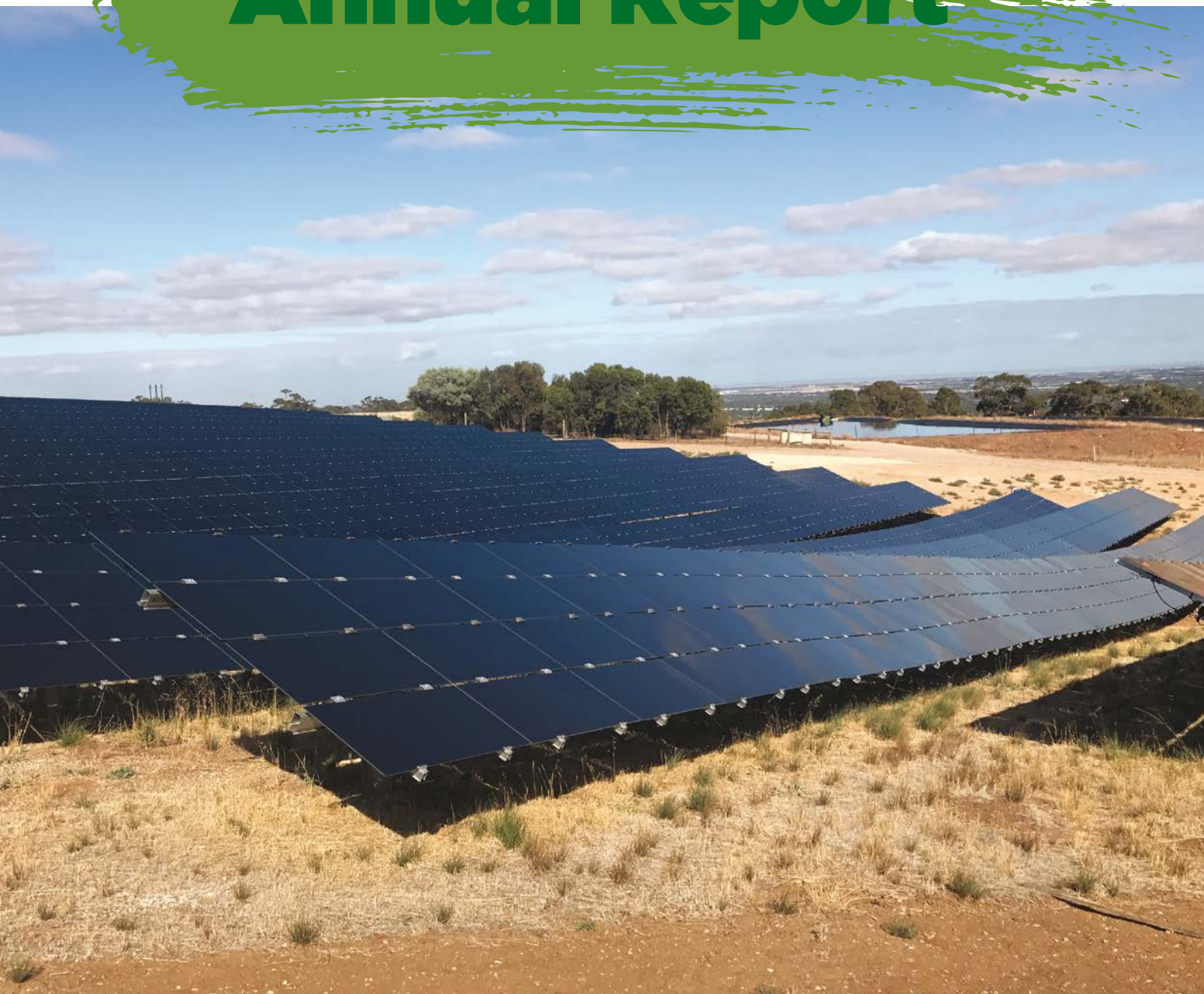




NAWMA
NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

2017-2018

Annual Report



Strategy Development a

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About NAWMA

The Northern Adelaide Waste Management Authority (NAWMA) is a local government regional subsidiary of the Cities of Salisbury and Playford, and the Town of Gawler. These Councils represent nearly 20 per cent of residents from across metropolitan Adelaide.

NAWMA also services a large number of rural and regional Councils. In providing quality waste management and resource recovery services, NAWMA is delivering direct benefits to our Constituent and client Councils and to the broader South Australian community.

Mission

To deliver world-class recycling and waste management services to our Constituent and client Councils.

Guiding Principles

Circular Economy

- Promote waste prevention, reduction and recycling
- Extract the maximum value out of discarded products and materials
- Ensure there are end markets for recovered materials

Support Local Jobs

NAWMA processes recyclables and waste locally to support and partner with our community, local businesses, and industry.

Cost Effectiveness

NAWMA achieves economies-of-scale.

Conserve Natural Resources

NAWMA minimises use of energy and water and maximises use of renewable energy.

Innovation

NAWMA runs state-of-the-art facilities and continually improves processes and services.



and Implementation

Objectives

1. Achieve best practice in diversion of waste from landfill
2. Advocate and facilitate a circular economy
3. Maintain cost-effectiveness in service delivery

Strategies

NAWMA pursues the following strategies to achieve our objectives:

Strategy	Objective 1	Objective 2	Objective 3
1. Design services to maximise recycling opportunities for residents	✓		✓
2. Deliver best-practice waste education	✓	✓	✓
3. Pursue opportunities to recycle recovered materials in Australia		✓	
4. Work with Constituent Councils to develop markets for recycled-content materials		✓	
5. Investigate opportunities to recover recyclables from the residual stream	✓		
6. Investigate opportunity to consolidate operations to a single-site			✓
7. Pursue opportunities to increase throughput via existing recycling infrastructure		✓	✓
8. Investigate opportunities to invest in new infrastructure that services local government		✓	✓
9. Investigate ways to reduce cost of kerbside collections			✓
10. Pursue partnerships in innovation, research and development		✓	✓
11. Demonstrate through leadership in resource recovery, waste management locally, nationally, and globally		✓	✓

Report from the Chair

While facing some extraordinary external challenges in 2017-18, I am pleased to say NAWMA can report a year of significant achievement on behalf of our Constituent Councils and the community.

A major highlight was the official opening of the state-of-the-art Material Recovery Facility at Edinburgh in October 2017 showcasing a major investment in recyclable processing capacity for the region and State.

NAWMA's emphasis on resource recovery and regeneration will deliver long-term benefits including helping our Constituent Councils to minimise costs and improving environmental outcomes with flow-on benefits for residents.

We continue to deliver leading waste management outcomes of local and global importance with significant environmental, economic and social benefits for current and future generations in the northern region of Adelaide and beyond.

