

# Board Meeting Agenda

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**Date:** 17/09/2020

**Time:** 4.00pm

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

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## 1. Present

## 2. Apologies

## 3. Disclosure of Conflicts

### Conflicts of Interest

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

### Confidentiality Statement

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

## 4. Confirmation of Minutes

**Recommended:** That the Minutes of the Northern Adelaide Waste Management Authority Board Meeting held on Thursday, 25 June 2020 be received, confirmed and adopted (Appended at 4.1).

**Recommended:** That the Circular Resolution of the Northern Adelaide Waste Management Authority distributed on 21 July 2020, and passed on 27 July 2020 be received, confirmed and adopted (Appended at 4.2).

**Recommended:** That the Minutes of the Northern Adelaide Waste Management Authority Audit Committee Meeting held on Monday, 14 September 2020 be received and noted (Minutes to be tabled at Board Meeting).

## 5. Briefing Items

- 5.1. Staff Satisfaction Survey (presentation)
- 5.2. Landfill Alternative Project (presentation)

## 6. Matters Arising From The Minutes

- 6.1. Capital Works Program Summary (standing item)
- 6.2. Action List (standing item)
- 6.3. LGRS 2019 Risk Evaluation Action Plan (standing item)
- 6.4. Research Road (Pooraka) Transfer Station Lease update
- 6.5. Policy Updates

## 7. Questions Without Notice

## 8. Confidential Items

- 8.1. Edinburgh North Underleases (Mobo Group and Scouts)

- 8.2. Operational Report
- 8.3. CEO Performance and Development Committee Report

## **9. NAWMA Management and Administration Report**

### **Reports for Decision**

- 9.1. FY19/20 Draft Balance Date Audit Report
- 9.2. FY19/20 Draft Audited Financial Statements
- 9.3. FY19/20 Schedule of Constituent Council Interest in Net Assets for FY20
- 9.4. FY19/20 Regulation 10 Financial Report
- 9.5. FY19/20 Annual Report (draft only)
- 9.6. Board Self-Assessment Briefing

### **Reports for Information**

- 9.7. FY20/21 Budget Update
- 9.8. Audit Committee Independent Member update
- 9.9. 2020/2021 Annual Business Plan progress report
- 9.10. WHS Steering Committee Minutes
- 9.11. State Government Draft Waste Strategy and Draft Food and Organics Strategy Consultation  
- NAWMA Submission

## **10. Other Business**

- 10.1. Advocacy
- 10.2. Edinburgh North Insurance (verbal update only)
- 10.3. NAWMA all-sites tour (verbal only)

## **11. Next Meeting of the Board**

The next meeting of the Board is Thursday 26 November 2020 and is a Joint Meeting with the NAWMA Audit Committee to be held in the NAWMA Education Centre (71-75 Woomera Avenue, Edinburgh Parks)



# Attachment 4.1



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

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**Date:** 25/06/2020

**Time:** 4.05pm

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**Venue:** NAWMA Education Centre; 71-75 Woomera Avenue, Edinburgh Parks

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### Welcome

#### 1. PRESENT

Mr Brian Cunningham	Independent Chairperson
Mr Sam Green	City of Playford
Cr Shirley Halls	City of Playford
Cr Clint Marsh	City of Playford (Deputy)
Mr Charles Mansueto	City of Salisbury
Cr Julie Woodman	City of Salisbury
Cr Paul Koch	Town of Gawler
Cr Paul Little	Town of Gawler

#### 2. IN ATTENDANCE

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

#### APOLOGIES

Ms Grace Pelle	City of Playford
Cr Graham Reynolds	City of Salisbury
Cr Shiralee Reardon	City of Salisbury (Deputy)
Mr Henry Inat	Town of Gawler
Cr Diane Fraser	Town of Gawler (Deputy)

#### 3. DISCLOSURE OF CONFLICTS

Declaration of the following;

##### Conflicts of Interest

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

##### Confidentiality Statement

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



#### 4. CONFIRMATION OF MINUTES

Moved Cr Halls that the Minutes of the Joint Northern Adelaide Waste Management Authority Board and Audit Committee Meeting held on Thursday, 14 May 2020 be received, confirmed and adopted.

Seconded Cr Little **Carried**

Moved Cr Halls that the Minutes of the Northern Adelaide Waste Management Authority Audit Committee held on Thursday, 18 June 2020 be received and noted.

Seconded Cr Little **Carried**

#### 5. MATTERS ARISING FROM THE MINUTES

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

Moved Mr Mansueto that the Report is received and noted.

Seconded Cr Marsh **Carried**

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

Moved Mr Green that the Report is received and noted.

Seconded Cr Woodman **Carried**

##### 5.3. LGRS Action Plan

Moved Cr Woodman that the Report is received and noted, and the Board continue to be updated on the progress of the Action Plan.

Seconded Cr Halls **Carried**

##### 5.4. Board Self-Assessment

Moved Mr Mansueto that the Report is received and noted.

Seconded Cr Little **Carried**

##### 5.5. Research Road (Pooraka) Transfer Station Lease

Moved Cr Koch that the Report is received and noted, and the Board authorise the Chief Executive Officer to write to the City of Salisbury highlighting the independent fire safety report and seeking an acknowledgment of the inherited risk and a contribution to remedy the site non-compliance.

Seconded Cr Marsh **Carried**

#### 6. BRIEFING ITEMS

##### 6.1. Landfill Alternative Project

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

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

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

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

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

Seconded Cr Marsh **Carried**

2. Moved Cr Koch that the Updated Procurement Policy, and the Draft (new) Unsolicited Proposal Policy be endorsed in principle, with the final drafting and amendments to be circulated under separate cover.

Seconded Mr Green **Carried**



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

4. Moved Cr Little that the meeting moves out of confidence  
Seconded Cr Marsh **Carried**

## **7. QUESTIONS WITHOUT NOTICE**

Nil

## **8. CONFIDENTIAL ITEMS**

### **8.1. COAG Export Ban (Fibre EOI)**

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

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

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

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

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

Seconded Cr Woodman **Carried**

2. Moved Cr Little that the Report is received and noted  
Seconded Cr Woodman **Carried**

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

4. Moved Cr Koch that the meeting moves out of confidence  
Seconded Cr Halls **Carried**

### **8.2. Operational Report**

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

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

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

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

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

Seconded Cr Marsh **Carried**



2. Moved Cr Halls that the Report is received and noted, and the Balefill Management Consultative Committee meeting minutes of 1 June 2020 are noted.

Seconded Mr Mansueto **Carried**

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

Seconded Cr Woodman **Carried**

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

Seconded Cr Woodman **Carried**

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

### **Reports for Decision**

#### **9.1. Draft 2020/2021 Budget and Annual Business Plan**

Moved Mr Green that:

1. The Board adopts the 2020/2021 Budget, and
2. Subject to all City of Salisbury and Town of Gawler endorsement, the Board adopts the 2020/2021 Annual Business Plan, and;
3. The Board instructs Management to distribute the 2020/2021 Budget and Annual Business Plan documents (upon City of Salisbury and Town of Gawler endorsement) to Constituent Councils

Seconded Cr Marsh **Carried**

#### **9.2. 2019/2020 Budget Review Three (3)**

Moved Mr Green that the Board adopt Budget Review Three (3) financial reports for the 2019/2020 financial year and Management be instructed to distribute Budget Review Three (BR3) to Constituent Councils

Seconded Cr Halls **Carried**

#### **9.3. Constituent Council Service Level Agreements (SLA)**

Moved Mr Green that:

1. The Report is received and noted, and
2. Town of Gawler and City of Playford Service Level Agreements are adopted by the Board, as endorsed by the Constituent Councils, and;
3. Pending endorsement by Council without change, the City of Salisbury Service Level Agreement is adopted by the Board.

Seconded Cr Koch **Carried**

#### **9.4. CEO Performance and Development Committee**

Moved Mr Green that the Board notes the Minutes of the CEO's Performance and Development Committee, from their meeting of 9 June 2020.

Seconded Cr Little **Carried**

### **Reports for Information**

#### **9.5. 2019/2020 External Audit Engagement Letter and Plan, and Interim Audit Letter and Report**

Moved Cr Little that the Report is received and noted.

Seconded Cr Halls **Carried**

#### **9.6. Audit Committee Independent Member Update**

Moved Cr Halls that the Report is received and noted.

Seconded Cr Marsh **Carried**



**9.7. 2019/2020 Annual Business Plan progress report (standing item)**

Moved Mr Mansueto that the Report is received and noted.

Seconded Cr Woodman                      **Carried**

**9.8. WHS Steering Committee Minutes (standing item)**

Moved Cr Little that the Report is received and noted.

Seconded Cr Marsh                              **Carried**

**10. OTHER BUSINESS**

**10.1. Advocacy**

The Chair and Chief Executive Officer provided a verbal update.

**10.2. Edinburgh North Insurance**

The Chief Executive Officer provided a verbal update.

**11. NEXT MEETING OF THE BOARD**

The next meeting of the Board is to be held on Thursday, 10 September 2020 at 5.22pm at NAWMA Boardroom: 71-75 Woomera Avenue, Edinburgh Parks

**12. CLOSURE OF THE MEETING**

The meeting closed at 5.22pm



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## Agenda Item 5.1

<b>Report Subject:</b>	Staff Satisfaction Survey	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (governance)
<b>Attachments:</b>	Nil		

### RECOMMENDATION

**That the Report is received and noted, and the Board instruct Management to undertake a full survey every two (2) years with a smaller pulse-check to be completed on the alternate year.**

### Purpose of the Report

To provide the Board with an opportunity to be presented with the results of the recently undertaken Staff Satisfaction Survey.

### Background

NAWMA has undergone significant growth over the past three (3) years. Among many other service efficiencies, austerity and revenue boosting measures, since 2017 NAWMA has;

- effectively doubling turnover,
- increasing the workforce from 22 to close to 100,
- completely reworking and reissuing all public facing collateral and promotional information, while initiating a 180-degree pivot away from classrooms and the NAWMA “clown”, to adult engagement delivered in the community or the newly refurbished contemporary education centre,
- commissioned Australia’s first combine solar thermal and methane extraction renewable energy facility at Uleybury Balefill,
- commissioning the Materials Recovery Facility,
- becoming a global commodity trader,
- increase in yellow lid bin receipt, processing, and marketing from the three (3) Constituent Councils, to now 28 Councils, representing over half of South Australia households,
- integrating Research Road (Pooraka) Resource Recovery Centre,
- tripling participation in the hard waste service for City of Salisbury and City of Playford, and;
- commencing a new hard waste service for Town of Gawler

With such a dramatic expansion of service delivery, size and complexity of the Authority, NAWMA’s Administration thought it timely to undertake an independent Staff Satisfaction Survey, to check in on the team’s mood, fulfilment, and identify areas for improvement. As with any rapidly expanding organisation, there are sure to be success stories, coupled with many development areas that the Management Team can take on as constructive feedback. A key measure of NAWMA’s Chief Executive Officers FY21 performance indicators is >90% satisfaction with NAWMA’s culture.

NAWMA’s Executive Assistant and Team Leader Administration, under the guidance of Chief Financial Officer, engaged Stillwell Management Consultants to facilitate the first survey of this nature.

The Staff Satisfaction Survey was facilitated by Stillwell Management Consultants during the months of July and August 2020. The survey, developed by Stillwell in consultation with NAWMA Management, was conducted in two phases:

Phase 1 – Staff Satisfaction Surveys distributed to all permanent NAWMA employees, and all labour hire staff in either soft or hard copy with anonymity for each respondent guaranteed (no identifiers were included in the survey).

Phase 2 – Ten (10) employees were randomly selected by Stillwell from a list of all permanent and labour hire staff to take part in a 1:1 interview with a Stillwell Representative. The purpose of the interviews was to gain further insight into the organisation and allowed Stillwell to dive deeper into the themes uncovered in Phase 1.

## Report

Stillwell Management Consultants Managing Director, Mr Daryl Stillwell, will present the results of the Satisfaction Survey to the Board (via video link) at the scheduled September Board Meeting.

It is the recommendation of NAWMA Management that a full survey is completed every two (2) years with a small 'pulse-check' type iteration to be conducted every other year. The feedback from these surveys will be used to further develop the organisation and the employee experience.



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## Agenda Item 6.1

<b>Report Subject:</b>	Capital Works Program Summary	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (finance, governance)
<b>Attachments:</b>	Nil		

### RECOMMENDATION

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

### Purpose of the Report

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

### Background

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

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

### Report

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

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

The Research Road (Pooraka) Resource Recovery Centre Upgrade has progressed to a final design with construction works going out to tender in November 2020. The Landfill Alternative Project is the current priority project of NAWMA's Chief Executive Officer and has progressed at a pace consistent with the scale, complexity and importance of this Project. NAWMA's Chief Executive Officer will provide a verbal update at the Committee Meeting on the Landfill Alternative Project.

A Pilot FOGO Study has been completed with City of Playford and multiple workshops have been held with Constituent Council Officers in relation to the standing resolution of the NAWMA Board to consult on removing the price point for the opt-in FOGO bin in order to accelerate a step change in participation in the service. The Research Road (Pooraka) Repair/Revolve Community Centre remains as the only project that has not advanced.

NAWMA's Management are pleased with the progress of the projects. The Senior Management Team recently held a whole day review of the Strategic Plan and Priority Projects, with a view to allocating

some time at the November 2020 Joint Meeting of the NAWMA Board and Audit Committee to workshop the strategic commitments. It is then envisaged that an amended set of strategic commitments and timelines will be presented to the Board early in the 2021 calendar year.

The new/updated priority projects will likely focus heavily on operational and efficiency elements aimed at increasing landfill diversion and reducing contamination in the yellow top recycling bin. Capital will be isolated only to the Research Road Resource Recovery Centre Upgrade, with no new capital projects being forecast in the forward years. This strategic pivot to reducing operational expenditure, protecting landfill airspace, boosting revenue through better recycling quality, and freezing capital will go a long way to returning NAWMA to a balanced budget (while reducing costs for Constituent Councils), and paying down the modest debt profile.

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

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

Project Description	MCA Overall Scores	MCA Weighted Score Ranking	Status
1. Kerbside Food Organics Garden Collection (FOGO) Rollout	52	7	Pilot Study completed and Constituent Council Workshop held 11 June 2020.
2. MRF Robotics	65	2	Completed
3. MRF Glass Recovery	70	1	Completed
4. Pooraka Upgrade	43	9	Final Design completed, construction commencing
5. Uleybury Eastern Expansion	22	10	Not progressing
6. Education Centre (Woomera)	55	4	Completed
7. Landfill Alternative Diligence	54	5	Special Purpose Group formed
8. Fleetmax	49	8	Completed
9. Repair/Revolve Community Centre (Pooraka)	53	6	Future improvement opportunity
10. MRF Expansion	61	3	Completed



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## Agenda Item 6.2

**Report Subject:** Action List (standing item) **Report Author:** Chief Executive Officer

**Meeting Date:** 17 September 2020 **Report Type:** Information report (governance)

**Attachments:** 6.2.1 – Board Action List

### RECOMMENDATION

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

### Purpose of the Report

To provide the Board with an opportunity to view the current Action List, a record of required actions raised at Board level.

### Background

This is standing Agenda Item.

The list is updated with actions from each meeting of the Board, with completed actions from previously viewed Action List archived.

### Report

The updated Action List Summary to include June 2020 actions is seen at Table 01 below. The detailed Action List is appended for the information of the Board at Attachment 6.2.1.

**Table 01: Updated Action List Summary**

NAWMA Board Actions				
Risk Category	To be started	In Progress	Completed	Total Items
High	-	-	5	5
Moderate	-	3	12	15
Low	-	-	8	8
N/A	-	2	7	9
<b>TOTAL</b>	<b>-</b>	<b>5</b>	<b>32</b>	<b>37</b>

## Attachment 6.2.1

<b>NAWMA Board Meeting Action List</b> <b>Current at September 2020</b>									
	Meeting Date	Agenda Item No.	Agenda Item Title	Risk Rating	Task	Responsible Officer	Target Date	Status	Comments
6	21-Nov-19	7.2	EPA Correspondence	Moderate	NAWMA's review of the draft public report prior to release	CEO	When report completed	In Progress	NAWMA have had written assurance from Acting EPA CEO that this will occur in March 2020 (deferred by EPA)
13	21-Nov-19	8.3	FOGO Modelling	N/A	Discussions to be commenced with Constituent Councils on the removal of the price point for the opt-in FOGO service	CEO/COO	ASAP	In Progress	Workshop held on 11 June 2020 with Constituent Council Operation contacts. Position progressing.
24	14-May-20	7.3	Operational Report	N/A	Whole of NAWMA tour to be organised for Board Directors and Audit Committee members	CEO/EA	As soon as practicable	In Progress	Tentative date set for 26 November 2020 (pre scheduled Joint Board and Audit Committee Meeting). Item to be discussed at scheduled September 2020 Board Meeting.
27	14-May-20	8.6	Vacant Land Disposal	Moderate	Consider strategic opportunities for land and increase justification for sale before returning report to future Board Meeting	CEO/FM	When available	In Progress	Report to be presented at scheduled November 2020 Board Meeting
30	25-Jun-20	5.3	LGRS Action Plan	N/A	Further information on the measurement of training effectiveness to be provided to the Board at next meeting	CEO	Sep-20	Complete	Comments on training effectiveness measurement to be presented to Board at scheduled September 2020 Board Meeting
31	25-Jun-20	5.4	Board Self-Assessment	N/A	Link to survey to be distributed to Board and Deputy Directors with Minutes of June 2020 Board Meeting.	CEO/EA	W/C 29 June	Complete	Board Self-Assessment link provided to Board and Deputy Directors with results summarised and to be presented to Board at scheduled September 2020 Board Meeting
32	25-Jun-20	5.5	Research Road (Pooraka) Transfer Station Lease	Moderate	CEO to write to City of Salisbury highlighting independent fire safety report and seeking an acknowledgment of the inherited risk and a contribution to remedy the site non-compliance	CEO	Jul-20	In Progress	CEO has discussed verbally with City of Salisbury Executive (John Devine). Formal correspondence to accompany executed Lease/finalised site upgrade design
33	25-Jun-20	5.6	Policy Updates	Moderate	Draft Risk Management Policy and Draft Treasury Management Policy to scheduled September Audit Committee meeting before September Board Meeting	CFO	Sep-20	Complete	Policies presented to Audit Committee at 14 September Audit Committee Meeting and returned to Board Meeting at scheduled September 2020 Meeting
34	25-Jun-20	6.1	Landfill Alternative Project	Moderate	Amended and Updated Unsolicited Proposal Policy and Procurement Policy to be circulated to Board	CEO	Sep-20	Complete	Policies finalised after Board feedback, and to be presented at scheduled September 2020 Board Meeting
35	25-Jun-20	9.1	Draft 2020/2021 Budget and Annual Business Plan	Low	FY21 Budget and Annual Business Plan packs to be distributed to Constituent Councils	CEO	Aug-20	Complete	FY21 Budget, Annual Business Plan and Service Level Agreement packs distributed to Constituent Councils in September 2020
36	25-Jun-20	9.6	Audit Committee Independent Member Update	N/A	Preferred candidates to be distributed to Board for appointment via Circular Resolution post interviews	CEO	Jul-20	Complete	Independent Members appointed by Board and endorsed by Constituent Councils. Closing report on process to be presented to Board at scheduled September 2020 Board Meeting
37	25-Jun-20	10.2	Edinburgh North Insurance	High	Increased insurance costs to be dialled in to BR1 for FY21 and Board to be provided with further update at next Board Meeting	CEO/CFO	Nov-20	Complete	Insurance Policy secured over site. Significant increase in premium to be included in BR1 (to be tabled at November 2020 Board Meeting)

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## Agenda Item 6.3

<b>Report Subject:</b>	LGRS Action Plan (standing item)	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (governance, operational, risk)
<b>Attachments:</b>	6.3.1 – NAWMA 2019-20 Risk Evaluation Action Plan Progress Report		

### RECOMMENDATION

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

### Purpose of the Report

To provide the Board with an opportunity to review the Local Government Association Workers Compensation Scheme (LGAWCS) and Mutual Liability Schemes (LGAMLS) 2019-2020 Risk Evaluation Action Plan.

### Background

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

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

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

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

The proposed Action plan currently has 40 WHS actions followed by 34 Risk actions, currently 8 risk actions along with the 40 WHS Actions proposed to be completed by 30 September 2020. The remaining risk and WHS actions will be allocated to the following year prior to NAWMA's next evaluation.

### Report

NAWMA's WHS & Environmental Officer has continued to make good progress with the Action Plan, to date two (2) of the eight (8) planned Risk Actions and twenty-five (25) of the forty (40) planned WHS Actions have been closed out. A copy of the September Quarter Action Plan is appended at Attachment 6.3.1. for the reference of the Board.

Following approval from the Board, NAWMA is sharing an external resource with Adelaide Hills Regional Waste Management Authority, in order to accelerate policy and procedure development while reducing duplication of effort across the two (2) Authorities.

The external resource (WHS Consultant) has continued with the implementation, development, and population of data onto the WHS platform, Skytrust. To date workplace inspections have been populated and completed, and actions from the inspections have been allocated to the relevant staff for remedial completion. The Workplace Inspection calendar has been reviewed with schedules set in Skytrust for all following inspections.

Population of contractors and preferred suppliers into the Contractor Management system has been uploaded on 29 May 2020. Contractors/preferred suppliers have been risk rated and an email request has been sent to all High Risk rated contractors to provide NAWMA with their up to date WHS management systems confirmation and compliance to NAWMA's WHS requirements.

NAWMA has applied and been successful in obtaining back to back LGAWCS Tailored Implementation Programs (TIPs) of 20 days. This includes the provision of a consultant to deliver Hazard Management training, development of NAWMA's Training Needs Analysis, Training Plan and Training Register. Risk Assessment, Incident and Investigation, ChemAlert and Hazard Management Training is currently underway. Training Needs Analysis', Workplace Training Schedules and Task Risk Assessments are currently being populated and reviewed during the training process.

Risk actions were tabled at a special Senior Management Team meeting to discuss internal resourcing requirements to assist the WHS and Environmental Officer with the remaining 2020 planned risk actions. It was agreed by all that an external expert in the Business Risk field would be required to assist NAWMA in implementing the actions from the evaluation. An external Consultant has since been engaged to assist NAWMA with the Business Risk portfolio and a tailored scope of works for the project has been developed. As of 8 September 2020, NAWMA's Action Plan progress is 100% completion for August overall with WHS 79% completed and Risk 63% completed.

After discussion at the Board Meeting of 25 June 2020 surrounding the measures of the effectiveness of the training undertaken by NAWMA Staff, NAWMA can provide the following information from:

- A training needs matrix identifies the training requirements specific to each person's role and job position,
- Training is evaluated by participants through a training evaluation form on completion of the training,
- All necessary materials relevant to the subject matter of the training are provided through the Registered Training Organisation (RTO) and/or the LGAWCS training team, and;
- All Staff who have undergone training are required to complete a Verification of Competency (VOC) upon completion of training and are continually monitored by Supervisors.



