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## **CONFIDENTIAL ORDINARY COUNCIL MEETING**

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**CONFIDENTIAL MATTERS****Chief Executive Officer Performance Review Committee**

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## COMMITTEE REPORTS

### CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE

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***Matters which cannot be  
delegated to a Committee or  
Staff.***

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## 18.1 CEO CONTRACTUAL OBLIGATIONS

Contact Person: Mayor Glenn Docherty

### Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (a) of the Local Government Act 1999, this matter is confidential because the matter relates to personal affairs of the CEO Mal Hemmerling and is not a matter of public knowledge at this point in time.

### A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

### B. THE BUSINESS MATTER

## 18.1 CEO CONTRACTUAL OBLIGATIONS

**Responsible Executive Manager :** Mr Mal Hemmerling

**Report Author :** Ms Rosemary Munslow

**Delegated Authority :** Matters which cannot be delegated to a Committee or Staff.

**Attachments :** 1. Draft Amended CEO Contract

### PURPOSE

For Council to consider the amended CEO contract in line with guidance provided to the CEO Performance Review Committee.

### RECOMMENDATION

That the amended CEO Contract (attachment 1) be endorsed.

### EXECUTIVE SUMMARY

After the completion of the CEO Performance Agreement review in October 2016, the CEO Performance Review Committee considered the amended CEO Contract in accordance with guidance provided from Council at the Ordinary Meeting 28 February 2017. The CEO Performance Review Committee considered the CEO's Contract and feedback from Council on the 10 July and now presents to Council a revised contract for Council's consideration.

## 1. BACKGROUND

At the Council meeting of 25 October 2016 Council received an update on the CEO performance review 2015/16.

At the CEO Performance Review Committee of the 13 February 2017 the Committee resolved the following:

*In accordance with the CEO Employment Agreement 17.2 and 17.3 that the TEC Package be reviewed within one month of the performance review, the Chief Executive Officer Performance Review Committee seek Councils guidance on the CEO TEC Package salary increase from zero to 2.5%.*

*Taking into account the CEO has performed against his Performance Agreement 2015/2016 the following needs to be considered when review the TEC Package:*

- *The key performance indicators,*
- *The CEO's Position Description,*
- *Remuneration paid to CEO's of similar sized councils in South Australia,*
- *Any other factor the Panel considers relevant.*

At the Ordinary Meeting of Council 28 February 2017 Council resolved the following as a guide for the CEO Performance Review Committee to consider when negotiating any amendments to the CEO Contract:

*That Council give guidance to the CEO Performance Review Committee to negotiate the following:*

1. *In lieu of pay increase, that 10 additional days of annual leave be provided,*
2. *That \$10,000 is transferred from Superannuation contribution to personal training and development,*
3. *That the Committee negotiate a mutually agreed extension of the CEO's Contract.*

At the CEO Performance Review Committee 10 July 2017 the Committee considered the feedback from Council and resolved the following:

1. *Remove the first sentence in item 19.1.2 and seek legal advice on this change,*
2. *Amend 15.1 to increase the personal development and training allowance to a maximum of \$25,000,*
3. *Amend Schedule two TECP to reflect \$25,000 superannuation contribution and \$25,000 in personal development and training allowance.*

## 2. RELEVANCE TO STRATEGIC PLAN

The CEO Performance Agreement and Contract is linked to and informed by the Strategic Plan.

## 3. PUBLIC CONSULTATION

There is no requirement to consult the community on this matter.

#### 4. DISCUSSION

- 4.1** In preparation for the Committee and Council to consider the CEO Contract legal advice has been sought on the relevant amendments to the CEO Contract.
- 4.2** In accordance with the Committee recommendation of the 10 July additional advice was sought in relation to the removal in part Clause 19.1.2.
- 4.3** As highlighted in track changes of the Amended CEO Contract (attachment 1) the following clauses have been amended for consideration:
- Clause 4.1 – amended the period of extension from six months to twelve months;
  - Clause 4.2.3 – amended the notification period from three months to two months prior to the Expiry Date. This is to allow the CEO reasonable timeframe to consider and respond to the Council's offer under Clause 4.2.2;
  - Clause 19.1.1– amended annual leave entitlement from 30 to 40 days;
  - Clause 19.1.1 – reference to the annual leave being cumulative from year to year if unused;
  - Clause 19.1.2 – amend the clause that removes the requirement on the CEO to utilise outstanding leave annually; and
  - Clause 15.1 and Schedule two – increase the personal development and training allowance and reduce the Superannuation Contribution, which is as a result of legislative changes to the Superannuation contribution limits.
- 4.4** As of July 2017 superannuation contribution limits have been amended that the maximum amount allowed to be contributed to superannuation is \$25,000 down from \$35,000.

#### 5. OPTIONS

##### Recommendation

That the amended CEO Contract (attachment 1) be endorsed.

## EMPLOYMENT AGREEMENT

City of Playford  
and  
Malcolm Hemmerling

Norman  
Waterhouse  
LAWYERS

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**THIS IS AN EMPLOYMENT AGREEMENT** between:

**CITY OF PLAYFORD** of 12 Bishopstone Road, Davoren Park in the State of South Australia  
(the Employer)

AND

**MALCOLM HEMMERLING** of 63 Milan Terrace, Stirling ~~106 Grasby Road, Balhannah~~ in the  
State of South Australia (the CEO)

## INTRODUCTION

- A. The Council is a body corporate constituted by proclamation pursuant to the *Local Government Act 1999* (SA).
- B. The Employer wishes to employ the CEO in accordance with Section 96 of the *Local Government Act 1999* (SA) and the CEO has agreed to accept that employment on the terms and conditions set out herein.
- C. Malcolm Hemmerling will be known as the Chief Executive Officer.

## 1. DEFINITIONS

In this Agreement, unless expressed or implied to the contrary:

**Act** means the *Fair Work Act 1994* (SA);

**Agreement** means this employment agreement;

**Award** means the South Australian Municipal Salaried Officers Award or a successor award;

**Commencement Date** means 21 September 2015;

**Confidential Information** means:

- (a) information relating to the business affairs and employees of the Employer;
- (b) matters of a technical nature, future directives and policies, technical data pertaining to the general affairs of the Employer, internal procedures and information, financial information, information pertaining to other employees, salaries, strategic and business plans and like information relating to the Employer;
- (c) other information which the Employer tells the CEO is confidential or which if disclosed, the CEO knows or ought reasonably to know would be detrimental to the Employer;
- (d) all other information which is imparted to the CEO in circumstances which the CEO knows or should reasonably know that the information is confidential to the Employer or any other persons with whom the Employer is concerned; and
- (e) excludes any information that is public knowledge otherwise than as a consequence of a breach by the CEO of obligations under this Agreement or breach by some other person of a duty of confidence to the Employer.

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**Council** means the elected body of the City of Playford;

**Duties** means the responsibilities, duties and functions of the CEO specified in this Agreement and in Schedule 1;

**Expiry Date** means the date upon which this Agreement expires, being 21 September 2018;

**TEC Package** means the monetary and non-monetary entitlements detailed at Clause 11.

**Term** means the period of employment specified in Clause 3.1.

## 2. APPLICATION OF OTHER INDUSTRIAL INSTRUMENTS

- 2.1 This Agreement shall be read in conjunction with the Act.
- 2.2 This Agreement shall not be read in conjunction with the Award, or any other industrial award or agreement.
- 2.3 The City of Playford Enterprise Agreement 2012, or a successor agreement, does not apply to the CEO's employment.

## 3. TERM OF EMPLOYMENT

- 3.1 The CEO's employment commences on the Commencement Date and will continue under this Agreement for three years, concluding on the Expiry Date.
- 3.2 The parties agree that the CEO's appointment and employment will terminate on the Expiry Date unless this Agreement is:
  - 3.2.1 Terminated prior to the Expiry Date pursuant to Clause 18 of this Agreement; or
  - 3.2.2 Extended pursuant to Clause 4 of this Agreement.
- 3.3 The parties agree that, in consideration of the terms and conditions of this Agreement, the employment of the CEO will not be ongoing but will continue only for the Term, subject to earlier termination in the terms of this Agreement, or such extension of the Term as may apply under Clause 4.1.

## 4. FURTHER AGREEMENT

### 4.1 Six-Twelve Month Extension of Agreement

- 4.1.1 At the CEO's sole discretion, the Agreement may be extended for a period of up to an additional six-twelve months from the Expiry Date by the CEO notifying the Employer not less than six months before the Expiry Date of his wish to do so.
- 4.1.2 If the Agreement is extended by the CEO pursuant to this Clause, the terms and conditions herein will continue to apply and the Agreement will terminate at the end of the additional period.



#### 4.2 Further Employment Agreement

- 4.2.1 At least six months prior to the Expiry Date, the CEO may make a written application to the Employer for a new employment agreement. Alternatively, the Employer may make an offer of further employment to the CEO no later than six months from the Expiry Date.
- 4.2.2 Following consideration of the CEO's application in Clause 4.2.1, the Employer must notify the CEO at least three months prior to the Expiry Date whether or not a new employment agreement is to be offered to the CEO.
- 4.2.3 Following consideration of the Employer's offer under Clause 4.2.1, the CEO must notify the Employer at least ~~three~~ two months prior to the Expiry Date whether or not he accepts the Employer's offer.
- 4.2.4 If the CEO accepts an offer of a new employment agreement, the terms and conditions of that employment shall be set out in a further written agreement. If the terms of a new employment agreement cannot be agreed by the parties by the Expiry Date, the CEO's employment will conclude on the Expiry Date.
- 4.2.5 If a new employment agreement is entered into by the parties under this Clause prior to the Expiry Date, the CEO will be deemed to have continuity of service with the Employer for the purpose of determining the CEO's accrued benefits under the new employment agreement.
- 4.3 Nothing in this Clause prevents the parties from discussing the terms and conditions of a new employment agreement during the Term.

#### 5. HOURS OF WORK

- 5.1 The CEO's hours of work average 38 hours per week and will be as required for him to perform the Duties and the other functions pursuant to this Agreement.
- 5.2 No additional remuneration or penalties are payable for hours additional to 38 hours per week or the circumstances in which they are performed. The TEC Package is in full compensation for all entitlements and hours of work performed.

#### 6. REQUIREMENTS OF POSITION

- 6.1 The CEO must perform the Duties set out in Clause 7 and Schedule 1 to this Agreement. The CEO will be consulted in the development of key performance indicators, which will be set by the Employer and appended to this Agreement within three months of the Commencement Date.
- 6.2 The Employer may change any of the Duties set out in Schedule 1, in consultation with the CEO, as long as those Duties remain within the skills and expertise of the CEO.



## 7. DUTIES AND RESPONSIBILITIES

### 7.1 The CEO must:

- 7.1.1 Comply with the Code of Conduct for Council Employees;
- 7.1.2 observe and comply with statutory responsibilities arising from the *Local Government Act 1999* (SA) and all other applicable legislation;
- 7.1.3 observe and comply with all lawful directions and instructions of the Council;
- 7.1.4 perform the Duties with such a degree of skill, care and diligence, which is appropriate to the Duties;
- 7.1.5 be just and faithful to the Employer and shall promptly give to the Employer full information and truthful explanations of all matters relating to his Duties and responsibilities under this Agreement;
- 7.1.6 act in the best interest of the Employer at all times;
- 7.1.7 account to the Council for any remuneration or other benefit received from a third party in the CEO's capacity as CEO in any business conducted or promoted by the Employer or any related corporation;
- 7.1.8 be informed and up to date on issues and developments that affect all areas of responsibility;
- 7.1.9 attend meetings of the Council and other bodies as required;
- 7.1.10 exercise responsibilities and Duties where the Employer has delegated authority;
- 7.1.11 personally observe the requirements of the Employer's policies and procedures in force from time to time;
- 7.1.12 carry out and perform the Duties:
  - 7.1.12.1 lawfully;
  - 7.1.12.2 with proper decorum;
  - 7.1.12.3 to the best of the CEO's ability and judgment; and
  - 7.1.12.4 to the satisfaction of the Employer;
- 7.1.13 promote the aims and objectives of the Employer;
- 7.1.14 maintain a current, unimpeded South Australian driver's licence throughout the Term; and
- 7.1.15 at all times comply with any legislation applying to matters within the scope of the CEO's employment.

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- 7.2 The CEO accepts that the Council may require him to carry out any and all Duties which are within his skills and competence, including those Duties specifically outlined in Schedule 1.

## 8. ACCOUNTABILITY

- 8.1 The CEO is accountable to the Council and is required to satisfactorily carry out the responsibilities, Duties and functions set out in the position description in Schedule 1, which forms part of this Agreement.
- 8.2 The CEO will be subject to the direction and control of the Council at all times.
- 8.3 The CEO will devote his whole time and attention during the hours reasonably required to properly perform the Duties.

## 9. DISCLOSURE OF INTERESTS

- 9.1 The CEO will disclose to the Employer any interests (whether direct or indirect) which may give rise to a conflict with his performance of the Duties and responsibilities pursuant to this Agreement.
- 9.2 The parties acknowledge and agree that the CEO has involvement with the bodies currently listed on the CEO's return.

## 10. OUTSIDE INTERESTS

- 10.1 The CEO must not be directly or indirectly engaged, concerned or interested in any employment, trade, business, profession or occupation requiring the provision of services or advice by the CEO (other than the employment provided by this Agreement), except with the prior written consent of the Employer, which will not be unreasonably withheld.
- 10.2 If the Employer provides its consent to the CEO pursuant to Clause 10.1, the CEO agrees that he will give priority to the employment obligations under this Agreement over and above any other business or employment in which he is authorised by the Employer to engage.

## 11. TOTAL EMPLOYMENT COST PACKAGE (TEC PACKAGE)

- 11.1 In consideration of performing the Duties, the CEO is entitled to the TEC Package, which will incorporate annual salary, superannuation and a value in respect of the provision of a vehicle (howsoever provided) outlined in this Clause and Schedule 2.
- 11.2 Regardless of Clause 11.1, the parties may agree to enter into any lawful salary packaging arrangement by mutual agreement between them, which will be recorded in writing in Schedule 2 of this Agreement. The Employer will bear the cost of Fringe Benefits Tax (if any) associated with any salary packaging arrangements reached with the CEO.
- 11.3 No additional remuneration is paid for overtime worked by the CEO, it being noted that the salary component of the TEC Package is loaded in consideration of such hours.

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- 11.4 The cash component of the TEC Package will be paid in arrears in equal fortnightly instalments, or as otherwise provided by the Employer, by direct deposit to an account nominated by the CEO.

**11.5 Superannuation**

11.5.1 The Employer must make superannuation contributions in accordance with its obligations under the *Superannuation Guarantee (Administration) Act 1992* (Cth), and as necessary to ensure that the Employer is not subject to the charge under the *Superannuation Guarantee (Administration) Act 1992* (Cth).

11.5.2 The CEO has nominated the Hemmerling Family Superannuation Fund as the fund into which superannuation contributions are to be made.

11.5.3 Any statutory increase to superannuation will be borne by the Employer as an addition to the TEC Package, as it applies at the time of the statutory increase.

**11.6 Deductions**

11.6.1 The Employer must:

11.6.1.1 Deduct from the cash component of the TEC Package and remit to the Australian Taxation Office instalments of income tax in compliance with its obligations under the *Income Tax Assessment Act 1936* (Cth); and

11.6.1.2 Make any other deduction which the Employer is lawfully authorised or obliged to make.

**11.7 Vehicle**

11.7.1 The Employer requires the CEO to have a vehicle and current, unimpeded driver's licence so as to fulfil the Duties in this Agreement.

11.7.2 The Employer will provide the CEO with a fully maintained vehicle for business and private use, if the CEO so chooses.

11.7.3 The type of vehicle shall be chosen by the CEO at his discretion up to the value outlined in Schedule 2 and advised to the Council as soon as practicable after acceptance of the terms of this Agreement.

11.7.4 The Employer will be responsible for the payment of the Fringe Benefits Tax associated with the vehicle (if any).

11.7.5 Payments for fuel will be the responsibility of the Employer.

11.7.6 The parties agree that the CEO's spouse or partner may be nominated as a driver of the vehicle.

11.7.7 Upon the cessation of the Agreement, the CEO will have the option to purchase the vehicle provided at the trade in price that is available to the Council. If this option is exercised, the Council will withhold monies

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owing to the CEO upon cessation of the Agreement to offset (either wholly or in part) the value of the vehicle. Any outstanding amount can be collected by the Council as a debt.

## 12. PROVISION OF WORK-RELATED EQUIPMENT

12.1 The Employer shall provide the CEO with the following equipment, and ensure payment in respect of the following services, to assist in the performance of his Duties:

12.1.1 Mobile phone;

12.1.2 Laptop computer;

12.1.3 iPad;

12.1.4 Establishment (if not established as at the Commencement Date) and maintenance of an internet connection at the CEO's residence;

12.1.5 Establishment (if not established as at the Commencement Date) and maintenance of a telephone landline at the CEO's residence.

12.2 The CEO is required to return the mobile phone, laptop computer and iPad to the Employer by the Expiry Date, unless otherwise agreed with the Employer.

## 13. PERSONAL AND PROFESSIONAL DEVELOPMENT

13.1 The Employer agrees to provide the CEO with professional and/or personal development opportunities of up to two weeks' duration for each year of the Agreement.

13.2 The costs associated with professional development opportunities will be borne by the Council.

13.3 The costs associated with personal development opportunities will be borne either by the CEO or by utilising funds outlined in Clause 15 of this Agreement.

13.4 Any application for professional development must be made by written application to the Mayor for its acceptance at least one month prior to the opportunity to which the application relates. Approval will not be unreasonably withheld.

## 14. PROFESSIONAL MEMBERSHIPS

14.1 The Employer will pay for the cost of the CEO's professional membership(s) to bodies relevant to the CEO's Duties and/or to fund professional development opportunities throughout the Term of this Agreement, including interstate and/or overseas travel, as nominated by the CEO, by agreement with the Employer.

## 15. PERSONAL DEVELOPMENT AND TRAINING ALLOWANCE

15.1 The Employer agrees to provide the CEO with an allowance up to a maximum of \$~~15,25~~25,000.00 per annum for personal development training incurred by the CEO in the course of his employment (excluding those incurred in relation to Clause 13 above) upon the provision of relevant invoices. This amount is to be utilised at the CEO's discretion.



- 15.2 Any amount to the CEO's credit upon the anniversary of the Commencement Date for each year of the Term will be paid to the CEO as a lump sum, as wages.

## 16. PERFORMANCE REVIEW

- 16.1 The parties agree that the CEO will undergo a performance review in accordance with the Personal Evaluation System each year, typically in July, for the Term of this Agreement. The CEO must participate in any performance review required by the Employer.
- 16.2 The performance review shall be conducted by a Performance Review Panel appointed by the Council (**the Panel**).
- 16.3 The Panel will assess the CEO's performance by reference to review process that currently exists at the Council measured against the CEO's Duties as outlined in this Agreement, Position Description and any other factors considered relevant by the Panel. The Panel will evaluate the extent to which the CEO has discharged the CEO's goals, objectives, responsibilities and Duties outlined in Schedule 1.
- 16.4 The performance review will review the CEO's Position Description and key performance indicators through the review process that currently exists at the Council.
- 16.5 A written report shall be compiled with respect to the performance review and a copy provided to the CEO. The report shall set out in detail any particular aspects of the CEO's performance that require improvement, together with reasonable time frames within which the Panel expects those areas of performance to be improved to a specified standard.
- 16.6 The Employer must provide whatever counselling, advice and assistance are reasonably necessary to enable the CEO to improve his performance during that period.
- 16.7 At the conclusion of the time frames referred to in Clause 16.5 and after taking into account the written report referred to in that Clause (and such other matters as the Employer considers relevant), the CEO will either:
- 16.7.1 Be informed that performance has improved to the satisfaction of the Employer and that no further action will be taken; or
- 16.7.2 Be provided with further written notice, providing final warning that unless the CEO's performance improves in the same stipulated areas, once again within a time frame, the Employer will terminate this Agreement pursuant to Clause 18.3.1.
- 16.8 The CEO's Position Description must be reviewed and, if necessary, amended by agreement within two months after each performance review.

## 17. TEC PACKAGE REVIEW

- 17.1 The TEC Package specified in Clause 11 and Schedule 2 shall be reviewed annually in conjunction with the performance review process.

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17.2 The TEC Package review will be conducted within one month of the performance review set out in Clause 16 (if reasonably practicable), and any change to the TEC Package shall take effect from the date on which the performance review is concluded.