There have been many good strategic decisions made in the past few years. Our CEO Adam Faulkner, together with the Board of NAWMA, are focused on delivering significant benefits to the community and the environment by ensuring the Authority is at the leading edge of latest technologies and innovation.

NAWMA's visionary and progressive development of the new Material Recovery Facility was recognised in April this year with the Local Government Professionals Australia (SA) award for Environmental Leadership and Sustainability. Local Government Professionals Australia is the peak body for about 3,500 Councils across Australia. It promotes innovation and works to improve quality of life across communities through advocacy and sharing.

During the year, six international delegations visited NAWMA's operations and we were a key participant in the inaugural Global Leadership Forum on the Circular Economy.

The Global Leadership Program on the Circular Economy is a collaboration between the United Nations Centre for Regional Development, the South Australian Government's Green Industries SA, Local Government and industry.

Over recent years, the South Australian Government has developed a circular economy strategy that has delivered outstanding outcomes in terms of waste minimisation. More than 80 per cent of the waste generated in the State is diverted from landfill, over 50 per cent of SA's energy comes from renewable sources, and around 25 per cent of wastewater is recycled with pioneering achievements in this area in the northern region of Adelaide.

One of the major challenges faced by NAWMA and the waste management sector in Australia as a whole has been China's SWORD policy. Until recently, China was the world's biggest importer of recyclable materials, including 1.25 million tonnes from Australia in 2016-17. However, from the start of 2018, China enforced the SWORD policy significantly restricting the importation of recyclables.

The NAWMA Board and management team successfully navigated through the impact of the SWORD policy by developing new markets domestically and overseas, including India, Malaysia and Thailand. Importantly, the new domestic market opportunity secured by Adam and his team is a leading example in Australia for the circular economy model.

Meanwhile, NAWMA commissioned Australia's first integrated solar farm and landfill gas renewable energy facility at its Uleybury landfill. The combined electricity generated from the systems will deliver a projected 11,000 megawatt hours per annum – enough to power 1,900 homes – while preventing about 57,500 tonnes of carbon being emitted into the atmosphere each year.

We have taken on a 10 year operation of the new Pooraka Resource Recovery Centre and, looking ahead, we have a refreshed and highly skilled senior management team to deliver on NAWMA's strategic objectives to design out waste going to landfill, to maximise value from recyclable products and to implement a real transition to renewable energy sources.

Many thanks to Adam Faulkner and his senior leadership team for their most significant contribution to the performance of NAWMA. It has been a year of great challenge and enormous change. To all our staff, we say thanks and well done on providing excellent service, improving our efficiencies and complementing the reputations of our Member Councils in each of their communities.

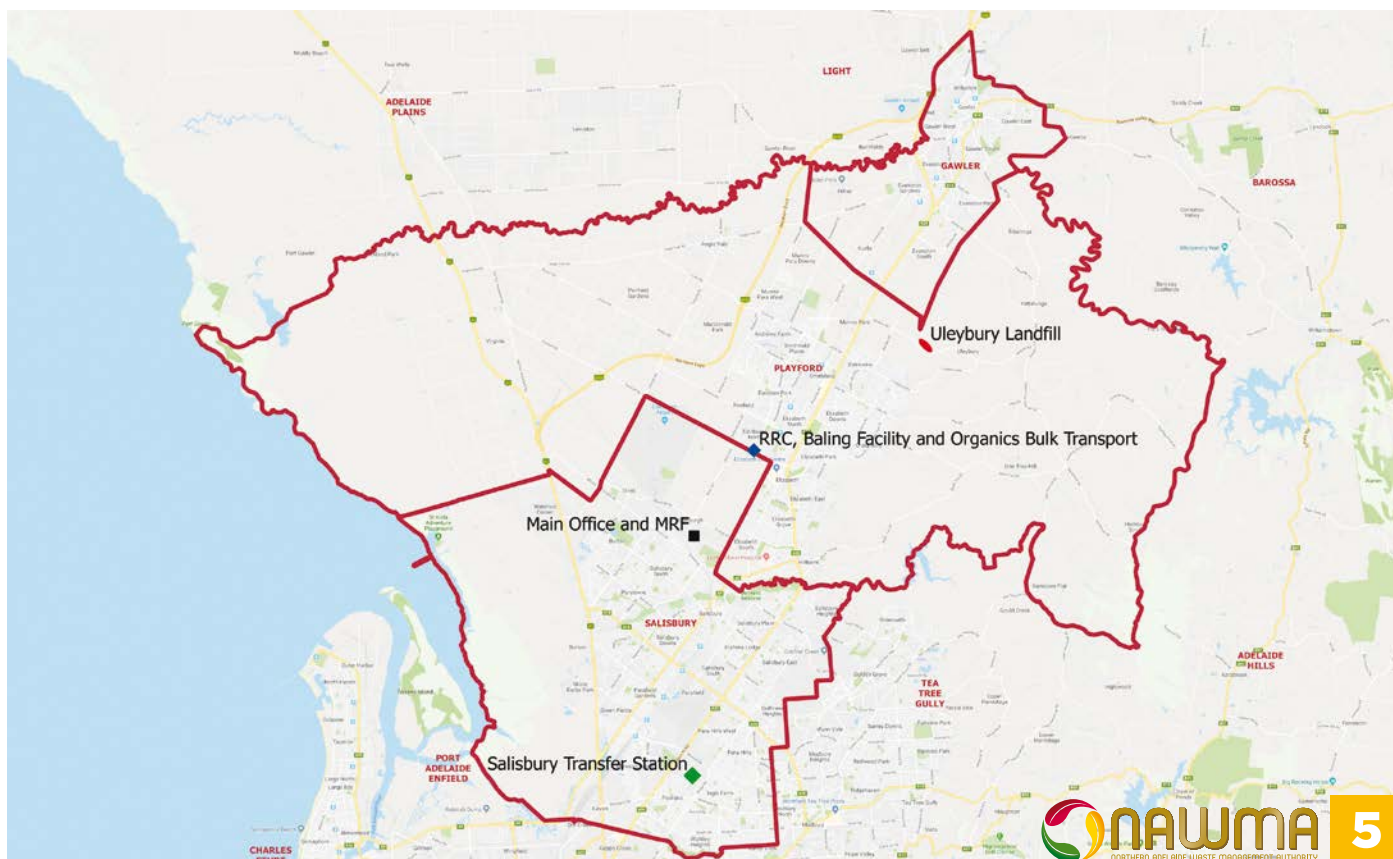
The achievement of all of the above would not have been possible without the commitment and the astute advice of the Board of NAWMA. The members of the Board provide valuable professional support to Adam and his senior team. To all the Directors of NAWMA, I thank you for your guidance and support, and we all look confidently forward to an even more successful year in 2018-19.