						Jul-20	Aug-20	Sep-20
					Planned	1	1	9
					Completed	1	1	1
					Planned YTD	28	29	38
					Completed YTD	28	29	30
					Shows when action is planned	P		
					Shows when a planned action was completed (as planned)	C		
					Shows when a planned action was completed but outside of the scheduled completion date (i.e. prior to or after due date)	O		
Evaluation Score	Sub-Element or Procedural Validation Reference	Evaluation Finding	Action Agreed	Progress / Evidence	Responsible Person	Jul-20	Aug-20	Sep-20
<b>WORK HEALTH AND SAFETY</b>								
NC	3.2.1	With the development of the Skytrust program determine training needs of workers in consultation with affected workers and labour hire providers, where appropriate. Develop the training plan as per s4.3 of the WHS Induction and Training Procedure. In addition to a implementing a documented process for following up on non-attendance attendance, evaluation, gaps in learning and effectiveness of implementation of training provided.	Develop Training Needs Analysis utilising e.g. Job Descriptions, Hazard Register, Consultation with Supervisors & Managers, WHS Induction & training Procedure, legislative requirements etc.	LGRS undertook the development of the TNA and the WHS Consultant entered the TNA into Skytrust. Sighted the TNA in Skytrust 11/8/2020	WHS & Environmental Officer and LGRS	C		
			Develop Training Plan in Skytrust utilising e.g. TNA		WHS & Environmental Officer and external WHS Consultant			P
			Develop Training Register in Skytrust (records) including Licences, Certificates, Attendance register and Non Attendances of training.		WHS & Environmental Officer and external WHS Consultant			P
			Develop/source Training Awareness sessions for e.g.Hazard Management, First Aid, Incident Investigation	LGRS has developed the Hazard Management and Incident Investigation. LGAWCS has developed the First Aid ppp.	WHS & Environmental Officer and LGRS			C
			Undertake a Review of the Hazard Register and update as required to include identifying and prioritising Risk assessments	LGRS assisting	WHS & Environmental Officer and LGRS			P
			Develop a schedule for High Priority Task Risk Assessments	LGRS assisting	WHS & Environmental Officer and LGRS			P
			Undertake High Priority Task Risk Assessments	LGRS assisting	WHS & Environmental Officer and LGRS			P

## 2019-20 Risk Evaluation Action Plan Progress Report

						Jul-20	Aug-20	Sep-20
					Planned	1	1	9
					Completed	1	1	1
					Planned YTD	28	29	38
				Shows when action is planned	P	28	29	30
				Shows when a planned action was completed (as planned)	C	100%	100%	79%

Evaluation Score	Sub-Element or Procedural Validation Reference	Evaluation Finding	Action Agreed	Progress / Evidence	Responsible Person	Jul-20	Aug-20	Sep-20
<b>WORK HEALTH AND SAFETY</b>								
			Undertake Priority Safe Work Method Statements in skytrust for High Risk Construction work tasks.	LGRS assisting	WHS & Environmental Officer and LGRS			P
			Undertake a review of the NAWMA sites to develop Traffic Management arrangements for each location. e.g. Edinburgh Nth, Edinburgh Park, Pooraka, Uleybury Landfill. This will include designated walkways, traffic flow, signage, loading zones, etc	WGA have completed review of Bellchambers (April) and Woomera Ave (August). Review was delayed due to Covid, other sites will be reviewed in the next plan. Sighted WGA report 8/9/2020	WGA external Traffic Management Consultant		C	
NC	4.1.1	Review the Targets and Performance Indicators contained in the WHS Plan to determine the information required to provide an analysis of progress in meeting them. Include objectives, targets and performance indicators contained within their WHS Plan and a quarterly agenda item on the WHS Steering Group. Review the requirements of the Planning and Program Development Procedure s4.5 to develop a process for annual review of WHS Plan.	Include into the WHS Steering Group agenda, objective, targets and performance indicators from WHS Plan with Programs as per the PSSI sub element 4.1.1	Sighted WHSSG	WHS & Environmental Officer			P
NC	5.3.1	NAWMA develop and implement a change management process legislative, workplace and work practices change. Include change management as an agenda item on the WHS Steering Group meetings.	Develop an annual WHS Management System Review which will include e.g. legislative updates, procedure reviews, review of WHS Plan with Programs 2017-2020, injury statistics etc. as per PSSI sub element 5.3.1		WHS & Environmental Officer and LGAWCS WHS Consultant			P

						Jul-20	Aug-20	Sep-20
			Shows when action is planned	<b>P</b>	Planned	0	0	4
			Shows when a planned action was completed (as planned)	<b>C</b>	Completed	0	0	1
			Shows when a planned action was completed but outside of the scheduled completion date (i.e. prior to or after due date)	<b>O</b>	Planned YTD	4	4	8
					Completed YTD	4	4	5
						100%	100%	63%

Evaluation Score	Sub-Element or Procedural Validation Reference	Due	Evaluation Finding	Action Agreed	Progress / Evidence	Responsible Person	Jul-20	Aug-20	Sep-20
<b>RISK MANAGEMENT</b>									
		Jul-20		Seek feedback on draft Risk Management Policy & Framework documents and incorporate changes, where appropriate <i>Note: Framework needs to be customised based on NAWMA's operations and processes and risk maturity.</i>	<b>08/09/20 CG Update:</b> The Policy has gone to the Audit Committee in June, AC have have received and provided feedback. Policy to be updated incorporating recommended changes and to go back to the AC. AC recommends endorsement by the Board - Next Board Meeting 17th September. Framework still to go to Management Team meeting for consultation / feedback.				<b>P</b>
		Aug-20		Seek endorsement of Risk Management policy (Management Team, Audit Committee, Council) and Risk Management Framework (Management Team)	<b>08/09/20 CG Update:</b> The Policy is scheduled to go to the Board for endorsement at the next Meeting on 17th September. The Framework is still to go to the Management Team meeting for consultation / feedback before being endorsed by the Management Team.				<b>P</b>
		Sep-20		Communicate endorsement of Risk Management Policy and Framework with stakeholders	<b>08/09/20 CG Update:</b> The Policy and Framework will be communicated following the endorsement.				<b>P</b>
		Sept?	Ensure there is a process in place for ongoing review of the Risk Management Policy and Framework	Decision to be made with regards to a Document Management system for the organisation.(Develop document register for NAWMA Policies and Procedures and ensure the register captures review dates and responsible persons/roles etc. for the ongoing management of NAWMA Documents). The specific steps for this will be captured in a project plan.	16/06/20 CG update- Shaun working through this, looking at the possibility of using Sharepoint <b>08/09/20 CG Update: Completed.</b> Decision has been made to use Sharepoint for the Document Management System (spoke with Shaun to confirm).				<b>C</b>

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## Agenda Item 6.4

<b>Report Subject:</b>	Research Road (Pooraka) Transfer Station Lease	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (operational, governance)
<b>Attachments:</b>	Nil ( <i>Final Amended Lease with drafting instructions issued to City of Salisbury</i> )		

### RECOMMENDATION

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

### Purpose of the Report

To provide the Board with an update on the negotiations relating to the Lease with City of Salisbury and NAWMA for the Research Road (Pooraka) Resource Recovery Centre.

### Background

NAWMA has a ten (10) year operational lease over the Research Road (Pooraka) Resource Recovery Centre. Following the first year of operation, NAWMA identified some areas for improvement in the way the Lease was structured.

Following a series of correspondence between City of Salisbury and NAWMA, it was agreed that in good faith negotiations would commence on the Lease.

### Report

An amended Lease was drafted citing three (3) material points of difference, being;

1. A fixed monthly rental based on an independent market evaluation, to replace the hindering current rental mechanism that is linked to revenue,
2. Removing the bespoke commercial elements from the Lease, so that it more closely aligns with a typical lease, and;
3. Ironing out the mechanism for dealing with, and approving the gate fees (including through the Budget Review Process)

A Draft Lease (as amended) was provided to City of Salisbury in April 2020 and following a Council Resolution essentially endorsing points 1-3 above, NAWMA and City of Salisbury have issued joint drafting instructions to Thomson Geer as at 02 September 2020. The additional item of transference of the EPA Licence to NAWMA (quite rightly as the operator) is also being addressed in the drafting instructions.

Both NAWMA and City of Salisbury are awaiting the amended Lease to be returned for final review.

Concurrently, NAWMA has been finalising the site upgrade design and are preparing a Tender Package to put to market in late 2020/early 2021 to engage a civil contractor(s) to undertake the site upgrade. Weighting will be apportioned to local contractors where available.

City of Salisbury has been drafting a Capital Upgrade Agreement, which dictates the responsibilities of each party (mostly NAWMA) for the site upgrade. The issue of the site fire safety shortcomings has been raised with City of Salisbury, who have again supported in good faith discussions to remedy as part of the overall sit upgrade.

NAWMA's Administration will table the Final Lease and Capital Upgrade Agreement to the Board for authorisation to execute. It is envisaged this will occur at the November 2020 Joint sitting of the NAWMA Board and Audit Committee (subject to documentation being ready).



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## Agenda Item 6.5

<b>Report Subject:</b>	Policy Updates	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Decision Making Report (operational, governance)
<b>Attachments:</b>	6.5.1 – Unsolicited Proposals Policy (for adoption) 6.5.2 – Procurement Policy (for adoption) <i>Amended copies of the <b>Draft Treasury Management Policy</b> (for adoption) and <b>Draft Risk Management Policy</b> will be circulated after the 14 September 2020 Audit Committee Meeting (for adoption by subsequent circular resolution)</i>		

### RECOMMENDATION

That:

1. the Report is received and noted, and
2. the Board adopt the Unsolicited Proposals Policy, the amended Procurement Policy, and the Treasury Management Policy, and;
3. NAWMA's Administration finalise the Draft Risk Management Policy and distribute to the Board by circular resolution for adoption.

### Purpose of the Report

To provide the Board with the opportunity to adopt three (3) key Policies previously tabled, and to review one (1) new Policy document.

### Background

The Unsolicited Proposals Policy and the amended Procurement Policy have been finalised following feedback received at the 25 June 2020 Board Meeting, and the Draft Treasury Management Policy has been finalised following feedback from the NAWMA Board (14 May 2020) and Audit Committee (18 June 2020, and 14 September 2020). All three Policies are presented **for adoption** by the NAWMA Board, with the Draft Treasury Management Policy circulated under separate cover (post 14 September Audit Committee Meeting).

The Draft Risk Management Policy has been further refined following tabling at the NAWMA Audit Committee on 18 June 2020 and 14 September 2020 and will be circulated to the NAWMA Board under separate cover (post 14 September Audit Committee Meeting). This Policy is presented **for information** and feedback and will be subsequently distributed for circular resolution adoption.

### Report

#### **Draft Unsolicited Proposals Policy:**

- Second tabling; Board drafting notes
  - Reducing value trigger at clause 3.1 from \$1.5M to \$150,000 to align with Constituent Councils Policies



- Minor grammar and formatting

#### ***Amended Procurement Policy***

- Second tabling; Board drafting notes
  - Addition of Unsolicited Bid to the Methods of Procurement table (pp2 of 9)
  - Minor grammar and formatting

#### ***Draft Treasury Management Policy***

- Second tabling; Board briefing notes
  - Minimum percentage for both fixed and variable borrowings at 10%, which is based on a comprehensive review of the following factors:
    - NAWMA's recent eligibility for a discounted interest rate CAD loan, as advised by the LGFA's Board, which entitles NAWMA to a CAD facility up to 10% of FY operating revenue (up to \$3.4M) for 3 years from the date of drawdown,
    - The budgeted net cash outflows from operating activities in the next three (3) or four (4) financial years according to NAWMA's Long-Term Financial Plan 2020-2030,
    - The scheduled repayments and interests associated with NAWMA's existing fixed borrowings with LGFA for previous capital projects,
    - The risks and benefits of exposures to both fixed and variable terms.

Should the Board agree that the three (3) policies are sufficient for NAWMA's requirements, Management seek adoption of the policies, for subsequent implementation.

#### ***Draft Risk Management Policy***

- First tabling, Board briefing notes
  - The most significant non-conformances of the 2019 Risk Evaluation Summary Report included NAWMA's lack of Risk Management Policy and Internal Risk Framework document.
  - As a priority, NAWMA have commenced progress on the development of a Risk Management Policy to inform the implementation of the Internal Risk Framework. The Policy has been crafted by NAWMA's WHS and Environmental Officer in conjunction with the Scheme's Strategic Risk Consultant and outlines how risk will be managed using the Scheme's Risk Framework (NAWMA's iteration of the Scheme's framework is under development). NAWMA Management intend to continue to provide the Board with updates on the progression of the Framework document.


This Policy is presented **for information** and feedback from the Board, and will be subsequently distributed for circular resolution adoption.

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**Note: Management wish to discuss with the Board the form of future Policy updates, including feedback and subsequent adoption. The number of Policies being updated at present in accordance with the LGRS Action Plan and outdated Policies, nears twenty (20) Policies. NAWMA's Management are seeking advice on how the Board would like to receive, review, and adopt these Policies.**



## Attachment 6.5.1

	<b>UNSOLICITED PROPOSALS POLICY</b>  <b>Northern Adelaide Waste Management Authority (NAWMA)</b>	Version No: 2
		Issued: September 2020
		Next Review: September 2022

### 1. Unsolicited Proposals

The Northern Adelaide Waste Management Authority (**Authority** or **NAWMA**) has adopted the Procurement Policy (**Procurement Policy**) which provides that any Unsolicited Proposal is to be considered by NAWMA in accordance with this Unsolicited Proposals Policy (**Policy**). This Policy allows for new and innovative ideas submitted to NAWMA to be considered in a consistent, transparent and lawful manner that provides confidence to prospective partners.

The following Policy creates a framework and procedure for new and innovative ideas to be brought forward.

### 2. NAWMA's Objectives

2.1 The following objectives will guide NAWMA's consideration of Unsolicited Proposals in accordance with this Policy:

- 2.1.1 promoting the development of innovative ideas to support NAWMA achieve the objectives outlined in its Strategic Plan;
- 2.1.2 ensuring that Unsolicited Proposals are received and accessed via an open, transparent and fair process;
- 2.1.3 ensuring that this Policy is not used to circumvent NAWMA's Procurement Processes outlined in its Procurement Policy; and
- 2.1.4 insuring proponents intellectual property and confidential information is appropriately protected.

### 3. Definition of an Unsolicited Proposal and application of this Policy


- 3.1 This Policy applies to any Unsolicited Proposal with an estimated value of over \$150,000
- 3.2 An Unsolicited Proposal is a new and innovative proposal from the private sector, which has not been requested by NAWMA through its regular procurement processes outlined in the Procurement Policy (**Procurement Processes**), and which could assist NAWMA in achieving its strategic objectives.

### 4. Process for receipt and consideration of Unsolicited Proposals

#### 4.1 Pre-lodgement meeting

- 4.1.1 Before formally submitting an Unsolicited Proposal via the process detailed below, the proponent may request a pre-lodgement meeting with the Executive Officer. This meeting is not mandatory but it may assist the proponent to determine if their proposal is one that may be considered under this Policy.
- 4.1.2 Proponents are encouraged to bring a draft completed Application Form with them to this meeting.

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- 4.1.3 Nothing that is discussed at the pre-lodgement meeting binds NAWMA or the proponent and the proponent may continue with lodgement of its proposal notwithstanding any feedback that it may receive at or following the pre-lodgement meeting.

#### 4.2 Receipt and assessment process

The process by which NAWMA will receive and consider Unsolicited Proposals is a three stage process. The three stages are:


Stage 1 – Initial Proposal/ Assessment

Stage 2 – Detailed Proposal/ Assessment

Stage 3 – Contract Negotiation


#### 4.3 Exclusivity period

- 4.3.1 NAWMA may, in its absolute discretion, enter into a period of exclusive negotiation with a person in relation to a proposed or submitted Unsolicited Proposal.
- 4.3.2 Exclusivity between the parties is not assumed simply by submission of an Unsolicited Proposal to NAWMA.
- 4.3.3 Exclusive negotiations may be justified in circumstances, for example, where a proponent's Intellectual Property should be protected or where, on a balancing of the Stage 1 assessment criteria, there is a clear benefit to NAWMA in doing so.
- 4.3.4 If NAWMA determines to enter into a period of exclusive negotiation with a proponent, the following broad terms will apply:
- 4.3.4.1 during the exclusivity period, NAWMA will not enter into negotiations with another party in relation to another proposal that is substantially similar to the subject matter of the proposal;
  - 4.3.4.2 the exclusivity period will be limited to the development of the specific proposal;
  - 4.3.4.3 the exclusivity period will be for a set period as advised by NAWMA to the proponent in writing;
  - 4.3.4.4 NAWMA may set specific terms and conditions for the exclusivity period which it will advise the proponent of in writing;
  - 4.3.4.5 NAWMA may end the exclusivity period at any time and withdraw from exclusive or all negotiations with the proponent at no cost or liability to NAWMA; and
  - 4.3.4.6 all correspondence between NAWMA and the proponent will be kept confidential, subject to any legislative requirements.

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#### 4.4 Stage 1: Initial Proposal

- 4.4.1 The objective of Stage 1 is to enable a proponent to provide NAWMA with a high level overview of its proposal which enables NAWMA to form a preliminary view as to whether:
- 4.4.1.1 the proposal may be considered under this Policy; and
- 4.4.1.2 the proposal should be considered further.
- 4.4.2 A proposal should comprise a completed Application Form and may also include further information that the proponent wishes to provide for Stage 1.
- 4.4.3 A proposal must be lodged electronically to admin@nawma.sa.gov.au and marked to the attention of NAWMA's Executive Officer.
- 4.4.4 A proposal will not involve negotiation at this stage. This opportunity will arise in later stages if NAWMA determines that the proposal should proceed.
- 4.4.5 Once a proposal has been submitted in accordance with this Policy and the Executive Officer determines that it has sufficient information about the proposal to consider it, then the Executive Officer will convene a meeting with representatives of relevant departments of NAWMA or external experts depending on the subject matter of the proposal (**Steering Committee**).
- 4.4.6 The Steering Committee will operate in accordance with a standard operating procedure as determined from time to time depending on the nature of the Unsolicited Proposal.
- 4.4.7 The Steering Committee will determine whether the proposal meets the criteria for it to be considered under this Policy. To make its decision, the Steering Committee may consult with other NAWMA departments and further professional advisers as it deems necessary.
- 4.4.8 If the Steering Committee determines that the proposal should proceed to Stage 2, a recommendation and report on this basis will be prepared for consideration of NAWMA's Board.
- 4.4.9 If the Steering Committee recommends that the Unsolicited Proposal not be accepted or NAWMA's Board do not endorse the Unsolicited Proposal, the proponent will be notified in writing of this outcome by the Executive Officer. This notice may also notify the proponent that the subject matter of the proposal may form the basis of a Procurement Process pursuant to the Procurement Policy.
- 4.4.10 Where NAWMA's Board endorse the Unsolicited Proposal the proposal will proceed to Stage 2 and the proponent will be provided with the following:
- 4.4.10.1 notification that the proposal has been approved by NAWMA to proceed to Stage 2;

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- 4.4.10.2 a copy of NAWMA's Board's resolution (subject to any confidentiality);
- 4.4.10.3 the broad terms and timeframes for Stage 2 consideration of the proposal; and
- 4.4.10.4 information on any other matters relevant to the proposal and NAWMA's further consideration of it that NAWMA considers to be appropriate.
- 4.4.11 The anticipated timeframe for the completion of Stage 1, commencing from when the Executive Officer determines that it has all of the information it needs to consider the proposal, is 90 days.
- 4.4.12 Any endorsement of a proposal at Stage 1 is "in principle" endorsement only so that the proposal may proceed to Stage 2 consideration.

#### 4.5 Stage 1 Assessment Criteria

- 4.5.1 In determining whether a proposed will proceed to Stage 2, with or without a period of exclusivity, the Steering Committee will assess the proposal against the following criteria:

##### 4.5.1.1 No competing proposals

Whether the subject matter of the Unsolicited Proposal is already the subject of an existing or proposed Procurement Process or Procurement Processes. If the subject matter of an Unsolicited Proposal is already being considered or proposed to be considered by NAWMA in this way, then it is unlikely that an Unsolicited Proposal will pass Stage 1 unless the proponent can demonstrate that their proposal has a distinct advantage.

##### 4.5.1.2 Community need/NAWMA priority


Whether the Unsolicited Proposal:

- (a) promotes NAWMA's role and functions;
- (b) is broadly consistent with NAWMA's objectives outlined in its Strategic Plan, this Policy and other relevant documents; and
- (c) provides a clear economic, social or environmental beneficial outcome NAWMA and the community.

##### 4.5.1.3 Innovative

Whether the Unsolicited Proposal is innovative, and how and why it is innovative such that it justifies NAWMA considering it under this Policy rather than via its usual Procurement Processes.

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A proponent may be able to establish their proposal is innovative by demonstrating that:

- (a) it cannot be readily delivered by competitors at all or within the timeframes proposed by the proponent;
- (b) the proponent owns something that would limit other parties from being able to deliver the proposal (for example, Intellectual Property or strategic landholdings);
- (c) the proponent has innovative financial arrangements that enable it to deliver the proposal where other parties would not be able to; or
- (d) a combination of factors which may not stand alone as being unique but which together create an innovative proposal in the circumstances.

#### 4.5.1.4 Value for money

Whether the proposal represents outstanding value for money for NAWMA. NAWMA should consider factors such as (but not limited to) whether the proposal delivers:

- (a) financial benefits;
- (b) economic benefits; and/or
- (c) community benefits.

#### 4.5.1.5 Capacity and capability of proponent

Whether the proponent has the skills, experience, reputation, credibility and resources required to enable it to deliver the proposal.

### 4.6 Stage 2: Detailed Proposal

4.6.1 Stage 2 involves further consideration of the feasibility of the proposal, how it will be delivered, whether it represents value for money for NAWMA and what outcomes it will deliver for NAWMA and the community.


4.6.2 Stage 2 will be an interactive process between the Steering Committee and the proponent within a framework established by the Steering Committee.

4.6.3 The Steering Committee will establish a framework for Stage 2 which may include:


4.6.3.1 confidentiality, conflict of interest, communication and probity protocols;

4.6.3.2 Stage 2 participation terms and conditions;

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- 4.6.3.3 Stage 2 assessment criteria;
- 4.6.3.4 timeframes;
- 4.6.3.5 information to be provided and/or shared;
- 4.6.3.6 governance requirements; and
- 4.6.3.7 any other matters that NAWMA considers necessary or desirable.
- 4.6.4 The matters that the Steering Committee may consider during Stage 2 are:
  - 4.6.4.1 the value for money proposition from the proposal for NAWMA;
  - 4.6.4.2 if the proposal is legally, technically and financially feasible;
  - 4.6.4.3 how the proposal would best be structured to deliver the best outcome for NAWMA and the community;
  - 4.6.4.4 a cost/benefit analysis of the proposal;
  - 4.6.4.5 the appropriate allocation of risk;
  - 4.6.4.6 government, strategic and community priority;
  - 4.6.4.7 how innovative the proposal is; and
  - 4.6.4.8 the proposed delivery method.
- 4.6.5 During Stage 2 the Steering Committee may:
  - 4.6.5.1 convene meetings with any other subject matter experts, professional advisers and other persons that the Steering Committee sees fit;
  - 4.6.5.2 convene meetings with the proponent;
  - 4.6.5.3 request further information from the proponent as required;
  - 4.6.5.4 obtain reports and further information for the Steering Committee's consideration of the proposal; and
  - 4.6.5.5 arrange the preparation of a detailed report on the proposal for NAWMA's Board's consideration.
- 4.6.6 During Stage 2, a proponent must:
  - 4.6.6.1 develop a detailed proposal, consistent with the requirements outlined by NAWMA at the end of Stage 1;
  - 4.6.6.2 provide any additional information as required; and

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4.6.6.3 make themselves available to participate in meetings requested by, and respond to communications from, the Steering Committee.

