



Decision Report Item Number 4.1

East Waste Draft Annual Business Plan and Budget 2024/25

Report Date: 21 May 2024
Reporting Officer: Group Manager Finance, Muhammad Jawad
Responsible Manager: Chief Executive Officer, Andrew MacDonald
Previous Reference: Nil

Report Purpose

The purpose of this report is to present to Council the East Waste Draft Annual Plan and Budget 2024/25 for review and approval.

Confidentiality Recommendation (Public)

Pursuant to section 90(2) and 90(3)(d)

Pursuant to section 90(2) of the Local Government Act 1999 (the Act) the Council orders that all members of the public, except the Chief Executive Officer, Andrew MacDonald; Group Manager Finance, Muhammad Jawad; Team Leader, People, Governance & Risk, Jim Dickens; and Governance Officer, Yazmin King be excluded from attendance at the meeting for Agenda Item 4.1 East Waste Draft Annual Business Plan and Budget 2024/25.

The Council is satisfied that pursuant to section 90(3)(d) of the act, the information to be received, discussed and considered in confidence as the information in relation to this agenda item includes 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 the public interest.

The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.

Officer Recommendation

That Council approves the East Waste Draft Annual Plan and Budget 2024/25.

Background

East Waste (trading name of Eastern Waste Management Authority) is a Regional Subsidiary established pursuant to Section 43 of the *Local Government Act 1999*, for the purpose of providing waste services to the Constituent Councils. The Constituent Councils are the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood, Payneham and St Peters, City of Mitcham, City of Prospect, City of Unley, and the Town of Walkerville.

Through the servicing of kerbside waste, recycling, and organics bins as well as street and reserve litter bins, East Waste undertakes waste services for over 40% of South Australia's metropolitan Councils and approximately 25% of the Adelaide population.

The East Waste Management Authority Charter requires the subsidiary to have an Annual Plan in place that supports and informs its budget for the relevant financial year. It is a requirement under the Charter that East Waste obtain consent of the Annual Plan from Member Councils prior to 31 May of each year.

Discussion

The East Waste Management Authority has written to the Town of Walkerville's CEO outlining the summary of the Annual Plan and Budget for financial year 2024/25. Correspondence also includes projected fees for the Town of Walkerville, which is provided at Attachment A. The detailed Annual Plan 2024/25 is provided at Attachment B.

The attached documents were reviewed by Council's Audit & Risk Committee at its meeting held on 20 May 2024, where the Committee resolved the following:

ARC022/05/24

Moved: Colin Scarlett

Seconded: Michele Bennetts

That the Audit & Risk Committee recommends to Council that the East Waste Draft Annual Plan and Budget 2024/25 be approved.

CARRIED

It is proposed that Council review and approves the attached documents.

Financial Implications

There are no financial implications associated with this report.

Risk Implications

The risk associated with this report has been assessed as low.

Attachments

Attachment A	Letter to the CEO of Town of Walkerville – Re East Waste Draft 2024/25 Annual Plan and Budget
Attachment B	Draft East Waste 2024/25 Annual Plan

Confidentiality Recommendation (Public)

Pursuant to section 91(7)

That having considered Agenda Item 4.1 East Waste Draft Annual Business Plan and Budget 2024/25 in confidence under section 90(2) & 90(3)(d) of the Local Government Act 1999, the Council, pursuant to section 91(7) of that Act orders that the report, and all attachments to this Agenda Item be retained in confidence for a period of 12 months and that pursuant to section 91(9)(c) of the Local Government Act 1999 the Council delegates to the Chief Executive Officer the review and power to revoke this Order.

28 March 2024

Mr Andrew MacDonald
Chief Executive Officer
Town of Walkerville
PO Box 55
WALKERVILLE SA 5081
(sent via email: amacdonald@walkerville.sa.gov.au)

Dear Andrew,

Re: East Waste Draft 2024/25 Annual Plan and Budget

I am pleased to present to you the *East Waste Draft 2024/25 Annual Plan* (refer attached), inclusive of a draft budget and Town of Walkerville fees for the 2024/25 financial year.

As I am sure you can appreciate, the balance between being innovative, continuous improvement, strategically advancing the Organisation, operating in a safe manner, delivering a high quality, response service and minimising operational increases, remains a continuous wrestle for East Waste. The FY25 Annual Plan and budget is no different and the Board of East Waste in adopting the FY25 Annual Plan have, after thorough reviews, made a number of strong decisions to ensure fees to Member Councils in the FY25 year are kept low.