Brian Cunningham

Brian Cunningham
NAWMA Chair

Services Area Map



**Adam Faulkner hosting the Green
Industries SA Indian delegation**



Report from the Chief Executive Officer

In March this year, China implemented the SWORD policy to apply strict thresholds on recyclable materials imported from around the world, including Australia.

Previously, China had been a significant buyer of recyclables from NAWMA, which sorted this product for export at our Material Recovery Facility at Edinburgh.

NAWMA had to develop a response to the Chinese decision to limit shipments of recyclable materials into the country, and we acted swiftly and effectively to find new local and overseas markets for the products.

With NAWMA's kerbside collection system and the advanced technologies and mechanisms at our world class Material Recovery Facility, we can process recyclable material to a very high standard. Therefore, we were able to find alternative markets for recyclable materials, with some of the paper products being purchased for processing into newspapers by *The Advertiser*. Other markets for recycled paper, cardboard and plastics have been secured overseas including in India and South East Asia.

NAWMA continues to promote and encourage participation in positive environmental outcomes from responsible waste management. For example, in June this year NAWMA, in conjunction with Green Industries SA, conducted a Hazardous Waste Drop-Off Day at our Resource Recovery Centre at Bellchambers Road.

The free opportunity to drop off hazardous waste was extended to communities within and beyond our Constituent Councils, and the response was very encouraging with in excess of 29 tonnes of household chemicals and paint being delivered by more than 800 residents.

This initiative will lead to a permanent free-of-charge household chemical and paint drop off service at the Resource Recovery Centre at Edinburgh North.

There have also been major upgrades to facilities at the Edinburgh North Resource Recovery Centre including a new weighbridge, traffic management systems, organics receivals and new office amenities.

Meanwhile, our hard waste collection service has transitioned to an on-call booking system, or vouchers that benefit residents in the City of Salisbury and the City of Playford.

Initial work has been carried out to refresh the NAWMA website allowing easier navigation and access to information about the waste management services offered by the Authority.

In conclusion, I thank our Chairman for his leadership, NAWMA's Technical Working Group for their support along with Board members for their outstanding governance. I also thank the management team and staff who throughout the past year have contributed so professionally and enthusiastically to our agenda of innovation. We look forward to the future as a visionary and progressive organisation delivering the highest quality waste management services that aim to increase diversion from landfill while reducing costs for our Constituent Councils.

Adam Faulkner
Chief Executive Officer



Adam Faulkner

Governance

Board

NAWMA is administered by a Board in accordance with the requirements of the Local Government Act (1999), the NAWMA Charter and various other policies.

The Board is responsible for the overall governance, management and strategic direction of the Authority. The Board meets bi-monthly and drives organisational performance to deliver efficient, best practice service and facilities to our Constituent Councils.

As defined by the NAWMA Charter, membership of the Board comprises ten (10) Directors – three Directors appointed by each of the Constituent Councils, and one independent person appointed by the Board who serves as Chair.

The Board appoints a Chief Executive Officer who is responsible for implementing the decisions made by the Board and the day-to-day operations of the Authority.

The Board held seven formal meetings over the 2017-2018 financial year. The table below details Board Member attendance at these meetings.

Board Member

Mr Brian Cunningham	Independent Chair
Mr Mark van der Pennen	City of Salisbury
Cr Julie Woodman	City of Salisbury
Cr David Balaza	City of Salisbury
Mr Sam Green	City of Playford
¹ Mr Paul Sansome	City of Playford
Cr Carol Muzyk	City of Playford
² Mr Henry Inat	Town of Gawler
³ Mr Jack Darzanos	Town of Gawler
Cr Merilyn Nicolson	Town of Gawler
Cr Paul Koch	Town of Gawler
#Cr Betty Gill (Deputy)	City of Salisbury
#Mr Mark Purdie (Deputy)	City of Salisbury
#Cr Graham Reynolds (Deputy)	City of Salisbury
#Cr Shirley Halls (Deputy)	City of Playford
#Cr Ian Tooley (Deputy)	Town of Gawler

Meetings

7 of 7
4 of 7
5 of 7
5 of 7
6 of 7
5 of 6
4 of 7
3 of 4
4 of 4
4 of 7
7 of 7
1 of 1
2 of 2
1 of 1

¹Resigned from Council May 2018

²Appointed to Board December 2017

³Board term completed December 2017

#Deputy Board Directors only attend meetings as required

Audit

In accordance with the requirements of the Local Government Act (1999), NAWMA has an established Audit Committee.

The functions of the Committee include to:

- monitor the integrity of the financial statements of NAWMA, including its Annual Report, reviewing significant financial reporting issues and judgements they contain;
- review the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of NAWMA on a regular basis; and
- review and provide recommendations to NAWMA on the sustainability of the Authority's financial performance and proposals with respect to debt levels, included the strategic management plans and, in particular, the long term financial plan.

The membership of the Audit Committee consists of five (5) members, two (2) members who are Board Members of NAWMA and three (3) members who are independent members.

The Audit Committee held four formal meetings over the 2017-2018 financial year.

The Audited Financial Statements for the year ended 30 June 2018 are provided from page 18.

Technical Working Group

NAWMA's Technical Working Group (TWG) comprises an executive from each Constituent Council. It meets on an ad-hoc basis to discuss any operational or strategic matter that has arisen for the Authority. The TWG provide guidance and advice to NAWMA's management. Throughout 2017-2018, it was instrumental in implementing a number of the Authority's major achievements, particularly the installation and integration of the Materials Recovery Facility (MRF) at the Woomera Avenue site. The current members of NAWMA's Technical Working Group are:

- Mr Brian Cunningham (Chairperson)
- Mr Sam Green (City of Playford)
- Mr Mark van der Pennen (City of Salisbury)
- Mr Jack Darzanos (Town of Gawler)

Resource Recovery

Resource Recovery Centres

NAWMA's Edinburgh North Resource Recovery Centre (RRC) continues to provide a number of important resource recovery services to Adelaide's northern community. The facility houses:

- a drive-through undercover Waste Transfer Station for materials recovery;
- a Salvage and Save retail outlet operated by Mobo Group (previously known as Hands on SA/Finding Workable Solutions) in association with NAWMA; and
- a recycling service for bottles and cans operated by Scouts SA.

