from the Chief Executive Officer.

Council has now received further correspondence (**Appendix 1**) from East Waste outlining that a review of the draft East Waste 2022-23 Annual Plan and Budget has been undertaken. East Waste has reviewed all budget lines and where possible reduced costs so as to minimise impacts to Member Councils. East Waste is now seeking Council's consent of the *East Waste 2022-23 Annual Plan - Revised* (the Revised Plan), refer **Appendix 2**. The Revised Plan also incorporates a revised budget.

The purpose of this report is to outline the forecast additional costs to Adelaide Hills Council and to seek consent of the *East Waste 2022-23 Annual Plan - Revised*

RECOMMENDATION

Council resolves:

1. That the report be received and noted
 1. To provide consent to the Eastern Waste Management Authority *Draft Annual Plan 2022-23 (Revised)*
-

1. BACKGROUND

At a Special Council meeting held 17 May 2022 Council resolved to provide consent to the *East Waste Draft Annual Plan 2022-23* as follows:

7.3 East Waste Draft 2022-23 Annual Business Plan & Budget

Rob Gregory, General Manager East Waste, addressed Council.

Moved Cr Linda Green
S/- Cr Kirrilee Boyd

114/22

Council resolves:

1. That the report be received and noted
2. To provide consent to the Eastern Waste Management Authority *Draft Annual Plan 2022-23*.

Carried Unanimously

Notwithstanding the above, in late June 2022 East Waste wrote to all Member Councils at the time advising of the need to amend the draft East Waste 2022-23 budget due to a likely increase in two key costs centres.

The above correspondence advised of the likely need to seek further funds from Member Councils in order to more accurately reflect additional fuel costs. Further, the correspondence also raised the likelihood of additional costs for the receipt and processing of kerbside recycling material. This preliminary and estimated information was brought to the attention of Council Members via an email from the Chief Executive Officer on 27 June 2022.

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

The City of Unley formally joining East Waste as a Member Council and the additional fuel and recycling cost required revision of the *East Waste Draft Annual Plan 2022-23* and budget. Accordingly, Council has now received further correspondence (refer **Appendix 1**) from East Waste seeking consent of the *East Waste 2022-23 Annual Plan – Revised*.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 4	A valued Natural Environment
Objective N4	Reduce the impact of waste to landfill by maintaining a robust waste and resource management framework
Priority N4.4	Implement new or improved waste service opportunities whilst continuing to provide ongoing resource recovery and waste service to our community
Goal 5	A Progressive Organisation
Objective O.5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Consenting to the Revised Plan will assist to ensure that East Waste can continue to provide community waste and recycling services and have in place an annual plan as required by the *East Waste Charter* and provisions of the *Local Government Act 1999*.

➤ **Legal Implications**

East Waste is a regional subsidiary of the Adelaide Hills Council, created under s43 of the *Local Government Act 1999*. The Constituent (Member) Councils of East Waste are: Adelaide Hills Council; City of Burnside; City of Campbelltown; City of Norwood, Payneham and St Peters; City of Prospect; City of Unley and the Town of Walkerville.

Each of the Councils is represented by an Ordinary Board Member on the East Waste Board, in addition there is an independent Chair. Clause 24 and 25 of Schedule 2 of the *Local Government Act 1999* require Regional Subsidiaries to prepare and adopt Business Plans and Budgets.

➤ **Risk Management Implications**

Consenting to the East Waste Annual Plan 2022-23 (Revised) will assist in mitigating the risk of:

East Waste operating with insufficient funding leading to an inability to meet service obligations.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (4D)	Low (2E)

If Council resolves to consent to the Revised Plan correspondence will need to be sent to East Waste formally confirming this.

➤ **Financial and Resource Implications**

East Waste has undertaken a critical review of all aspects of the budget and refined assumptions previously made to reflect the most current information and environment, including the inclusion of the City of Unley. This has included making a number of cuts, updating inflation and interest rates, reforecasting depreciation and maintenance, updating fuel assessments and updating projected processing fees.

