



# ANNUAL REPORT FOR WHANGAREI DISTRICT COUNCIL

1 July 2019 to 30 June 2020

For the attention of: Rob Forlong, Chief Executive Officer, Whangarei District Council

## 1 Introduction

The Northland Regional Landfill Limited Partnership (NRLLP) is operated under a limited partnership agreement between the limited partners Whangarei District Council (WDC) (50%) and Northland Waste Limited (NWL) (50%). The Limited Partnership is a Council Controlled Trading Organisation (CCTO) as defined in the Local Government Act (LGA).

The LGA requires that WDC reports annually on the performance of its Council Controlled Organisations.

The purpose of this report is to report the performance of the CCTO for the year from 1 July 2019 to 30 June 2020.

## 2 Limitations

NRLLP operates in a competitive commercial market and therefore disclosure of commercially sensitive information normally required under Sections 67, 68 and 69 of the LGA would prejudice NRLLP's commercial position. Section 71 of the LGA permits WDC to withhold information that would be withheld under an application under Local Government Official Information and Meetings Act (LGOIMA). Specifically, clauses under section 7, "Other reasons for withholding official information", (2) (h), (i) and (j) apply. For this reason, commercially sensitive information has been withheld from this Annual Report.

## 3 Background

WDC was the former owner of the Re:Sort Resource Recovery Park and the Puwera Landfill properties. The properties were sold to the Limited Partnership on 1 July 2009.

### 3.1 Description of the Business

#### Management and Operations

NRLLP's day-to-day operational activities are managed by Whangarei Waste Limited (WWL) as general partner. WWL is jointly owned by WDC and NWL. WWL reports at least annually to the NRLLP Advisory Committee.

The main activity of the Partnership is to operate the Puwera Landfill and Re:Sort to provide waste disposal facilities.

Quay Contracting 2009 Limited (QCL) (a related company to NWL) has a Management Agreement with WWL to manage Re:Sort and the Puwera Landfill.

#### Waste Streams

Waste inputs into the Puwera landfill and Re:Sort are sourced from:

- Waste and recyclables from domestic and commercial customers in the Whangarei District into Re:Sort.
- Waste and recyclables from the Whangarei District from kerbside refuse collections, rural transfer stations and litter collections.
- Waste collected from throughout the Northland region and Northern Auckland by NWL and associated companies.
- Domestic and commercial waste collected by private operators within the Whangarei District (including NWL).
- Puwera Landfill also receives waste directly from other licensed contractors from throughout Northland.

### **Landfill Capacity**

Construction to create increased capacity (air space) is demand driven with adequate air space always maintained. Fraser Thomas Consultants have been engaged to design the staging for the construction and Reyburn and Bryant have been engaged to provide quantity surveying services and as built plans for the completed work. WWL manages the staging for the construction and the construction contractual arrangements.

### **Consents**

Puwera Landfill is consented for purpose and operates under Consent CON20010908001 administered by the Northland Regional Council. Fraser Thomas Consultants provide advice and monitoring services required for the landfill operations.

## **4 Performance for Year Ended 30 June 2020**

### **4.1 Summary**

NRLLP has had another satisfactory year despite loss of trade during the Covid 19 lockdown periods. Annual tonnage decreased slightly from the previous year both at the Landfill and Resort. Revenue increased slightly over the previous year. Construction of cell 5 commenced during the year and is planned to be completed next financial year.. It will be a number of years before completed stages are able to be overlaid with further waste. Despite continued significant capital expenditure cash distributions have been made to partners during the year. Projections indicate continued returns to Partners in the foreseeable future, subject to any further unbudgeted capital expenditure.

### **4.2 Performance compared to the Statement of Intent**

The Statement of Intent sets the objectives for the operation of the Partnership as follows:

- (i) Maintain processes to divert green waste from the waste stream.*
- (ii) Where financially viable, continue recycling and resource recovery programmes.*
- (iii) Continue to investigate opportunities to attract waste from throughout the region and northern Auckland area to increase profitability.*

The Statement of Intent sets the reporting targets as follows:

*The following information will be available to the partners based on an annual balance of 30 June.*

#### *7.1 Annual Report (financial)*

*Within three months after the end of each financial year, the Board shall deliver to the partners, audited financial statements in respect of that financial year, containing the following information:*

- a. Audited financial statements for that financial year consisting of;*
  - i. Statement of Financial Position;*

- ii. *Statement of Comprehensive Income;*
- iii. *Auditor's report;*
- iv. *such other statements as may be necessary to fairly reflect the financial position of the Company and its subsidiaries, the resources available to the Company and its subsidiaries and the financial results of the operations of the Company and its subsidiaries.*

NRLLP has provided all the financial statements and information to the Auditors in August 2020. Due to the effects of Covid 19 the Audit Opinion will now be issued no later than 30<sup>th</sup> November 2020.