4.6.7 At the end of Stage 2, a report and recommendation will be prepared for NAWMA's Board's consideration and the proponent will be advised in writing of NAWMA's resolution and one of the following:

4.6.7.1 that all or part of the proposal will proceed to Stage 3 on an exclusive consideration basis;

4.6.7.2 that all or part of proposal will not continue to be considered on an exclusive basis but that all or part of the proposal warrants a competitive bidding process; or

4.6.7.3 that all or part of the proposal is not suitable for further consideration and its consideration under this Policy is now at an end.

#### 4.7 **Stage 3: Contract Negotiation**

4.7.1 Stage 3 allows NAWMA and the proponent to negotiate a suitable contract or contracts for the implementation of the Unsolicited Proposal.

4.7.2 At the commencement of Stage 3, the Executive Officer will advise the proponent of the process and protocols for the development of a contract.

4.7.3 Once a contract has been agreed in principle between NAWMA and the proponent, the contract will be submitted to NAWMA's Board to seek their approval for the contract to be executed. The Executive Officer will then advise the proponent in writing of one of the following:

4.7.3.1 that NAWMA agrees to the terms and conditions of the contract and will proceed to execute it;

4.7.3.2 that NAWMA agrees to the contract, subject however to specified variations or conditions;


4.7.3.3 that NAWMA does not agree to enter into the contract but instead determined to pursue or consider pursuing the Unsolicited Proposal through another process, including a Procurement Process; or

4.7.3.4 that NAWMA does not agree to enter into the contract and that its consideration of the proposal under this Policy is now at an end.

## 5. **Probity Framework**

5.1 It is a primary objective of this Policy to ensure the probity of the processes employed by NAWMA to consider unsolicited proposals. As such, in addition to any specific requirement outlined in this Policy, probity principles and protocols will be

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established when dealing with proponents in relation to their unsolicited proposals to ensure that:

- 5.1.1 proposals are received, assessed and negotiated, and decisions are made, through an approved and transparent framework;
- 5.1.2 decisions are made through a robust framework and so that they will deliver the best outcomes for NAWMA and its community;
- 5.1.3 confidential information is protected; and
- 5.1.4 any perceived conflict of interest, bias or misconduct is eliminated.
- 5.2 NAWMA may, at any Stage outlined in this Policy, engage a probity adviser or auditor.

## 6. Intellectual Property Rights

- 6.1 NAWMA acknowledges Unsolicited Proposals may contain Intellectual Property of the proponent and/or third parties.
- 6.2 If NAWMA declines to consider, or ends its consideration of, an Unsolicited Proposal submitted in accordance with this Policy, and NAWMA elects to engage in a competitive bidding process or other Procurement Process in relation to the subject matter of the proposal, NAWMA will respect any Intellectual Property rights of the proponent and/or third parties.

## 7. Supplementary Information

NAWMA may from time to time at its discretion publish supplementary information to assist proponents with the interpretation and application of this Policy.

## 8. Confidentiality


Any report provided to NAWMA's Board will generally be considered confidentially depending on the subject matter of the report and the Unsolicited Proposal in general.

## 9. General Terms

### 9.1 Definitions

- 9.1.1 **Application Form** means the application form attached as Annexure B to this Policy.
- 9.1.2 **Executive Officer** means NAWMA's Chief Executive Officer.
- 9.1.3 **Intellectual Property** means inventions, original designs and practical applications of good ideas protected by law through copyright, patents, registered designs, circuit layout rights and trademarks and it also includes trade secrets, proprietary know-how and other confidential information

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protected against unlawful use and disclosure by common law and contractual obligations.

9.1.4 **LG Act** means the *Local Government Act 1999(SA)*.

9.1.5 **Procurement Policy** means NAWMA's Procurement Process as amended from time to time.

9.1.6 **Procurement Process** means the processes and methods outlined in the NAWMA's Procurement Policy.

9.1.7 **Strategic Plan** means NAWMA's 2018 – 2025 Strategic Plan as published on their website.

## 9.2 No legal relationship

By making an Unsolicited Proposal the proponent acknowledges:

9.2.1 without confirmation in writing, that no discussions in relation to a proposed Unsolicited Proposal or the submission of an Unsolicited Proposal assumes exclusivity between the parties;

9.2.2 that no legally binding contract exists or is to be implied between NAWMA and the proponent unless and until a formal contract document is signed by both parties; and

9.2.3 that NAWMA is under no contractual or other legal obligation to the proponent with respect to the receipt, assessment, consideration, acceptance or rejection of any proposal or the failure to receive, assess, consider or accept any proposal.

## 9.3 Legislative obligations

In submitting a proposal proponents acknowledge that:


9.3.1 NAWMA may have legislative obligations that it will need to comply with in relation to a particular proposal and nothing in this Policy is intended to override or circumvent those obligations; and

9.3.2 the processes established by this Policy are separate from, and do not override other legislative approval processes that a proponent may need to participate in in order to progress its proposal (for example, planning approval processes).

## 9.4 No soliciting or outside discussions

9.4.1 All queries or communications in relation to unsolicited proposals must be directed to the Executive Officer in the first instance, with each proponent advised of any subsequent delegation, to ensure consistency and transparency in the unsolicited proposals process. NAWMA reserves the right to discontinue assessment of, or negotiations on, a proposal if the

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proponent discusses the proposal with NAWMA's Board or otherwise than as directed by the Executive Officer.

- 9.4.2 A proponent must not offer any incentive to, or otherwise attempt to, influence any person who is either directly or indirectly involved in an assessment or negotiation process. NAWMA reserves the right to end any consideration of a proposal if a proponent fails to comply with this requirement.

#### 9.5 Conflict of interest

Proponents must inform NAWMA of any circumstances or relationships which will constitute a conflict or potential conflict of interest if the proponent is successful in negotiating a contract for its unsolicited proposal. If any conflict or potential conflict exists, the proponent must advise NAWMA how it proposes to address this.

#### 9.6 Costs of proposal

A proponent bears its own costs of preparing, discussing and negotiating any Unsolicited Proposal with NAWMA.

#### 9.7 Use of documents

Any documents provided by NAWMA to a proponent during any of the Stages outlined in this Policy must only be used for the purpose of progressing a proposal in accordance with this Policy and must be returned to NAWMA at the end of the process on request.

#### 9.8 Change in circumstances

A proponent must inform NAWMA promptly in writing of any material change to any of the information contained in the proponent's submission.

#### 9.9 Interaction with other NAWMA policies

Unless specifically stated in this Policy or determined by NAWMA, this Policy is not intended to override any other Policy of NAWMA that may apply to an Unsolicited Proposal.


#### 9.10 General Acknowledgements

- 9.10.1 Proponents acknowledge when discussing, negotiating, considering, preparing or submitting an Unsolicited Proposal to NAWMA in accordance with this Policy, that NAWMA:

9.10.1.1 makes no representations or undertakings that it will enter into a contract with any proponent in respect of the subject matter of any Unsolicited Proposal;

9.10.1.2 may undertake 'due diligence' checks on any proponents;

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- 9.10.1.3 will not be responsible for any costs or expenses incurred by a proponent arising in any way from the preparation, submission or negotiation of its proposal;
- 9.10.1.4 accepts no responsibility for any proponents failing to undertake any investigations or understanding any matters that may impact on its proposal;
- 9.10.1.5 will not be liable for or pay any expenses or losses incurred by a proponent, whether in the preparation of a proposal or prior to the signing of any agreement relating to a proposal or otherwise; and
- 9.10.1.6 will not be bound by any verbal advice given or information furnished by any member, officer or agent of NAWMA except written advice or information furnished by the Executive Officer.


#### 9.11 NAWMA's General Rights

NAWMA may, at any stage of the process of discussing, receiving, considering and/or negotiating an Unsolicited Proposal, at no cost to itself or acceptance of liability to the proponent in any way:

- 9.11.1 end consideration of the Unsolicited Proposal and withdraw from any negotiation with the proponent in relation to it if it considers or assesses that a proposal may not or does not meet the criteria to be considered or considered further under this Policy, and make an approach to the market in respect of the subject matter of the proposal;
- 9.11.2 amend, vary or revoke and replace this Policy at any time;
- 9.11.3 accept or reject any Unsolicited Proposal on any basis;
- 9.11.4 subject to any period of exclusivity determined in accordance with this Policy, negotiate with any person in relation to the subject matter of an Unsolicited Proposal;
- 9.11.5 accept all or part of an unsolicited proposal;
- 9.11.6 discontinue negotiations with any proponent at any time; and
- 9.11.7 include any proponents name in NAWMA's reports and, subject to any period of exclusivity determined in accordance with this Policy and any agreement with a proponent to the contrary, make them public.

#### 9.12 Ombudsman

Proponents should be aware that the *Ombudsman Act 1972* (SA) empowers the Ombudsman to investigate matters in the public interest. Proponents must ensure compliance with all obligations arising under that Act

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#### 9.13 ICAC

Proponents should also be aware that the *Independent Commissioner Against Corruption Act 2012* establishes the Independent Commissioner Against Corruption and the Office for Public Integrity. The Act empowers the Commissioner to investigate corruption, misconduct and maladministration in public administration. Proponents must ensure compliance with all obligations arising under that Act.

#### 9.14 Freedom of information

The *Freedom of Information Act 1991* (SA) (**FOI Act**) gives members of the public rights to access documents of NAWMA. The FOI Act promotes openness in governance and accountability of government agencies and to achieve these objects confers on members of the public a legally enforceable right to be given access to documents, including contracts, held by NAWMA subject but not limited to such restrictions as are consistent with the public interest, commercial in confidence and/or the preservation of personal privacy in respect of those from whom information is collected and held by NAWMA and other public authorities.


#### 9.15 Departure from Policy

NAWMA may, by resolution of the Board, where it is justified in the circumstances, determine that this Policy will not apply to a particular Unsolicited Proposal.

#### 9.16 Review of Policy

This Policy will be reviewed regularly by NAWMA to ensure that the objectives of the Policy remain relevant and are met.

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## Annexure A – Application Form

### UNSOLICITED PROPOSAL FOR CONSIDERATION BY NAWMA

#### 10. General Information

**Consortium or company details (if applicable):**

**Legal name/s of proponents or consortium or company participants:**

**Address:**

**Date:**

#### 11. Proposal title and abstract

**Title:**

**Abstract (approximately 200 words):**

#### 12. Proposal details

Provide information on:

- the objectives of the proposal;
- the method of the approach;
- the nature and extent of expected outcomes; and
- the benefits that the proposal will deliver for NAWMA and the community.

#### 13. Assessment Criteria

Provide a brief description of how the proposal would meet each of the assessment criteria detailed in clause 4.5.

#### 14. Financial and Commercial details


A proponent should provide a brief description of the financial and commercial details of the proposal and the proponent's financial capacity to deliver the proposal.

#### 15. Costs and requirements of NAWMA

A proponent should identify what you are seeking from NAWMA for the proposal. This may include:

- land;

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- use of assets, facilities, equipment, materials, personnel or other resources;
- finance; or
- assistance to obtain statutory approvals or legislative or regulatory amendments.

A proponent should state what the cost would be for NAWMA in providing what is sought.

#### 16. **Risks**

Proponents should list risks arising from the proposal for the proponent and NAWMA.

#### 17. **Intellectual Property**

Proponents should provide a brief description of:

- each item of Intellectual Property involved in the proposal;
- the nature of any Intellectual Property claimed;
- details of the owner of Intellectual Property claimed;
- registration details (where applicable); and
- details of any items for which commercial confidentiality is claimed in whole or in part.

#### 18. **Other Information**

A proponent may provide any other information that is relevant to its proposal for Stage 1 assessment.

#### 19. **Preferred contract arrangement**

A proponent should provide details of its proposed contractual arrangements for the proposal if it is successful.

#### 20. **Contact Person**

A proponent must nominate a contact person to be the only point of contact for this proposal. All communications from the Executive Officer about the proposal will be sent to this person.


**Name:**

**Postal Address:**

**Email Address:**

**Phone number:**

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**21. NAWMA contact details**

A proponent should provide details of any person at NAWMA who has already been contacted regarding the proposal.

**22. Validity period**

Period of time for which the proposal is valid (this must be a minimum of six months):

**23. Proposed duration of the proposed arrangements**

\*Please note that additional information or pages may be attached to this form.


The proposal is to be signed by a representative of the proponent who is authorised to represent and contractually bind the proponent.

Name:

Position:

Signature:

Date:

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## Introduction

Northern Adelaide Waste Management Authority (**Authority** or **NAWMA**) recognises the establishment of a strong procurement policy is necessary to prevent mishandling of funds and to safeguard against illegal acquisition of goods, services and works. A strong procurement policy also protects employees and the organisation from charges of inappropriate purchasing decisions by defining responsibilities and procedures in the procurement process. This Procurement Policy replaces the former:

- Purchasing Policy
- Tendering Policy

The Procurement Policy is just one of a suite of Policies which provide a best practice guide against financial misconduct and fraudulent activity by NAWMA staff.

## Policy Objective

To implement clear administrative procedures for the various aspects of procuring products, services and works by the Authority.

## Policy Statement

The Authority operates a diverse range of business areas, requiring capital and operating expenditure on goods, services and works in order to undertake those business activities. NAWMA will at all times make such purchases in the most competitive environment possible to ensure the best value outcome for the Authority. The procurement process will be conducted under the highest ethical standards and in accordance with AS4120 (Code of Tendering).

## Policy Scope


1. Principles of Procurement.
2. Methods of Procurement.
3. Procurement Processes.
4. Market Engagement
5. Exemption.
6. Legislation and reference to other NAWMA Policies.

## Principles of Procurement

The following principles underpin this procurement policy:

1. Ensure best value outcomes for the Authority and constituent councils.
2. Maintain competition in the provision of goods, services and works to NAWMA.
3. Assess all options. Due consideration to be given to leases, rentals and outright purchase.
4. Source locally. Wherever practical, purchase from, or contract with, local retailers and Australian companies provided there is no disadvantage in price or quality.

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- Maintain the very highest ethical standards.

## Methods of Procurement

The method chosen for procurement will be primarily determined by the value as detailed below. Any deviation from the appropriate procurement method will require the completion of a Procurement Exemption Form duly authorised by the Chief Executive Officer.

VALUE OF PURCHASE	MINIMUM PROCUREMENT METHOD
Up to \$100 (no account)	Petty cash, company credit card
\$100 to \$10,000	Three quotations
\$10,000 to \$50,000	Three written quotations
\$50,000 to \$100,000	Invited Tender (minimum 3 providers)
\$100,000 plus	Public Tender
\$150,000 plus	Unsolicited Bid (refer to Unsolicited Proposals in this Policy and NAWMA's Unsolicited Proposals Policy)

Note:

- All amounts are exclusive of GST.
- In exceptional circumstances the Chief Executive Officer of the Authority may give approval to purchase goods and services up to \$100,000 which are not in an approved budget or Business Plan.
- Approval for goods, services and works with an estimated value greater than \$100,000 which are not in an approved budget or Business Plan must be via resolution of the Authority's Board and referred to in an approved budget review.

## Procedures


### *Petty Cash (purchases under \$100, no account)*

- Approval (as per the Sub Delegations Register) to spend petty cash is to be obtained prior to expenditure.
- Receipts are to be kept and submitted to the Finance Officer (or equivalent) for reimbursement from the petty cash float.

### *Purchase Orders (purchases over \$100 ex GST)*

- All purchases must be within the approved budget (See note 2 above for exceptional circumstances).
- A manual purchase order is to be generated by the purchaser using Excel at the time of ordering (NOT upon receipt of goods).
- If the purchase amount is greater than the purchaser's authority (as per the Sub Delegations Register), then the appropriate authority is to countersign the purchase order.

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- The Finance Officer is then to enter these details into Microsoft Navision for all Orders using the purchaser specified reference number.
- Upon receipt of the goods, services and works, the purchaser is to advise the Finance Officer.

#### *Quotes (\$100 to \$50,000)*

- The purchaser is to obtain and record on file a minimum of 3 quotes to ensure a competitive process has been followed. Purchases over \$10,000 have a minimum requirement of written quotes from the providers.

#### *Invited (select) Tender (\$50,000 to \$100,000) (Includes Expressions of Interest)*

- The Principal (purchaser) is to develop a scope of works/goods/services required. The scope is to provide a clear description of the current situation and the outcomes expected from the expenditure. The timeline and evaluation process should also be detailed within the scope.
- A minimum of 3 providers are to be invited by email to respond to the request for tender.
- The purchaser is responsible for managing the tender response, (recording, evaluation, award of contract, etc).


#### *Public (open) Tender (\$100,000 plus)*

- The Principal (purchaser) is to develop a scope of works/goods/services required. The scope is to provide a clear description of the current situation and the outcomes expected from the expenditure. The timeline and evaluation process should also be detailed within the scope.
- Public Tenders are to be advertised in a broadly circulated medium relative to the complexity of the works/goods/services to be delivered and the perceived capacity/availability of providers within a given geographical area. (eg. Common works/goods/services could be advertised at state level whereas more complex works/goods/services may require advertising nationally).

#### *Tender process (general)*


- Tenders shall only be called after a firm commitment to proceed with the project (note: this does not mean a commitment to proceed if the tender response reveals that the project estimation was significantly less than the actual response.)
- The tender documents shall:
  - describe the project and its anticipated outcomes;
  - clearly define the contractual obligations of the parties;
  - provide information known to the Principal which may affect the risks of the project;
  - clearly specify and describe special conditions or obligations of the contract which may not normally be part of the standard conditions;
  - designate any supporting information required from tenderers;
  - nominate a person by name and contact telephone or facsimile numbers for provision of additional information;
  - specify that the tender is required to submit a tender conforming in all respects with the tender documents including conditions of tendering;

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- allow a tenderer to submit a non-conforming tender clearly marked and accompanied by a detailed explanation of differences, advantages and cost savings;
  - specify the method of tendering and time of lodgement; and
  - if appropriate, provide information to tenderer as to the process of tender evaluation.
- The Principal shall allow for sufficient and reasonable time between inviting tenders and the closing date of the tender. If it is necessary to amend the tender documents during the tender period, consideration must be given to extending the tender period.
- The Principal shall not provide information to a tenderer that is not available to all other tenderers. The Principal shall nominate a person with adequate knowledge of the project to respond to enquiries from tenderers. Enquiries shall be recorded noting the time and date of receipt, name of the person making the enquiry and the organisation they represent and the issues discussed. If an enquiry or otherwise reveals significant error, ambiguity or discrepancy, information correcting or resolving the issue will be promptly conveyed in writing to all tenders.
- Where it is necessary to amend the tender documents during the tender period, the amendments must be forwarded in writing as an addendum to all tenderers. Sufficient time must be given for tenderers to properly consider the addendum. Consideration shall be given to extending the tender period when an addendum is issued.
- All tenders must be submitted in sealed envelopes. The Principal shall endeavour to safeguard the security and confidentiality of all tenders. A register of all tenders received shall be kept by the Principal. This shall record the date the tender was lodged and name of the Principal's representative receiving the tender. The envelope shall be date stamped with the date it was received by the Principal. All tenders received and registered must be immediately placed in a locked Tender Box.
- All tenders shall be opened by two persons nominated by the Principal. After opening, all tenders must be stamped with the date on which they were opened and initialled by the two Principal Representatives.
- No tender received after the advertised closing time shall be considered under any circumstances.
- Tenders will be evaluated by the Principal's evaluation panel who shall submit a written report to the Chief Executive Officer of The Authority. Any tender which does not comply with the tender documents shall be rejected. The Principal may reject a tender provided it acts honestly in so doing. Should the Principal decide not to accept any of the tenders submitted and to recall tenders, the original tenderers shall be advised and invited to submit a new tender or advised that the project or provision of goods, services or works will be negotiated.
- During post tender negotiations, the Principal shall not seek to trade off tenderers against each other in an attempt to obtain better prices or conditions. The Principal should first exhaust negotiations with the preferred tenderers. Successful and unsuccessful tenderers shall be advised in writing of the tender decision.
- All tender documents shall include the following clauses:
  - a) Compliance with Legislation  
The Contractor shall at all times for all the purposes of this Contract comply with an observance the provisions of all Acts, Rules, Regulations, By-Laws and Awards whether Commonwealth, State or Local. The Principal draws the Contractor's attention to the provisions of Work Health and Safety Act 2012. The Contractor undertakes to devise and implement a safe system of work for their employees and

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their sub-contractors employees. The Contractor shall on or before the commencement of the Term provide to the Principal a copy of all policies and procedures issued by the Contractor pursuant to its obligation under the Work Health and Safety Act 2012 and the Regulations made under the Act and shall further provide to the Principal copies of all subsequent amendments to such policies.

b) Indemnity/Insurance

The Contractor agrees to indemnify and keep the Principal indemnified against loss or damage to the property of the Principal and further from any claim, demand, action, suit or proceeding that may be brought by any person against the Principal in respect of loss or damage to any property whatsoever of the death of or personal injury to any person whomsoever arising out of or as a consequence of the Contractor performing the obligations under this Contract and also from any costs and expense that may be incurred in connection with any such claim, demand, action, suit or proceeding.

The Principal and the Contractor must maintain at all times during the term of this Contract all insurances required by law or this Contract to be effected by them or either of them in respect of any matter or thing arising under or in consequence of this contract. The Contractor shall take out at its own cost public liability insurance in the joint names of the Principal and the Contractor in the sum of TWENTY MILLION DOLLARS (\$20,000,000.00) in respect of any one incident arising during or as a consequence of the performance required to be performed by this Contract.

The Contractor must ensure that the public risk insurance policy be as an endorsement from the insurers acknowledging the indemnity provided in favour of the Principal in accordance with this Contract.

Once per year, both parties must produce evidence to the other as to the maintenance of all such insurance which are required to be taken out under this Contract.

Neither party will cause or allow any act or omission to occur which makes void or unenforceable any policy or insurance taken out by the other party under this Contract.

The Contractor must comply with all its requirements under the Worker's Rehabilitation and Compensation Act 1986 (the Return to Work Act 2014, when commenced) and shall ensure that any sub-contractor engaged does the same.

c) Standard of Work


All work will be performed in accordance with the relevant Australian Standard for that type of work.

## Market Engagement

In addition to the typical Procurement Processes, there may be other occasions where the Authority may benefit from engaging with the private sector, on a preliminary basis, to explore government or private sector appetite and capacity to partner with NAWMA to frame, develop and potentially unlock a strategic opportunity for NAWMA (**Market Sounding Process**).