Through the review and updating of the budget undertaken by East Waste the total additional expenditure has been reduced significantly downwards from what was originally flagged by East Waste in late June 2022.

Following the review undertaken above East Waste has provided revised projected fees for the 2022-23 financial year. The following table shows the original budget, revised budget and movement between the two for Adelaide Hills Council.

Item	Original Budget	Revised Budget	Movement
Administration fee	\$35,598	\$31,897	-\$3,701
Collection Fees*	\$2,831,463	\$2,838,176	\$6,713
Indicative Processing Fees**	\$545,104	\$701,862	\$156,758
TOTAL	\$3,412,165	\$3,571,935	\$159,770

*Waste, recycling and green organic bin and street litter and hard rubbish

** Green organics, hard waste and recyclables

In total, the revised fees provided by East Waste for Adelaide Hills Council have increased by approximately \$160K.

The increase to Council's fees as shown by East Waste is predominantly due to increases in recycling processing costs. Further information regarding recycling processing is provided in a confidential report at the 23 August 2022 Ordinary Council meeting. In regard to processing for hard waste and green organics there is no increase to the budgeted price for hard waste and only a minor increase (updating of CPI) associated with the green organics contract. The increase in diesel costs forecast by East Waste have pleasingly been more or less offset by the financial benefits of the City of Unley joining as a Member Council. For this reason Council's collection fees provided by East Waste have only increased by \$6.7K. The small decrease in administration fees is also a result in the City of Unley joining East Waste.

However, Council's adopted 2022-23 budget already accounts for savings from the City of Unley joining East Waste with an associated budget reduction made to the waste budget of \$126K when Council's budget was adopted in June 2022. To ascertain the true budget impact to Council of the fuel increase this adjustment needs to be added to the collection fees provided above by East Waste.

In total, taking into account the addition of the City of Unley, increases in recycling costs, diesel costs and other minor adjustments Council's waste collection budget is forecast to increase by \$286k.

In considering the additional costs now incurred by East Waste and ultimately Member Councils these increases would have been significantly worse had the City of Unley not joined East Waste as a Member Council. In financial terms, without Unley, Council's waste management costs for this financial year would be an additional \$126K. Across all Member Councils, collection fees would have been at least \$600K more if Unley had not joined East Waste.

Commentary regarding the financial benefits of Unley joining East Waste have been added to the Budget Management section of the Revised Plan contained in **Appendix 2** and is copied below for ease of reference.

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

At the Council Meeting on 23 August 2022, there is a 2021-22 Preliminary End of Year Financial Results and Carry Forwards Council Report which also proposes changes to the 2022-23 Budget to account for the 2021-22 requested carry forwards and additional budget requests and changes. As East Waste reassesses its costs each quarter and costs in these two areas of recyclables and fuel are quite volatile, it is proposed to reconsider these increased costs in Budget Review 1 prior to progressing consideration of the waste cost base to be included in the 2023-24 Long Term Financial Plan.

It is noted that as the budget changes from East Waste are quite material, strategies to reduce waste costs and other saving strategies are likely to be needed, if it is confirmed that these increased costs will form part of the waste cost base for future years. Otherwise, as highlighted previously, this will put pressure on proposed rate increases to maintain financial sustainability ratios within agreed targets.

➤ **Customer Service and Community/Cultural Implications**

Ensuring East Waste has a current Annual Business Plan and financial capacity to deliver ongoing services will ensure residents will continue to receive uninterrupted kerbside bin collection and hard waste collection services.

➤ **Sustainability Implications**

Ensuring East Waste has a current Annual Business Plan and financial capacity to deliver ongoing services will ensure recyclable and green organic material collected from kerbside bins will be delivered for processing and reuse.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	CEO Update 16 August 2022
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	East Waste
<i>Community:</i>	Not Applicable

➤ **Additional Analysis**

The core intent of the Revised Plan remains unchanged which is to progress towards the Key Performance Indicators and Vision of the *East Waste 2030 Strategic Plan*.