17.3 The review of the TEC Package will take into account the following:

17.3.1 The key performance indicators;

17.3.2 The CEO's Position Description;

17.3.3 Remuneration paid to CEO's of similar sized councils in South Australia; and

17.3.4 Any other factor the Panel considers relevant.

17.4 Despite the foregoing, the CEO is not entitled, by right, to any increase in the TEC Package during the Term.

## 18. TERMINATION OF AGREEMENT

### 18.1 Summary Termination

18.1.1 This Agreement may be terminated by the Employer without notice and without the payment of compensation in lieu of notice in the event that the CEO:

18.1.1.1 commits any serious or persistent breach of any of the terms of this Agreement;

18.1.1.2 engages in serious and wilful misconduct;

18.1.1.3 is guilty of serious neglect of duty in the discharge of the Duties;

18.1.1.4 knowingly acts in breach of the Employer's policies in force from time to time;

18.1.1.5 makes improper use of the Employer's property;

18.1.1.6 fails to display and exercise the CEO's duty of fidelity or good faith towards the Employer which the Employer might reasonably expect of the CEO; or

18.1.1.7 is convicted of any criminal offence which prescribes a term of imprisonment.

### 18.2 Termination due to illness or incapacity

The parties agree that this Agreement may be terminated by the Employer without notice and without the payment of compensation in lieu of notice in the event that the CEO is incapacitated from performing the Duties pursuant this Agreement due to ill health of any type for a period of greater than three months and where all leave entitlements have been exhausted, except where such illness constitutes a compensable disability pursuant to the provisions of the *Return to Work Act 2014* (SA), or successor legislation.

### 18.3 Termination by the Provision of Notice

- 18.3.1 In the event that the Employer determines through the performance review process that the CEO has failed to reasonably meet the performance expected, and provided that the Employer has complied with the procedure as specified in Clause 16 above, the Employer may terminate this Agreement by giving no more than three months' notice or by making an equivalent payment of compensation in lieu of notice (or part thereof).
- 18.3.2 This Agreement may be terminated by the Employer, without cause, by giving six months' notice, or the balance of the Term, whichever is the lesser. The Council may, at its absolute discretion, make a payment in lieu equivalent to the relevant notice (or part thereof) as required.
- 18.3.3 This Agreement may be terminated by the CEO giving the Council a period of three months' notice in writing, unless otherwise negotiated with the Employer.
- 18.3.4 In addition to any right of termination, and without derogating from any right available in this Agreement, the CEO's employment may at any time be terminated by the mutual agreement of the parties on whatever notice and terms upon which the parties may then agree.

## 19. LEAVE

### 19.1 Annual Leave

- 19.1.1 The CEO is entitled to 30-40 working days of annual leave per completed year of service, which may be taken at any time approved by the Employer. This leave is cumulative from year to year if unused. The CEO is not entitled to any leave loading payment.
- 19.1.2 ~~There should not be more than 30-40 days annual leave to the credit of the CEO at the end of any year of service.~~ The Employer may direct the CEO to take any outstanding leave.
- 19.1.3 Any entitlement to annual leave standing to the credit of the CEO at the time of cessation of employment shall be discharged by the Employer by payment based on the CEO's TEC Package.

### 19.2 Sick/Carer's Leave

- 19.2.1 The CEO is entitled to 10 working days sick/carer's leave for each year of service for the purpose of:
- 19.2.1.1 Convalescing in respect of a personal injury or illness (**sick leave**);
- 19.2.1.2 Providing care and support to an immediate family or household member who is suffering from an injury or illness (**carer's leave**).

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19.2.2 There shall be no entitlement to payment in lieu of accrued sick/carer's leave entitlements upon cessation of the CEO's employment.

19.2.3 The Employer may require the CEO to provide documentary evidence in support of any sick/carer's leave absence, whether or not the CEO seeks payment for such absence.

**19.3 Long Service Leave**

Long service leave entitlements will be accrued and granted in accordance with the provisions of the *Long Service Leave Act 1987* (SA).

**19.4 Bereavement Leave**

19.4.1 The CEO is entitled to two days' paid bereavement leave on the death of the CEO's family member or in other special circumstances as are shown to exist to the satisfaction of the Employer.

19.4.2 The CEO may be required to provide evidence to the Employer in respect of an absence for bereavement leave, whether or not the CEO seeks payment for such absence.

**19.5 Parental Leave**

The CEO is entitled to parental leave in accordance with the provisions of the Act.

**19.6 Leave at the direction of the Employer**

The Employer may, at any time during the employment, direct the CEO to take leave at full pay and direct the CEO not to report for Duties in whole or in part.

**20. CONFIDENTIALITY OF CONTRACT**

Subject to any applicable law and the written consent to disclosure by both parties, the terms of this Agreement will be kept confidential.

**21. CONFIDENTIALITY OF INFORMATION**

21.1 The CEO will not at any time during this Agreement, nor at any time thereafter, otherwise than in the discharge of the CEO's Duties hereunder or with the prior consent of the Employer:

21.1.1 Divulge to any other person any Confidential Information which the CEO may acquire or have acquired in the course of this Agreement.

21.1.2 Use Confidential Information obtained for the CEO's own benefit or the benefit of any other person or entity.

21.2 All documents, memoranda, reports, books, manuals, papers, records, tools, computer software and hardware and electronically stored information in respect of the operations or statutory obligations of the Employer shall be and remain the sole property of the Employer and shall be delivered up by the CEO to the Employer upon demand.



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21.3 The CEO acknowledges that the obligations imposed by this Clause shall be in addition to the obligations imposed or implied at common law in respect of CEOs.

21.4 The CEO's obligations under this Clause shall survive the termination of this Agreement.

## **22. INTELLECTUAL PROPERTY AND OTHER PROPERTY OF THE EMPLOYER**

### **22.1 Intellectual Property**

22.1.1 All materials provided to the CEO by the Employer, including materials provided to enable performance of the Duties, and all intellectual property in those materials, are and remain the property of the Employer.

22.1.2 All material produced by the CEO in performing the Duties (in or out of working hours) and all intellectual property in that material are the property of the Employer alone, on and from creation, unless otherwise agreed in writing by the Employer.

22.1.3 The CEO must do all acts and sign all documents the Employer reasonably requests to secure its ownership or registration of its intellectual property, during and after the Employment.

22.1.4 At the Employer's request, the CEO must return all the Employer's materials (in any form) and the CEO is not entitled to retain copies of the Employer's materials in any form.

### **22.2 Other property**

22.2.1 The CEO must take all reasonable care in using the Employer's property.

22.2.2 On termination of the CEO's Employment or upon the Employer's request, the CEO must return in good condition (subject to fair wear and tear) any property in the CEO's possession or control belonging to the Employer.

### **22.3 Breach**

A breach of the CEO's obligations under this Clause is a serious breach of this Agreement. In addition to the Employer's other remedies, the Employer may sue the CEO for damages sustained as a result of such a breach, interest and legal costs on a solicitor and own client basis.

## **23. GOVERNING LAW**

This Agreement shall be governed by, construed and take effect in accordance with the laws of South Australia and the parties hereto irrevocably submit to the jurisdiction of the courts of South Australia.

**24. WARRANTY OF QUALIFICATIONS**

24.1 The CEO warrants that he holds the qualifications and has the requisite experience, as stated to the Council before the Commencement Date, to undertake the Duties. The parties acknowledge the provision of the signed, original academic transcripts by the CEO prior to the Commencement Date.

24.2 If the CEO does not have the qualifications or experience stated, the Employer may summarily terminate this Agreement.

**25. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement of the parties regarding the employment of the CEO as herein provided and supersedes all prior agreements, understandings and negotiations regarding the employment of the CEO.

**26. DISPUTE RESOLUTION**

26.1 Any dispute between the parties in relation this Agreement may be settled by any agreed process or, failing agreement as to a process, may be referred to an agreed third party for mediation and conciliation. Both parties may be represented at any mediation or conciliation.

26.2 The cost of engaging the agreed third party referred to in Clause 26.1, if any, will be borne equally by the parties.

**27. NO WAIVER**

27.1 A party waives a right under this Agreement only by written notice to the other party that it waives that right.

27.2 A waiver is limited to the specific instance to which it relates and to the specific purpose for which it was given.

**28. SEVERABILITY**

The Employer and the CEO consider the covenants, obligations and restrictions herein contained to be reasonable in all the circumstances of the employment and each and every one of such covenants, obligations and restrictions in each and every part thereof, shall be deemed to be a severable and independent covenant, obligation and restriction to the intent that, if they are taken together, be judged to go beyond what is reasonable in all the circumstances, but would be adjudged reasonable with any one or more such covenants, obligations or restrictions or any one or more parts thereof deleted the covenants, obligations and restrictions herein contained shall be deemed to apply as if such covenants, obligations or restrictions or parts thereof as are so adjudged, unreasonable were deleted.

**29. NOTICES**

Any notice to be given pursuant to this Agreement shall be in writing and may be delivered personally or delivered by prepaid registered post to the address of the parties set out in this Agreement, or at the known place of abode or business of the party or such other address as the party may from time to time notify to the other party for the purposes of service of any notice.

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**30. VARIATION**

This Agreement shall only be varied by further agreement of the parties in writing.

**31. SIGNATORIES**

**Signed** by an authorised representative  
of the **City of Playford** in the presence  
of:

.....  
Signature of witness.....  
Authorised representative.....  
Name of witness (print).....  
Date

**Signed** by **Malcolm Hemmerling** in the  
presence of:

.....  
Signature of witness.....  
Malcolm Hemmerling.....  
Name of witness (print).....  
Date

- 17 -

**SCHEDULE ONE**



**CHIEF EXECUTIVE OFFICER**

**JOB & PERSON SPECIFICATION**

**[INSERT]**

Released 27 July 2021

**SCHEDULE TWO – TOTAL EMPLOYMENT COST PACKAGE**

Annual base salary (gross)	\$297,978.66
Superannuation contribution	<del>\$3525</del> ,000.00
Full and unrestricted use of a fully maintained vehicle	\$25,000.00
Personal development and training allowance	<del>\$1525</del> ,000.00
<b>TOTAL (gross)</b>	\$372,978.66

**C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 18.1 IS TO BE KEPT IN CONFIDENCE**

**Purpose**

To resolve how long agenda item 18.1 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 18.1 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (a) of the Local Government Act 1999:

- Report for item 18.1
- Attachment(s) for Item 18.1

This order shall operate until such time that Council reviews and determines the outcomes of the Confidential Orders Register as part of the annual review by Council in accordance with Section 91(9)(a) of the Local Government Act 1999, whichever comes first.

## STAFF REPORTS

---

***Matters which cannot be  
delegated to a Committee or  
Staff.***

---

## 18.2 NAWMA STRATEGIC ASSET CONSIDERATIONS (PRESENTATION)

Contact Person: Ms Maggie Dowling

### Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (d) of the Local Government Act 1999, this matter is confidential because it pertains to the purchase of land by NAWMA in order to carry out its business into the future. The information contains prudential review and financial information relating to land purchase which was provided on a confidential basis to Council.

### A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

### B. THE BUSINESS MATTER

## 18.2 NAWMA STRATEGIC ASSET CONSIDERATIONS (PRESENTATION)

**Responsible Executive Manager :** Ms Maggie Dowling

**Report Author :** Ms Kaarina Sarac

**Delegated Authority :** Matters which cannot be delegated to a Committee or Staff.

**Attachments :**

1. Development Approval Notification
2. NAWMA Board Report on Property Purchase - **Confidential**
3. NAWMA Long Term Financial Plan
4. Prudential Report on Property Purchase - **Confidential**

### PURPOSE

To allow the Northern Adelaide Waste Management Authority (NAWMA) to acquire a loan in order to purchase land for its operations.

A presentation from NAWMA CEO, Mr Adam Faulkner and Chair of the NAWMA Board, Mr Brian Cunningham, will be included in the consideration of this report.

### STAFF RECOMMENDATION

Council endorse the Northern Adelaide Waste Management Authority to obtain a loan from the Local Government Finance Authority for up to \$4.150 million with repayment costs to be amortised over a ten year period for the purchase of 71-75 Woomera Avenue, Edinburgh Parks.

### EXECUTIVE SUMMARY

The Northern Adelaide Waste Management Authority (NAWMA) is progressing its strategic directions to re-locate its Materials Recovery Facility (MRF) to a property at 71-75 Woomera Avenue, Edinburgh Parks. The relocation and changes to the MRF operations are anticipated



to provide significant operational savings to the NAWMA Constituent Councils as highlighted in the NAWMA Budget and Business Plan considered by Council on 27 June 2017.

Options for purchase or lease of the property have been considered by the NAWMA Board, with a prudential review being instigated to consider a lease versus a land purchase option. The prudential review outlines that the purchase option is the more beneficial one and also comments on the high quality of analysis undertaken by NAWMA in considering the property acquisition.

To progress a purchase of the property the NAWMA Board would need to obtain a loan from the Local Government Finance Authority (LGFA). In order to obtain a loan the NAWMA Charter requires endorsement by all three of its constituent councils.

## **1. BACKGROUND**

In 2015, NAWMA identified a need to shift its operations to a more appropriate facility. The NAWMA Board made a decision to purchase the Woomera Avenue property early in 2016. The Development Approval for the MRF, NAWMA offices and the Education Centre was finalised on 23 June 2017 (see Attachment 1). NAWMA now intends to progress with the purchase of the property via a loan from the LGFA subject to approval from its Constituent Councils.

The City of Playford is a Constituent Council of NAWMA with approximately 35% ownership as at the 2017/18 Financial Year. Therefore Council wears a commensurate risk of the loan as a part-owner. The analysis and risk mitigation undertaken by NAWMA in relation to taking out a loan is outlined in this report.

## **2. RELEVANCE TO STRATEGIC PLAN**

### 1: Smart Service Delivery Program

Outcome 1.1 High quality services and amenities

NAWMA provides waste management services to its constituent and client councils. The NAWMA Board has considered how best to meet the current and future waste management needs of the communities it services in a cost effective manner to its constituent councils.

## **3. PUBLIC CONSULTATION**

There is no requirement for Council to undertake Public Consultation on this issue.

## **4. DISCUSSION**

- 4.1** The NAWMA Charter clause 6.3 requires approval of all of its three Constituent Councils to obtain a loan of the size required for the property purchase.
- 4.2** The NAWMA Board has been pursuing a strategic property purchase to continue its waste management operations since September 2015. It has provided Council with updates over time, and has now provided a report outlining its considerations for a property at 71-75 Woomera Avenue, Edinburgh Parks (see Attachment 2).
- 4.3** The Long Term Financial Plan for NAWMA includes consideration for a \$4.1 million loan for the purchase of the Woomera Ave property at current fixed rates offered by the LGFA. (The LTFP is provided in Attachment 3).

- 4.4** The acquisition of the Woomera Ave site will allow NAWMA to progress the development of its MRF, with associated significant operational savings as outlined in the NAWMA business plan considered by Council at its meeting on 27 June 2017.
- 4.5** The original prudential report was re-visited in June 2017 following a Board decision to no longer pursue an adjoining property purchase (see Attachment 4). This report reviewed the 20 year implication of a purchase option versus a lease on the Woomera Avenue site.
- 4.6** The Prudential report highlights a significant cost benefit of a purchase option over a lease of over \$700,000 over the 20 year period which the report considered.
- 4.7** The analysis undertaken by NAWMA Board, including the LTFP and prudential review show that there is minimal risk to Council regarding the proposed loan. These show that a loan will facilitate work which will provide a significant benefit to Council via reduced costs associated with waste management.

## **5. OPTIONS**

### Recommendation

Council endorse the Northern Adelaide Waste Management Authority to obtain a loan from the Local Government Finance Authority for up to \$4.150 million with repayment costs to be amortised over a ten year period for the purchase of 71-75 Woomera Avenue, Edinburgh Parks.

### Option 2

That Council does not approve the Northern Adelaide Waste Management Authority to obtain a loan for the purchase of Lot 706 Woomera Avenue, Edinburgh Parks.

## **6. ANALYSIS OF OPTIONS**

### **6.1 Recommendation Analysis**

#### 6.1.1 Analysis & Implications of the Recommendation

A decision to endorse NAWMA attaining a loan allows it to continue to operate in a manner set in its strategic directions. It should be noted that Council is deciding whether to approve its regional subsidiary obtaining a loan to conduct its business in a manner that its Board has already determined is appropriate.

NAWMA has undertaken prudential analysis of the purchase and has factored this into its LTFP. The prudential report notes that purchase of the site is financially beneficial compared to a lease on the site. It also notes that the assessment conducted by NAWMA in considering the option is of a high standard.

The risk to Council of its subsidiary undertaking a loan to carry out business directions is low especially given the level of governance associated with the direction through NAWMA and its Board.

#### 6.1.2 Financial Implications

There are no direct financial or resource implications.

## **6.2 Option 2 Analysis**

### 6.2.1 Analysis & Implications of Option 2

This option would require NAWMA to pursue alternative actions to achieve its strategic directions. It would result in negotiations with both NAWMA and its other two Constituent Councils to seek alternative financing methods or to undertake a lease on the site at Woomera Ave which is counter to the prudential report recommendation.

### 6.2.2 Financial Implications

There are no direct financial or resource implications. A lease option is more financially expensive than a purchase option, with these costs being borne by Council through the standard NAWMA budget processes should this option be pursued.

Released 27 July 2021

**COPY****CITY OF SALISBURY  
DECISION NOTIFICATION FORM**

FOR DEVELOPMENT APPLICATION

Development Number: 361/185/2017/DB

DATED 31-Jan-2017

REGISTERED ON 01-Feb-2017

**APPLICANT**Northern Adelaide Waste Management Authority  
C/- URPS  
12/15 Fullarton Rd  
ROSE PARK SA 5067**LOCATION OF PROPOSED DEVELOPMENT:****Subject Site:** 71-75 Woomera Avenue, Edinburgh SA 5111**Parcel:** Lot 506 D 68296**Certificate of Title:** CT-5960/906**Nature of Proposed Development:****CHANGE OF USE OF THE EXISTING BUILDING TO MATERIAL RECOVERY FACILITY**

In respect of this proposed development you are informed that:

Nature of Decision	Consent	No. of Conditions
Development Plan Consent	GRANTED (DEVELOPMENT ASSESSMENT COMMISSION)	TEN
Building Rules Consent	PRIVATELY CERTIFIED	NIL
Other	-	-
DEVELOPMENT APPROVAL	GRANTED	TEN

Building Classification: 5 – Office, 8 - Factory

Signed:

Responsible Officer: Jeffrey Shillabeer

Decision Date: 23-Jun-2017

**CITY OF SALISBURY  
DEVELOPMENT PLAN CONSENT  
SCHEDULE OF CONDITIONS**

**Regulation 42 Eleventh Schedule****Development No:** 361/185/2017/DB

Council considers the conditions are necessary to ensure that the use of land and activities associated with that use do not injuriously or detrimentally affect the amenity of the locality or the zone.

***DEVELOPMENT PLAN CONDITIONS (DEVELOPMENT ASSESSMENT COMMISSION):***

1. Except where minor amendments may be required by other relevant Acts, or by conditions imposed by this application, the development shall be established in strict accordance with the details and stamped plans relating to Development Application No. 361/L004/17.
2. The hours of operation of the facility shall be limited to Monday to Friday 6:00pm to 6:00pm and Saturdays 7:00am to 12:00pm.
3. The Material Recovery Facility shall not receive, handle or sort green waste matter or putrescible waste at any time (except such material that is received as contaminants of recyclable waste).
4. Materials likely to be windblown shall not be handled or stored outside of the building.
5. The waste compactors and the associated conveyors shall be fully enclosed.
6. All doors around the perimeter of the Material Recovery Facility shall be kept closed during operations, except where otherwise required to facilitate the movement of baled materials by forklift or during the entry and exit of trucks.
7. Except where otherwise approved, no materials, goods or containers shall be stored in the designated car parking area or manoeuvring areas at any time.
8. All recommendations and commitments contained under the approved stormwater management plan, odour assessment, traffic parking assessment and URPS planning report shall be completed, prior to commencement of use and met at all times.
9. Stormwater systems shall be designed and constructed to cater for minor storm flows (Industrial/Commercial ARI = 10 years). The design of the stormwater system shall ensure that no stormwater is discharged onto any adjoining land. Surface stormwater is to be managed in a manner that ensures no ponding of water against buildings and structures, no creation of any insanitary condition, and no runoff into neighbouring property for the major storm event ARI = 100 years.
10. All driveways and parking areas shall be constructed with either brick paving, concrete or bitumen to a standard appropriate for the intended traffic volumes and vehicle types. Individual car parking bays shall be clearly line marked. Driveways and car parking areas shall be established prior to the approved use commencing and shall be maintained at all times to the satisfaction of Council.



**Agenda Item  
19 July 2017**

**NAWMA Board**

**Strategic Property Investigation – Purchase 71-75 Woomera Avenue, Edinburgh Parks**

**Introduction**

The Board has been provided with a comprehensive suite of documents leading up to this point in time being the culmination of the purchase and approval processes.

The process leading up to the Strategic Property Investigation commenced in September 2015 as it was identified as a task in the NAWMA Waste Management Strategy 2015-2020 to ensure long term security of site and operations.