Following are details of operations of the RRC for the year ended 30 June 2018:

- 22,868 customers accessed the facility delivering green waste and general waste. This is an increase of 11.27 per cent from 2016-17;
- 918 tonnes of steel, cardboard, e-waste and car batteries were recovered and marketed;
- 23,600 litres of waste oil were collected and recycled;
- 3,655 tonnes of garden organics were processed into mulch products; and
- 3,310 tonnes of residual waste was transported to SUEZ-ResourceCo for processing into Refuse Derived Fuel (RDF)

As part of NAWMA's commitment to positive environmental outcomes, and in conjunction with Green Industries SA, our Edinburgh North site held a Hazardous Waste drop-off day on Saturday 30 June. The service was made available to all South Australian householders regardless of their suburb or council area. With in excess of 800 vehicles passing through the gates dropping off more than 29 tonnes of household chemicals and paint, the event was an overwhelming success.

Importantly, a permanent free-of-charge household chemical and paint drop-off facility will be established at the Edinburgh North RRC in the near future.

On 2 July, 2018 NAWMA took over management of the Research Road (Pooraka) RRC that was historically owned and managed by the City of Salisbury. The change of management provided an opportunity for consistent messaging and harmonised pricing structures for both of NAWMA's Resource Recovery Centres.



A new weighbridge was designed and commissioned in February 2018 with all commercial traffic into and out of the site now captured. This installation has improved the accuracy of the weighbridge data and reduced the possibility of weighbridge bypass and material leakage. The new traffic flow system utilises traffic signals and generally directs one-way to simplify traffic movements and improve safety.

Hard Waste

NAWMA continued to operate the annual hard waste collection service in the City of Salisbury and City of Playford during 2017-18. The booking system utilised a suburb-by-suburb basis approach that was accessed by 14,843 residents across the two Councils, a participation rate of 24.3 per cent.

A voucher for the Edinburgh North RRC was made available to residents who missed the annual hard waste collection. This was utilised by 8,873 residents across the two Councils.

In 2017-18 a total of 2,354 tonnes of hard waste was collected, including:

- 214.19 tonnes of e-waste recycled;
- 295.04 tonnes of steel recycled; and
- 1,845 tonnes of residual waste sent to an alternative fuel facility.

All tonnages collected by NAWMA during the financial year were diverted from landfill either through recycling or through the production of an alternative fuel for the Adelaide Brighton Cement kiln.

The 2018-19 financial year will bring a change to the hard waste system for residents in the City of Salisbury and City of Playford. An adjustment in service level from an annual zoned collection to a revitalised on-call service will give residents:

- flexibility with collections;
- reduced waiting time to a maximum of four weeks;
- two collections per financial year; and
- increased access to vouchers.

In order to continue its efficiency in service, NAWMA will also move to a real time SMS text message voucher system (from August 2018) allowing for an improved customer experience. Residents will no longer need to have a physical voucher mailed or collected. Instead an SMS text message containing a unique voucher number will be sent while the resident is on the telephone. This SMS message can then be presented at either of the two Resource Recovery Centres to redeem the service.

Resource Recovery

Material Recovery Facility (MRF)

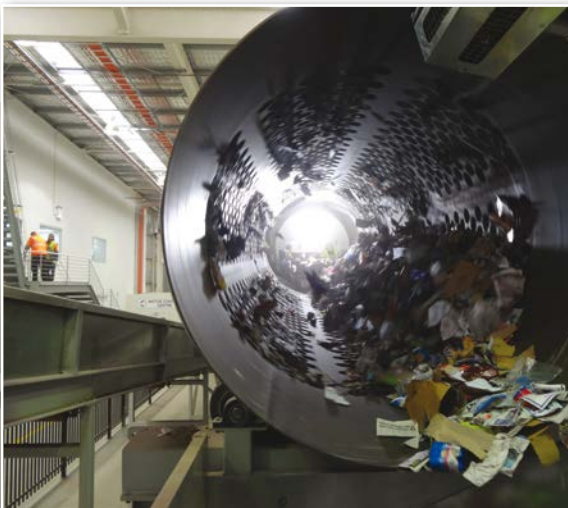
Ian Hunter MLC, the Minister for Sustainability, Environment and Conservation, officially opened NAWMA's state-of-the-art Material Recovery Facility (MRF) in October 2017. The MRF is a credit to NAWMA's Technical Working Group, the Board and our Constituent Councils as it is one of only two large scale MRFs operating in South Australia, and the only one owned and operated by Local Government. It has been designed to future proof NAWMA and, more broadly, South Australia by doubling the State's recyclable processing capacity.

Economically, the MRF provides a significant revenue stream for NAWMA's Constituent Councils while reducing exposure to the commercial recycling industry. A single shift, five workday operation dutifully processes the current 30,000 tonnes per annum delivered by Constituent Councils and rural and regional Council's. The operation has the capacity to run continuously and could process up to 75,000 tonnes per annum if required. Importantly, the MRF

provided 20 full-time jobs in northern Adelaide at the same time as Holden was closing its doors.

The MRF sorted approximately 25,000 tonnes in its first ten months of operation producing high quality finished goods such as paper, plastics, glass, aluminium and steel. These products were marketed in Australia and overseas. Housed inside a large purpose-modified industrial building of some 3,800 square metres, the MRF is a combination of trommels, magnets, eddy-currents, ballistic separators and manual picking stations fed by almost half a kilometre of conveyor belts.

NAWMA's MRF was crowned winner of the 'Excellence in Environmental Leadership and Sustainability' category at the 2018 South Australian Local Government Professionals Annual Leadership Excellence Awards. From the pool of State-by-State winners, the MRF project was shortlisted for the National Local Government Professionals Awards.



Food and Garden Organics

NAWMA's Food and Garden Organics (FOGO) collection is an opt-in service for the residents of our three Constituent Councils. In the 2017-18 financial year, 60,465 residents participated in the service with an overall engagement rate of 54.9 per cent.