The 2022-23 East Waste Annual Plan has been revised to reference the City of Unley now being a Member Council of East Waste and the benefits thereof. There are now references to Unley in the Revised Plan that were not contained in the original document consented to by Council at the 17 May 2022 Special Council meeting.

Most notable inclusions are the addition of an Executive Summary which outlines the positive impact on East Waste's standing in the waste and resource management sector and the non-financial benefits of Unley joining East Waste as a Member Council (the financial benefits were discussed in the Financial and Resources Implication section of this report). The Executive Summary can be seen in **Appendix 2, East Waste 2022-23 Annual Plan (Revised)**.

Contained in both versions of the Plan the projects listed under Objective 1: Deliver cost-effective and efficient services & facilities and Objective 5: Provide Leadership, aim to that ensure East Waste continues to seek efficiencies for Member Councils. The remaining projects listed under Objectives 2, 3 & 4, are specially targeted at increasing landfill diversion and improving contamination rates.

3. OPTIONS

Council has the following options:

- I. Consent to the draft *East Waste Annual Plan 2022-23 (Revised)* (Recommended).

This option is recommended as it will ensure East Waste has a current annual plan that reflects the Authority's operations and the financial capacity to deliver services to Member Councils.

- II. Not consent to the draft *East Waste Annual Plan 2022-23 (Revised)* (Not recommended).

This option is not recommended as it may lead to East Waste not having an annual plan that reflects the Authorities current operations nor the financial capacity to deliver services to Member Councils.

4. APPENDICES

- (1) East Waste Correspondence
- (2) East Waste 2022/23 Annual Plan (Revised)

Appendix 1

East Waste Correspondence

15 August 2022

Mr Andrew Aitken
Chief Executive Officer
Adelaide Hills Council
PO Box 44
WOODSIDE SA 5244
(sent via email: aaaitken@ahc.sa.gov.au)

Dear Andrew,

Re: East Waste Draft 2022/23 Annual Plan and Budget (Revised)

I am pleased to provide to you the revised *East Waste Draft 2022/23 Annual Plan* (refer attached), inclusive of a draft budget and revised Adelaide Hills Council fees for the remainder of the 2022/23 financial year.

With the City of Unley being formally admitted as a Member Council on 25 July 2022 and fuel prices increasing significantly above the initial budgeted amount, this has necessitated the development of an amended Annual Plan and budget.

Clause 51 of the East Waste Charter mandates that East Waste must have an Annual Plan which supports and informs the Budget and additionally Clause 52.3, notes that the Plan must be presented to Member Councils for the purpose of obtaining their consent prior to 31 May. In a normal year, this allows the Annual Plan and Budget to be endorsed prior to the commencement of the financial year (and any expenditure), however in this case the Annual Plan and Budget will not be approved until September, following Member Council consultation. If endorsed, the amended Annual Plan (and budget) will be effective from 1 August 2022.

It is not a matter of concern that for a period of time after Unley becomes a Constituent Council, expenditure will need to be incurred in respect of the services that the Authority provides to Unley. In this regard, *Clause 25(5) of Schedule 2 to the Local Government Act 1999* provides for expenditure to occur, after consultation with the Constituent Councils, before the adoption (read 'amendment', in these circumstances) of the Annual Plan/Budget for the financial year.

City of Unley Joining as a Member Council

The significance, and value to existing Member Councils of the City of Unley joining East Waste cannot be understated. With the inclusion of Unley, East Waste now services over 40% of Adelaide Metropolitan Councils, and each week will collect the bins from approximately 25% of Adelaide's population. In operational terms, this will see East Waste complete over 10,000,000 bin lifts and 50,000 hard waste and mattress collections over the coming year.

Financially, through having the City of Unley join, Member Councils will save \$600,000-\$700,000 per year. This has been verified through a thorough, detailed Independent Business Case Analysis undertaken by BRM Advisory earlier this year.