Resultant from the Board meeting held on 20 January 2016 and Special Board meeting held on 11 February 2016, the option of purchasing the abovementioned property was identified as the preferred long term solution to NAWMA's business requirements. *The adjoining property at 1-2 Gidgie Court was also investigated for purchase but this proposal was abandoned by the Board by circular resolution made on 14 June 2017.*

Subsequently the Board requested that the Prudential Review and Development Approval process commence. The Development Application documents were submitted to Salisbury Council in late May 2016.

**Discussion**

Whilst the protracted development approval process for change of use of the Woomera Avenue building to a Material Recovery Facility was underway, NAWMA in the meantime sought and gained approval to occupy the building with the NAWMA administration and to store the new MRF equipment in the warehouse.

For primarily technical reasons associated with the Planning Regulations the NAWMA DA was elevated to the Development Assessment Commission (DAC). The strategic property investigation has been successfully completed for Woomera Avenue with the following being received:

- Development Plan Consent – 13 April 2017
- Building Rules Consent – 23 June 2017
- Development Approval – 23 June 2017

The last step in the process is to present both the Development Approval and updated Prudential Review (early review presented to the Board 4 May 2016 has been subsequently updated by Kelliedy Jones Lawyers at the request of the Board to report on the purchase of the subject property) to the Constituent Councils for approval of the loan funds from the LGFA to purchase the property. Noting that the Councils have received the board report dated 11 February 2016 and the Elected Members have been briefed.

As advised previously the property negotiator engaged by NAWMA achieved a purchase price of \$4.050 million (the property owners had a sale price on the property of \$4.5 million). The Board has approved the purchase which will require a loan of \$4.150 million (includes allowance for fees).

The Board is reminded that the loan for the MRF equipment (\$2.5m from the LGFA and \$1.5m of NAWMA's funds) was approved by the constituent Councils and has in fact been drawn down from the LGFA. Furthermore NAWMA has received a grant of \$300,000 from the State Government towards the cost of the MRF equipment.

In addition to the above the TWG requested a re-valuation of the Woomera Avenue property which has been received. The valuation conducted in November 2015 identified a market value of \$3m. The updated valuation conducted in May 2017 has revalued the property at \$3.475m an increase of 16% over the eighteen month period.

#### **NAWMA Profile**

The new NAWMA headquarters, EEC and MRF has achieved a main objective to improve the image of waste management and reflect the importance of the business to local government.

Woomera Avenue coupled with the EN site and Uleybury Landfill, successfully demonstrates NAWMA's responsibility to managing the full spectrum of an integrated waste and resource recovery system.

#### **Comments**

It is essential to achieve the MRF "start up" date of August 2017, that the property acquisition loan approval for \$4.150m is progressed through the Councils in an expedient manner. Any delay in meeting this time frame will result in unbudgeted costs to Councils in addition to other consequences as previously discussed ie. extended period of unemployment for northern suburbs community members.

The building housing the MRF requires modifications to the value of \$234,000 to suit the operation as proposed by NAWMA. In order for this to proceed there requires to be an assuery that the LGFA loan will be approved.

#### **Reference to Documents**

1. NAWMA Waste Management Strategy 2015-2020
2. NAWMA Long Term Financial Plan
3. NAWMA Board Report B dated 11 February 2016 – Future Location of NAWMA
4. Prudential Reviews - Purchase of 71-75 Woomera Avenue, Edinburgh Parks dated June 2017  
- Operation of MRF by NAWMA dated April 2016
5. Opteon Property Group valuations dated November 2015 and May 2017

#### **Conclusion**

This has been a comprehensive process that has achieved an excellent result for NAWMA providing long term site and operational security for the MRF. Furthermore the new location will allow for improved WHS and enhanced capabilities as well as the potential to source new business.

The operation of the MRF by NAWMA and the purchase of its own property and relocation to new facilities ranks as the most important phase in NAWMA's future development.

#### **Recommendations**

1. *That the Prudential Report for the site purchase and Development Approval (both dated June 2017) for the operation of the Material Recovery Facility be received and forwarded to the Constituent Councils to support the property purchase.*

2. *That subject to the Constituent Councils approval the NAWMA Board endorse the purchase of 71-75 Woomera Avenue, Edinburgh Parks to be funded through a loan from the Local Government Finance Authority for up to \$4.150 million with repayment costs to be amortised over a ten year period.*
3. *That subject to approval being received from the Constituent Councils, the NAWMA Board authorizes the affixing of the Common Seal to the LGFA loan documentation to be witnessed by the Chair and Chief Executive Officer in accordance with Clause 25.3 of the NAWMA Charter.*

Released 27 July 2021



# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

## TEN YEAR FINANCIAL PLAN 2017/18 – 2026/27



June 2017

**NAWMA TEN YEAR LTFP**  
June 2017



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**NAWMA TEN YEAR LTFP**  
June 2017



## **1. Executive Summary**

The NAWMA Administration with assistance from Dean Newbery & Partners (DNP) have undertaken a review and update the Long Term Financial Plan (LTFP) model of the Authority which was last adopted by the Board in May 2017. The NAWMA Administration has completed a review of all Key Assumptions, projected future capital and funding requirements, projected waste volumes and proposed future capital works program to be undertaken.

Based on the remaining air space capacity of the landfill as at 1 July 2017, based on projected waste volumes and estimated landfill compaction rate, it is estimated the landfill has a remaining filling life of approximately 10 years (complete filling in 2025/26). The NAWMA Board need to consider now what future landfilling activities it will want to undertake beyond the filling life of the current landfill site at Uleybury and ensure appropriate planning and due diligence is undertaken on considering all available options (e.g. acquiring a new landfill site, purchase of airspace facility at alternate landfill site, etc.) should it wish to continue landfill operations beyond 2025/26.

At the conclusion of the current landfilling activities, the Uleybury landfill site will commence 'post closure' remediation and monitoring activities for a minimum 25-year period beyond the life of this LTFP. To ensure all estimated capping and post closure liabilities remain accurate and reliable for financial modelling and financial reporting purposes, ongoing annual review of all the key assumptions and estimates contained in calculating these liabilities need to continue to be undertaken by the NAWMA Administration and updated accordingly when required.

The LTFP incorporates all the Operating and Capital requirements of the Authority over the 10-year period commencing 1 July 2017 to 30 June 2027. It is projected that NAWMA will be able to meet all known Operating and Capital commitments over the next 10 years. This conclusion is predicated on the financial data modelled, the Key Assumptions outlined, projected future tonnages from each customer group and the proposed Gate Fee structure.

The financial modelling prepared by the NAWMA Administration in the business plan for the NAWMA operated Material Recovery Facility to commence operation on the 17 July 2017 has been included in the LTFP. This will be the subject of regular ongoing review and adjustment as the new business is established.

All future landfill Capital commitments have been assumed to be externally funded through borrowings with the Local Government Finance Authority (LGFA) and repaid over the life of the landfill Stage to which the borrowings have been borrowed to fund.

For the purpose of ensuring long term security (20 years) of NAWMA 's operations and compliance with WHS requirements, it is proposed to purchase 71-75 Woomera Ave, Edinburgh Parks. Activities at this site will be:

- House the NAWMA Administration and Environment Education Centre.
- Establish the new NAWMA MRF in the 3,200 sqm building available.

To ensure appropriate planning of any potential relocation of the Waste Bailing Plant operations, the

**NAWMA TEN YEAR LTFP**

June 2017



Board will need to determine by 2019 the strategic direction it wishes to implement to determine if it wishes to continue operations on the Edinburgh North site or relocate. NAWMA will need to ensure that it will generate sufficient revenues to fund the ongoing loan commitments beyond the 10-year period modelled.

Over the life of this LTFP, NAWMA will need to consider key strategic options relating to its future waste processing and disposal operations (e.g. will NAWMA run and operate its own landfill, will it continue to bale waste at the existing Edinburgh North site or a new site, should NAWMA purchase airspace at an existing landfill facility as an alternative, etc.).

The Resource Recovery Centre operations will continue to be located at Edinburgh North and it is assumed that this facility will continue to run and operate from this location for a further 20 years as from 1 July 2015. At the conclusion of this 20-year term, NAWMA will need to strategically consider whether this facility will continue to operate in the current location or relocate the facilities.

A detailed analysis and modelling of all assumptions is contained within this report.

**It is recommended that this Plan be reviewed by the Authority at least annually and that all Key Assumptions and financial data be updated as applicable to ensure it remains a reliable platform which the Board and Administration can use for decision making purposes**

**NAWMA TEN YEAR LTFP**  
June 2017



## 2. Underlying Assumptions Contained in LTFP

### 2.1 Capital Acquisitions

It is estimated that a capital expense of up to \$4.150 will be required for the purchase of the Woomera Avenue Site. This is in addition to the up to \$4m in new plant and equipment in the re-designed MRF operation. This expenditure will be incurred during the 2017/18 financial year.

### 2.2 Landfill: Remaining Filling Life Projections

The landfill is to be constructed over 3 stages.

Based on projected rates of filling, the useful life of the stages is:

Stage 1: Full  
Stage 2: Full  
Stage 3 filling until 2025/26

### 2.3 Growth Indicators

Housing growth for the region (all 3 constituent Council's) is projected to be 1.34%. This is based on historical data on actual growth over the last five years. For the financial year 2017/18, the following growth factor has been calculated considering future growth projections:

Salisbury	1.0%	therefore	60,991 services
Playford	1.5%	therefore	39,565 services
Gawler	2.5%	therefore	11,438 services
<b>Total</b>			<b>111,994 services</b>
Less:	2016/17		110,526 services
<b>Total</b>			<b>1,468 new services</b>
=			<b>1.31% Projected Regional Growth</b>

### 2.4 Waste Tonnages

Tonnages other than for Constituent Councils is to remain constant over the period 2017-2027 for the purposes of projecting future waste tonnages to the landfill for the purposes of preparing the LTFP. Expected growth in population within Constituent Council has been factored into the Constituent Council projected tonnages over the 10-year period. It is expected that Constituent Council tonnages will increase by 1.5% per annum.

Based on historical data and considering the increasing yields and residential participation rates for garden organics (including food organics) a 4% annual increase in kerbside collection is an adequate prediction at this stage.

**NAWMA TEN YEAR LTFP**

June 2017

**2.5 Employee Levels and Costs**

NAWMA at its current stage of development is relying less on contractors and employing specialist staff in its operations. The following will apply effective 1 July 2018:

- MRF operation – 1 Manager, 1 Leading Hand and a Maintenance Fitter (other staff to be engaged on contract labor arrangement)
- WPF – 3 plant operators
- WHS / Facilities supervisor to be engaged (transfer from MRF supervisor to WHS role)
- Community Engagement – 2 part time officers to be engaged post July 2017.

Regarding costs, the MRF will be a standalone business. The WPF operators to be employed by NAWMA will be a cost saving in excess of \$100,000 per annum as opposed to using a contractor.

**2.6 End Site Value of NAWMA Operations**

A revaluation of all Land owned by the Authority was undertaken by external property valuers in 2014/15. There has been no financial consideration included in the LTFP for any potential future sale of the landfill site or the buffer land property owned by the Authority.

**2.7 Cost of Finance**

Interest rate for all new borrowings is projected to be 4.1% on 10 year fixed loans. The LGFA interest rates have been compared to other lending organisations and found to be highly competitive for fixed interest loans.

**2.8 Baler**

The Baler operates 11 hours per day, 5 days a week, receiving 77,000 tonnes per annum. This is considered to be operationally efficient for one waste baler.

It is projected that a new waste baler will be required in 2022. The cost to replace the baler has been factored into the LTFP at an estimated cost of \$900,000. This is based on maintenance inspection showing evidence of metal fatigue coupled with a reduction in the operational life of major replacement items i.e. ejection ram cylinder. The funding for the new plant will be met through the gate charges,

**2.9 State Waste Levy**

2017/18 State Waste Levy rates are as follows (\$/per tonne):

Constituent Council	87.00
Commercial & Industrial	87.00
Rural (Cat A)	43.50
Landfill Direct	87.00

**NAWMA TEN YEAR LTFP**  
June 2017



There has been informal information received from the State Government regarding future increases to the levy post the 2017/18 financial year.

**Projected State Waste Levy charges:**

Year	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Percentage Increase		15.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
State Waste levy	\$87.00	\$100.00	\$103.00	\$105.63	\$108.27	\$110.98	\$113.75	\$116.59	\$119.51	\$122.50

**2.10 Post Closure Rehabilitation Provision**

This liability has been calculated and presented in accordance with applicable Australian Accounting Standards and in accordance with the audited Annual Financial Statements and previous LTFPs adopted by the Board.

This liability will continue to be monitored annually by the Administration and any adjustments necessary recorded for changes in any expected future costs.

**2.11 Capping Costs**

NAWMA will continue to provide in its Balance Sheet each year a liability to reflect the expected costs of capping cells being filled. This liability will be reviewed annually at the end of each reporting period to allow for any adjustments to the expected future costs.

Further to the above, NAWMA was an active participant in the A-CAP which is a study/trial into a most cost efficient alternate final capping system. The results of the trial were positive and prompted NAWMA to redesign the final capping system. The revised costs have been incorporated into the current version of the LTFP.

**2.12 Projected Capping Timeline**

Below is a summary of when the projected capping activities are expected to be undertaken based on the projected future tonnages:

<b>Stage 1 and part Stage 2:</b>	Completed in 2017
<b>Remaining Stage 2 and Stage 3:</b>	June 2026



**NAWMA TEN YEAR LTFP**  
June 2017



### **3. NAWMA Operations – Expenditure Analysis**

#### **3.1 Administration Expenses**

Administration costs reflect the day-to-day running costs of the Edinburgh North operations Centre and the Woomera Ave administration office.

The expected increase in costs over the next 10 years has been estimated to rise at CPI rate, initially however, the growth factor will also be considered during the annual review process.

#### **3.2 Borrowing Costs**

NAWMA is projected to drawdown on the following borrowings over the life of the LTFP:

- \$2.5M in 2016/17 (10 year fixed loan) to fund plant and equipment to operate the new NAWMA MRF, and
- \$4.1M in 2017/18 (10-year fixed loan) to fund purchase of 71-75 Woomera Avenue, Edinburgh Parks.

#### **3.3 Collection Costs**

Waste collection costs reflect the cost of collecting domestic waste from the three Constituent Councils by an independent contractor.

The current contractor's contract commenced in March 2017. This contract is due to expire in February 2025. The new collection Contract has achieved significant saving to constituent Councils budget (around 20%) and this has been reflected in contractor's prices over the term of the Plan.

#### **3.4 Depreciation**

All assets are depreciated over lower of either the expected useful life of the asset or the expected remaining life of the landfill. At the end of the landfill's filling life, all assets will have a written down value of \$nil - except for the adjacent land owned on the boundary of the footprint and the residual value of the waste baler and all plant and equipment.

Depreciation has been applied to NAWMA's new asset, being the Woomera Ave property, and new MRF plant and equipment.

#### **3.5 Disposal Costs**

Disposal costs include all costs relating to the disposal of domestic waste collected to the landfill site. Disposal costs include payment for Boral royalties, State Waste Levy and cost of baling and transporting



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waste to the landfill site.

Disposal charges for Constituent Councils has been reduced by 6% in 2017/18, and other client Councils have not been increased for the 2017/18 financial year.

Disposal costs for Constituent Councils and other client Councils are anticipated to increase in line with the prevailing CPI increase at a maximum throughout this LTFP.

**3.6 Employee Costs**

Employee costs relate to expenses such as salaries and wages, superannuation, allowances, on-costs and leave entitlements.

As at 1 July 2017, there are 17 full time and 2 part-time employees employed by NAWMA.

Future employee costs will include plant operators for the Baling Plant and Uleybury Landfill.

**3.7 Contractor Costs**

Future contractor costs will include employment agency staff required to operate the NAWMA MRF operations, WBP and Landfill operations.

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## **4. NAWMA Operations – Revenue Analysis**

### **4.1 Administration**

Administration income refers to income received from Constituent Councils for the administrative processing of kerbside collection service, disposal of waste, and processing of recyclables. This is a monthly fee received by NAWMA based on the number of services performed for each Constituent Council

### **4.2 Domestic Waste**

Refers to the funds received from Constituent Councils for the recovery of costs for kerbside collection of domestic waste by an independent contractor for each Constituent Council's residents.

### **4.3 Garden & Food Organics**

Garden and Food Organics revenue refers to the funds received from Constituent Councils for the recovery of costs for kerbside collection of Garden and Food Organics by an independent contractor for each Constituent Council's residents.

### **4.4 Kerbside Recycling**

Kerbside recycling revenue refers to the funds received from Constituent Councils for the recovery of costs for kerbside collection of recyclables by an independent contractor for each Constituent Council's residents.

### **4.5 CAT A Revenue**

CAT A waste is waste received from rural councils and commercial and industrial sector which is processed through the WPF.

This equates to approximately 21,500 tonnes per annum.

### **4.6 Landfill Direct**

Landfill Direct income relates to income received from waste which is directly disposed into the landfill from external clients.

It is estimated that approximately 1,600 tonnes of waste per annum will be disposed of directly into the landfill. In addition to the above an additional income source is clean fill (soil) from neighboring residential developments. This has averaged 40,000 tonnes per annum over the last 2 years.

### **4.7 Constituent Councils**

This relates to the Gate Fee revenue received from Constituent Councils for the disposal of domestic waste into the landfill.

Around 63,000 tonnes per annum is received - with an annual increase in line with service growth of 1.34% per annum there after - of domestic waste will be disposed into the landfill from all 3 Constituent Councils.

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#### 4.8 Other Income

This includes revenues received for promotions and regional recycling revenue.

### 5. Projected Gate Fee Summary

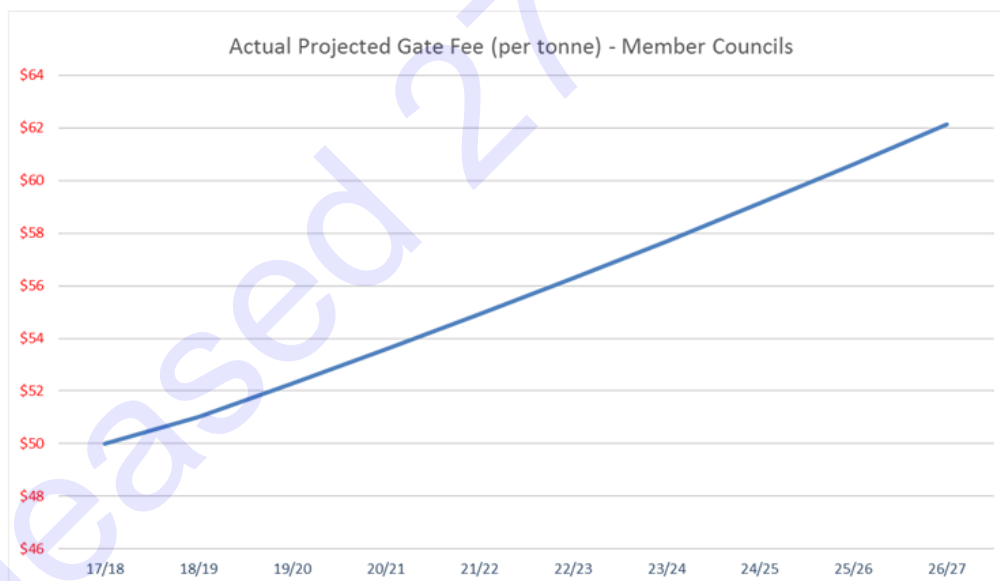
The below graph depicts the actual Gate Fee (GST and State Waste Levy exclusive) that would be charged to Constituent Councils over the next 10 years.

Gate fees have been structured so that all residual operating and expected future costs (all costs less revenue received from other waste sources) are recovered through the gate fee charged to Constituent Councils.

The gate fees have been structured so that costs such as post closure site rehabilitation, capping, depreciation and amortisation are fully funded over the remaining filling year life of NAWMA's landfill.

Gate Fees have also been set to ensure that at the end of the operating life of the landfill, there are no liabilities left for the Constituent Councils to fund (e.g. post closure site monitoring or rehabilitation costs).

All of future liabilities are projected to be funded through the gate fees charged. Regular monitoring of expected future provisions by the Board and Management of NAWMA is critical to ensure that any movements in expected future provisions is reflected in the setting of gate fees at the beginning of each financial year.



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## 6. Future Major Projects/Contract Renewals

Detailed below are when NAWMA's significant contracts are due to expire. These contracts have been listed below to ensure readers of the report are aware that in the future, renewal of these contracts can have significant impacts on the future finances and operations of the Authority.

The following contracts terminate over the period of the LTFP:

	Expiry Date	Term
Kerbside Collection Services & Hardwaste /SUEZ	28-Feb-25	8 years
MGB's/Trident	28-Feb-25	8 years
Uleybury Landfill Operation/LR & M	1-Oct-17	5 years
Transportation of Baled Waste/SUEZ	31-Oct-19	5 years
Garden Organics Processing / Peats	28-Feb-25	8 years

The total value of contracts under NAWMA management as at the time of preparing the LTFP is \$98.7m.