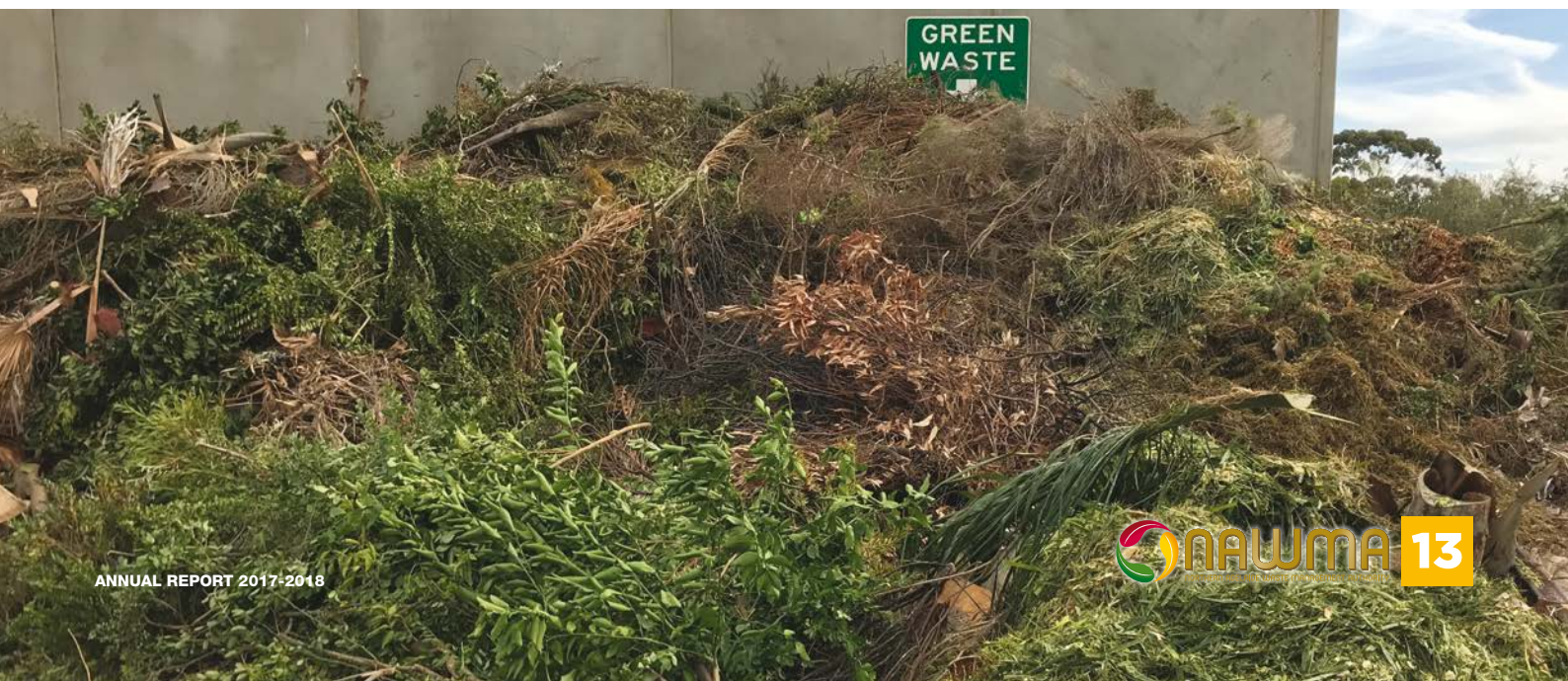
The FOGO receival hall at the Edinburgh North site underwent a makeover during the year with the implementation of a new weighbridge. All kerbside and commercial FOGO is now received at a different drop-off point undercover at the site. The residential trailer traffic remains in the same area at the adjacent RRC.

The decision to separate the commercial and residential traffic greatly improves safety on site and allows more comprehensive tracking of the material quantities received from our Constituent Councils.

During the financial year, over 34,000 tonnes of FOGO were received from the NAWMA region for processing by local composter Peats Garden & Soils. Whilst this is a decrease of almost 9 per cent from the previous year, it reflects a reduction in rainfall over the reporting period. FOGO tonnages are closely related to seasonal rainfall with higher falls producing significantly larger yields of green organics.

FY18 Constituent Council Tonnages

Council	Waste	Recycling	FOGO
City of Salisbury	30,484	10,613	13,815
City of Playford	19,634	6,586	4,779
Town of Gawler	4,585	1,948	2,040
	54,702	19,148	20,635



Uleybury Landfill (Renewa

The Uleybury Landfill is an example of NAWMA's commitment to generating positive environmental outcomes. NAWMA, in partnership with South Australian company, Joule Energy, developed Australia's first solar farm based at a landfill site. This pioneering project is co-located with a landfill gas power station making NAWMA's Uleybury landfill a fully-fledged renewable energy park.

Combined power production from the landfill gas-fuelled generator and solar panels commenced in October 2017. The facility generated a combined

6,600 megawatt hours of renewable energy during its first year with base load power being produced 24 hours a day, seven days a week. The system also prevented 57,500 tonnes of CO₂e from being emitted. NAWMA receives royalty payments from Joule Energy from the sale of power and Large-scale Generation Certificates (LGC's) generated by the power production.

Following the removal of valuable resources from the waste stream, 83,000 tonnes were deposited to the Uleybury Landfill in 2017-18, with 80,000 tonnes



ble Energy Park)

being baled waste from NAWMA's Edinburgh North Waste Processing Facility.

Vegetation on the landfill's phytocap is slowly establishing itself after the initial planting was completed in September 2017 with phase two maintenance and in-fill planting of 1,000 more tube-stock completed in May 2018. The advanced phytocap, or lid, on the completed landfill cells, uses a combination of 1.2m deep capping soil with native grasses, plants and trees to minimise the percolation of the water (from rain) into the waste. This minimises

leachate, or wastewater, that is pumped to the on-site evaporation ponds.

In partnership with the landfill operations, NAWMA's Balefill Management Consultative Committee (BMCC) continues to meet bi-monthly. The Committee provides an opportunity for NAWMA, Council representatives and local residents to meet and discuss current topics or issues that affect these parties. Meeting minutes and supporting documents are distributed to nearby residents and Councils.



Education, Community

NAWMA recognises the importance of working in partnership with our community. Through various education programs, resources and activities, community members gain a better understanding of waste management and resource recovery practices. They are also able to learn about opportunities for preserving the world's natural resources and creating a more circular economy.

In 2017 there was a strong focus on school education about responsible waste management. This was expanded in 2018 to encompass a broader cross section of the community. Initial tasks included upgrading our website and a suite of communication materials as well as working closely with our Constituent Councils to promote new services through social media channels.

This has provided a strong foundation to further develop an assortment of programs to assist in our goal of engaging with all sectors of the community. An example of this is the tours of NAWMA's award-winning MRF. The MRF has attracted significant interest from Council and industry representatives, and it has also been visited by interstate delegates and an international group as part of Green Industries SA's 'Global Leadership Program in the Circular Economy'.

NAWMA's Customer Service Team spans three sites – our Administration building at Edinburgh, and our two Resource Recovery Centres at Edinburgh North and Pooraka. The team of 5.2 full-time equivalent employees respond to all resident and Council enquiries ranging from missed bins, bins requiring repair or replacement, recycling tips, hard waste collection and vouchers. A freshly implemented telephone monitoring system has shown that over 55,000 calls were taken by the Customer Service

Team in 2017-18 with an average wait time of less than 12 seconds and an abandonment rate of less than 3 per cent. Of these calls, almost 20,000 were related to hard waste enquiries, bookings and vouchers.



Partnerships and Customer Service





2017-2018 Annual Report Financials

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Northern Adelaide Waste Management Authority for the year ended 30 June 2018, the Authority's Auditor, HLB Mann Judd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.