Clause 51 of the *East Waste Charter* mandates that East Waste must have an Annual Plan which supports and informs the Budget and Clause 52.3, notes that the Plan must be presented to Member Councils for the purpose of obtaining their consent prior to 31 May. Additionally, Section 53 requires the Authority to advise Constituent Councils of proposed fees for the next financial year by April 1. An overview of the Annual Plan and associated waste fees is provided below and I encourage you to contact me should you have questions.

Annual Plan

The core intent of the 2024/25 Annual Plan (refer Attachment A) remains consistent with recent years, which is to progress towards the Key Performance Indicators and Vision of the 2030 Strategic Plan. Following a joint Board and Audit & Risk Workshop in November 2023 reviewing the Strategic Plan, it was determined that an in-depth review of the Strategic Plan was required, and this will be undertaken over the coming 6-9 months.

The Plan (and budget) have been developed on the basis there are no known extraordinary or abnormal items that need to be accounted for. The Activities within the Plan have been developed reflecting on the feedback received through the Strategic Plan Review workshop, consultation with Member Councils, Board direction over the past 12 months, the success of weekly Organics collection trials, and the undertaking of an industry horizon scan by Administration.

Having undertaken a successful FOGO trial partnership with the City of Prospect, throughout the FY24 year, which has significantly outperformed all other Adelaide trials, it was anticipated that several other trials and rollouts would occur throughout FY25. However, an announcement by the State Government in late February 2024 of a plan to reform legislation around kerbside collections, has significantly constrained this advancement as, if implemented as proposed, would substantially impact on Local Government's ability to maintain the cost of service delivery, drive behaviour change, achieve diversion targets and reduce carbon emissions.

East Waste has been highly proactive in this space advocating to the State Government and the EPA, for flexibility to allow us to drive long term environmental and economic sustainability and this work will continue.

Other key focusses of the FY25 Annual Plan include East Waste-led co-mingled recycling, organics and waste contracts being placed into the market throughout the FY24/25 year. Through these contracts, East Waste will deliver aggregated savings to Member Councils wishing to participate and can kick start significant circular economy and higher use material resource benefits. With the benefit of experience and lessons learned from recent joint approaches to the market, East Waste can position for strong contemporary market approach and contracts.

East Waste will continue with its ongoing work to improve customer service systems and processes to enrich the customer service experience and where possible drive the community to more flexible, online booking services. With several Councils seeking more information on fuel use, emissions and carbon related data, East Waste will also undertake a carbon accounting project to determine emissions and appropriate accounting for subsequent years.

Draft Budget

In the face of a number of financial challenges and pressures, East Waste has been required to make several fiscally tough decisions in order to deliver an acceptable overall year-on-year increase for it's Members. The most significant of these decisions is to not apply the 1% Common Fleet Costing charge in the FY25 budget, which reduces the total budget by approximately \$170,000, but eliminates East Waste's budgeted operating surplus. While this provides a desirable saving to Member Councils in the FY25 year on their collection fees, it results in a tighter than usual budget and will result in the development of the FY26 Budget commencing with an equal deficit. However, Administration is confident in it's ability to manage the FY25 budget and has proven strong financial responsibility over the last decade through providing a number of financial returns to Member Councils and when faced with a deficit, utilised cash reserves rather than seeking the shortfall from Member Councils. It is important to note however, that assuming the 1% Common Fleet Charge is applied next year and all expenses and income remain consistent, Members should expect an overall fee increase greater than CPI in the FY26 year.

Administration expected total service hours to decrease across 2023 as a result of the extraordinary Spring experienced in 2022 and subsequent sharp rise in Organics collections. This decline did not materialise in 2023, with the hours offset by development increases and higher presentation rates across the board. Town of Walkerville Common Fleet percentage (CFP) for the FY24/25 however did decline marginally (by 0.21%), resulting in your CFP being 2.55%. This is the third year running Walkerville has experienced a CFP decline, despite the total number of collections increasing, highlighting the continual efficiency East Waste applies to its operations.