All Contracts will continue to be examined with a view to ascertaining if there are alternative means of achieving the objectives and increasing the value to NAWMA.

The Board has approved NAWMA operating the MRF and WPF Baling Operation which was as a result of a review undertaken by the Administration of both Contracts.

Further consideration on options available on all contracts as they are being renewed will be undertaken by the Administration and appropriate due diligence measures undertaken in consultation with the Board and Constituent Councils.

The following leases terminate over the period of the LTFP:

- Edinburgh North - 31<sup>st</sup> December 2022 (5+5 renewal option)
- Resource Recovery Centre - 31<sup>st</sup> December 2022 (5+5 renewal option)

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## **7. Alternate Waste Technologies**

NAWMA is highly aware of the significance of technology in the management of resource and waste streams. This is a significant strategic area whereby NAWMA must continuously evaluate technology opportunities.

The alternatives to landfill may well involve “Energy from Waste” (EfW) concepts and also affect the method/s for the kerbside collection of the three waste streams.

NAWMA is exploring alternate waste technologies (AWT) and should the Authority choose to go down this path in the future then the MRF will still be viable as it will be the front end to the AWT which will most likely be located on the Woomera Ave site.

Further to the above the Board is also investigating other landfill opportunities should EfW technologies are assessed as not being financially viable, which at present is the case.

NAWMA has established major waste management facilities for the northern Adelaide region and the level of operations will still need to be maintained post closure of the Uleybury Landfill around 2026-27.

## **8. Energy from Landfill**

NAWMA has entered commercial arrangements with LMS who are building a Solar and gas fired electricity plant at the Uleybury Landfill Facility. This plant is using first of its kind technology in Australia and will be a show piece facility in the energy from waste sector. Financial benefits will be realized by NAWMA, although not included in the current LTFP, from royalties associated with the Solar plant.

Development approval for the facilities have been granted and it is expected the facility will come online in late 2017.

## **9. New Business Opportunities**

NAWMA is currently investigating new business opportunities to further grow the business and increase the services offered. Currently NAWMA is working with Salisbury Council to investigate the possibility of running the Transfer station located on Research Road Pooraka.

NAWMA will continue to investigate opportunities as they arise, with the view of growing the business and increasing the value of the organization to Member Councils.

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## **10.Key Risks**

Potential risks associated with the NAWMA operations have been identified and discussed at length in the appropriate Business Plans.

Risks in regards to interest rate movement, inflator rates etc may impact on the LTFP and its projections which will require adjustments as necessary. The annual review process will ensure that all assumptions are routinely monitored.

The NAWMA Waste Management Strategy has also identified potential risks and has a number of listed actions to be completed.

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## APPENDICIES

Released 27 July 2021



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**APPENDIX ONE: PROJECTED STATEMENT OF COMPREHENSIVE INCOME**

	17/18 \$	18/19 \$	19/20 \$	20/21 \$	21/22 \$	22/23 \$	23/24 \$	24/25 \$	25/26 \$	26/27 \$
<b>INCOME</b>										
<i>User Charges</i>	\$17,527,065	\$17,665,247	\$18,322,651	\$19,002,401	\$19,708,702	\$20,442,573	\$21,204,938	\$21,997,023	\$22,820,112	\$23,675,250
<i>EPA Levy</i>	\$7,214,127	\$8,420,116	\$8,812,993	\$9,179,760	\$9,562,241	\$9,961,101	\$10,376,970	\$10,810,630	\$11,262,902	\$11,734,505
<i>MRF</i>	\$2,986,326	\$3,563,899	\$3,713,880	\$3,870,172	\$4,033,042	\$4,202,766	\$4,379,632	\$4,563,942	\$4,756,008	\$4,956,156
<i>RRC</i>	\$1,007,500	\$1,044,778	\$1,088,745	\$1,134,563	\$1,182,309	\$1,232,065	\$1,283,914	\$1,337,946	\$1,394,251	\$1,452,926
<b>TOTAL OPERATING INCOME</b>	<b>\$28,735,018</b>	<b>\$30,694,039</b>	<b>\$31,938,270</b>	<b>\$33,186,897</b>	<b>\$34,486,294</b>	<b>\$35,838,505</b>	<b>\$37,245,454</b>	<b>\$38,709,541</b>	<b>\$40,233,272</b>	<b>\$41,818,837</b>
<b>EXPENSES</b>										
<i>Employee Costs</i>	\$1,921,115	\$1,959,540	\$2,008,550	\$2,058,740	\$2,110,210	\$2,162,950	\$2,217,030	\$2,272,460	\$2,329,280	\$2,387,510
<i>Materials, Contractors &amp; Other Expenses</i>	\$24,434,425	\$25,887,656	\$26,942,504	\$27,914,972	\$28,925,000	\$29,974,036	\$31,063,394	\$32,194,923	\$33,370,320	\$34,591,163
<i>Depreciation, Amortisation &amp; Impairment</i>	\$2,147,000	\$1,549,089	\$1,578,187	\$1,613,017	\$1,712,254	\$1,660,779	\$1,671,142	\$1,847,779	\$1,358,832	\$1,039,521
<i>Finance Costs</i>	\$493,404	\$373,661	\$325,586	\$275,042	\$234,051	\$195,316	\$154,895	\$112,714	\$65,167	\$33,687
<b>TOTAL EXPENSES</b>	<b>\$28,995,944</b>	<b>\$29,769,947</b>	<b>\$30,854,827</b>	<b>\$31,861,771</b>	<b>\$32,981,516</b>	<b>\$33,993,082</b>	<b>\$35,106,461</b>	<b>\$36,427,876</b>	<b>\$37,123,599</b>	<b>\$38,051,881</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>(\$260,926)</b>	<b>\$924,093</b>	<b>\$1,083,442</b>	<b>\$1,325,126</b>	<b>\$1,504,778</b>	<b>\$1,845,423</b>	<b>\$2,138,993</b>	<b>\$2,281,665</b>	<b>\$3,109,673</b>	<b>\$3,766,956</b>
<i>Net Gain / (Loss) On Disposal of Assets</i>	<i>(\$148,500)</i>									
<b>NET SURPLUS / (DEFICIT)</b>	<b>(\$409,426)</b>	<b>\$924,093</b>	<b>\$1,083,442</b>	<b>\$1,325,126</b>	<b>\$1,504,778</b>	<b>\$1,845,423</b>	<b>\$2,138,993</b>	<b>\$2,281,665</b>	<b>\$3,109,673</b>	<b>\$3,766,956</b>
<i>Other Comprehensive Income</i>										
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(\$409,426)</b>	<b>\$924,093</b>	<b>\$1,083,442</b>	<b>\$1,325,126</b>	<b>\$1,504,778</b>	<b>\$1,845,423</b>	<b>\$2,138,993</b>	<b>\$2,281,665</b>	<b>\$3,109,673</b>	<b>\$3,766,956</b>

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**APPENDIX TWO: NAWMA PROJECTED BALANCE SHEET**

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>										
Cash & Cash Equivalents	\$1,974,700	\$2,154,396	\$1,095,615	\$244,258	(\$199,262)	(\$1,206,530)	(\$934,418)	(\$328,315)	\$462,640	\$2,284,822
Trade & Other Receivables	\$2,792,000	\$2,847,840	\$2,919,036	\$2,992,012	\$3,066,812	\$3,143,483	\$3,222,070	\$3,302,621	\$3,385,187	\$3,469,817
<b>TOTAL CURRENT ASSETS</b>	<b>\$4,766,700</b>	<b>\$5,002,236</b>	<b>\$4,014,651</b>	<b>\$3,236,270</b>	<b>\$2,867,550</b>	<b>\$1,936,953</b>	<b>\$2,287,652</b>	<b>\$2,974,306</b>	<b>\$3,847,827</b>	<b>\$5,754,639</b>
<b>NON-CURRENT ASSETS</b>										
Property, Plant & Equipment	\$10,209,636	\$9,377,363	\$8,549,567	\$7,708,602	\$7,750,668	\$6,861,483	\$6,048,593	\$5,255,641	\$4,438,425	\$4,171,834
<b>TOTAL ASSETS</b>	<b>\$14,976,336</b>	<b>\$14,379,599</b>	<b>\$12,564,218</b>	<b>\$10,944,872</b>	<b>\$10,618,218</b>	<b>\$8,798,436</b>	<b>\$8,336,245</b>	<b>\$8,229,947</b>	<b>\$8,286,252</b>	<b>\$9,926,473</b>
<b>LIABILITIES</b>										
Trade & Other Payables	\$2,272,000	\$2,317,440	\$2,375,376	\$2,434,760	\$2,495,629	\$2,558,020	\$2,621,971	\$2,687,520	\$2,754,708	\$2,823,576
Provisions	\$2,609,000	\$2,609,000	\$2,609,000	\$2,609,000	\$2,609,000	\$2,609,000	\$2,609,000	\$2,609,000	\$2,609,000	\$2,609,000
Borrowings	\$9,359,517	\$8,521,646	\$7,536,094	\$6,502,468	\$5,533,906	\$4,639,962	\$3,707,284	\$2,734,184	\$1,718,904	\$811,746
<b>TOTAL LIABILITIES</b>	<b>\$14,240,517</b>	<b>\$13,448,086</b>	<b>\$12,520,470</b>	<b>\$11,546,228</b>	<b>\$10,638,535</b>	<b>\$9,806,982</b>	<b>\$8,938,254</b>	<b>\$8,030,704</b>	<b>\$7,082,611</b>	<b>\$6,244,322</b>
<b>NET ASSETS</b>	<b>\$735,819</b>	<b>\$931,513</b>	<b>\$43,748</b>	<b>(\$601,356)</b>	<b>(\$20,317)</b>	<b>(\$1,008,547)</b>	<b>(\$602,009)</b>	<b>\$199,243</b>	<b>\$1,203,640</b>	<b>\$3,682,151</b>
<b>EQUITY</b>										
Accumulated Surplus	\$120,371	\$316,065	(\$571,700)	(\$1,216,804)	(\$635,765)	(\$1,623,995)	(\$1,217,457)	(\$416,205)	\$588,192	\$3,066,703
Asset Revaluation Reserve	\$615,448	\$615,448	\$615,448	\$615,448	\$615,448	\$615,448	\$615,448	\$615,448	\$615,448	\$615,448
Other Reserves	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>\$735,819</b>	<b>\$931,513</b>	<b>\$43,748</b>	<b>(\$601,356)</b>	<b>(\$20,317)</b>	<b>(\$1,008,547)</b>	<b>(\$602,009)</b>	<b>\$199,243</b>	<b>\$1,203,640</b>	<b>\$3,682,151</b>

**NAWMA TEN YEAR LTFP**  
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**APPENDIX THREE: NAWMA PROJECTED CASH FLOW STATEMENT**

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Operating Receipts	\$28,655,000	\$30,640,139	\$31,910,870	\$33,180,797	\$34,491,294	\$35,868,705	\$37,268,854	\$38,717,741	\$40,221,672	\$41,761,737
Investment Receipts	\$80,000	\$53,900	\$27,400	\$6,100	(\$5,000)	(\$30,200)	(\$23,400)	(\$8,200)	\$11,600	\$57,100
<b>PAYMENTS</b>										
Operating Payments to Suppliers and Employees	(\$28,502,000)	(\$30,143,608)	(\$31,180,413)	(\$32,136,813)	(\$33,215,567)	(\$34,188,398)	(\$35,261,357)	(\$36,540,590)	(\$37,188,766)	(\$38,085,569)
Finance Costs	(\$393,924)	(\$373,661)	(\$325,586)	(\$275,042)	(\$234,051)	(\$195,316)	(\$154,895)	(\$112,714)	(\$65,167)	(\$33,687)
<b>NET CASH RECEIVED IN OPERATING ACTIVITIES</b>	<b>(\$160,924)</b>	<b>\$176,770</b>	<b>\$432,270</b>	<b>\$775,042</b>	<b>\$1,036,676</b>	<b>\$1,454,790</b>	<b>\$1,829,202</b>	<b>\$2,056,236</b>	<b>\$2,979,339</b>	<b>\$3,699,581</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Amounts specifically for new or upgraded assets	(\$4,390,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$1,150,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
<b>PAYMENTS</b>										
Expenditure on New/Upgraded Assets										
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(\$4,390,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$1,150,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Proceeds from Borrowings	\$4,150,000	-	-	-	-	-	-	-	-	-
<b>PAYMENTS</b>										
Repayment of Borrowings	(\$849,679)	(\$985,552)	(\$1,033,627)	(\$968,562)	(\$893,944)	(\$932,679)	(\$973,100)	(\$1,015,280)	(\$907,157)	(\$790,025)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>\$3,300,321</b>	<b>(\$985,552)</b>	<b>(\$1,033,627)</b>	<b>(\$968,562)</b>	<b>(\$893,944)</b>	<b>(\$932,679)</b>	<b>(\$973,100)</b>	<b>(\$1,015,280)</b>	<b>(\$907,157)</b>	<b>(\$790,025)</b>
Net Increase / (Decrease) in Cash Held	(\$1,250,604)	(\$1,058,781)	(\$851,357)	(\$443,520)	(\$1,007,268)	\$272,112	\$606,103	\$790,955	\$1,822,182	\$2,659,556
<b>Cash at Beginning of Reporting Period</b>	<b>\$3,405,000</b>	<b>\$2,154,396</b>	<b>\$1,095,615</b>	<b>\$244,258</b>	<b>(\$199,262)</b>	<b>(\$1,206,530)</b>	<b>(\$934,418)</b>	<b>(\$328,315)</b>	<b>\$462,640</b>	<b>\$2,284,822</b>
<b>Cash at End of Reporting Period</b>	<b>\$2,154,396</b>	<b>\$1,095,615</b>	<b>\$244,258</b>	<b>(\$199,262)</b>	<b>(\$1,206,530)</b>	<b>(\$934,418)</b>	<b>(\$328,315)</b>	<b>\$462,640</b>	<b>\$2,284,822</b>	<b>\$4,944,378</b>

**Northern Adelaide Waste Management Authority  
Prudential Report**

**June 2017**

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Lot 506 Woomera Avenue

## EXECUTIVE SUMMARY

KelleyJones Lawyers ("KJL") has been engaged to undertake a prudential review of the proposed purchase, or in the alternative lease, of Lot 506 Woomera Avenue, Edinburgh Parks, being the land located at 71 – 75 Woomera Avenue, by the Northern Adelaide Waste Management Authority ("NAWMA"). The objective of the proposed purchase or lease is to ensure the long term viability of NAWMA's operations at the site.

The following report has been prepared in accordance with subsection 48(7) of the *Local Government Act 1999* ("the Act") which requires a subsidiary to consider a report addressing the prudential issues set out in subsection 48(2) of the Act before engaging in a project where the expected capital cost over the ensuing five years is likely to exceed \$4,000,000 (indexed on 1 January each year from 1 January 2011).

### 1. Introduction

By way of background, pursuant to section 7 of the Act, one of the functions of a council includes to provide services and facilities that benefit its area, as well as its ratepayers, residents and visitors. This includes general public services such as a waste collection, control or disposal service.

NAWMA is a regional subsidiary established by the City of Playford, the City of Salisbury and the Town of Gawler ("the constituent councils").

The constituent councils resolved to work together, through NAWMA, to facilitate waste management within the northern region. NAWMA coordinates kerbside waste management collection in the Playford, Salisbury and Gawler region. The three-bin collection service incorporates household waste, recyclables and garden/food organics.

NAWMA also provides waste management services to client councils including the Barossa Council, the District Council of Barunga West, Clare & Gilbert Valleys Council, the District Council of the Copper Coast, the Regional Council of Goyder, Light Regional Council, Adelaide Plains Council, the District Council of Mount Remarkable, the District Council of Peterborough, the Yorke Peninsula Council and the Wakefield Regional Council.

The NAWMA Waste Management Strategy 2015-2020 identifies a need to ensure the strategic long term security of NAWMA.

Following a prudential review process in February 2014, NAWMA identified the benefits in operating a Material Recovery Facility ("MRF") in its own right. NAWMA's MRF was previously operated by Visy Recycling ("Visy"), under a contract which expired on 31 December 2016. An extension of the contractual arrangements is currently in effect, to 30 June 2017.

A Strategic Property Investigation process ("the Investigation") was commenced in September 2015. The primary aim of the Investigation was to identify the most suitable location for NAWMA's operations for (at least) the next 20 years.

Following the completion of the Investigation, at its meeting of 20 January 2016, the NAWMA Board considered the viability of locating the NAWMA MRF and Waste



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Processing Facility ("WPF") baling operations off-site, together with a planned exit strategy from the Edinburgh North site. The NAWMA Board considered the financial prudential report prepared by Dean Newbury & Partners ("DNF") regarding leasing versus purchase options from an identified three (3) sites.

For the purposes of ensuring the long term security of NAWMA's operations and compliance with WHS legislation, NAWMA resolved at its meeting of 16 March 2016 to purchase Lots 505 and 506 Woomera Avenue, and engaged KJL to prepare a prudential report for this purpose. At its meeting of 4 May 2016, the Board received and noted that report, which supported the proposed purchase of Lots 505 and 506 Woomera Avenue, Edinburgh Parks.

Subsequently, NAWMA now proposes to retain its Waste Processing Facility ("WPF") and the SUEZ operations at the site it leases in Edinburgh North (and the Board has rescinded its decision to purchase Lot 505 Woomera Avenue). To give effect to the amended operating model, at its meeting of 17 May 2017, the Board resolved to engage KJL to update the April 2016 prudential report, with regards to a proposed purchase, or in the alternative lease, of Lot 506 Woomera Avenue, Edinburgh Parks ("the Woomera Avenue site").

This report gives effect to that resolution.

## *2. Relationship with relevant Strategic Management Plans*

The Waste Management Strategy 2015-2020 identifies the need for longer term initiatives in terms of infrastructure and support services to minimise waste and maximise resource recovery.

The Waste Management Strategy 2015-2020 underpins NAWMA's Annual Business Plan objectives which include, amongst other things to:

- promote and achieve efficient and cost-effective waste minimisation and resource recovery throughout the region;
- develop ecologically sustainable waste and resource management and minimisation practices that are economically viable, environmentally sustainable and socially responsible; and
- ensure funds are secured to meet strategic business objectives aligned to growth and development opportunities in the region.

The 10 year plan in the Waste Management Strategy 2015-2020 identified three (3) key areas for the long term sustainability for NAWMA. These key areas are:

- to identify options and cost agreements to ensure continuity of service;
- establishing partnerships and joint ventures with industry to establish resource recovery and residual waste management processes at strategic locations; and
- embracing further resource and waste management opportunities that will enhance and improve the business.

The purchase of the Woomera Avenue site is considered to be strongly aligned with the Waste Management Strategy 2015-2020.



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In giving effect to NAWMA's previous resolution of 16 March 2016, provision has been made in the Ten Year Financial Plan 2017/18 – 2026/27 ("LTFP") for the purchase of the Woomera Avenue site. The LTFP also contains the financial modelling for the NAWMA operation of the MRF at the site.

### 3. *Objectives of the Development Plan*

The original project, to move certain operations from the Edinburgh North facility to the Woomera Avenue site, involved a change of land use, and works at the Woomera Avenue site, which were defined as "development" under the *Development Act 1993*.

The Woomera Avenue site is located in the Urban Employment Zone under the Salisbury Council Development Plan. The proposed land use and development was broadly consistent with the Objectives of the Development Plan.

Activities at the site are proposed to include:

- housing the NAWMA Administration and Environment Education Centre; and
- establishing the new NAWMA MRF in the 3,200 sqm building available.

The Development Assessment Commission ("DAC") granted Development Plan Consent to the proposal on 13 April 2017.

NAWMA is currently in negotiations with third parties who dispute the characterisation of the nature of the proposal, such that all disputes between them arising out of, or in connection with, the matter subject of the proposal and consent issued by DAC, will be resolved by way of Settlement Deed.

Importantly, the agreement as between the parties will include **not** using the Woomera site as a Waste Facility operation.

In giving effect to the agreement, the NAWMA Board now propose to retain the WPF and Resource Recovery Centre operations at the Edinburgh North facility. SUEZ also propose to lease back certain land at the Edinburgh North site to establish its offices, truck parking compound, workshop and high density compressed natural gas refuelling station to service the new kerbside collection contract in late 2017.

The lease is held for that site until 2022. Investigations are already underway to ensure appropriate long term planning with regards to the continuation of those operations.

Subject to finalisation of the Settlement Deed, NAWMA will have its relevant consents to operate the NAWMA Administration and Environment Education Centre and the MRF at the Woomera Avenue site.

### 4. *Contribution to Economic Development*

The project is expected to ensure employment opportunities are retained in the region and is estimated to have a positive economic impact in the region. Under the terms of the proposed Settlement Deed, and the amended operating model for the site, the project will not negatively impact on local business operating within close proximity.