Chief Executive Officer


Presiding Member

Audit Committee

Date

7/9/18

**General Purpose Financial Report
for the year ended 30 June 2018**

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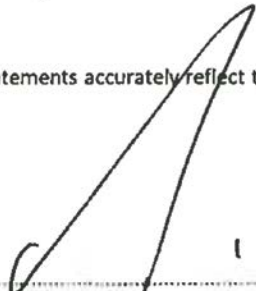
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**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018**

CERTIFICATION OF FINANCIAL STATEMENTS

I have been authorised by Northern Adelaide Waste Management Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.


Adam Faulkner
CHIEF EXECUTIVE OFFICER


Brian Cunningham
CHAIRPERSON

Date:

20 / 09 / 2018

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
INCOME			
User charges	2	29,026	26,843
Investment income	2	108	171
Reimbursements	2	77	55
Other	2	131	250
Total Income		29,342	27,319
EXPENSES			
Employee costs	3	2,191	1,773
Materials, contracts & other expenses	3	25,524	24,205
Finance costs	3	373	281
Depreciation, amortisation & impairment	3	1,449	1,360
Other Expenses	3	-	30
Total Expenses		29,537	27,649
OPERATING SURPLUS / (DEFICIT)		(195)	(330)
transfer to Equity Statement			
Asset disposal & fair value adjustments	3	(1)	-
Amounts received specifically for new/upgraded assets		115	180
NET SURPLUS / (DEFICIT)		(81)	(150)
Changes in revaluation surplus - infrastructure, property, plant & equipment		45	-
Total Other Comprehensive Income		45	-
TOTAL COMPREHENSIVE INCOME		(36)	(150)

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

STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,061	4,282
Trade & other receivables	4	2,689	2,466
Stock on Hand		49	-
Total Current Assets		3,799	6,748
Non-current Assets			
Infrastructure, Property, Plant & Equipment	6	15,567	10,723
Financial Assets	5	1,018	-
Total Non-current Assets		16,585	10,723
Total Assets		20,384	17,471
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	2,271	2,768
Provisions	7	263	366
Borrowings	7	1,079	791
Total Current Liabilities		3,613	3,925
Non-Current Liabilities			
Borrowings	7	7,415	4,331
Provisions	7	2,605	2,428
Total Non-current Liabilities		10,020	6,759
Total Liabilities		13,633	10,684
NET ASSETS		6,751	6,787
EQUITY			
Accumulated Surplus		6,091	6,172
Asset Revaluation Reserve		660	615
TOTAL EQUITY		6,751	6,787

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

2018 \$'000	Accumulated Surplus	Asset Revaluation Reserve	TOTAL EQUITY
Balance at end of previous reporting period	6,172	615	6,787
Net Surplus/ (Deficit) for Year	(81)	-	(81)
Other Comprehensive Income			
Gain on revaluation of infrastructure, property, plant & equipment	-	45	45
Transfers between reserves	-	-	-
Distributions to Member Councils	-	-	-
Balance at end of period	6,091	660	6,751

2017 \$'000	Accumulated Surplus	Asset Revaluation Reserve	TOTAL EQUITY
Balance at end of previous reporting period	6,322	615	6,937
Net Surplus/ (Deficit) for Year	(150)	-	(150)
Other Comprehensive Income			
Gain on revaluation of infrastructure, property, plant & equipment	-	-	-
Transfers between reserves	-	-	-
Distributions to Member Councils	-	-	-
Balance at end of period	6,172	615	6,787

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

STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

		2018	2017
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		28,933	27,534
Investment receipts		108	171
<u>Payments</u>			
Operating payments to suppliers & employees		(28,338)	(25,806)
Finance payments		(323)	(271)
Net Cash provided by (or used in) Operating Activities	8	<u>380</u>	<u>1,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		115	180
Sale of surplus assets		5	-
<u>Payments</u>			
Expenditure on new/upgraded assets		(6,075)	(2,151)
Purchase of Investments		(1,018)	-
Net Cash provided by (or used in) Investing Activities		<u>(6,973)</u>	<u>(1,971)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		4,454	2,500
<u>Payments</u>			
Repayments of Borrowings		(1,082)	(1,475)
Net Cash provided by (or used in) Financing Activities		<u>3,372</u>	<u>1,025</u>
Net Increase (Decrease) in cash held		<u>(3,221)</u>	<u>682</u>
Cash & cash equivalents at beginning of period	8	<u>4,282</u>	<u>3,600</u>
Cash & cash equivalents at end of period	8	<u>1,061</u>	<u>4,282</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

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

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

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Salisbury, City of Playford and the Town of Gawler.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Northern Adelaide Waste Management Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act, and has its principal place of business at Woomera Avenue, Edinburgh Park SA 5111.

These financial statements have been prepared for use by the Constituent Councils of the Authority.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

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

5 Infrastructure, Property, Plant & Equipment

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

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.3 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

5.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

Plant, Furniture & Equipment	5 to 10 years
Buildings	50 years
Infrastructure:	
Waste Facility	10 to 15 years
Landfill Construction	Amortised proportionately to rate of filling

5.5 Land Assets

As at 30 June 2018, an independent valuation was undertaken on all Land and Building assets held by the Authority. The independent valuation was undertaken by AssetVal Pty Ltd and valued land and building assets to the current market value.

Given the material value of Land and Building assets subsequent to the valuation performed, Land and Building assets are shown as a separate class of asset and disclosed accordingly in Note 6.

5.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received.

Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9.5% in 2017/18; 9.5% in 2016/17). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent full actuarial investigation conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

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

8 Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration reduce any provision previously established.

The Authority annually monitors the liability recorded for landfill rehabilitation and restoration estimates and make adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet.

An independent assessment of the Authority's landfill capping and post closure rehabilitation obligations was undertaken by Golder Associates Pty Ltd as at 30 June 2018. As a result of the independent assessment, liabilities (disclosed as Provisions) recorded in Note 7 have been adjusted accordingly.

The Authority will be undertaking further detailed reviews of all rehabilitation and restoration liability costs in future years with the assistance of external consultants to ensure all projected costs have been independently verified.

9 Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where the Authority substantially carries all the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Authority is expected to benefit from the use of the leased assets.

Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *for the year ended 30 June 2018*

Note 1 - Significant Accounting Policies (cont)

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

10 GST Implications

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

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

11 Comparative Information

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

12 Critical Accounting Estimates and Judgements

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

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

13 New Accounting Standards

In the current year, the Authority adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Authority's accounting policies.

Certain new accounting standards have been published that are not mandatory for the 30 June 2018 reporting period and have not been used in preparing these reports.

The Authority believes that the introduction of AASB 16 *Leases* may have a material impact on the future reported financial performance and position of the Authority however as at the time of preparing these financial statements, an assessment has not been completed to quantify this potential impact.