The above information is confidential and therefore cannot be disclosed in this report.

This narrative Annual Report is issued to the NRLLP Advisory Committee, the WDC and to NWL.

The Statement of Intent sets the performance measurement targets as follows:

## 7.2 Performance Targets

### *Indicative Financial and Non-Financial Performance Targets:*

- *NRLLP is a 'for profit' commercial entity operating in a very competitive environment. Commercial sensitivity precludes the publication of commercial performance measures.*
- *Financial Performance Target*
  - *To operate at a profit.*
- *Non-financial Performance Target*
  - *To open both the Puwera Landfill and Re:Sort facilities for a minimum of 40 hours each week.*
  - *NRLLP to ensure that its principal contractor employed to run Puwera and Resort maintains ACC Accreditation standards for its Health and Safety Management System.*
  - *Ensure no notifiable incidents occur at all operational sites owned by NRLLP.*
  - *Ensure Resort facilitates a minimum of 40% diversion away from landfill of all material being handled through the site.*
  - *Maintain compaction of 0.7 tonnes of placed refuse per cubic metre of airspace used.*
  - *Ensure 6 months landfill capacity is maintained at all times.*
  - *Achieve a minimum of 70% landfill gas destruction.*

Table 1 below includes all of the performance measures reported against this year:

*Table 1*

<b>SOI Measure</b>	<b>Commentary</b>
To operate at a profit.	Achieved - The partners have received distributions and have not been required to inject further funding into the business to meet the costs of increasing the capacity of the landfill.
To open both the Puwera Landfill and Re:Sort for a minimum of 40 hours each week.	Achieved - NRLLP has exceeded this performance target by operating Puwera Landfill and Re:Sort facilities for more than 40 hours per week except during the Level 4 lockdown period when the Resort was closed.
To ensure the ACC supervisor/administrator holds and maintains ACC accreditation.	Not Applicable - Health and Safety is administered and supervised by NWL on behalf of NRLLP and QCL. During the year ACC discontinued their accreditation scheme. Subsequently NWL has gained endorsement from WorkSafe by achieving a satisfactory SafePlus onsite assessment. <i>NB: This measure has been</i>

<b>SOI Measure</b>	<b>Commentary</b>
	<i>altered in the 2019/20 SOI to reflect the fact that ACC accreditation scheme has been disbanded.</i>
To achieve zero notifiable incidents.	Achieved - QCL has had zero notifiable incidents for the period.
At the Re:Sort to achieve a minimum of 40% recycled product against total Re:Sort tonnes to landfill.	Achieved - recyclable material has been sold both locally and nationally, green waste is processed locally and other innovations to divert materials from landfill are included later in this report.
At Puwera Landfill to maintain at least refuse compaction of 0.7 tonnes per cubic metre.	Achieved - compaction rates being achieved have prolonged the useful life of each cell constructed.
At Puwera Landfill, to maintain at least six months landfill capacity at all times.	Achieved - cell construction has been tailored to capacity projections and capacity has always been maintained for day to day operations.
At Puwera Landfill, to achieve a minimum of 70% landfill gas capture.	Achieved - gas infrastructure and capping has been programmed to achieve optimum landfill gas capture.

## 5 Other Matters

### Financial

NRLLP has generated sufficient cashflow to increase the capacity of Puwera Landfill without requiring further funding injection from the Partners.

NRLLP is fully compliant with banking covenants.

### Non-Financial

NWL has increased tonnage into Puwera since the inception of the partnership to enable NRLLP to achieve an operational scale sufficient to ensure ongoing viability. NWL is committed to providing tonnage it secures from Whangarei and a significant portion of its tonnage from elsewhere to Puwera Landfill if this is financially beneficial to NWL.

The Puwera Landfill has achieved effective waste disposal provision for the region from North Auckland to the Far North and is catering for the increased demand from NWL customers and third-party operators. Puwera Landfill provides a competitive alternative for these regions evidenced through the increase in tonnage from them.

The Re:Sort continues to provide services to the local community. Tonnages have increased reflecting a growing population and increased business activities. It also continues to provide a local collection point for WDC recycling collections and domestic and commercial customers, and separation of recycling and green waste enabling minimization of waste and associated environmental benefits of waste diversion. NRLLP continues to explore the beneficial use of landfill gas whilst recognising the risks inherent in such a project. Options have been developed to use the landfill gas (currently flared off). The main option is to generate power to go directly into the national grid or alternatively to sell directly to a gas user.