A Market Sounding Process is important where NAWMA is aware in broad terms of an opportunity but lacks the detailed, technical, commercial or industry knowledge required to develop an appropriate approach to market. The Market Sounding Process enables NAWMA to

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engage with the government and/or the private sector, on a no obligation basis, to assist NAWMA better understand and potentially frame an opportunity (including an appropriate Procurement Process), or whether to abandon the opportunity. NAWMA will undertake a Market Sounding Process, in the following manner.

#### 1. Identify the Opportunity

The opportunity to be the subject of the Market Sounding Process will be identified by the Chief Executive Officer and must be clearly documented with reasons why the opportunity is suitable for the Market Sounding Process and not an opportunity that could be procured directly through the Procurement Processes.

#### 2. Identify relevant parties

NAWMA must then identify a relevant party or relevant parties (**Relevant Party** or **Relevant Parties**) to approach for the Market Sounding Process. NAWMA may enlist the services of suitably qualified advisors (be they technical, financial, or other) to assist in identifying the **Relevant Party** or **Relevant Parties**. The Authority should have consideration to a Relevant Party's:

- a) previous experience in delivering similar opportunities;
- b) past performance on similar opportunities;
- c) experience in prior dealings with NAWMA; and/or
- d) known expertise in the relevant field.


#### 3. Approaching Relevant Parties

If the Chief Executive Officer considers that engaging with a Relevant Party will be valuable in informing the direction of NAWMA's Procurement Processes for the opportunity, the Chief Executive Officer may provide the Relevant Party with an engagement letter that will:

- a) provide an overview of the opportunity (whether in the letter or by attached information);
- b) Include a copy of this Procurement Policy;
- c) invite the Relevant Party to meet with the Chief Executive Officer and other NAWMA representatives to discuss their views on the opportunity and the risks associated with the opportunity;
- d) outline that any discussion will be undertaken in confidence and require the Relevant Party to sign and return a non disclosure agreement (to be provided with the letter), should it wish to participate in the Market Engagement Process; and
- e) provide any other information the Chief Executive Officer considers necessary.

#### 4. Abandonment or development and reporting

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After meeting with a Relevant Party or the Relevant Parties, a report and recommendation will be prepared for the Authority's Board for consideration of one of the following:

- that all or part of the opportunity should proceed to a Procurement Process with associated details; or
- that all or part of the opportunity should not be progressed at the time of writing the report.

Any Market Sounding Process will be undertaken on the following terms:

- participation by any Relevant Party will not give rise to any commitment by NAWMA or its representatives to consult or engage with the Relevant Party in a future Procurement Process for the same or similar subject matter as the opportunity;
- a Relevant Party engages with NAWMA in the Market Sounding Process in its own cost in all things;
- NAWMA may, at any stage and at no cost to NAWMA, end or vary the Market Sounding Process; and
- . Such other matters as NAWMA considers appropriate consistent with its legal obligations

## Exemption

### Specialist status


While every effort is to be made to comply with the minimum procurement method, certain aspects of NAWMA's operations are unique that in accordance with its EPA Licence, the Authority is baling waste and operating a balefill facility for the disposal of residual waste (only one of two in Australia). As a result, only a limited number of contractors have developed a high degree of expertise with NAWMA's equipment which gives them a significant advantage over other contractors. They have been given "specialist status" in various aspects of maintenance and repair works, particularly related to the baling plant. It is in NAWMA's best interest to utilize this pool of expertise when the need arises. Another example of when the Exemption may be exercised is due to the limited number of suppliers for certain specialized equipment within Australia. In every case, the Exemption form (attached to this Policy) is to be completed and authorised by the Chief Executive Officer.

### Unsolicited Proposal

During NAWMA's regular operations, NAWMA may receive an unsolicited proposal from the private sector. An unsolicited proposal is defined as a new and innovative proposal from the private sector, which has not been requested by NAWMA through its regular procurement processes (**Unsolicited Proposal**) and which could assist NAWMA in achieving its objectives. An Unsolicited Proposal may include proposals with respect to goods, works, services or some other offering.

Where NAWMA receives an Unsolicited Proposal, the proposal will be processed and evaluated under NAWMA's Unsolicited Proposals Policy. Upon receipt of an Unsolicited Proposal, the Exemption Form is to be completed and authorised by the Chief Executive Officer.

	<p><i>Electronic version on the N: Drive&gt;Administration&gt;NAWMA Policies is the controlled version.</i></p> <p><i>Printed copies are considered uncontrolled.</i></p> <p><i>Before using a printed copy, verify that it is the current version</i></p>	Page 48 of 205
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	<b>PROCUREMENT POLICY</b>  <b>Northern Adelaide Waste Management Authority (NAWMA)</b>	Version No: 3
		Issued: September 2020
		Next Review: September 2022

## Legislation and reference to other NAWMA Policies

### *Other NAWMA Policies*

- Delegated Authority
- Prudential Review Policy
- Fraud and Corruption
- Code of Conduct
- Unsolicited Proposals Policy


### *Legislation*

- *Local Government Act 1999*
- *The ICAC Act 2012*
- *Trade Practices Act 1974*
- *Code of Tendering AS4120*
- *Competition and Consumer Act 2010*
- *Work Health & Safety Act 2012*
- *Ombudsman Act 1972*
- *Freedom of Information Act 1991*

## Review

This Procurement Policy is to be reviewed in two (2) years or sooner if there are any changes to the procedures required.

	<p><i>Electronic version on the N: Drive&gt;Administration&gt;NAWMA Policies is the controlled version.</i></p> <p><i>Printed copies are considered uncontrolled.</i></p> <p><i>Before using a printed copy, verify that it is the current version</i></p>	Page 49 of 205
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	<b>PROCUREMENT POLICY</b>  <b>Northern Adelaide Waste Management Authority (NAWMA)</b>	Version No: 3
		Issued: September 2020
		Next Review: September 2022

### EXEMPTION FROM PROCUREMENT POLICY METHOD

This form must be completed by the purchaser and approved by the Chief Executive Officer prior to a purchase whenever less than the minimum procurement method is required for the purchase of goods, services or works, or where an Unsolicited Proposal is received.

Description of goods, service or works.			
Value of goods, service or works (if known).			
Procurement Policy Method			
Desired Procurement method			
Unsolicited Proposal	Yes / No		
Reason for exemption request			
Exemption Requestor			
Exemption Approved (EO)		Date	



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 And our Client Rural and Regional Councils

## Agenda Item 9.1

<b>Report Subject:</b>	FY19/20 Draft Balance Date Audit Report	<b>Report Author:</b>	Chief Financial Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Decision report (governance, financial)
<b>Attachments:</b>	9.1.1 – FY19/20 Draft Balance Date Audit Report (HLB Mann Judd)		

### RECOMMENDATION

**That the Report is received and noted, and the Draft Balance Date Audit Report is endorsed by the Board.**

### Purpose of the Report

To provide the Board with the FY19/20 Balance Date Audit Report and Management Representation Letter.

### Background

HLB Mann Judd have completed the annual audit process for the 2019/2020 financial year and have provided the Draft Balance Date Audit report with the accompanying Draft Management Representation Letter which is provided for the information of the Board (appended at 9.1.1).

As per the Audit Committee Terms of Reference 6.7.5, HLB Mann Judd's Partner, Mr Jon Colquhoun will attend the scheduled Audit Committee meeting (14 September 2020) and discuss the audit report with Committee Members. Mr Colquhoun will not be in attendance at the Board Meeting but should the Board wish, a separate briefing can be provided.

### Report

The Board are referred to the appended Draft Balance Date Audit Report prepared by HLB Mann Judd. The Report concludes that an unqualified audit report has been issued. The outstanding matters are uneventful in the view of NAWMA's Administration and are outlined in Section 2 of the Report. All that remains is Board approval of the Financial Statements as outlined in Item 9.2 of this Agenda.

# REPORT TO THE AUDIT COMMITTEE

NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

Year ended 30 June 2020



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## Executive Summary

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### Purpose

The purpose of this closing report is to communicate significant matters arising from our audit to the Board. This report has been discussed with management.

### Scope

We conducted our audit of the financial report of Northern Adelaide Waste Management Authority (the “Authority”) for the year ended 30 June 2020 in accordance with the terms of our engagement letter dated 9 June 2020 and with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free from material misstatement.

### Audit status

Our audit was conducted in accordance with Australian Auditing Standards for the year ended 30 June 2020 and is in the process of being completed. [Click here for more details.](#)

### Audit Opinion

Subject to our final review of the financial report and finalisation of the outstanding matters outlined in [Section 1](#), we will be in a position to provide our audit opinion for the year ended 30 June 2020, a draft copy of which is set out at [Appendix 1](#).

We expect to sign an unqualified audit report after the outstanding matters are completed.

### Significant accounting and audit issues

The risks of material misstatement we have identified along with the procedures performed and results from these procedures are detailed in [Section 2 – Significant Accounting and Auditing Issues](#).

### Summary of misstatements

We have identified misstatements during our audit. The list of corrected and uncorrected misstatements are detailed in [Appendix 4](#).

### Independence

We confirm that we have complied with the ethical requirements regarding our independence as auditor of Northern Adelaide Waste Management Authority. [More details.](#)

### Fraud

We confirm that no matters have come to our attention that indicate material misstatement in the financial statements due to non-compliance with laws and regulations or fraudulent activity. Management has confirmed that they are unaware of any fraudulent activity. [More details.](#)

## 1. Audit Status

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We have completed our audit work except for the following which are required in order to finalise the audit:

MATTER	RESPONSIBILITY
Final Review of amended financial statements	HLB Mann Judd
Receipt of signed Management Representation Letter (Draft at <a href="#">Appendix 3</a> )	Management
Board/Audit Committee approval of financial statements	Board/Audit Committee
Issue Independent Auditor's Report (Draft at <a href="#">Appendix 1</a> )	HLB Mann Judd
Issue Auditor's Independence Declaration (Draft at <a href="#">Appendix 2</a> )	HLB Mann Judd

### Access and co-operation

We confirm that we were not restricted in any way from being able to perform our audit and were provided with access to all information when requested. We would like to express our thanks to management and accounting staff for their co-operation and assistance.

## 2. Significant Accounting and Auditing Issues

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During the planning phase of the audit we identified a number of significant risks and other areas of focus for the audit. Those matters are detailed in our planning letter dated 9 June 2020 and are listed below.

Certain additional matters arose during the course of our audit, which we have considered and discussed with management. We believe that appropriate action has been taken by management to address those issues.

We request that the Audit Committee review the matters mentioned below and:

- Confirm to us that there are no other matters of which you are aware that would impact on these issues;
- Confirm to us that there are no other significant issues that should be considered before the adoption of the financial statements; and
- Concur with the resolution of the issues described below.

## Significant Risks & Other Focus Areas

SIGNIFICANT RISKS / OTHER FOCUS AREAS	AUDIT WORK PERFORMED	FINDINGS
Management over-ride of controls	<ul style="list-style-type: none"> <li>• Review of minutes of meetings of the Board and Audit Committee</li> <li>• General journals testing</li> </ul>	<p>In accordance with Australian Auditing Standards, we are required to consider the risk of management override of controls. Whilst we have not encountered any specific examples of management override in our dealings with management, the risk is present in all entities. In order to test this, we have reviewed a sample of material general journals entered into the accounting system during the year ended 30 June 2020, focusing on non-standard journal entries.</p> <p>We did not identify any indicators of management overriding the system of internal control for improper purposes.</p> <p>Management did not advise of any actual or suspected fraud.</p>
Revenue and related risk of fraud	<ul style="list-style-type: none"> <li>• Fraud risk rebuttal</li> <li>• Document control environment over the revenue/debtors cycle</li> <li>• Substantive analytics and substantive test of details over revenue accounts</li> <li>• Review of minutes of meetings of the Board and Audit Committee</li> </ul>	<p>Our testing did not identify any significant issues.</p> <p>Management did not advise of any suspected or actual fraud.</p>

## Other Area of Focus: Right-of-use assets

ACCOUNT DESCRIPTION	TYPE	30 JUNE 2020 \$000	30 JUNE 2019 \$000	RISK	MANAGEMENT JUDGEMENT	ASIC FOCUS AREA
Right-of-use assets	Asset	6,236	0	Other	✓	✓
Lease Liability	Liability	6,366	0	Other	✓	✓

OTHER FOCUS AREA	WORK PERFORMED & OBSERVATIONS	FINDINGS
Right-of use assets and Lease Liability	<ul style="list-style-type: none"> <li>Review the list of lease liabilities and assess if recorded in accordance with AASB 16.</li> <li>Review and test managements lease liability calculations, including the associated right-of-use-asset.</li> <li>Reperformed lease calculations on a sample of lease items.</li> <li>Agree lease documentation to underlying schedules</li> <li>Assessment of client's initial recognition of right-of-use asset and lease liability.</li> <li>Discussed variances with management.</li> </ul>	<p>AASB 16 was applied for the first time in the current financial year with regard to the recognition of Right-of-use assets. This resulted in an initial recognition of \$7,581,095 of Right-of-use assets and a corresponding lease liability of the same value. Given that the practical expedient method was adopted in recognising the lease liability at the same value of the Right-of-Use asset.</p> <p>Based on audit work performed it was noted that there were no material errors in the application of AASB 16. However, immaterial errors in the lease schedules were noted and discussed with management.</p> <p>We recommend that all Right-of-Use asset schedules are continually reviewed by management to ensure accuracy and is updated in future financial years.</p>

## Other Area of Focus: Provision for Post Closure Rehab and Stage 3 Capping

ACCOUNT DESCRIPTION	TYPE	30 JUNE 2020 \$000	30 JUNE 2019 \$000	RISK	MANAGEMENT JUDGEMENT	ASIC FOCUS AREA
Post Closure Rehab and Stage 3 Capping	Liability	3,403	2,624	Other	✓	✓

OTHER FOCUS AREA	WORK PERFORMED & OBSERVATIONS	FINDINGS
Provision for Post Closure Rehab and Stage 3 Capping	<ul style="list-style-type: none"> <li>Assessment of key assumptions utilised in formulating the estimates in accordance with AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> for reasonableness</li> <li>Obtained independent valuation of post closure rehab and stage 3A Capping.</li> <li>Determined the NPV determined by the independent valuation.</li> <li>Obtained clients calculations and reviewed for additional CAPEX and amortisation treatment.</li> <li>Discussed variances with management</li> </ul>	<p>The balance of the provisions for Stage 3 Capping and Post Closure Rehabilitation as at 30 June 2020 comprised of the following:</p> <ul style="list-style-type: none"> <li>Provision for Post Closure Rehabilitation \$2,287k (2019: \$1,574k)</li> <li>Provision for Stage 3 Capping \$1,116k (2019: \$1,050k)</li> </ul> <p>The assessment of the liability for Capping and Post Closure Rehabilitation in accordance with AASB 137 involves the use of accounting estimates and assumptions. Management engaged Golder Associates to provide an independent assessment of the liability for the year ended 30 June 2020.</p> <p>Golder Associates calculated the provisions based on the present value of the future estimated costs. Which was adjusted by NAWMA for CAPEX and amortisation during the current financial year.</p> <p>No issues were noted and we recommend that NAWMA continue to monitor the adequacy of the provision and engage an expert to independently assess the provision as required.</p>

## Other Area of Focus: COVID-19 Implications

DESCRIPTION	TYPE	30 JUNE 2020 \$000	30 JUNE 2019 \$000	RISK	MANAGEMENT JUDGEMENT
COVID-19 Implications	Other	-	-	Other	✓

OTHER FOCUS AREA	WORK PERFORMED & OBSERVATIONS	FINDINGS
COVID-19 Implications	<ul style="list-style-type: none"> <li>Review Directors' assessment of the impact of COVID-19 on business operations.</li> <li>Critically assess cash flow forecast and 2021 budget</li> <li>Discussion with client for any likely impact</li> <li>Reviewed minutes of meetings for managements consideration of COVID-19.</li> </ul>	Our testing did not identify any significant issues.

## Other Area of Focus: Weighbridge Data

DESCRIPTION	TYPE	RISK	MANAGEMENT JUDGEMENT	ASIC FOCUS AREA
Weighbridge Data	Revenue	Other	✓	✓

OTHER FOCUS AREA	WORK PERFORMED & OBSERVATIONS	FINDINGS
Weighbridge Data Caption and billing	<ul style="list-style-type: none"> <li>Obtain copy of the report produced by Dean Newberry in regards to the weighbridge data and billing.</li> <li>Reviewed issues noted in the report and investigated management internal controls in this regard.</li> <li>Discussed with management the improvements made to mitigate the identified issues.</li> </ul>	<p>We were requested by management to review the work that had been performed with regard to the report from Dean Newberry relating to the use of weighbridge data and billing.</p> <p>Based on work performed it was noted that management perform a detailed analysis of weighbridge data prior to invoicing and a monthly reconciliation is performed to ensure completeness and accuracy of invoicing of weighbridge revenue.</p> <p>Based on this reconciliation variances between the weighbridge accounting revenue and weighbridge revenue is investigated on a monthly basis and corrected. This ensures the accuracy and completeness of invoicing.</p> <p>Our testing did not identify any significant issues with the invoicing using the weighbridge data.</p>

### 3. Internal Control Findings

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During the course of our audit for the year ended 30 June 2020 we obtained an understanding of the Authority's internal control structure and procedures sufficient to allow us to determine our audit procedures for the purpose of expressing our opinion on the financial report.

Our consideration of the control structure and procedures would not necessarily disclose all significant control deficiencies, as our audit is based on selective tests of accounting records and supporting data, and is not intended to provide specific assurance on the internal control structure

## 4. Specific matters to be reported to those charged with Governance

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### 4.1 Independence and ethics

The Partner and staff on the Authority's audit engagement team for the year ended 30 June 2020 have confirmed their independence. This includes compliance with the ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

The firm and the HLB Network have implemented policies and procedures to ensure compliance with independence requirements.

### 4.2 Non-audit services

We confirm that no non-audit services were provided to the Authority during the year ended 30 June 2020.

### 4.3 Audit considerations in relation to fraud

Under Australian Auditing Standard ASA 240 *The Auditors' Responsibility to Consider Fraud in an Audit of a Financial Report*, the auditor is responsible for planning and performing the audit to obtain reasonable assurance about whether the financial report is free from material misstatement as a result of fraud or error.

The directors have a responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

While our audit work during the year was not primarily directed towards the detection of fraud, as part of our audit procedures, we considered the following:

- Likelihood of material misstatements arising from fraudulent financial reporting or omissions of amounts or disclosures designed to deceive financial report users; and
- Likelihood of material misstatements arising from misappropriation of assets involving theft and embezzlement of assets.

As a result of the above procedures we have not become aware of any instances of fraud or non-compliance with legislative, regulatory or contractual requirements.

### 4.4 Presentation of Audited Financial Report on the internet

It is our understanding that the Authority intends to publish a hard copy of the audited financial report and auditor's report for members, and also to electronically present the audited financial report and auditor's report on its internet website. When information is presented electronically on a website the security and controls over information on the website should be addressed by the directors to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited financial information on the Authority's website is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the Authority's website is that of the Board Members.

## 4.5 Other matters

Apart from the issues detailed in [section 2](#), we confirm that:

- We noted no errors or irregularities that would cause the financial report to contain a material misstatement, and noted no apparent illegal acts.
- There were no difficulties encountered in dealing with management relating to the performance of the audit.
- The accounting policies selected by the Authority are appropriate to the particular circumstances of the Authority.
- There are no financial report disclosure issues that we wish to bring to your attention.
- We are not aware of any significant unusual transactions in controversial or emerging areas for which there is a lack of authoritative accounting guidance or consensus.
- We are not aware of any material inconsistencies or material misstatements of fact in information accompanying the financial report.
- We are not aware of any significant matters arising during the audit in connection with the Authority's related parties.
- We have had no differences of opinion with management about significant auditing, accounting or disclosure matters.

## 5. Upcoming Financial Reporting Changes

We wish to bring to your attention some upcoming changes in financial reporting which may cause significant changes to your future reported financial position and performance. We have provided an overview of the major changes below and would be happy to discuss the impact on your business and assist with transition where applicable.

### 5.1 AASB 16 Leases

The new leases standard is effective for reporting periods beginning on or after 1 January 2019.

For lessees, AASB 16 removes the distinction between operating and finance leases: if an agreement contains a lease as defined in AASB 16 then it is recorded on the balance sheet (subject to the exceptions discussed below). The balance sheet will have a right-of-use asset (non-current) and a lease liability (split between current and non-current). The income statement will show interest expense in relation to the liability and depreciation of the right-of-use asset.

There are two optional exceptions to the general lease recognition criteria that apply on a lease-by-lease basis. If these are utilised then the leases are accounted for under the existing operating lease accounting treatment:

- Short-term leases – those leases where the lease term is less than 12 months and there is no purchase option included within the lease;
- Low value assets – the underlying assets being leased are considered low value (approximately \$5,000).

AASB 16 may result in significant changes to balance sheets and ratios such as earnings before interest and tax (EBIT / EBITDA). This may affect bank

covenants, bonus arrangements, earn out clauses, solvency ratios and therefore communication with relevant stakeholders should be considered.

On transition, lessees have the choice to either retrospectively restate comparatives for each reporting period presented or apply a modified retrospective restatement method where adjustments are made via retained earnings on date of initial application (i.e. 1 January 2019 for 31 December 2019 year ends).

The requirements for lessor accounting have been carried forward from AASB 117 Leases largely unchanged. If you are a lessor, you will only be required to make adjustments on transition to the new leases standard if you are an intermediate lessor.

### 5.2 New definition of 'business'

There has recently been a change to the definition of 'business' in AASB 3 *Business Combinations* via amending standard AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*. The new definition must be applied to acquisitions occurring during the first annual reporting period beginning on or after 1 January 2020.

The standard narrows the definition of 'business' and 'outputs' to focus on returns from selling goods and services to customers, rather than on cost reductions. It also clarifies that to be considered a 'business', an acquired set of activities and assets must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The revised definition is expected to assist preparers in determining whether a transaction should be accounted for as a business combination or as an asset acquisition.

### 5.3 New definition of 'material'

The definition of 'material' in AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Estimates and Errors* has been refined to assist entities in making judgements about whether information is material for inclusion in the financial statements.

OLD DEFINITION	NEW DEFINITION
Omissions or misstatements of items are material if they <u>could</u> , individually or collectively, <u>influence the economic decisions</u> that users make on the basis of the financial statements.	Information is material if omitting, misstating or obscuring it <u>could reasonably be expected to influence</u> the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Preparers of financial statements are encouraged to refer to the new guidance and improved explanations that have been introduced by the amendments in cases of uncertainty regarding materiality judgements.

The standard is to be applied prospectively for annual reporting periods beginning on or after 1 January 2020.