East Waste's Long Term Financial Plan, a key driver and consideration to the Budget Development process, predicted a higher than typical increase of 6.4% in 2025 financial year. This combined with the recorded December 2023 annual CPI rate of 4.8% (utilised for the budget development where required), and Administration's commitment to presenting annual increases competitive with CPI, made for a challenging exercise. The presented FY25 Budget demonstrates the thoroughness of East Waste's budget development process and strong consideration for its Members.

East Waste is a labour-driven business which is reflected in our personnel count, with four out of every five employees being Collection Vehicle Operators (CVO). From a budget perspective this highlights and drives two key points. Firstly, East Waste maintains very low levels of support and management staff – resources are

directed and maintained at the frontline, ensuring that an efficient and effective service is appropriately resourced. Secondly, the Enterprise Agreement and external market forces associated with CVO will have a significant influence on the wages budget.

The waste collection operators are currently in the final year of a three-year Enterprise Agreement (EA) and negotiations for a new agreement are well advanced. The current EA negotiated low annual wage increases (1.75% -2.2%) and against high CPI inflation, East Waste Member Council's have benefited from lower Operator costs in the past three (3) years. Cumulative over the past 3 years CVO salary increases have been 10.7% lower than CPI over the same time. While providing a positive financial outcome, it resulted in East Waste not remaining competitive in the broader labour market and attraction and retention of Operators, exceedingly difficult. In short East Waste could not operate a sustainable and fulsome delivery of service.

To ensure East Waste remained competitive to the market and ensure sufficient retention and attraction of Operators to deliver a compliant service, a market reset was required. An Attraction & Retention program was developed in late 2023, which included an interim, out of cycle wage adjustment. This increase was Board supported and funded through existing cash reserves, without the need to seek additional funds from our Member Councils. A further increase, lower than CPI, is proposed for the FY25 calendar year. Given the increase in FY24 wages was not passed on in the FY24 Common Fleet Cost charges, the FY25 budget has absorbed the impact of two salary increases to Operators within a single budget period.

A key element of attraction of Operators to East Waste is the work life balance afforded. East Waste ensure all Operators work within *the Heavy Vehicle (Fatigue Management) National Regulation*, 100% of the time, which cannot be achieved if sufficient numbers are not employed.

The market reset required to attract and retain sufficient Drivers, appointment of an Apprentice Mechanic and coupled with minor increases in hours within Customer Service and the Finance Team, as a result of increased workloads, has seen wages expenses be the predominate driver of the year-on-year increase. Important to note, all increases are a direct response to ensuring a compliant, efficient service is provided.

Fleet maintenance is another key driver of the increase and this is reflective of the large fleet of vehicles which East Waste now has (in excess of 50 collection vehicles). Over the past 18 months access to and the cost of spare parts has risen sharply and unfortunately maintenance is an operational cost that cannot be avoided when running a fleet of collection vehicles.

An increase in depreciation is expected as truck purchases and receiveal return to historical standards. A delay in the receiveal of the FY24 replacement fleet provides a saving within the current year, however, the converse impact is the higher-than-normal increase to the FY25 budget and costs.

The final key driver to the FY25 increase is in relation to the Depot lease costs. East Waste is in the process of negotiating a new lease for the main Operations Centre at 1 Temple Court, Ottoway. Through preliminary negotiations held, the upper fee is understood and this has been applied for budget development purposes. Administration's approach will be to try to reduce this fee, while at the same time driving other concessions sought through the lease agreement. The sharp increase in associated lease costs and interest, are driven by the required accounting standards (AASB 16) and are outside of East Waste's control.

The draft FY25 Budget also contains a number of expected savings which have been reflected and rigorously pursued by Administration in the development of the budget. In a reversal of a recent trend, a saving has been forecasted for fuel. The increase in fuel costs are still above the applied CPI rate when compared to FY24 BR2 estimates and the Administration notes that the fuel pricing remains volatile and subject to significant variation.