While the amended budget, due to external impacts beyond East Waste's control, doesn't immediately show these savings, the reality is that without securing Unley as a Constituent Council, expenses to the previous seven Members would be **at least \$600,000 more**.

Along with these year-on-year financial savings, the City of Unley joining provides longer term benefits, including:

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

The City of Unley joining, also alters all Common Fleet Percentages, with Adelaide Hills Council reducing from 21.29% to 18.00%.

Annual Plan

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

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

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

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

Draft Budget

Recognising the impact of the external influences on the budget and Member Council costs (namely fuel increase and recycling processing), East Waste has had a critical look at all aspects of the budget and refined assumptions to reflect the best-known current information and environment. This has included making a number of cuts, updating inflation and interest rates, reforecasting depreciation and maintenance, updating fuel assessments and updating projected processing fees.

As expected the fuel increase is the most significant and even after reforecasting to take into account actual spend over the first month and short term forecasting, an additional \$1m has been projected for this expense line alone.

Pleasingly, from a total Common Fleet Collections cost perspective, East Waste has been able to negate most of this impact, through the introduction of the City of Unley and other efficiencies employed, resulting in only a very minor increase to collection fees.

From a processing perspective, there is no increase to the budgeted price for hard waste and only a minor increase (updating of CPI) associated with the Organics contract. As previously advised, there is an impact associated with recycling processing. The procurement process for this is yet to be finalised and I will write to you under separate cover providing further detail, however as detailed in Table 1 we are anticipating a 30-40% increase on the original FY23 budget supplied to Council.

A breakdown of the projected fees to be charged to Adelaide Hills Council is detailed in Table 1 below. To protect our commercial integrity, we respectfully request that these are kept confidential and only the high-level figures (bold) are used for your budgeting and publicly accessible documents.

To assist with transparency and tracking of your costs, the table provides figures associated with the original, budget, the revised budget, the amounts paid to date and remainder of the balance owing for the year.

Table 1: Adelaide Hills Council Projected Fees for FY2023 (revised)

Member Council Fees 2022/23 (Revised)				
Adelaide Hills Council	Draft Budget 2022/23	FY2022/23 Budget (revised)	Amount paid to date (1st Qtr invoice)	Amount owing (remainder FY23)
Administration Fee Fixed	\$35,598	\$31,897	\$8,899	\$22,997
Collection Fees	\$2,831,463	\$2,838,176	\$707,866	\$2,130,310
Waste	\$1,456,910	\$1,460,364	\$364,228	\$1,096,137
Recycling	\$734,979	\$736,721	\$183,745	\$552,976
Green Organics	\$366,338	\$367,207	\$91,585	\$275,622
Street/Reserve Litter	\$187,303	\$187,747	\$46,826	\$140,922
Hard Rubbish	\$85,933	\$86,137	\$21,483	\$64,653
Indicative Processing Fees	\$545,104	\$701,862		
Green Organics	\$162,247	\$164,917		
Hard Waste	\$67,678	\$67,678		
Recyclables	\$315,180	\$469,268		
Total Waste Costs	\$3,412,165	\$3,571,935	\$716,765	\$2,153,307

The above figures do not include your landfill disposal costs which are charged directly to you under separate contract. Should you have any questions in relation to the figures presented, please don't hesitate to contact me directly.

The timing of the City of Unley becoming a Member Council and the upcoming caretaker period means that we are operating within a condensed timeframe and I appreciate you presenting this to your Council prior to the commencement of the caretaker period. David Maywald, Manager Business Services and myself are available to attend the Council meeting where this is presented if required.

I look forward to receiving your written consent to the East Waste Draft 2022/23 Annual Plan (revised) following Council consideration and continuing to work with you.