# APPENDICES



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TOGETHER WE MAKE IT HAPPEN

## Appendix 1: Draft Independent Auditor's report

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### Independent Auditor's Report to the Members of Northern Adelaide Waste Management Authority

#### Opinion

We have audited the financial report of Northern Adelaide Waste Management Authority ("the Authority") which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2020, and its financial performance and its cash flow for the year then ended in accordance with Australian Accounting Standards and complies with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and the Board Members for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

The Board Members are responsible for overseeing the Authority's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**HLB Mann Judd Audit (SA) Pty Ltd**  
**Chartered Accountants**

**Jon Colquhoun**  
**Director**

**Adelaide, South Australia**  
**2 September 2020**

## Appendix 2: Draft Auditor's Independence Declaration

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TO THE BOARD MEMBERS OF NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

**STATEMENT OF AUDITORS INDEPENDENCE  
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

I confirm that, for the audit of the financial statements of Northern Adelaide Waste Management Authority for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(5) of the *Local Government (Financial Management) Regulations 2011*.

**HLB Mann Judd Audit (SA) Pty Ltd**  
Chartered Accountants

**Jon Colquhoun**  
Director

**Adelaide, South Australia**  
**2 September 2020**

## Appendix 3: Draft Management Representation Letter

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Mr Jon Colquhoun  
HLB Mann Judd  
169 Fullarton Road  
DULWICH SA 5065

Dear Jon,

This representation letter is provided in connection with your audit of the financial report of Northern Adelaide Waste Management Authority, for the year ended 30 June 2020, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 9 June 2020, for the preparation of the financial report in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and confirm that the financial report is fairly presented in accordance therewith, and is free from, material misstatement, including omissions.
2. The financial records of the entity have been kept so as to be sufficient to enable a financial report to be prepared and audited, and other records and registers required by the entity's constitution have been properly kept and are up-to-date.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We have designed, implemented and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained.
4. All transactions have been recorded in the accounting records and are reflected in the financial report.
5. The following have been properly recorded and/or disclosed in the financial report, or there are no such items requiring recording or disclosure:
  - (a) Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);
  - (b) Arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
  - (c) Agreements to repurchase assets previously sold;
  - (d) Material liabilities, contingent liabilities and assets including those arising under derivative financial instruments;
  - (e) Losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
6. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.

7. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. In particular:
  - (a) We consider that the measurement processes, including related assumptions and models, used by management in determining accounting estimates in the context of the applicable financial reporting framework are appropriate, and the measurement processes have been applied consistently.
  - (b) The assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
  - (c) Disclosures related to accounting estimates are complete and appropriate under the applicable financial reporting framework.
  - (d) No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial report.
9. We have assessed at the end of the reporting period whether there is any indication that an asset may be impaired, having considered, as a minimum, the impairment indicators noted in AASB 136. If any such indication exists, we have estimated the recoverable amount of the asset.
10. We have considered the requirements of AASB 136 "Impairment of Assets" when assessing the impairment of assets and in ensuring that no assets are stated in excess of its recoverable amount.
11. We have assessed the recoverability of all receivables, and confirm that adequate allowance has been made for any receivables which may not be collected.
12. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
13. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
14. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles.
15. There are no known actual or possible litigation and claims whose effects should be considered when preparing the financial report. All known actual or possible litigation and claims have been accounted for and disclosed in accordance with the applicable financial reporting framework.
16. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
17. You have not advised us of any financial report misstatements requiring correction.
18. We believe that the effects of the uncorrected financial report misstatements aggregated by you, noted on the attached schedule of "Unadjusting Entries", during the audit and communicated to us are immaterial, both individually and in the aggregate, to the financial report taken as a whole. Details of the uncorrected misstatements are attached.
19. All events occurring subsequent to the date of the financial report and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
20. If any matter which may materially affect the financial report arises during the period from the date of the auditor's report to the date the financial report is issued, we will inform you.

**Information Provided**

21. We have provided you with:
- (a) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters;
  - (b) All financial records and related data and other information, explanations and assistance necessary for the conduct of the audit;
  - (c) Minutes of all meetings of members, Board, and committees of the Board.
  - (d) Additional information, explanations and assistance that you have requested from us for the purposes of the audit; and
  - (e) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
22. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
23. There has been no fraud or suspected fraud that affects the entity and involves:
- (a) Management;
  - (b) Employees who have significant roles in internal control; or
  - (c) Others where the fraud could have a material effect on the financial report.
24. There have been no allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.
25. There have been no instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
26. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that whose effects should be considered when preparing the financial report.
27. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

**Other Matters**

28. We have assessed the ability of the entity to continue as a going concern and are satisfied that it will so continue. We have no knowledge of events or conditions and related business risks beyond the period of this assessment that may cast significant doubt on the entity's ability to continue as a going concern.
29. There have been no non-audit services performed by HLB Mann Judd.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

Chief Executive Officer

Date \_\_\_\_\_

Chairman

Date \_\_\_\_\_

## Appendix 4: Summary of Misstatements

### 4.1 Corrected misstatements

ACCOUNT NAME	EFFECT ON NET ASSETS DR (CR) \$	EFFECT ON PROFIT DR (CR) \$	NARRATIVE
22110 NC LGFA Borrowings	1,186,000		To reconcile PY TB to the audited financial statements.
2110-1 NC LGFA Borrowings (Current)	(1,186,000)		
21620 Long Service Leave Provision	44,175		
21620-1 Long Service Leave Provision (Current)	(44,175)		

### 4.2 Uncorrected misstatements

During our audit we did not identify any uncorrected misstatements.

HLB Mann Judd Audit (SA) Pty Ltd  
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**DISCLAIMER:**

Other than our responsibility to the Authority's Board and Management, neither HLB Mann Judd nor any member or employee of HLB Mann Judd undertakes responsibility arising in any way from reliance placed by a third party on this Report to the Board. Any reliance placed is that party's sole responsibility.

Our Report to the Board is for the sole use of the Authority and is not to be used by any other person for any other purpose and may not be distributed, duplicated, quoted, referred to, in whole or in part, without our prior written consent.

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

## Agenda Item 9.2

<b>Report Subject:</b>	FY19/20 Draft Audited Financial Statements	<b>Report Author:</b>	Chief Financial Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Decision report (governance, financial)
<b>Attachments:</b>	9.2.1 – FY19/20 Draft Audited Financial Statements		

### RECOMMENDATION

That:

1. The Draft Audited Financial Statements for the year ended 30 June 2020 are received and adopted by the Board,
2. The Board give approval for the Independent Chairman and Chief Executive Officer to sign the Audited Financial Statements for the year ended 30 June 2020, and the Management Representation Letter to HLB Mann Judd, and;
3. The Board give approval for the Audited Financial Statements for the year ended 30 June 2020 to be distributed to Constituent Councils and included in the 2019/2020 Annual Report.

### Purpose of the Report

To provide the Board with an opportunity to review the Draft Audited Financial Statements for the 2019/2020 financial year.

### Background

The Draft Audited Financial Statements (appended at 9.2.1) for the 2019/2020 financial year have been prepared by Dean Newbery & Partners in consultation with NAWMA's Management.

NAWMA's appointed external auditors HLB Mann Judd have reviewed the Draft Financial Statements during the annual audit process.

### Report

#### Total Income and Operating Result

In the 2019/2020 financial year, NAWMA's total user charges have increased by \$4.9M (14.5%) in comparison to the previous financial year. The increase is predominantly driven by:

- The increasing pass-through charges to Constituent Councils, Client Councils, and Commercial Customers due to two (2) significant uplifts in the Solid Waste Levy in the 2019/2020 financial year. The Solid Waste Levy increased from \$100 per tonne in the prior year, to \$140 per tonne,
- The increasingly high number of visits to both Pooraka (Research Road) Resource Recovery Centre and Edinburgh North Resource Recovery Centres, especially during the peak of the COVID-19 pandemic in South Australia, and;
- An increasing number of users of the hard waste collection and voucher service from residents within the Constituent Councils.

It is worth noting that the above revenue increases are, to a large extent, raised from either the pass-through levy charges or “cost recovery” waste services for the Constituent Councils, and the local community. This also speaks to the operating expenses in the 2019/2020 financial year having risen rapidly.

As per previous detailed briefings to the Audit Committee and Board, the real challenge during the 2019/2020 financial year for NAWMA has been the largely oversupplied global recycling commodity market, after NAWMA’s heralded domestic fibre (recycled paper and cardboard) contract unfortunately ceased.

In FY2019/2020 the revenue from recycling cardboard and soft mixed paper (more than 50% of the recycling content in kerbside yellow-lid recycling bins), reduced dramatically where at one quarter NAWMA was paying paper mills to receive this once lucrative recycled commodity (circa \$2M net operating hit). This immediate loss in revenue of recycling commodity resulted in a large negative impact on NAWMA’s operating result for FY20, which was reported at a \$1.3M deficit in FY2019/2020 Audited Financial Statements.

As discussed at past Board Meetings, from mid FY20, NAWMA’s Management initiated a range of efficiency and austerity measures to improve NAWMA’s current and future financial position. These measures included but were not limited to:

- Negotiation on further increases on gate fees to Client Councils who have accessed NAWMA’s Material Recovery Facility, commencing from early 2020,
- A large transport expense reduction through the bulk transport tender process,
- Labour and operational efficiency reviews,
- Successfully applying for and receiving \$1.75M in Green Industries SA infrastructure grant funding,
- With the assistance of three Constituent Councils, receiving the discounted rate of LGFA’s CAD loan to reduce the financial costs in future years, and;
- Commissioning of a glass fines (small glass fragments) recovery plant at the MRF, and with the cooperation with both civil sectors and Constituent Councils to utilise more recycled content (e.g. MRF residual glass fractions) in Council’s infrastructure and constructions with sustainable procurement projects in order to reduce waste to the landfill and transition to a more circular economy in the region.

The returns from the abovementioned measures are reflected since the second half of the 2019/2020 financial year. NAWMA’s Management believes further benefits will be shown in the current (FY21) and forward financial years as a result.

### **Key Financial Indicators**

Financial Indicators and Measures include the ratios and targets with regard to financial sustainability. These ratios and targets assist NAWMA’s Management and the NAWMA Board with the assessment of the implications of financial decisions on financial position and financial sustainability.

#### Operating Result Ratio

The Operating Result Ratio for the 2019/2020 financial year at NAWMA is calculated at -3.37% which is within NAWMA’s target of between -5% and 5%.



### Net Financial Liability Ratio

The Net Financial Liability Ratio for the 2019/2020 financial year at NAWMA is calculated at 22.14%, which is below the Net Financial Liability Ratio ceiling of 40% outlined in NAWMA's Treasury Management Policy, and in accordance with the targets of Constituent Councils.

Should the Board adopt the Audited Financial Statements and authorise the Chairman and Chief Executive Officer to sign both the Statements and the Management Representation Letter, a copy of the Statements will be distributed to Constituent Councils and included in the 2019/2020 Annual Report.



# Attachment 9.2.1

## NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

### General Purpose Financial Report for the year ended 30 June 2020

#### Contents

	Page Number
<b>Certification of Financial Statements</b>	1
 <b>Primary Financial Statements</b>	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 <b>Notes to the Financial Statements</b>	6
 CEO Statement	
Audit Report	
Council Certificates of Audit Independence	
Audit Certificate of Audit Independence	

## **NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY**

### **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020**

#### **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 2020 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:**

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Income</b>			
User charges	2	38,644	33,758
Investment income	2	210	209
Reimbursements		-	67
Other	2	4	-
<b>Total Income</b>		<b>38,858</b>	<b>34,034</b>
<b>Expenses</b>			
Employee costs	3	3,042	2,753
Materials, contracts & other expenses	3	33,754	29,756
Finance costs	3	529	351
Depreciation, amortisation & impairment	3	2,841	1,394
<b>Total Expenses</b>		<b>40,166</b>	<b>34,254</b>
<b>Operating Surplus / (Deficit)</b>		<b>(1,308)</b>	<b>(220)</b>
Asset disposal & fair value adjustments	3	(48)	(9)
Amounts received specifically for new/upgraded assets		1,525	233
<b>Net Surplus / (Deficit)</b>		<b>169</b>	<b>4</b>
<b>Other Comprehensive Income</b>			
Changes in revaluation surplus - property, plant & equipment		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>169</b>	<b>4</b>

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

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## STATEMENT OF FINANCIAL POSITION as at 30 June 2020

		2020	2019
	Notes	\$'000	\$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	3,804	2,613
Trade & other receivables	4	3,848	3,172
Stock on Hand		25	64
<b>Total Current Assets</b>		<b>7,677</b>	<b>5,849</b>
<b>Non-current Assets</b>			
Property, Plant & Equipment	5	23,828	14,709
<b>Total Non-current Assets</b>		<b>23,828</b>	<b>14,709</b>
<b>Total Assets</b>		<b>31,505</b>	<b>20,558</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	6	5,856	3,410
Provisions	6	255	191
Borrowings	6	2,522	1,186
<b>Total Current Liabilities</b>		<b>8,633</b>	<b>4,787</b>
<b>Non-Current Liabilities</b>			
Borrowings	6	12,446	6,318
Provisions	6	3,502	2,698
<b>Total Non-current Liabilities</b>		<b>15,948</b>	<b>9,016</b>
<b>Total Liabilities</b>		<b>24,581</b>	<b>13,803</b>
<b>Net Assets</b>		<b>6,924</b>	<b>6,755</b>
<b>Equity</b>			
Accumulated Surplus		6,264	6,095
Asset Revaluation Reserve		660	660
<b>Total Equity</b>		<b>6,924</b>	<b>6,755</b>

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

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2020

	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
<b>Balance at start of period - 1 July 2019</b>	<b>6,095</b>	<b>660</b>	<b>6,755</b>
Net Surplus/ (Deficit) for Year	169	-	169
<b>Balance at end of period - 30 June 2020</b>	<b>6,264</b>	<b>660</b>	<b>6,924</b>
<b>Balance at start of period - 1 July 2018</b>	<b>6,091</b>	<b>660</b>	<b>6,751</b>
Net Surplus/ (Deficit) for Year	4	-	4
<b>Balance at end of period - 30 June 2019</b>	<b>6,095</b>	<b>660</b>	<b>6,755</b>

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

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## STATEMENT OF CASH FLOWS for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Cash Flows from Operating Activities</b>			
Operating receipts from customers		37,972	33,342
Investment receipts		210	209
Operating payments to suppliers & employees		(34,807)	(31,429)
Finance payments		(504)	(351)
<b>Net Cash provided by (or used in) Operating Activities</b>	7	<b>2,871</b>	<b>1,771</b>
<b>Cash Flows from Investing Activities</b>			
Amounts specifically for new or upgraded assets		2,085	233
Maturity of Investments		-	1,018
Sale of surplus assets	3	15	-
Expenditure on renewal/replacement of assets		-	-
Expenditure on new/upgraded assets		(3,663)	(480)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(1,563)</b>	<b>771</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		2,236	-
Repayments of Borrowings		(1,137)	(990)
Repayment of lease liabilities		(1,216)	-
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(117)</b>	<b>(990)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>1,191</b>	<b>1,552</b>
Cash & cash equivalents at beginning of period	7	2,613	1,061
<b>Cash &amp; cash equivalents at end of period</b>	7	<b>3,804</b>	<b>2,613</b>

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

# **NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**for the year ended 30 June 2020**

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### **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.

#### **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.

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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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.

Plant, Furniture & Equipment	5 to 10 years
Buildings	30 years
Waste Facility	10 to 20 years
Landfill Construction	Amortised proportionately to rate of filling
Landfill Capping & Rehabilitation	Amortised proportionately to rate of filling

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

---

### 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 5.

### 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.

### 7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super. 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 2019/20; 9.5% in 2018/19). 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.

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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### Contributions to Other Superannuation Schemes

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

### 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 2020.

### 9 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards. Comparative information has not been amended for any changes to accounting standards.

### 10 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.

### 11 New Accounting Standards

The Authority has applied AASB 16 for the first time from 1 July 2019. AASB 16 superseded AASB 117 *Leases*, Interpretation 4 *Determining whether an arrangement contains a Lease* and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentations and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Authority has lease contracts for its waste processing facilities, plant, machinery and motor vehicles. Before the adoption of AASB 16, the Authority classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Authority adopted AASB 16 using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of Accumulated Surplus as at 1 July 2019 and comparatives have not been restated.

The Authority recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of the date of initial application and leases of low-value assets. The right-of-use-assets for all leases were recognised based on the amount equal to the lease liabilities.

No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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The effect of adoption of AASB 16 as at 1 July 2019 (increase/(decrease)) is as follows:

	<b>\$'000</b>
<b>Assets</b>	
Property, Plant & Equipment	5,870
<b>Total Assets</b>	<b>5,870</b>
<b>Liabilities</b>	
Borrowings	5,870
<b>Total Liabilities</b>	<b>5,870</b>
<b>Accumulated Surplus</b>	<b>nil</b>

### 12 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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Note 2 - INCOME</b>			
<b>User Charges</b>			
Waste Management Operations		38,644	33,758
		<b>38,644</b>	<b>33,758</b>
<b>Investment Income</b>			
Interest Income: Local Government Finance Authority		26	39
Rental income		184	170
		<b>210</b>	<b>209</b>
<b>Other Income</b>			
Sundry Income		-	-
Promotional Income		4	-
		<b>4</b>	<b>-</b>
<b>Note 3 - EXPENSES</b>			
<b>Employee Costs</b>			
Salaries and Wages		2,521	2,362
Employee leave expense		100	4
Superannuation		206	214
Workers' Compensation Insurance		62	31
Other		153	142
		<b>3,042</b>	<b>2,753</b>
<b>Materials, Contracts &amp; Other Expenses</b>			
Auditor's Remuneration			
Auditing the financial reports		25	18
Other Services		-	-
Bad and Doubtful Debts		1	-
Lease costs		59	1,378
Promotions		13	22
Bank Fees		36	33
Landfill Royalty		196	213
Contractors		23,948	18,535
Electricity		267	266
Environmental Protection Agency Levy		8,158	7,818
Fuels & Oils		187	281
Professional services		364	279
Waste Recycle Bins		-	360
Administration & Other Expenses		500	553
		<b>33,754</b>	<b>29,756</b>

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 3 - EXPENSES (cont)

	Notes	2020 \$'000	2019 \$'000
<b>Depreciation, Amortisation &amp; Impairment</b>			
Waste Processing Facility		218	222
Uleybury Landfill Plant & Equipment		30	29
Education Program Plant & Equipment		1	1
Office Furniture & Equipment		40	28
Property & Improvements		17	15
Landfill Cell Stage Three		315	297
Landfill Capping Stage Three		131	119
Post Closure Rehabilitation		81	71
Buildings		144	130
Material Recovery Facility		519	482
Right-of-use-assets		1,345	-
		<b>2,841</b>	<b>1,394</b>
<b>Finance Costs</b>			
Interest on Loans and Overdraft		336	351
Interest on Leases		193	-
		<b>529</b>	<b>351</b>
<b>Asset Disposals</b>			
Proceeds from disposal		15	-
Less: Carrying amount of assets sold		(63)	(9)
<b>Gain (Loss) on disposal</b>		<b>(48)</b>	<b>(9)</b>

### Note 4 - CURRENT ASSETS

<b>Cash &amp; Cash Equivalents</b>			
Cash on Hand and at Bank		2,786	1,552
Deposits at Call		1,018	1,061
		<b>3,804</b>	<b>2,613</b>
<b>Trade &amp; Other Receivables</b>			
Debtors - general		3,668	3,025
Accrued Revenues		180	147
		<b>3,848</b>	<b>3,172</b>

## NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

#### Note 5 - PROPERTY, PLANT & EQUIPMENT

	2019 \$'000				2020 \$'000			
	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount
Land	1,776	-	-	<b>1,776</b>	1,776	-	-	<b>1,776</b>
Waste Processing Facility	-	3,269	(1,597)	<b>1,672</b>	-	3,285	(1,852)	<b>1,433</b>
Uleybury Landfill Plant & Equipment	-	2,125	(1,994)	<b>131</b>	-	2,125	(2,024)	<b>101</b>
Education Program Plant & Equipment	-	34	(30)	<b>4</b>	-	34	(31)	<b>3</b>
Office Furniture & Equipment	-	177	(65)	<b>112</b>	-	199	(100)	<b>99</b>
Property & Improvements	-	1,605	(1,490)	<b>115</b>	-	1,605	(1,507)	<b>98</b>
Landfill Cell Stage Three	-	3,084	(1,137)	<b>1,947</b>	-	3,084	(1,451)	<b>1,633</b>
Landfill Capping Stage Three	-	1,050	(265)	<b>785</b>	-	1,116	(397)	<b>719</b>
Post Closure Rehabilitation	-	1,591	(1,125)	<b>466</b>	-	2,304	(1,207)	<b>1,097</b>
Buildings	3,285	247	(238)	<b>3,294</b>	3,285	1,491	(338)	<b>4,438</b>
Material Recovery Facility	-	5,178	(823)	<b>4,355</b>	-	7,475	(1,343)	<b>6,132</b>
Right-of-use-assets	-	-	-	-	-	7,581	(1,345)	<b>6,236</b>
WIP	-	52	-	<b>52</b>	-	63	-	<b>63</b>
	<b>5,061</b>	<b>18,412</b>	<b>(8,764)</b>	<b>14,709</b>	<b>5,061</b>	<b>30,362</b>	<b>(11,595)</b>	<b>23,828</b>

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 5 - PROPERTY, PLANT & EQUIPMENT

	2019 \$'000	Movement in Property, Plant & Equipment during the Financial Year						2020 \$'000
	Carrying Value	Renewal / Replacement	Additions New/Upgrade	Disposals	Revaluation	Adjustment	Depreciation	Carrying Value
Land	1,776	-	-	-	-	-	-	1,776
Waste Processing Facility	1,672	16	-	(37)	-	-	(218)	1,433
Uleybury Landfill Plant & Equipment	131	-	-	-	-	-	(30)	101
Education Program Plant & Equipment	4	-	-	-	-	-	(1)	3
Office Furniture & Equipment	112	27	-	-	-	-	(40)	99
Property & Improvements	115	-	-	-	-	-	(17)	98
Landfill Cell Stage Three	1,947	-	-	-	-	1	(315)	1,633
Landfill Capping Stage Three	785	66	-	-	-	(1)	(131)	719
Post Closure Rehabilitation	466	713	-	-	-	(1)	(81)	1,097
Buildings	3,294	-	1,314	(26)	-	-	(144)	4,438
Material Recovery Facility	4,355	-	2,296	-	-	-	(519)	6,132
Right-of-use-assets	5,870	1,711	-	-	-	-	(1,345)	6,236
WIP	52	11	-	-	-	-	-	63
	<b>20,579</b>	<b>2,544</b>	<b>3,610</b>	<b>(63)</b>	<b>-</b>	<b>(1)</b>	<b>(2,841)</b>	<b>23,828</b>
<b>2019</b>	15,567	64	777	(9)	(296)	-	(1,394)	14,709

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 6 - LIABILITIES

		2020		2019	
		\$'000		\$'000	
	Notes	Current	Non-current	Current	Non-current
<b>Trade &amp; Other Payables</b>					
Goods & Services		3,481	-	2,263	-
Accrued expenses - other		1,548	-	1,147	-
Amounts received in advance		827	-	-	-
		<b>5,856</b>	<b>-</b>	<b>3,410</b>	<b>-</b>
<b>Borrowings</b>					
Loans		1,056	7,547	1,186	6,318
Lease Liabilities		1,466	4,899	-	-
		<b>2,522</b>	<b>12,446</b>	<b>1,186</b>	<b>6,318</b>
<b>Provisions</b>					
Annual Leave		198	-	147	-
Long Service Leave		57	99	44	74
Provision for Capping Stage 3A		-	1,116	-	1,050
Provision for Post Closure Site Rehabilitation		-	2,287	-	1,574
		<b>255</b>	<b>3,502</b>	<b>191</b>	<b>2,698</b>

Detailed Movement in Provisions	Opening Balance	Additional Amounts Recognised/ (Derecognised)	Payments	Closing Balance
Provision for Capping Stage 3A	1,050	66	-	1,116
Post Closure Site Rehabilitation	1,574	713	-	2,287
<b>Total</b>	<b>2,624</b>	<b>779</b>	<b>-</b>	<b>3,403</b>

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 7 - 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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows

	Notes	2020 \$'000	2019 \$'000
Total cash & equivalent assets	4	3,804	2,613
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>3,804</u>	<u>2,613</u>

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

Net Surplus (Deficit)		169	4
Non-cash items in Income Statement			
Depreciation, amortisation & impairment	3	2,841	1,394
(Gain) / Loss on Disposal of Assets	3	48	9
Grants for capital acquisitions treated as Investing Activity		(2,085)	(233)
Bad Debts Expense	3	1	-
		<b>974</b>	<b>1,174</b>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(676)	(483)
Net (increase) decrease in inventory		39	(15)
Net increase (decrease) in trade & other payables		2,446	1,139
Net increase (decrease) in other provisions		88	(44)
<b>Net Cash provided by (or used in) operations</b>		<u><b>2,871</b></u>	<u><b>1,771</b></u>

#### (c) Financing Arrangements

Credit Card Facilities	15	15
LGFA Cash Advance Debenture Facility	2,500	2,500

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### Note 8 - 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**

**Terms & conditions:** Deposits on Call do not have a maturity period and have an average interest rates of 0.4% (2019: 1%).