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

Table 1: Town of Walkerville Projected Fees for FY2025

Draft Member Council Fees 2024/2025				
Town of Walkerville	Adopted 2023/2024	Draft Budget 2024/2025	Movement	Comments
Administration Fee Fixed	\$34,640	\$36,303	\$1,663	
Collection Fees	\$461,961	\$448,450	-\$13,511	
Waste	\$208,768	\$205,056	-\$3,712	
Recycling	\$93,494	\$96,105	\$2,611	
Green Organics	\$108,699	\$97,781	-\$10,919	
Street/Reserve Litter	\$31,059	\$30,151	-\$908	
Hard Rubbish	\$19,941	\$19,358	-\$583	
Indicative Processing Fees	\$109,885	\$101,440	-\$8,445	Charged at-cost - projected tonnes
Green Organics	\$0	\$0	\$0	
Hard Waste	\$18,279	\$19,475	\$1,196	Includes mattress disposal cost
Recyclables	\$91,606	\$81,965	-\$9,641	
Total Waste Costs	\$606,486	\$586,193	-\$20,293	

The Figures in Table 1 do not include your landfill disposal costs which are charged directly to Town of Walkerville under a separate contract. Should you have any questions in relation to the figures presented, please don't hesitate to contact me directly.

East Waste continually pursue efficiencies in the delivery of service and our own operations. East Waste would encourage and support Council achieving further savings in the waste space through consideration of implementing a co-contribution payment to hard waste and mattress collections (as two Member Councils have historically done) and undertaking a more proactive approach to the management of illegal and contaminated bins. Please do not hesitate to contact me to assist you in exploring these options further.

East Waste exists to delivery a high value waste collection service, while creating financial and efficiency savings, not generate a profit to return to shareholders and the FY25 Annual Plan, budget and decisions by the Board deliver this.

I look forward to receiving your written consent to the East Waste Draft 2024/25 Annual Plan following Council consideration and continuing to work with you. David Maywald, Manager Business Services and myself are available to answer any questions you or your staff may have ahead of presentation to your Council and are happy to attend and/or present should you wish.

Yours sincerely,



ROB GREGORY
GENERAL MANAGER

EastWaste



2024/25 Annual Plan

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VISION

The Destination

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

MISSION

The Vehicle

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

Executive Summary

The FY24 year has been a year of evolution for East Waste with three weekly FOGO (Food Organics, Green Organics) trials rolled out across Member Councils. The initial success and momentum more broadly of this approach, is likely to see an extension of existing, and the rollout of further trials being a core focus of East Waste in the FY25 year. Albeit, a supportive legislative approach is required, which at the time of drafting the Annual Plan is under threat due to an announcement on new legislation which will impact on Local Government's ability to drive behaviour change and achieve diversion targets.

A preliminary review of the East Waste 2030 Strategic Plan has identified the need to undertake a comprehensive review of the document to raise the strategic nature and outlook of the document. This process is reflective of the evolving maturity of East Waste as an Organisation over the past decade and the trajectory we are currently on.

Other key focusses of the FY25 Annual Plan include an East Waste led co-mingled recycling, organics and landfill contracts being placed into the market throughout the FY24/25 year. Through these contracts East Waste will deliver aggregated savings to Member Councils wishing to participate and can kick start significant circular economy and higher use material resource benefits. With the benefit of experience and lessons learned from recent joint approaches to the market, East Waste can position for strong contemporary market approach and contract.

Background

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

East Waste is governed by a Charter ([the Charter](#)) pursuant to *Section 43* of the *Local Government Act 1999* and administered by a [Board](#), which includes a director appointed by each Council and an Independent Chair.

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

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

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

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

East Waste 2030 Strategic Plan Vision, Objectives & Strategies

VISION

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

OBJECTIVES

1. Deliver cost-effective and efficient services facilities

2. Maximise source separation and recycling

3. Provide leading and innovative behaviour change and education

4. Help develop a local circular economy

5. Provide leadership

STRATEGIES

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

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

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

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

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

KPIs

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

At least 75 percent (by weight) of total kerbside materials are separately collected and recycled by 2030

54% 60% 66% 75%

100 percent (by weight) of total food waste is separately collected and recycled by 2030

13% 40% 75% 100%

At least 60 percent (by weight) of kerbside materials from MUDs are separately collected and recycled by 2030

- 45% 50% 60%

At least 60 percent (by weight) of materials from businesses serviced are separately collected and recycled by 2030

- 45% 50% 60%

Reduce average contamination of kerbside commingled recycling stream to less than 7 percent (by weight)

12.5% <11% <9% <7%

BASELINE 2023 2027 2030

2024/25 Focus

While the Strategic Plan undergoes a review, East Waste will still maintain a focus and pursue progression towards the Vision and objectives of the 2030 Strategic Plan. Regardless of the future direction settled upon, it is highly likely that the current objectives will, at the very least, underpin our thinking and operational aspirations into the future.