Yours sincerely,

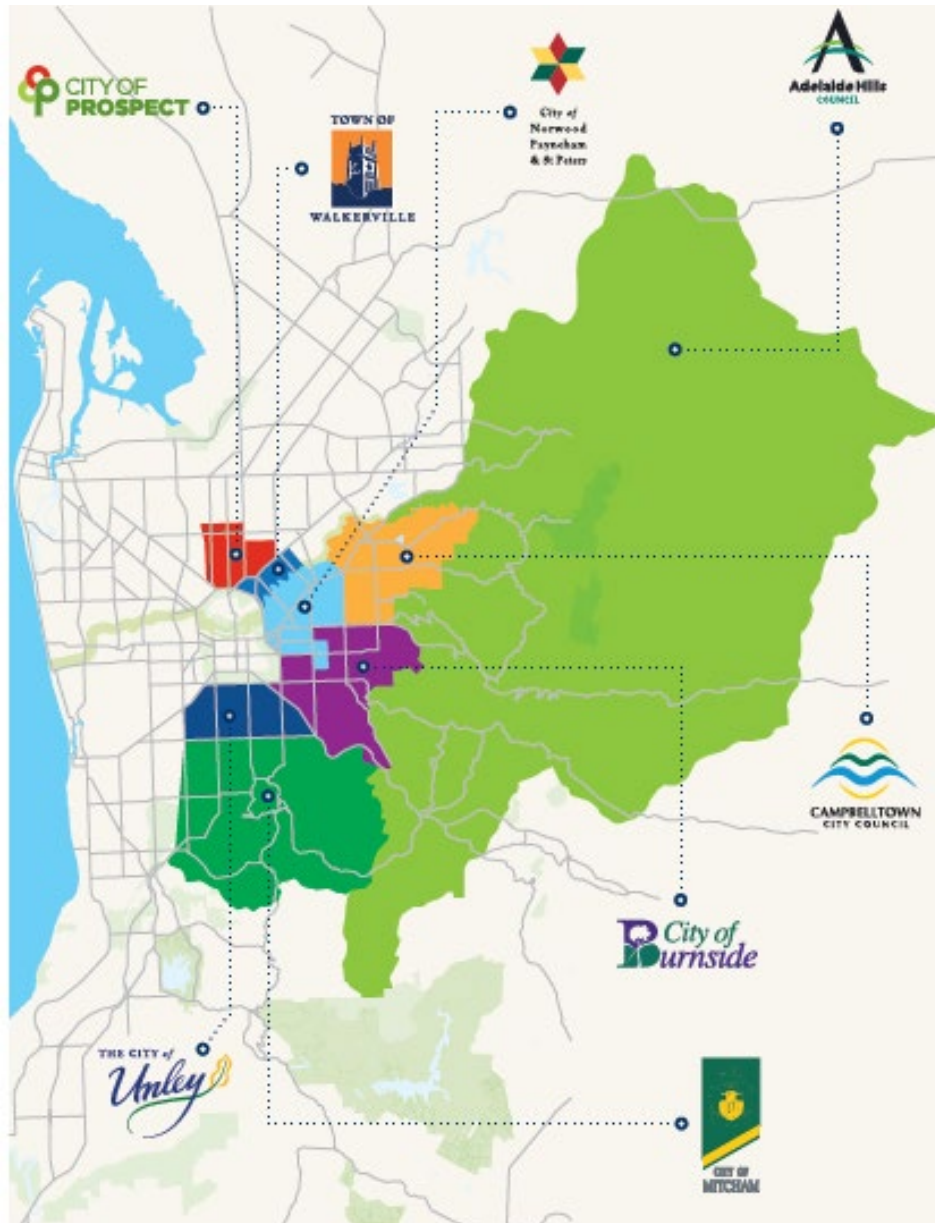


ROB GREGORY
GENERAL MANAGER

Appendix 2

East Waste 2022-23 Annual Plan (Revised)

EastWaste



2022/23 Annual Plan (Revised)

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VISION

The Destination

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

MISSION

The Vehicle

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

Executive Summary

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

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

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

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

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

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

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

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

Background

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

East Waste is governed by a Charter (the Charter) pursuant to *Section 43* of the *Local Government Act 1999* and administered by a Board, which includes a director appointed by each Council and an Independent Chair. Through the admission of the City of Unley as a Member Council, East Waste undertook the required periodic review of the Charter which has now been endorsed by all Member Councils.