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#### 5. *Community Consultation*

The project does not change the nature and scope of NAWMA's operations but, rather, seeks to relocate certain operations from the existing Edinburgh North site to the Woomera Avenue site. Therefore there has been no need to undertake community consultation in accordance with the Act.

However, it is to be noted that a consultation process was undertaken as part of the Development Application and EPA Licensing process and the Executive Officer of NAWMA (and other representatives), have met on numerous occasions with the adjacent landowners. NAWMA's operations at the Woomera Avenue site are shortly to be the subject of agreement as between the parties.

#### 6. *Financial Assessment*

For the purposes of this review, KJL has been instructed to consider the LTFP and the updated CAPEX requirements for the project prepared by NAWMA.

The LTFP incorporates all of the Operating and Capital requirements of NAWMA over the 10 year period commencing 1 July 2017 to 30 June 2027 and incorporates the funding required for the project, based on a purchase of Lot 506, as well as the NAWMA operation of the MRF at the site. It is projected that NAWMA will be able to meet all known Operating and Capital commitments over the next 10 years.

Based on the updated modelling prepared by NAWMA, taking into account the amended operating model for the Woomera site, the estimated Capital Expenditure ("CAPEX") costs of the project for the **purchase** of the Woomera Avenue site (being Lot 506) is \$4,150,000, together with \$4,000,000 for the construction of the MRF. The estimated loan interest on the land purchase at 4.5% interest, fixed over 20 years, is \$2,806,000, together a total of **\$10,956,000**.

Alternatively, under a proposed **lease** option the CAPEX is \$32,000 per month for the lease of the site, ongoing, and \$4,000,000 in construction costs for the MRF. Based on (at least) a 20 year operation at the site, the projected costs of the lease (**without** taking in effect any increase in the terms of the lease) is \$7,680,000, together with the \$4,000,000 construction costs of the MRF, at a total of **\$11,680,000**. It is **unlikely** that there would be no market movement in leasing costs over a 20 year period.

Accordingly, without factoring in any expected increases in market leasing costs, and leaving aside other strategic reasons that a purchase may be preferable to a leasing option, under a leasing option NAWMA would be paying **in excess of \$724,000** over a 20 year period for a site it did not own.

#### 7. *Project Risk and Mitigation Strategies*

KJL has been advised that potential risks associated with the NAWMA operations have been identified and considered at length in the appropriate Business Plans.

The major financial risks of the project have been previously identified, are understood and actions to mitigate these risks have been developed and are contained in the Strategy and the updated LTFP.

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**Lot 506 Woomera Avenue**

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While risks in regard to interest rate movement and inflator rates may impact on the LTFP and its projections, NAWMA is committed to an annual review of the LTFP which will ensure that all assumptions are routinely monitored and corrected as necessary.

NAWMA prepared a Risk Analysis for the original project (in determining whether to purchase or lease the Woomera Avenue or Edinburgh North sites), which identified a total of five (5) risks for the proposed purchase of the Woomera Avenue site. None of the risks identified had an inherent rating of "Extreme." However, it is to be noted that if NAWMA were to consider leasing the Woomera Avenue site, (as opposed to the purchase option), then an additional three (3) risks have been identified, all with an inherent rating of "High".

#### *8. Project Delivery*

The delivery of the original project, being the establishment and relocation of certain operations at the Woomera Avenue site are almost complete.

Subject to finalisation of the Settlement Deed with the parties, NAWMA will have its relevant consents to operate the NAWMA Administration and Environment Education Centre and the MRF at the Woomera Avenue site.

The only outstanding question for the Board is whether NAWMA continues, as previously resolved, in purchasing the Woomera Avenue site, or considers a leasing option.

#### *9. Conclusion*

The work undertaken by the NAWMA Administration for the purposes of assessing and evaluating this project is of an extremely high standard. Accordingly, it is our opinion that the NAWMA Board is able to make a well informed decision regarding whether to proceed with the project based upon the information presented by the NAWMA Administration.

In receiving, and considering, this Report, NAWMA's has met its requirements under section 48(1) of the Act.

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## 1. INTRODUCTION

### *Background*

- 1.1 Following the successful implementation of policies and procedures set out in the 2000-2015 Master Plan, in 2015 the NAWMA Board adopted the NAWMA Waste Management Strategy 2015-2020. A copy of the Strategy is **Attachment A**.
- 1.2 The Strategy outlines the objectives and priorities that will advance NAWMA's resource recovery capabilities, aimed at reducing reliance on landfill operations over the longer term. Key to this is the need to ensure the strategic long term security of NAWMA.
- 1.3 Following a prudential review process in February 2014, NAWMA identified the benefits in operating the MRF in its own right, when the contractual arrangements with Visy expired, originally on 31 December 2016, now extended to 30 June 2017.
- 1.4 The Investigation was commenced in September 2015, the primary aim of which was to identify the most suitable location for NAWMA's operations for at least the next 20 years, taking into consideration the following key factors:
  - best value for NAWMA's constituent councils - being the most advantageous option determined by considering all price and relevant non-price factors;
  - long term strategic security and room for expansion - assurance that NAWMA could operate at the chosen location for at least 20 years, ensuring that the location has sufficient land available for both expansion of existing operations and the addition of new operations;
  - professional presentation - NAWMA and its operations are recognised Australia wide and receive many visitors. In addition, NAWMA manages contracts worth in excess of \$100m and deals with State and National Executives;
  - WHS best practice - with NAWMA operating its own facilities there is an increased level of responsibility for WHS, which will also apply to location externalities that can be appropriately managed;
  - appropriate access and location for customers and contractors – the use of NAWMA facilities by commercial operators is increasing, and is becoming an important part of NAWMA's business. A location central to the region is required and safe access to all operations must be ensured; and
  - to mitigate the financial impact on NAWMA's future operations - NAWMA has made a commitment to not only stabilise costs, but to reduce costs where possible.
- 1.5 It became increasingly clear during the Investigation that due to the state of the property market in the outer northern industrial areas and an increased uncertainty



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in the commercial property sector, the potential existed for NAWMA to improve its site location, whilst also achieving its strategic objectives.

1.6 Following the completion of the Investigation, three (3) options were identified:

- Option One - re-develop the current Edinburgh North site occupied by NAWMA and construct the new MRF on adjoining land;
- Option Two - 76-78 West Ave, Edinburgh Parks, a fully established facility which would require minor capital works to meet all NAWMA's requirements;
- Option Three - Lots 505 and 506 Woomera Avenue, Edinburgh Parks, a facility that would satisfy requirements immediately, including the construction of the new MRF and allow for staged development of NAWMA's other operations.

1.7 The three (3) options were analysed under a Strategic Property Evaluation, and Option 3, the Woomera Avenue site, was ranked first out of that process. The Woomera Avenue property details are **Attachment B**.

1.8 A Risk Analysis, based on both the purchase as well as leasing, for each identified option was carried out and is provided at **Attachment C**. It is considered that there has been no material changes in the market that would effect, or have an impact on, the risks identified for the Woomera Avenue site since this Analysis was prepared in February 2016.

1.9 Indeed, in the interim there has been a realisation of a beneficial effect of a purchasing option, with regards to a now, increased, valuation of the land located at Lot 506.

1.10 A valuation of the Woomera Avenue site was prepared by OPTeon Property Group in November 2015. The valuation at that time was \$3,000,000, and for negotiation purposes, it was considered a valuation range of between \$2,900,000 and \$3,100,000 was reasonable. A copy of the November 2015 valuation report is **Attachment D**.

1.11 The land is currently the subject of a re-evaluation assessment process, and while NAWMA is awaiting finalisation of that report, it has been verbally advised that the value of the Woomera Avenue site has increased since November 2015. This represents a capital gain under a purchasing arrangement to the advantage of NAWMA since November 2015.

1.12 At its meeting of 16 March 2016, the Board of NAWMA resolved to purchase Lots 505 and 506 Woomera Avenue (over a leasing option) to meet its operational requirements for (at least) the next 20 years. The Board received and noted a prudential report at its meeting of 4 May 2016, supporting the purchase of Lots 505 and 506 Woomera Avenue, over the other identified options.

1.13 Subsequently, NAWMA encountered difficulties in securing Development Plan Consent to locate and operate the WPF at the Woomera Avenue site. Accordingly,

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NAWMA now intends to continue to administer and operate the WPF at the Edinburgh North facility that incorporates:

- (a) baling of residual waste for its Uleybury landfill;
- (b) a Resource Recovery Centre, combining a public drive-through Waste Transfer Station, a salvage & save retail operation and Scout Recycling Centre; and
- (c) a compressed natural gas refuelling station.

1.14 SUEZ also propose to establish its offices, truck parking compound, workshop and high density compressed natural gas refuelling station to service the new kerbside collection contract in late 2017 at the Edinburgh North site.

1.15 Investigations and planning are already underway with regards to ensuring the long term continuation of these operations at the Edinburgh North site, beyond the existing expiry of the lease in 2022.

1.16 Of course, as the operations at the Woomera Avenue site will not incorporate the WPF, based on the amendments to the operating model, KJL is advised that at the immediate time NAWMA **does not** require the land located at Lot 505 Woomera Avenue and the NAWMA Board has rescinded its original resolution to purchase that land.

1.17 Following the NAWMA Board meeting of 17 May 2017, the Board resolved to consider an update of the April 2016 prudential report, in particular, to consider the viability of the purchase of Lot 506 Woomera Avenue versus a leasing option.

*Rationale*

1.18 Some key advantages to NAWMA owning and occupying its operations facility, compared to leasing, were identified during the September 2015 Investigation. These relevantly included:

- NAWMA will own all assets (including all site improvements made after purchase) which will be a major source of funding for future capital expenditure;
- under a lease, NAWMA will not necessarily obtain the benefits of future improvements to the site;
- increased security and independence to modify and adapt the site to meet future operational and strategic needs;
- increased security and independence to manage its own WHS requirements;
- fixed, long-term mortgage costs (as opposed to the uncertainty of market movements in leasing costs). Costs will be known, and can be appropriately planned for over the life of the loan, whereas leasing costs

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are subject to movement in market rent and other economic conditions, which could be to the detriment of NAWMA;

- based on the assumption that the market value of the site will increase over the long-term period (an indeed, this has already been evidenced), NAWMA will experience the benefit of long term capital appreciation of the site and can sell the site when/if it decides to relocate; and
- current low interest rates and finance costs on borrowings, and the availability of good quality land in a market that is not buoyant, make the purchase of the site an attractive option, as compared to a lease.

1.19 The advantages to NAWMA owning and occupying its operations facility, compared to leasing, have not materially changed since the Investigation. Indeed, the market value of the site has increased in that period and under a purchasing arrangement NAWMA would continue to experience the benefit of long term capital appreciation of the site.

1.20 Conversely, leasing costs are subject to movement in market leasing costs and other economic conditions, which are likely to be the detriment of NAWMA.

1.21 In this regard, KJL is advised that the proposed lease would be an ongoing \$32,000 per month. Based on 20 years of operations at the site, without factoring in movements in market leasing costs, the leasing costs to NAWMA are \$7,680,000, representing an additional cost of \$1,530,000 over the purchasing option.

1.22 Additionally, NAWMA is unlikely to obtain the full benefit of any future improvements it makes to the site, which include the estimated cost of \$4,000,000 for the construction of the MRF.

1.23 KJL is also advised that works estimated in the amount of \$284,000 are proposed for the warehouse on the Woomera Avenue site, which improvements would be to the benefit of the **owner** of the land.

*The Project*

1.24 For the purposes of ensuring the long term security of NAWMA's operations, and compliance with WHS requirements, under the amended operating model, NAWMA proposes to operate the following activities from the Woomera Avenue site:

- (a) the NAWMA Administration and Environment Education Centre; and
- (b) establishing the NAWMA MRF in the existing 3,200 sqm building.

1.25 Lot 506 is 19,000 sqm and will satisfy NAWMA's operational requirements under the amended operating model, and ensure that NAWMA can operate in accordance with its Objectives and Purpose, as detailed in its Charter.

1.26 It is recognised that the acquisition of this site will enable NAWMA to operate from the site, under the current model, in excess of 20 years.



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- 1.27 KJL is advised that NAWMA has been involved in ongoing discussions with the State Government, and has received a grant to assist with its proposed operations at the Woomera Avenue site. That is, both NAWMA and the State Government recognise the strategic advantages of operating certain activities from the Woomera Avenue site, and ensuring the long term viability of the same.
- 1.28 Securing the Woomera Avenue site permits NAWMA to retain the “cleaner” side of its operations at that location, presenting as a professional corporate base, to receive visitors from both the educational as well as corporate sector, while retaining its WPF operations at the Edinburgh North site.
- 1.29 The occupation of the Woomera Avenue site, in conjunction with Edinburgh North facility, also provides NAWMA with improved WHS compliance and enhanced operational capabilities, in that visitors to the Woomera Avenue site are not required to navigate trucks delivering waste, and the truck movements through the Edinburgh North site have less vehicular and pedestrian movements to contend with.
- 1.30 The remaining question for the determination of the NAWMA Board is whether NAWMA secures the Woomera Avenue site by way of a purchase or lease option.
- 1.31 In regards to the costs of the project, provision has been made in the LTFP for the purchase of Lot 506, as well as the financial modelling for the NAWMA operation of the MRF at the site. A copy of the LTFP is **Attachment E**.
- 1.32 These have also been catered for in the NAWMA Business Plan 2017-2018, a copy of which is **Attachment F**.

*Legal Framework and Prudential Issues*

- 1.33 NAWMA adopted a Prudential Review Policy, dated November 2012, to ensure that it meets the requirements under the section 48 of the Act, and to enhance NAWMA's existing internal procedures and adopted policies governing the strategic decision making processes.
- 1.34 In addition, subsection 48(1)(b) of Act sets out certain criteria establishing when NAWMA must obtain and consider a report addressing the prudential issues set out in subsection 48(2).
- 1.35 In the case of this project, the relevant criteria is that the expected capital cost of the project over the ensuing five (5) years is likely to exceed \$4,000,000 (indexed).
- 1.36 The prudential issues identified in subsection 48(2) of the Act are:
- (a) *the relationship between the project and relevant strategic management plans;*
  - (b) *the objectives of the Development Plan in the area where the project is to occur;*
  - (c) *the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses*

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*carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*

- (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*
- (e) if the project is intended to produce revenue, revenue projections and potential financial risks;*
- (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*
- (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*
- (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);*
- (i) the most appropriate mechanisms or arrangements for carrying out the project; and*
- (j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.*

1.37 KJL has been engaged by NAWMA to prepare a report to satisfy the requirements of section 48 of the Act and the Prudential Review Policy.

1.38 This report has been prepared in accordance with section 48 of the Act.

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## 2. RELATIONSHIP WITH RELEVANT STRATEGIC MANAGEMENT PLANS

For the purposes of subsection 48(2) of the Act, the following is a prudential issue for the purposes of subsection 48(1):

*(a) the relationship between the project and relevant strategic management plans;*

### *Relationship with NAWMA Waste Management Strategy*

- 2.1 Following the successful implementation of the policies and procedures set out in the 2000-2015 Master Plan, in 2015 the NAWMA Board adopted the NAWMA Waste Management Strategy 2015-2020 ("the Strategy").
- 2.2 The Strategy outlines the objectives and priorities that will advance NAWMA's resource recovery capabilities, aimed at reducing reliance on landfill operations over the longer term, and will guide decision making processes. Key to this is the need to ensure the strategic long term security of NAWMA.
- 2.3 The strategic objective of NAWMA, as set out in the Strategy, is to provide cost effective waste management services, while exploring business opportunities and the potential to reduce costs and provide financial returns to constituent councils.
- 2.4 The Strategy identified the need for longer term initiatives in terms of infrastructure and support services to minimise waste and maximise resource recovery, and it is proposed to:
  - inform NAWMA's Annual Business Plans in the last half of this decade;
  - guide regional and Local Government activities; and
  - involve business, industry and the wider community.
- 2.5 The 10 year plan, set out in the Strategy, identifies three (3) key areas for the long term sustainability for NAWMA. These key areas are:
  - to identify options and cost agreements to ensure continuity of service;
  - establishing partnerships and joint ventures with industry to establish resource recovery and residual waste management processes at strategic locations; and
  - embracing further resource and waste management opportunities that will enhance and improve the business.
- 2.6 The Strategy also underpins NAWMA's Annual Business Plan objectives which include;
  - promote and achieve efficient and cost-effective waste minimisation and resource recovery throughout the region;
  - develop ecologically sustainable waste and resource management and minimisation practices that are economically viable, environmentally sustainable and socially responsible;

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- achieve performance outcomes that are consistent with, or in advance of, accepted standards for waste minimisation and responsible waste and resources management;
- implement an accredited quality and environmental management system;
- continually review evolving technologies and practices in waste minimisation/resources management and solid waste disposal to maintain best practice benchmarks; and
- ensure funds are secured to meet strategic business objectives aligned to growth and development opportunities in the region.

*2017/18 Business Plan*

- 2.7 The Strategy underpins NAWMA's Annual Business Plan objectives, which have been reproduced above.

*Long Term Financial Plan*

- 2.8 NAWMA engaged DNP to undertake a review and update the LTFP (**Attachment E**). In consultation with the NAWMA Administration, a complete review of all Key Assumptions, projected future capital and funding requirements, projected tonnages and proposed Gate Fee structure was undertaken.
- 2.9 The LTFP adopted by the NAWMA Board on 17 May 2017 incorporates all the Operating and Capital requirements of the Authority over the 10 year period commencing 1 July 2017 to 30 June 2027.
- 2.10 The financial modelling for the NAWMA operated MRF has been included in the LTFP.
- 2.11 Based on the Board's previous resolution at its meeting of 16 March 2016, provision has also been made in the LTFP for the purchase of Lot 506 Woomera Avenue.
- 2.12 It is projected that NAWMA will be able to meet all known Operating and Capital commitments over the next 10 years. This conclusion is predicated on the financial data modelled, the Key Assumptions outlined in the LTFP, projected future tonnages from each customer group and the proposed gate fee structure.
- 2.13 It is also to be noted that under the amended operational model, NAWMA will no longer be required to fund the construction of the Waste Baling Plant at the Woomera Avenue site, previously estimated at a cost of \$2,460,000.
- 2.14 At the conclusion of the 10 year period modelled, if NAWMA proceed to purchase the Woomera Avenue site, it will continue to have external loan commitments with the LGFA tied with the acquisition of the site, and the construction of the MRF.
- 2.15 NAWMA will need to ensure that it will generate sufficient revenues to fund the ongoing loan commitments beyond the 10 year period modelled.



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2.16 However, given that approximately 70% of all materials that currently run through the MRF operations are contributed by the constituent councils, it is considered that there is minimal risk that tonnages in future years will fall below the estimated volumes modelled.

*Zero Waste SA*

2.17 Zero Waste SA ("Zero Waste") is a South Australian State government organisation which enables people to improve their recycling and waste avoidance practices, whether at home, at work or in industry.

2.18 Through collaboration, advocacy, financial incentives and education, Zero Waste is working towards meeting the target to reduce waste by 35% by 2020, as set out in South Australia's Strategic Plan.

2.19 Efforts made under South Australia's Waste Strategy 2005-2010 have reduced the amount of waste going to landfill in the State by 17.32% since 2003-04.

2.20 South Australia's Waste Strategy 2015-2020 sets out objectives, targets, priorities for action and partnerships, recognising and building on the achievements delivered through the previous waste strategies in 2005-2010 and 2011-2015.

2.21 The South Australian Waste Strategy 2015-2020 reflects the principles in the *Zero Waste SA Act*, namely:

- the waste management hierarchy;
- ecologically sustainable development;
- best practice methods and standards;
- policy development through open dialogue and consultation.

2.22 Three objectives have been developed for the Strategy:

- a resource efficient economy where the best or full value is secured from products and materials produced, consumed and recovered across the State;
- a stable and efficient market for investors through a clear policy framework providing a solid platform for investment decisions; and
- a culture enabling the South Australian community, businesses and institutions to continue and strengthen their role in implementing zero waste strategies and programs locally, nationally and internationally.

2.23 The goals and targets of the State Waste Strategies from 2011-2015 and 2015-2020 were taken into account by NAWMA in the formulation of its Strategy, and accordingly, the goals and objectives of NAWMA are closely aligned with the State Government's waste strategy and objectives.

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*Summary*

- 2.24 The purchase of the Woomera Avenue site is considered to be strongly aligned with the Strategy. It will assist with all six (6) of the Annual Business Plan objectives, and all three (3) of the 10 year plan key areas set out in that document.
- 2.25 The project is in line with the strategic objectives of NAWMA and will ensure that there continues to be a central facility within the region, accessible for all residents, community groups and surrounding metropolitan and regional councils, to dispose of recyclable waste.
- 2.26 The site has an enhanced capacity that will be able to accept and process recyclables, this will ensure costs associated with handling and processing can be minimised, including through economies of scale in operations and savings on transport costs. This, in turn, has the potential to alleviate pressure on increasing gate fees in the future.