East Waste continues to pursue innovation and be at the forefront of service delivery changes for the betterment of our Councils and the Community. East Waste exists to create financial and efficiency savings, not to generate a profit to return to shareholders. This is an important and fundamental distinction of East Waste compared to the private sector and key benefit of being within the East Waste subsidiary.

The review of the Strategic Plan is likely to result in a new suite of KPIs (Key Performance Indicators), but for now the focus and agreed actions will work towards the existing agreed group of indicators. As a partnership Organisation, East Waste requires the support and engagement with our Member Councils and external Organisations in order to work closer to them.

Objective 1: Deliver cost-effective and efficient services & facilities ensure East Waste remains true to its core function of providing high quality and fiscally efficient services to Member Councils, while at the same time seeking external opportunities which add value to the East Waste model. In addition, ensuring that we continue to have contemporary modes of engagement and facilities to deliver services is paramount.

Objective 2: Maximise Source Separation and Recycling and *Objective 3: Provide leading and innovative behaviour change and education* are centred on improving material efficiency, diversion from landfill and actively working towards the Key Performance Indicators listed within the 2030 Strategic Plan. The actions are also designed to help East Waste as an entity, achieve the State Government 2025 diversions targets (specifically Municipal Solid Waste and Food). Within these targets are specific actions centred around improving food waste efficiency and the preliminary result undertaken through the FY24 weekly Food Organics and Garden Organics (FOGO) trails are very promising and warrant further exploration and expansion.

Objective 4: Help Drive a Local Circular Economy, recognises that East Waste has a role to play in assisting and supporting our Members to be more engaged and active within the local circular economy space.

Objective 5: Provide Leadership, actions assist East Waste to continue to strengthen the integrity of internal systems, processes and framework and invest in our people, in order to reduce risk and improve our already high Governance levels.

The actions are far from a prescriptive list, rather the key projects East Waste intends to undertake over the 2024/25 year and more detail on each is provided below. East Waste provides unique and valuable benefits back to our Member Councils far beyond financial savings which cannot be generated through traditional waste contracts. East Waste exists to create financial and efficiency savings, not to generate a profit to return to shareholders. And East Waste achieves this, whilst maintaining a high-level and high-quality service. This has been clearly

demonstrated through the weekly FOGO collection trails undertaken in the past 6 months, where the logistical approach and focus designed by East Waste, has generated a far greater uptake by the community and generated economic and environmental savings not previously realised in other trials implemented in metropolitan Adelaide. The short payback periods that East Waste have shown we can achieve are predominately driven by East Waste's focus to drive efficiency savings to our Member Councils, not profit to shareholders and to match household waste generation with the most appropriate waste collection regime.

The success of implementation of the East Waste-led FOGO trails, coupled with the preliminary results has generated significant interest and excitement amongst several other Member Councils. Recent announcements by the State Government regarding the potential implementation of legislation which will constrain Local Governments flexibility in this space has resulted in this positive advancement being placed in limbo. The advancement previously planned for in FY25 has now been contracted significantly.

East Waste led co-mingled recycling, organics and landfill contracts will be placed into the market throughout the FY24/25 year. Building on recent experiences in this space, East Waste will deliver an aggregated saving to Member Councils wishing to participate and can kick start significant circular economy and higher use material resource benefits.

It is an exciting time to be a part of East Waste with the operational shifts that are occurring, the collaboration being generated from within and interest from external parties to partner. The review of the Strategic Plan will undoubtedly reflect this through a higher-level, less operational focus than it has historically been. The evolution, maturity and growth of East Waste is set to continue throughout the FY25 financial year.

This Annual Plan is to be effective from 1 July 2024.