**Carrying amount:** approximates fair value due to the short term to maturity.

**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 Exposure

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.

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 8 - FINANCIAL INSTRUMENTS

#### Liquidity Analysis

	2020	Maturity			Non-interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
<b>Amortised Cost</b>						
Cash Assets		7,472	-	-	-	<b>7,472</b>
Receivables		-	-	-	3,848	<b>3,848</b>
<b>Total</b>		<b>7,472</b>	<b>-</b>	<b>-</b>	<b>3,848</b>	<b>11,320</b>
<b>Financial Liabilities</b>						
Payables		-	-	-	5,856	<b>5,856</b>
Borrowings		2,522	9,135	3,311	-	<b>14,968</b>
<b>Total</b>		<b>2,522</b>	<b>9,135</b>	<b>3,311</b>	<b>5,856</b>	<b>20,824</b>

	2019	Maturity			Non-interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
<b>Amortised Cost</b>						
Cash Assets		1,061	-	-	-	1,061
Receivables		-	-	-	3,172	3,172
<b>Total</b>		<b>1,061</b>	<b>-</b>	<b>-</b>	<b>3,172</b>	<b>4,233</b>
<b>Financial Liabilities</b>						
Payables		-	-	-	3,410	3,410
Borrowings		1,186	4,977	1,341	-	7,504
<b>Total</b>		<b>1,186</b>	<b>4,977</b>	<b>1,341</b>	<b>3,410</b>	<b>10,914</b>

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 9 - COMMITMENTS FOR EXPENDITURE

	Notes	2020 \$'000	2019 \$'000
<b>Expenditure Commitments</b>			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		-	15
Waste Collection, Processing and Mobile Garbage Bin Supply		81,468	80,696
Contracts		<u>81,468</u>	<u>80,711</u>
These expenditures are payable:			
Not later than one year		18,976	14,049
Later than one year and not later than 5 years		62,492	56,136
Later than 5 years		<u>-</u>	<u>10,526</u>
		<u>81,468</u>	<u>80,711</u>

*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*

### Note 10 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events that occurred after reporting date that requires to be disclosed.

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### Note 11 - LEASES

#### Authority as a lessee

The Authority leases external operations facilities, waste processing plant & machinery and motor vehicles.

	Buildings & Other Structures \$'000	Plant & Motor Vehicles \$'000	Total \$'000
At 1 July 2019	5,701	169	5,870
Additions of right-of-use-assets	-	1,711	1,711
Depreciation Charge	(811)	(534)	(1,345)
At 30 June 2020	4,890	1,346	6,236

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

	2020 \$'000
At 1 July 2019	5,870
Additions	1,711
Accretion of interest	193
Payments	(1,409)
At 30 June 2020	6,365
Current	1,466
Non-Current	4,899

### Note 12 - 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:

	2020 \$'000	2019 \$'000
Salaries, allowances & other short term benefits	751	803
Long term benefits	3	59
<b>TOTAL</b>	<b>754</b>	<b>862</b>

#### 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	15,699	1,550	Provision of waste collection, processing and disposal services
City of Playford	9,633	899	Provision of waste collection, processing and disposal services
Town of Gawler	2,555	240	Provision of waste collection, processing and disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 4.

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.

# **NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**for the year ended 30 June 2020**

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### **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.

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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### 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.

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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 \$
<b>2020</b>					
<b>\$'000</b>					
Recurring fair value measurements					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
- Land	5	-	1,776	-	1,776
- Buildings	5	-	3,285	-	3,285
- Stock on Hand		25	-	-	25
<b>Total financial assets recognised at fair value</b>		<b>25</b>	<b>5,061</b>	<b>-</b>	<b>5,086</b>

<b>2019</b>					
<b>\$'000</b>					
Recurring fair value measurements					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
- Land	5	-	1,776	-	1,776
- Buildings	5	-	3,285	-	3,285
- Stock on Hand		64	-	-	64
<b>Total financial assets recognised at fair value</b>		<b>64</b>	<b>5,061</b>	<b>-</b>	<b>5,125</b>

(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 techniques used to measure the value of items disclosed in the financial statements.	1	Market	Based on expected sale price of goods based on existing contract prices.
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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## Agenda Item 9.3

<b>Report Subject:</b>	FY20 Schedule of Constituent Council Interest in Net Assets	<b>Report Author:</b>	Chief Financial Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Decision report (governance, financial)
<b>Attachments:</b>	Nil		

### RECOMMENDATION

**That the Board accept the agreed proportion of the Constituent Council's Interest in Net Assets for the year ended 30 June 2020 as follows:**

- **City of Salisbury**                      **55.67%**
- **City of Playford**                      **34.19%**
- **Town of Gawler**                      **10.15%**

### Purpose of the Report

To provide the Board with an updated Schedule of Constituent of Council Interest in Net Assets for the year ended 30 June 2020.

### Background

Clauses 15.8 and 15.9 of the NAWMA Charter state the following:

#### **Clause 15.8**

*The Board will, at the end of each financial year prepare a schedule of assets and liabilities. In addition, the Board must maintain a record to be known as the "Schedule of Constituent Council's Interest in Net Assets".*

#### **Clause 15.9**

*The "Schedule of Constituent Council's Interest in Net Assets" will reflect the proportionate contributions each Constituent Council has made to the growth of the net assets of NAWMA having regard to the proportionate contribution to subscriptions. The Schedule when updated by the Board at the end of each financial year will reflect the proportionate contribution of each Constituent Council since the commencement of NAWMA and once accepted by each Constituent Council will be evidence of the agreed proportion of a Constituent Council's interests in the net assets as at 30 June in that year.*

### Report

Overleaf are the percentages for the year ended 30 June 2020 according to the performance and result in the 2019/2020 financial year compared against prior financial year, with variance.



**Table 1: Constituent Council Interests in Net Assets; movement on previous reporting period**

<b>Constituent Council</b>	<b>Interest in Net Assets 19/20</b>	<b>Interest in Net Assets 18/19</b>	<b>Variance</b>
<b>Town of Gawler</b>	<b>10.15%</b>	<b>9.88%</b>	<b>0.27%</b>
<b>City of Playford</b>	<b>34.19%</b>	<b>34.57%</b>	<b>-0.39%</b>
<b>City of Salisbury</b>	<b>55.67%</b>	<b>55.55%</b>	<b>0.12%</b>

While the variance year on year was not material, it was relatively larger growth in the Town of Gawler that has driven up their net interest.

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## Agenda Item 9.4

<b>Report Subject:</b>	FY20 Regulation 10 Financial Report	<b>Report Author:</b>	Chief Financial Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Decision report (governance, financial)
<b>Attachments:</b>	9.4.1 - FY20 Regulation 10 Financial Report		

### RECOMMENDATION

**That the Regulation 10 Financial Report for year ended 30 June 2020 is endorsed by the Board.**

### Purpose of the Report

To provide the Board with a report showing the audited financial results for the previous financial year in comparison with the estimated financial results set out in the budget.

### Background

In accordance with Section 10 of the Local Government Regulation 2011:

#### 10—Report on financial results

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

### Report

The Board are referred to the appended 2019/2020 Regulation 10 Financial Report (Attachment 9.4.1).

The Draft Financial Statements have reported that NAWMA has produced an operating deficit of \$1.3M for the 2019/2020 financial year. The result is not satisfactory but has been significantly improved from the forecasting results of the earlier Budget Reviews in FY2019/2020 (Dec 2019 Full Year Forecast: - \$1.8M; January 2020 Briefing Note -\$2.1M; BR3: -\$1.45M).

The favourable movement compared to Budget Review Three (BR3) was predominately driven by a further modest (and temporary) spot revenue price increase on recycled fibre. This was a direct result of “panic buying” during the COVID-19 Pandemic period (toilet tissue, paper towel, online shopping delivered in cardboard cartons etc) significantly driving up paper packaging consumption, which pulled through demand for the recycled fibre commodity.

# Attachment 9.4.1

## Northern Adelaide Waste Management Authority

### Statement of Comprehensive Income

for the financial year ended 30 June 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
<b>Income</b>			
User Charges	32,317	37,472	38,644
Investment Income	22	204	210
Reimbursements	48	-	-
Other	187	213	4
<b>Total Income</b>	<b>32,574</b>	<b>37,889</b>	<b>38,858</b>
<b>Expenses</b>			
Employee Costs	2,484	2,845	3,042
Materials, Contracts & Other Expenses	28,337	33,235	33,754
Depreciation & Amortisation	1,299	2,719	2,841
Finance Costs	420	543	529
<b>Total Expenses</b>	<b>32,540</b>	<b>39,342</b>	<b>40,166</b>
<b>Operating Surplus (Deficit)</b>	<b>34</b>	<b>(1,453)</b>	<b>(1,308)</b>
Asset Disposal & Fair Value Adjustments	-	-	(48)
Amounts Specifically for New/Upgraded Assets	1,950	1,500	1,525
<b>Net Surplus / (Deficit)</b>	<b>1,984</b>	<b>47</b>	<b>169</b>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<b>1,984</b>	<b>47</b>	<b>169</b>

# Northern Adelaide Waste Management Authority

## Statement of Cash Flows

for the financial year ended 30 June 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
<b>Cash Flows from Operating Activities</b>			
Operating Receipts	32,552	37,685	37,972
Investment Receipts	22	204	210
Operating Payments	(30,823)	(37,288)	(34,807)
Finance Payments	(420)	(321)	(504)
<b>Net cash provided by operating activities</b>	<b>1,331</b>	<b>280</b>	<b>2,871</b>
<b>Cash Flows from Investing Activities</b>			
Amounts Specifically for New or Upgraded Assets	1,950	2,060	2,085
Sale of Replaced Assets	-	-	15
Expenditure on Renewal/Replacement Assets	-	(45)	-
Expenditure on New/Upgraded Assets	(4,386)	(3,838)	(3,663)
Purchase of Investments	-	(560)	-
<b>Net cash used in investing activities</b>	<b>(2,436)</b>	<b>(2,383)</b>	<b>(1,563)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings	2,236	2,236	2,236
Repayment of Borrowings	(1,186)	(1,137)	(1,137)
Repayment of Lease Liabilities	-	-	(1,216)
<b>Net cash provided by (used in) financing activities</b>	<b>1,050</b>	<b>1,099</b>	<b>(117)</b>
<b>Net Increase (Decrease) in cash held</b>	<b>(55)</b>	<b>(1,004)</b>	<b>1,191</b>
Cash & cash equivalents at the beginning of the period	933	2,613	2,613
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>878</b>	<b>1,609</b>	<b>3,804</b>

# Northern Adelaide Waste Management Authority

## Statement of Financial Position

as at 30 June 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
<b>Current Assets</b>			
Cash & Cash Equivalents	878	1,609	3,804
Trade & Other Receivables	2,689	3,265	3,848
Stock on Hand	50	64	25
<b>Total Current Assets</b>	<b>3,617</b>	<b>4,938</b>	<b>7,677</b>
<b>Non-Current Assets</b>			
Financial Assets	1,018	560	-
Property, Plant & Equipment	17,942	22,037	23,828
<b>Total Non-Current Assets</b>	<b>18,960</b>	<b>22,597</b>	<b>23,828</b>
<b>Total Assets</b>	<b>22,577</b>	<b>27,535</b>	<b>31,505</b>
<b>Current Liabilities</b>			
Trade & Other Payables	2,271	3,970	5,856
Provisions	183	191	255
Borrowings	991	1,016	2,522
<b>Total Current Liabilities</b>	<b>3,445</b>	<b>5,177</b>	<b>8,633</b>
<b>Non-Current Liabilities</b>			
Borrowings	7,650	12,859	12,446
Provisions	2,659	2,697	3,502
<b>Total Non-Current Liabilities</b>	<b>10,309</b>	<b>15,556</b>	<b>15,948</b>
<b>Total Liabilities</b>	<b>13,754</b>	<b>20,733</b>	<b>24,581</b>
<b>Net Assets</b>	<b>8,823</b>	<b>6,802</b>	<b>6,924</b>
<b>Equity</b>			
Accumulated Surplus	8,163	6,142	6,264
Asset Revaluation Reserve	660	660	660
<b>Total Equity</b>	<b>8,823</b>	<b>6,802</b>	<b>6,924</b>

## Northern Adelaide Waste Management Authority

### Statement of Changes in Equity

for the financial year ended 30 June 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
<b>Accumulated Surplus</b>			
Balance at start of Period	6,179	6,095	6,095
Net Surplus/(Deficit)	1,984	47	169
Contributed Equity	-	-	-
Balance at end of period	<u>8,163</u>	<u>6,142</u>	<u>6,264</u>
<b>Asset Revaluation Reserve</b>			
Balance at start of Period	660	660	660
Movement in Revaluation of Property, Plant & Equipment Assets	-	-	-
Balance at end of period	<u>660</u>	<u>660</u>	<u>660</u>
<b>Total Equity</b>	<u>8,823</u>	<u>6,802</u>	<u>6,924</u>

# Northern Adelaide Waste Management Authority

Uniform Presentation of Finances

for the financial year ended 30 June 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
Operating Revenues	32,574	37,889	38,858
Operating Expenses	(32,540)	(39,342)	(40,166)
<b>Operating Surplus/(Deficit)</b>	<b>34</b>	<b>(1,453)</b>	<b>(1,308)</b>
<b>Net Outlays on Existing Assets</b>			
Capital Expenditure on renewal and replacement of Existing Assets	-	(45)	-
Depreciation & Amortisation	1,299	2,719	2,841
Proceeds from Sales of Replaced Assets	-	-	15
	<b>1,299</b>	<b>2,674</b>	<b>2,856</b>
<b>Net Outlays on New and Upgraded Assets</b>			
Capital Expenditure on New and Upgraded Assets	(4,386)	(3,838)	(3,663)
Amounts received specifically for New and Upgraded Assets	1,950	2,060	2,085
Proceeds from Sales of Surplus Assets	-	-	-
	<b>(2,436)</b>	<b>(1,778)</b>	<b>(1,578)</b>
<b>Net Lending/(Borrowing) for Financial Year</b>	<b>(1,103)</b>	<b>(557)</b>	<b>(30)</b>

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## Agenda Item 9.5

<b>Report Subject:</b>	FY19/20 Annual Report (draft)	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Decision report (governance)
<b>Attachments:</b>	9.5.1 – FY19/20 Draft Annual Report, front cover only (full file circulated electronically)		

### RECOMMENDATION

**That the Report is received and noted, and (subject to Audit Committee review) the Board endorse the Draft 2019/2020 Annual Report for publication and distribution.**

### Purpose of the Report

To provide the Board with a draft copy of the 2019/2020 NAWMA Annual Report.

### Background

In accordance with Local Government Act 1999 Clause 131.1:

*A Council must, on or before 30 November in each year, prepare and adopt an annual report relating to the operations of the Council for the financial year ending on the preceding 30 June*

### Report

The Draft 2019/2020 Annual Report has been completed in conjunction with a local Adelaide based publishing company. The Report includes the full set of audited financials, a report from the Chairman and Chief Executive Officer and finishes with a report from each business unit of the Authority, including governance.

Due to the size restricting the inclusion of the Report in the agenda, the file will be distributed via WeTransfer link for download. Once finalised and adopted by the Board, an endorsed hard copy will be provided to each Constituent Council Mayor, Chief Executive Officer, Audit Committee Member, and Board Director (including Deputy Directors).

A small print run will also provide hard copies for key stakeholders (eg Green Industries South Australia, HLB Mann Judd etc).

The Annual Report will be printed by local Edinburgh based company *Print Lord* and published on paper made from 100% recycled fibre, manufactured using a carbon neutral process.

A copy of the Draft 2019/2020 Annual Report will be provided to the Audit Committee at their meeting of 14 September 2020 for their review prior to the scheduled Board Meeting.



# Annual Report

## 2019-2020

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## Agenda Item 9.6

<b>Report Subject:</b>	Board Self-Assessment Briefing	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Decision report (governance)
<b>Attachments:</b>	9.6.1 – Board Self-Assessment Results Summary		

### RECOMMENDATION

**That:**

- 1. the Report is received and noted, and the Board undertake a yearly Self-Assessment to enable a measurement of performance over time, and;**
- 2. a Report be prepared by the Independent Chairperson, assisted by the Chief Executive Officer, on alternative models of governance that are consistent with the size and complexity of NAWMA, while retaining Constituent Council representation.**

### Purpose of the Report

To provide the Board with an opportunity to review the results of the Board Self-Assessment undertaken in July 2020.

### Background

At the Board Meeting of 25 June 2020, and after discussion with the Board and Constituent Council Chief Executive Officers, NAWMA Management outlined the intention to distribute a Board Self-Assessment Questionnaire to Directors and Deputy Directors. The purpose of the questionnaire was to gain feedback and insight into the function, structure and effectiveness of the Authority's governance, including the Independent Chairperson.

A similar Self-Assessment is undertaken annually by the NAWMA Audit Committee.

### Report

A link to the Self-Assessment was distributed to the Board on 29 June 2020 using the online survey tool 'Survey Monkey', with a close date of 17 July 2020. Out of a total of nine (9) Board Directors, Chairperson and six (6) Deputy Directors, ten (10) survey responses were received.

The Board as a whole appraised the Independent Chairperson as exceeding expectations in most categories, and by absolute majority having the vast array of skill set that adds value to NAWMA and provides an expert level of governance.

The Board rated their own performance as very strong, with a good array of skill sets, while acknowledging they are lacking in some areas (eg IT, legal). Following on from this, there appears to be some appetite for investigating the introduction of some specialist skill sets to the Board, while retaining a strong connection to Constituent Councils.

A collated summary of the responses has been appended at Attachment 9.6.1 for the information of the Board and Independent Chairperson.