Clause 51 of the Charter requires the Authority each year to have an Annual Plan which supports and informs the budget. Specifically, it is to include an outline of East Waste's objectives, the activities intended to be pursued, and the measurement tools defined to assess performance. It must also assess and summarise the financial requirements of East Waste and set out the proposals to recover overheads and costs from the Member Councils.

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

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

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

East Waste Strategic Plan Vision, Objectives & Strategies

VISION

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

OBJECTIVES

1. Deliver cost-effective and efficient services facilities

2. Maximise source separation and recycling

3. Provide leading and innovative behaviour change and education

4. Help develop a local circular economy

5. Provide leadership

STRATEGIES

- 1.1 Attract additional services and/or new councils where further economies of-scale can be achieved
- 1.2 Offer a single contract for the management of the residual waste to all member councils
- 1.3 Partner with other councils and organisations to achieve greater synergies and economies of scale in service delivery
- 1.4 Investigate and implement collection technologies and innovation
- 1.5 Provide a consistently high standard of Customer Service

- 2.1 Provide more service choice and flexibility to residents on kerbside services to support them to increase their recycling levels
- 2.2 Provide a tailored 3-stream service to Multi-Unit Dwellings (MUDs) to support waste reduction and increased recycling
- 2.3 Pilot a tailored service delivery model across a business precinct(s) to support waste reduction and increased recycling

- 3.1 Engage in research and projects delivering evidence-based data which increases behaviour change decision making
- 3.2 Develop an integrated and tailored long-term community behaviour change and education program
- 3.3 Identify and trial behaviour change programs aimed at reducing contamination
- 3.4 Encourage and support councils to introduce an incentive(s) to households to reduce their landfill volumes
- 3.5 Engage schools in behaviour change & waste education

- 4.1 Support local reprocessing and procurement of recycled content products
- 4.2 Encourage and support councils to procure and use recycled content products
- 4.3 Support councils to implement sharing economy and reuse initiatives
- 4.4 Investigate options to process and extract the highest value from collected resources

- 5.1 Implement best practice safety standards
- 5.2 Advocate on behalf of our Member Councils
- 5.3 Invest in our people
- 5.4 Quality and transparent Corporate (Governance & Financial) Activities

KPIs

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



2022/23 Objectives & Activities

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

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

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

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

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

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

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

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

MAXIMISE SOURCE SEPARATION & RECYCLING

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

PROVIDE LEADING AND INNOVATIVE BEHAVIOUR CHANGE AND EDUCATION

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

HELP DRIVE A LOCAL CIRCULAR ECONOMY

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

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



Budget Management

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

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

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

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

Financial Statements

EAST WASTE

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

FY2021		FY2023		FY2023	FY2023	
Audited Actuals		Original Budget	Proposed Original Budget w/ Unley Member Council	Proposed Amended Budget	Variance: Proposed Amended Budget v Proposed Original Budget w/ Unley Member Council	
\$'000		\$'000	\$'000	\$'000	\$	%
	Income					
16,707	User Charges	17,949	20,040	21,955	1,915	10%
12	Investment income	2	2	13	11	550%
-	Grants, subsidies and contributions	75	75	75	-	0%
917	Other	1,234	1,065	1,069	4	0%
17,636	Total	19,260	21,182	23,112	1,930	9%
	Expenses					
6,089	Employee Costs	6,504	7,185	7,164	(21)	0%
9,149	Materials, contracts & other expenses	10,171	11,089	13,241	2,152	19%
1,986	Depreciation, amortisation & impairment	2,209	2,504	2,346	(158)	-6%
262	Finance costs	268	355	406	51	14%
17,486	Total	19,152	21,133	23,157	2,024	10%
150	Operating Surplus / (Deficit)	108	49	(45)	(94)	0%
105	Asset disposals & fair value adjustments	100	100	200	100	100%
255	Net Surplus / (Deficit)	208	149	155	6	4%
-	Other Comprehensive Income	-	-	-	-	0%
255	Total Comprehensive Income	208	149	155	6	4%