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI/TARGET	BUDGET
DELIVER COST EFFECTIVE AND EFFICIENT SERVICES AND FACILITIES						
1.	Continue & Expand Core services	East Waste optimisation will come from providing a full suite of services to Member Councils. Where this doesn't occur, East Waste will present detailed business cases for the Council's consideration in a bid to secure these services.	Deliver Cost Effective and efficient services and facilities	1.1	Vision Target	Recurrent
2.	Investigate opportunities outside of existing Member Councils.	When potential opportunities arise, East Waste will investigate service provision to non-member Councils and subsidiaries where the benefit and/or the fostering of partnerships can drive value to Member Councils.	Deliver Cost Effective and efficient services and facilities	1.1	Vision Target	Recurrent
3.	'Landfill' Bin Contract	Member Councils have historically held their own contracts for the disposal/processing of the red/blue bin. As a subsidiary focussed on aggregation, East Waste will investigate, and if feasible, pursue an East Waste-led red/blue bin processing contract.	Deliver Cost Effective and efficient services and facilities	1.2	At least 75% of kerbside material separately collected & recycled	Recurrent
4.	Increase Customer Engagement Opportunities	East Waste has implemented a number of customer service engagement systems in recent years and this work will continue with the consolidation of Customer Service Systems; ultimately creating an improved work management flow.	Deliver Cost Effective and efficient services and facilities	1.5	Vision Target	Recurrent + Service Initiative \$0.075M

MAXIMISE SOURCE SEPARATION & RECYCLING

5.	Advance trials and rollout of weekly organics collections	Through the success of current trials undertaken by East Waste and more broadly across metropolitan Adelaide, East Waste will pursue the design and implementation of at least one further weekly organics collection trial and a full Council rollout.	Maximise Source separation and recycling	2.1	• At least 75% of kerbside material separately collected & recycled • 100% of food waste separately collected and recycled.	Recurrent + Service Initiative \$0.025k
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• **PROVIDE LEADING AND INNOVATIVE BEHAVIOUR CHANGE AND EDUCATION**

6.	Delivery of the “Why Waste It?” behaviour change program and associated social media.	Utilising the results of the reviews and biennial kerbside audits undertaken over the past 6 years, refine and deliver the ongoing successful “Why Waste It?” program, with a strong food waste separation focus.	Provide leading and innovative behaviour change and education	3.2	• Vision Target	Recurrent + Service Initiative \$0.195M
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HELP DRIVE A LOCAL CIRCULAR ECONOMY

7.	Develop and Procure high value processing contracts.	East Waste on behalf of engaged Member Councils will procure new long-term organic and co-mingled recycling contracts with a focus on ensuring the collected material is processed in a manner which retains and utilises the material at its highest order and so far as possible, locally.	Help Drive a Local Circular Economy	4.4	Vision Target	Recurrent
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PROVIDE LEADERSHIP						
8.	Fleet Replacement	In line with the Long-Term Financial Plan, undertake the replacement of five (5) collection vehicles.	Provide Leadership	5.4	Vision Target	Capital \$2.200M
9.	WHS System Responsibility and Accountability	Continuation of ongoing Risk Management and Work Health & Safety systems and processes to provide a safe and healthy workplace for all employees and those which interact with us.	Provide Leadership	5.1	Implement best practice safety standards	Recurrent
10.	Develop Carbon Accounting	With a strong focus on emissions and carbon reporting, East Waste will undertake a project to identify the extent of its carbon emissions and future projects to target reduction. .	Provide Leadership	5.4	Quality, transparent Corporate Activities.	Recurrent + Service Initiative \$0.025M



Budget Management

East Waste operates its waste collection services on a Common Fleet Costing methodology, whereby each respective Member Council is charged directly according to the proportionate time it takes to undertake their respective collection services. This is achieved through the utilisation of a specialised, highly accurate and powerful cloud-based, real-time GPS based system, supported and cross-checked by detailed reporting capabilities. As a result of this, minor variations in the common fleet percentages (and therefore apportioning of Common Fleet costs) occur from year-to-year to account for realised efficiencies, changes in the number of collections undertaken and movement in collection operating costs (e.g. housing inf-fill and developments, Fire Ban days and events).

The Tables on the following page provide a detailed summary of the key business activities undertaken by East Waste on behalf of its Member Councils. Table 1 provides a summary of the operating and capital income and expenditure elements forecasted for waste collection activities for 2024/25. Unsurprisingly the most significant expenditure relates to the logistical requirements of serving the kerbside collections across eight Councils and over 25% of Adelaide's residential population. Fleet replacement, which occurs on a cyclical annual basis, is currently funded via external loan borrowings.

As can be seen from Tables 2 and 3, one of the significant benefits of being an East Waste member is that on top of the highly competitive prices received as a result of aggregated buying power, no administrative, handling or on-costs are charged in relation to resource processing contracts held by East Waste or bin maintenance services. All are charged at-cost.