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### 3. OBJECTIVES OF THE DEVELOPMENT PLAN

*For the purposes of subsection 48(2) of the Act, the following is a prudential issue for the purposes of subsection 48(1):*

*(b) the objectives of the Development Plan in the area where the project is to occur*

#### *Development Approval*

- 3.1 Development in the City of Salisbury area is governed by the Salisbury Council Development Plan ("the Development Plan"), the *Development Act 1993* ("the Development Act") and the associated *Development Regulations 2008*. The relevant consolidation of the Development Plan is 7 January 2016.
- 3.2 The Development Plan outlines the developments and land uses that are envisaged for particular zone, together with various objectives, principles and policies controlling and affecting the design and other aspects of proposed developments.
- 3.3 Initial activities at the site are proposed to include:
  - housing the NAWMA Administration and Environment Education Centre; and
  - establishing the new NAWMA MRF in the 3,200 sqm building available.
- 3.4 Accordingly, the project involves a change of land use and associated building works, which are defined as "development" under the Development Act.
- 3.5 The Development Assessment Commission ("DAC") granted Development Plan Consent to the proposal on 13 April 2017.
- 3.6 Third parties disputed the characterisation of the proposal, and filed proceedings in the Environment, Resources and Development Court.
- 3.7 NAWMA is currently in negotiations with those third parties, such that all disputes arising out of, or in connection with, the matter subject of the proposal and consent issued by DAC, will be resolved by way of Settlement Deed.
- 3.8 Importantly, the agreement as between the parties will require that NAWMA **not** use the Woomera site as a Waste Facility operation.
- 3.9 In giving effect to the agreement, the NAWMA Board now propose to retain the WPF and Resource Recovery Centre operations at the Edinburgh North facility, together with the SUEZ operations. The lease is held for that site until 2022. Investigations are already underway to ensure appropriate long term planning with regards to those operations.
- 3.10 Subject then to finalising of the Settlement Deed, NAWMA will have its relevant consents to operate the NAWMA Administration and Environment Education Centre and the MRF at the Woomera Avenue site.
- 3.11 KJL is also advised that the EPA Licencing process has commenced, and the EPA has recommended a modification to NAWMA's existing licence, to reflect NAWMA's



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operations over two (2) sites. The EPA has advised that this would be the most efficient way to proceed.

3.12 NAWMA has submitted an "Application for change to the existing site licence" to the EPA for assessment, to reflect this amendment.

3.13 The EPA has advised that once Development Approval under the development assessment process has been granted, installation of the MRF plant can commence during the EPA Licence Approval process.

Lot 506 Woomera Avenue

#### 4. ECONOMIC DEVELOPMENT

For the purposes of subsection 48(2) of the Act, the following is a prudential issue for the purposes of subsection 48(1):

- (c) *the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*

##### *Contribution to Economic Development*

4.1 Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs, and supporting or growing incomes and the tax base.

4.2 The contribution to economic development of the local area from the project will primarily come from the following sources:

- NAWMA is proposing to rely less on contractors and employ specialist staff in its operations;
- as at 1 July 2018, NAWMA will have seven (7) full time employees and two (2) part-time employee employed across its operations at the site;
- the MRF operation will require one (1) Manager, one (1) Leading Hand and a Maintenance Fitter, with other staff to be engaged on a contract labor arrangement; and
- local civil and landscape construction jobs involved in the works to the site will be created.

4.3 Based on the financial reports prepared by NAWMA, the expenditure associated with the project, being the construction of the MRF and works to the warehouse, has been estimated at \$4,284,000.

4.4 This majority of this expenditure will be incurred during the 2017/18 financial years.

4.5 The project is expected to ensure employment opportunities are retained in the region and is estimated to have a positive economic impact in the region.

##### *Impact on Business in the Proximity*

4.6 The amended operating model will not negatively impact on local business operating within close proximity.

4.7 There are economic and employment multiplier benefits to the broader economy from the economic activity that will be generated as a result of the project. The project is likely to provide additional custom and trade for a wide range of businesses in the vicinity and is therefore considered likely to have a positive impact on business in the proximity.

Lot 506 Woomera Avenue

## 5. COMMUNITY CONSULTATION

For the purposes of subsection 48(2) of the Act, the following is a prudential issue for the purposes of subsection 48(1):

- (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*

### *Level of Consultation*

- 5.1 The project does not change the nature and scope of NAWMA's operations but, rather, seeks to relocate some of the operations from the existing Edinburgh North site to the Woomera Avenue site. There is no requirement to undertake community consultation in accordance with the Act.
- 5.2 The project is to be developed in the Urban Employment Zone of the relevant Development Plan, a Zone that provides desirable land uses as including a wide range of activities that generate employment, focusing, amongst other things, on industry, transport and technology-based activities that can operate on a twenty-four hour, seven day per week basis, together with offices and industry-related training and educational establishments.
- 5.3 It is to be noted that the project requires development approval for a change in land use and associated building works. Accordingly, there has been a consultation process undertaken as part of the development assessment process, which included notifying adjacent land owners.
- 5.4 In addition, NAWMA's Executive Officer (and other NAWMA representatives) met with the adjacent landowners prior to lodging the development application, and as part of the negotiation process following receipt of Development Plan Consent from the DAC. This consultation has resulted in an amended operating model for the site.
- 5.5 It is also to be recalled that the amendment to the EPA licence will require public notification, which will provide another opportunity for community consultation with regards to the proposal.
- 5.6 Lastly, in accordance with subsection 48(5) of the Act, this report must also be made available for public inspection at the principal office of NAWMA, once NAWMA has made a decision on the relevant project, and may be available at an earlier time unless NAWMA orders that the report be kept confidential until that time.

Lot 506 Woomera Avenue

## 6. FINANCIAL ASSESSMENT

For the purposes of subsection 48(2) of the Act, the following are prudential issues for the purposes of subsection 48(1):

- (e) if the project is intended to produce revenue, revenue projections and potential financial risks;*
- (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*
- (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*

### *Revenue Production, Revenue Projections and Potential Financial Risks*

- 6.1 KJL has been engaged to prepare this prudential report based on the LTFP prepared by DNP and the financial information provided by NAWMA.
- 6.2 The LTFP incorporates all Operating and Capital requirements of NAWMA over the 10 year period commencing 1 July 2017 to 30 June 2027.
- 6.3 NAWMA Administration undertook financial modelling for the purposes of evaluating market data, operating costs, estimated waste volumes and pricing for the purposes of updating the LTFP.
- 6.4 The LTFP is **Attachment E** and contains the statement of comprehensive income, projected balance sheet and projected cash flow statement of NAWMA.
- 6.5 The financial modelling prepared by NAWMA in the Business Plan for the NAWMA operated MRF to commence operation in 2017 has been included in the LTFP and KJL is advised by DNP that the costs of the project have been catered for, with the forecast revenue from the operation "*more than sufficient*" to meet any difference.
- 6.6 The LTFP also reflects the financial costs associated with the purchase of Lot 506 Woomera Avenue. Accordingly, taking into account the projected revenue stream from the new MRF, and based on a purchase at this stage of only Lot 506, it is anticipated that there will be minimal impact on NAWMA's operations.
- 6.7 Based on the financials prepared by DNP in February 2016, the updated LTFP, and NAWMA's estimated costs of the amended operating model, should NAWMA proceed with the purchase of the Woomera Avenue site, the estimated cost of the project (as currently described) is **\$10,956,000**, constituted of:

• Woomera Avenue site purchase (Lot 506)	\$4,150,000
• Interest at 4.5% fixed over 20 years	\$2,806,000
• Plant and equipment to design and operate the MRF	\$4,000,000



## Lot 506 Woomera Avenue

6.8 Alternatively, if NAWMA were to proceed with a lease of the Woomera Avenue site, the estimated cost of the project (as currently described) over a 20 year period is **\$11,680,000** constituted of:

- Lease at \$32,000 per month for 20 years (assume fixed) \$7,680,000
- Plant and equipment to design and operate the MRF \$4,000,000

6.9 Accordingly, without factoring in any expected increases in market leasing costs, and leaving aside other strategic reasons that a purchase may be preferable to a leasing option, under a leasing option NAWMA would be paying in excess of **\$724,000** more to occupy a site under a lease over a 20 year period as compared to a purchase option.

6.10 Paragraph 2.1 of the LTFP confirms the estimated capital expense of up to \$4,000,000 will be required for new plant and equipment in the re-designed MRF operation, to be incurred during the 2017/18 financial year.

6.11 Paragraph 3.2 confirms that NAWMA is projected to draw down on the following borrowings over the life of the LTFP:

- *\$2.5M in 2016/17 (10 year fixed loan) to fund plant and equipment to operate the new NAWMA MRF, and*
- *\$4.1M in 2017/18 (10-year fixed loan) to fund purchase of Lot 506 Woomera Ave., Edinburgh Parks.*

6.12 Interest rates for all new borrowings is projected to be 4.5% on a 20 year fixed loan and 4.1% on a 10 year fixed loan. DNP states that the LGFA interest rates have been compared to other lending organisations and found to be highly competitive for fixed interest loans.

6.13 However, it is important to note that not only are there financial benefits in NAWMA purchasing the Woomera Avenue site, but there are also strategic benefits to NAWMA in establishing its (as amended) operations at the site in the long term.

6.14 These benefits can be summarised as follows, the site:

- eliminates the WHS issues associated with the Edinburgh North site;
- separates the interaction between heavy vehicle movements and the Administrative, educational and recycling operations;
- provides NAWMA with 19,000 sqm, ensuring sufficient land for future expansion;
- provides 395 sqm of high tech office accommodation compared to 228 sqm at Edinburgh North; and
- all capital improvements made on site, including the construction of the MRF and the works to the warehouse, will remain the property of

Lot 506 Woomera Avenue

NAWMA under a purchasing arrangement of the land, and accordingly, NAWMA will also be able to realise depreciation of its assets.

- 6.15 The LTFP provides that housing growth for all three (3) constituent council's is projected to be 1.31%, based on historical data on actual growth over the last five years.
- 6.16 Another Key Assumption made in the LTFP is that tonnages, other than for constituent councils, is to remain constant over the period 2017-2027.
- 6.17 Based on historical data and taking into account the increasing yields for recycling and garden organics (including food organics) a 4% annual increase in residual waste collected from the kerbside has been adopted as an adequate prediction at this stage.
- 6.18 Given that approximately 70% of all materials that currently run through the MRF operations are contributed by the constituent councils, there is a minimal risk that tonnages in future years will fall below the estimated volumes modelled. Should volumes decrease, NAWMA has the ability to recover future additional costs through the ability to increase gate fees, given that control and setting of gate fees for recyclables will always be controlled by the NAWMA Board.

*Recurrent and Whole of Life Costs, Financial Arrangements and Financial Viability*

- 6.19 Financial viability can be defined as the ability to generate sufficient income to meet operating expenses, financial obligations and to provide the potential for future growth.
- 6.20 The LTFP and the financial modelling prepared for NAWMA's Business Plan – Material Recovery Facility includes modelling for the whole of life costs associated with the project, as well as the construction and operation of the MRF.
- 6.21 The financial modelling shows that the project is financially viable and generates an operating surplus over a 10 year period of operations to fund all operating costs, as well as service the required principal and interest repayments on the borrowings required to fund the project, based on the purchase of Lot 506 Woomera Avenue.
- 6.22 At the conclusion of the 10 year period modelled, NAWMA will continue to have external loan commitments with the LGFA tied with the acquisition of the Woomera Ave site and construction of the MRF. NAWMA will need to ensure that it will generate sufficient revenues to fund the ongoing loan commitments beyond the 10 year period modelled.
- 6.23 Other recurrent costs associated with the project are depreciation and maintenance costs.
- 6.24 Depreciation in the LTFP has been applied to NAWMA's proposed new assets, being the Woomera Ave site, and new MRF plant and equipment in the LTFP. These figures are contained in the appendices to the LTFP at **Attachment E**.
- 6.25 The financial modelling indicates that the project is financial viable.

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Lot 506 Woomera Avenue

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*Summary*

6.26 Purchase of the Woomera Avenue site represents the **superior option** for NAWMA for the following reasons:

- NAWMA will own all assets (including all site improvements made after purchase) which will be a major source of funding for future capital expenditure;
- under a lease, NAWMA will not necessarily obtain the benefits of future improvements to the site;
- increased security and independence to modify and adapt the site to meet future operational and strategic needs;
- increased security and independence to manage its own WHS requirements;
- fixed, long-term mortgage costs (as opposed to the uncertainty of market movements in leasing costs);
- NAWMA will experience the benefit of long term capital appreciation of the site and can sell the site when/if it ever decides to relocate; and
- current low interest rates and finance costs on borrowings.

6.27 NAWMA intends to undertake significant capital improvement on the land, including the construction of the MRF and improvements to the warehousing which it will be entitled to depreciate under a purchasing option.

6.28 It is also important to recall that the Risk Identification document outlined an addition three (3) risks with an inherent rating of "High" under a leasing option being:

- lease not renewed beyond 20 years;
- any capital improvements remain the property of the landlord; and
- land sold to another party.



Lot 506 Woomera Avenue

## 7. PROJECT RISK AND MITIGATION STRATEGIES

*For the purposes of subsection 48(2) of the Act, the following is a prudential issue for the purposes of subsection 48(1):*

- (h) *any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);*

### *Risk Management*

- 7.1 This report assesses the risk management actions taken, or being considered, by NAWMA for the purchase versus the lease of the Woomera Avenue site. It is not the purpose of the report to prepare a comprehensive risk management plan, however a level of assessment has been undertaken on the identified risks and the mitigations that have been developed.
- 7.2 NAWMA has previously identified the risks associated with the Woomera Avenue site, and has developed a detailed Risk Analysis. A copy of this document is **Attachment C**.
- 7.3 It is not considered there have been any material developments in the risk environment since the preparation of this document.
- 7.4 NAWMA identified a total of five (5) risks associated with acquiring the Woomera Avenue site under a purchase agreement. If NAWMA considered the lease option of the Woomera Avenue site then an additional three (3) risks have been identified, all with an inherent rating of "High".
- 7.5 NAWMA is already engaged with third parties with regards to reaching agreement, by way of a Settlement Deed, to obtain the necessary development approvals required to commence the MRF operations from the Woomera Avenue site. NAWMA is also engaging with the EPA to obtain the necessary amendments to its licence to ensure operations can commence at the site.
- 7.6 The Strategy also identifies potential risks, and lists a number of actions to be completed over the next 10 years.
- 7.7 The major financial risks with regard to the proposal have been identified and are understood, and actions to mitigate these risks have been developed and are contained in the LTFP. For example, risks associated with the purchase option include interest rate movement and inflator rates which may impact on the LTFP and its projections, which will require adjustments as necessary. The annual review process will ensure that all assumptions are routinely monitored.
- 7.8 At the conclusion of the 10 year period modelled in the LTFP, NAWMA will continue to have external loan commitments tied with the acquisition of the Woomera Ave site and construction of MRF and will need to ensure that it will generate sufficient revenues to fund the ongoing loan commitments beyond the period modelled.

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7.9 In addition to the above, there are, of course, some negative aspects to ownership which must be considered in determining whether to purchase (as opposed to lease) the Woomera Avenue site:

- a leasing option can provide greater flexibility to exit the premises should NAWMA experience faster than anticipated growth and there may be delays in exiting a site which NAWMA is required to sell first; and
- large up-front capital cost required to purchase the site will potentially restrict access to available capital funds in the future should any significant capital works projects or opportunities arise;

7.10 However, it is considered that the risks associated with the leasing option far outweigh the known, quantifiable and manageable risks associated with the purchase of the site to enable the continued operations of NAWMA. These risks include:

- market movement in leasing costs over a 20 year period;
- the lease may not be renewed beyond 20 years;
- any capital improvements on the land will remain the property of the landlord; and
- the land may be on-sold to another party.

7.11 Any of these risks being realised under a leasing model has the potential to cause instability and uncertainty in NAWMA's continuing operations.

*Risk Mitigation*

7.12 NAWMA should ensure that the risks identified in the Strategy, and the actions to be completed over the next 10 years, are monitored and progressively updated as the project is implemented.

7.13 Likewise, NAWMA should ensure that the risks identified in the Risk Analysis are monitored.

7.14 NAWMA has committed to reviewing its LTFP at least annually, and that all Key Assumptions and financial data are updated as applicable, to ensure it remains a reliable platform upon which NAWMA can use for decision making purposes.

7.15 It is noted that installation of the MRF plant can be commenced once agreement has been reached with the interest parties by way of the Settlement Deed.

Lot 506 Woomera Avenue

## 8. PROJECT DELIVERY

For the purposes of subsection 48(2) of the Act, the following is a prudential issue for the purposes of subsection 48(1):

*(i) the most appropriate mechanisms or arrangements for carrying out the project.*

### *Delivery Mechanism*

8.1 NAWMA Administration has engaged the following specialist consultants who have assisted with the development of the project:

- URPS Planning Consultants;
- DNP;
- Norman Waterhouse Lawyers and
- KJL.

8.2 The project management of the approval processes, being the development approval and the EPA licensing, has been facilitated by URPS to ensure timelines are met and independence, accountability and transparency is maintained and assisted by Norman Waterhouse Lawyers.

8.3 NAWMA has been assisted in meeting its prudential requirements by DNP and KJL.

8.4 All procurement and capital works activities required to be undertaken must be conducted in accordance with applicable adopted NAWMA Policies and Procedures.

Lot 506 Woomera Avenue

**9. CONCLUSION**

- 9.1 This report has been prepared to meet the requirements of Section 48 of the Act and the NAWMA Prudential Review Policy, in order to provide NAWMA with a comprehensive understanding of the prudential issues relating to a proposed purchase versus leasing option of Lot 506 Woomera Avenue, Edinburgh Parks.
- 9.2 The Woomera Avenue purchase option is considered to be strongly aligned with NAWMA's Waste Management Strategy 2015-2020 and strategic directions.
- 9.3 Provision has been made in the LTFP for the purchase of the Woomera Avenue site, as well as the NAWMA operation of the MRF at the site.
- 9.4 Based on the financial reports prepared by DNF and the information provided by NAWMA, the estimated cost of the project under a purchasing arrangement, including the construction of the MRF plant is \$10,956,000. It is projected that NAWMA will be able to meet all known Operating and Capital commitments over the next 10 years.
- 9.5 Conversely, the estimated cost of the project under a leasing arrangement of the Woomera Avenue site over a 20 year period is \$11,680,000, without factoring in market movements in rent, and a leasing arrangement cannot guarantee continuation of operations beyond a 20 year period.
- 9.6 The major financial risks have been identified and are understood and actions to mitigate these risks have been developed and are contained in the LTPF.
- 9.7 The work undertaken by the NAWMA Administration for the purposes of assessing, and evaluating, this project is of a high standard. Accordingly, the NAWMA Board can make a well informed decision regarding whether to proceed with a purchase as opposed to a lease of the Woomera Avenue site based upon the information presented by the NAWMA Administration.
- 9.8 In receiving, and considering, this Report, NAWMA's has met its requirements under section 48(1) of the Act.



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**C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 18.2 IS TO BE KEPT IN CONFIDENCE**

**Purpose**

To resolve how long agenda item 18.2 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 18.2 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (d) of the Local Government Act 1999:

- Attachment 2 and 4 for Item 18.2.

This order shall operate until NAWMA releases the information, or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the Local Government Act 1999, whichever comes first.

### **18.3 APPOINTMENT OF INDEPENDENT MEMBER TO COUNCIL DEVELOPMENT ASSESSMENT PANEL**

Contact Person: Ms Maggie Dowling

#### **Why is this matter confidential?**

Subject to an order pursuant to Section 90 (3) (a) of the Local Government Act 1999, this matter is confidential because the disclosure of information would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

#### **A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE**

No action – this motion passed in the open section.

#### **B. THE BUSINESS MATTER**

### **18.3 APPOINTMENT OF INDEPENDENT MEMBER TO COUNCIL DEVELOPMENT ASSESSMENT PANEL**

**Responsible Executive Manager :** Ms Maggie Dowling

**Report Author :** Ms Danni Biar

**Delegated Authority :** Matters which cannot be delegated to a Committee or Staff.

**Attachments :**

1. Mark Stefanac EOI
2. Nathan Cunningham EOI
3. Nathan Cunningham Resume

#### **PURPOSE**

The purpose of this report is to appoint a new Independent Member to the Council Development Assessment Panel (CDAP) to fill the existing vacancy.

#### **STAFF RECOMMENDATION**

That Council appoint Mark Stefanec as an Independent Member to the Council Development Assessment Panel for a term until the establishment of the new Council Assessment Panel (CAP) as required under the new Planning Development and Infrastructure Act 2016, or until 28 February, 2019, whichever is sooner.