14 Stock on Hand

The Authority records stock on hand as at reporting date to reflect the value of stockpiled recycled finished goods held. The value attributed to stock items is based on the expected sale price of goods held based on existing contract rates held with customers and/or public market rates, whichever is applicable.

Northern Adelaide Waste Management Authority Financial Statements 2017-2018

for the year ended 30 June 2018

Note 2 - INCOME

	Notes	2018 \$'000	2017 \$'000
USER CHARGES			
Waste Management Operations		29,026	26,843
		<u>29,026</u>	<u>26,843</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		44	82
Rental income		64	89
		<u>108</u>	<u>171</u>
REIMBURSEMENTS			
Reimbursement		11	34
Fuel Tax Credit Reimbursements		66	21
		<u>77</u>	<u>55</u>
OTHER INCOME			
Promotional Income		131	250
		<u>131</u>	<u>250</u>

Note 3 - EXPENSES

EMPLOYEE COSTS			
Salaries and Wages		1,663	1,431
Employee leave expense		70	52
Superannuation		166	135
Workers' Compensation Insurance		72	28
Allowances		20	3
Other		200	124
Total Operating Employee Costs		<u>2,191</u>	<u>1,773</u>
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		16	13
- Other Services		5	-
Bad and Doubtful Debts		32	-
Lease costs		1,083	1,260
Subtotal - Prescribed Expenses		<u>1,136</u>	<u>1,273</u>
<u>Other Materials, Contracts & Expenses</u>			
Promotions		125	154
Bank Fees		19	1
Boral Royalty		226	210
Contractors		15,618	15,313
Electricity		225	182
Environmental Protection Agency Levy		6,847	5,825
Fuels & Oils		179	84
Professional services		466	413
Waste Recycle Bins		242	311
Administration & Other Expenses		441	439
Subtotal - Other Materials, Contracts & Expenses		<u>24,388</u>	<u>22,932</u>
		<u>25,524</u>	<u>24,205</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 3 - EXPENSES (cont)

	Notes	2018 \$'000	2017 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Waste Processing Facility		167	147
Uleybury Landfill Plant & Equipment		28	31
Education Program Plant & Equipment		1	1
Office Furniture & Equipment		18	8
Property & Improvements		15	19
Landfill Cell Stage Three		409	412
Landfill Capping Stage Three		71	71
Post Closure Rehabilitation		147	148
Buildings		120	20
Mobile Garbage Bins		-	503
Material Recovery Facility		341	-
Impairment - Buildings		132	-
		<u>1,449</u>	<u>1,360</u>
FINANCE COSTS			
Interest on Loans and Overdraft		<u>373</u>	<u>281</u>
		<u>373</u>	<u>281</u>
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		5	-
Less: Carrying amount of assets sold		6	-
Gain (Loss) on disposal		<u>(1)</u>	<u>-</u>
OTHER EXPENSES			
Landfill Cell Expenses		<u>-</u>	<u>30</u>
		<u>-</u>	<u>30</u>

Note 4 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		725	192
Deposits at Call		336	4,090
		<u>1,061</u>	<u>4,282</u>
TRADE & OTHER RECEIVABLES			
Debtors - general		2,701	2,451
Less: Provision for Doubtful Debts		(32)	-
Accrued Revenues		6	15
Prepaid Expenses		14	-
		<u>2,689</u>	<u>2,466</u>

Note 5 - OTHER FINANCIAL ASSETS

FINANCIAL ASSETS			
Term Deposit		<u>1,018</u>	<u>-</u>
		<u>1,018</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2017 \$'000				2018 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	875	-	-	875	1,776	-	-	1,776
Waste Processing Facility	-	2,344	(1,213)	1,131	-	3,124	(1,380)	1,744
Uleybury Landfill Plant & Equipment	-	2,100	(1,941)	159	-	2,100	(1,969)	131
Education Program Plant & Equipment	-	59	(47)	12	-	50	(44)	6
Office Furniture & Equipment	-	134	(78)	56	-	126	(67)	59
Property & Improvements	-	1,594	(1,459)	135	-	1,594	(1,474)	120
Landfill Cell Stage One	-	348	(348)	-	-	-	-	-
Landfill Cell Stage Two	-	1,397	(1,397)	-	-	-	-	-
Landfill Capping Stage One	-	1,927	(1,927)	-	-	-	-	-
Landfill Capping Stage Two	-	172	(172)	-	-	-	-	-
Landfill Cell Stage Three	-	3,084	(431)	2,653	-	3,084	(840)	2,244
Landfill Capping Stage Three	-	538	(74)	464	-	1,024	(146)	878
Post Closure Rehabilitation	-	1,861	(907)	954	-	1,553	(1,054)	499
Buildings	-	247	(88)	159	3,285	247	(108)	3,424
Mobile Garbage Bins	-	6,020	(6,020)	-	-	-	-	-
Material Recovery Facility	-	-	-	-	-	4,679	(341)	4,338
WIP	-	4,125	-	4,125	-	348	-	348
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	875	25,950	(16,102)	10,723	5,061	17,929	(7,423)	15,567
<i>Comparatives</i>	875	23,566	(14,742)	9,699	875	25,950	(16,102)	10,723

This Note continues on the following pages.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 6 cont. - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2017	CARRYING AMOUNT MOVEMENTS DURING YEAR						2018
	\$'000	\$'000						\$'000
	CARRYING AMOUNT	Additions		Disposals	Transfer	Revaluation	Depreciation	CARRYING AMOUNT
	Capital	New//Upgrade						
Land	875	-	856	-	-	45	-	1,776
Waste Processing Facility	1,131	-	780	-	-	-	(167)	1,744
Uleybury Landfill Plant & Equipment	159	-	-	-	-	-	(28)	131
Education Program Plant & Equipment	12	-	-	(5)	-	-	(1)	6
Office Furniture & Equipment	56	-	22	(1)	-	-	(18)	59
Property & Improvements	135	-	-	-	-	-	(15)	120
Landfill Cell Stage Three	2,653	-	-	-	-	-	(409)	2,244
Landfill Capping Stage Three	464	-	-	-	-	485	(71)	878
Post Closure Rehabilitation	954	-	-	-	-	(308)	(147)	499
Buildings	159	-	3,517	-	-	(132)	(120)	3,424
Material Recovery Facility	-	-	4,679	-	-	-	(341)	4,338
WIP	4,125	-	6,265	-	(10,042)	-	-	348
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	10,723	-	16,119	(6)	(10,042)	90	(1,317)	15,567
2017 Totals	9,699	233	2,151	-	-	-	(1,360)	10,723