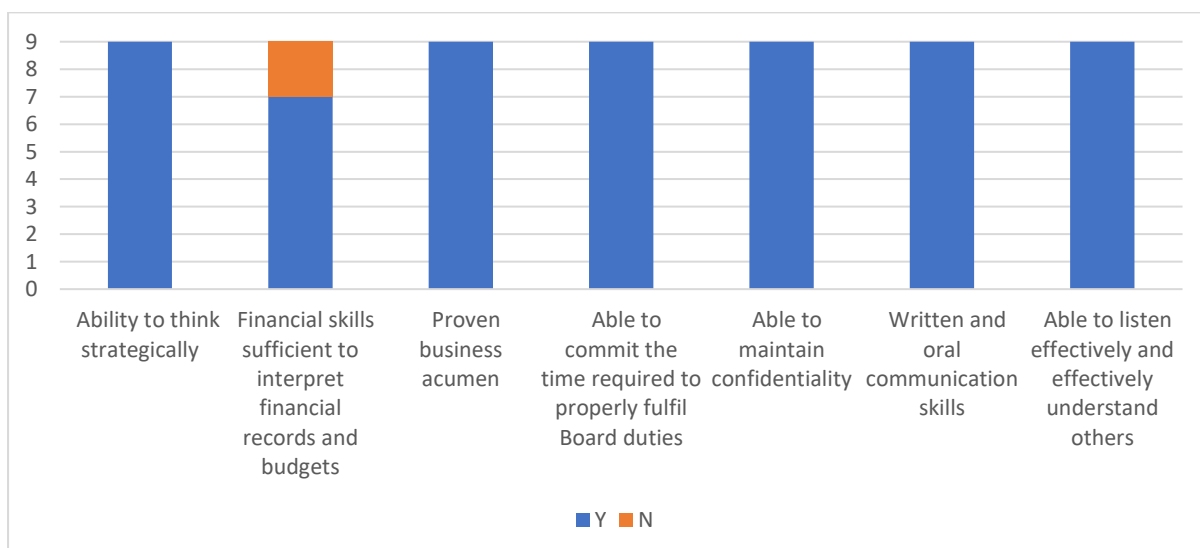
## Attachment 9.6.1

Legend	1	2	3	4	5
	<i>Performs poorly</i>	<i>Needs improvement</i>	<i>Meets performance expectations</i>	<i>Exceeds performance expectations</i>	<i>Superior performance</i>

### Chair Questions

The Chair is an effective leader and motivator	<b>4.00</b>
The Chair is clear on what the Board has to achieve, both long term and short term	<b>4.00</b>
The Chair encourages a balanced contribution from all Directors	<b>4.33</b>
The Chair ensures that the Board decisions are implemented by Management in an effective manner	<b>3.89</b>
The Chair assesses the performance of the CEO in a systematic way	<b>4.11</b>
The Chair represents the organisation at stakeholder and community functions in conjunction with the CEO	<b>3.89</b>
The Chair is recognised externally as a credible leader of the organisation	<b>4.22</b>
The Chair attends all Board Meetings	<b>4.22</b>
The Chair demonstrates thorough preparation for all meetings and functions	<b>4.44</b>
The Chair judiciously participates in discussion on issues requiring Board decisions	<b>4.22</b>
The Chair guides all Board decisions and seeks both internal and external advice where required	<b>4.00</b>
The Chair guides all Board decisions and seeks both internal and external advice where required	<b>4.33</b>
The Chair treats all confidential information in an appropriate manner	<b>4.44</b>
The Chair displays a genuine interest in NAWMA and its business	<b>4.56</b>

### The Chair possesses the following skills and qualifications:

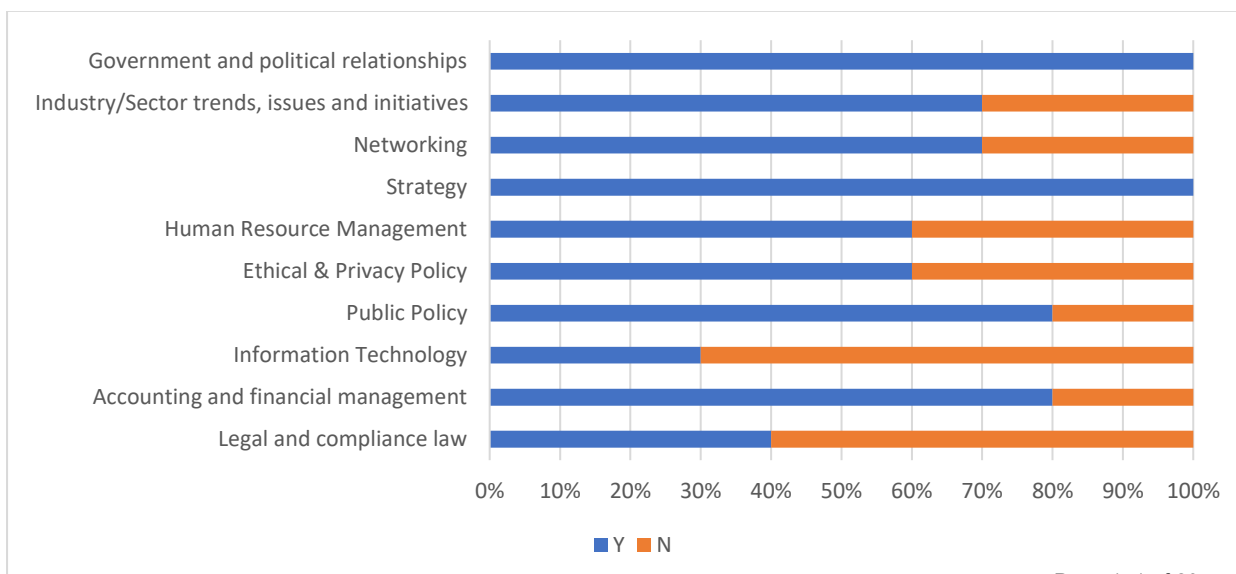


Legend	1	2	3	4	5	6
	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Slightly disagree</i>	<i>Slightly agree</i>	<i>Agree</i>	<i>Strongly agree</i>

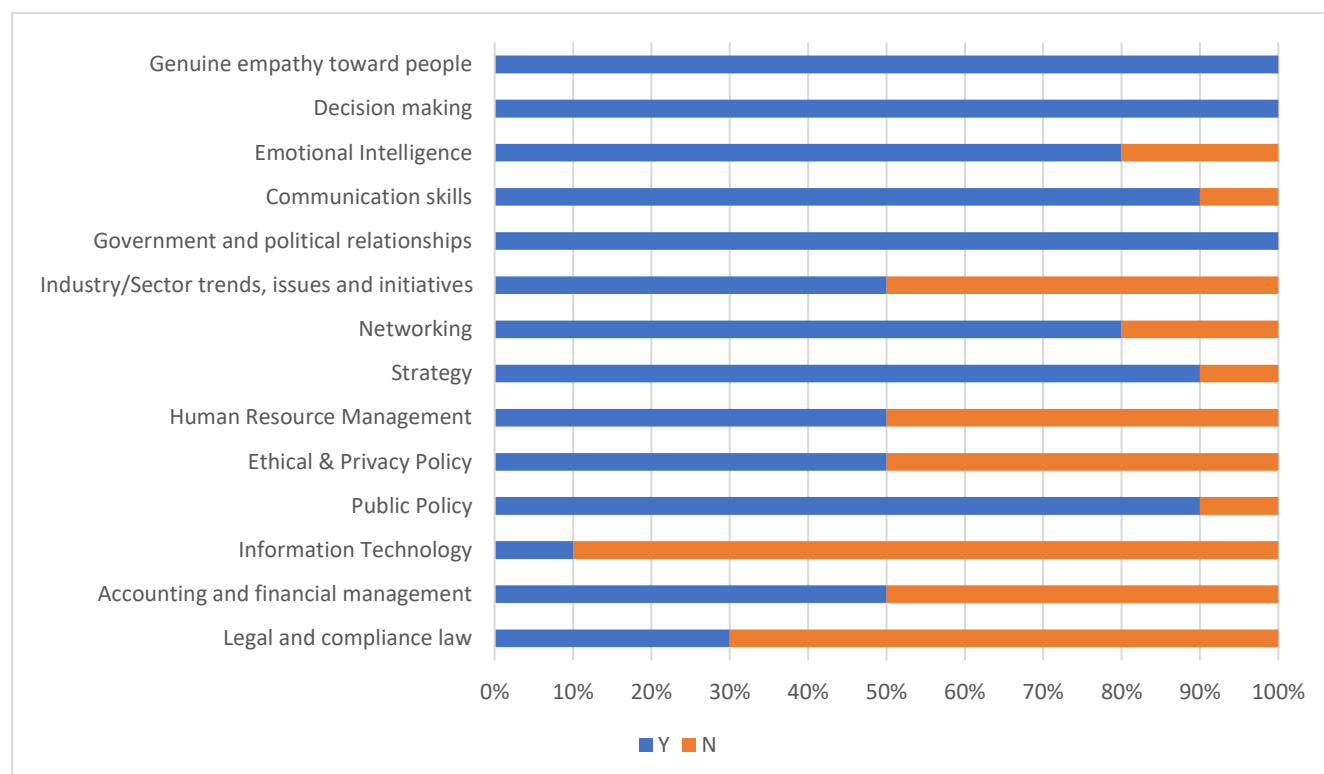
### **Board Questions**

The Board fully understands the external environment NAWMA is operating in, and understands how the strategies within the Strategic Plan are developed	<b>5.10</b>
The Board discusses strategic issues at its meetings and appropriate actions are taken when necessary	<b>5.30</b>
The Board is kept informed of current events by the CEO on all business matters which may be of interest to the Directors	<b>5.60</b>
The CEO and Senior Management Team always understand and commit to directions given by the Board	<b>5.60</b>
A climate of trust exists between the Board, CEO and Senior Management Team	<b>5.70</b>
The Board supports the CEO in their role	<b>5.70</b>
The Board is recognised externally as providing credible leadership and governance of NAWMA	<b>4.90</b>
All Board Directors reflect the culture and values of NAWMA	<b>5.00</b>
The Board works as a team with a balanced contribution by all	<b>5.10</b>
The Board adds value to NAWMA	<b>5.30</b>
The Board contains a sufficient range of expertise to make it an effective governing body	<b>4.40</b>
The Board believes its skills and experience are utilised to the maximum benefit	<b>5.00</b>
The Board's decisions are well accepted by Management	<b>5.20</b>
The Board reviews relevant internal and external information, then proceeds to decision making in a timely manner	<b>5.40</b>
The Board has open communication with Management in decision making processes	<b>5.50</b>
The Board and Management roles and responsibilities are defined and understood	<b>5.20</b>
Board duties and responsibilities are fulfilled with the organisation's interest being placed before 'collective' personal interests	<b>5.30</b>
The Board displays a genuine interest in NAWMA and its business	<b>5.50</b>
The Board consists of active contributors	<b>5.20</b>

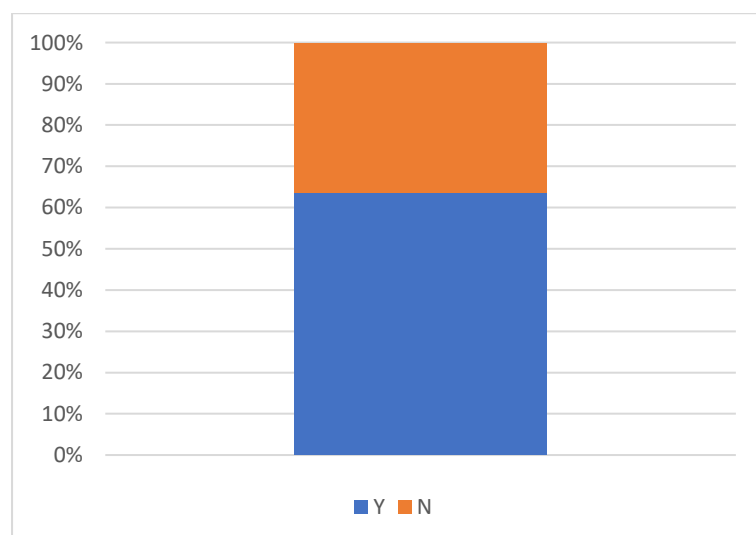
### **The Board possesses the following knowledge, skills and experience:**



**I possess the following knowledge, skills and experience:**



**The current makeup and Charter of the Board is suitable for the size, complexity and operating environment of NAWMA:**



**Comments:**

*A good mix of elected members and Council officers*

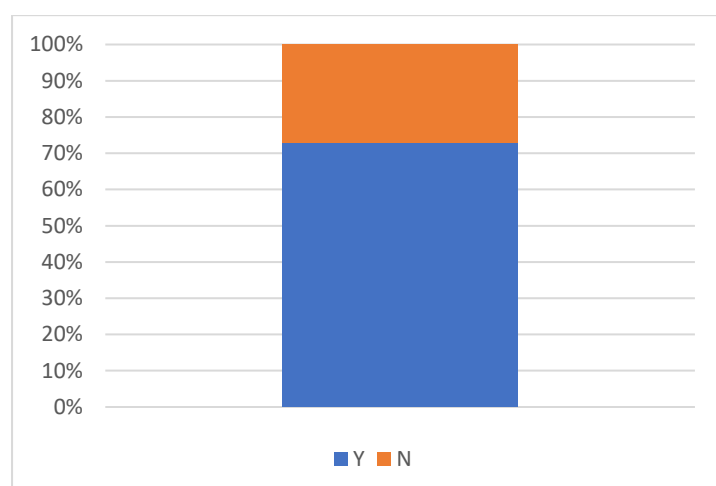
*NAWMA has reached a size and complexity that it requires more skills-based directors, without losing the connection with the Constituent Councils. Perhaps a review could be undertaken on how other regional subsidiaries (ie Brown Hill Creek, other waste authorities) approach their board constitution and composition*

*The Board could benefit from accounting, legal, marketing, IT, technology and waste/circular economy sector skill sets*

*I think the board needs a better mix of skills that bring in industry experience, currently the board has a strong LG blend which is understandable given the key stakeholders but the environment*

<i>NAWMA is operating in complex and will need a broader mix of skills. LG board involvement should continue but in a more balanced mix</i>
<i>External legal advice sought on occasions</i>
<i>Given the complexity of the NAWMA business and the volatility of the environment in which it operates I believe that NAWMA requires some more specific industry related skillsets on the Board</i>

**A more 'skills based' Board is required in order to appropriately manage NAWMA, given the size, complexity and operating environment:**



**Comments:**

*Supported by operational and technical working groups reporting to the board on matters pertaining to NAWMA*

*Without independent representation skills based is reliant on persons from each councils for skills to valuably contribute to the strategic direction of NAWMA*

*I believe you need elected members to truly represent the interest of the community. Also, they provide the connection to the community which is important in changing behaviours especially around reducing contamination rates of recycling bins*

*Rely on exceptional staff ability*

*Having 1 or 2 independent skill-based individuals would help*

*Recommend there could be scope with some external board members with specialist skills sets. As an example, the audit committee specifically targets necessary skill sets to conduct their business, there could be a similar set up for the NAWMA Board where there are a couple of external board member appointees with specific experience/skill sets being recruited*

**Describe anything new that you think could be done to improve the effectiveness of the Board:**

**Comments:**

*The board is a multi-disciplinary team and works well. I sometimes think that the board room is a bit small or confined when everyone attends. And it is difficult to see who is voting.*

*Ensuring a good cross section of skills sets in members*

*Simplify the presentation of the financial documents*

*Introduction of greater business acumen of Board in general, possibly through the recruitment of external board members with specific skill sets, eg. have 3 board members from each Council and 3 external board members to ensure that the 'owners' still have clear majority representation*

*Adding skill sets which are contemporary to the industry and challenges for NAWMA ahead. Improved responsiveness of Board to circular resolutions and increased preparation prior to board meetings*

<i>I think the board is effective but needs the broader mix of skills. Possibly having a 'working/engagement' group that has a stronger link to the 3 councils and then the board can have a stronger industry mix of skills that will not only use this expertise</i>
<i>Would like to become better acquainted with the various sites and the processes performed by workers</i>
<i>The introduction of some more skills-based Board members would add great value to the Board</i>
<i>SMT comment: It may be that a review is undertaken around a skills based board (similar to the SPV formed for the landfill alternative project) for fiscal, strategic, risk, legislative elements, and an Executive/Elected Body Committee be formed to address the elements that most directly impact their constituents (service delivery, education, bin sizes and collection frequencies etc)</i>

**Any further comments:**

<b>Comments:</b>
<i>Would like to see the Board participating in some more strategic discussions which are not directly tied to a decision</i>
<i>That the Chief Executive Officer be less dismissive of other's views and provide information when it is requested. I.e. Not having a stance of 'decide and defend'</i>
<i>SMT comment: The Board are doing an outstanding job building their knowledge on some very dynamic industry specific operating environment conditions. The annual turnover has nearly doubled in 4 years, and the number of sites increased two-fold. The Board are to be applauded for keeping pace and leading local government collaboration. However, there may come a time where some independent skills are introduced to assist NAWMA's lean administration with some strategic decision making, and add value around operating in a (growingly) commercial way</i>

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## Agenda Item 9.7

<b>Report Subject:</b>	FY20/21 Budget Update	<b>Report Author:</b>	Chief Financial Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (governance, financial)
<b>Attachments:</b>	Nil		

### RECOMMENDATION

**That the 2020/2021 Budget Update is received and noted.**

### Purpose of the Report

To provide the Board with the first budget update for the 2020/2021 financial year.

### Background

The 2020/2021 Budget, including general and operational assumptions for the financial year, was finalised by NAWMA's Administration in May 2020 for NAWMA Board and Constituent Council endorsement. Given the recent, and extensive, impact from the COVID-19 pandemic in this year along with variabilities associated with operations post the completion of the original budget, NAWMA's Management have provided the Board with a Budget update/forecast for the 2020/2021 financial year.

The formal Budget Review One (1) will be presented to the Audit Committee and Board at the scheduled November 2020 Joint Meeting.

### Report

According to the latest year to date financials and full year forecasting, the operating deficit of \$1.5M in the original adopted budget is anticipated to improve by approximately \$220K to a \$1.28M deficit for FY21. The Board will note that the revised operating result has also incorporated an unexpected and significant premium price increase for industry risk insurance for the Edinburgh North site. The Board will recall a verbal update provided by Management to Board at the June 2020 meeting and another will be provided at Item 10.2 of this Agenda.

Table 1 summarises the key budget variations between the YTD performance, against the original adopted budget for the 2020/2021 financial year.

**Table1; Update on Key Budget Variations – YTD Financials vs Original Adopted Budget**

Key Budget Variations	Amount	Note
A Short-term Relief in Global fibre commodity market	Circa. \$680k	Due to the continued panic buyers and increasing recycling paper demand across domestic and overseas market during this



		extensive COVID-19 Pandemic period. While a large upside variance is forecasted, NAWMA's experience with the wildly volatile fibre market heeds caution with this positive variance prediction.
Deteriorated Plastic commodity Market	Circa. -\$450k	Sale prices for Recycling Plastics are forecasted to be significantly reduced due to the oversupplied domestic plastic market, and the very low virgin plastic pricing due to inexpensive bulk global oil
Circular Economy Initiative	Circa. \$104k	MRF's residual glass fines are forecasted to be used for the constituent council's civil works as the sand replacement from mid this year; great initiatives between NAWMA and constituent councils to support the sustainable procurement for recycling content
Industrial Risk Insurance Premium Increase	Circa. -\$160k	As a direct result of significant premium payouts following facility fires across Australia, the insurance market has vanished and will no longer provide industrial risk insurance to Waste Management Businesses (irrespective of past history). NAWMA has been forced to reach foreign insurance backing for its operations at the Edinburgh North site due to the absences of the Australian insurance market, and local government mutual liability scheme not providing cover as the site is owned by a third (private equity) party.
Waste Diversion Activities	Circa. \$50k	More waste are budgeted to be diverted from Landfill through operating efficiency activities
Total Key Budget Variations	<b>Circa. \$224k</b>	Favourable

### **Cash Position**

Given the Budget update is forecasting NAWMA to have a \$224k increase in net cash flows from operating activities, the cash position in the 2020/2021 financial year is anticipated to be accordingly improved compared to the original adopted Budget.

Furthermore, as mentioned in Agenda Item 7.2, if NAWMA needs to access to the cash overdraft (CAD) facility during the 2020/2021 financial year, the financial cost associated with that will be expected to be reduced. The LGFA Board have now agreed to offer NAWMA a discounted CAD Loan as a part of the LGFA COVID-19 finance support package. NAWMA's Administration will closely monitor and track net cash flows from both operating and financial activities and provide a further update to the Board at Budget Review One (BR1), and subsequent Budget Reviews as the financial year progresses.



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## Agenda Item 9.8

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<b>Report Subject:</b>	Audit Committee Independent Member Update	<b>Report Author:</b>	Chief Executive Officer
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<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (governance)
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<b>Attachments:</b>	Nil
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### RECOMMENDATION

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

### Purpose of the Report

To provide the Board with a final update on the NAWMA Audit Committee Independent Member appointments.

### Background

At the meeting of 14 May 2020, the Board resolved to authorise the Chief Executive Officer to advertise the three (3) Independent Member vacancies with terms to commence 1 July 2020.

At the meeting of 25 June 2020, the Board were provided with an update on the progression of the recruitment for the Independent Member vacancies. The report stepped through the required process, in accordance with the Audit Committee Terms of Reference, to appointing the Members.

Via Circular Resolution on 21 July 2020, the Board were provided with an opportunity to review the recruitment process for the three (3) advertised NAWMA Audit Committee Independent Member vacancies, and appoint two (2) new Independent Members with one (1) Member re-appointed, and preferred as the Presiding Member (Chairperson) of the Committee. The Board unanimously supported Management's recommendation.

### Report

NAWMA's Independent Chairperson wrote to the three (3) Constituent Councils for their endorsement of the three (3) candidates, in accordance with the NAWMA Audit Committee Terms of Reference Clause 2.1. All three (3) Constituent Councils approved the Board's preferred candidates at their respective Council Meetings; City of Salisbury (24 August), City of Playford (25 August) and Town of Gawler (31 August).

The successful applicants to the positions are:

- Mr Mark Labaz (Chairperson),
- Ms Claudia Goldsmith; and
- Mr Craig Johnson.

NAWMA's Independent Chairperson has written to each of the preferred candidates advising them of their successful appointment to the NAWMA Audit Committee, with a term commencement of 1 September 2020, and all have accepted the positions. The new Independent Members will attend an 'Introduction to NAWMA' session with the Independent Board Chairperson, Chief Executive Officer and Senior Management Team on Thursday 10 September 2020 before the first meeting of the newly formed Committee scheduled for Monday 14 September 2020.

The Board will have an opportunity to meet the new Members at the scheduled Joint Meeting of the Audit Committee and Board on Thursday 26 November 2020.

Management will bring back an Independent Committee Member remuneration benchmarking report against other Regional Subsidiaries and Constituent Councils in February 2021 for the consideration of the Board.

NAWMA's Chief Executive Officer would like to acknowledge the diligent effort by Executive Assistant Amy Hosking in facilitating this process.



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## Agenda Item 9.9

<b>Report Subject:</b>	2020/2021 Annual Business Plan progress report (standing item)	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (governance, operational)
<b>Attachments:</b>	9.9.1 - Annual Business Plan Implementation Progress matrix		

### RECOMMENDATION

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

### Purpose of the Report

To provide the Board and Audit Committee with a progress report on the activities set out in the 2020/2021 Annual Business Plan.

### Background

The 2020/2021 Annual Business Plan was adopted by the NAWMA Board at the meeting of 25 June 2020, after consultation with the three (3) Constituent Councils.

The Annual Business Plan outlines the priority programs, projects, and actions that the Administration will embark on in order to meet the needs of the Constituent Councils and deliver on the 2018-2025 Strategic Plan. It is an ambitious Plan containing 20 projects for the financial year.

This item will be a standing agenda item moving forward to ensure the Board have clarity over the delivery of the 2020/2021 Annual Business Plan.

### Report

The matrix appended at Attachment 9.9.1 is a snapshot update of the progress made against the 2020/2021 Annual Business Plan to date.

## Attachment 9.9.1

2020/2021 Annual Plan				
Activities	Annual Plan Reference	2018-2025 Strategic Plan Linkage	Metric	Status
Implement NAWMA's new transformational Waste Management Strategy	3.1.1	All	Progress made on the implementation of the Strategic Plan	
Business Improvement - Payroll Process Automation System	3.1.2	Objective 3; Strategy 10	Wageloch implemented and integrated into business as usual	In progress. Wageloch 'went live' for timekeeping in W/C 7/9/20, and and payroll processing will be rolled out once troubleshooting has concluded
Internal Risk Assessment and Controls	3.1.3	Objective 3	Progress made on the implementation of the two (2) year Action Plan	
Implement Corporate Risk Register	3.1.4	All	Successful implementation and ongoing maintenance of Risk Register	
Service Level Agreements	3.1.5	Strategies 1, 2, 5 & 8	SLA's adopted	Re-write planned for early 2021
Advocacy	3.1.6	All	Opportunities identified and approached where NAWMA can influence the industry	CEO has met with Premier, Environment Minister, Federal Assistant Minister, Member for King, Deputy State Opposition Leader in the first 10 weeks of Reporting year
Implement efficiency, improvement and austerity measures	3.2.1	Objective 3; Strategies 1, 2, 9 & 11	Reviewing of temporary gate fee at each Budget Review	
Landfill Alternative Project	3.2.2	Objectives 1, 2 & 3; Strategies 6, 8, 10 & 11	Quarterly SPV Meetings held	Large focus of CEO. Briefings held with Mayors, and Elected bodies of City of Salisbury and City of Playford. Town of Gawler scheduled
Upgrade of Research Road Transfer Station	3.2.3	Strategies 7 & 8	Upgrade construction significantly commenced	RFT pack being developed
Develop Downstream (onshore) Markets for Glass Fines	3.2.4	Objective 2; Strategies 4 & 10	Significant recycled glass utilised in Constituent Councils civil procurement, and/or local/domestic market entered	Large focus of COO. Circa \$1M turnaround if glass into roads is secured
(Opt-out) Food Organics Garden Organics (FOGO) Business Case and Planning	3.2.5	Objective 1; Strategies 1, 5, 7 & 9	Business case developed, and consultation workshops with Councils held; FY21/22 Budget Bid developed	
Risk Management Software Platform (Skytrust)	3.3.1	Strategy 10	Skytrust implemented and integrated into business as usual	
LSAWCS and LGAMLS Risk Evaluation Action Plan	3.2.2	Strategy 2 & 10	50% completion (or more) made on two (2) year Action Plan	
Implement a Corporate Risk Register	3.3.3	Refer 3.1.4	Refer 3.1.4	Under the auspice of refreshed Audit Committee
Anti-contamination campaign	3.4.1	Objective 1; Strategies 2, 10 & 11	Anti-contamination plan implemented and distributed across Constituent Councils	Large focus of Education and Projects Coordinator
Education Centre sessions (tour and training)	3.4.2	Objective 1 & 2; Strategies 2, 10 & 11	Virtual tours implemented and business as usual of survey system	Virtual tours being developed (one complete)
Drive continuous improvement through feedback	3.4.3	Objective 3	Implementation and business as usual of survey system	
Staff satisfaction survey	3.4.4	All	Staff satisfaction survey completed and reported to Board/CEO Performance Review Committee	Complete. CEO Performance Committee briefed on results 27 August 2020 and Board briefed with results 17 September 2020.
Maintain financial sustainability indicators and ratios	3.5.1	Objective 3; Strategy 9	Financial Metrics achieved	
Asset Management Plan	3.5.2	Objective 1; Strategies 7 & 8	Asset Management Plan developed	

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## Agenda Item 9.10

<b>Report Subject:</b>	WHS Steering Committee Minutes (standing item)	<b>Report Author:</b>	Chief Operations Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (operational, governance)
<b>Attachments:</b>	9.10.1 – WHS Steering Committee Minutes of 25 August 2020 (latest meeting)		

### RECOMMENDATION

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

### Purpose of the Report

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

### Background

This Report is a standing item on the Board agenda.