#### **EXECUTIVE SUMMARY**

The purpose of this report is for Council to make a decision on the fourth Independent Membership to the CDAP. Three members have recently been appointed at the February 2017 Ordinary Council Meeting, with the appointment of a 4<sup>th</sup> Independent Member subject to an EOI.

This recommendation will allow the CDAP to continue to meet on a monthly basis within the Terms of Reference, with no impacts to the scheduled meetings.



## 1. BACKGROUND

Under the CDAP Terms of Reference, seven members make up the constitution of the Panel, including 3 Council Members and 4 Independent Members.

The Council Member positions on the CDAP were extended by Council at the September 2016 Ordinary Council Meeting for a term running until 31 October 2018.

At the 28 February 2017 Ordinary Council Meeting, the terms of three Independent Members who sit of the CDAP were extended for a period of 2 years until the end of February 2019, while one vacancy was to be advertised for an expression of interest.

At 6 June 2017 Ordinary Council Meeting, Council decided (Council Resolution 2886) to form an interview panel for the purpose of selecting the Independent Member. The resolution determined that staff were to shortlist 4 candidates, with the interview panel to make the final recommendation to Council.

## 2. RELEVANCE TO STRATEGIC PLAN

### 2: Smart Living Program

Outcome 2.1 Smart development and urban renewal

This decision will impact on the Council's Smart Living Program as the CDAP makes decisions on complex Development Applications that facilitate growth and regeneration.

## 3. PUBLIC CONSULTATION

There is no requirement to consult with the community on this matter.

## 4. DISCUSSION

- 4.1** The Act requires that the membership of the CDAP consists of seven members with four Independent Members (one being the Presiding Member) and up to a maximum of three Council Members. The Independent Members must have qualifications or experience in the operations and requirements of the Act.

There is currently one vacancy as per the resolution of Council at the Ordinary Council Meeting held in February for which expressions of interest were sought.

- 4.2** The role of the CDAP is to perform the decision making of Planning Applications under the Act that have not been delegated to staff. It is therefore important that Council ensures that the constitution of the CDAP is reflecting the sound decision making in accordance with the Act and Council's Development Plan.

- 4.3** The following applicants were shortlisted by Council Staff to be a part of the interview process:

- Mark Kwiatkowski – 17 years of experience in planning and Local Government, previous CDAP experience including as Deputy Presiding Member, has also been Public Officer for CDAP within Local Government (*It should be noted that Mark Kwiatkowski withdrew from the interview process leaving 3 candidates to be interviewed.*)
- Sasha Radenovic – Has over 10 years of planning and architectural experience.

- Nathan Cunningham – 17 years of experience in planning and Local Government, previous CDAP experience including as Deputy Presiding Member, member of numerous relevant Committees and Boards.
- Mark Stefanac – 20 years of relevant experience. Diverse background in planning, architecture, urban design and engineering. Has experience on numerous boards related to planning.

## 5. OPTIONS

### Recommendation

That Council appoint Mark Stefanec as an Independent Member to the Council Development Assessment Panel for a term until the establishment of the new Council Assessment Panel (CAP) as required under the new Planning Development and Infrastructure Act 2016, or until 28 February, 2019, whichever is sooner.

### Option 2

That Council appoint Nathan Cunningham as an Independent Member to the Council Development Assessment Panel for a term until the establishment of the new Council Assessment Panel (CAP) as required under the new Planning Development and Infrastructure Act 2016, or until 28 February, 2019, whichever is sooner.

## 6. ANALYSIS OF OPTIONS

### 6.1 Recommendation Analysis

#### 6.1.1 Analysis & Implications of the Recommendation

The Interview Panel's recommendation to appoint Mark Stefanec as the new Independent Member of the CDAP is based on the following attributes:

- Wide range of relevant expertise particularly in relation to growth area development;
- Provides a different set of skills to the existing CDAP members; and
- Interview Panel reflected that Mark would work well with the existing panel members.

#### 6.1.2 Financial Implications

There are no financial or resource implications on the budget as the operations of the CDAP are already included.

### 6.2 Option 2 Analysis

#### 6.2.1 Analysis & Implications of Option 2

The alternative recommendation is to appoint Nathan Cunningham as the new Independent Member of the CDAP. Nathan will bring the following attributes to the Panel:

- Relevant experience in planning;
- Has current CDAP Membership with another Council; and
- Has similar skill set as the existing independent membership.

#### 6.2.2 Financial Implications

There are no financial or resource implications on the budget as the operations of the CDAP are already included.

Attention Mr Gary Brinkworth,  
Manager Planning Services, City of Playford  
Via email: employment@playford.sa.gov.au

City of Playford  
Playford Civic Centre  
10 Playford Boulevard, Elizabeth, SA

Dear Gary,

**Expression of Interest for the Independent Member, Council Development Assessment Panel  
Applicant Mark A Stefanac**

As a passionate returning South Australian I am excited about the opportunity to shape South Australia and therefore express my interest to become an Independent Member on the City of Playford's Council Development Assessment Panel (CDAP).

The role is of significant interest to me; I am confident I can add value to the City of Playford, CDAP and its community; however the role will continue to challenge and develop me given the diversity to be encountered as an Independent Member which I believe is unique to the City of Playford. This diversity is not just limited to

- Due to the City of Playford's locality as the most northern Local Government it is able to support a variety of land uses in commercial, residential, horticultural, industrial, manufacturing and open space. It is this variety of work which adds complexity and variety to the role.
- Recognized as the "Great place to live work and play", the forward vision that the City of Playford has, which includes plans around the CBD revitalization via the Playford the Smart City, progressing partnerships with China and the transformation of Peachy Road shows the City of Playford intent on city and precinct making, which makes the role extremely proud to be part of.

With a background in property, architecture, engineering, urban development, design, construction and infrastructure throughout Australia I feel as though I can significantly contribute to the City of Playford and that of the CDAP being a smart, connected, healthy, diverse liveable, sustainable and competitive council.

In demonstrating support to this claim.

- In more than a decade with AECOM, I have managed offices through Australia in a wide variety of areas including urban designers, master planners, engineers, landscape architects, project managers, cost consultants, accountants and support personnel. This background has also given me a great appreciation and exposure on the understanding of planning within Australia.
- Through my Board role with the Property Council of Australia I have made significant contributions in providing my expertise and strategic input to the Board and as well to the development of strategy and policy. This role has also required that I possess a close working relationship with a diverse range of stakeholders, as well as a strong networking ability with the various tiers of government and that of the private sector.
- Through my tutoring role at the University of South Australia within the School of Art and Architecture which has continued to develop my capability through my research to fulfil my role as a studio educator. This role has also significantly complemented my professional education in a Bachelor of Engineering.

With respect to the Property Council of Australia I have also contributed to two major events held in 2016 both with a planning focus.

In mid-2016 we undertook a study tour that took in the highlights and challenges of Victoria's corridor development with the understanding that the Victorian Government's Growth Corridor Plans has been recognized as best- practice within Australia. As well as contributing to the event I also attended the study tour which comprised some 18 delegates including the Minister for Transport and Infrastructure, Minister for Housing and Urban Development, Honourable Stephen Mullighan.

In later 2016 I also heavily contributed to the Property Council of Australia's inaugural Cities Summit. The Cities Summit also discussed much of today's planning as well as state government policy and frame work in the understanding that cities can drive innovation in the knowledge economy through urban infrastructure. Indeed this work links with the Playford Smart City platform.

In relation to these events I am also able to demonstrate taking strategies and frameworks from research and delivering those into simple operational speak via the public opinion pieces that I have written. I have included these links in my attached CV.

Through my wider Australian & New Zealand (ANZ) role I also believe I can contribute to the council and CDAP through the knowledge and understanding of the wider Australian market. I am able to bring those experiences and learnings from interstate to the council to ensure we have a broader context to the issues we face in South Australia and within the City of Playford.

I am genuinely interested in ensuring South Australia is a great place to live, work and play and it is this strong belief which has raised my interest to nominate for the CDAP as an independent member.

As mentioned above attached is my CV for your information in consideration of this nomination. I believe my CV demonstrates other experiences which supports my Expression of Interest and showcases how I can contribute.

Gary, I welcome a meeting or discussion should you require me to elaborate on any part of this in further detail to enable me to be a successful applicant.

Kind Regards,



Mark Stefanac

## EXECUTIVE SUMMARY

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Director with experience in management and consultancy in property, urban development, construction and infrastructure throughout Australia.

Elected as Division Councillor to the Property Council of Australia South Australia Executive Board in 2015 and re-elected 2017. Elected to Fellow for Engineers Australia in 2012.

Studio Educator at the University of South Australia within the School of Art and Architecture.

Experienced in property, infrastructure, management, finance, contracts, business development, leadership, organizational development and liaising with a diverse range of stakeholders and professionals in a range of organisations within government and the private sector.

Currently working for a Fortune 500 company, listed on the NYSE and experienced in managing multiple states in engineering, planning, economics, cost consultancy and project management.

Track record in managing offices throughout Australia and achieving results. Ability to quickly learn and analyse external markets, staff, customers, stakeholders and office needs and apply quick strategic thinking and adapt to change.

Commenced a Diploma in Marketing due to self and business interest and a desire to develop another skill set to add to my original choice of study in engineering. This study was placed on hold due to relocations throughout Australia.

Formerly a committee member for Committee for Perth WA, Consult Australia ACT, Property Council of Australia SA, SA Great's Expose SA.

Resided on the selection panel for National Association Women in Construction (NAWIC) in 2009 and for the Young South Australian of the Year 2007 and 2008.

Previous achievements also include residing on the Australian National University's CECS Consultative Advisory Board, providing governance and strategic advice to the ANU's College of Engineering

# CAREER SUMMARY

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**AECOM (February 2006 - CURRENT)**

Director Property ANZ; January 2016 – Current

Managing AECOM Major Property Pursuits across the Australian and New Zealand regions.

Location - Adelaide

Director and Manager Buildings + Places SA; July 2014 – Current

Due to a young family have relocated back to South Australia.

Managing Urban Design, Urban Development, Building Engineering, Project Management and Cost

Consulting within South Australia

Location - Adelaide

Director and Manager Buildings + Places WA, SA, NT; March 2013 – July 2014

Location – Perth

Director and Manager Building Engineering ACT; March 2010 – March 2013

Location – Canberra

Business Development Director SA; Dec 2008 – April 2010

Technical Director VIC/SA

Location - Adelaide

Associate Director SA; February 2006 – Dec 2008

Location - Adelaide

**Property Council of Australia (February 2015 - CURRENT)**

Board Member (Division Councillor)

**University of South Australia (Current)**

Tutor, Studio Educator

**Australian National University (2012 - 2014)**

Board Member, College of Engineering and Computer Science

**Various (2006 - 1994)**

Consultancy in the property sector.



## EDUCATION & QUALIFICATIONS

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**Fellow (2012)**

Engineers Australia

**Certificate IV in Marketing (2009 – Current)**

Leading to an Associate Diploma in Marketing

Adelaide TAFE

**AECOM Contracts Training (2013 & 2014)**

Project Director contract training

**Managing AECOM Projects (2007 & 2010)**

Project manager and director training for delivery of projects

**Green Star Accredited Professional (2004)**

Green Building Council of Australia

**Proposing to Win (2004)**

Lore International Institute Proposal Faculty

**Bachelor of Mechanical Engineering (1997)**

University of Adelaide

# BOARDS, COMMITTEES & ASSOCIATIONS

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**Property Council of Australia (February 2015 – CURRENT)**

Division Councillor

**Engineers Australia (1998 – Present)**

Fellow

**Committee for Perth (2013 – 2014)**

Committee Member, reshaping team

**Australian National University (2012 – 2013)**

College of Engineering and Computer Science - Consultative Advisory Board

**Consult Australia, ACT Chapter (2010 – 2013)**

Committee Member

**Consult Australia, ACT Buildings Chapter (2010 – 2013)**

Chair

**National Association Women in Construction, NAWIC (2009)**

Selection Panel for Crystal Vision Award 2009

Selection Panel for Contribution to Sustainably Award 2009

**SA Great (2004 – 2009)**

ExposeSA committee member

Selection panel for Young South Australian of the Year 2007 and 2008

**Property Council of Australia (2007 – 2009)**

Economic Development and Infrastructure Committee - Committee Member

**Property Council of Australia (2002 – 2007)**

Sustainability Committee - Committee Member

## OPINION PIECES

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My current opinion pieces comprise the following

**8 lessons Victoria can teach us about good corridor development**

<https://www.linkedin.com/pulse/8-lessons-victoria-can-teach-us-good-corridor-mark-stefanac?trk=mp-reader-card>

**3 reasons why vertical schools are on the up**

<https://www.linkedin.com/pulse/3-reasons-why-vertical-schools-up-mark-stefanac?trk=mp-reader-card>

**Sky's the limit for Vertical Schools**

<https://www.linkedin.com/pulse/skys-limit-vertical-schools-mark-stefanac?trk=mp-reader-card>

**Adelaide – the greatest place to live 2025**

<https://www.linkedin.com/pulse/adelaide-greatest-place-live-2025-mark-stefanac?trk=mp-reader-card>

**Urban Design Arrives in Adelaide**

<https://www.linkedin.com/pulse/urban-design-comes-adelaide-mark-stefanac>

## CONTACT DETAILS

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Work Email [REDACTED]

Personnel Email [REDACTED]

Phone (Mobile) [REDACTED]

## REFEREES

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**Mr Daniel Gannon**

- Phone [REDACTED]
- Executive Director, Property Council of Australia

**Mr Bob Boorman**

- Phone [REDACTED]
- Principal Bob Boorman and Associates
- Board Director, Renewal SA

**Mr Michael Luchich**

- Phone [REDACTED]
- CEO, South Australian Tertiary Admissions Centre
- Chairman, Country Arts South Australia
- Board Director, Regional Arts Australia
- Board Director, ACH Group

Nathan Cunningham RPIA

6 April 2017

City of Playford Development Assessment Panel  
Attn: Gary Brinkworth – Manager Planning Services  
By email...

***Expression of Interest – Development Assessment Panel Membership***

It is with great enthusiasm that I offer my services to the vacant position on City of Playford's Development Assessment Panel (DAP). In terms of meeting the suitability criteria, I am a Qualified Urban & Regional Planner (Ba.URP) with Registered Planner credentials and am a longstanding Member of the Planning Institute of Australia (now SA Division Committee Member). I possess vast experience in planning and local government across greater Adelaide, including many years at a growing part of the northern urban fringe. My specialities cover development assessment, strategic planning, placemaking as well as community development and social planning which is complemented by my considerable experience with DAPs.

In reading the advertisement, I was drawn to the specific skill set desired as I see the blend of my own skills and experiences as meeting your needs. I believe my strong knowledge and experience in planning throughout Greater Adelaide together with my vast experience in DAP's will be of value to the Council, its DAP, its community and its business/ development sector. In a work sense and through much of the last decade at both Light Regional Council and now at City of Prospect I have coordinated and managed their DAP's. Of even greater relevance has been the 6 years I spent as Deputy Presiding Member of the City of West Torrens DAP and more recently, the 2 years as an Independent Member of City of Charles Sturt DAP. In my time spent on DAPs I aim to demonstrate preparedness through devoting the time for reading and site visits ahead of the meetings so I am armed with a considered, professional and balanced point of view. I attend each meeting with a willingness to contribute and to respectfully listen to the debate; including the perspectives of representors. I take care and pride in presenting my point of view on all items brought to the DAP in a consistent and professional manner.

Since graduating from UniSA in 2001 with a Degree in Urban and Regional Planning, I have dedicated myself to both statutory and strategic planning within government. As a professional planner, I am well versed in reading and interpreting planning policy, I understand the strategic direction of the State as articulated through its 30yr Plan for Greater Adelaide (updated 2016) and can appreciate how this influences the City's direction outlined in its Development Plan. I am familiar with some of the issues and challenges facing City of Playford with the decline in manufacturing, but I see a great focus on developing the economy through a smart city/ intelligent (and connected) community focus. This growth can flow through into the types of developments we will see on the DAP and I can offer skills and experience in relation to developments in Centres, residential infill and mixed-use proposals as well as large scale industrial developments and greenfield land divisions. Through my time at Light Regional Council, I led the department responsible for the assessment and oversight of major land divisions (several hundred allotments) in Freeling, Kapunda and Roseworthy. I see this experience as being of great value.

In both my role at Light Council and now at City of Prospect, I lead a department responsible for all elements of planning (strategic and statutory) as well as building code assessment and the engineering/ infrastructure assessment. I possess vast practical experience of the DA process (including complex land divisions involving staged release and off-site infrastructure agreements) and have worked with Development Plans and within the Development Act framework for 16 years. My strong understanding of the overall planning system (including the impact of decisions on various stakeholders and the judicial process) ensures I am suitably qualified and experienced to offer my services to your great City.

I am confident in my ability to carry out the duties required by an independent member with the utmost professionalism and am well versed with codes of conduct and formal meeting procedures which I believe I have consistently demonstrated throughout my career and through my terms on various DAPs.

To sum up, I seek appointment to the Independent Member position of the DAP and I can demonstrate;

- Relevant tertiary qualifications in urban and regional planning,
- Significant relevant experience and expertise with 16 years of professional and practical planning experience (both statutory and strategic) throughout two tiers of government and across Greater Adelaide (including at the urban fringe),
- Extensive experience with the role and function of DAP's both from the Council perspective and as a long-standing independent panel member across two Councils,
- Sound knowledge of the challenges being faced in City of Playford, including those associated with growth and large greenfield land divisions,
- Experience in chairing DAP's and other formal meetings as well as facilitating various discussion forums in a Local Government context,
- A reputation for being results-driven, pragmatic and solution-focussed, and
- The drive to provide my services to your city, a Council area I would like to assist in its transition and to help it realise its vision as a strong and vibrant northern economic centre.

I will strive to achieve the right results and positive development outcomes for the City. I feel I offer skills and experience that are of value and I have an appetite to provide my services. I possess a great combination of relevant qualifications and extensive experience in development assessment and policy making, which together with my interest in the positive growth of the northern suburbs (and Greater Adelaide in general), makes me a suitable candidate.

I look forward to hearing from you in regards to this expression of interest.

Yours sincerely,



Nathan Cunningham.  
Ba.URP, RPIA

**CURRICULUM VITAE - NATHAN CUNNINGHAM BA URP – RPIA**

*A strong and experienced government executive, known for commitment, results, authentic leadership and broad positive relationships.*

**HIGHER EDUCATION BACKGROUND**

**Graduate Diploma in Leadership & Management 2017 (commenced)**

Australian Institute of Management

**Registered Planner (RP) Certification 2016 (Elevation from Certified Practicing Planner status 2007)** Planning Institute of Australia & Chifley Business School

**Australian Applied Management – Leadership – National Scholarship Recipient 2015-2016**

Australian School of Applied Management

**Graduate Certificate in Management (partial) undertaken through LRC 2011-2013**

Australian Institute of Business. Work Applied Learning/ Leadership program, concluding with presentation to Global Work Applied Learning Conference 2013.

**Bachelor of Urban and Regional Planning 1998-2001**

UniSA

**COMMITTEE REPRESENTATION & PROFESSIONAL AFFILIATIONS**

**Planning Institute of Australia (SA Division) 2016 - Present - Committee Member**

**City of Charles Sturt – Development Assessment Panel 2 015 – Present - Independent Member**

**Holdfast Shores Precinct Glenelg Community Corp. 2007 – 2016 (9 annual terms) - Presiding Officer**

**DAC – Inner Rim Committee 2014 –2016 - Committee Member** Appointed by Minister John Rau MP.

**City of West Torrens – Development Assessment Panel 2009 – 2015 (3 terms) - Deputy Presiding Member**

**City of Prospect – Community Panel 2012 –2014 - Community Panel Member**

**Kensington Gardens Lawn Tennis Club 2012-2014 - Committee Member**

**Country Planning Officers Group SA 2009 - 2014 (3 terms) - Vice-President & Treasurer**

**Member – LG Professionals (including General Managers/ Directors Network) 2011 – present**

**Member – Planning Institute of Australia (CPP status from 2007, now RP status) 1998 - present**

**Member – Property Council of Australia 2010 - present**



**Member – Australian Institute of Urban Studies 2011 – 2013**

**Mentor for Young Planners in SA – Planning Institute of Australia Annual Mentor Program 2009 - 2012**

**Member – Urban Development Institute of Australia 2009 – 2012 (Incl. 2010 State Congress Presentation)**

#### **ACCREDITATIONS, AWARDS AND TRAINING**

**Planning Institute of Australia SA Award Winner 2015**

Public Engagement and Consultation Award – Prospect Memorial Gardens Playspace

**Local Government Professionals Awards Winner 2014 & 2015**

Zero waste approach to Council events – Tourrific Prospect - 2015

Gawler Water Re-Use Project (Commonwealth Funded Regional Initiative driven by LRC) - 2014

**Leadership Team Building for Executive Management 2014**

MIBIAL TILLS Business Services & John Peake Consulting

**United Executive Leadership & Team Culture 2013**

Think 'One Team' International for Executives

**Media skills training, public relations and management 2012**

Ball Public Relations program for Executive staff of government

**Creating a positive workplace culture 2010**

Proteus Leadership

**Contract Management & Project Management – Major & Minor Projects 2008**

Local Government Association SA in association with Norman Waterhouse Lawyers

**Local Government Management Association 2005**

Management Challenge Team Member City of West Torrens

#### **EMPLOYMENT HISTORY**

**Director – Community and Planning**

**City of Prospect 2014 - Present**

*Executive leadership of the Council, responsible for driving change and strategic outcomes by implementing direction of the Council through effective leadership across;*

- **Community Development** – Consultation & engagement activities (PIA Award). Management of community halls, youth development and aged care programs.
- **Strategic & Statutory Planning** – Delivery of 4 year Strategic Plan (strong Elected Member and Community engagement). Development Plan Amendments (DPA's) as well as all Planning & Building assessment, coordination of Council's DAP and enforcement activities to preserve and enhance the amenity of the City.
- **Library & Digital Hub** – Operations of Library services incl. outreach programs. Planning for future services for a new facility to be delivered in 2019. Understanding community need and trends. Improving digital literacy and capitalising on the local NBN advantage.