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 7 - LIABILITIES

		2018		2017	
		\$'000		\$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		1,917	-	2,409	-
Payments received in advance		-	-	-	-
Accrued expenses - other		354	-	359	-
		2,271	-	2,768	-
BORROWINGS					
Loans		1,079	7,415	791	4,331
		1,079	7,415	791	4,331
PROVISIONS					
Annual Leave		147	-	137	-
Long Service Leave		116	46	229	29
Provision for Capping Stage 3A	1.8	-	1,024	-	538
Provision for Post Closure Site Rehabilitation	1.8	-	1,535	-	1,861
		263	2,605	366	2,428

Movements in Provisions - 2018 year only
(current & non-current)

	Opening Balance	Additional Amounts Recognised/ (Derecognised)	Payments	Closing Balance
Provision for Capping Stage 3A	538	486	-	1,024
Post Closure Site Rehabilitation	1,861	(308)	{18}	1,535
Total	2,399	178	{18}	2,559

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 8 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2018 \$'000	2017 \$'000
Total cash & equivalent assets	4	1,061	4,282
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>1,061</u>	<u>4,282</u>

**(b) Reconciliation of Change in Net Assets to Cash
from Operating Activities**

Net Surplus (Deficit)	(81)	(150)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,449	1,360
Gain / (Loss) on Disposal	(1)	-
Grants for capital acquisitions treated as Investing Activities	(115)	(180)
Bad Debts Expense	29	-
	<u>1,281</u>	<u>1,030</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(252)	386
Net (increase) decrease in inventory	(49)	-
Net increase (decrease) in trade & other payables	(497)	515
Net increase (decrease) in other provisions	(103)	(303)
Net Cash provided by (or used in) operations	<u>380</u>	<u>1,628</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	-	-
- Non-cash grants & contributions	-	-
<i>Amounts recognised in Income Statement</i>	<u>-</u>	<u>-</u>

- Finance Leases	-	-
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Total Non-Cash Financing and Investing Activities	<u>-</u>	<u>-</u>
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(d) Financing Arrangements

Corporate Credit Cards	15	15
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The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 9 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.	
Short Term Deposits	<p>Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 1.5% (2017: 1.25%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Gate Fees & Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful Associated Charges debts is recognised (and re-assessed annually) when collection in full is no longer probable.	
	Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services Accruals received, whether or not billed to the Authority.	
	Terms & conditions: Liabilities are normally settled on 30 day terms.
	Carrying amount: approximates fair value.

Net Fair Value

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

Risk Exposures

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2018	Floating Interest Rate \$'000	Fixed interest maturing in ≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	Non- interest bearing \$'000	Total \$'000
Financial Assets						
Fair Value through P&L						
Cash Assets	725	336	1,018	-	-	2,079
Loans & Receivables						
Receivables	-	-	-	-	2,689	2,689
Total	725	336	1,018	-	2,689	4,768
Financial Liabilities						
Payables	-	-	-	-	2,271	2,271
Current Borrowings	-	1,079	-	-	-	1,079
Non Current Borrowings	-	-	7,415	-	-	7,415
Total	-	1,079	7,415	-	2,271	10,765
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	725	(743)	(6,397)	-	418	(5,997)

2017	Floating Interest Rate \$'000	Fixed interest maturing in ≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	Non- interest bearing \$'000	Total \$'000
Financial Assets						
Fair Value through P&L						
Cash Assets	192	4,090	-	-	-	4,282
Loans & Receivables						
Receivables	-	-	-	-	2,466	2,466
Total	192	4,090	-	-	2,466	6,748
Financial Liabilities						
Payables	-	-	-	-	2,768	2,768
Current Borrowings	-	791	-	-	-	791
Non-Current Borrowings	-	-	4,331	-	-	4,331
Total	-	791	4,331	-	2,768	7,890
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	192	3,299	(4,331)	-	(302)	(1,142)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 10 - COMMITMENTS FOR EXPENDITURE

	2018	2017
<u>Notes</u>	\$'000	\$'000
Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	30	45
Waste Collection, Processing and Mobile Garbage Bin Supply Contracts	82,268	96,427
	82,298	96,472
These expenditures are payable:		
Not later than one year	14,766	14,988
Later than one year and not later than 5 years	56,300	59,877
Later than 5 years	11,232	21,607
	82,298	96,472

The Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf of its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers. In future years, all contracts will be required to be renewed with external suppliers in accordance with adopted procurement policies and procedures of the Authority.

Note 11 - EVENTS OCCURRING AFTER REPORTING DATE

As from 2 July 2018, the Authority commenced ownership of operations of the City of Salisbury's Pooraka Waste Transfer Station (Research Road Transfer Station) for a period of 10 years minimum. The Authority will be responsible for meeting all future operating costs associated with management and operation of the transfer station.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 12 - OPERATING LEASES

Lease payment commitments of Authority

No contingent rentals were paid during the current or previous reporting periods. No lease imposes any additional restrictions on the Authority in relation to additional debt or further leasing.

No lease contains any escalation clause. Commitments under non-cancellable operating leases that have not been

	2018 \$'000	2017 \$'000
Not later than one year	1,075	994
Later than one year and not later than 5 years	3,326	3,476
Later than 5 years	482	73
	<u>4,883</u>	<u>4,543</u>

Note 13 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the *Local Government Act 1999*. In all, 6 persons were paid the following total compensation:

	2018 \$'000	2017 \$'000
Salaries, allowances & other short term benefits	764	675
Long term benefits	105	58
TOTAL	869	733

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Salisbury	13,001	1,104	Provision of waste collection, processing and disposal services
City of Playford	7,993	618	Provision of waste collection, processing and disposal services
Town of Gawler	1,983	131	Provision of waste collection, processing and disposal services

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. POTENTIAL INSURANCE LOSSES

The Authority insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

The Authority has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to the Authority may have existed at reporting date.

2. LEGAL EXPENSES

All known costs have been recognised.

3. PERFORMANCE BONDS/GURANTEES

The Authority has a performance bond/guarantee held with the Local Government Finance Authority to the Environment Protection Authority for an amount of \$1,350,000 in accordance with the requirements under its Post Closure remediation obligations for the Uleybury Landfill site.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 15 - FAIR VALUE MEASUREMENTS

The Authority measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land assets
- Building assets
- Stock on Hand

The Authority does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 unobservable inputs for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Authority selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach:* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach:* converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- *Cost approach:* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Authority gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 15 - FAIR VALUE MEASUREMENTS (Cont.)

The following tables provide the fair values of the Authority's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2018					
\$'000					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,776	-	1,776
- Buildings	6	-	3,285	-	3,285
- Stock on Hand		49	-	-	49
Total financial assets recognised at fair value		49	5,061	-	5,110

2017					
\$'000					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	875	-	875
Total financial assets recognised at fair value		-	875	-	875

(b) Disclosed fair value measurements

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements



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