Labour, fuel costs and fleet maintenance remain the largest operation costs associated with collections (accounting for almost 80% of the common fleet costs). The labour market has been challenging over past 18 months and particularly the last six, requiring East Waste to undertake a market reset in order to attract and retain appropriate staff to carry out our service each day. This has impacted upon higher than CPI year on year increase required for FY25. Fuel has stabilised somewhat over the past 6 months, however the threat of volatility in this market is ever present. Borrowings are based on the most recent Local Government Finance Authority (LGFA) forecasts.

The FY25 increase to Member Councils has been reduced in the FY25 year through a Board decision to not apply the 1% common Fleet Costing Surplus. While this provides relief to Member Council fees, it results in the FY26 budget process commencing in a deficit position (assuming all costs and income remain equal). The net result is an increase marginally higher than CPI, which is unusual for East Waste, however is 1.2% lower than the projected increase forecasted within the East Waste Long Term Financial Plan.

The budget to deliver this Annual Plan, along with all East Waste's Services and legislative requirements is detailed in the following proposed 2024/25 Financial Papers (refer Attachment 1 – 5).

Table 1: 2024/25 Budget Summary - Waste Collection Services

	Income	Expenditure	Net Surplus /Deficit
	\$	\$	\$
Recurrent- Waste Collection	17,586,287	17,577,708	8,579
Recurrent - Corporate Administration	426,421	-	426,421
Service Initiatives	-	435,000	(435,000)
Capital Program	-	2,308,500	(2,308,500)
Total	18,012,708	20,321,208	(2,308,500)

Table 2: 2024/25 Budget Summary - Bin Maintenance Services

	Income	Expenditure	Net Surplus /Deficit
	\$	\$	\$
Recurrent	1,543,605	1,543,605	-
Service Initiatives	-	-	-
Capital Program	-	-	-
Total	1,543,605	1,543,605	-

Table 3: 2024/25 Budget Summary - Waste Processing Services

	Income	Expenditure	Net Surplus /Deficit
	\$	\$	\$
Recurrent	5,827,332	5,827,332	-
Service Initiatives	-	-	-
Capital Program	-	-	-
Total	5,827,332	5,827,332	-

Financial Statements

EAST WASTE

Projected Statement of Comprehensive Income (Budgeted)
for the Financial Year Ending 30 June 2025

FY2023		FY2024	FY2024	FY2025
Audited		Adopted	BR2	Proposed
Actuals		Budget		Budget
\$'000		\$'000	\$'000	\$'000
	Income			
21,188	User Charges	22,747	22,747	23,704
46	Investment income	20	55	48
-	Grants, subsidies and contributions	50	50	-
1,078	Other	1,322	1,372	1,552
22,312	Total	24,139	24,224	25,304
	Expenses			
7,476	Employee Costs	7,675	7,885	8,865
12,184	Materials, contracts & other expenses	13,275	13,514	13,118
2,108	Depreciation, amortisation & impairment	2,657	2,566	2,707
354	Finance costs	384	430	694
22,122	Total	23,991	24,395	25,384
190	Operating Surplus / (Deficit)	148	(171)	(80)
143	Asset disposals & fair value adjustments	18	60	80
333	Net Surplus / (Deficit)	166	(111)	-
-	Other Comprehensive Income	-	-	-
333	Total Comprehensive Income	166	(111)	-

EAST WASTE

Projected Balance Sheet (Budgeted)
for the Financial Year Ending 30 June 2025

FY2023		FY2024	FY2024	FY2025
Audited Actuals		Adopted Budget	BR2	Proposed Budget
\$'000		\$'000	\$'000	\$'000
	Assets			
	Current			
3,953	Cash & Cash Equivalents	3,001	2,100	2,508
746	Trade & Other Receivables	935	746	746
43	Inventory	50	43	43
4,742	Total	3,986	2,889	3,297
	Non-Current			
9,510	Infrastructure, Property, Plant & Equipment	10,490	11,066	13,721
9,510	Total	10,490	11,066	13,721
14,252	Total Assets	14,476	13,955	17,018
	Liabilities			
	Current			
1,266	Trade & Other Payables	1,311	1,216	1,227
2,306	Borrowings	2,200	2,355	2,285
871	Provisions	893	931	991
4,443	Total	4,404	4,502	4,503
	Non-Current			
8,490	Borrowings	8,402	8,185	11,187
136	Provisions	229	196	256
8,626	Total	8,631	8,381	11,443
13,069	Total Liabilities	13,035	12,883	15,946
1,183	Net Assets	1,441	1,072	1,072
	Equity			
1,183	Accumulated Surplus	1,441	1,072	1,072
1,183	Total Equity	1,441	1,072	1,072