### Report

A meeting of NAWMA's WHS Steering Committee was held on Tuesday 25 August 2020. Appended (at Attachment 9.10.1) are the Minutes of this meeting for the information of the Board.

## WHS STEERING GROUP MEETING MINUTES

### WHS KEY PILLARS

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



Meeting Title:		NAWMA WHS Steering Group			Chaired by:		Scott Filsell			Meeting Date:		25/08/20		Meeting Number:		57				
Venue:		NAWMA Woomera Ave			Secretary:		Scott Filsell			Start:		9:30am		Finish:		10:00am				
ATTENDEES		Attend	Apology	Absent	ATTENDEES		Attend	Apology	Absent	AGENDA:	1. Status of previous actions 2. New items • Black Text - ongoing • Red Text - New/Current items • Green Text – Completed Items		Risk Rating	To Be Started	In Progress	Completed	Closed	Total Items		
Adam Faulkner			X										Extreme		1				1	
Danial Dunn		X											High	0	1	4			5	
Jason Moorhouse			X										Moderate	0	6	5			11	
Sarah Pain		X											Low	0	2	0			2	
Scott Filsell		X											TOTAL	0	10	9	0		19	
Zak Langridge			X																	
Distribution		Electronic copies to all attendees and individuals that are absent. Minutes stored on “N” Drive and displayed on site Notice Boards.						Date Issued		28/08/20		Next Meeting:		27/10/20		Venue		NAWMA Woomera Ave		
Agenda Item		Issue Details						Action Required						Risk Rating	Action By	Date Raised	Due Date	Action Completed		
1.	Review any current Incidents or issues:		Incident Reports						<ul style="list-style-type: none"><li>Landfill L/Hire worker exposed to fly spray chemical. Worker treated by IMS first aid nurse and returned to work. L/Hire company investigated and carried out updated task assessment.</li><li>FRWA truck hit roller door, repairs quoted \$3.5k and to be passed onto FRWA.FRWA approved repair quote, booked in to be repaired.</li><li>MOBO Customer slipped on walkway lines to shop – Heavy rain prior and customer was wearing thongs. Walkway checked to be not slippery if wearing correct footwear as site has signposted.</li></ul>						Moderate	Jason Moorhouse	30/6/20	25/8/20	25/8/20	
									<ul style="list-style-type: none"><li>FRWA truck hit roller door, repairs quoted \$3.5k and to be passed onto FRWA.FRWA approved repair quote, booked in to be repaired.</li></ul>						Moderate	Thao Nguyen	4/8/20	27/10/20	25/8/20	
									<ul style="list-style-type: none"><li>MOBO Customer slipped on walkway lines to shop – Heavy rain prior and customer was wearing thongs. Walkway checked to be not slippery if wearing correct footwear as site has signposted.</li></ul>						Moderate	Jason Moorhouse Scott Filsell	7/8/20	27/10/20	25/8/20	
2.	Records & Documentation		New Corrective Actions identified from Hazard Reports & Investigations						<ul style="list-style-type: none"><li>Take 5 booklets to be rolled out at all other sites also and training on how/when to use, also looking into making Take 5 Templates for use in Skytrust, Purchase more booklets for the interim. Rolled out across sites.</li></ul>						High	Scott Filsell	19/2/20	25/8/20	25/8/20	
			Review of Corrective Actions identified from Hazard Reports & Investigations												High	Scott Filsell	23/6/20	25/8/20		

## WHS STEERING GROUP MEETING MINUTES

### WHS KEY PILLARS

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



Agenda Item	Issue Details	Action Required	Risk Rating	Action By	Date Raised	Due Date	Action Completed
3. Training & Qualifications	Attendance / Non-Attendance	<ul style="list-style-type: none"> <li>First aid training to be booked for Scott Fraser, Daniel Griffin and Mark Errington, David Jones</li> <li>Fire Warden Training to be booked for David Jones</li> <li>Scissor lift – David Jones + Muhammed</li> </ul>	Moderate	Scott Filsell	23/6/20	27/10/20	
4. Records & Documentation	CoR (Chain of Responsibility) NHVL (National Heavy Vehicle Law)	<p><b>Review of any NHVL breaches</b></p> <ul style="list-style-type: none"> <li>PEATS Soils truck overweight breach leaving site, driver took front wheels off of weighbridge to bring weight down before scanning card. Driver was given a formal final warning from Peats.</li> <li>SUEZ had two breaches 6/8/20, 14/8/20 Reports attached</li> </ul>	High High	All All	15/7/20 6-14/8/20	25/8/20 25/8/20	25/8/20 25/8/20
5. Records & Documentation	Development of Contractor Management System Skytrust - Improve safety culture throughout the organisation	SKYTRUST implementation Underway.	Low	Scott Filsell	11/10/17	Ongoing	
6. Maintenance & Housekeeping Training & Qualifications Records & Documentation	Traffic Management plans for NAWMA sites	<ul style="list-style-type: none"> <li>Review of current Traffic Management Plans for all sites, focussing on Vehicle &amp; Pedestrian interaction</li> <li>Recommendations received, working through priority tasks identified in the plan</li> <li>Armco railing to be installed for vehicle/pedestrian separation. (Ed Nth</li> <li><b>MRF site to be reviewed August 27<sup>th</sup>, 2020</b></li> </ul>	High	Scott Filsell Scott Filsell	01/10/19 25/8/20	Oct 2020 TBA	
7. Emergency Procedure	Confined Space Emergency Plan	<ul style="list-style-type: none"> <li>The group has agreed to accept the risks involved with the Confined Space (CS) and the modifications to make it safer to date. The RRC Pit will also be treated as a CS moving forwards.</li> <li>All workers involved with the space will have refresher training. Certification of the equip req.d.</li> <li><b>Certification of rescue equipment to be completed.</b></li> </ul>	Moderate	Scott Filsell Jason Moorhouse Dean Williams Scott Filsell	02/04/19 25/8/10	27/10/20 27/10/20	
8. Records & Documentation	WHS Plan & Programs	<ul style="list-style-type: none"> <li>Review WHS Plan and Programs prioritise actions and close out completed actions.</li> <li>Action plan underway with WHS &amp; Risk Actions, NAWMA receiving assistance from outside resource for Skytrust implementation.</li> </ul>	Moderate	All Scott Filsell	16/05/19 29/4/20	Ongoing 9/6/20	

## WHS STEERING GROUP MEETING MINUTES

### WHS KEY PILLARS

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



Agenda Item		Issue Details	Action Required	Risk Rating	Action By	Date Raised	Due Date	Action Completed
9.	Records & Documentation	Proposed Modifications to Pooraka RRC	<ul style="list-style-type: none"> <li>Scott Filsell &amp; Jason Moorhouse to complete R/A's for both proposed modifications to the site to improve the sites safety, vehicle interactions with pedestrians and efficiency. Applebark Consultant is assisting with R/A, including the upgrade required for the current substandard fire-fighting equipment (quote)</li> </ul>	<div>Moderate</div> <div>Moderate</div>	<div>Scott Filsell Jason Moorhouse</div> <div>Scott Filsell</div>	<div>11/12/19</div> <div>23/6/20</div>	<div>25/08/20</div> <div>25/8/20</div>	
10.	Records & Documentation	Electrical Procedure – Test & Tagging	<ul style="list-style-type: none"> <li>A 'New Electrical Equipment' register is to be placed onto NAWMA's "SharePoint" page to allow users to include new electrical items purchased to be added onto the relevant Test &amp; Tag Register.</li> <li>Need to check staff access rights for SharePoint, speak to Rachel Zhou to include onto Shaun Emmott's action list to investigate.</li> <li>Jason Moorhouse to notify new provider Electric Control Solutions has started as our new provider. ECS have completed Test &amp; Tagging for all sites.</li> </ul>	<div>Moderate</div> <div>Moderate</div>	<div>Scott Filsell</div> <div>Jason Moorhouse Scott Filsell</div>	<div>18/5/20</div> <div>23/6/20</div>	<div>23/6/20</div> <div>25/8/20</div>	<div>25/8/20</div> <div>25/8/20</div>
11.	Records & Documentation	Worker & Contractor Inductions - SKYTRUST	<ul style="list-style-type: none"> <li>Danial Dunn raised a point regarding the inductions and including LOTO. Skytrust is currently offering NAWMA a subscription for the following induction modules:</li> <li>Contractor, LOTO, Intro to LG, WHS Fundamentals, Computer Workstation. Quote for modules is \$1k ea or \$5k p/a for the 5-module pack. Scott Filsell to test and see if suitable to NAWMA</li> </ul>	Low	Scott Filsell	23/6/20	27/10/20	
12.	Maintenance & Housekeeping	Resource Recovery Centre – Pallet Racking	<ul style="list-style-type: none"> <li>Danial Dunn raised pallet racking needs to be removed from the RRC at Edin Nth. Please re-use this at out other sites as required for Maintenance.</li> <li>Scott Filsell to ensure racking is certified prior to being used at the other sites after installation. <b>Has been inspected awaiting recommendations.</b></li> </ul>	Moderate	Scott Filsell	23/6/20	27/10/20	
13.	Emergency Procedure	Uleybury Landfill site security/safety	<ul style="list-style-type: none"> <li>Landfill access to trespassers, leachate ponds are an extreme risk as identified in our latest workplace inspections.</li> <li><b>Organised contractor to quote Fencing around ponds. J. Moorhouse organising additional signage and rescue Buoy's. SWMS to cover working around ponds to be developed. Applebark consulting to assist with SWMS.</b></li> </ul>	Extreme	All	25/8/20	27/10/20	

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## Agenda Item 9.11

<b>Report Subject:</b>	South Australia's Draft Waste Strategy and Draft Food Waste Strategy Consultation Papers – NAWMA Submission	<b>Report Author:</b>	Chief Executive Officer
<b>Meeting Date:</b>	17 September 2020	<b>Report Type:</b>	Information report (governance)
<b>Attachments:</b>	9.11.1 – Copy of NAWMA Submission to South Australia's Draft Waste Strategy 2020-2025 and Food and Garden Organics Strategy Consultation Papers		

### RECOMMENDATION

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

### Purpose of the Report

To provide the Board with the opportunity to view NAWMA's submission in response to the State Governments (Green Industries South Australia) Draft Waste Strategy and Draft Food and Garden Organics Strategy consultation papers.

### Background

In June 2020 Green Industries SA released South Australia's Draft Waste Strategy and Draft Food Waste Strategy for consultation. The consultation drafts can be viewed here:

- South Australia's Waste Strategy 2020-2025: <https://www.greenindustries.sa.gov.au/south-australias-waste-strategy-consultation-draft-2020-2025>
- South Australia's Food Waste Strategy: <https://www.greenindustries.sa.gov.au/valuing-our-food-waste-consultation-draft-2020>

The closing date for submissions was Friday 28 August 2020.

### Report

In consultation with Constituent Council contacts at operational level, NAWMA provided a submission to Green Industries SA in response to their two (2) consultation papers, a copy of the submission is appended at Attachment 9.11.1.

To inform and knowledge share a national perspective with the State Government, a copy of a Report co-Authored by NAWMA's Chief Executive Officer *A Great Leap Forward* was appended to the submission. The audience of the report is the Federal Government, but many of the concepts and infrastructure requirements apply to South Australia.

A copy of NAWMA's submission was sent to each Constituent Council for reference in any of their own respective submissions and for posterity.

28/08/2020

Green Industries SA

E: [greenindustries@sa.gov.au](mailto:greenindustries@sa.gov.au)

## **RE: Draft South Australia' Waste Strategy 2020-2025 and Draft Valuing Our Food Waste**

NAWMA is a regional waste management subsidiary of Constituent Councils; City of Salisbury, City of Playford and Town of Gawler. We provide local waste management, resource recovery services and infrastructure of global significance. In addition to providing waste management and resource recovery services to our three (3) Constituent Councils, NAWMA receives and processes yellow lid bin household recyclables from approximately 28 Councils, including most of regional and rural South Australia. We operate the only South Australian Local Government owned Materials Recovery Facility (MRF) and one (1) of only two (2) MRF's in South Australia.

In addition, NAWMA owns and operates a waste processing facility, Balefill and Renewable Energy Park, two (2) Resource Recovery Centres, a Community Chemical and Paint Drop-off Centre, a Polystyrene Recycling Plant, and hosts a Container Deposit Legislation Redemption Depot, and Revolve/Repair Centre employing a supported workforce. NAWMA holds head contracts on behalf of Constituent Councils for kerbside collection of all streams (including hard waste), and a Food Organics Garden Organics (FOGO) Processing.

NAWMA is accurately described as one of South Australia's largest, most integrated and innovative waste management and resource recovery operations.

NAWMA's Chief Executive Officer Mr Adam Faulkner is the immediate past Vice President of the Waste Management and Resource Recovery Association of Australia (WMRR), the inaugural and current Doug Dean Industry Leader of the Year (2020) and an industry veteran of some 24 years across NSW (annexing into SEQ), Victoria, Western Australia, and South Australia. Mr Faulkner is now dedicated to driving resource recovery in the Northern Region of South Australia, and building synergies and connectedness across South Australia, Australia, and the ASEAN Region. Mr Faulkner is an industry soundboard to the current COAG Waste Policy and Export Bans and is available to engage in any ongoing conversation that would assist Green Industries South Australia maintain the states global leadership position in recycling and circular economy.

The below submission does not imply that each position is endorsed by NAWMA's Constituent Councils, rather it is a submission by NAWMA on behalf of the northern region.

Please see submission below;

### **South Australia's Waste Strategy 2020-2025**

NAWMA supports, in principle, the aggressive municipal diversion target of 75% by 2025. Reducing waste to landfill is a non-negotiable in NAWMA's view.

However, the Draft State Waste Strategy does not address or provide any structured or pragmatic proposed actions on how to reduce the general waste (contaminated waste) disposed in the current best practice, one size fits all, kerbside bin system.

The best municipal solid waste diversion rates do not quite reach 60% so NAWMA, on behalf of the northern region, seeks more articulation of the step changes and pathways to increasing diversion from Councils.

75% waste diversion by 2025 is a challenging figure given the economic conditions in the current and forecast years are expected to be flat, and the investment appetite from the public and private sector on waste infrastructures are uncertain at this stage due to the negative impact from the COVID-19 pandemic.

It seems there are several levers in which to drive waste diversion from landfill, and NAWMA are pleased to see that some of these first principles are referenced in both Draft Strategies. NAWMA has appended an advanced copy of **A Great Leap Forward** which details a blueprint for infrastructure and system design that is thought will deliver the collective impact from all parts of the waste management and resource recovery system, with a particular focus on infrastructure co-investment from all tiers of Government.

NAWMA's submission does not go on to (re)summarise this Report, but rather elaborates on the potential for flexibility in household bin system design and seeks to understand the behaviour change studies that sit behind each Draft Strategy that inform the aspirational diversion targets.

In order to complete the picture of a total systemic waste management and resource recovery system, the following needs to be addressed, concurrently, by all parties and actors in the system;

1. Design out waste; manufacturers must be incentivized to design packaging with reuse, recycling or composting in front of mind
2. Extended Producer Responsibility; manufacturers should be responsible for the cost associated with the recovery, recycling or composting of their packaging (similar to the container deposit legislation)
3. Make it able to be recyclable/composted; all packaging must be manufactured to ensure that it is not 'recyclable' but actually able to be recycled/composted in the current South Australian resource recovery infrastructure
4. Make it from recycled/composted materials; packaging manufacturers must commit to utilizing recycled content in the manufacture of their packaging
5. Take a whole collective impact systems approach; that is all parties together (designer, manufacturer, collector, recycler, (re)manufacturer, purchaser) have connectedness (through regulation or policy) to each part of the entire value system
6. Consistent Labelling; All packaging sold in Australia must contain the Australian Recycling Label, to give the consumer clear and consistent information on how to recycle/compost/dispose of the packaging item
7. Buy it back; minimum mandated recycled content in all tiers of government procurement will automatically and immediately pull through markets
8. Co-invest (State Government) in priority infrastructure that addresses current gaps in processing capacity in South Australia

Please refer to the advanced copy of **A Great Leap Forward** for further details on the blueprint put forward by NAWMA and others.

The remainder of this submission focusses on delivering a mature and practical kerbside bin system that suits the waste generation and recycling habits of South Australians.

#### Flexibility in the three bin municipal services

Both the State Waste Strategy and the FOGO Strategy discuss the provision of a three-bin system, complimented with ventilated caddies and liners, as the best practice (or baseline) system to drive diversion of waste from landfill. NAWMA understands that the 'high achieving' municipalities across South Australia plateau at around 60% diversion, and while the aspirational diversion target of 75% by 2025 is to be applauded, neither the State Waste Strategy or FOGO Strategy provide clearly articulated pathways to achieving the MSW target.

NAWMA is working to establish a modern and flexible approach to kerbside municipal collection, where greater flexibility is allowed for within the system, to accommodate all levels of household behaviour. The flex in system design is based on the concept of a bin menu, where the householder opts in to the kerbside bin system bundle that best suits their respective recycling, organics recovery, and waste generation profile.

NAWMA's long history of providing a "one size fits all" bin system to residents has not increased landfill diversion, and with the strident increases in the solid waste levy, has not resulted in a substantial decrease in system costs per household.

NAWMA wishes to highlight support for universal access to a three-bin system but is eager to work with our community and Constituent Councils in providing greater flexibility in system design (bin options, collection frequency, access to all three bins). NAWMA believes that inviting the community to a tailored/more personal bin system will result in higher landfill diversion, lower contamination costs, and overall decrease in system costs.

A highly engaged household with strong intentions to recycle should be incentivized to request that their FOGO bin and recycling bin is collected weekly. This would be an increase in service delivery, but an overall decrease in cost of providing the service (as the cost of processing recycling and organics is far less than landfill disposal).

A lesser engaged household should be able to opt-up to a weekly 240L red lid bin service collected weekly, and wind back their accessibility or frequency of collection of the yellow lid recycling bin and/or green lid FOGO bin. While on the surface it may seem to work against the waste hierarchy, NAWMA believes that this common sense flexibility will actually reduce the cost per household as it will draw waste/contamination out of the yellow lid recycling bin, where it must be manually (and expensively) removed at NAWMA's MRF.

Recent work undertaken in the Northern Region illustrated that around 10-15% of our urban community simply do not want access to a Food Organics Garden Organics (FOGO) green lid bin, irrespective of cost. Additionally, NAWMA is experiencing some of the highest contamination levels of the yellow top recycling bin since the inception of kerbside recycling.

Therefore, NAWMA supports ensuring access to a kerbside bin service that is both flexible and practical and meets the needs of the householder.

In a high growth corridor such as the Northern Region, NAWMA believes that the ability to provide choice includes the ability for our community to choose how to best manage the waste generation and recycling habits of the individual household.

### **Draft Valuing Our Food Waste Strategy**

NAWMA unreservedly supports Green Industries South Australia's focus and policy intervention on food waste.

NAWMA's Chief Executive Officer recently facilitated a 'heads of industry' conversation where organics recovery was identified as both a uniquely Australian opportunity to build resilience and drought proof our farm soils, while providing the single biggest return on investment from waste diversion.

NAWMA acknowledges that its best practice Balefill and Renewable Energy Facility at Uleybury returns the degraded organic fraction as renewable electricity, however this organic fraction has a far higher order opportunity as a feedstock to South Australia's well-established organics recycling/composting industry.

Please refer to the advanced copy of **A Great Leap Forward** for further details on the blueprint put forward by NAWMA and others.

### Understanding behaviour

NAWMA agrees that a focus on food waste diversion is both overdue and imminently needed. There is ample evidence that collection systems such as appropriate wheelie bins, along with caddies and biodegradable bags can increase diversion, but NAWMA is yet to see clear evidence where this collection system drives (total kerbside) diversion above 60%.

As a solid focus on systems over the past 10+years has already occurred, NAWMA recommends that a stronger focus be given toward understanding and changing community behaviours in relation to both contamination in recycling and the diversion of food waste away from landfill. A focus on behavioural and societal research to understand the drivers of community actions is called for. This is in addition to NAWMA supporting a wide range of education and community engagement campaigns.

### Education campaigns

The City of Playford supports consistent messaging across the state (or at least metro areas). We are fortunate to have NAWMA taking a strong lead in this under the current leadership, however the focus on good quality communication is dependent on organisations and interests, so it can be challenging to have access to high quality material if/when such support is not available.

Some further suggestions from NAWMA's Constituent Councils are provided here;

- GISA consider whether links to the Environmental Health Officers through EHA or other appropriate means be considered in relation to FOGO actions associated with food businesses. The EHOs already have established relationships with food businesses across the state, so may have capability associated with food waste management for businesses.
- In relation to Development Approval processes associated with food waste disposal in high density areas (pg 19 of the FOGO strategy), it is recommended that there are links to the State Government Planning Reform and Development Plan processes to ensure appropriate design for waste and recycling collection vehicle access. NAWMA's Constituent Councils have had (historical) issues with this in some larger-scale developments.
- The northern area of Adelaide continues to have issues with specific agricultural/rural waste streams such as horticultural plastics, ropes, ties, irrigation pipes etc. We would welcome some level of support from the State Government on working through some of the challenging wastes associated with the rural sector.

Please contact me directly on [a.faulkner@nawma.sa.gov.au](mailto:a.faulkner@nawma.sa.gov.au) should you wish to discuss NAWMA's submission further.

Yours sincerely



**Adam Faulkner**  
Chief Executive Officer

**Encl: A Great Leap Forward**