International recycling markets continue to place pressure on traditional recycling streams such as cardboard, plastic and paper with these products currently ranging from low value through to a nett cost charged by recycling facilities.

## 6 NRLLP Recycling

NRLLP is committed to maximising recycling from waste streams. Diversion of waste streams continue to be a priority for the venture.

- Paper, glass, tins, aluminium, and plastics are collected by the WDC domestic recycling collections and there is a dedicated area for these items at Re:Sort with a free public drop off.
- Greenwaste processing into valuable compost

The Partners have developed on site processing of greenwaste waste with the main objective being to reduced methane emissions and turn this waste into valuable compost.

There is a greenwaste drop off area at Re:Sort. Greenwaste is aggregated at Puwera landfill then processed as compost by a third party.

- ‘The Last Re:Sort Reuse Shop’

The Re:Sort facility has an onsite, purpose built indoor shop which has items that have been diverted from landfill and are available for sale. The public can come and reuse non-treated timber and other construction materials promoting the ‘reuse’ or these materials higher into the waste hierarchy. With continually increasing visitor numbers, the Re:Sort shop continues to be a successful initiative within the community. Local community groups benefit with proceeds of diverted materials passed on each month to a charity chosen by the community. Community groups who have so far benefited from this process include SPCA, Canteen, Hospice, Salvation Army and the Northland Rescue Helicopter.

The Last Re:Sort shop located inside Re:Sort can be lauded for the continued growth in customers and volume of material sold, at times leaving the site barren and on the hunt for quality products from within the refuse.

- Construction and Demolition waste

The Partners recognised the need to shift focus to the 60% of the waste stream currently produced from construction and demolition activities. There are dedicated staff in the reception pit at Re:Sort separating recyclable products; with reusable building materials and non-treated timber being sold onsite and treated wood being recovered as a fuel alternative to coal in concrete production.

The Partners have established a purpose-built wood processing facility to recover treated timber in which wood is separated, chipped and reused as an alternative fuel source in concrete production. This initiative has improved CO2 emissions as a fuel alternative to coal for use in concrete production.

Due to the investment in a dedicated wood waste processing area within the landfill NRLLP has seen an increase from around 50 tonnes per month diversion to 150 tonne per month for the last quarter.

The Partners are looking to expand this initiative into the greater Northland area. Northland Waste has invested in the same initiative at its own Kerikeri facility in the Far North District redesigning the operations on site to separate out C&D waste from the general waste stream. We are looking forward to continuing the expansion of this initiative through Northland and turning our communities waste into a usable and financially viable resource.

- E-Waste, TVs, Whiteware and Electronic Goods processed for scrap

NRLLP continues its commitment to removing e-waste material from the general waste stream and recycle over 500 CRT screens, 400 Flat screens, and many tonnes of other E-waste through the Abilities Group.

- The Hundertwasser Art Centre recovery programme

The Re:Sort has been involved in diverting products from landfill to be reused by the Hundertwasser Art Centre project in partnership with the Hundertwasser Trust. Site operators have worked in

partnership with the project manager to identify specific items like broken tiles, bricks, and chairs for the Café which are put aside on site for the project for reuse. Once a month, these are collected by the project manager to form part of the project for upcycle and reuse. We are excited to be part of this initiative and divert waste from landfill into community good projects through being part of this community led initiative.

## 7 Conclusion

NRLLP has performed well this year against performance measures set out in the Statement of Intent and as indicated under the “Other Matters” heading. A summary of the performance achieved is below:

- Met all Statement of Intent measures excepting Covid 19 impacts
- Distributions achieved for the Partners
- Complied with banking covenants
- Operated facilities effectively for the region
- Ongoing viability has been achieved through increasing the scale of operations
- Increasing market share achieved by providing competitive alternative for Auckland, Kaipara and Far North regions
- Continued to explore beneficial use of the landfill gas

There have been no material changes in the activities of NRLLP and the nature of the partnership’s business has not changed during the year.

No Directors remuneration is paid by the Partnership. Any remuneration is the responsibility of the partners own business entities.

The Directors are pleased with the results for the year. Partners’ distributions will continue to be paid in ensuing years.

For and on behalf of the Board

Warwick Syers

Chairman

Whangarei Waste Ltd and Northland Regional Landfill Limited Partnership

30 November 2020