EAST WASTE

Projected Statement of Cash Flows (Budgeted)
for the Financial Year Ending 30 June 2025

FY2023		FY2024	FY2024	FY2025
Audited Actuals		Adopted Budget	BR2	Proposed Budget
\$'000		\$'000	\$'000	\$'000
	Cash Flows from Operating Activities			
	Receipts			
22,455	Operating Receipts	24,069	24,119	25,256
46	Investment Receipts	20	55	48
	Payments			
(7,361)	Employee costs	(7,565)	(7,765)	(8,745)
(12,397)	Materials, contracts & other expenses	(13,275)	(13,514)	(13,118)
(304)	Interest Payments	(384)	(433)	(683)
2,439	Net Cash Flows from Operating Activities	2,865	2,462	2,758
	Cash Flows from Investing Activities			
	Receipts			
145	Sale of Replaced Assets	50	92	80
	Payments			
(587)	Expenditure on Renewal/Replaced Assets	(2,115)	(4,111)	(2,249)
(2,484)	Expenditure of New/Upgraded Assets	(40)	(40)	(60)
(2,926)	Net Cash Flows from Investing Activities	(2,105)	(4,059)	(2,229)
	Cash Flow from Financing Activities			
	Receipts			
4,525	Proceeds from Borrowings	2,115	2,115	2,114
	Payments			
(271)	Repayment of Lease Liabilities	(285)	(285)	(170)
(1,815)	Repayment of Borrowings	(1,944)	(2,086)	(2,065)
2,439	Net Cash Flow from Financing Activities	(114)	(256)	(122)
1,952	Net Increase (Decrease) in cash held	646	(1,853)	408
2,001	Cash & cash equivalents at beginning of period	2,355	3,953	2,100
3,953	Cash & cash equivalents at end of period	3,001	2,100	2,508

EAST WASTE

Projected Statement of Changes in Equity (Budgeted)
for the Financial Year Ending 30 June 2025

FY2023	FY2024	FY2024	FY2025
Audited Actuals	Adopted Budget	BR2	Proposed Budget
\$'000	\$'000	\$'000	\$'000
850 Balance at Start of Period - 1 July	1,275	1,183	1,072
333 Net Surplus / (Deficit) for Year	166	(111)	-
- Contributed Equity	-	-	-
- Distribution to Councils	-	-	-
1,183 Balance at End of Period - 30 June	1,441	1,072	1,072

EAST WASTE

Projected Uniform Presentation of Finances (Budgeted)
for the Financial Year Ending 30 June 2025

FY2023		FY2024	FY2024	FY2025
Audited Actuals		Adopted Budget	BR2	Proposed Budget
\$'000		\$'000	\$'000	\$'000
Income				
21,188	User Charges	22,747	22,747	23,704
46	Investment income	20	55	48
-	Grants, subsidies and contributions	50	50	-
1,078	Other	1,322	1,372	1,552
22,312		24,139	24,224	25,304
Expenses				
7,476	Employee Costs	7,675	7,885	8,865
12,184	Materials, contracts & other expenses	13,275	13,514	13,118
2,108	Depreciation, amortisation & impairment	2,657	2,566	2,707
354	Finance costs	384	430	694
22,122		23,991	24,395	25,384
190	Operating Surplus / (Deficit)	148	(171)	(80)
Net Outlays on Existing Assets				
(587)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,115)	(4,111)	(2,249)
2,108	Depreciation, Amortisation and Impairment	2,657	2,566	2,707
145	Proceeds from Sale of Replaced Assets	50	92	80
1,666		592	(1,453)	538
Net Outlays on New and Upgraded Assets				
(2,484)	Capital Expenditure on New and Upgraded Assets	(40)	(40)	(60)
-	Amounts Specifically for New and Upgraded Assets	-	-	-
-	Proceeds from Sale of Surplus Assets	-	-	-
(2,484)		(40)	(40)	(60)
(628)	Annual Net Impact to Financing Activities (Surplus/(Deficit))	700	(1,664)	398