- **Arts, Gallery & Events** – Delivery of public art strategies and annual projects in the public realm. Fostering an environment rich with art experiences. Various scale public events including the marquee Tourrific Prospect Street Party event (part of Santos Tour Down Under).

### **General Manager - Strategy, Projects & Engineering**

#### **Light Regional Council 2007 – 2014**

*Reporting direct to the CEO, providing executive leadership of the Council covering;*

- **Strategic & Statutory Planning** - Council's 4yr Strategic Plan (Elected Member and Community engagement). DPAs, planning, building, engineering and enforcement activities. Negotiating infrastructure agreements and asset handover plus the coordination of Council's DAP.
- **Community Development** – Shared services arrangement to deliver community engagement, empowerment, youth development, crime prevention projects and aged care. Design, engagement and delivery of a new Community Centre (Commonwealth funding partner) in Hewett with an ongoing management framework to minimise Council's operational costs.
- **Project Delivery and Engineering** - Empowering staff and facilitating a motivated goal-focussed environment. Delivery of Infrastructure strategies and Project Management for various projects including programming the Annual Capital Works.
- **Partnered Projects** - Actively seeking, securing and delivering external grant funding projects. My department attracted in excess of \$20 Million in grants over my last 3 years to deliver various projects for considerable community benefit including; Gawler Water Re-Use \$10.7M (LGMA Award Winner 2014), Hewett Community Centre \$5M (Commonwealth Nation Building), Cities & Towns Stormwater Re-use project \$990K (State Stormwater Management Authority), Kingsford Industrial Estate infrastructure grant supporting B-Double movements \$900K (Regional Development Infrastructure Fund), Local Shared Use path networks \$800K, Freeling Main Street urban design public realm upgrade \$950K plus PLEC contribution for undergrounding powerlines (Places for People fund) and Kapunda Mine Site upgrade \$250K (SA Tourism).
- **Environment** –Food premises inspections, community health assessments and vaccinations. Biodiversity, energy efficiency and climate change adaptation projects.
- **Tourism & Economic Development** - Projects for the benefits of the Barossa region at a large scale (linked to SA Tourism strategies) as well as activation strategies at the local township level.
- **Customer Service** – Management of Office customer service teams covering Front Counter enquiries, Payments and all phone enquiries to the Council. Desktop mapping services provided to internal/ external stakeholders. Leadership of the Corporate Branding/ Style Team and Regulatory Services (General Inspectors) who embraced an 'educate before expiate' approach.

### **Principal Planner - Development & Environmental Services Department**

#### **Light Regional Council 2006 – 2007**

- Leadership and mentoring of strategic and statutory planning team.
- Assessment of significant and complex development involving off-site infrastructure upgrades.
- Coordination of Council's DAP.
- Preparation of strategic vision documents aligning Council policy/ strategy with State direction.
- Undertaking DPA process to ensure effective planning outcomes for the region.

- Management of contracted capital projects such as urban design upgrades for town centres and major civil works such as bridge/ road/ intersection upgrades.
- Community engagement activities with a focus on ensuring broad input into policy.
- Providing expert planning advice and service to Elected Members and into the ERD Court.

**Development Officer – Planning - Strategy, Planning & Policy Department****City of West Torrens 2003 – 2006**

- Senior level Development Assessment and contribution to planning policy.
- Customer service and planning advice to various stakeholders including Elected Members.
- Preparing DAP and Delegated Assessment reports and representing Council in the ERD Court.
- Using time management and conflict negotiation skills to achieve positive outcomes.
- Leading process related efficiency improvements within the team.

**Planning Officer - Development Assessment Branch****City of Tea Tree Gully 2002 – 2003**

- Development Assessment and contribution to achievement of team targets.
- Customer service via phone, email and front counter.
- Developing systemised time management goals to improve individual and team processes.
- Report writing and presentations to management and to the Development Assessment Panel.
- Exposure to local government's role in the planning system and to ERD Court processes.

**Planning Officer – Graduate (Contract) - Development Assessment Branch****Planning SA (DTUPA) 2001 – 2002**

- Development Assessment - both Metro and Country regions, reporting and presenting to DAC.
- Undertaking public notification, processing and support for senior planners.
- Part of internal project team to deliver EDALA (Electronic Land Division) system across the State.
- Developing knowledge of State Government and its role in the planning system.

**REFEREES**

Relevant DAP referees available on request

**C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 18.3 IS TO BE KEPT IN CONFIDENCE**

**Purpose**

To resolve how long agenda item 18.3 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 18.3 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (a) of the Local Government Act 1999:

- Report for Item 18.3
- Attachment(s) for Item 18.3

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the Local Government Act 1999.

## 18.4 REQUEST FOR FINANCIAL ASSISTANCE

Contact Person: Ms Maggie Dowling

### Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (a) of the Local Government Act 1999, this matter is confidential because the disclosure of information would involve the unreasonable disclosure of information concerning the personal affairs of a person (living or dead).

### A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

### B. THE BUSINESS MATTER

## 18.4 REQUEST FOR FINANCIAL ASSISTANCE

**Responsible Executive Manager :** Ms Maggie Dowling

**Report Author :** Mr Derek Langman

**Delegated Authority :** Matters which have been delegated to staff but they have decided not to exercise their delegation.

**Attachments :** 1. Mr Isterling Grant Request

### PURPOSE

To make a decision on Mr Conrad Isterling's request for a one-off grant of \$110,000 to assist the sustainability of his business.

### STAFF RECOMMENDATION

Council:

1. Denies the request by Mr Conrad Isterling for a grant.
2. Advises Mr Isterling of the decision and advises of the social service organisations operating within Playford that can assist lodgers should the need arise.

### EXECUTIVE SUMMARY

Mr Isterling has requested a \$110,000 grant to assist him in operating his lodging house group.

Council is not obliged to provide support of this nature under the Local Government Act. In relation to the social service aspects of the lodging houses that Mr Isterling claims his business provides, Council already supports and works with many of the social service

providers in the Playford community to provide support for those requiring housing, mental health support and disability care.

Administration's recommendation is to deny the request for a grant, however if Council chooses to approve his request, the impact to Council will be an increase to the 2017/18 operating budget of \$110,000 and this would occur through a future budget review.

## **1. BACKGROUND**

Mr Isterling advises that in January 2010 he opened a lodging house group for the purpose of *'providing immediate assistance, close living, self-help, low price and low dependence on state services'* to low income and marginalised people.

It is understood Mr Isterling has 10 properties in the Playford area. The housing group operations and Mr Isterling are known to Council Staff and a number of Councillors. The grant request from Mr Isterling, which has been provided to each Councillor by Mr Isterling prior to this report to Council, is attached.

## **2. RELEVANCE TO STRATEGIC PLAN**

### 1: Smart Service Delivery Program

Outcome 1.3 Working smarter with our community

No direct relevance to Councils strategic plan.

## **3. PUBLIC CONSULTATION**

There is no requirement to undertake public consultation in this matter.

## **4. DISCUSSION**

Mr Isterling has requested a one off grant under the auspice that Council has a responsibility under the Local Government Act to support businesses like his in the community. Mr Isterling is specifically requesting \$110,000 which he claims will be used to pay outstanding debts to Council and other service authorities.

There are many of service providers operating within Playford delivering a wide range of social support services, including in disability, mental health and community housing. Council works in partnership with many of these organisations already, co-delivering services, as well as providing support by way of venues, communication and direct funding.

Council is also a member of collaborative networks, such as the Northern Mental Health Service Provider Network, in which coordination of services between various providers is facilitated, ensuring that necessary supports are available and accessible to the community. In addition, with the introduction of the NDIS for people with a disability, there are many reputable organisations expanding their services within Playford, which is also helping to ensure that community needs for people with a disability and their families are met.

The support of a for-profit business for business costs is not something Councils are obliged to consider under the Local Government Act.



## **5. OPTIONS**

### Recommendation

Council:

1. Denies the request by Mr Conrad Isterling for a grant.
2. Advises Mr Isterling of the decision and advises of the social service organisations operating within Playford that can assist lodgers should the need arise.

### Option 2

Council approve Mr Isterling's request for a \$110,000 grant to his lodging house group.

## **6. ANALYSIS OF OPTIONS**

### **6.1 Recommendation Analysis**

#### 6.1.1 Analysis & Implications of the Recommendation

Council deny Mr Isterling's request for a \$110,000 grant as Council is not obliged under the Local Government Act to provide support for the cost of business operations as described in the request for grant.

#### 6.1.2 Financial Implications

There are no financial or resource implications.

### **6.2 Option 2 Analysis**

#### 6.2.1 Analysis & Implications of Option 2

Council approve Mr Isterlings request for a \$110,000 grant to his lodging house group.

Approving Mr Isterlings request for a \$110,000 grant would set a precedent for other businesses to request assistance when they fall into financial difficulty.

#### 6.2.2 Financial Implications

Approving Mr Isterlings request will result in a \$110,000 impact to Council's budget for the 2017/18 financial year.

Conrad Isterling Dip. T. Sec. Ecs. Memb. ACER  
60 Ashfield Road,  
Elizabeth S.A. 5112  
Telephone secretary 8255 2439  
Mobile 0403081359  
Fax - 8287 3853  
E-mail - bestronics@adam.com.au

Playford Mayor Glen Docherty and Councillors,  
Playford Council  
12 Bishopstone Road  
Davoren Park SA 5113  
8256 0333  
fax 8256 0578  
24 May 2017

Lodging house group including "Street people" under financial stress – request for council assistance **Application for a one-off grant per lodger of \$2000** relevant Acts of Parliament entitling this application attached.

Mr Mayor and Councillors,

in January 2010 as CEO I opened a lodging house group to serve the people of Playford and South Australia providing immediate assistance, close living, self-help, low price and low dependence on state services .

Since commencement the lodging house group has been a success having provided accommodation to some 1,200 people often full for weeks on end. The profit margin, due to the high overheads and low room fees, has been consistent but small.

**Unfortunately extraordinary costs to the group, which could not have been anticipated, occurred mid 2011 through to late 2014** leaving the group unable to immediately pay all the utility charges and state duties, leaving the lodging house group financially distressed. We are receiving litigation notices from SA Water at this time.

I now have about forty long term people in my group in addition to the higher turnover rooms which, if my group collapses, will be distressed. For example I have a psychitzophrenic ex medical practitioner supported by his local church, a lady in an electric wheelchair who is a hard working volunteer and other senior citizens on frames. I have numerous gentle souls who without the intervention of my group would be regularly abused again by society's predators.

In order to extricate the group from this impoverished state I am requesting a "one off" grant from Playford Council.

I draw the attention of the Mayor and Councillors to the 1999 Local Government Act chapter 2 (6) a b c d e and & (7) a b c e g (particularly) h and (8) (particularly) a & b d f g (also) h (also) j also Chapter 9 Part 3 137 Part 4 139 (3) a to n and (4) and other relevant parts of the act. These Acts of the South Australian Parliament, Playford Mayor Glen Docherty and Councillors, instruct South Australian Councils to assist in such matters, seeming to have been written largely by our state leaders with this situation in mind. Please see attachments/enclosure.

The financial assistance I request amounts to about \$2000 per current lodger.

To examine this in a business light my lodgers contribute \$15,000-\$25,000 each per annum to the Playford community amounting to about \$1M p.a.

The assistance money I am requesting will be used to pay off rates and land tax and emergency services levy that, having had the situation explained to them are now on semi hold. Gas and electricity are enforcing. I have donated my own salary from 2010 so can do no more from that point of view.

The total amount requested adds up to a "one off" \$110,000 which should be matched against the \$1 million per annum (\$6M+ to date) which has come into the Playford area directly from the lodgers. This is in addition to the good work the lodging house does keeping "street people" et al away from sleeping in the Playford parks and by the Adelaide/Gawler railway line where some of them may otherwise stay and in some cases die in this now winter weather.

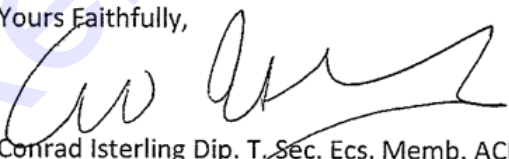
On your approving this grant for clearing these toxic debts, I can go forward with the freed up income putting more insulation into the houses for the winter and putting better footpaths and ramps in and improving the gardens; all to the betterment of the Playford community.

I invite Councillors to call me anytime and also to visit the houses; it is very heart-warming to see my lodgers now in good spirits. My mobile number is 0403081359.

Some of the lodger's stories would fill the heart of any normal person with a rage and a need to help correct the wrongs which have happened to many of them. This is the Playford Councillor's individual opportunity to help.

Mayor Docherty and Councillors, this lodging house group is a good thing for Playford and something the local community can be proud of in making some ill people well or alternatively more comfortable than they were before, which is what a community is all about. I say again, for this time only, right now, this group needs this financial support from the Playford Council.

Yours Faithfully,



Conrad Isterling Dip. T. Sec. Ecs. Memb. ACER

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## Chapter 2—The system of local government

### Note—

Schedule 1 contains provisions relating to organisations that provide services to the local government sector.

### 6—Principal role of a council

A council is, under the system of local government established by this Act, established to provide for the government and management of its area at the local level and, in particular—

- \* (a) to act as a representative, informed and responsible decision-maker in the interests of its community; and
- \* (b) to provide and co-ordinate various public services and facilities and to develop its community and resources in a socially just and ecologically sustainable manner; and
- \* (c) to encourage and develop initiatives within its community for improving the quality of life of the community; and
- \* (d) to represent the interests of its community to the wider community; and
- \* (e) to exercise, perform and discharge the powers, functions and duties of local government under this and other Acts in relation to the area for which it is constituted.

### 7—Functions of a council

The functions of a council include—

- \* (a) to plan at the local and regional level for the development and future requirements of its area;
- \* (b) to provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area (including general public services or facilities (including electricity, gas and water services, and waste collection, control or disposal services or facilities), health, welfare or community services or facilities, and cultural or recreational services or facilities);
- \* (c) to provide for the welfare, well-being and interests of individuals and groups within its community;
- (d) to take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards;
- \* (e) to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity;
- (f) to provide infrastructure for its community and for development within its area (including infrastructure that helps to protect any part of the local or broader community from any hazard or other event, or that assists in the management of any area);
- \* (g) to promote its area and to provide an attractive climate and locations for the development of business, commerce, industry and tourism;



**Local Government Act 1999—31.3.2016**  
Chapter 2—The system of local government

- 
- \* (h) to establish or support organisations or programs that benefit people in its area or local government generally;
  - (i) to manage and, if appropriate, develop, public areas vested in, or occupied by, the council;
  - (j) to manage, improve and develop resources available to the council;
  - (k) to undertake other functions and activities conferred by or under an Act.

**8—Principles to be observed by a council**

A council must act to uphold and promote observance of the following principles in the performance of its roles and functions—

- \* (a) provide open, responsive and accountable government;
  - \* (b) be responsive to the needs, interests and aspirations of individuals and groups within its community;
  - (c) participate with other councils, and with State and national governments, in setting public policy and achieving regional, State and national objectives;
  - \* (d) give due weight, in all its plans, policies and activities, to regional, State and national objectives and strategies concerning the economic, social, physical and environmental development and management of the community;
  - (e) seek to co-ordinate with State and national government in the planning and delivery of services in which those governments have an interest;
  - \* (f) seek to facilitate sustainable development and the protection of the environment and to ensure a proper balance within its community between economic, social, environmental and cultural considerations;
  - \* (g) manage its operations and affairs in a manner that emphasises the importance of service to the community;
  - \* (h) seek to ensure that council resources are used fairly, effectively and efficiently;
  - (i) seek to provide services, facilities and programs that are adequate and appropriate and seek to ensure equitable access to its services, facilities and programs;
  - \* (j) achieve and maintain standards of good public administration;
  - (k) ensure the sustainability of the council's long-term financial performance and position.
-

31.3.2016—Local Government Act 1999  
Finances—Chapter 9  
Expenditure of funds—Part 3

### Part 3—Expenditure of funds

#### 137—Expenditure of funds

- \* Subject to this or another Act, a council may expend its funds as the council thinks fit in the exercise, performance or discharge of its powers, functions or duties under this or other Acts.

#### 138—Council not obliged to expend rate revenue in a particular financial year

The revenue raised from rates in respect of a particular financial year need not be completely expended in that year.

### Part 4—Investment

#### 139—Investment powers

- \* (1) A council may invest money under its control.
- (2) A council must, in exercising its power of investment—
- (a) exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons; and
  - (b) avoid investments that are speculative or hazardous in nature.
- (3) Without limiting the matters that a council may take into account when exercising its power of investment, a council must, so far as may be appropriate in the circumstances, have regard to—
- (a) the purposes of the investment;
  - (b) the desirability of diversifying council investments;
  - (c) the nature of and risk associated with existing council investments;
  - (d) the desirability of maintaining the real value of the capital and income of the investment;
  - (e) the risk of capital or income loss or depreciation;
  - (f) the potential for capital appreciation;
  - (g) the likely income return and the timing of income return;
  - (h) the length of the term of a proposed investment;
  - (i) the period for which the investment is likely to be required;
  - (j) the liquidity and marketability of a proposed investment during, and on the determination of, the term of the investment;
  - (k) the aggregate value of the assets of the council;
  - (l) the likelihood of inflation affecting the value of a proposed investment;
  - (m) the costs of making a proposed investment;
  - (n) the results of any review of existing council investments.



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- \* (4) Without limiting the matters that a council may take into account when exercising its power of investment, but subject to the operation of subsection (3), a council may, so far as may be appropriate in the circumstances, have regard to—
- (a) the anticipated community benefit from an investment;
  - (b) the desirability of attracting additional resources into its local community.
- (5) A council may obtain and consider independent and impartial advice about the investment of funds or the management of its investments from a person whom the council reasonably believes to be competent to give the advice.

**140—Review of investments**

A council must, at least once in each year, review the performance (individually and as a whole) of its investments.

**Part 5—Miscellaneous****141—Gifts to a council**

- (1) A council may accept a gift made to the council.
- (2) If a gift is affected by a trust, the council is empowered to carry out the terms of the trust.
- (3) A council may apply to the Supreme Court for an order varying the terms of a trust for which the council has been constituted a trustee.
- (4) Notice of an application under subsection (3) describing the nature of the variation sought in the terms of the trust must be given—
  - (a) by public notice; and
  - (b) in such other manner as may be directed by the Supreme Court.
- (5) The Supreme Court may vary the terms of a trust if it is satisfied that it is impracticable for the council to give effect to the trust in its existing form.
- (6) The council must, within 28 days after an order is made under subsection (5), publish a copy of the order in the Gazette.

**142—Duty to insure against liability**

- (1) A council must take out and maintain insurance to cover its civil liabilities at least to the extent prescribed by the regulations.
- (2) A regulation cannot be made for the purposes of this section except after consultation with the LGA.
- (3) Membership of the *Local Government Association Mutual Liability Scheme* constitutes insurance for the purposes of this section.

**143—Writing off bad debts**

- (1) A council may write off any debts owed to the council—
  - (a) if the council has no reasonable prospect of recovering the debts; or
  - (b) if the costs of recovery are likely to equal or exceed the amount to be recovered.

**C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 18.4 IS TO BE KEPT IN CONFIDENCE**

**Purpose**

To resolve how long agenda item 18.4 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 18.4 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (a) of the Local Government Act 1999:

- Report for Item 18.4
- Attachment(s) for Item 18.4
- Discussion for Item 18.4

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the Local Government Act 1999.