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EAST WASTE

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

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

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

FY2021		FY2023	FY2023	FY2023	FY2023	
Audited Actuals		Original Budget	Proposed Original Budget w/ Unley Member Council	Proposed Amended Budget	Variance: Proposed Amended Budget v Proposed Original Budget w/ Unley Member Council	
\$'000		\$'000	\$'000	\$'000	\$	%
Cash Flows from Operating Activities						
Receipts						
18,457	Operating Receipts	19,183	21,105	23,024	1,919	9%
7	Investment Receipts	2	2	13	11	550%
Payments						
(6,012)	Employee costs	(6,424)	(7,092)	(7,071)	21	0%
(9,243)	Materials, contracts & other expenses	(10,171)	(11,089)	(13,241)	(2,152)	19%
(233)	Interest Payments	(268)	(355)	(406)	(51)	14%
2,976	Net Cash Flows from Operating Activities	2,322	2,571	2,319	(252)	-10%
Cash Flows from Investing Activities						
Receipts						
124	Sale of Replaced Assets	100	100	200	100	100%
Payments						
(2,452)	Expenditure on Renewal/Replaced Assets	(2,327)	(2,265)	(2,223)	42	-2%
-	Expenditure of New/Upgraded Assets	-	(2,524)	(2,597)	(73)	3%
(2,328)	Net Cash Flows from Investing Activities	(2,227)	(4,689)	(4,620)	69	-1%
Cash Flow from Financing Activities						
Receipts						
2,284	Proceeds from Borrowings	2,225	4,689	4,525	(164)	-3%
Payments						
(260)	Repayment of Lease Liabilities	(263)	(263)	(263)	-	0%
(1,826)	Repayment of Borrowings	(1,798)	(1,932)	(1,896)	36	-2%
198	Net Cash Flow from Financing Activities	164	2,494	2,366	(128)	-5%
846	Net Increase (Decrease) in cash held	259	376	65	(311)	-83%
2,322	Cash & cash equivalents at beginning of period	2,161	1,991	1,991	-	0%
3,168	Cash & cash equivalents at end of period	2,420	2,367	2,056	(311)	-13%

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

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

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EAST WASTE

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

FY2021		FY2023		FY2023	FY2023
Audited Actuals		Original Budget	Proposed Original Budget w/ Unley Member Council	Proposed Amended Budget	
\$'000		\$'000	\$'000	\$'000	
17,636	Income	19,260	21,182	23,112	
(17,486)	Expenses	(19,152)	(21,133)	(23,157)	
150	Operating Surplus / (Deficit)	108	49	(45)	
Net Outlays on Existing Assets					
(2,452)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,327)	(2,265)	(2,223)	
1,986	Depreciation, Amortisation and Impairment	2,209	2,504	2,346	
124	Proceeds from Sale of Replaced Assets	100	100	200	
(342)		(18)	339	323	
Net Outlays on New and Upgraded Assets					
-	Capital Expenditure on New and Upgraded Assets	-	(2,524)	(2,597)	
-	Amounts Specifically for New and Upgraded Assets	-	-	-	
-	Proceeds from Sale of Surplus Assets	-	-	-	
-		-	(2,524)	(2,597)	
(192)	Net Lending / (Borrowing) for Financial Year	90	(2,430)	(2,319)	

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3. Revised East Waste 2022-23 Annual Business Plan and Budget – Duration of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 18.4 in confidence under sections 90(2) and 90(3)(d) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	Nil
Related Attachments Appendix 1 Appendix 2	23 August 2024 Nil
Minutes	Nil
Other	Nil